

City Developments Limited and its subsidiaries
Registration Number: 196300316Z

Condensed Interim Financial Statements
For the six months ended 30 June 2022

**Condensed Interim Consolidated Statement of Profit or Loss
Six months ended 30 June 2022**

| | | Group | |
|---------------------------------------------|-------------|-------------------------------------------------------|-------------------------------------------------------|
| | Note | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Revenue | 5 | 1,472,553 | 1,192,189 |
| Cost of sales | | (889,095) | (775,401) |
| Gross profit | | <u>583,458</u> | <u>416,788</u> |
| Other income | 7 | 1,422,522 | 56,413 |
| Administrative expenses | | (277,419) | (249,267) |
| Other operating expenses | | (197,615) | (147,585) |
| Profit from operating activities | | <u>1,530,946</u> | <u>76,349</u> |
| Finance income | 6 | 60,717 | 14,033 |
| Finance costs | 6 | (99,483) | (132,342) |
| Net finance costs | | <u>(38,766)</u> | <u>(118,309)</u> |
| Share of after-tax profit of associates | | 52,015 | 30,461 |
| Share of after-tax profit of joint ventures | | 40,674 | 21,246 |
| Profit before tax | 7 | 1,584,869 | 9,747 |
| Tax expense | 8 | (432,745) | (28,456) |
| Profit/(Loss) for the period | | <u>1,152,124</u> | <u>(18,709)</u> |
| Attributable to: | | | |
| Owners of the Company | | 1,126,341 | (32,086) |
| Non-controlling interests | | 25,783 | 13,377 |
| Profit/(Loss) for the period | | <u>1,152,124</u> | <u>(18,709)</u> |
| Earnings per share | | | |
| - Basic | 9 | <u>123.5 cents</u> | <u>(4.2) cents</u> |
| - Diluted | 9 | <u>118.3 cents</u> | <u>(4.2) cents</u> |

Condensed Interim Consolidated Statement of Comprehensive Income
Six months ended 30 June 2022

| | Note | Group | 6 months | 6 months |
|-------------------------------------------------------------------------------------------------|-------------|--------------|------------------|------------------|
| | | | ended 30 | ended 30 |
| | | | June 2022 | June 2021 |
| | | | \$'000 | \$'000 |
| Profit/(Loss) for the period | | | 1,152,124 | (18,709) |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Net change in fair value of equity investments at FVOCI | | | 508 | 768 |
| | | | <u>508</u> | <u>768</u> |
| Items that are or may be reclassified subsequently to profit or loss: | | | | |
| Effective portion of changes in fair value of cash flow hedges | | | 616 | 2,764 |
| Exchange differences on hedges of net investment in foreign operations | | | (10,492) | 3,004 |
| Exchange differences on monetary items forming part of net investments in foreign operations | | | (51,463) | 4,334 |
| Exchange differences reclassified to profit or loss on disposal of subsidiaries | 26 | | 85,302 | – |
| Share of translation differences of equity-accounted investees | | | (14,665) | 15,819 |
| Translation differences arising on consolidation of foreign operations | | | (61,653) | (18,216) |
| | | | <u>(52,355)</u> | <u>7,705</u> |
| Total other comprehensive income for the period, net of tax | | | <u>(51,847)</u> | <u>8,473</u> |
| Total comprehensive income for the period | | | <u>1,100,277</u> | <u>(10,236)</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | | 1,090,783 | (26,236) |
| Non-controlling interests | | | 9,494 | 16,000 |
| Total comprehensive income for the period | | | <u>1,100,277</u> | <u>(10,236)</u> |

Condensed Interim Statements of Financial Position
As at 30 June 2022

| | Note | Group | | Company | |
|----------------------------------------------------|------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 4,411,326 | 5,361,835 | 51,275 | 32,543 |
| Investment properties | 12 | 3,870,684 | 3,997,169 | 408,655 | 413,152 |
| Investments in: | | | | | |
| - subsidiaries | | – | – | 1,996,087 | 1,996,087 |
| - associates | 13 | 1,291,563 | 816,979 | – | – |
| - joint ventures | 14 | 1,033,835 | 1,037,046 | 37,360 | 37,360 |
| Financial assets | | 803,805 | 740,686 | 351,549 | 351,438 |
| Other non-current assets, including derivatives | 15 | 221,434 | 182,557 | 6,369,372 | 6,205,239 |
| | | <u>11,632,647</u> | <u>12,136,272</u> | <u>9,214,298</u> | <u>9,035,819</u> |
| Current assets | | | | | |
| Development properties | 16 | 5,966,922 | 5,839,471 | 171,337 | 175,792 |
| Contract costs | | 76,294 | 74,996 | – | – |
| Contract assets | | 341,111 | 402,330 | – | – |
| Consumable stocks | | 7,697 | 10,771 | 36 | 37 |
| Financial assets | | 26,595 | 26,848 | 137 | – |
| Trade and other receivables, including derivatives | 17 | 1,819,120 | 1,873,414 | 6,511,404 | 6,247,402 |
| Cash and cash equivalents | | 2,128,745 | 2,083,165 | 448,398 | 686,322 |
| | | <u>10,366,484</u> | <u>10,310,995</u> | <u>7,131,312</u> | <u>7,109,553</u> |
| Assets held for sale | 18 | 1,036,646 | 1,445,759 | – | – |
| | | <u>11,403,130</u> | <u>11,756,754</u> | <u>7,131,312</u> | <u>7,109,553</u> |
| Total assets | | <u>23,035,777</u> | <u>23,893,026</u> | <u>16,345,610</u> | <u>16,145,372</u> |

Condensed Interim Statements of Financial Position (cont'd)
As at 30 June 2022

| | Note | Group | | Company | |
|---------------------------------------------------------------|------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 19 | 1,991,397 | 1,991,397 | 1,991,397 | 1,991,397 |
| Reserves | | 7,242,270 | 6,422,163 | 4,101,111 | 4,341,009 |
| | | <u>9,233,667</u> | <u>8,413,560</u> | <u>6,092,508</u> | <u>6,332,406</u> |
| Non-controlling interests | | 364,552 | 918,469 | – | – |
| Total equity | | <u>9,598,219</u> | <u>9,332,029</u> | <u>6,092,508</u> | <u>6,332,406</u> |
| Non-current liabilities | | | | | |
| Interest-bearing borrowings | 20 | 5,793,517 | 5,952,032 | 4,654,294 | 3,937,631 |
| Employee benefits | | 23,270 | 24,637 | – | – |
| Lease liabilities | 24 | 690,239 | 246,003 | 29,602 | 9,600 |
| Other liabilities, including derivatives | 21 | 155,923 | 217,910 | 758,901 | 8,387 |
| Provisions | 23 | 22,572 | 22,129 | – | – |
| Deferred tax liabilities | | 270,950 | 196,068 | 18,371 | 18,565 |
| | | <u>6,956,471</u> | <u>6,658,779</u> | <u>5,461,168</u> | <u>3,974,183</u> |
| Current liabilities | | | | | |
| Trade and other payables, including derivatives | 22 | 1,460,414 | 1,453,043 | 2,528,790 | 2,621,707 |
| Contract liabilities | | 642,111 | 724,077 | – | – |
| Interest-bearing borrowings | 20 | 3,593,894 | 5,187,961 | 2,246,938 | 3,200,708 |
| Lease liabilities | 24 | 29,806 | 19,324 | 5,801 | 6,322 |
| Employee benefits | | 33,682 | 33,576 | 3,576 | 2,960 |
| Provision for taxation | | 622,054 | 362,960 | 6,829 | 7,086 |
| Provisions | 23 | 71,930 | 93,928 | – | – |
| | | <u>6,453,891</u> | <u>7,874,869</u> | <u>4,791,934</u> | <u>5,838,783</u> |
| Liabilities directly associated with the assets held for sale | 18 | 27,196 | 27,349 | – | – |
| | | <u>6,481,087</u> | <u>7,902,218</u> | <u>4,791,934</u> | <u>5,838,783</u> |
| Total liabilities | | <u>13,437,558</u> | <u>14,560,997</u> | <u>10,253,102</u> | <u>9,812,966</u> |
| Total equity and liabilities | | <u>23,035,777</u> | <u>23,893,026</u> | <u>16,345,610</u> | <u>16,145,372</u> |

Condensed Interim Statement of Changes in Equity
Six months ended 30 June 2022

| | Note | Share capital \$'000 | Capital reserve \$'000 | Fair value reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Share option reserve \$'000 | Foreign currency translation reserve \$'000 | Accumulated profits \$'000 | Total attributable to owners of the Company \$'000 | Non-controlling interests \$'000 | Total equity \$'000 |
|--------------------------------------------------------------|------|-------------------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------------------------|-------------------------------|-------------------------------------------------------|-------------------------------------|------------------------|
| Group | | | | | | | | | | | | |
| At 1 January 2022 | | 1,991,397 | 290,920 | 997 | (1,532) | 23,952 | 15,423 | (140,411) | 6,232,814 | 8,413,560 | 918,469 | 9,332,029 |
| Profit for the period | | – | – | – | – | – | – | – | 1,126,341 | 1,126,341 | 25,783 | 1,152,124 |
| Other comprehensive income for the period, net of tax | | – | – | 508 | 616 | – | – | (36,682) | – | (35,558) | (16,289) | (51,847) |
| Total comprehensive income for the period | | – | – | 508 | 616 | – | – | (36,682) | 1,126,341 | 1,090,783 | 9,494 | 1,100,277 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| <u>Distribution to owners</u> | | | | | | | | | | | | |
| Capital distribution to non-controlling interests | | – | – | – | – | – | – | – | – | – | (8,184) | (8,184) |
| Dividends paid to owners of the Company | | – | – | – | – | – | – | – | (88,020) | (88,020) | – | (88,020) |
| Distribution <i>in specie</i> | 26 | – | – | – | – | – | – | – | (183,124) | (183,124) | – | (183,124) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | – | – | – | (18,293) | (18,293) |
| Share-based payment transactions | | – | – | – | – | – | 30 | – | – | 30 | – | 30 |
| Total distributions to owners | | – | – | – | – | – | 30 | – | (271,144) | (271,114) | (26,477) | (297,591) |
| <u>Change in ownership interests in subsidiaries</u> | | | | | | | | | | | | |
| Disposal of subsidiaries | 26 | – | (59,198) | – | – | – | – | – | 59,198 | – | (536,496) | (536,496) |
| Changes of interests in subsidiaries without loss of control | | – | 438 | – | – | – | – | – | – | 438 | (438) | – |
| Total change in ownership interests in subsidiaries | | – | (58,760) | – | – | – | – | – | 59,198 | 438 | (536,934) | (536,496) |
| Total transactions with owners | | – | (58,760) | – | – | – | 30 | – | (211,946) | (270,676) | (563,411) | (834,087) |
| Transfer to statutory reserves | | – | – | – | – | 359 | – | – | (359) | – | – | – |
| At 30 June 2022 | | 1,991,397 | 232,160 | 1,505 | (916) | 24,311 | 15,453 | (177,093) | 7,146,850 | 9,233,667 | 364,552 | 9,598,219 |

Condensed Interim Statement of Changes in Equity (cont'd)
Six months ended 30 June 2022

| Group | Note | Share capital \$'000 | Capital reserve \$'000 | Fair value reserve \$'000 | Hedging reserve \$'000 | Other reserves \$'000 | Share option reserve \$'000 | Foreign currency translation reserve \$'000 | Accumulated profits \$'000 | Total attributable to owners of the Company \$'000 | Non-controlling interests \$'000 | Total equity \$'000 |
|--------------------------------------------------------------|------|-------------------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------------|------------------------------------------------|-------------------------------|-------------------------------------------------------|-------------------------------------|------------------------|
| At 1 January 2021 | | 1,991,397 | 284,030 | (2,421) | (6,642) | 23,927 | 15,318 | (79,696) | 6,276,295 | 8,502,208 | 740,249 | 9,242,457 |
| (Loss)/Profit for the period | | – | – | – | – | – | – | – | (32,086) | (32,086) | 13,377 | (18,709) |
| Other comprehensive income for the period, net of tax | | – | – | 768 | 2,764 | – | – | 2,318 | – | 5,850 | 2,623 | 8,473 |
| Total comprehensive income for the period | | – | – | 768 | 2,764 | – | – | 2,318 | (32,086) | (26,236) | 16,000 | (10,236) |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| <u>Distribution to owners</u> | | | | | | | | | | | | |
| Capital distribution to non-controlling interests | | – | – | – | – | – | – | – | – | – | (11,039) | (11,039) |
| Dividends paid to owners of the Company | | – | – | – | – | – | – | – | (115,227) | (115,227) | – | (115,227) |
| Dividends paid to non-controlling interests | | – | – | – | – | – | – | – | – | – | (16,300) | (16,300) |
| Share-based payment transactions | | – | – | – | – | – | 9 | – | – | 9 | – | 9 |
| Total distributions to owners | | – | – | – | – | – | 9 | – | (115,227) | (115,218) | (27,339) | (142,557) |
| <u>Change in ownership interests in subsidiaries</u> | | | | | | | | | | | | |
| Acquisition of subsidiaries with non-controlling interests | 27 | – | – | – | – | – | – | – | – | – | 173,951 | 173,951 |
| Change of interests in a subsidiary without loss of control | | – | 2,021 | – | – | – | – | – | – | 2,021 | (2,021) | – |
| Total change in ownership interests in subsidiaries | | – | 2,021 | – | – | – | – | – | – | 2,021 | 171,930 | 173,951 |
| Total transactions with owners | | – | 2,021 | – | – | – | 9 | – | (115,227) | (113,197) | 144,591 | 31,394 |
| Transfer to statutory reserves | | – | – | – | – | 100 | – | – | (100) | – | – | – |
| At 30 June 2021 | | 1,991,397 | 286,051 | (1,653) | (3,878) | 24,027 | 15,327 | (77,378) | 6,128,882 | 8,362,775 | 900,840 | 9,263,615 |

Condensed Interim Statement of Changes in Equity (cont'd)
Six months ended 30 June 2022

| Company | Share capital \$'000 | Capital reserve \$'000 | Fair value reserve \$'000 | Hedging reserve \$'000 | Accumulated profits \$'000 | Total equity \$'000 |
|--------------------------------------------------------------|-------------------------|---------------------------|------------------------------|---------------------------|-------------------------------|------------------------|
| At 1 January 2022 | 1,991,397 | 63,743 | (30,358) | – | 4,307,624 | 6,332,406 |
| Profit for the period | – | – | – | – | 30,972 | 30,972 |
| Other comprehensive income for the period, net of tax | – | – | 274 | – | – | 274 |
| Total comprehensive income for the period | – | – | 274 | – | 30,972 | 31,246 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <u>Distribution to owners</u> | | | | | | |
| Dividends | – | – | – | – | (88,020) | (88,020) |
| Distribution <i>in specie</i> | – | – | – | – | (183,124) | (183,124) |
| Total distributions to owners | – | – | – | – | (271,144) | (271,144) |
| Total transaction with owners | – | – | – | – | (271,144) | (271,144) |
| At 30 June 2022 | 1,991,397 | 63,743 | (30,084) | – | 4,067,452 | 6,092,508 |
| At 1 January 2021 | 1,991,397 | 63,743 | (33,150) | (448) | 4,427,888 | 6,449,430 |
| Profit for the period | – | – | – | – | 14,575 | 14,575 |
| Other comprehensive income for the period, net of tax | – | – | 457 | 340 | – | 797 |
| Total comprehensive income for the period | – | – | 457 | 340 | 14,575 | 15,372 |
| Transactions with owners, recorded directly in equity | | | | | | |
| <u>Distribution to owners</u> | | | | | | |
| Dividends | – | – | – | – | (115,227) | (115,227) |
| Total distributions to owners | – | – | – | – | (115,227) | (115,227) |
| Total transaction with owners | – | – | – | – | (115,227) | (115,227) |
| At 30 June 2021 | 1,991,397 | 63,743 | (32,693) | (108) | 4,327,236 | 6,349,575 |

Condensed Interim Consolidated Statement of Cash Flows
Six months ended 30 June 2022

| | Note | Group | |
|------------------------------------------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| | | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Cash flows from operating activities | | | |
| Profit/(Loss) for the period | | 1,152,124 | (18,709) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 131,098 | 144,068 |
| Dividend income | | (1,420) | (1,859) |
| Finance income | | (99,313) | (14,033) |
| Finance costs | | 99,483 | 130,535 |
| Gain on disposal/liquidation of subsidiaries and dilution of interest in an associate (net) | | (500,876) | (33) |
| Impairment loss on other receivables | | – | 4,215 |
| Impairment loss on property, plant and equipment | | – | 822 |
| Negative goodwill on acquisition of subsidiaries | 27 | – | (35,553) |
| Profit on sale of property, plant and equipment and investment properties (net) | | (911,491) | (14,556) |
| Property, plant and equipment, investment properties and intangible assets written off | | 2,892 | 68 |
| Share of after-tax profit of associates | | (52,015) | (30,461) |
| Share of after-tax profit of joint ventures | | (40,674) | (21,246) |
| Tax expense | | 432,745 | 28,456 |
| | | <hr/> 212,553 | <hr/> 171,714 |
| Changes in working capital: | | | |
| Development properties | | (221,217) | 277,028 |
| Contract costs | | (1,298) | (20,427) |
| Contract assets | | 61,219 | 68,494 |
| Consumable stocks and trade and other receivables | | (1,690) | (52,531) |
| Trade and other payables and provisions | | 55,665 | 50,163 |
| Contract liabilities | | (76,212) | 152,425 |
| Employee benefits | | (877) | 811 |
| Cash generated from operations | | <hr/> 28,143 | <hr/> 647,677 |
| Tax paid | | (57,960) | (51,430) |
| Net cash (used in)/from operating activities | | <hr/> (29,817) | <hr/> 596,247 |

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
Six months ended 30 June 2022

| | | Group | |
|--------------------------------------------------------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| | Note | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries (net of cash acquired) | 27 | (43,005) | (331,574) |
| Dividends received: | | | |
| - associates | | 9,494 | 4,226 |
| - joint ventures | | 30,827 | 2,781 |
| - financial investments | | 1,420 | 1,859 |
| Increase in investments in associates | | (27,919) | (1,455) |
| Increase in investments in joint ventures | | (2,265) | (1,999) |
| Return of capital from a joint venture | | 3,006 | 53,006 |
| Increase in amounts owing by equity-accounted investees (non-trade) | | (52,321) | (58,584) |
| Interest received | | 9,791 | 13,426 |
| Payments for intangible assets | | – | (558) |
| Payments for capital expenditure on investment properties | | (192,056) | (100,931) |
| Payments for purchase of property, plant and equipment | | (33,072) | (38,787) |
| Purchase of investment properties | | (182,250) | – |
| Proceeds from sale of property, plant and equipment and investment properties | | 1,212,591 | 18,738 |
| Proceeds from disposal of subsidiaries, net of cash disposed | 26 | (16,409) | – |
| Purchase of financial assets (net) | | (72,390) | (16,070) |
| Proceeds from distributions from investments in financial assets | | 11,014 | 5,828 |
| Settlement of financial derivatives | | 22,086 | (23,758) |
| Net cash from/(used in) investing activities | | <u>678,542</u> | <u>(473,852)</u> |
| Cash flows from financing activities | | | |
| Capital distribution to non-controlling interests (net) | | (9,432) | (12,374) |
| Dividends paid | | (105,065) | (130,192) |
| Payment of lease liabilities and finance lease payables | | (17,143) | (9,382) |
| Interest paid (including amounts capitalised in property, plant and equipment and development properties) | | (105,327) | (106,802) |
| Net increase in amounts owing to related parties and non-controlling interests (non-trade) | | 7,474 | 18,932 |
| Net proceeds from/(repayment of) revolving credit facilities and short- term bank borrowings | | 329,157 | (140,917) |
| Decrease in restricted cash | | 120,127 | 3,669 |
| Payment of financing transaction costs | | (6,585) | (3,541) |
| Proceeds from bank borrowings | | 321,381 | 1,697,385 |
| Repayment of bank borrowings | | (1,044,217) | (2,122,948) |
| Proceeds from issuance of bonds and notes | | – | 335,000 |
| Repayment of bonds and notes | | – | (115,000) |
| Net cash used in financing activities | | <u>(509,630)</u> | <u>(586,170)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 139,095 | (463,775) |
| Cash and cash equivalents at beginning of the period | | 1,944,133 | 2,955,109 |
| Effect of exchange rate changes on balances held in foreign currencies | | (33,259) | 2,467 |
| Cash and cash equivalents at end of the period | | <u><u>2,049,969</u></u> | <u><u>2,493,801</u></u> |

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
Six months ended 30 June 2022

| | | Group | |
|------------------------------------------------------------------|-------------|------------------------------------|------------------------------------|
| | Note | 30 June 2022 \$'000 | 30 June 2021 \$'000 |
| Cash and cash equivalents at the end of the period comprises: | | | |
| Cash and cash equivalents in the statement of financial position | | 2,128,745 | 2,651,396 |
| Restricted deposits included in other non-current assets | 15 | 6,965 | 104,122 |
| Cash and cash equivalents included in assets held for sale | 18 | 34,193 | 16,752 |
| Less: Restricted cash | | (119,934) | (278,469) |
| | | 2,049,969 | 2,493,801 |

Significant non-cash transaction

There were the following significant non-cash transactions during the period:

- a) Dividends amounting to \$1,248,000 (six months ended 30 June 2021: \$1,335,000) were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.
- b) In May 2022, the Company distributed 144,191,823 stapled securities in CDL Hospitality Trusts ("CDLHT" and such stapled securities, the "CDLHT Units") that it holds to its ordinary shareholders at 0.159 CDLHT Units per ordinary share through a distribution *in specie*. The distribution *in specie*, based on \$1.27 per CDLHT Unit, amounted to \$183,124,000 (Note 26).

Notes to the Condensed Interim Financial Statements

1. Corporate information

City Developments Limited (the Company) is incorporated in the Republic of Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

The principal activities of the Company are those of a property developer and owner, and investment holding.

The principal activities of the subsidiaries are those of property developers and owners, hotel owners and operators, a club operator and owner, investment in properties and in shares, property management, project management and provision of consultancy services, procurement services and laundry services.

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in the financial statements.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2022. The application of these standards and interpretations did not have a material effect on the condensed interim financial statements.

2.2 Use of judgements and estimates

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the Group's combined financial statements as at and for the year ended 31 December 2021.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and valuation adjustments and reports to the Group Chief Financial Officer who has overall responsibility for all significant fair value measurements. If third party information, such as broker quotes or independent valuers' report, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit & Risk Committee and Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – develops and purchases properties for sale
- Hotel operations – owns and manages hotels
- Investment properties – develops and purchases investment properties for lease

Others comprises mainly investment in shares, management and consultancy services, and provision of laundry services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment results

| | Property development \$'000 | Hotel operations \$'000 | Investment properties \$'000 | Total \$'000 | Others \$'000 | Total \$'000 |
|------------------------------------------------------------|-----------------------------------|-------------------------------|------------------------------------|------------------|------------------|------------------|
| Six months ended 30 June 2022 | | | | | | |
| Total revenue (including inter-segment revenue) | 608,542 | 613,017 | 203,349 | 1,424,908 | 111,745 | 1,536,653 |
| Inter-segment revenue | – | (14,178) | (29,346) | (43,524) | (20,576) | (64,100) |
| External revenue | <u>608,542</u> | <u>598,839*</u> | <u>174,003</u> | <u>1,381,384</u> | <u>91,169</u> | <u>1,472,553</u> |
| Profit/(Loss) from operating activities | 84,640 | 1,302,043 | 147,118 | 1,533,801 | (2,855) | 1,530,946 |
| Share of after-tax profit of associates and joint ventures | 58,189 | 4,580 | 18,154 | 80,923 | 11,766 | 92,689 |
| Finance income | 35 | 47,147 | (2,041) | 45,141 | 15,576 | 60,717 |
| Finance costs | (38,704) | (28,709) | (32,245) | (99,658) | 175 | (99,483) |
| Net finance (costs)/ income | (38,669) | 18,438 | (34,286) | (54,517) | 15,751 | (38,766) |
| Reportable segment profit before tax | <u>104,160</u> | <u>1,325,061</u> | <u>130,986</u> | <u>1,560,207</u> | <u>24,662</u> | <u>1,584,869</u> |

Six months ended 30 June 2021

| | | | | | | |
|-------------------------------------------------------------------|----------------|------------------|----------------|------------------|---------------|------------------|
| Total revenue (including inter-segment revenue) | 628,563 | 321,314 | 203,353 | 1,153,230 | 96,965 | 1,250,195 |
| Inter-segment revenue | – | (4,321) | (32,440) | (36,761) | (21,245) | (58,006) |
| External revenue | <u>628,563</u> | <u>316,993*</u> | <u>170,913</u> | <u>1,116,469</u> | <u>75,720</u> | <u>1,192,189</u> |
| Profit/(Loss) from operating activities | 137,606 | (93,314) | 22,889 | 67,181 | 9,168 | 76,349 |
| Share of after-tax profit/(loss) of associates and joint ventures | 43,122 | (20,411) | 6,293 | 29,004 | 22,703 | 51,707 |
| Finance income | 9,224 | 1,761 | 3,048 | 14,033 | – | 14,033 |
| Finance costs | (71,150) | (30,936) | (22,714) | (124,800) | (7,542) | (132,342) |
| Net finance costs | (61,926) | (29,175) | (19,666) | (110,767) | (7,542) | (118,309) |
| Reportable segment profit/(loss) before tax | <u>118,802</u> | <u>(142,900)</u> | <u>9,516</u> | <u>(14,582)</u> | <u>24,329</u> | <u>9,747</u> |

* Revenue from hotel operations includes room revenue of \$407.7 million (six months ended 30 June 2021: \$195.8 million) for the six months ended 30 June 2022 from hotels that are owned by the Group.

Segment Assets and Liabilities

| | Property development \$'000 | Hotel operations \$'000 | Investment properties \$'000 | Total \$'000 | Others \$'000 | Total \$'000 |
|--------------------------------|-----------------------------------|-------------------------------|------------------------------------|-----------------|------------------|-------------------|
| 30 June 2022 | | | | | | |
| Reportable segment assets | 10,450,072 | 5,800,261 | 5,627,783 | 21,878,116 | 1,087,397 | 22,965,513 |
| Deferred tax assets | | | | | | 65,391 |
| Tax recoverable | | | | | | 4,873 |
| Total assets | | | | | | <u>23,035,777</u> |
| Reportable segment liabilities | 5,682,223 | 3,554,970 | 2,996,180 | 12,233,373 | 311,181 | 12,544,554 |
| Deferred tax liabilities | | | | | | 270,950 |
| Provision for taxation | | | | | | 622,054 |
| Total liabilities | | | | | | <u>13,437,558</u> |
| 31 December 2021 | | | | | | |
| Reportable segment assets | 9,802,318 | 6,071,857 | 6,620,825 | 22,495,000 | 1,324,167 | 23,819,167 |
| Deferred tax assets | | | | | | 69,302 |
| Tax recoverable | | | | | | 4,557 |
| Total assets | | | | | | <u>23,893,026</u> |
| Reportable segment liabilities | 6,361,148 | 3,471,262 | 3,892,700 | 13,725,110 | 276,859 | 14,001,969 |
| Deferred tax liabilities | | | | | | 196,068 |
| Provision for taxation | | | | | | 362,960 |
| Total liabilities | | | | | | <u>14,560,997</u> |

5. Revenue

Revenue of the Group includes property development income, income from owning and operating hotels, rental income, dividend income and others but excludes intra-group transactions. Property development income consists mainly of sale proceeds of commercial and residential properties. Others include mainly management and consultancy fees, and income from the provision of laundry services.

| | Group | |
|----------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Dividends from investments: | | |
| - fellow subsidiaries | | |
| - quoted equity investments – at FVOCI | 897 | 979 |
| - unquoted equity investments – at FVOCI | – | 236 |
| - others | | |
| - quoted equity investments – at FVOCI | 334 | 334 |
| - quoted equity investments – mandatorily at FVTPL | 189 | 310 |
| Hotel operations | 598,839 | 316,993 |
| Development properties for which revenue is: | | |
| - recognised over time | 438,239 | 457,725 |
| - recognised at a point in time | 170,303 | 170,838 |
| Rental income from investment properties | 174,003 | 170,913 |
| Others | 89,749 | 73,861 |
| | <u>1,472,553</u> | <u>1,192,189</u> |

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical markets and timing of revenue recognition. The total disaggregated revenue of the Group excludes rental income from investment properties and dividend income from investments. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

| | ← Reportable segments → | | | | Others* | | Total | |
|---------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Property development 6 months ended 30 June 2022 \$'000 | Property development 6 months ended 30 June 2021 \$'000 | Hotel operations 6 months ended 30 June 2022 \$'000 | Hotel operations 6 months ended 30 June 2021 \$'000 | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Geographical market | | | | | | | | |
| Singapore | 447,620 | 465,025 | 102,007 | 64,313 | 89,619 | 73,861 | 639,246 | 603,199 |
| China | 95,190 | 94,343 | 6,530 | 12,038 | – | – | 101,720 | 106,381 |
| United States | – | – | 187,579 | 79,606 | – | – | 187,579 | 79,606 |
| United Kingdom | 14,311 | 4,767 | 158,681 | 42,152 | 32 | – | 173,024 | 46,919 |
| Australasia | 51,421 | 64,428 | 42,811 | 48,585 | 98 | – | 94,330 | 113,013 |
| Rest of Asia (excluding Singapore and China) | – | – | 89,559 | 69,424 | – | – | 89,559 | 69,424 |
| Other countries | – | – | 11,672 | 875 | – | – | 11,672 | 875 |
| | 608,542 | 628,563 | 598,839 | 316,993 | 89,749 | 73,861 | 1,297,130 | 1,019,417 |
| Timing of revenue recognition | | | | | | | | |
| Products and services transferred at a point in time | 170,303 | 170,838 | 598,839 | 316,993 | 179 | 2,383 | 769,321 | 490,214 |
| Products and services transferred over time | 438,239 | 457,725 | – | – | 89,570 | 71,478 | 527,809 | 529,203 |
| | 608,542 | 628,563 | 598,839 | 316,993 | 89,749 | 73,861 | 1,297,130 | 1,019,417 |

* Excluding dividend income.

6. Finance income and finance costs

| | Group | |
|--------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
| | \$'000 | \$'000 |
| Finance income | | |
| Interest income | 12,825 | 14,047 |
| Fair value gain on financial derivatives | 25,295 | – |
| Net exchange gain | 22,625 | – |
| | 60,745 | 14,047 |
| Interest capitalised | (28) | (14) |
| Total finance income | 60,717 | 14,033 |
| Finance costs | | |
| Amortisation of transaction costs capitalised | (4,013) | (3,888) |
| Interest expenses | (118,946) | (116,919) |
| Fair value loss on financial assets measured at fair value through profit or loss (net) | (1,258) | (3,518) |
| Fair value loss on financial derivatives | – | (15,278) |
| Unwinding of discount on non-current liabilities | (96) | (154) |
| Net exchange loss | – | (10,228) |
| | (124,313) | (149,985) |
| Finance costs capitalised | 24,830 | 17,643 |
| Total finance costs | (99,483) | (132,342) |
| Net finance costs | (38,766) | (118,309) |

7. Profit before tax

Profit before tax included the following:

| | Note | Group | |
|----------------------------------------------------------------------------------------|------|---------------------------------------------|---------------------------------------------|
| | | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Other income | | | |
| Gain on liquidation of subsidiaries | | – | 33 |
| Gain on disposal of subsidiaries | 26 | 501,726 | – |
| Negative goodwill on acquisition of subsidiaries | 27 | – | 35,553 |
| Profit on sale of property, plant and equipment and investment properties (net) * | | 911,491 | 14,556 |
| Others | | 9,305 | 6,271 |
| | | 1,422,522 | 56,413 |
| Other expenses | | | |
| Impairment loss on trade receivables and bad debts written off | | (4,624) | (111) |
| Impairment loss on other receivables – Sincere Property Group | | – | (4,215) |
| Depreciation and amortisation | | (131,098) | (144,068) |
| Impairment loss on property, plant and equipment | | – | (822) |
| Loss on dilution of interest in an associate | | (850) | – |
| Property, plant and equipment, investment properties and intangible assets written off | | (2,892) | (68) |
| | | (2,892) | (68) |

* Mainly relates to the disposal of the Millennium Hilton Seoul.

8. Tax expense

Tax expense for the period was derived at by applying the varying statutory tax rates on the taxable profit/(loss) and taxable/deductible temporary differences of the different countries in which the Group operates.

| | Group | |
|--------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Current tax expense | | |
| Current year | 332,008 | 51,169 |
| Under/(Over) provision in respect of prior years | 1,253 | (8,097) |
| | 333,261 | 43,072 |
| Deferred tax expense/(credit) | | |
| Movements in temporary differences | 82,897 | (14,001) |
| Effects of changes in tax rates and legislation | 1,930 | 89 |
| Under/(Over) provision in respect of prior years | 2,361 | (3,547) |
| | 87,188 | (17,459) |
| Land appreciation tax | 11,666 | 2,360 |
| Withholding tax | 630 | 483 |
| Total tax expense | 432,745 | 28,456 |

The increase in tax expense during the period is largely due to the tax arising from the disposal of Millennium Hilton Seoul.

9. Earnings per share

Basic earnings per share is calculated based on:

| | Group | |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Profit/(Loss) attributable to owners of the Company | 1,126,341 | (32,086) |
| Less: | | |
| Dividends on non-redeemable convertible non-cumulative preference shares | (6,399) | (6,399) |
| Profit/(Loss) attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends | 1,119,942 | (38,485) |
| Weighted average number of ordinary shares | | |
| Weighted average number of ordinary shares during the year | 906,901,330 | 906,901,330 |
| Basic earnings per share | 123.5 cents | (4.2) cents |

Diluted earnings per share is based on:

| | Group | |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Profit/(Loss) attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends | 1,119,942 | (38,485) |
| Add: | | |
| Dividends on non-redeemable convertible non-cumulative preference shares | 6,399 | – |
| Net profit/(Loss) used for computing diluted earnings per share | 1,126,341 | (38,485) |
| Weighted average number of ordinary shares used in the calculation of basic earnings per share | 906,901,330 | 906,901,330 |
| Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares | 44,998,898 | – |
| Weighted average number of ordinary shares and potential shares assuming full conversion of preference shares | 951,900,228 | 906,901,330 |
| Diluted earnings per share | 118.3 cents | (4.2) cents |

For the six months ended 30 June 2021, the diluted earnings per share was the same as basic earnings per share as it was anti-dilutive.

10. Net asset value

| | Group | | Company | |
|------------------------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | 30 June 2022 \$ | 31 December 2021 \$ | 30 June 2022 \$ | 31 December 2021 \$ |
| Net asset value per ordinary share | 10.18 | 9.28 | 6.72 | 6.98 |

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group disposed assets amounting to \$1,378 million arising from the distribution *in specie* (refer to Note 26). Following the deconsolidation of CDLHT, the Group recognised ROU assets amounting to \$551 million in relation to the leasing of hotels from CDLHT by the Group which are no longer considered intra-group transactions and are not eliminated.

Valuation of property, plant and equipment

The Group's PPE relates largely to the hotel portfolio and is carried at cost less accumulated depreciation and impairment losses.

In line with accounting standards, the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. Due to the geographical distribution of the hotels, the Group typically conducts external valuations for hotels that it considers have a risk of impairment loss at year end.

For the six months ended 30 June 2022 (1H 2022), the Group focused its impairment assessment on the hotels with 20% or less headroom to its last available valuations. The recoverable amounts of these hotels, being the higher of the fair value less costs to sell and the value-in-use, were predominantly determined using the fair value less costs to sell approach and were estimated using the discounted cash flow method. These valuations were

performed in-house. Under these methodologies, the fair value measurement reflects current market expectations about an efficient third party operator's future cash flows. The discounted cash flows method involves estimating each hotel's future cash flows and discounting the cash flows with an internal rate of return to arrive at the market value, taking into consideration the assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense items for each hotel. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as the internal business plan for the hotel in the relevant market. These plans and forecasts include management's most recent view of trading prospects for the hotel in the relevant market. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Where appropriate, the Group sought guidance on the fair values of the hotels from independent external valuers with appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Based on the above impairment assessment, the Group is of view that there is no impairment loss for 1H 2022. The Group maintains its long-term view on its hotel portfolio and will continue to monitor the performance of the hotels.

12. Investment properties

| | Note | Group \$'000 | Company \$'000 |
|-------------------------------------------------------|------|-----------------|-------------------|
| Cost | | | |
| At 1 January 2021 | | 5,760,958 | 603,648 |
| Acquisition of subsidiaries | | 341,753 | – |
| Additions | | 279,723 | 3,099 |
| Transfer to property, plant and equipment | | (60,402) | – |
| Transfer to assets held for sale | | (1,107,138) | – |
| Disposal/Written off | | (59,630) | (797) |
| Translation differences on consolidation | | 23,673 | – |
| At 31 December 2021 and 1 January 2022 | | 5,178,937 | 605,950 |
| Acquisition of a subsidiary | 27 | 78,764 | – |
| Additions | | 374,806 | 2,889 |
| Transfer to development properties | | (82,328) | – |
| Transfer to assets held for sale | | (70,371) | – |
| Disposal/Written off | | (1,855) | – |
| Disposal of subsidiaries | 26 | (496,882) | – |
| Translation differences on consolidation | | (50,284) | – |
| At 30 June 2022 | | 4,930,787 | 608,839 |
| Accumulated depreciation and impairment losses | | | |
| At 1 January 2021 | | 1,192,261 | 178,693 |
| Charge for the year | | 99,993 | 14,886 |
| Transfer to property, plant and equipment | | (12,755) | – |
| Transfer to assets held for sale | | (40,216) | – |
| Disposal/Written off | | (51,403) | (781) |
| Reversal of impairment loss | | (3,416) | – |
| Translation differences on consolidation | | (2,696) | – |
| At 31 December 2021 and 1 January 2022 | | 1,181,768 | 192,798 |
| Charge for the period | | 45,942 | 7,386 |
| Transfer to development properties | | (38,758) | – |
| Transfer to assets held for sale | | (59,643) | – |
| Disposal/Written off | | (208) | – |
| Disposal of subsidiaries | 26 | (63,561) | – |
| Translation differences on consolidation | | (5,437) | – |
| At 30 June 2022 | | 1,060,103 | 200,184 |
| Carrying amounts | | | |
| At 1 January 2021 | | 4,568,697 | 424,955 |
| At 31 December 2021 | | 3,997,169 | 413,152 |
| At 30 June 2022 | | 3,870,684 | 408,655 |
| Fair value | | | |
| At 1 January 2021 | | 8,901,489 | 1,114,435 |
| At 31 December 2021 | | 9,945,537 | 1,662,892 |
| At 30 June 2022 | | 9,002,340 | 1,662,919 |

During the six months ended 30 June 2022, the Group transferred part of the net carrying value of an investment property to development properties for redevelopment and transferred two strata-titled properties to assets held for sale during the period (refer to Note 18). In addition, the Group disposed of certain investment properties arising from the deconsolidation of CDLHT following the distribution *in specie* (refer to Note 26).

Valuation of investment properties

The Group's investment properties portfolio include its commercial portfolio held for rental income (comprising office, retail, industrial and residential for lease).

The Group adopts the accounting policy to account for its investment properties at cost less accumulated depreciation and impairment losses.

The fair values for certain investment properties located in Singapore are based on in-house valuations conducted by a licensed valuer who is also an officer of the Company. The internal valuer has appropriate recognised professional qualifications and experience in the location and category of the investment properties being valued. The fair values of the investment properties were estimated using the discounted cash flow, income capitalisation, direct comparison, standardised land value adjustment and residual methods. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The direct comparison method involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a special date, that is assessed and approved by the local government. The residual method involves deducting the estimated cost to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer's profit.

The Group has considered the headroom over fair value for most assets in the commercial portfolio and is of the view that there is no impairment loss as at 30 June 2022 for its investment properties.

13. Investments in associates

| | Group | |
|----------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Investments in associates | | |
| Investments in associates | 1,304,918 | 832,378 |
| Impairment loss | (13,355) | (15,399) |
| | 1,291,563 | 816,979 |

The increase in investment in associates during the period is mainly due to the deconsolidation of CDLHT following the distribution *in specie* (refer to Note 26), which resulted in CDLHT becoming an associate. The Group's retained interest in CDLHT has been remeasured to fair value. The Group is currently performing a purchase price allocation exercise on its retained interest in CDLHT and has equity accounted for CDLHT based on provisional amounts of the fair value of its identifiable net assets, giving rise to negative goodwill of \$18.0 million. The negative goodwill is included in the Group's "share of after-tax profit of associates" in the consolidated statement of profit or loss.

CDLHT's assets relate mainly to property, plant and equipment and investment properties. The fair values of these assets were determined based on valuations undertaken by the Group's in-house valuer.

The valuation of property, plant and equipment and investment properties involves significant judgement in determining both the valuation methods to be used and the key assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions may have a significant impact on the valuations.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets and liabilities of CDLHT were as follows:

| Assets acquired/Liabilities assumed | Valuation technique |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property, plant and equipment and investment properties | <i>Income capitalisation, discounted cashflow and residual methods:</i> The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cashflow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The residual method involves deducting estimated costs to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer profit. |
| Interest-bearing borrowings | The fair value of borrowings is estimated as the present value of future principal and interest cash flows, discounted at market rate of interest at the date of distribution <i>in specie</i> . |

14. Investments in joint ventures

| | Group | | Company | |
|--------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Investments in joint ventures | | | | |
| Investments in joint ventures | 1,033,835 | 1,037,046 | 37,360 | 37,360 |

15. Other non-current assets

| | Group | | Company | |
|---------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Amounts owing by subsidiaries | – | – | 6,363,061 | 6,205,239 |
| Amounts owing by joint ventures | 122,835 | – | – | – |
| Deposits | 10,868 | 3,395 | – | – |
| Other receivables | 7,019 | 13,307 | – | – |
| Derivative financial assets | 6,311 | 4,762 | 6,311 | – |
| Restricted bank deposits | 6,965 | 89,630 | – | – |
| | 153,998 | 111,094 | 6,369,372 | 6,205,239 |
| Prepayments | 301 | 282 | – | – |
| Intangible assets | 1,744 | 1,879 | – | – |
| Deferred tax assets | 65,391 | 69,302 | – | – |
| | 221,434 | 182,557 | 6,369,372 | 6,205,239 |

16. Development properties

The Group accounts for its development properties at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The Group had reviewed the estimated selling prices of its development properties and is of the view that no further allowance for foreseeable losses is considered necessary as at 30 June 2022.

17. Trade and other receivables

| | Group | | Company | |
|-----------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Trade receivables | 137,996 | 184,327 | 1,029 | 1,310 |
| Impairment losses | (19,382) | (17,025) | (73) | (135) |
| | 118,614 | 167,302 | 956 | 1,175 |
| Other receivables | 525,665 | 544,875 | 3,900 | 3,726 |
| Impairment losses | (339,530) | (336,476) | (1,083) | (1,116) |
| | 186,135 | 208,399 | 2,817 | 2,610 |
| Accrued rent receivables | 40,747 | 41,065 | 2,596 | 2,389 |
| Deposits | 7,239 | 11,901 | 288 | 288 |
| Amounts owing by: | | | | |
| - subsidiaries | – | – | 6,215,675 | 5,985,134 |
| - associates | 7,391 | 1,142 | 1,285 | 3 |
| - joint ventures | 1,239,524 | 1,288,755 | 232,579 | 231,599 |
| - fellow subsidiaries | 142 | 194 | – | – |
| Reimbursement assets | 67,838 | 70,773 | – | – |
| | 1,667,630 | 1,789,531 | 6,456,196 | 6,223,198 |
| Prepayments | 96,492 | 56,476 | 5,083 | 2,161 |
| Grant receivables | 532 | 1,339 | 532 | 532 |
| Tax recoverable | 4,873 | 4,557 | – | – |
| Derivative financial assets | 49,593 | 21,511 | 49,593 | 21,511 |
| | 1,819,120 | 1,873,414 | 6,511,404 | 6,247,402 |

(a) Included in other receivables of the Group as at 30 June 2022 is a receivable of \$398.4 million (2021: \$395.1 million) with related impairment loss of \$335.1 million (2021: \$331.2 million) from HCP Chongqing Property Development Co., Ltd and its subsidiaries (HCP Group).

(b) The reimbursement asset relates to reimbursements from the buyer of Millennium Hilton Seoul for costs that the Group would incur under certain contracts in respect of the hotel arising from the sale of the hotel.

18. Assets held for sale

| | 30 June 2022 | Group 31 December 2021 |
|----------------------------------------------------------------------|-------------------------|---------------------------------------|
| | \$ | \$ |
| Assets held for sale | | |
| Property, plant and equipment | 14,812 | 334,190 |
| Investment properties | 946,699 | 1,052,271 |
| Trade and other receivables | 40,942 | 41,132 |
| Cash and cash equivalents | 34,193 | 18,166 |
| | 1,036,646 | 1,445,759 |
| Liabilities directly associated with the assets held for sale | | |
| Trade and other payables | 15,141 | 16,882 |
| Other liabilities | 3,991 | 4,381 |
| Provision for taxation | 8,064 | 5,979 |
| Deferred tax liabilities | – | 107 |
| | 27,196 | 27,349 |

As at 30 June 2022, assets held for sale and liabilities directly associated with the assets held for sale are in relation to the following proposed divestments:

- (a) An indirect subsidiary of the Group, Millennium & Copthorne Hotels Limited (M&C), entered into a sale and purchase agreement to sell a hotel, Millennium Harvest House Boulder (which is in the hotel operation segment), to a third party for sales consideration of \$99.5 million. The sale is expected to be completed within the next one year.
- (b) The Group applied for an initial public offering (IPO) of a real estate investment trust (REIT) that will own commercial assets located in the UK during 2021. The Group plans to dispose of the subsidiaries which hold two commercial properties in the UK, namely Aldgate House and 125 Old Broad Street (which are in the investment properties segment), to the REIT. The sale is expected to be completed within the next one year.
- (c) The Group entered into collective sale and purchase agreements for its two strata-titled properties, namely Tanglin Shopping Centre and Golden Mile Complex (which are in the investment properties segment). The sales are expected to be completed within the next one year.

As at 31 December 2021, assets held for sale were related to the following proposed divestments:

- (a) The abovementioned proposed divestment of Millennium Harvest House Boulder by M&C.
- (b) M&C entered into a sale and purchase agreement to sell a hotel, Copthorne Orchid Penang (which is in the hotel operations segment), to a third party for a sale consideration of \$24.3 million. The agreement was terminated in December 2021 and the property was reclassified to property, plant and equipment as at 30 June 2022 as the Group ceased to explore further sale opportunities.
- (c) The abovementioned proposed divestment of subsidiaries which hold two commercial properties in the UK to the REIT by the Group.
- (d) A wholly-owned subsidiary of the Group, Singapura Developments (Private) Limited, entered into a share sale agreement to sell its interest in an industrial warehouse in Singapore (which was in the investment properties segment) for a sale consideration of \$82 million. The sale was completed on 7 March 2022 and the Group recognised a gain of \$27.3 million on the sale.
- (e) M&C entered into a sale and purchase agreement to sell a hotel, Millennium Hilton Seoul (which was in the hotel operations segment), for a sale consideration of KRW1.1 trillion (S\$1.25 billion). The sale was completed on 24 February 2022 and a total gain on disposal of \$526.2 million of which \$496.2 million recognised in 1H 2022, net of taxes and related transaction costs was recognised by the Group.

19. Share capital

| | Company | | | |
|------------------------------------------------------------------------------------------------------------|---------------------|-----------|---------------------|-----------|
| | 30 June 2022 | | 31 December 2021 | |
| | Number of shares | \$'000 | Number of shares | \$'000 |
| Issued and fully paid ordinary share capital with no par value | 906,901,330 | 1,661,179 | 906,901,330 | 1,661,179 |
| Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value | 330,874,257 | 330,218 | 330,874,257 | 330,218 |
| | <u>1,991,397</u> | | <u>1,991,397</u> | |

As at 30 June 2022, the maximum number of ordinary shares that may be issued upon full conversion of all of the non-redeemable convertible non-cumulative preference shares of the Company ("Preference Shares") at the sole option of the Company is 44,998,898 ordinary shares (31 December 2021: 44,998,898 ordinary shares).

As at 30 June 2022, the Company held 2,400,000 treasury shares (31 December 2021: 2,400,000) which represented 0.26% of the total number of issued shares (excluding treasury shares).

There was no change in the Company's issued share capital and preference share capital during the six months ended 30 June 2022.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2022.

20. Interest-bearing borrowings

| | Group | | Company | |
|-----------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Term loans | 5,697,200 | 7,337,272 | 4,201,536 | 4,491,409 |
| Bonds and notes | 2,753,187 | 2,811,162 | 2,071,133 | 2,070,486 |
| Bank loans | 937,024 | 991,559 | 628,563 | 576,444 |
| | <u>9,387,411</u> | | <u>6,901,232</u> | |
| Non-current | 5,793,517 | 5,952,032 | 4,654,294 | 3,937,631 |
| Current | 3,593,894 | 5,187,961 | 2,246,938 | 3,200,708 |
| | <u>9,387,411</u> | | <u>6,901,232</u> | |

The Group's net borrowings, which refer to aggregate borrowings from banks, financial institutions and lease liabilities, after deducting cash and cash equivalents, are as follows. Unamortised balance of transaction costs had not been deducted from the gross borrowings.

| | Note | Group | |
|---------------------------------------------------------------------------------|------|-----------------|---------------------|
| | | 30 June 2022 | 31 December 2021 |
| | | \$'000 | \$'000 |
| Unsecured | | | |
| - repayable within one year | | 2,939,300 | 4,358,373 |
| - repayable after one year | | 5,655,930 | 5,200,742 |
| | | 8,595,230 | 9,559,115 |
| Secured | | | |
| - repayable within one year | | 685,142 | 851,761 |
| - repayable after one year | | 840,794 | 1,011,559 |
| | | 1,525,936 | 1,863,320 |
| Gross borrowings | | 10,121,166 | 11,422,435 |
| Less: cash and cash equivalents as shown in the statement of financial position | | (2,128,745) | (2,083,165) |
| Less: restricted deposits included in other non-current assets | 15 | (6,965) | (89,630) |
| Less: cash and cash equivalents classified under assets held for sale | 18 | (34,193) | (18,166) |
| Net borrowings | | 7,951,263 | 9,231,474 |

Where secured, borrowings are collateralised by:

- mortgages on the borrowing companies' hotels, investment and development properties;
- assignment of all rights and benefits to sale, lease and insurance proceeds in respect of hotels, investment and development properties;
- pledge of cash deposits;
- pledge of shares in subsidiaries; and
- a statutory lien on certain assets of foreign subsidiaries.

As of 30 June 2022, the Group and the Company have complied with the debt covenants.

21. Other liabilities

| | Group | | Company | |
|------------------------------------------------------------|-----------------|---------------------|-----------------|---------------------|
| | 30 June 2022 | 31 December 2021 | 30 June 2022 | 31 December 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Deferred income | 57,763 | 122,124 | - | - |
| Rental deposits | 50,343 | 49,653 | 9,715 | 8,041 |
| Non-current retention sums payable | 27,585 | 26,625 | - | - |
| Derivative financial liabilities | 354 | 1,295 | 354 | 346 |
| Amount owing to a subsidiary | - | - | 748,832 | - |
| Miscellaneous (principally deposits received and payables) | 19,878 | 18,213 | - | - |
| | 155,923 | 217,910 | 758,901 | 8,387 |

22. Trade and other payables

| | Group | | Company | |
|----------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Trade payables | 244,886 | 251,550 | 1,085 | 2,032 |
| Accruals | 516,358 | 462,915 | 81,404 | 74,507 |
| Deferred income | 68,011 | 40,520 | – | – |
| Other payables | 53,145 | 106,295 | 1,172 | 988 |
| Rental and other deposits | 73,747 | 75,979 | 7,167 | 8,813 |
| Retention sums payable | 6,935 | 11,261 | – | – |
| Amounts owing to: | | | | |
| - subsidiaries | – | – | 2,414,464 | 2,498,058 |
| - associates | 5,646 | 2 | – | – |
| - joint ventures | 95,966 | 97,902 | 22,727 | 22,727 |
| - fellow subsidiaries | 251,882 | 248,648 | – | – |
| - non-controlling interests | 143,067 | 143,389 | – | – |
| Derivative financial liabilities | 771 | 14,582 | 771 | 14,582 |
| | 1,460,414 | 1,453,043 | 2,528,790 | 2,621,707 |

23. Provisions

Included under current provisions is an amount of \$61,690,000 (31 December 2021: \$70,773,000) which relates to the Group's obligations under certain contracts in respect of Millennium Hilton Seoul and represents the estimated costs to be incurred arising from the sale of Millennium Hilton Seoul. The Group will be fully reimbursed by the buyer of Millennium Hilton Seoul for the amounts incurred in respect of its obligations under the relevant contracts.

24. Lease liabilities

The increase in lease liabilities during the period is mainly due to deconsolidation of CDLHT following the Group's distribution *in specie* on 26 May 2022 (refer to Note 26). Following the deconsolidation, lease liabilities arising from the leasing of hotels from CDLHT by the Group are no longer considered intra-group transactions and are not eliminated.

25. Financial assets and financial liabilities

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Trade and other receivables and trade and other payables classified as held for sale are not included in the table below. Further, the fair value disclosure of lease liabilities is also not required.

| | Mandatorily at FVTPL \$'000 | FVOCI – equity investments \$'000 | Fair value – hedging instruments \$'000 | Amortised cost \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|----------------------------------------------------|-----------------------------------|--------------------------------------------|--------------------------------------------------|-----------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| Group | | | | | | | | | |
| 30 June 2022 | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Unquoted debt investments – mandatorily at FVTPL | 170,444 | – | – | – | 170,444 | – | 138,182 | 32,262 | 170,444 |
| Unquoted equity investments – at FVOCI | – | 355,883 | – | – | 355,883 | – | – | 355,883 | 355,883 |
| Unquoted equity investments – mandatorily at FVTPL | 206,724 | – | – | – | 206,724 | – | – | 206,724 | 206,724 |
| Quoted equity investments– at FVOCI | – | 39,674 | – | – | 39,674 | 39,674 | – | – | 39,674 |
| Quoted equity investments – mandatorily at FVTPL | 39,932 | – | – | – | 39,932 | 39,932 | – | – | 39,932 |
| Derivative financial assets | – | – | 55,904 | – | 55,904 | – | 55,904 | – | 55,904 |
| | 417,100 | 395,557 | 55,904 | – | 868,561 | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Unquoted debt investments – amortised cost | – | – | – | 17,743 | 17,743 | | | | |
| Other non-current assets^ | – | – | – | 147,687 | 147,687 | | | | |
| Trade and other receivables# | – | – | – | 1,667,630 | 1,667,630 | | | | |
| Cash and cash equivalents | – | – | – | 2,128,745 | 2,128,745 | | | | |
| | – | – | – | 3,961,805 | 3,961,805 | | | | |

| Group | Fair value – hedging instruments \$'000 | Other financial liabilities \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---------------------------------------------------------|--------------------------------------------------|---------------------------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| 30 June 2022 | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | |
| Derivative financial liabilities | 1,125 | – | 1,125 | – | 1,125 | – | 1,125 |
| Financial liabilities not measured at fair value | | | | | | | |
| Interest-bearing borrowings | – | 9,387,411 | 9,387,411 | – | 9,509,156 | – | 9,509,156 |
| Other liabilities [#] | – | 97,806 | 97,806 | | | | |
| Trade and other payables [*] | – | 1,391,632 | 1,391,632 | | | | |
| | – | 10,876,849 | 10,876,849 | | | | |

[^] Excluding derivative financial assets, prepayments, intangible assets and deferred tax assets

[#] Excluding prepayments, grant receivables, tax recoverable and derivative financial assets

^{*} Excluding deferred income and derivative financial liabilities

| Group | Mandatorily at FVTPL \$'000 | FVOCI – equity investments \$'000 | Fair value – hedging instruments \$'000 | Amortised cost \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|----------------------------------------------------|-----------------------------------|--------------------------------------------|--------------------------------------------------|-----------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| 31 December 2021 | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Unquoted debt investments – mandatorily at FVTPL | 175,409 | – | – | – | 175,409 | – | 142,486 | 32,923 | 175,409 |
| Unquoted equity investments – at FVOCI | – | 357,870 | – | – | 357,870 | – | – | 357,870 | 357,870 |
| Unquoted equity investments – mandatorily at FVTPL | 130,465 | – | – | – | 130,465 | – | – | 130,465 | 130,465 |
| Quoted equity investments– at FVOCI | – | 37,180 | – | – | 37,180 | 37,180 | – | – | 37,180 |
| Quoted equity investments – mandatorily at FVTPL | 48,867 | – | – | – | 48,867 | 48,867 | – | – | 48,867 |
| Derivative financial assets | – | – | 26,273 | – | 26,273 | – | 26,273 | – | 26,273 |
| | <u>354,741</u> | <u>395,050</u> | <u>26,273</u> | <u>–</u> | <u>776,064</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Unquoted debt investments – amortised cost | – | – | – | 17,743 | 17,743 | | | | |
| Other non-current assets^ | – | – | – | 106,332 | 106,332 | | | | |
| Trade and other receivables# | – | – | – | 1,789,531 | 1,789,531 | | | | |
| Cash and cash equivalents | – | – | – | 2,083,165 | 2,083,165 | | | | |
| | <u>–</u> | <u>–</u> | <u>–</u> | <u>3,996,771</u> | <u>3,996,771</u> | | | | |

| | Fair value – hedging instruments \$'000 | Other financial liabilities \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---------------------------------------------------------|--------------------------------------------------|---------------------------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| Group | | | | | | | |
| 31 December 2021 | | | | | | | |
| Financial liabilities measured at fair value | | | | | | | |
| Derivative financial liabilities | 15,877 | – | 15,877 | – | 15,877 | – | 15,877 |
| Financial liabilities not measured at fair value | | | | | | | |
| Interest-bearing borrowings | – | 11,139,993 | 11,139,993 | – | 11,186,537 | – | 11,186,537 |
| Other liabilities* | – | 94,491 | 94,491 | | | | |
| Trade and other payables* | – | 1,397,941 | 1,397,941 | | | | |
| | – | 12,632,425 | 12,632,425 | | | | |

[^] Excluding derivative financial assets, prepayments, intangible assets and deferred tax assets

[#] Excluding prepayments, grant receivables, tax recoverable and derivative financial assets

^{*} Excluding deferred income and derivative financial liabilities

| | Mandatorily at FVTPL \$'000 | Fair value – hedging instruments \$'000 | Amortised cost \$'000 | FVOCI – equity investments \$'000 | Other financial liabilities \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---------------------------------------------------------|-----------------------------------|--------------------------------------------------|-----------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| Company | | | | | | | | | | |
| 30 June 2022 | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | |
| Unquoted equity investments – at FVOCI | – | – | – | 327,577 | – | 327,577 | – | – | 327,577 | 327,577 |
| Quoted equity investments – at FVOCI | – | – | – | 22,143 | – | 22,143 | 22,143 | – | – | 22,143 |
| Quoted equity investments – mandatorily at FVTPL | 1,966 | – | – | – | – | 1,966 | 1,966 | – | – | 1,966 |
| Derivative financial assets | – | 55,904 | – | – | – | 55,904 | – | 55,904 | – | 55,904 |
| | <u>1,966</u> | <u>55,904</u> | <u>–</u> | <u>349,720</u> | <u>–</u> | <u>407,590</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Other non-current assets [^] | – | – | 6,363,061 | – | – | 6,363,061 | | | | |
| Trade and other receivables [#] | – | – | 6,456,196 | – | – | 6,456,196 | | | | |
| Cash and cash equivalents | – | – | 448,398 | – | – | 448,398 | | | | |
| | <u>–</u> | <u>–</u> | <u>13,267,655</u> | <u>–</u> | <u>–</u> | <u>13,267,655</u> | | | | |
| Financial liabilities measured at fair value | | | | | | | | | | |
| Derivative financial liabilities | – | 1,125 | – | – | – | 1,125 | – | 1,125 | – | 1,125 |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Interest-bearing borrowings | – | – | – | – | 6,901,232 | 6,901,232 | – | 6,824,510 | – | 6,824,510 |
| Other liabilities [*] | – | – | – | – | 758,547 | 758,547 | | | | |
| Trade and other payables [*] | – | – | – | – | 2,528,019 | 2,528,019 | | | | |
| | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>10,187,798</u> | <u>10,187,798</u> | | | | |

[^] Excluding derivative financial assets

[#] Excluding prepayments, grant receivables and derivative financial assets

^{*} Excluding derivative financial liabilities

| | Mandatorily at FVTPL \$'000 | Fair value – hedging instruments \$'000 | Amortised cost \$'000 | FVOCI – equity investments \$'000 | Other financial liabilities \$'000 | Total carrying amount \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total fair value \$'000 |
|---------------------------------------------------------|-----------------------------------|--------------------------------------------------|-----------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| Company | | | | | | | | | | |
| 31 December 2021 | | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | | |
| Unquoted equity investments – at FVOCI | – | – | – | 327,577 | – | 327,577 | – | – | 327,577 | 327,577 |
| Quoted equity investments – at FVOCI | – | – | – | 21,868 | – | 21,868 | 21,868 | – | – | 21,868 |
| Quoted equity investments – mandatorily at FVTPL | 1,993 | – | – | – | – | 1,993 | 1,993 | – | – | 1,993 |
| Derivative financial assets | – | 21,511 | – | – | – | 21,511 | – | 21,511 | – | 21,511 |
| | <u>1,993</u> | <u>21,511</u> | <u>–</u> | <u>349,445</u> | <u>–</u> | <u>372,949</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Other non-current assets | – | – | 6,205,239 | – | – | 6,205,239 | | | | |
| Trade and other receivables [#] | – | – | 6,223,198 | – | – | 6,223,198 | | | | |
| Cash and cash equivalents | – | – | 686,322 | – | – | 686,322 | | | | |
| | <u>–</u> | <u>–</u> | <u>13,114,759</u> | <u>–</u> | <u>–</u> | <u>13,114,759</u> | | | | |
| Financial liabilities measured at fair value | | | | | | | | | | |
| Derivative financial liabilities | – | 14,928 | – | – | – | 14,928 | – | 14,928 | – | 14,928 |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Interest-bearing borrowings | – | – | – | – | 7,138,339 | 7,138,339 | – | 7,162,323 | – | 7,162,323 |
| Other liabilities [*] | – | – | – | – | 8,041 | 8,041 | | | | |
| Trade and other payables [*] | – | – | – | – | 2,607,125 | 2,607,125 | | | | |
| | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>9,753,505</u> | <u>9,753,505</u> | | | | |

[#] Excluding prepayments, grant receivables and derivative financial assets

^{*} Excluding derivative financial liabilities

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at Level 3 fair value

| Type | Valuation techniques | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Unquoted debt investments – mandatorily at FVTPL | Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. | Discount rate: 30 June 2022: 0% to 11% 31 December 2021: 0% to 11% | The estimated fair value would increase/(decrease) if the discount rate was lower/(higher). |
| Unquoted equity investments – at FVOCI | The fair value is calculated using the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration the non-marketable nature of the investment, where applicable. | NAV Discount rate: 30 June 2022: 0% to 30% 31 December 2021: 0% to 30% | The estimated fair value would increase/(decrease) if the NAV was higher/(lower). The estimated fair value would increase/(decrease) if the discount rate was lower/(higher). |
| Unquoted equity investments – mandatorily at FVTPL | The fair value is calculated using the NAV of the investee entity adjusted for the fair value of the underlying properties, where applicable. The fair value is calculated using the market approach of weighted price-to-sales multiples of comparable companies. A discount is applied to take into consideration the non-marketable nature of the investment, where applicable. | NAV Price-to-sales multiples: 30 June 2022: 26.5 times 31 December 2021: 26.5 times Discount rate: 30 June 2022: 30% 31 December 2021: 30% | The estimated fair value would increase/(decrease) if the NAV was higher/(lower). The estimated fair value would increase/(decrease) if the price-to-sales multiple was higher/(lower). The estimated fair value would increase/(decrease) if the discount rate was lower/(higher). |

Financial instruments measured at Level 2 fair value

Unquoted debt investments – mandatorily at FVTPL

The fair value of unquoted debt investments is calculated based on the present value of the expected future payments, discounted using a risk-adjusted discount rate.

Financial derivatives

The fair values of forward exchange contracts and cross-currency swaps are based on banks' quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Interest-bearing borrowings

The fair value of borrowings which reprice after six months determined for disclosure purposes are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar agreements.

Transfers between levels in the fair value hierarchy

The Group and Company have not reclassified any investments between various levels in the fair value hierarchy during the period.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

| | Group | | | Company |
|------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------|
| | Unquoted debt investments mandatorily at FVTPL \$'000 | Unquoted equity investments at FVOCI \$'000 | Unquoted equity investments mandatorily at FVTPL \$'000 | Unquoted equity investments at FVOCI \$'000 |
| At 1 January 2022 | 32,923 | 357,870 | 130,465 | 327,577 |
| Additions | – | – | 72,250 | – |
| Distribution of income and return of capital | – | – | (11,014) | – |
| Total gain recognised in profit or loss | | | | |
| - finance costs | – | – | 12,256 | – |
| Total loss for the period included in other comprehensive income | | | | |
| - net change in fair value of equity investments at FVOCI | – | (1,987) | – | – |
| Translation differences on consolidation | (661) | – | 2,767 | – |
| At 30 June 2022 | <u>32,262</u> | <u>355,883</u> | <u>206,724</u> | <u>327,577</u> |
| At 1 January 2021 | 45,115 | 356,729 | 90,073 | 324,877 |
| Additions | – | – | 31,652 | – |
| Redemption on maturity | (10,395) | – | – | – |
| Distribution of income and return of capital | (419) | – | (9,914) | – |
| Reclass to investment in an associate | – | – | (436) | – |
| Reclassification from interest receivable | (1,311) | – | – | – |
| Total gain recognised in profit or loss | | | | |
| - finance costs | 720 | – | 17,313 | – |
| Total loss for the period included in other comprehensive income | | | | |
| - net change in fair value of equity investments at FVOCI | – | 1,141 | – | 2,700 |
| Translation differences on consolidation | (787) | – | 1,777 | – |
| At 31 December 2021 | <u>32,923</u> | <u>357,870</u> | <u>130,465</u> | <u>327,577</u> |

26. Disposal of subsidiaries

For the six months ended 30 June 2022

There were the following disposals during the period:

- (a) On 26 May 2022, following the distribution *in specie* which reduced the Group's effective interest in CDLHT from 38.89% to 27.21%, the Group lost its control over CDLHT. CDLHT became an associate of the Group on the same day as the Group continues to have significant influence over CDLHT.
- (b) On 7 March 2022, the Group, through its wholly-owned subsidiary, Singapura Developments (Private) Limited, sold its 100% equity interest in Bloomsville Investments Pte. Ltd. (Bloomsville) for a sale consideration (net of transaction costs) of \$80.8 million.

Effects of disposals

The cash flows and net assets of subsidiaries disposed of are provided below:

| | Note | CDLHT \$'000 | Bloomsville \$'000 | Total \$'000 |
|-----------------------------------------------------------------------------------------------|------|-----------------|-----------------------|-----------------|
| Property, plant and equipment | | 1,378,264 | - | 1,378,264 |
| Investment properties | 12 | 433,321 | - | 433,321 |
| Other non-current assets | | 8,915 | - | 8,915 |
| Derivative financial assets | | 20,122 | - | 20,122 |
| Deferred tax asset | | 3,727 | - | 3,727 |
| Consumable stock | | 2,417 | - | 2,417 |
| Cash and cash equivalents | | 96,408 | - | 96,408 |
| Assets held for sale | | - | 55,072 | 55,072 |
| Trade and other receivables | | 22,125 | - | 22,125 |
| Trade and other payables | | (105,261) | - | (105,261) |
| Interest-bearing borrowings | | (1,107,754) | - | (1,107,754) |
| Lease liabilities | | (128,276) | - | (128,276) |
| Employee benefits | | (310) | - | (310) |
| Other non-current liabilities | | (10,949) | - | (10,949) |
| Provision for taxation | | (6,343) | - | (6,343) |
| Deferred tax liabilities | | (10,519) | - | (10,519) |
| Provisions | | (9,242) | - | (9,242) |
| Liabilities directly associated with the assets held for sale | | - | (1,583) | (1,583) |
| Carrying amount of net assets disposed | | 586,645 | 53,489 | 640,134 |
| Distribution <i>in specie</i> | | 183,124 | - | 183,124 |
| Sale consideration, net of disposed costs | | - | 80,836 | 80,836 |
| Non-controlling interest, based on their proportionate interest in the net assets distributed | | 536,496 | - | 536,496 |
| Fair value of retained equity interest | | 426,706 | - | 426,706 |
| | | 1,146,326 | 80,836 | 1,227,162 |
| Carrying amount of net assets disposed | | (586,645) | (53,489) | (640,134) |
| Realisation of foreign currency translation reserve | | (85,302) | - | (85,302) |
| Gain on disposal of subsidiaries | 7 | 474,379 | 27,347 | 501,726 |
| Sale consideration, net of disposal costs | | - | 80,836 | 80,836 |
| Less: Cash and cash equivalents of subsidiaries disposed | | (96,408) | (837) | (97,245) |
| Net cash (outflow)/inflow on disposal of subsidiaries | | (96,408) | 79,999 | (16,409) |

Included in the gain on disposal of CDLHT is a gain on remeasurement of the Group's retained interest in CDLHT of \$331.9 million. In addition, the capital reserve relating to CDLHT of \$59.2 million has been reclassified to accumulated profits on its disposal.

27. Acquisition of subsidiaries

For the six months ended 30 June 2022

On 22 February 2022, the Group through its indirect non wholly-owned subsidiary, CDLHT, entered into a share purchase agreement to acquire 100% of the share and voting interest in Roundapple Hotel Partners III Limited (renamed to CDL HREIT Investments (II) Property Limited) which owns Hotel Brooklyn in Manchester, United Kingdom, for a total consideration \$41.0 million (£22.4 million).

The acquisition was accounted for as an acquisition of assets.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

| | Note | Recognised amounts \$'000 |
|-----------------------------------------------|------|---------------------------------|
| Investment properties | 12 | 78,764 |
| Trade and other receivables | | 286 |
| Trade and other payables | | (1,039) |
| Lease liabilities | | (37,005) |
| Net identifiable assets acquired | | <u>41,006</u> |
| Cash flows relating to the acquisition | | |
| Consideration for equity interest | | 41,006 |
| Add: Acquisition-related costs | | 2,341 |
| Less: Acquisition-related costs not yet paid | | (342) |
| Total net cash outflow | | <u>43,005</u> |

For the six months ended 30 June 2021

In February 2021, the Group through its indirect wholly-owned subsidiary, Chenghao (Shanghai) Investment Co., Ltd., acquired 84.6% of the shares and voting interest in Shenzhen Tusincere Technology Park Development Co. Ltd. (Shenzhen Tusincere), which holds a 65% equity interest in Shenzhen Longgang District Qidixixin Science and Technology Development Park Co., Ltd. (Shenzhen Longgang), from Sincere Property Group, a then joint venture of the Group, and two third parties, for a consideration of approximately \$174.3 million (RMB853.4 million), together with the assumption of proportionate existing shareholder loans of approximately \$173 million (RMB847 million). The acquisition provided the Group an opportunity to enhance its property portfolio in China.

The acquisition was accounted for as a business combination.

From the date of acquisition to 31 December 2021, Shenzhen Tusincere contributed revenue of \$222.8 million and profit before tax of \$44.0 million to the Group's results. If the acquisition had occurred on 1 January 2021, management estimated the Group's revenue for the period would have been \$2,654.4 million, with no significant change to the Group's profit before tax.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

| | Recognised amounts \$'000 |
|----------------------------------|------------------------------|
| Property, plant and equipment | 21,304 |
| Investment properties | 341,753 |
| Development properties | 948,309 |
| Trade and other receivables | 17,356 |
| Contract costs | 1,003 |
| Cash at bank | 5,564 |
| Trade and other payables | (145,525) |
| Shareholder loans | (297,972) |
| Contract liabilities | (166,443) |
| Employee benefits | (813) |
| Lease liabilities | (2,876) |
| Provision for tax | (59,567) |
| Provisions | (4,108) |
| Interest-bearing borrowings | (194,016) |
| Deferred tax liabilities | (80,081) |
| Net identifiable assets acquired | <u>383,888</u> |

Cash flows relating to the acquisition

| | |
|----------------------------------------------------|----------------|
| Consideration for equity interest | 174,384 |
| Shareholder loans assumed | 172,969 |
| Total consideration | <u>347,353</u> |
| Less: Cash acquired | (5,564) |
| Add: Consideration not yet paid as at 30 June 2021 | (10,215) |
| Total net cash outflow | <u>331,574</u> |

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed as part of business combinations were as follows:

| Assets acquired | Valuation technique |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property, plant and equipment and investment properties | <i>Direct comparison, income capitalisation, standardised land value adjustment and residual methods:</i> The direct comparison method involved the analysis of comparable sales of similar assets and adjusting the sale prices to that reflective of the properties. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a specific date, that is assessed and approved by the local government. The residual method involves deducting estimated costs to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer profit. |

Assets acquired/Liabilities assumed

| Assets acquired/Liabilities assumed | Valuation technique |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Development properties | <i>Direct comparison, standardised land value adjustment and residual methods:</i> The direct comparison method involves the analysis of comparable sales of similar assets and adjusting the sale prices to that reflective of the properties. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a specific date, that is assessed and approved by the local government. The residual method involves deducting the estimated costs to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer profit. |
| Interest-bearing borrowings | The fair value of borrowings is estimated as the present value of future principal and interest cash flows, discounted at market rate of interest at the acquisition date. |

Negative goodwill

Negative goodwill arising from the acquisition of Shenzhen Tusincere has been recognised as follows:

| | Total \$'000 |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Consideration transferred | 174,384 |
| Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree | 173,951 |
| Fair value of identifiable net assets | <u>(383,888)</u> |
| Negative goodwill | <u><u>(35,553)</u></u> |

The negative goodwill arising from the acquisition of Shenzhen Tusincere has been recognised in “other income” in the Group’s profit or loss. The negative goodwill was attributed to the competitive pricing negotiated with the joint venture party which was trying to improve its overall liquidity, and two other third parties.

28. Material related party transactions

Other than as disclosed elsewhere in the condensed interim financial statements, the material transactions with related parties based on terms agreed between the parties are as follows:

| | Group | |
|------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | 6 months ended 30 June 2022 \$'000 | 6 months ended 30 June 2021 \$'000 |
| Insurance premium paid and payable to an associate of the ultimate holding company | – | (40) |
| Management services fees received and receivable from: | | |
| - fellow subsidiaries | 359 | 1,301 |
| - associates | 183 | 183 |
| - joint ventures | 8,476 | 2,637 |
| | <u>9,018</u> | <u>4,121</u> |
| Maintenance services fees received and receivable from: | | |
| - fellow subsidiaries | 171 | 169 |
| - associates | 89 | 107 |
| - joint ventures | 629 | 490 |
| | <u>889</u> | <u>766</u> |
| Rental and rental-related income received and receivable from: | | |
| - a fellow subsidiary | 174 | 170 |
| - associates | 4,086 | 2,715 |
| - joint ventures | 95 | 2,278 |
| | <u>4,355</u> | <u>5,163</u> |
| Management services fee paid and payable to a fellow subsidiary | (30) | (149) |
| Purchase consideration for investment acquired paid and payable to a joint venture | – | (54,571) |
| Rental and rental-related expenses paid and payable to: | | |
| - a joint venture | (899) | (868) |
| - associates | (5,681) | – |
| | <u>(6,580)</u> | <u>(868)</u> |

29. Commitments

The Group and the Company have the following commitments as at the reporting date:

| | Group | | Company | |
|-------------------------------------------------------------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Development expenditure contracted but not provided for in the financial statements | 586,082 | 1,221,021 | – | – |
| Capital expenditure contracted but not provided for in the financial statements | 195,742 | 192,097 | – | – |
| Commitments in respect of purchase of properties for which deposits have been paid | – | 286,475 | – | – |

| | Group | | Company | |
|---------------------------------------------------------------------------------------|------------------------------------|----------------------------------------|------------------------------------|----------------------------------------|
| | 30 June 2022 \$'000 | 31 December 2021 \$'000 | 30 June 2022 \$'000 | 31 December 2021 \$'000 |
| Commitments in respect of investments in a joint venture and associates | 37,875 | 70,956 | – | – |
| Commitments in respect of capital contribution to investments in financial assets in: | | | | |
| - related parties | 31,653 | 36,118 | – | – |
| - third parties | 24,667 | 14,362 | – | – |

30. Contingent liabilities

A subsidiary of the Group in China, whose principal activities are the trading of development properties and leasing activities, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of properties developed by this subsidiary, covering the period from loan contract date to the property delivery date. As at 30 June 2022, the outstanding notional amount of the guarantees amounted to \$25.2 million (31 December 2021: \$21.3 million).

31. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

**Other Information Required by Listing Rule
Appendix 7.2**

1. Review

The condensed consolidated financial position of the Group as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited nor reviewed by the auditors.

2. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Group Performance

The Group registered record earnings with net profit after tax and non-controlling interest (PATMI) of \$1.1 billion for the half year ended 30 June 2022 (1H 2022), reversing a net loss of \$32.1 million for 1H 2021. This is the highest PATMI achieved since the Group's inception in 1963.

The stellar 1H 2022 performance was largely due to divestment gains from the sale of Millennium Hilton Seoul as well as the gain on deconsolidation of CDLHT from the Group resulting from the distribution *in specie* of CDLHT Units in May 2022. These two significant transactions were made possible by the successful privatisation of Millennium and Copthorne Hotels Limited (M&C) in November 2019.

Revenue

Revenue for 1H 2022 increased by 23.5% to \$1.5 billion (1H 2021: \$1.2 billion). While the property development segment continued to be the lead contributor, the increase in revenue for 1H 2022 was primarily attributed to the hotel operations segment. The recovery of the hospitality sector is driven by border re-openings and the relaxation of travel restrictions. The Group's hotel RevPAR grew 110.4%, of which the Europe and US regions experienced a strong improvement in both occupancies and average room rates.

The property development segment contributed 41% to total revenue for 1H 2022 vis-à-vis 53% for 1H 2021, supported by well-sold Singapore projects such as Amber Park and Irwell Hill Residences as well as overseas projects such as Shenzhen Longgang Tusincere Tech Park and New Zealand land sales. Notably, this does not include revenue from joint venture (JV) projects such as Boulevard 88 and CanningHill Piers which are equity accounted for.

Profit Before Tax

The Group recorded a pre-tax profit of \$1.6 billion for 1H 2022 (1H 2021: \$9.7 million). The extraordinary profits were driven by divestment gains from Millennium Hilton Seoul and its adjoining land site for KRW 1.1 trillion (approximately \$1.25 billion), completed in February 2022. The Group recognised a pre-tax gain of \$911.5 million in 1H 2022, and a total gain on disposal of \$526.2 million, net of taxes and related transaction costs.

The distribution *in specie* of 144,191,823 stapled securities in CDLHT resulted in the accounting deconsolidation of CDLHT from the Group as a subsidiary, and the Group will recognise its retained interest in CDLHT as an associate. Consequently, the Group recognised a total gain (inclusive of negative goodwill) of \$492.4 million.

All three core segments of the Group – property development, investment properties and hotel operations – improved compared to 1H 2021, on a like-for-like basis. The Group's hotel operations segment reversed its operational loss in 1H 2021, registering a positive EBITDA for all regions for 1H 2022, reflecting strong recovery momentum. With the significant improvement in RevPAR for 1H 2022, GOP margins for its hotels also improved 12 percentage points to 24.7%. With the travel and hospitality sectors on the rebound, more upside from this segment is expected.

Capital Position

As at 30 June 2022, the Group continues to keep a sizeable war chest with cash reserves of \$2.2 billion and maintains a strong liquidity position comprising cash and available undrawn committed bank facilities totalling \$4.1 billion.

Net gearing ratio after factoring in fair value on investment properties stands at 52%.

Net Asset Value (NAV) per share increased 9.7% to \$10.18 as at 30 June 2022, bolstered by the divestment gain from Millennium Hilton Seoul and the gain on deconsolidation of CDLHT. Notably, the Group adopts the policy of stating its investment and hotel properties at cost less accumulated depreciation and impairment losses. Had the Group factored in fair value gains on its investment and hotel properties, its NAV would be as tabled below.

| | 30 June 2022 \$/share | 31 December 2021 \$/share |
|------------------------------------|----------------------------------------|--------------------------------------------|
| NAV | 10.18 | 9.28 |
| Revalued NAV (RNAV) ⁽¹⁾ | 16.37 | 15.70 |
| Revalued NAV (RNAV) ⁽²⁾ | 18.86 | 18.61 |

⁽¹⁾ RNAV factors in the fair value gains on its investment properties.

⁽²⁾ RNAV factors in the fair value gains on its investment properties and the revaluation surpluses on its hotel properties which are accounted for as property, plant and equipment.

Dividend

The Board wishes to express its appreciation to shareholders for their confidence and support. It is pleased to declare payment of a tax-exempt (one-tier) special interim dividend of 12.0 cents per ordinary share.

Operational Highlights

Property Development

Singapore

In 1H 2022, the Group and its JV associates sold 712 units, including Executive Condominiums (ECs), with a total sales value of \$1.6 billion (1H 2021: 971 units with a total sales value of \$1.7 billion). Sales were driven by the Group's successful launch of Piccadilly Grand in May and the good take up of other projects including CanningHill Piers, Haus on Handy, Amber Park and Irwell Hill Residences.

Homebuyers snapped up 77% of the 407 units at Piccadilly Grand on its launch weekend at an average selling price (ASP) of \$2,150 per square foot (psf). This JV integrated project, located on Northumberland Road, is linked to Farrer Park MRT station and seamlessly connected to the retail podium Piccadilly Galleria, which will house F&B and retail outlets as well as a childcare centre. To date, 334 units (82%) have been sold.

Sales momentum for the Group's projects has been healthy, with most projects more than 85% sold and achieving strong ASPs. Sales for Haus on Handy have also surged to 67% sold to date. CanningHill Piers, Amber Park, Piermont Grand EC and Sengkang Grand Residences are almost sold out, with Penrose fully sold.

| Project | Location | Launched | Total Units | Units Sold[#] |
|----------------------------|-------------------|-----------------|--------------------|-------------------------------|
| Irwell Hill Residences | Irwell Bank Road | Apr 2021 | 540 | 482 (89%) |
| CanningHill Piers* | Clarke Quay | Nov 2021 | 696 | 664 (95%) |
| Penrose* | Sims Drive | Sep 2020 | 566 | Fully sold |
| Boulevard 88* | Orchard Boulevard | Mar 2019 | 154 | 129 (84%) |
| Amber Park* | Amber Road | May 2019 | 592 | 575 (97%) |
| Nouvel 18* | Anderson Road | Jul 2019 | 156 | 144 (92%) |
| Haus on Handy | Handy Road | Jul 2019 | 188 | 126 (67%) |
| Piermont Grand EC* | Sumang Walk | Jul 2019 | 820 | 819 |
| Sengkang Grand Residences* | Sengkang Central | Nov 2019 | 680 | 679 |

*JV project

[#]As at 9 Aug 2022

+Divested project under PPS 3, marketed by CDL

With the healthy uptake of its inventory, the Group continues to focus on strategic land replenishment and redevelopment strategies to fortify its development pipeline. Three sites were secured in 1H 2022.

In January, the Group and its JV partner MCL Land secured a prime 210,623 sq ft Government Land Sales (GLS) site at Jalan Tembusu for \$768 million (or \$1,302 psf ppr). Located near the upcoming Tanjong Katong MRT station, the site will be developed into a luxury condominium with around 638 units.

In March, the \$315 million Central Square acquisition was completed. Subject to Authorities' approval, the property will be redeveloped alongside the Group's Central Mall properties into an enlarged mixed-use development comprising office, retail, hospitality and residential. Through the URA Strategic Development Incentive Scheme, the redevelopment could potentially yield a significant GFA uplift.

In April, the Group completed the off-market acquisition of a 179,007 sq ft site at 798 and 800 Upper Bukit Timah Road for \$126.3 million. The Group intends to redevelop the site into a residential project with over 400 units.

Construction activities have recovered and works at most of the Group's development sites have almost returned to pre-pandemic levels, with builders boosting site productivity.

Overseas Markets

Australia

The Group's launched projects continued to see a steady uptake. In Melbourne, The Marker achieved presales for 83% of its 198 units, with completion expected in 2H 2022, while the 60-unit Fitzroy Fitzroy is 35% presold.

In New South Wales, the Group's collaboration with Waterbrook Lifestyle for a 135-unit luxury retirement project, Waterbrook Bowral, has presold all 77 villas in Phase 1, with construction due to complete in 2H 2023. Phase 2 (58 units) is scheduled for launch in 2023.

In Brisbane, 61% of the 215-unit Brickworks Park has been presold while construction is expected to commence in 2H 2022.

To replenish its development pipeline, one site was acquired in 1H 2022. In March, the Group and its JV partner New Urban Villages purchased a mixed-use, freehold site in Toowong, Brisbane, for A\$12 million (approximately \$12.3 million), with plans to develop 125 apartments and a retail component.

UK

The central London residential market is showing signs of recovery with increased interest after the lifting of pandemic restrictions. Several enquiries have been received from local and international buyers for the Group's properties in Belgravia and Chelsea.

44% of the Group's 239-unit Teddington Riverside project is currently occupied. Rental demand remains strong as the available rental stock continues to decline.

The Group's other four projects in London – the former Stag Brewery site in Mortlake, Ransomes Wharf, Development House and 28 Pavilion Road – continue to be in various stages of planning.

China

Most of the Group's residential inventory has been substantially sold. In 1H 2022, the Group's wholly-owned subsidiary, CDL China Limited and its JV associates sold 41 residential, office and retail units, with a total sales value of RMB 107 million (\$22.2 million).

Hong Leong City Center (HLCC), a mixed-use development in Suzhou, has sold 1,670 (92%) of its 1,813 residential and retail units to date. HLCC's Grade A office tower is now 96% occupied, while HLCC mall is 80% occupied. The 295-room five-star M Social Suzhou hotel is expected to open in 2023.

In Chongqing, the completed 126-unit Eling Palace has sold 116 units (92%) to date. Hongqiao Royal Lake in Qingpu District, Shanghai, has sold 71 (83%) out of the 85 villas to date.

Since the Group took control of the Shenzhen Longgang Tusincere Tech Park in March 2021, it has sold 371 units comprising apartments, office and retail units, with sales value of RMB 989 million (\$204.8 million).

Investment Properties

Singapore

The Group's office portfolio remained resilient with committed occupancy of 93.8%, above the island-wide average occupancy of 88.0% as at 30 June 2022. Republic Plaza (RP), the Group's flagship Grade A office building, is 96.6% occupied and recorded positive rental reversions of 5.6%.

With the relaxation of safe management measures since 29 March 2022, more tenants have returned to the office, with most companies adopting a hybrid work arrangement. The F&B and retail tenants within the CBD have also enjoyed improved sales, with average tenants' sales at RP hitting close to 90% of pre-COVID levels in Q2 2022.

The Group's retail portfolio remains healthy with committed occupancy at 95.6%, above the island-wide average occupancy of 91.8% as at 30 June 2022. The strong performance was led by City Square Mall (CSM) with a committed occupancy of 97.4%.

The lifting of group size restrictions for dining, the resumption of events at malls and the full reopening of nightlife businesses have boosted the recovery of the retail sector. Average tenants' sales at Palais Renaissance and Quayside Isle have exceeded pre-COVID levels in 1H 2022, while sales at CSM are close to pre-COVID levels. Shopper traffic at CSM in May and June 2022 has also increased by over 50% compared with the same period in 2021. However, retailers remain cautious due to manpower shortages and rising operating costs.

Overseas Markets

China

With the lifting of Shanghai's lockdown since June 2022, most businesses have resumed office operations. However, the recovery of the city's office leasing activities remains slow. As at 30 June 2022, the occupancy for the office and retail units at Hong Leong Hongqiao Center remained at 93%, while Hong Leong Plaza Hongqiao, a five-tower office complex in Shanghai's Hongqiao CBD, is 76% leased.

UK

Despite the recent political turbulence and economic headwinds, leasing demand for Central London offices remains robust, driven by large pre-lettings and the continued demand for well-located Grade A space.

The strong demand for Grade A space is reflected in the completion of lease renewals or extensions in 125 Old Broad Street, which is 93% leased as at 30 June 2022. The office space at Aldgate House is fully leased.

As the development pipeline of new office space remains low, the current supply constraint is expected to continue in the near term.

Redevelopment and Asset Enhancement Initiatives (AEIs)

With the completion of the Central Square acquisition in March 2022, the Group will redevelop the site alongside its adjacent Central Mall properties and transform the precinct into a new and vibrant lifestyle hub. The enlarged site will allow for an expansive mixed-use development with an anticipated uplift in GFA under the URA Strategic Development Incentive Scheme. Planning approval for the enlarged site is in progress.

Apart from its redevelopment projects, the Group has also made good progress on AEIs to reposition and refresh its properties.

In June 2022, AEI works at the King's Centre office building were completed and the office achieved committed occupancy of over 90%. With the opening of Havelock MRT expected later this year, the Group expects further improvements in King's Centre's occupancy. The Group also completed AEI works at Palais Renaissance, which included creating more F&B provisions and a unique alfresco dining area on the first floor. With the AEI, the mall has attracted five new-to-market F&B concepts and committed occupancy has improved to 99%. Average GTO sales for 1H 2022 have also surpassed pre-COVID levels.

In Thailand, the Group has commenced a major AEI of its Jungceylon mall in Patong, Phuket, with works to be completed in phases. Phase 1 is slated for completion in Q4 2022 to tie in with Phuket's peak tourism season, with the remaining phases to be completed by end 2023. Leasing interest from existing and new retailers has been encouraging and the Group aims to achieve a strong occupancy for the mall's Phase 1 opening.

The Living Sector

The Group continues to build scale in the living sector to enhance recurring income and capitalise on the rising demand for rental accommodation.

Australia

In March, the Group acquired a 1,222 sqm freehold site in Southbank, Melbourne, for A\$11.1 million (approximately \$11.4 million). Subject to planning approval, the Group intends to develop around 240 units, marking the Group's first Private Rented Sector (PRS) project in Australia. The acquisition of the site is expected to complete by Q4 2022.

UK

The Junction, located in Leeds and also the Group's first PRS project in the UK, is currently under construction, with phased completion expected from 2H 2022. It will offer 665 apartments across five blocks and 24,000 sq ft of commercial space within the site's attractive arches beneath a historic viaduct.

The construction of the Group's PRS development in Birmingham, The Octagon, is in progress with estimated completion in 2025. Comprising 370 units, it will be the world's tallest octagonal pure residential skyscraper when completed.

In June 2022, the Group acquired Infinity, an operational Purpose-Built Student Accommodation (PBSA) located in Coventry with 505 beds for £59.2 million (approximately \$102.4 million), with occupancy of 95%. The 19-storey, 152-metre Infinity is the tallest building in Coventry and offers panoramic views of the city. Located just minutes' walk from Coventry University and Coventry railway station, which serves the city with trains leading to Birmingham and London, the property is also a short bus ride from the University of Warwick, one of the UK's top 10 universities.

Japan

In 1H 2022, the Group acquired three newly-built PRS projects – two properties in Yokohama (City Lux Tobe and LOC's Yokohama Bayside) and one in Osaka (Gioia Namba) – totalling 271 units. This brings the Group's Japan PRS portfolio to eight projects, all of which are completed and in operation.

The Group anticipates that the PRS sector will continue its strong leasing momentum in 2H 2022 due to latent demand amongst individual residents and corporates, especially as recruitment and workplace strategies begin to normalise to pre-pandemic levels.

Fund Management

Fund management remains an integral part of the Group's transformational strategy and the Group will drive AUM growth via investment opportunities in both listed and unlisted platforms.

Due to evolving macroeconomic challenges ranging from geopolitical tensions to rising interest rates, the market sentiment for initial public offerings (IPO) of REITs in Singapore has been impacted. The Group continues to closely monitor market conditions and will decide in due course on whether to proceed with the planned listing of a Singapore-listed REIT with UK office properties.

The Group will continue to actively seek opportunities to grow its AUM by nurturing existing listed platforms like IREIT Global and CDLHT as well as unlisted platforms such as private equity funds, partnerships or separate account mandates. The Group remains open to making strategic acquisitions that will complement its growth strategy for its fund management business.

In June 2022, the Group partnered HThree City Australia Pte. Ltd. (HThree) to acquire 330 Collins Street, a freehold commercial office tower in Melbourne, for A\$236 million (\$226.7 million). Located in the heart of Melbourne's CBD, the 18-storey office tower has a net lettable area of over 18,000 sqm, which includes retail space on the ground floor. It has a committed occupancy of 90%. The joint acquisition marks the Group's expansion into the Australian office sector. The asset will be managed by HThree, which owns another office asset on Collins Street.

Hotel Operations

With the easing of border restrictions and supported by pent-up demand for travel, the Group registered a strong RevPAR growth of 110.4% to \$113.6 in 1H 2022 (1H 2021: \$54.0) and the average GOP margin also increased by 12 percentage points to 24.7% (1H 2021: 12.7%).

Key operating statistics for hotels owned by the Group:

| | Room Occupancy | | | Average Room Rate | | | RevPAR | | | GOP Margin % | | |
|---------------------|----------------|-------------|---------------------------|-------------------|--------------|-----------------------|--------------|--------------|-----------------------|--------------|---------------|---------------------------|
| | 1H 2022 | 1H 2021 | Incr / (Decr) % pts | 1H 2022 | 1H 2021 * | Incr / (Decr) % | 1H 2022 | 1H 2021 * | Incr / (Decr) % | 1H 2022 | 1H 2021 | Incr / (Decr) % pts |
| | % | % | | \$ | \$ | | \$ | \$ | | % | % | |
| Singapore | 68.3 | 71.1 | (2.8) | 182.5 | 106.4 | 71.5 | 124.7 | 75.6 | 64.9 | 38.8 | 36.6 | 2.2 |
| Rest of Asia | 42.0 | 37.7 | 4.3 | 129.7 | 117.8 | 10.1 | 54.4 | 44.4 | 22.5 | 4.8 | 5.4 | (0.6) |
| Total Asia | 52.3 | 50.8 | 1.5 | 156.7 | 111.5 | 40.5 | 81.9 | 56.6 | 44.7 | 22.2 | 19.1 | 3.1 |
| Australasia | 48.0 | 52.1 | (4.1) | 150.7 | 142.9 | 5.5 | 72.4 | 74.5 | (2.8) | 36.7 | 46.8 | (10.1) |
| London | 70.5 | 19.9 | 50.6 | 264.1 | 148.1 | 78.3 | 186.2 | 29.4 | 533.3 | 41.6 | 15.7 | 25.9 |
| Rest of Europe | 67.5 | 24.1 | 43.4 | 172.4 | 117.1 | 47.2 | 116.3 | 28.2 | 312.4 | 26.7 | (7.0) | 33.7 |
| Total Europe | 69.0 | 22.1 | 46.9 | 219.5 | 130.3 | 68.5 | 151.5 | 28.8 | 426.0 | 35.4 | 4.5 | 30.9 |
| New York | 76.1 | 53.1 | 23.0 | 276.6 | 160.1 | 72.8 | 210.5 | 85.0 | 147.6 | 6.6 | (69.9) | 76.5 |
| Regional US | 52.8 | 43.2 | 9.6 | 175.1 | 124.5 | 40.6 | 92.5 | 53.8 | 71.9 | 25.0 | 21.4 | 3.6 |
| Total US | 61.6 | 46.5 | 15.1 | 222.7 | 138.1 | 61.3 | 137.2 | 64.3 | 113.4 | 14.8 | (15.2) | 30.0 |
| Total Group | 58.5 | 42.6 | 15.9 | 194.3 | 126.8 | 53.2 | 113.6 | 54.0 | 110.4 | 24.7 | 12.7 | 12.0 |

*For comparability, 1H 2021 Average Room Rate and RevPAR had been translated at constant exchange rates (30 June 2022).

Asia

The Group's Singapore hotels continued to track a strong recovery, recording a 64.9% jump in RevPAR for 1H 2022, driven by higher occupancy and Average Room Rate (ARR). Apart from the ongoing Government quarantine business, the hotels benefited from a surge in visitor arrivals to Singapore due to the easing of international travel restrictions and strong demand. The Singapore Tourism Board expects visitor arrivals to reach between 4 to 6 million this year, which will further boost the recovery of the Group's hotels.

Likewise, the Group's hotel in Kuala Lumpur benefited from the lifting of travel restrictions since April 2022 and the occupancy improved by 41 percentage points in Q2 2022 vs Q1 2022. For the Rest of Asia, hotel performance was still impacted by travel restrictions in North Asia due to the resurgence of COVID-19 infections.

Australasia

In Australasia, the Group's hotels registered a marginally lower RevPAR of \$72.4 in 1H 2022 (1H 2021: \$74.5), affected by the spike in Omicron cases in Q1 2022. Two of the hotels in New Zealand which had been operating as Managed Isolation Facilities, remained stable in performance while other hotels struggled with the disruptions from border restrictions while relying solely on domestic travellers.

Europe

On the back of strong domestic and overseas demand around key events, the Group's London hotels continued to perform strongly, exceeding 1H 2021 and surpassing pre-pandemic levels. The Group continues to work with the UK government to secure extended-stay business for several of its UK regional properties.

US

The US region continued its robust recovery month-on-month with the return of events and more employees returning to the office. Occupancy improved by 15.1 percentage points to 61.6% in 1H 2022 (1H 2021: 46.5%) and with a higher ARR, RevPAR grew by 113.4% to \$137.2 during the period (1H 2021: \$64.3), marking a strong recovery to 88% of pre-pandemic (1H 2019) levels.

Hotel Refurbishments

The Group is investing in its hotel portfolio with a refurbishment programme for key assets to enhance returns through AEs and repositioning.

In New Zealand, Millennium Hotel Queenstown has embarked on a phased refurbishment for its 205 guestrooms, with expected completion by Q4 2023.

In tandem with the ongoing AEI of the Group's Jungceylon mall, Millennium Resort Patong Phuket will be renovating 418 guestrooms and common areas in Q4 2022, with completion expected by 2H 2023. The hotel will be rebranded as M Social Phuket – the first in Thailand.

Next year, Millennium Downtown New York and Millennium Hotel London Knightsbridge will begin phased refurbishment on their 569 and 222 guestrooms respectively, including their public spaces. Completion is expected by 1H 2024, and the hotels will be converted into the M Social brand.

Developments

The Group's redevelopment project in Sunnyvale, California, which comprises a 263-room M Social hotel and a 250-unit residential development, is progressing well. The apartments are the Group's first PRS project in the US and capitalise on Sunnyvale's strategic location within Silicon Valley. Within a year of operations, the apartments have achieved occupancy of 95% as at 30 June 2022.

Group Divestments

The Group completed the sale of the Millennium Hilton Seoul and its adjoining land site on 24 February 2022 for KRW 1.1 trillion (approximately \$1.25 billion).

Recent collective sale exercises in Singapore have enabled the Group to unlock value from its strata-titled investment properties portfolio. The public tender for Tanglin Shopping Centre, which closed on 22 February 2022, received a top bid of \$868 million (or \$2,769 psf ppr). Through King's Tanglin Shopping Pte Ltd, a wholly-owned subsidiary of M&C, the Group owns about 34.6% of Share Value and 60.2% of Strata Area in the freehold strata-titled development.

On 6 May 2022, the collective sale of Golden Mile Complex at \$700 million to a consortium was announced. The Group holds 6.3% of Share Value and 34.8% of Strata Area, mainly attributed to the property's large carpark.

Upon completion of the transactions, the Group is expected to realise a significant capital gain from these investment assets held over a long period at low book value.

Following the distribution *in specie* exercise, the Group now holds an interest of approximately 27% in CDLHT and has correspondingly completed the accounting deconsolidation of CDLHT from the Group as a subsidiary, and the Group will recognise its retained interest in CDLHT as an associate. With the deconsolidation, the Group will actively explore asset sponsorship opportunities with CDLHT, as it will now be able to book gains on any future sale of assets from the Group to CDLHT should the transaction value exceed the carrying book value of the assets.

Statement of profit or loss

| | The Group | | Incr/ (Decr) |
|---------------------------------------------|------------------------|------------------|-------------------------|
| | Half year ended | | |
| | 30 June | | |
| | 2022 | 2021 | |
| | S\$'000 | S\$'000 | % |
| Revenue | 1,472,553 | 1,192,189 | 23.5 |
| Cost of sales | (889,095) | (775,401) | 14.7 |
| Gross profit | 583,458 | 416,788 | 40.0 |
| Other income | 1,422,522 | 56,413 | NM |
| Administrative expenses | (277,419) | (249,267) | 11.3 |
| Other operating expenses | (197,615) | (147,585) | 33.9 |
| Profit from operating activities | 1,530,946 | 76,349 | NM |
| Finance income | 60,717 | 14,033 | NM |
| Finance costs | (99,483) | (132,342) | (24.8) |
| Net finance costs | (38,766) | (118,309) | (67.2) |
| Share of after-tax profit of associates | 52,015 | 30,461 | 70.8 |
| Share of after-tax profit of joint ventures | 40,674 | 21,246 | 91.4 |
| Profit before tax | 1,584,869 | 9,747 | NM |
| Tax expense | (432,745) | (28,456) | NM |
| Profit/(Loss) for the period | 1,152,124 | (18,709) | NM |
| Attributable to: | | | |
| Owners of the Company | 1,126,341 | (32,086) | NM |
| Non-controlling interests | 25,783 | 13,377 | 92.7 |
| Profit/(Loss) for the period | 1,152,124 | (18,709) | NM |

Revenue

The increase in revenue is primarily due to the hotel operations segment, which contributed 41% (2021: 27%) of total revenue. RevPAR increased 110% with both improved room occupancies and average room rate, following the easing of border restrictions and a gradual recovery from the Covid-19 pandemic.

Gross profit

Gross profit margin increased to 40% for 1H 2022 (1H 2021: 35%), mainly attributed to higher gross profit recorded for hotel operations segment driven by a 110% increase in RevPAR for 1H 2022. Gross profit contribution from property development and investment properties segments remained relatively constant in this period.

Other income

The Group completed the divestment of Millennium Hilton Seoul and the adjoining land site for KRW 1.1 trillion (approximately \$1.25 billion) and recognised a pre-tax gain (net of related transaction costs) of \$911.5 million in 1H 2022. After considering relevant taxes, which was separately accounted under income tax expense, the net gain for this disposal amounted to \$496.2 million in 1H 2022. In addition, the Group also recognised a gain of \$27.3 million from the disposal of a wholly-owned subsidiary, which holds Tagore 23 warehouse.

The distribution *in specie* of 144,191,823 stapled securities in CDLHT resulted in the disposal of CDLHT as a subsidiary. Pursuant to the disposal, the Group recognised a total gain of \$474.4 million in other income and the Group also recognised a negative goodwill of \$18.0 million which arose from the remeasurement of the retained interest in CDLHT as an associate following the disposal which was accounted for under "share of after-tax profit of associate".

Other income for 1H 2021 comprised mainly divestment gain from the disposal of the land held on the property of Copthorne Hotel Christchurch of \$14.9 million, and negative goodwill of \$35.6 million recognised on the acquisition of a 84.6% interest in Shenzhen Tusincere in February 2021.

Administrative expenses

Administrative expenses comprised mainly depreciation, hotel administrative expenses and salaries and related expenses. The increase in administrative expenses in 1H 2022 was largely due to higher hotel administrative expenses and salaries expenses. Hotel administrative expense and salaries increased as hotels across all regions saw significant improvements in turnover.

Other operating expenses

Other operating expenses include other operating expenses on hotels, property taxes, insurance, professional fees and impairment loss on trade and other receivables.

The increase in other operating expenses for 1H 2022 was mainly attributable to higher hotel operating expenses in line with the improvements in turnover of hotels across all regions, coupled with higher professional fees incurred.

Net finance costs

The decrease in net finance costs in 1H 2022 was mainly due to the following:

- (i) Fair value gain on financial derivatives of \$25.3 million for 1H 2022 vis-à-vis fair value loss on financial derivatives of \$15.3 million in 1H 2021.

Fair value gain on financial derivatives of \$25.3 million for 1H 2022 was mainly due to fair value gain on foreign exchange forward contracts and Euro/United States dollar (USD) cross-currency interest swap contract.

Fair value loss on financial derivatives of \$15.3 million for 1H 2021 was mainly due to \$27.2 million loss recognised on Renminbi/SGD foreign currency exchange swap entered by the Group. The fair value loss for 1H 2021 was partially offset by fair value gain on foreign exchange forward contracts and Euro/USD cross-currency interest swap contract.

- (ii) Net exchange gain of \$22.6 million recognised in 1H 2022 vis-à-vis net exchange loss of \$10.2 million recognised in 1H 2021.

Net exchange gain for 1H 2022 was mainly attributable to the translation gain on the appreciation of USD denominated intercompany loans receivables against SGD. The gain was also contributed by the exchange gain recognised by a Korean subsidiary on an SGD denominated intercompany loan receivable as a result of the appreciation of SGD against KRW.

Net exchange loss for 1H 2021 was mainly attributable to the translation loss recognised by CDLHT Group, arising from the appreciation of GBP and USD denominated borrowings against SGD, and the depreciation of Euro denominated receivables against SGD. The Group also recognised translation loss on intercompany loans due to the weakening of GBP against the USD.

Share of after-tax profit of associates and joint ventures

The increase in share of after-tax profit of associates was mainly attributable to negative goodwill of \$18.0 million recognised from remeasurement of the Group's retained interest in CDLHT following the disposal on 26 May 2022 and the one-month contribution from CDLHT as an associate.

Share of after-tax profit of joint ventures for 1H 2022 was mainly attributable to contribution from residential projects such as Boulevard 88, The Jovell and Sengkang Grand Residences. The increase during the period was largely due to higher contribution from Boulevard 88 and Sengkang Grand Residences.

1H 2021 share of after-tax profit of joint ventures was primarily contributed by Boulevard 88, South Beach Residences and The Jovell.

Statement of financial position

Property, plant and equipment for the Group decreased by \$950.5 million to \$4,411.3 million (As at 31 December 2021: \$5,361.8 million) mainly due the disposal of CDLHT arising from the distribution *in specie* (refer to Note 26). Following the deconsolidation of CDLHT, the Group recognised ROU assets of \$551 million in relation to the leasing of hotels from CDLHT by the Group which are no longer considered intra-group transactions and are not eliminated.

Investments in associates at the Group increased by \$474.6 million, mainly attributable to the recognition of CDLHT as an associate at fair value following the distribution *in specie*, reducing the Group's interest in CDLHT to 27%.

Other non-current assets at the Group increased by \$38.8 million mainly due to reclassification of loan to joint ventures from current to non-current assets as the Group does not envisage and do not intend to request for repayment of the loan within the next one year. The increase was partially offset by the decrease in restricted cash deposits which was reclassified from non-current assets to current assets as the banking facilities are maturing in March 2023.

Assets held for sale and the liabilities directly associated with the assets held for sale as at 30 June 2022 was in relation to the proposed divestments of Millennium Harvest House Boulder, 125 Old Broad Street, Aldgate House, Tanglin Shopping Centre and Golden Mile Complex. Refer Note 18 to the condensed interim financial statements for details.

Non-current lease liabilities at the Group increased by \$444.2 million mainly due to the disposal of CDLHT. Resultantly, lease liabilities arising from the leasing of hotels from CDLHT by the Group are no longer considered intra-group transactions and no longer eliminated.

Other liabilities (non-current) at the Group decreased by \$62.0 million, largely attributable to the partial recognition of the deferred gain of \$105 million which arose previously from the sale of Novotel Singapore Clarke Quay by CDLHT to a joint venture. Following the disposal of CDLHT, the deferred gain attributable to the non-controlling interest of CDLHT was derecognised. Deferred gain stands at \$41 million as at 30 June 2022.

Overall net borrowings of the Group (interest-bearing borrowings net of cash and cash equivalents) decreased by \$1,280.2 million due to the disposal of CDLHT on 26 May 2022. The decrease was partially offset by acquisition of a site at 798 and 800 Upper Bukit Timah, dividend payments and construction costs incurred for the redevelopment of Fuji Xerox Towers.

Statement of cash flows

The operating cash outflows for 1H 2022 were mainly due to payments for a site at 798 and 800 Upper Bukit Timah and Central Square totalling \$441 million. Excluding the payments for the site at Upper Bukit Timah and Central Square, there would be a net cash inflow from operating activities of \$411 million.

Net cash inflows from investing activities amounted to \$678.5 million in 1H 2022 (1H 2021: net cash outflows of \$473.9 million).

- (i) The cash outflows from acquisition of subsidiaries of \$43.0 million for 1H 2022 was due to acquisition of Hotel Brooklyn by CDLHT in February 2022 (refer to Note 27).

The cash outflows of \$331.6 million for 1H 2021 was due to payments made by the Group to acquire the 84.6% equity interest in Shenzhen Tusincere in February 2021.

- (ii) Net cash outflows from increase in investments in associates of \$27.9 million for 1H 2022 was mainly due to the additional contribution made by the Group into HThree City Australian Commercial Fund 3 LP, a real estate investment fund which was accounted for as an associate of the Group.

The net cash outflows of \$1.5 million for 1H 2021 was mainly due to payments made by the Group to acquire additional units in IREIT Global.

- (iii) The cash inflows from the return of capital from a joint venture of \$3.0 million in 1H 2022 and \$53.0 million in 1H 2021 were in relation to South Beach Consortium.

- (iv) Net cash outflows from increase in non-trade amounts owing by equity-accounted investees of \$52.3 million for 1H 2022 was mainly due to advances granted to joint ventures to fund the acquisition of a land site at Jalan Tembusu. The advances were partially offset by repayment of loans from other equity-accounted investees.

The net cash outflows of \$58.6 million for 1H 2021 was mainly due to advances granted to joint ventures to fund the acquisition of the Tengah Garden Walk Executive Condominium site and a land site at Northumberland Road. The advances were partially offset by repayment of loans from other equity-accounted investees.

- (v) The cash outflows on the payments for purchase of investment properties of \$182.3 million for 1H 2022 relate to the acquisition of a 505-bed purpose-built student accommodation in Coventry UK. In addition, the Group acquired three newly-built PRS projects in Japan – City Lux Tobe, LOC's Yokohama Bayside and Gioia Namba.
- (vi) The proceeds from sale of property, plant and equipment for 1H 2022 of \$1.2 billion relate mainly to the proceeds from the sale of Millennium Hilton Seoul in February 2022.

The proceeds from the sale of property, plant and equipment for 1H 2021 of \$18.7 million relate mainly to the proceeds from the disposal of land held at the property of Copthorne Hotel Christchurch.

- (vii) Disposal of subsidiaries, net of cash disposed of \$16.4 million for 1H 2022 relate to the divestment of 100% equity interest in Bloomsville Investments Pte. Ltd., which owns Tagore 23 warehouse in March 2022 and the disposal of CDLHT in May 2022 (refer to Note 26).

The Group had net cash outflows from financing activities of \$509.6 million for 1H 2022 (1H 2021: \$586.2 million). The net cash outflows for both 1H 2021 and 1H 2022 were largely due to a net repayment of borrowings of \$393.7 million (1H 2021: \$346.5 million) and dividends paid during the year.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for the period under review was in line with its expectations as disclosed in the announcement of results for the full year ended 31 December 2021.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Singapore

Based on Urban Redevelopment Authority's data, residential sales volume declined in 1H 2022 by 35% year-on-year, while private home prices remained resilient, rising by 0.7% in Q1 2022 and 3.5% in Q2 2022 respectively. Transaction volume was affected by the property cooling measures introduced in December 2021 and recent concerns over interest rate hikes and rising inflation alongside other geopolitical factors. The lack of new launches in 1H 2022 also resulted in lower overall sales.

With transaction volumes moderating and healthy household debt levels, the Monetary Authority of Singapore (MAS) has recently indicated that the property market is on a sustainable path despite inflationary concerns and rising mortgage rates. The Group believes that property investment in Singapore is a well-established hedge against inflation when viewed with a medium to long-term perspective for value appreciation.

On the back of sound economic fundamentals, the Group expects prices and demand for well-located projects with strong attributes to remain stable and resilient.

In Q4 2022, the Group plans to launch its 639-unit JV EC project, Copen Grand. Located in Tengah New Town, Copen Grand is the first EC project in Singapore's premier smart and sustainable district. The project is within walking distance of three MRT stations along the Jurong Region Line and is near the Jurong Innovation District and Jurong Lake District. Comprising 12 blocks of up to 14 storeys, Copen Grand is the first EC to receive the Building and Construction Authority (BCA) Green Mark Platinum Super Low Energy Award, aligned with CDL's pledge to achieve net zero operational carbon by 2030.

Besides Copen Grand, the Group has over 1,500 units in its pipeline for launch from 2023 onwards. The Group's diversified pipeline will place it in good stead to ride the resilient market.

Overseas, the Group plans to launch two JV projects in 2H 2022 in Brisbane, Australia, named The Vanda in the Toowong suburb (125 units) and Treetops at Kenmore (97 units).

For the rest of the year, the Grade A office market is projected to remain resilient, supported by tight Grade A office supply and healthy demand that is partially driven by displaced tenants from buildings undergoing or planned for redevelopment. While the momentum for Grade A rents will continue to trend upwards, backed by favourable market dynamics and Singapore's safe-haven status, the projected rental increase for 2023 will likely be moderated given the ongoing inflationary environment.

Hotel Operations

The reduction and removal of COVID-related restrictions, pent-up demand and the return of events are expected to continue to spur demand and recovery across M&C's portfolio markets. As a hotel operator, the Group will continue to harness technology and innovation to improve operational efficiencies, strengthen financial performance and enhance the customer experience. Similarly, the Group will review and optimise its hospitality portfolio by refurbishing its properties, exploring acquisition opportunities and evaluating alternative uses for its sites.

Outlook

In the face of ongoing geopolitical tensions, rate hikes, heightened inflation, rising operating costs and a global economic slowdown, the outlook remains unpredictable.

Notwithstanding the macroeconomic volatility, the Group is cautiously optimistic that the economy will recover with strength. The Group's record profit performance in 1H 2022 has provided substantial cash flow generation from timely asset divestments, strengthening its robust balance sheet. In addition to sharpening operational efficiencies across its portfolio, a key focus for the Group continues to be capital recycling and accretive acquisitions. The Group is in a strong position to weather potential headwinds and will continue to embrace a disciplined approach in its investments as it pursues its Growth, Enhancement and Transformation (GET) strategy.

5. Dividend Information

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

Yes.

The Company had on 24 May 2022 declared a tax-exempt (one-tier) non-cumulative preference dividend to holders of City Developments Limited Preference Shares of \$0.019339726 per Preference Share, calculated at the dividend rate of 3.9% per annum of the issued price of \$1.00 for each Preference Share, for the dividend period from 31 December 2021 to 29 June 2022. The said preference dividend was paid on 30 June 2022.

On 26 May 2022, the Company distributed 144,191,823 stapled securities of CDLHT Units to ordinary shareholders who were entitled to the distribution. Pursuant to the distribution *in specie*, each entitled shareholder received 0.159 CDLHT Units for each ordinary share in the Company. Based on the closing market price of \$1.27 per CDLHT Unit on 25 May 2022, the cash equivalent rate of the distribution per Ordinary Share is \$0.2019.

The Board of Directors had declared a tax-exempt (one-tier) special interim ordinary dividend of \$0.12 per ordinary share for the financial year ending 31 December 2022.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

| Name of Dividend | Tax-exempt (One-tier) Special Interim Ordinary Dividend | Tax-exempt (One-tier) Preference Dividend |
|----------------------|---------------------------------------------------------|--------------------------------------------------------------|
| Date of Payment | 14 September 2021 | 30 June 2021 |
| Dividend Type | Cash | Cash |
| Dividend Amount | \$0.03 per Ordinary Share | \$0.0193 per Preference Share [^] |
| Dividend rate (in %) | N.A. | 3.9% per annum on the issue price of each Preference Share |
| Dividend Period | N.A. | From 31 December 2020 to 29 June 2021 (both dates inclusive) |
| Issue Price | N.A. | \$1.00 per Preference Share |

[^] Preference dividend for each Preference Share is calculated at the dividend rate of 3.9% per annum of the issue price of \$1.00 for each Preference Share on the basis of the actual number of days comprised in the dividend period divided by 365 days.

(c) Date payable

The tax-exempt (one-tier) special interim ordinary dividend will be paid on 9 September 2022.

(d) Record Date

5.00 pm on 22 August 2022.

6. Interested Person Transactions

No interested person transactions ("IPTs") were conducted for the six months ended 30 June 2022 under the Company's IPT Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000).

7. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretaries
11 August 2022

CITY DEVELOPMENTS LIMITED

(REG. NO. 196300316Z)

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited condensed interim consolidated financial statements to be false or misleading in any material respect.

On behalf of the Board of Directors

Kwek Leng Beng
Executive Chairman

Sherman Kwek Eik Tse
Executive Director

Singapore, 11 August 2022