CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) and its Subsidiaries
Registration Number: 198900036N

Annual Report
Year ended 31 December 2021

Directors' Statement

We are pleased to submit this annual report to the member of the Company, together with the audited financial statements for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS139 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards (IFRS); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Wong Kan Seng	(appointed on 21 September 2021)
Miguel Ko	
Ong Yew Huat	(appointed on 21 September 2021)
Nagi Adel Hamiyeh	(appointed on 21 September 2021)
Tan Chong Lee	(appointed on 21 September 2021)
Prof Cheong Koon Hean	(appointed on 1 January 2022)
Lee Chee Koon	(appointed on 1 January 2022)

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year (including those held by spouses and infant children) in shares or debentures of the Company, or of its related corporations, are as follows:

Directors' Interests in Shares or Debentures (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations		
Ascendas Pte Ltd		
S$200 million 3.265% Fixed Rate Notes due 2025		
Wong Kan Seng	S$500,000	S$500,000
Astrea V Pte. Ltd.		
Class A-1 3.85% Secured Fixed Rate Bonds		
Wong Kan Seng	S$250,000	S$250,000
Astrea VI Pte. Ltd.		
US$228 million Class A-2 3.25% Secured Fixed Rate Bonds due 2031		
Wong Kan Seng	–	US$100,000
CapitaLand Investment Limited		
Ordinary shares		
Miguel Ko	–	1,303,679
Tan Chong Lee	4,125	4,125
Mapletree Treasury Services Limited		
S$300 million 3.4% Notes due 2026		
Miguel Ko	S$500,000	S$500,000
Sembcorp Marine Ltd		
Ordinary Shares		
Ong Yew Huat	–	500,000
Singapore Airlines Limited		
Ordinary Shares		
Miguel Ko	75,000	117,500
Tan Chong Lee	15,000	15,000
S$200 million 3.145% Fixed Rate Notes due 2021		
Miguel Ko	S$250,000	–

Directors' Interests in Shares or Debentures (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	At end of the year
Related Corporations (continued)		
Singapore Airlines Limited (continued)		
S$600 million 3.16% Fixed Rate Notes due 2023		
Wong Kan Seng	S$500,000	S$500,000
Miguel Ko	S$500,000	S$500,000
S$750 million 3.03% Bond due 2024		
Miguel Ko	S$250,000	S$250,000
S$700 million 3.035% Fixed Rate Notes due 2025		
Miguel Ko	S$250,000	S$250,000
S$630 million 3.13% Bond due 2026		
Miguel Ko	S$250,000	S$250,000
S$6.197 billion Mandatory Convertible Bonds due 2030		
Tan Chong Lee	31,350	31,350
Singapore Technologies Engineering Ltd		
Ordinary Shares		
Miguel Ko	70,500	70,500
Singapore Technologies Telemedia Pte Ltd		
S$450 million 4.05% Notes due 2025		
Wong Kan Seng	S$250,000	S$250,000
Singapore Telecommunications Limited		
Ordinary Shares		
Miguel Ko	34,000	34,715
Tan Chong Lee	1,800	1,800
S$1 billion 3.30% Subordinated Perpetual Securities		
Wong Kan Seng	–	S$250,000

Directors' Interests in Shares or Debentures (continued)

	Holdings in the name of the director, spouse and/or infant children	
	At beginning of the year/ date of appointment	**At end of the year**
Related Corporations (continued)		
StarHub Ltd		
Ordinary Shares		
Miguel Ko	66,600	66,600
S$220 million 3.08% Fixed Rate Notes due 2022		
Miguel Ko	S$250,000	S$250,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or options of the Company or of related corporations either at the beginning of the financial year, date of appointment, if later, or at the end of the financial year.

Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed under the Directors' Interests in Shares or Debentures and Share Plans sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Plans - Performance Share Plans and Restricted Share Plans

Prior to the internal restructuring and listing of the subsidiary, CapitaLand Investment Limited (CLI), the Executive Resource and Compensation Committee (ERCC) of the Company has been designated as the Committee responsible for the administration of the Share Plans. The ERCC members prior to the internal restructuring were Mr Ng Kee Choe (Chairman), Mr Miguel Ko, Mr Stephen Lee Ching Yen and Ms Goh Swee Chen. The ERCC was replaced by the Executive Resource, Nominating and Compensation Committee (ERNCC) on 21 September 2021. The ERNCC members at the date of this statement are Mr Wong Kan Seng (Chairman), Mr Miguel Ko, Mr Tan Chong Lee and Mr Ong Yew Huat.

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The PSP 2010 and RSP 2010 have expired on 15 April 2020. Awards made prior to expiry are not affected and no further awards were made subsequent to expiry. No new awards were made under PSP 2010 and RSP 2010 during the year.

Share Plans - Performance Share Plans and Restricted Share Plans (continued)

The CapitaLand Performance Share Plan 2020 (PSP 2020) and CapitaLand Restricted Share Plan 2020 (RSP 2020) were approved by the members of the Company at the Extraordinary General Meeting held on 12 April 2019. The duration of each share plan is 10 years commencing on 1 April 2020.

The ERCC has instituted a set of share ownership guidelines for members of senior management who receive shares under the Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the Share Plans, which varies according to their respective job grades and base salaries.

The total number of new shares which may be allotted, issued and/or delivered pursuant to awards granted under the Share Plans on any date, when aggregated with existing shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to the Share Plans and all shares, options or awards granted under any other share schemes of the Company then in force, shall not exceed 8% of the total number of issued shares (excluding treasury shares) from time to time.

Pursuant to the Internal Restructuring, ERCC has approved the following in relation to the unvested share awards payout to the Company's Share Plans as at 17 September 2021:

(a) The outstanding contingent PSP awards granted to the employees will be replaced by awards under the CLI Share Plan (which were granted on 1 October 2021) in accordance with a conversion ratio and released in accordance with the original vesting schedule. The number of awards to be granted have also been finalised at 200% of the baseline awards.

(b) The RSP awards will be converted to cash-settled based awards with an implied value of S$4.102 per Company's share. Contingent awards granted under the RSP have been finalised at 150% of the baseline awards based on the same implied value. The cash payment will be released to eligible employees according to the original vesting schedule of respective RSP award.

Details of awards granted under each Share Plan are provided in the following sections.

(a) Awards under the CapitaLand Performance Share Plans

Under the Performance Share Plans, the awards granted are conditional on performance targets set based on medium-term corporate objectives. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the Company achieving prescribed performance target(s).

Share Plans - Performance Share Plans and Restricted Share Plans (continued)

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

Following the listing of CLI, all outstanding contingent PSP awards of the Company granted to the employees were finalised at 200% of the baseline awards and employees will receive in lieu of the CLI's shares award under CLI Share Plan in accordance with a conversion ratio and released in accordance with the original vesting schedule.

Details of the movement in the awards of the Company during the year were as follows:

	Balance as at 1 January 2021		<---- Movements during the year --->				Balance as at 31 December 2021	
			Granted	Released	Lapsed	Cancelled and replaced with CLI Share Plans on 1 October 2021		
Year of award	No. of holders	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of holders	No. of shares
2018	55	2,265,594	–	(1,504,396)	(761,198)	–	–	–
2019	79	3,297,064	–	–	(609,035)	(2,688,029)	–	–
2020	72	3,194,293	–	–	(485,824)	(2,708,469)	–	–
2021	–	–	3,645,543	–	(172,161)	(3,473,382)	–	–
		8,756,951	3,645,543	(1,504,396)	(2,028,218)	(8,869,880)		–

(b) Awards under the CapitaLand Restricted Share Plans

Under the Restricted Share Plans, awards granted to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). In addition, the plans also enable grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

Share Plans - Performance Share Plans and Restricted Share Plans (continued)

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

Following the listing of CLI, the existing unvested equity-settled awards granted under the Company's RSP 2010 and RSP 2020 were converted to cash-settled awards on 1 October 2021 and awards will be released in accordance with the original vesting schedule of the awards granted pursuant to the Company's RSP 2010 and RSP 2020 awards.

Details of the movement in the awards of the Company during the year were as follows:

	Balance as at 1 January 2021		<----- Movements during the year -----> Granted	Released+	Lapsed/ Cancelled	Balance as at 31 December 2021	
Year of award	**No. of holders**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of holders**	**No. of shares**
2018	1,146	3,606,084	456,737	(3,920,777)	(142,044)	–	–
2019	1,957	8,685,085	698,294	(3,812,520)	(800,642)	1,628	4,770,217
2020	1,560	8,809,673	860,466	(3,137,730)	(834,444)	1,322	5,697,965
2021	–	–	15,737,185#^	(90,350)	(561,460)	1,365	15,085,375
		21,100,842	17,752,682	(10,961,377)	(2,338,590)		25,553,557@

+ *The number of shares released during the year was 10,961,377, of which 2,151,506 were cash-settled.*

Comprised RSP to employees 15,646,835 and to non-executive directors 90,350.

^ *Includes time-based awards granted under RSP 2020 vesting on 1 March 2021 for selected senior management new hires.*

@ *The final number of shares have been finalised at 150% of the baseline award.*

As at 31 December 2021, the number of shares in awards granted under the Restricted Share Plans was as follows:

	Equity-settled	Cash-settled	Total
Final number of shares determined but not released#	–	25,553,557	25,553,557
	–	25,553,557	25,553,557

The final number of shares have been finalised at 150% of the baseline award.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Wong Kan Seng
Director

Miguel Ko
Director

Singapore
31 March 2022

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

To the Member of CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS139.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I) and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

Balance Sheets
As at 31 December 2021

	Note	The Group 31 Dec 2021 $'M	The Group 31 Dec 2020 $'M	The Company 31 Dec 2021 $'M	The Company 31 Dec 2020 $'M
Non-current assets					
Property, plant and equipment	4	1,364	1,435	3	36
Intangible assets	5	1,002	1,067	#	#
Investment properties	6	22,384	47,873	–	–
Subsidiaries	7	–	–	15,198	16,923
Associates	8	10,967	7,726	–	–
Joint ventures	9	5,478	4,802	–	–
Deferred tax assets	10	594	503	#	#
Other non-current assets	11(a)	1,540	1,572	–	–
		43,329	64,978	15,201	16,959
Current assets					
Development properties for sale and stocks	12	6,575	6,778	–	–
Trade and other receivables	13	3,047	3,076	681	804
Other current assets	11(b)	117	40	–	–
Assets held for sale	16	47	323	–	–
Cash and cash equivalents	17	9,664	9,175	17	25
		19,450	19,392	698	829
Less: current liabilities					
Trade and other payables	18	5,779	5,257	230	403
Contract liabilities	28(b)	628	862	–	–
Short term borrowings	20	3,086	3,939	–	11
Current portion of debt securities	21	1,149	999	–	–
Current tax payable		3,474	2,650	2	2
Liabilities held for sale	16	–	32	–	–
		14,116	13,739	232	416
Net current assets		5,334	5,653	466	413
Less: non-current liabilities					
Long term borrowings	20	15,729	19,573	–	24
Debt securities	21	3,638	10,648	–	1,173
Deferred tax liabilities	10	1,094	1,367	–	1
Other non-current liabilities	22	443	751	5,828	671
		20,904	32,339	5,828	1,869
Net assets		27,759	38,292	9,839	15,503
Representing:					
Share capital	24	3,468	9,715	3,468	9,715
Revenue reserve		11,075	12,904	6,368	6,018
Other reserves	25	545	(313)	3	(230)
Equity attributable to owners of the Company		15,088	22,306	9,839	15,503
Perpetual securities	26	897	997	–	–
Non-controlling interests	7	11,774	14,989	–	–
Total equity		27,759	38,292	9,839	15,503

Less than $1 million

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement
Year ended 31 December 2021

	Note	The Group 2021 $'M	The Group 2020 $'M
Revenue	28	5,494	6,533
Cost of sales		(3,039)	(3,614)
Gross profit		2,455	2,919
Other operating income	29(a)	818	720
Administrative expenses		(684)	(605)
Other operating expenses		(200)	(2,855)
Profit from operations		2,389	179
Finance costs	29(d)	(780)	(913)
Share of results (net of tax) of:			
- associates		1,132	23
- joint ventures		505	29
		1,637	52
Profit/(Loss) before tax	29	3,246	(682)
Tax expense	30	(1,215)	(953)
Profit/(Loss) for the year		2,031	(1,635)
Attributable to:			
Owners of the Company		1,289	(1,574)
Non-controlling interests		742	(61)
Profit/(Loss) for the year		2,031	(1,635)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
Year ended 31 December 2021

	Note	The Group 2021 $'M	The Group 2020 $'M
Profit/(Loss) for the year		2,031	(1,635)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations		389	678
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss		(24)	22
Effective portion of change in fair value of cash flow hedges		190	(108)
Recognition of hedging reserve in profit or loss		2	10
Share of other comprehensive income of associates and joint ventures		253	350
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income		(2)	(51)
Total other comprehensive income for the year, net of tax	27	808	901
Total comprehensive income for the year		2,839	(734)
Attributable to:			
Owners of the Company		1,883	(881)
Non-controlling interests		956	147
Total comprehensive income for the year		2,839	(734)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 December 2021

	Attributable to owners of the Company												
	Share capital $'M	**Revenue reserve $'M**	**Reserve for own shares $'M**	**Capital reserve $'M**	**Equity Compensation reserve $'M**	**Hedging reserve $'M**	**Fair value reserve $'M**	**Asset revaluation reserve $'M**	**Foreign currency translation reserve $'M**	**Total $'M**	**Perpetual securities $'M**	**Non-controlling interests $'M**	**Total equity $'M**
The Group													
At 1 January 2021	9,715	12,904	(290)	299	53	(200)	94	6	(275)	22,306	997	14,989	38,292
Total comprehensive income													
Profit for the year	–	1,289	–	–	–	–	–	–	–	1,289	–	742	2,031
Other comprehensive income													
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	–	303	303	–	86	389
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	–	–	(24)	(24)	–	–	(24)
Effective portion of change in fair value of cash flow hedges	–	–	–	–	–	113	–	–	–	113	–	77	190
Recognition of hedging reserve in profit or loss	–	–	–	–	–	1	–	–	–	1	–	1	2
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	41	(1)	–	169	209	–	44	253
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(8)	–	–	(8)	–	6	(2)
Total other comprehensive income, net of tax	–	–	–	–	–	155	(9)	–	448	594	–	214	808
Total comprehensive income	–	1,289	–	–	–	155	(9)	–	448	1,883	–	956	2,839
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Capital return to owners of company (note 24(b))	(5,992)	#	–	–	–	–	–	–	–	(5,992)	–	(102)	(6,094)
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	–	270	270
Redemption of convertible bonds	–	19	–	(32)	–	–	–	–	–	(13)	–	–	(13)
Cancellation of treasury shares	(255)	–	255	–	–	–	–	–	–	–	–	–	–
Dividends paid/payable	–	(468)	–	–	–	–	–	–	–	(468)	–	(500)	(968)
Reclassification of equity compensation reserve	–	(32)	35	47	(48)	–	–	–	–	2	–	(2)	–
Redemption of perpetual securities	–	(6)	–	–	–	–	–	–	–	(6)	–	–	(6)
Distribution attributable to perpetual securities	–	(23)	–	–	–	–	–	–	–	(23)	34	(11)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	–	(34)	–	(34)
Share-based payments	–	–	–	1	43	–	–	–	–	44	–	14	58
Total contributions by and distributions to owners	(6,247)	(510)	290	16	(5)	–	–	–	–	(6,456)	–	(331)	(6,787)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2021

	Attributable to owners of the Company												
The Group	**Share capital $'M**	**Revenue reserve $'M**	**Reserve for own shares $'M**	**Capital reserve $'M**	**Equity Compensation reserve $'M**	**Hedging reserve $'M**	**Fair value reserve $'M**	**Asset revaluation reserve $'M**	**Foreign Currency translation reserve $'M**	**Total $'M**	**Perpetual Securities $'M**	**Non-controlling interests $'M**	**Total equity $'M**
Changes in ownership interests in subsidiaries and other capital transactions													
Changes in ownership interests in subsidiaries with a change in control	–	36	–	(2)	–	#	–	–	(2)	32	(100)	(11,195)	(11,263)
Changes in ownership interests in subsidiaries with no change in control	–	(2,596)	–	(21)	#	42	(19)	(3)	3	(2,594)	–	7,394	4,800
Share of reserves of associates and joint ventures	–	(29)	–	11	–	–	–	–	–	(18)	–	(19)	(37)
Others	–	(19)	–	2	(48)	–	–	–	–	(65)	–	(20)	(85)
Total changes in ownership interests in subsidiaries and other capital transactions	–	(2,608)	–	(10)	(48)	42	(19)	(3)	1	(2,645)	(100)	(3,840)	(6,585)
Total transactions with owners	(6,247)	(3,118)	290	6	(53)	42	(19)	(3)	1	(9,101)	(100)	(4,171)	(13,372)
At 31 December 2021	3,468	11,075	–	305	–	(3)	66	3	174	15,088	897	11,774	27,759

\# *Less than $1 million*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 December 2021

	Attributable to owners of the Company												
The Group	**Share capital $'M**	**Revenue reserve $'M**	**Reserve for own shares $'M**	**Capital reserve $'M**	**Equity Compensation reserve $'M**	**Hedging reserve $'M**	**Fair value reserve $'M**	**Asset revaluation reserve $'M**	**Foreign currency translation reserve $'M**	**Total $'M**	**Perpetual securities $'M**	**Non-controlling interests $'M**	**Total equity $'M**
At 1 January 2020	9,327	15,074	(342)	295	78	(105)	139	6	(1,113)	23,359	897	16,027	40,283
Total comprehensive income													
Loss for the year	–	(1,574)	–	–	–	–	–	–	–	(1,574)	–	(61)	(1,635)
Other comprehensive income													
Exchange differences arising from translation of foreign operations and foreign currency loans forming part of net investment in foreign operations	–	–	–	–	–	–	–	–	447	447	–	231	678
Recognition of foreign exchange differences on disposal or liquidation of foreign operations in profit or loss	–	–	–	–	–	–	–	–	22	22	–	–	22
Effective portion of change in fair value of cash flow hedges	–	–	–	–	–	(85)	–	–	–	(85)	–	(23)	(108)
Recognition of hedging reserve in profit or loss	–	–	–	–	–	10	–	–	–	10	–	–	10
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	(20)	–	–	364	344	–	6	350
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(45)	–	–	(45)	–	(6)	(51)
Total other comprehensive income, net of tax	–	–	–	–	–	(95)	(45)	–	833	693	–	208	901
Total comprehensive income	–	(1,574)	–	–	–	(95)	(45)	–	833	(881)	–	147	(734)
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Issue of treasury shares	–	–	1	–	–	–	–	–	–	1	–	–	1
Issue of new shares	388	–	–	–	–	–	–	–	–	388	–	–	388
Contributions from non-controlling interests (net)	–	–	–	–	–	–	–	–	–	–	–	355	355
Redemption of convertible bonds	–	47	–	(47)	–	–	–	–	–	–	–	–	–
Dividends paid/payable	–	(606)	–	–	–	–	–	–	–	(606)	–	(732)	(1,338)
Reclassification of equity compensation reserve	–	1	51	–	(52)	–	–	–	–	–	–	–	–
Issue of perpetual securities (net)	–	–	–	–	–	–	–	–	–	–	99	–	99
Distribution attributable to perpetual securities	–	(25)	–	–	–	–	–	–	–	(25)	35	(10)	–
Distribution paid to perpetual securities	–	–	–	–	–	–	–	–	–	–	(34)	–	(34)
Share-based payments	–	–	–	–	27	–	–	–	–	27	–	4	31
Total contributions by and distributions to owners	388	(583)	52	(47)	(25)	–	–	–	–	(215)	100	(383)	(498)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2021

	Attributable to owners of the Company												
The Group	**Share capital $'M**	**Revenue reserve $'M**	**Reserve for own shares $'M**	**Capital reserve $'M**	**Equity Compensation reserve $'M**	**Hedging reserve $'M**	**Fair value reserve $'M**	**Asset revaluation reserve $'M**	**Foreign Currency translation reserve $'M**	**Total $'M**	**Perpetual securities $'M**	**Non-controlling interests $'M**	**Total equity $'M**
Changes in ownership interests in subsidiaries and other capital transactions													
Changes in ownership interests in subsidiaries with a change in control	–	4	–	(2)	–	–	–	–	1	3	–	(22)	(19)
Changes in ownership interests in subsidiaries with no change in control	–	47	–	(1)	–	#	#	–	4	50	–	(774)	(724)
Share of reserves of associates and joint ventures	–	(21)	–	18	–	–	–	–	–	(3)	–	#	(3)
Others	–	(43)	–	36	–	–	–	–	–	(7)	–	(6)	(13)
Total changes in ownership interests in subsidiaries and other capital transactions	–	(13)	–	51	–	#	#	–	5	43	–	(802)	(759)
Total transactions with owners	388	(596)	52	4	(25)	#	#	–	5	(172)	100	(1,185)	(1,257)
At 31 December 2020	9,715	12,904	(290)	299	53	(200)	94	6	(275)	22,306	997	14,989	38,292

 # Less than $1 million

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows
Year ended 31 December 2021

	2021 $'M	2020 $'M
Cash flows from operating activities		
Profit/(Loss) for the year	2,031	(1,635)
Adjustments for:		
Allowance for:		
- impairment loss on receivables	48	33
- foreseeable losses	164	251
- impairment on intangible assets	22	153
- impairment on property, plant and equipment	–	27
Amortisation of intangible assets	27	23
Depreciation of property, plant and equipment and right-of-use assets	163	157
Dividend income	(8)	(14)
Fair value loss from assets held for sale	22	416
Finance costs	780	913
Gain on disposal of equity investment fair value through profit or loss	(24)	–
Gain on disposal of investment properties	(205)	(40)
Income from income support guarantee	(15)	–
Interest income	(86)	(99)
Loss on disposal and write off of property, plant and equipment	4	1
Loss on redemption of convertible bonds	34	–
Write-off of intangible assets	–	2
Net change in fair value of investment properties	(285)	2,085
Net change in fair value of financial instruments	22	15
Net gain from change of ownership interests in subsidiaries, associates and joint ventures	(7)	(232)
Share of results of associates and joint ventures	(1,637)	(52)
Share-based expenses	89	37
Tax expense	1,215	953
	323	4,629
Operating profit before working capital changes	2,354	2,994
Changes in working capital:		
Trade and other receivables	(441)	(826)
Development properties for sale	112	1,044
Trade and other payables	744	(484)
Contract liabilities	(192)	(705)
Restricted bank deposits	(8)	17
	215	(954)
Cash generated from operations	2,569	2,040
Taxation paid	(696)	(512)
Net cash generated from operating activities	1,873	1,528

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2021

	Note	2021 $'M	2020 $'M
Cash flows from investing activities			
Acquisition/Development expenditure of investment properties		(1,922)	(838)
Acquisition of subsidiaries, net of cash acquired	32(b)	(1,733)	(213)
Deposits placed for acquisition of investment properties		(1)	(155)
Deposits (returned)/received for disposal of investment property/subsidiaries		(9)	21
Disposal of subsidiaries, net of cash disposed of	32(d)	100	469
Dividends received from associates, joint ventures and other investments		2,017	403
Interest income received		85	79
Investments in associates, joint ventures and other investments		(388)	(365)
Proceeds from disposal of other financial assets		224	3
Proceeds from disposal of investment properties		1,354	360
Proceeds from disposal of assets held for sale		49	351
Proceeds from disposal of property, plant and equipment		–	10
Purchase of intangible assets and property, plant and equipment		(52)	(80)
Settlement of hedging instruments		(1)	(13)
Net cash (used in)/generated from investing activities		(277)	32
Cash flows from financing activities			
Decrease in amounts due to non-controlling interests		(8)	(52)
Distributions to non-controlling interests		(40)	(333)
Dividends paid to non-controlling interests		(460)	(737)
Distributions to perpetual securities holders		(32)	(34)
Dividends paid to shareholders		(468)	(218)
Interest expense paid		(810)	(991)
Loans from associates and joint ventures		1,476	516
Payment for acquisition of ownership interests in subsidiaries with no change in control		(127)	(3)
Payment of issue expenses for share capital by subsidiaries		(38)	–
(Placement)/Receipt of bank deposits pledged for bank facilities		(14)	3
Proceeds from bank borrowings		11,048	7,569
Proceeds from issuance of debt securities		871	1,124
Proceeds from issue of perpetual securities by subsidiaries		–	99
Repayments of lease liabilities		(108)	(68)
Repayments of bank borrowings		(10,198)	(4,184)
Repayments of debt securities and convertible bonds		(2,337)	(1,393)
Net cash (used in)/generated from financing activities		(1,245)	1,298
Net increase in cash and cash equivalents		351	2,858
Cash and cash equivalents at beginning of the year		9,089	6,061
Effect of exchange rate changes on cash balances held in foreign currencies		92	172
Changes in cash and cash equivalents reclassified to assets held for sale		24	(2)
Cash and cash equivalents at end of the year	17	9,556	9,089

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

1 Domicile and activities

CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) (the Company) is incorporated in the Republic of Singapore and has its registered office at 168 Robinson Road, #30-01, Capital Tower, Singapore 068912.

The Company's immediate and ultimate holding companies are CLA Real Estate Holdings Pte. Ltd. (CLA) and Temasek Holdings (Private) Limited respectively, both companies incorporated in the Republic of Singapore.

The principal activities of the Company during the financial year are those relating to investment holding and consultancy services as well as the corporate headquarters which gives direction, provides management support services and integrates the activities of its subsidiaries.

The principal activities of the significant subsidiaries are those relating to investment holding, real estate development, investment in real estate financial products and real estate assets, investment advisory and management services as well as management of real estate assets.

The consolidated financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates and joint ventures.

2 Internal restructuring and Basis of Preparation of the Consolidated Financial Statements

On 15 September 2021, the Company, together with its immediate holding company, CLA, completed a scheme of arrangement pursuant to Section 210 of the Companies Act (Scheme) to:

- effect a restructuring of the Group's business and its subsidiaries so as to consolidate the Group's investment management platform and operating platforms for office, retail malls, business park properties and data centres, its lodging business, certain assets and certain corporate office entities (together known as the "Combining Entities") into the Group's subsidiary, CapitaLand Investment Limited (CLI) under the internal restructuring (Internal Restructuring); and

- retain the Group's real estate development business and the Company under private ownership to be fully held by CLA through the privatisation of the Company upon completion of the Scheme.

The Scheme involved the following:

- Distribution-in-specie of the shares in CLI
  The Company undertook the distribution of approximately 48.24% of the issued ordinary shares in the capital of CLI to eligible shareholders of the Company on a pro-rata basis;

- Distribution-in-specie of the units in CapitaLand Integrated Commercial Trust (CICT)
  The Company undertook the distribution of 388,242,247 issued units in CICT to eligible shareholders of the Company on a pro-rata basis.

- Acquisition of shares of the Company
  Upon the above distribution-in-specie taking effect, CLA acquired all the shares of the Company (excluding the treasury shares) from the Company's shareholders (excluding CLA).

Pursuant to the Internal Restructuring, CLI increased its share capital to $10,760 million for the settlement of outstanding loans as well as purchase consideration of the entities transferred from the Group.

3 Summary of Significant Accounting Policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise stated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollars, which is the Company's functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest millions, unless otherwise stated.

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 in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 7	consolidation; whether the Group has control over an investee
Note 10	recognition of deferred tax assets
Note 3.15	revenue recognition: whether revenue from sale of residential units is recognised over time or at point in time
Note 3.2(a), Note 33	accounting for acquisitions as business combinations or asset acquisitions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5	measurement of recoverable amounts of goodwill
Note 6, Note 35	determination of fair value of investment properties
Note 12	estimation of the progress of completion of the projects' attributable profits for development properties for sale and allowance for foreseeable losses
Note 34(c)	measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the expected loss rate
Note 33	determination of fair value of assets, liabilities and contingent liabilities acquired in business combinations
Note 35	determination of fair value of financial instruments

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements, except as explained in note 40 which address changes in accounting policies.

3.2 Basis of consolidation

(a) Business combinations and property acquisitions

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets or acquisition of a property is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill arising from business combinations are measured as described in note 3.5(a).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition date fair value, unless another measurement basis is required by SFRS(I). If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(c) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as "equity-accounted investees") and are recognised initially at cost. The cost of the investments includes transaction costs. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.11. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(d) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.3 Foreign currencies

Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency).

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognised in the profit or loss, except for differences arising from the translation of monetary items that in substance form part of the Group's net investment in a foreign operation, financial assets fair value through other comprehensive income and financial liabilities designated as hedges of net investment in a foreign operation (note 3.8) or qualifying cash flow hedges to the extent such hedges are effective, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated to Singapore Dollars at exchange rates prevailing at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore Dollars at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to the profit or loss.

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the translation reserve in equity.

3.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the Group's property, plant and equipment acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 3.2(a)).

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

Leasehold land and buildings	Lease period ranging from 25 years to 50 years
Plant, machinery and improvements	1 to 10 years
Motor vehicles	5 years
Furniture, fittings and equipment	1 to 10 years

Assets under construction are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready to use.

The assets' residual values, useful lives and depreciation methods are reviewed at each reporting date, and adjusted if appropriate.

3.5 Intangible assets

(a) Goodwill

For business combinations, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any pre-existing equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a gain on bargain purchase is recognised in the profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Goodwill arising from the acquisition of associates and joint ventures is presented together with interests in associates and joint ventures.

Goodwill is tested annually for impairment as described in note 3.11.

(b) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These are amortised in the profit or loss on a straight-line basis over their estimated useful lives of one to ten years, from the date on which the assets are available for use.

Other intangible assets with indefinite useful lives are not amortised and are measured at cost less accumulated impairment losses.

3.6 Investment properties and investment properties under development

Investment properties are properties held either to earn rental or for capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Certain of the Group's investment properties acquired through interests in subsidiaries, are accounted for as acquisition of assets (note 3.2(a)).

Investment properties and investment properties under development are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined based on internal valuation or independent professional valuation. Independent valuation is also carried out on occurrence of acquisition.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the profit or loss is the difference between the net disposal proceed and the carrying amount of the property.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

3.7 Non-current assets and liabilities held for sale

Non-current assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the applicable SFRS(I). Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once the investments are classified as held for sale.

3.8 Financial instruments

(a) Non-derivative financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

At initial recognition

A financial asset is recognised if the Group becomes a party to the contractual provisions of the financial asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Financial assets at FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income (OCI) and accumulated in fair value reserve, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other operating income and expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as dividend income. On disposal of an equity investment, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

(iii) Financial assets at FVTPL

Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other operating income".

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

(c) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial liability is classified as fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise loans, borrowings, debt securities and trade and other payables.

(d) Derecognition

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or transfers substantially all the risks and rewards of the assets. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

On initial designation of the derivative as the hedging instrument, the Group formally documents the economic relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform

A hedging relationship is directly affected by the uncertainties arising from the IBOR reform with respect to the hedged risk and the timing and amount of the interest rate benchmark-based cash flows of the hedged item and hedge instruments. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cashflows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:
- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedged instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:
- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cashflows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Where the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amounts recognised as OCI is included in the initial cost of the non-financial item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

Fair value hedges

The firm commitment of contracts entered into with various customers denominated in foreign currencies are designated as the hedged item. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk arising from these contracts. Under the Group's policy, the critical terms of the forward exchange contracts must align with the hedged items. The Group designates the spot component of forward contracts as the hedging instrument. The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the spot of the currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised in profit or loss and presented separately in "other operating income or expenses".

Net investment hedge

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss on disposal of the foreign operation.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in the profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the profit or loss.

(g) Convertible bonds

Convertible bonds that can be converted into share capital where the number of shares issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments. The gross proceeds of the convertible bonds issued (including any directly attributable transaction costs) are allocated to the equity and liability components, with the equity component being assigned the residual amount after deducting the fair value of the liability component from the fair value of the compound financial instrument.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not re-measured. When the conversion option is exercised, the carrying amount of the liability and equity components will be transferred to the share capital. When the conversion option lapses, the carrying amount of the equity component will be transferred to revenue reserve.

When a convertible bond is being repurchased before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) is allocated to the liability and equity components of the convertible bond at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss. In an exchange of convertible bond, the difference between the net proceeds of new convertible bond and the carrying value of the existing convertible bond (including its equity component) is recognised in the profit or loss.

(h) Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Group. As the Group does not have a contractual obligation to repay the principal nor make any distributions, perpetual securities are classified as a separate class of equity.

Any distributions made are directly debited from total equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

(i) Financial guarantees

Financial guarantee contracts are classified as financial liabilities unless the Group has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount of loss allowance. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimates of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

(j) Impairment of financial assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI, contract assets and financial guarantee contracts. For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets and financial guarantee contracts.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Where share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in reserve for own shares account. Where treasury shares are subsequently reissued, sold or cancelled, the consideration received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.10 Development properties for sale and stocks

Development properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The write-down to net realisable value is presented as allowance for foreseeable losses.

The cost of development properties comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure.

When the development properties for sale are being transferred to investment property, any difference between the fair value of the property and its previous carrying amount at the date of transfer is recognised in profit or loss.

3.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties for sale and stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified, an impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGU that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the CGU on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3.12 Employee benefits

All short-term employee benefits, including accumulated compensated absences, are measured on an undiscounted basis and are recognised in the period in which the employees render their services.

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in profit or loss in the period during which the related services are rendered by employees.

Share-based payments

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions. The Group recognises the effect of modification that increase the total fair value of the share-based payment arrangement. The incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity-settled share-based payments transactions vest.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

3.13 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

3.14 Leases

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use assets and a lease liability at the lease commitment date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use assets reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property carried at fair value in accordance with note 3.6.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extenuation or termination option or if there is a revised in-substance fixed lease payment.

The Group presents the right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "borrowings" in the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

From 1 January 2020 onwards, the Group has applied COVID-19-Related Rent Concessions – Amendment to SFRS(I) 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of "revenue". Rental income from sub-leased property is recognised as "other income".

3.15 Revenue recognition

Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Development properties for sale

The Group develops and sells residential projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential project has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential projects have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the residential project. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed residential project is delivered to the customers and the customers have accepted it in accordance with the sales contract.

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the entity adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the entity uses a discount rate that would reflect that of a separate financing transaction between the entity and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a payment schedule and are typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract, the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

Financial advisory and management fee

Financial advisory and management fee is recognised as and when the service is rendered.

Dividends

Dividend income is recognised on the date that the Group’s right to receive payment is established.

Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

3.16 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as "other operating income" on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other operating income" on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.17 Finance costs

Borrowing costs are recognised in the profit or loss using the effective interest rate method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.18 Tax

Income tax expense comprises current and deferred tax expense, as well as land appreciation tax in China. Income tax expense is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Land appreciation tax in China relates to the gains arising from the transfer of land use right and the buildings that are constructed on the land. Land appreciation tax is levied from 30% to 60% on gain from sale of landed properties with reference to the percentage of appreciated value over the deductible expenditure.

3.19 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if operation had been discontinued from the start of the comparative year.

4 Property, Plant and Equipment

	The Group		The Company	
	2021	2020	2021	2020
	$'M	$'M	$'M	$'M
Property, plant and equipment owned	804	1,009	3	3
Right-of-use assets classified within property, plant and equipment	560	426	–	33
	1,364	1,435	3	36

Property, plant and equipment owned

	Note	Land and buildings $'M	Plant, machinery and improvements $'M	Motor vehicles $'M	Furniture, fittings and equipment $'M	Assets under construction $'M	Total $'M
The Group							
Cost							
At 1 January 2021		885	118	12	532	12	1,559
Translation differences		6	#	#	(9)	#	(3)
Additions		1	5	#	25	2	33
Acquisition of subsidiaries	32(b)	–	16	–	6	2	24
Disposal of subsidiaries	32(d)	(249)	(8)	#	(21)	#	(278)
Disposals/Written off		–	(13)	(1)	(32)	#	(46)
Reclassification (to)/from other categories of assets		–	(1)	–	(6)	51	44
Reclassifications		4	(13)	–	16	(7)	–
At 31 December 2021		647	104	11	511	60	1,333

	Note	Land and buildings $'M	Plant, machinery and improvements $'M	Motor vehicles $'M	Furniture, fittings and equipment $'M	Assets under construction $'M	Total $'M
The Group							
Accumulated depreciation and impairment loss							
At 1 January 2021		113	50	11	376	#	550
Translation differences		#	#	#	(6)	–	(6)
Depreciation for the year	29(c)(ii)	20	15	#	50	–	85
Disposal of subsidiaries		(35)	(7)	#	(10)	–	(52)
Disposals/Written off		–	(13)	(1)	(28)	–	(42)
Reclassification to other categories of assets		–	#	–	(6)	–	(6)
Reclassifications		–	(8)	–	8	–	–
At 31 December 2021		98	37	10	384	#	529
Carrying amounts							
At 1 January 2021		772	68	1	156	12	1,009
At 31 December 2021		549	67	1	127	60	804

Less than $1 million

	Note	Land and buildings $'M	Plant, machinery and improvements $'M	Motor vehicles $'M	Furniture, fittings and equipment $'M	Assets under construction $'M	Total $'M
The Group							
Cost							
At 1 January 2020		857	96	12	510	26	1,501
Translation differences		31	3	1	17	1	53
Additions		4	15	#	34	12	65
Acquisition of subsidiaries	32(b)	1	–	–	#	–	1
Disposal of subsidiaries	32(d)	–	#	–	(4)	–	(4)
Disposals/Written off		(14)	(3)	(1)	(15)	(1)	(34)
Reclassification to other categories of assets		(2)	(3)	–	(13)	(5)	(23)
Reclassifications		8	10	–	3	(21)	–
At 31 December 2020		885	118	12	532	12	1,559

Less than $1 million

	Note	Land and buildings $'M	Plant, machinery and improvements $'M	Motor vehicles $'M	Furniture, fittings and equipment $'M	Assets under construction $'M	Total $'M
The Group							
Accumulated depreciation and impairment loss							
At 1 January 2020		67	38	11	326	#	442
Translation differences		2	1	1	10	–	14
Depreciation for the year	29(c)(ii)	22	16	#	58	–	96
Disposal of subsidiaries	32(d)	–	#	–	(3)	–	(3)
Disposals/Written off		(5)	(4)	(1)	(14)	–	(24)
Reclassification to other categories of assets		#	(1)	–	(1)	–	(2)
Impairment		27	–	–	–	–	27
At 31 December 2020		113	50	11	376	#	550
Carrying amounts							
At 1 January 2020		790	58	1	184	26	1,059
At 31 December 2020		772	68	1	156	12	1,009

Less than $1 million

(a) As at 31 December 2021, certain property, plant and equipment with carrying value totalling approximately $19 million (2020: $23 million) were mortgaged to banks to secure credit facilities for the Group (note 20).

(b) Hotel properties included in land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. During the financial year ended 31 December 2020, an impairment loss of $27 million was recognised in respect of certain hotel properties in Australia as the net carrying value of the assets exceeded the recoverable amount. The decrease in recoverable amount was mainly due to the lower expected operating cashflow from the properties as the properties' performance was impacted by the travel restrictions imposed by governments amid the COVID-19 pandemic. The recoverable amount was determined based on independent professional valuations using the discounted cashflow method and the fair value measurement is categorised as Level 3 on the fair value hierarchy. There was no impairment recognised for hotel properties in 2021 as the recoverable amount was assessed to be higher than the net carrying value.

Details of valuation techniques and significant unobservable inputs applied in estimating to the recoverable amount of hotel properties in 2020 are set out in the table below.

Type	**Valuation method**	**Key unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Hotel properties in Australia	Discounted cashflow approach	- Discount rate: 6.0% to 7.8% - Terminal yield rate: 5.0% to 6.3% - RevPau: \$94 to \$169 - Occupancy rate: 41.0% to 90.0%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher RevPau and higher occupancy rates.

	Renovations and improvements $'M	Furniture, fittings and equipment $'M	Total $'M
The Company			
Cost			
At 1 January 2020, 31 December 2020 and 31 December 2021	2	10	12
Accumulated depreciation and impairment loss			
At 1 January 2020, 31 December 2020 and 31 December 2021*	2	7	9
Carrying amounts			
At 1 January 2020, 31 December 2020 and 31 December 2021^	#	3	3

Less than $1 million

* *Depreciation for renovations and improvements as well as furniture, fittings and equipment for the financial years ended 31 December 2020 and 31 December 2021 was less than $1 million.*

^ *Include motor vehicles which are less than $1 million for 31 December 2021 and 31 December 2020*

Right-of-use assets classified within property, plant and equipment

	Note	Buildings $'M
The Group		
Cost		
At 1 January 2021		562
Translation differences		#
Additions		89
Acquisition of subsidiaries	32(b)	124
Termination of leases		(13)
At 31 December 2021		762
Accumulated depreciation		
At 1 January 2021		136
Translation differences		(3)
Depreciation for the year	29(c)(ii)	78
Expiry/Termination of leases		(9)
At 31 December 2021		202
Carrying amounts		
At 1 January 2021^		426
At 31 December 2021^		560
Cost		
At 1 January 2020		309
Translation differences		25
Additions		29
Acquisition of subsidiaries	32(b)	233
Termination of leases		(32)
Reclassification to other categories of assets		(2)
At 31 December 2020		562
Accumulated depreciation		
At 1 January 2020		99
Translation differences		4
Depreciation for the year	29(c)(ii)	61
Expiry/Termination of leases		(28)
At 31 December 2020		136
Carrying amounts		
At 1 January 2020^		210
At 31 December 2020^		426

Less than $1 million

^ *Include plant and machinery and motor vehicles which are less than $1 million for 31 December 2021 and 31 December 2020*

	Buildings $'M
The Company	
Cost	
At 1 January 2021	55
Termination of leases	(55)
At 31 December 2021	#
Accumulated depreciation	
At 1 January 2021	22
Depreciation for the year	7
Termination of leases	(29)
At 31 December 2021	#
Carrying amounts	
At 1 January 2021^	33
At 31 December 2021^	#
Cost	
At 1 January 2020	55
Additions	#
At 31 December 2020	55
Accumulated depreciation	
At 1 January 2020	11
Depreciation for the year	11
At 31 December 2020	22
Carrying amounts	
At 1 January 2020^	44
At 31 December 2020^	33

\# *Less than $1 million*

^ *Include furniture, fittings and equipment which are less than $1 million for 31 December 2021 and 31 December 2020*

5 Intangible Assets

	Note	Goodwill $'M	Management contracts $'M	Others^ $'M	Total $'M
The Group					
Cost					
At 1 January 2021		807	317	261	1,385
Additions		–	–	19	19
Acquisition of subsidiaries	32(b)	13	–	#	13
Disposal of subsidiaries	32(d)	(56)	–	(2)	(58)
Written off	29(c)(iii)	–	–	(1)	(1)
Reclassification from other categories of assets		–	–	18	18
Translation differences		(2)	1	3	2
At 31 December 2021		762	318	298	1,378
Accumulated amortisation and impairment loss					
At 1 January 2021		214	–	104	318
Amortisation for the year	29(c)(ii)	–	–	27	27
Impairment for the year	29(c)(iii)	7	–	15	22
Written off	29(c)(iii)	–	–	(1)	(1)
Reclassification from other categories of assets		–	–	8	8
Translation differences		2	–	#	2
At 31 December 2021		223	–	153	376
Carrying amounts					
At 1 January 2021		593	317	157	1,067
At 31 December 2021		539	318	145	1,002
Cost					
At 1 January 2020		648	313	167	1,128
Additions		–	–	15	15
Acquisition of subsidiaries	32(b)	149	–	60	209
Written off	29(c)(iii)	–	–	(3)	(3)
Reclassification from other categories of assets		–	–	19	19
Translation differences		10	4	3	17
At 31 December 2020		807	317	261	1,385
Accumulated amortisation and impairment loss					
At 1 January 2020		64	–	76	140
Amortisation for the year	29(c)(ii)	–	–	23	23
Impairment for the year	29(c)(iii)	150	–	3	153
Written off	29(c)(iii)	–	–	(1)	(1)
Reclassification from other categories of assets		–	–	3	3
At 31 December 2020		214	–	104	318
Carrying amounts					
At 1 January 2020		584	313	91	988
At 31 December 2020		593	317	157	1,067

^ *Others comprise trademarks, software and licences and club memberships.*
# *Less than $1 million*

(a) Impairment test for goodwill

The key assumptions used in the estimation of the recoverable amount are set below:

	<---------- Key assumptions --------->					
	Terminal growth rates		**Discount rates**		**Carrying value**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**	**$'M**	**$'M**
The Ascott Limited (Ascott)	0.2	0.2	5.6	4.9	417	417
A serviced residence in London	–	2.0	–	5.8	#	#
Synergy Global Housing	2.0	2.0	10.0	10.0	5	5
TAUZIA Hotel Management (TAUZIA)	2.0	3.3	13.5	14.0	9	9
QSA Group Pty Ltd (QSA Group)	2.5	1.8	11.0	10.0	53	57
Ascendas-Singbridge (ASB)	1.0	1.0	4.4	4.9	49	49
CapitaLand Integrated Commercial Trust					–	56
The Work Project Kingdom Group					6	–
At 31 December					539	593

 # Less than $1 million

Ascott, a serviced residence in London, Synergy Global Housing, TAUZIA and QSA Group.

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to five years. The discounted cash flow models also took into account the probability of changes to cashflow projection, taking into consideration the COVID-19 pandemic. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rates applied are the weighted average cost of capital from the relevant business segments. The key assumptions are those relating to expected changes in average rental and occupancy rates and direct costs. The terminal growth rates used for each CGU are based on management's expectation of the long-term average growth rates of the respective industry and countries in which the CGUs operate.

As disclosed in note 33, goodwill of $149 million was recorded on the acquisition of QSA Group in July 2020, following a change in control over the entity as stipulated in the shareholder agreement. Prior to July 2020, it was recorded as investment in joint venture.

During 2020, an impairment loss of $48 million was recognised on goodwill relating to Synergy Global Housing, TAUZIA and a serviced residence in London as the recoverable amounts from these CGUs were lower than their carrying amounts. The decrease was mainly due to lower expected operating cashflows from the CGUs as the operating performance of the hospitality sector was heavily impacted by the travel restrictions imposed amid the COVID-19 pandemic.

The revenue drivers of QSA Group include one-time sale of business income to franchisees as well as recurring franchisee fees. However, with the worsening market conditions in the second half of 2020 in Australia which has impacted the Quest's business such that new properties have to be operated directly by the group. The traditional sale of business income and recurring franchise fees have also impacted cashflow and the sale of business income to new franchisees will be affected until the situation recovers. Accordingly, an impairment loss of $102 million was made in respect of the goodwill relating to QSA Group as at 31 December 2020.

The impairment losses were recognised in 'other operating expenses' in the consolidated income statement.

CapitaLand Integrated Commercial Trust

The recoverable amount of the CGU is determined based on the higher of its value in use and its quoted market price

As at 31 December 2020, the recoverable amount based on quoted market price is higher than its carrying amount.

Following the internal restructuring on 15 September 2021, management assessed the extent of its control over CICT, taking into consideration that the manager, a subsidiary of the Group, its effective stake in the trust and the returns (both marginal and absolute returns) generated from its investment in and management of trust. Management concluded that the Group does not have sufficient interest to control CICT. Consequently, CICT ceased to be a subsidiary of the Group and it was accounted for as an associate.

ASB

The recoverable amount of the CGU is determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 10 years. Cash flows beyond the third year are extrapolated using the estimated terminal growth rate of 1.0% (2020: 1.0%). The discount rate of 4.4% (2020: 4.9%) is applied using the weighted average cost of capital from the relevant business segment. Management has assessed that the recoverable amount to be higher than its carrying amount.

(b) Management contracts

These relate to the management contracts entered into between subsidiary companies and Ascendas Real Estate Investment Trust and Ascendas India Trust. These contracts are deemed to have indefinite useful lives and are measured at cost less accumulated impairment losses.

The recoverable amount of the CGU is determined based on value in use calculations. Cash flow projections are based on forecast using discount rates of 5.9% to 8.4% (2020: 6.4% to 8.9%) and growth rates of 1.0% (2020: 1.0% to 2.5%) covering a 10-year period and beyond. The forecast is reviewed, updated and approved by management on an annual basis. The Group has assessed and determined that no impairment in the value of management contracts has arisen.

(c) In 2021, an impairment loss of $15 million (2020: $3 million) was recognised in respect of certain software applications. Management has assessed and fully impaired the carrying amounts of these software applications as they are expected to be phased out and replaced due to the implementation of new software applications. The impairment losses were recognised in other operating expenses in the consolidated income statement.

6 Investment Properties

	Note	The Group 2021 $'M	2020 $'M
At 1 January		47,873	48,732
Acquisition of subsidiaries	32(b)	1,796	223
Disposal of subsidiaries	32(d)	(28,414)	(377)
Additions		1,938	966
Disposals		(1,177)	(312)
Reclassification to assets held for sale		(2)	(46)
Reclassifications (to)/from development properties for sale		(92)	3
Reclassification (to)/from property, plant and equipment		(52)	7
Changes in fair value		285	(2,085)
Translation differences		229	762
At 31 December		22,384	47,873

(a) Investment properties, which include those in the course of development, are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate, discount rate, comparable market price and occupancy rate.

The carrying amounts of the investment properties as at 31 December 2021 were based on valuations performed by the independent external valuers. The valuers had considered valuation techniques including the direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. 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. In the residual method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. Details of valuation methods and key assumptions used to estimate the fair values of investment properties are set out in note 35.

The ongoing COVID-19 pandemic continued to affect market activity in many property sectors that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. The valuation reports associated with certain investment properties contain the 'material valuation uncertainty' clause highlighting that as a result of the ongoing COVID-19 pandemic, less certainty should be attached to the valuations than would normally be the case. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. The carrying amounts of the investment properties were current as at 31 December 2021 and 31 December 2020 only.

(b) The Group's investment properties which are classified under Level 3 are analysed as below:

The Group	Shopping mall $'M	Office $'M	Integrated development $'M	Lodging $'M	Business park, industrial and logistics $'M	Total $'M
31 December 2021						
Singapore	107	1,434	–	1,146	1,822	4,509
China (includes Hong Kong)	1,002	1,116	2,967	896	1,770	7,751
Others*	1,541	366	114	7,432	671	10,124
	2,650	2,916	3,081	9,474	4,263	22,384
31 December 2020						
Singapore	10,011	8,433	4,729	1,071	2,051	26,295
China (includes Hong Kong)	4,706	1,036	2,873	946	751	10,312
Others*	1,847	2,016	336	6,473	594	11,266
	16,564	11,485	7,938	8,490	3,396	47,873

* *Others include countries in Asia (excluding Singapore, China and Hong Kong), Europe, United Kingdom, United States of America and Australia.*

(c) As at 31 December 2021, investment properties valued at $1,596 million (2020: $2,819 million) were under development.

(d) As at 31 December 2021, certain investment properties with carrying value of approximately $13,447 million (2020: $17,720 million) were mortgaged to banks to secure credit facilities (notes 20 and 21).

(e) During the financial year ended 31 December 2021, interest capitalised as cost of investment properties amounted to approximately $31 million (2020: $52 million) (note 29(d)).

(f) Investment properties of the Group are held mainly for use by tenants under operating leases. Minimum lease payments receivable under non-cancellable operating leases of investment properties and not recognised in the financial statements are as follows:

	The Group	
	2021	**2020**
	$'M	**$'M**
Lease rentals receivable:		
Less than one year	753	2,006
One to two years	556	1,431
Two to three years	436	945
Three to four years	339	557
Four to five years	299	427
More than five years	1,033	1,528
	3,416	6,894

(g) As at 31 December 2021, the right-of-use of the land and buildings that are classified within investment properties has a carrying amount of $524 million (2020: $562 million).

7 Subsidiaries

	Note	The Company	
		2021	**2020**
		$'M	**$'M**
(a) Unquoted shares, at cost		12,602	11,227
Less:			
Allowance for impairment loss		(151)	(151)
		12,451	11,076
Add:			
Amounts due from subsidiaries, at amortised cost:			
Loan accounts (unsecured)			
- interest bearing		–	1,176
- interest free		3,255	4,769
Less:			
Allowance for impairment loss on receivables	34(c)	(508)	(98)
		2,747	5,847
		15,198	16,923

(i) Loans due from subsidiaries are unsecured and not expected to be repaid within the next twelve months.

(ii) As at 31 December 2021, the effective interest rates for amounts due from subsidiaries is Nil (2020: 1.95% to 2.95% per annum).

(iii) Movements in allowance for impairment loss were as follows:

	The Company	
	2021	**2020**
	$'M	**$'M**
At 1 January 2020, 31 December 2020 and 31 December 2021	(151)	(151)

(iv) The Company's exposure to credit risk on the amounts due from subsidiaries is disclosed in note 34.

(b) The significant subsidiaries directly and indirectly held by the Company, which are incorporated and conducting business in the Republic of Singapore, are as set out below:

Name of Company	**Effective interest**	
	2021	**2020**
	%	**%**
Ascendas Pte Ltd	100	100
CapitaLand China Holdings Pte Ltd[1]	100	100
CapitaLand VN Limited	100	100
CapitaLand China Investments Limited	100	100
CapitaLand Singapore Limited	100	100
CapitaLand Treasury Limited	100	100
CapitaLand Investment Limited (formerly known as CapitaLand Financial Limited)	52.4	100
CapitaLand Mall Asia Limited[2]	52.4	100
The Ascott Limited[2]	52.4	100
CapitaLand International Pte Ltd[2]	52.4	100

All the above subsidiaries are audited by KPMG LLP Singapore.

[1] *Indirectly held through CapitaLand China Investments Limited.*

[2] *Subsidiaries held by CapitaLand Investment Limited.*

(c) Determining whether the Group has control over the REITs it manages requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the REIT managers' decision making authority over the REITs as well as the Group's overall exposure to variable returns, both from the REIT managers' remuneration and their interests in the REITs.

The Group assesses that it controls CapitaLand Malaysia Trust (CLMT, formerly known as CapitaLand Malaysia Mall Trust) and Ascott Residence Trust (ART) (collectively referred to as REITs), although the Group owns less than half of the ownership interest and voting power of the REITs. Following the completion of internal restructuring, CLMT and ART became the subsidiaries of CLI and both REITs ceased to be subsidiaries which have material non-controlling interest in 2021.

Pursuant to the internal restructuring of CLI, the Company undertook the distribution of 6% stakes in CICT to eligible shareholders of the Company on a pro-rata basis. Management assessed the extent of its control over CICT, taking in consideration among other factors, the effective stake in CICT, management concluded that the Group does not have control in CICT. Consequently, CICT ceased to be a subsidiary of the Group and it has been accounted for as an associate. Following the deconsolidation of CICT, the Group's effective stake in CapitaLand China Trust (CLCT) held indirectly through its subsidiaries and CICT also decreased. Management assessed that the Group does not have sufficient interest to control CLCT and it ceased to be treated as a subsidiary of the Group and it has been accounted for as an associate.

The activities of the REITs are managed by the Group's wholly-owned subsidiaries, namely CapitaLand Malaysia Mall REIT Management Sdn Bhd and Ascott Residence Trust Management Limited (collectively referred to as REIT Managers). REIT Managers have decision-making authority over the REITs, subject to oversight by the trustee of the respective REITs. The Group's overall exposure to variable returns, both from the REIT Managers' remuneration and the interests in the REITs, is significant and any decisions made by the REIT Managers affect the Group's overall exposure.

(d) The following subsidiaries of the Group have material non-controlling interests (NCI):

Name of Company	**Principal place of business**	**Effective interest held by NCI**	
		2021	**2020**
		%	**%**
CapitaLand Investment Limited and its Subsidiaries (CLI Group)[1]	Singapore, China, other developed and developing countries	47.6	–
Ascott Residence Trust[2]	Asia Pacific, Europe and United States of America	–	59.4
CapitaLand Integrated Commercial Trust[3,4]	Singapore	–	71.1

All the above subsidiaries are audited by KPMG LLP Singapore.

1 *On 15 September 2021, the Company together with CLA completed a scheme of arrangement pursuant to Section 210 of the Companies Act (Scheme) which involved CL undertaking the distribution of approximately 48.24% of the issued ordinary shares in the capital of CLI to eligible shareholders of the Company on a pro-rate basis.*

2 *Indirectly held through The Ascott Limited. Ascott Residence Trust ceased to be subsidiary with material non-controlling interest following the completion of the Internal Restructuring.*

3 *Indirectly held through CapitaLand Singapore Limited. On 21 October 2020, the proposed combination of CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT) to be effected by way of a trust scheme of arrangement with CMT acquiring all units of CCT for total consideration of S$6,311.1 million, comprising S$1,000.2 million in cash and 2,780.5 million new CMT Units issued at a price of S$1.91 per CMT Unit was completed. Following the transaction, the Group's stake in CICT increased from 28.5% to 28.9%.*

4 *Indirectly held through CapitaLand Mall Asia Limited and CapitaLand Singapore Limited.*

The following table summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other entities in the Group.

	CLI Group $'M	**Other subsidiaries with individually immaterial NCI $'M**	**Total $'M**
31 December 2021			
Revenue	2,293		
Profit after tax	1,560		
Other comprehensive income	339		
Total comprehensive income	1,899		
Attributable to NCI:			
- Profit	862	(120)	742
- Total comprehensive income	1,034	(78)	956
Current assets	5,822		
Non-current assets	31,824		
Current liabilities	(5,616)		
Non-current liabilities	(11,929)		
Net assets	20,101		
Net assets attributable to NCI	11,797	(23)	11,774
Cash flows from:			
- Operating activities	667		
- Investing activities	1,268		
- Financing activities[1]	223		
Net increase in cash and cash equivalents	2,158		

1 Includes dividends paid to NCI (103)

	ART Group $'M	CICT Group $'M	Other subsidiaries with individually immaterial NCI $'M	Total $'M
31 December 2020				
Revenue	370	1,210		
Loss after tax	(225)	(90)		
Other comprehensive income	62	(28)		
Total comprehensive income	(163)	(118)		
Attributable to NCI:				
- (Loss)/Profit	(135)	(64)	138	(61)
- Total comprehensive income	(99)	(84)	330	147
Current assets	622	273		
Non-current assets	6,542	22,133		
Current liabilities	(538)	(1,331)		
Non-current liabilities	(2,584)	(7,956)		
Net assets	4,042	13,119		
Net assets attributable to NCI	2,595	9,330	3,064	14,989
Cash flows from:				
- Operating activities	74	394		
- Investing activities	296	(912)		
- Financing activities[1]	(166)	499		
Net increase/(decrease) in cash and cash equivalents	204	(19)		
[1] Includes dividends paid to NCI	(83)	(264)		

(e) ART (2020: ART, CICT and CLCT) is regulated by the Monetary Authority of Singapore and is supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with the REITs are either subject to review by the REITs' trustees or significant transaction must be approved by a majority of votes by the remaining holders of units in the REITs at a meeting of unitholders.

8 Associates

		The Group	
		2021	2020
		$'M	$'M
(a)	Investment in associates	10,887	7,645
	Less:		
	Allowance for impairment	(3)	(5)
		10,884	7,640
	Add:		
	Amounts due from associates, at amortised cost:		
	Loan accounts- interest free	82	86
	Loan accounts- interest bearing	1	–
		10,967	7,726

(i) Movements in allowance for impairment loss were as follows:

		The Group	
	Note	2021	2020
		$'M	$'M
At 1 January		(5)	(5)
Reversal of /Allowance during the year	29(a)	3	#
Translation differences		(1)	#
At 31 December		(3)	(5)

Less than $1 million

(ii) Loans due from associates are unsecured and not expected to be repaid within the next twelve months.

			The Group	
		Note	2021	2020
			$'M	$'M
(b)	Amounts due from associates:			
	Current accounts (unsecured)			
	- interest free (trade)		230	96
	- interest free (non-trade)		122	325
	- interest bearing (non-trade)		17	42
			369	463
	Less:			
	Allowance for impairment loss on receivables	34(c)	(25)	#
	Presented in trade and other receivables	13	344	463
	Non-current loans (unsecured)			
	- interest bearing		250	248
	Presented in other non-current assets	11	250	248

(i) The effective interest rates for amounts due from associates ranged from 3.00% to 5.50% (2020: 1.50% to 5.50%) per annum.

(ii) The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.

	Note	The Group 2021 $'M	The Group 2020 $'M
(c) Amounts due to associates:			
Current accounts (mainly non-trade and unsecured)			
- interest free		(209)	(739)
- interest bearing		(47)	(5)
Presented in trade and other payables	18	(256)	(744)

The effective interest rates for amounts due to associate ranged from 3.85% to 5.25% (2020: 8.00%) per annum.

(d) The following are the material associates of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Ownership interest 2021 %	Ownership interest 2020 %
CapitaLand Integrated Commercial Trust (CICT)[1]	Singapore-based REIT which invests in shopping malls and commercial properties in Singapore	Singapore	22.6	–
CapitaLand Mall China Funds[1,3,4]	Private equity fund which invests in shopping malls in China	China	30.0 to 50.0	30.0 to 50.0
Ascendas Real Estate Investment Trust (A-REIT)[2]	Singapore-based REIT which invests in industrial properties and business park in Singapore, Australia, United States of America and United Kingdom	Singapore	18.1	18.0
Raffles City China Income Ventures Limited [1,5,6] (RCCIV)	Private equity fund which invests in five Raffles City integrated developments in China	China	–	55.0

1 *Audited by KPMG LLP Singapore.*

2 *Audited by Ernst & Young LLP Singapore.*

3 *Considered to be an associate as key decisions are made by an independent board which the Group does not have majority control.*

[4] *CapitaLand Mall China Funds comprised four private property funds investing in China held indirectly through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III and CapitaLand Mall China Development Fund III.*

[5] *Indirectly held through CapitaLand Mall Asia Limited and CapitaLand China Holdings Pte Ltd.*

[6] *Considered to be an associate in 2020 as key decisions are made by an independent board which the Group did not have majority control. RCCIV ceased to be an associate to the Group following the restructuring of the Group's interests in RCCIV during the year and it became a wholly owned subsidiary of the Group.*

Management assessed the extent of its control over CICT and A-REIT, taking into consideration that the managers of the REITs which are the wholly-owned subsidiaries of the Group, its effective stake in the relevant trusts and the returns (both marginal and absolute returns) generated from its investment in and management of both trusts. Management concluded that the Group does not have sufficient interest to control CICT and A-REIT and has therefore accounted for its investments in CICT and A-REIT as associates.

The following summarises the financial information of the Group's material associates based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised aggregate financial information for the Group's interest in other individually immaterial associates, based on the amounts reported in the Group's consolidated financial statements

	CICT $'M	A-REIT $'M	CapitaLand Mall China Funds $'M	Other individually immaterial associates $'M	Total $'M
31 December 2021					
Revenue[1]	1,305	1,227	395		
Profit after tax	1,083	957	19		
Other comprehensive income	20	(1)	176		
Total comprehensive income	1,103	956	195		
Attributable to:					
- NCI	(1)	–	10		
- Associate's shareholders	1,104	956	185		
	1,103	956	195		
[1] Includes:					
- Rental and related income from investment properties	1,305	1,227	395		
Current assets	762	456	429		
Non-current assets	21,980	17,275	6,787		
Current liabilities	(1,259)	(1,771)	(417)		
Non-current liabilities	(7,787)	(5,682)	(2,801)		
Net assets	13,696	10,278	3,998		
Attributable to:					
- NCI	28	299	226		
- Associate's shareholders	13,668	9,979	3,772		
	13,696	10,278	3,998		
Carrying amount of interest in associate at beginning of the year	–	2,126	1,653		
Acquisition during the year	3,007	–	–		
Group's share of:					
- Profit	326	172	9	625	1,132
- Other comprehensive income	(2)	2	74	87	161
- Total comprehensive income	324	174	83	712	1,293
Dividends received during the year	(182)	(68)	(76)		
Capital contributions during the year	(2)	102	–		
Translation and other adjustments	14	(1)	7		
Carrying amount of interest in associate at end of the year	3,161	2,333	1,667	3,723	10,884
Fair value of effective ownership interest (if listed)^	3,042	2,235	N/A		

^ Based on the quoted market price at 31 December 2021.

	RCCIV Group $'M	A-REIT $'M	CapitaLand Mall China Funds $'M	Other individually immaterial associates $'M	Total $'M
31 December 2020					
Revenue[1]	407	1,049	331		
Profit/(Loss) after tax	76	457	(60)		
Other comprehensive income	261	42	242		
Total comprehensive income	337	499	182		
Attributable to:					
- NCI	85	–	13		
- Associate's shareholders	252	499	169		
	337	499	182		
[1] Includes:					
- Revenue from contract with customers for sale of residential, commercial strata and urban development	9	–	1		
- Rental and related income from investment properties	398	1,049	330		
Current assets	1,313	353	357		
Non-current assets	6,529	14,770	6,574		
Current liabilities	(295)	(843)	(1,247)		
Non-current liabilities	(3,119)	(5,089)	(1,716)		
Net assets	4,428	9,191	3,968		
Attributable to:					
- NCI	873	299	215		
- Associate's shareholders	3,555	8,892	3,753		
Carrying amount of interest in associate at beginning of the year	1,834	2,023	1,665		
Group's share of:					
- Profit/(Loss)	22	88	(25)	(62)	23
- Other comprehensive income	116	8	101	43	267
- Total comprehensive income	138	96	76	(19)	290
Dividends received during the year	–	(115)	(84)		
Capital contributions during the year	–	106	–		
Translation and other adjustments	(17)	16	(4)		
Carrying amount of interest in associate at end of the year	1,955	2,126	1,653	1,906	7,640
Fair value of effective ownership interest (if listed)^	N/A	2,156	N/A		

^ Based on the quoted market price at 31 December 2020.

(e) As at 31 December 2021, the Group's share of the contingent liabilities of the associates is $51 million (2020: $156 million).

9 Joint Ventures

		Note	The Group 2021 $'M	The Group 2020 $'M
(a)	Investment in joint ventures		5,050	4,179
	Less:			
	Allowance for impairment loss		(26)	(26)
			5,024	4,153
	Add:			
	Amounts due from joint ventures, at amortised cost:			
	Loan accounts			
	- interest free		426	632
	- interest bearing		42	32
	Less:			
	Allowance for impairment loss on receivables	34	(14)	(15)
			454	649
			5,478	4,802

(i) Loans due from joint ventures are unsecured and not expected to be repaid within the next twelve months.

(ii) Movements in allowance for impairment loss were as follows:

	Note	The Group 2021 $'M	The Group 2020 $'M
At 1 January		(26)	(36)
Allowance during the year	29(c)(iii)	(3)	#
Disposals during the year		1	10
Translation differences		2	#
At 31 December		(26)	(26)

 # Less than $1 million

(iii) As at 31 December 2021, the effective interest rates for the interest-bearing loans to joint ventures ranged from 4.25% to 8.00% (2020: 3.00% to 6.50%) per annum.

(iv) Loan accounts include an amount of approximately $410 million (2020: $411 million), the repayment of which is subordinated to that of the external borrowings of certain joint ventures.

		Note	The Group 2021 $'M	The Group 2020 $'M
(b)	Amounts due from joint ventures:			
	Current accounts (unsecured)			
	- interest free (trade)		71	41
	- interest free (non-trade)		607	163
	- interest bearing (mainly non-trade)		12	22
			690	226
	Less:			
	Allowance for impairment loss on receivables	34	(21)	(25)
	Presented in trade and other receivables	13	669	201
	Non-current loans (unsecured)			
	- interest free		16	176
	- interest bearing		896	431
	Presented in other non-current assets	11	912	607

(i) The effective interest rates for amounts due from joint ventures ranged from 1.50% to 3.85% (2020: 0.14% to 3.85%) per annum.

(ii) The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.

		Note	The Group 2021 $'M	The Group 2020 $'M
(c)	Amounts due to joint ventures:			
	Current accounts (unsecured)			
	- interest free (mainly non-trade)		(504)	(27)
	- interest bearing (non-trade)		(898)	(673)
	Presented in trade and other payables	18	(1,402)	(700)

(i) The effective interest rates for amounts due to joint ventures ranged from 3.85% to 4.35% (2020: 3.85% to 4.35%) per annum.

(d) The following are the material joint ventures of the Group:

Name of Company	Nature of relationship with the Group	Principal place of business	Ownership interest 2021 %	2020 %
Orchard Turn Holding Pte Ltd[1,3] (OTH)	Owner of an integrated development in Singapore	Singapore	50.0	50.0
CapitaLand Shanghai Malls[2,3,4,5]	Owner of two integrated developments in China	China	65.0 to 73.0	65.0 to 73.0
Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd. (GKC)[2]	Owner of urban development projects in China	China	50.0	50.0

[1] *Audited by KPMG LLP Singapore.*
[2] *Audited by other member firms of KPMG International.*
[3] *Indirectly held through CapitaLand Mall Asia Limited.*
[4] *Considered to be a joint venture as the Group has joint control over the relevant activities of the trust with the joint venture partners.*
[5] *CapitaLand Shanghai Malls comprised two joint ventures held through the Group's subsidiary, CapitaLand Mall Asia Limited, namely, Ever Bliss International Limited and Full Grace Enterprises Limited.*

The following summarises the financial information of each of the Group's material joint ventures based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also` includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	OTH Group $'M	GKC $'M	CapitaLand Shanghai Malls $'M	Other individually immaterial joint ventures $'M	Total $'M
31 December 2021					
Revenue[1]	226	19	253		
Profit[2] after tax	271	113	21		
Other comprehensive income	13	–	90		
Total comprehensive income	284	113	111		
[1] Includes:					
- revenue from contract with customers for sale of residential, commercial strata and urban development	–	19	–		
- rental and related income from investment properties	226	–	253		
[2] Includes:					
- depreciation and amortisation	(2)	–	(1)		
- interest income	–	52	8		
- interest expense	(30)	(2)	(44)		
- tax expense	(24)	(15)	(24)		
Current assets[3]	168	1,886	343		
Non-current assets	3,267	1,170	3,012		
Current liabilities[4]	(72)	(798)	(79)		
Non-current liabilities[5]	(1,675)	(147)	(1,325)		
Net assets	1,688	2,111	1,951		
[3] Includes cash and cash equivalents	167	467	229		
[4] Includes current financial liabilities (excluding trade and other payables and provisions)	(18)	(58)	(6)		
[5] Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,675)	(112)	(1,141)		
Carrying amount of interest in joint venture at beginning of the year	750	933	660		
Group's share of:					
- Profit	135	57	11	302	505
- Other comprehensive income	7	–	43	42	92
- Total comprehensive income	142	57	54	344	597
Dividends received during the year	(46)	–	–		
Translation and other adjustments	–	65	2		
Carrying amount of interest in joint venture at end of the year	846	1,055	716	2,407	5,024

	OTH Group $'M	GKC $'M	CapitaLand Shanghai Malls $'M	Other individually immaterial joint ventures $'M	Total $'M
31 December 2020					
Revenue[1]	214	12	158		
(Loss)/Profit[2] after tax	(185)	102	18		
Other comprehensive income	3	#	105		
Total comprehensive income	(182)	102	123		
[1] Includes:					
- revenue from contract with customers for sale of residential, commercial strata and urban development	12	12	–		
- rental and related income from investment properties	202	–	158		
[2] Includes:					
- depreciation and amortisation	(3)	–	#		
- interest income	1	51	15		
- interest expense	(46)	#	(49)		
- tax expense	(18)	(14)	(19)		
Current assets[3]	161	1,774	354		
Non-current assets	3,111	868	2,918		
Current liabilities[4]	(89)	(709)	(98)		
Non-current liabilities[5]	(1,683)	(66)	(1,262)		
Net assets	1,500	1,867	1,912		
[3] Includes cash and cash equivalents	152	675	344		
[4] Includes current financial liabilities (excluding trade and other payables and provisions)	(20)	–	(29)		
[5] Includes non-current financial liabilities (excluding trade and other payables and provisions)	(1,682)	(31)	(1,093)		
Carrying amount of interest in joint venture at beginning of the year	868	837	602		
Group's share of:					
- (Loss)/Profit	(93)	51	9	62	29
- Other comprehensive income	2	#	54	27	83
- Total comprehensive income	(91)	51	63	89	112
Dividends received during the year	(27)	–	–		
Translation and other adjustments	–	45	(5)		
Carrying amount of interest in joint venture at end of the year	750	933	660	1,810	4,153

 # Less than $1 million

(e) As at 31 December 2021, the Group's share of the capital commitments of the joint ventures is $1,654 million (2020: $800 million).

10 Deferred Tax

The movements in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) were as follows:

	At 1/1/2021 $'M	Recognised in profit or loss $'M	Acquisition/ Disposal of subsidiaries $'M	Transfer to tax provision $'M	Translation differences $'M	At 31/12/2021 $'M
The Group						
Deferred tax liabilities						
Accelerated tax depreciation	21	2	(1)	–	(1)	21
Discounts on compound financial instruments	1	(1)	–	–	–	–
Accrued income and interest receivable	7	(3)	–	–	–	4
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	321	(36)	–	–	4	289
Fair value adjustments arising from a business combination	98	–	–	–	3	101
Fair value changes of investment properties	728	41	(289)	(18)	6	468
Unremitted earnings	156	34	(14)	–	(1)	175
Others	35	(3)	2	–	2	36
Total	1,367	34	(302)	(18)	13	1,094
Deferred tax assets						
Unutilised tax losses	(5)	(7)	–	7	(2)	(7)
Provisions and expenses	(436)	(63)	–	–	(21)	(520)
Fair value adjustments on initial recognition of development properties for sale	(14)	–	–	–	–	(14)
Deferred income	(2)	1	–	–	–	(1)
Others	(46)	(10)	(1)	1	4	(52)
Total	(503)	(79)	(1)	8	(19)	(594)

The Group	At 1/1/2020 $'M	Recognised in profit or loss $'M	Acquisition/ Disposal of subsidiaries $'M	Transferred to liabilities held for sale $'M	Translation differences $'M	At 31/12/2020 $'M
Deferred tax liabilities						
Accelerated tax depreciation	19	1	–	–	1	21
Discounts on compound financial instruments	2	(1)	–	–	–	1
Accrued income and interest receivable	4	3	–	–	#	7
Profits recognised on percentage of completion and fair value adjustments on initial recognition of development properties for sale	324	(14)	–	–	11	321
Fair value adjustments arising from a business combination	90	(3)	11	–	#	98
Fair value changes of investment properties	836	(105)	(26)	(3)	26	728
Unremitted earnings	148	7	#	#	1	156
Others	39	(6)	#	(1)	3	35
Total	1,462	(118)	(15)	(4)	42	1,367
Deferred tax assets						
Unutilised tax losses	(2)	(3)	–	–	#	(5)
Provisions and expenses	(292)	(124)	(1)	–	(19)	(436)
Fair value adjustments on initial recognition of development properties for sale	(14)	–	–	–	–	(14)
Deferred income	(2)	#	–	–	#	(2)
Others	(44)	(2)	#	–	#	(46)
Total	(354)	(129)	(1)	–	(19)	(503)

Less than $1 million

	At 1/1/2020 $'M	Recognised in profit or loss $'M	At 31/12/2020 $'M	Recognised in profit or loss $'M	At 31/12/2021 $'M
The Company					
Deferred tax liabilities					
Discounts on compound financial instruments	2	(1)	1	(1)	–
Deferred tax assets					
Provisions	#	–	#	–	#

\# *Less than $1 million*

There is no offset of deferred tax liabilities and assets as of the balance sheet dates.

As at 31 December 2021, deferred tax liabilities amounting to $2 million (2020: $5 million) had not been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Group has not recognised deferred tax assets in respect of the following:

	The Group	
	2021	**2020**
	$'M	**$'M**
Deductible temporary differences	212	225
Tax losses	1,749	1,360
Unutilised capital allowances	4	20
	1,965	1,605

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Group can utilise the benefits.

Temporary differences would expire in the following periods:

	2021	**2020**
Expiry period	**$'M**	**$'M**
No expiry	836	616
Not later than 1 year	60	123
Between 1 and 5 years	1,017	654
After 5 years	52	212
	1,965	1,605

11 Other Non-current/Current Assets

(a) Other non-current assets

	Note	The Group 2021 $'M	The Group 2020 $'M
Equity investments at FVTPL		139	368
Equity investments at FVOCI		185	233
Derivative financial instruments		26	86
Amounts due from:			
- associates	8(b)	250	248
- joint ventures	9(b)	912	607
Other receivables		17	18
Deposits		9	9
Prepayments		2	3
		1,540	1,572

(b) Other current assets

	Note	The Group 2021 $'M	The Group 2020 $'M
Equity investments at FVOCI		2	–
Derivative financial instruments		69	8
Contract costs	(i)	46	32
		117	40

(i) Contract costs relate to commission fees paid to property agents and legal fees for securing sale contracts which were capitalised during the year. The capitalised costs are amortised when the related revenue is recognised. During the year, $24 million (2020: $32 million) was amortised and there was no impairment loss in relation to the costs capitalised.

12 Development Properties for Sale and Stocks

		The Group 2021 $'M	The Group 2020 $'M
(a)	Properties under development, units for which revenue is recognised over time		
	Land and land related cost	859	969
	Development costs	28	18
		887	987
	Allowance for foreseeable losses	(24)	(24)
		863	963
	Properties under development, units for which revenue is recognised at a point in time		
	Land and land related costs	2,841	3,004
	Development costs	1,473	1,265
		4,314	4,269
	Allowance for foreseeable losses	(324)	(150)
		3,990	4,119
	Properties under development	4,853	5,082
(b)	Completed development properties, at cost	1,820	1,799
	Allowance for foreseeable losses	(99)	(104)
	Completed development properties	1,721	1,695
(c)	Consumable stocks	1	1
	Total development properties for sale and stocks	6,575	6,778

(d) The Group recognises revenue over time for residential projects under progressive payment scheme in Singapore. The progress towards completing the construction is measured in accordance with the accounting policy stated in note 3.15. Significant assumptions are required in determining the stage of completion and the Group evaluates them by relying on the work of specialists.

The Group makes allowance for foreseeable losses by applying its experience in estimating the net realisable values of completed units and properties under development. References were made to comparable properties, timing of sale launches, location of property, management's expected net selling prices and estimated development expenditure. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

(e) As at 31 December 2021, development properties for sale amounting to approximately $2,703 million (2020: $3,017 million) were mortgaged to banks to secure credit facilities of the Group (note 20).

(f) During the financial year, the following amounts were capitalised as cost of development properties for sale:

	Note	The Group 2021 $'M	The Group 2020 $'M
Staff costs	29(b)	15	19
Interest costs paid/payable	29(d)	46	54
		61	73

(g) Movements in allowance for foreseeable losses in respect of development properties for sale were as follows:

	Note	The Group 2021 $'M	The Group 2020 $'M
At 1 January		(278)	(51)
Allowances during the year	29(c)(i)	(164)	(251)
Utilisation during the year		9	29
Translation differences		(14)	(5)
At 31 December		(447)	(278)

13 Trade and Other Receivables

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Trade receivables	14	408	373	–	–
Deposits and other receivables	15	1,133	751	2	1
Amounts due from:					
- subsidiaries	19	–	–	679	803
- associates	8(b)	344	463	–	–
- joint ventures	9(b)	669	201	–	–
- investee (non-trade)	(a)	127	123	–	–
- non-controlling interests (non-trade)	(b)	153	189	–	–
		2,834	2,100	681	804
Prepayments	(c)	213	976	#	#
		3,047	3,076	681	804

Less than $1 million

(a) Amount due from an investee is unsecured, interest-bearing and effective interest rate for the interest-bearing loan to an investee is 8% (2020: 8%) per annum.

(b) Amounts due from non-controlling interests are unsecured, interest-free and repayable on demand.

(c) As at 31 December 2021, prepayments of $66 million (2020: $707 million) were made for the acquisition of shares and land, pending completion of transactions.

14 Trade Receivables

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Trade receivables		458	410	–	–
Less:					
Allowance for impairment loss on receivables	34	(50)	(37)	–	–
	13	408	373	–	–

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 34.

15 Deposits and Other Receivables

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Deposits		26	29	#	#
Other receivables	(a)	1,109	725	2	1
Less:					
Allowance for impairment loss on receivables	34	(18)	(19)	–	–
		1,091	706	2	1
Tax recoverable		16	16	–	–
	13	1,133	751	2	1

Less than $1 million

(a) Other receivables include consideration receivable of $689 million (2020: nil) for the divestment of associates and interest receivable of $13 million (2020: $22 million).

16 Assets/Liabilities Held for Sale

	Note	The Group 2021 $'M	2020 $'M
Property, plant and equipment		–	#
Intangible assets		–	#
Investment properties	35(c)	2	230
Associates		45	67
Trade and other receivables		–	1
Cash and cash equivalents		–	25
Assets held for sale		47	323
Trade and other payables		–	5
Current tax payables		–	#
Deferred tax liabilities		–	13
Loans and borrowings		–	14
Other non-current liabilities		–	#
Liabilities held for sale		–	32

 # Less than $1 million

Details of assets and liabilities held are as follows:

2021

The asset held for sale mainly relates to Lai Fung. The Group recognised a fair value loss of $22 million as the carrying amount of Lai Fung was higher than the fair value based on its quoted share price as at 31 December 2021.

2020

(a) On 17 July 2020 and 8 September 2020, ART entered into conditional agreements to divest Citadines Didot Montparnasse Paris and Citadines City Centre Grenoble in France respectively to an unrelated third party. Accordingly, the properties were reclassified from investment property to asset held for sale as at 31 December 2020. The transactions are expected to be completed in 2021.

(b) The Group assessed that the synergistic partnership with its investment in associate listed in Hong Kong, Lai Fung, may not be as relevant today due to its transition towards a more rental-led strategy versus a stronger residential development emphasis at the time of the Group's initial investment, as well as its expansion into MICE-related asset in China which is not in line with the Group's strategy. As the Group is now exploring options regarding its investment in Lai Fung, the investment has been reclassified from an associate to assets held for sale. Upon the reclassification, a fair value loss of $416 million was recognised based on Lai Fung's quoted share price as at 31 December 2020.

(c) On 11 January 2021, CLCT announced that it has, through its wholly owned subsidiary, Somerset (Wuhan) Investments Pte. Ltd., entered into a conditional equity interests transfer agreement to divest its entire equity interest in Wuhan New Min Zhong Le Yuan Co., Ltd. which holds CapitaMall Mingzhongleyuan. Accordingly, all assets and liabilities held by the entity were reclassified to asset held for sale and liabilities held for sale respectively as at 31 December 2020.

17 Cash and Cash Equivalents

		The Group		The Company	
	Note	**2021**	**2020**	**2021**	**2020**
		$'M	**$'M**	**$'M**	**$'M**
Fixed deposits		2,993	4,093	–	–
Cash at banks and in hand		6,671	5,082	17	25
Cash and cash equivalents		9,664	9,175	17	25
Restricted bank deposits	(a)	(108)	(86)		
Cash and cash equivalents in the statement of cash flows		9,556	9,089		

(a) These are deposit placed in escrow account for acquisition of a subsidiary; bank balances of certain subsidiaries pledged in relation to bankers' guarantees issued to the subsidiaries' contractors and banking facilities and bank balances required to be maintained as security for outstanding CapitaVoucher, as well as bank balances relating to security deposits from tenants which can only be drawn down as rental payment upon tenants' default or refunded to tenants upon lease expiry.

(b) As at 31 December 2021, the Group's cash and cash equivalents of $388 million (2020: $328 million) were held under project accounts and withdrawals from which are designated for payments for expenditure incurred on projects.

(c) The Group's cash and cash equivalents are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen, Vietnamese Dong and US Dollars. As at 31 December 2021, the effective interest rates for cash and cash equivalents denominated in these currencies ranged from 0% to 3.7% (2020: 0% to 2.75%) per annum.

The cash and cash equivalents are placed with banks and financial institutions which meet the appropriate credit criteria.

18 Trade and Other Payables

		The Group		The Company	
	Note	**2021 $'M**	**2020 $'M**	**2021 $'M**	**2020 $'M**
Trade payables		295	299	1	1
Accruals	(a)	822	841	22	25
Accrued development expenditure		1,150	1,223	–	–
Other payables	(b)	1,561	1,039	1	1
Rental and other deposits		155	278	–	–
Derivative financial instruments		19	45	–	–
Liability for employee benefits	23	92	56	5	#
Amounts due to:					
- subsidiaries	19	–	–	201	376
- associates	8(c)	256	744	–	–
- joint ventures	9(c)	1,402	700	–	–
- non-controlling interests (unsecured):					
- interest free		26	31	–	–
- interest bearing	(c)	1	1	–	–
		5,779	5,257	230	403

Less than $1 million

(a) Accruals included accrued operating expenses $461 million (2020: $472 million), accrued interest payable $82 million (2020: $142 million) as well as accrued expenditure for tax and administrative expenses which are individually immaterial.

(b) Other payables included retention sums, amounts payable in connection with capital expenditure incurred, dividend payable to external shareholders of $153 million (2020: nil) and deferred purchase consideration for acquisition of an investment of $229 million (2020: nil).

(c) The effective interest rates for amounts due to non-controlling interests ranged from 1.93% to 2.27% (2020: 1.96% to 3.70%) per annum.

19 Amounts Due from/(to) Subsidiaries

	Note	The Company 2021 $'M	The Company 2020 $'M
(a) Current			
Amounts due from subsidiaries:			
- current accounts, mainly trade		289	67
- loans			
- interest free		153	345
- interest bearing		368	466
		521	811
Less:			
Allowance for impairment loss on receivables	34	(131)	(75)
		390	736
	13	679	803
Current			
Amounts due to subsidiaries:			
- loans, interest free		(174)	(365)
- current accounts, mainly trade		(27)	(11)
	18	(201)	(376)

All balances with subsidiaries are unsecured and repayable on demand. The interest-bearing loans due from a subsidiary bore effective interest rate of 0.09% (2020: 0.09%) per annum.

The Company's exposure to credit risks for amounts due from subsidiaries are disclosed in note 34.

	Note	The Company 2021 $'M	The Company 2020 $'M
(b) Non-current			
Amounts due to subsidiaries (interest free)	22	(5,814)	(658)

All balances with subsidiaries are unsecured and not expected to be repaid within twelve months from 31 December 2021.

20 Borrowings

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Bank borrowings					
- secured		8,185	10,733	–	–
- unsecured		9,462	11,724	–	–
		17,647	22,457	–	–
Lease liabilities	(c)	1,168	1,055	–	35
		18,815	23,512	–	35
Repayable:					
Not later than 1 year		3,086	3,939	–	11
Between 1 and 5 years		13,698	16,292	–	24
After 5 years		2,031	3,281	–	–
After 1 year		15,729	19,573	–	24
		18,815	23,512	–	35

(a) The Group's borrowings are denominated mainly in Singapore Dollars, Chinese Renminbi, Japanese Yen, Euro and US Dollars. As at 31 December 2021, the effective interest rates for bank borrowings denominated in these currencies ranged from 0.85% to 4.99% (2020: 0.30% to 4.92%) per annum.

(b) Bank borrowings are secured by the following assets, details of which are disclosed in the respective notes to the financial statements:

(i) mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties, development properties for sale, trade and other receivables and shares of certain subsidiaries of the Group; and

(ii) assignment of all rights, titles and benefits with respect to the properties mortgaged.

(c) Lease liabilities relate to the leases of property, plant and equipment (note 4) and investment properties (note 6).

(d) The reconciliation of liabilities arising from financing activities were as follows:

The Group	Note	At 1/1/2021 $'M	Financing cashflows * $'M	Acquisition of subsidiaries $'M	Disposal of subsidiaries@ $'M	Changes in fair value $'M	Amortisation of bond discount $'M	Rent concession $'M	Modification of lease liability $'M	Foreign exchange movement $'M	Others $'M	At 31/12/2021 $'M
				<------ Non-cash changes						------>		
Bank borrowings		22,457	850	1,447	(7,169)	–	–	–	–	30	32	17,647
Debt securities	21	11,647	(1,466)	–	(5,421)	–	3	–	–	(30)	54	4,787
Lease liabilities	20	1,055	(108)	130	(21)	–	–	–	24	5	83	1,168
Derivative liabilities		267	–	33	(39)	(190)	–	–	–	–	–	71
Derivative assets		(94)	–	–	36	(37)	–	–	–	–	–	(95)

The Group	Note	At 1/1/2020 $'M	Financing cashflows * $'M	Acquisition of subsidiaries $'M	Disposal of subsidiaries@ $'M	Changes in fair value $'M	Amortisation of bond discount $'M	Rent concession $'M	Modification of lease liability $'M	Foreign exchange movement $'M	Others $'M	At 31/12/2020 $'M
				<------ Non-cash changes						------>		
Bank borrowings		18,825	3,385	–	(96)	–	–	–	–	324	19	22,457
Debt securities	21	11,902	(268)	–	–	–	6	–	–	6	1	11,647
Lease liabilities	20	685	(68)	265	(14)	–	–	(8)	(2)	23	174	1,055
Derivative liabilities		137	–	–	–	130	–	–	–	–	–	267
Derivative assets		(109)	–	–	–	15	–	–	–	–	–	(94)

* *Cashflow from financing activities presented in the consolidated statement of cash flows include interest expense paid of $810 million (2020: $991 million) which are included under accruals, amounts due to associates, joint ventures and non-controlling interests – note 18 - trade and other payables. There are no material non-cash changes associated with interest payables.*

@ *Includes borrowings of $14 million under liabilities held for sale.*

21 Debt Securities

	The Group		The Company	
	2021	2020	2021	2020
	$'M	$'M	$'M	$'M
Convertible bonds	–	1,172	–	1,173
Notes and bonds	4,787	10,475	–	–
	4,787	11,647	–	1,173
Secured notes and bonds	171	260	–	–
Unsecured notes and bonds	4,616	11,387	–	1,173
	4,787	11,647	–	1,173
Repayable:				
Not later than 1 year	1,149	999	–	–
Between 1 and 5 years	1,545	6,903	–	1,173
After 5 years	2,093	3,745	–	–
After 1 year	3,638	10,648	–	1,173
	4,787	11,647	–	1,173

(a) The repayment schedule for convertible bonds was based on the final maturity dates.

(b) As at 31 December 2021, the effective interest rates for debt securities ranged from 0.46% to 4.08% (2020: 0.40% to 4.14%) per annum.

(c) During the year, the Company redeemed outstanding convertible bonds with a principal amount of $1,176 million, comprising:

(i) $326.75 million of principal amount of convertible bonds due 20 June 2022 with interest rate at 2.95% per annum;

(ii) $199.25 million of principal amount of convertible bonds due 17 October 2023 with interest rate at 1.95% per annum; and

(iii) $650 million of principal amount of convertible bonds due 8 June 2025 with interest rate at 2.8% per annum.

Following the redemption, the Company has no convertible bonds outstanding as at 31 December 2021.

(d) Notes and bonds

The Group's notes and bonds are mainly issued by Ascott Residence Trust, CapitaLand Malaysia Trust, CapitaMalls Asia Treasury Ltd, CapitaLand Treasury Limited and Ascendas Pte Ltd under their respective issuance programs. These notes and bonds were denominated mainly in Singapore Dollars, US Dollars, Malaysian Ringgit, Japanese Yen and Euro. Save for the secured notes and bonds below, the notes and bonds issued were unsecured.

As at 31 December 2021, the secured notes and bonds amounting to $171 million (2020: $259 million) were fully secured by deposits pledged and mortgages on the investment properties of the Group. Details on assets pledged are disclosed in the respective notes to the financial statements.

22 Other Non-Current Liabilities

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Amounts due to (unsecured):					
- associates (interest free)	(b)	6	–	–	–
- non-controlling interests:					
- interest free	(b)	65	64	–	–
- interest bearing	(a)	–	35	–	–
Amounts due to subsidiaries	19(b)	–	–	5,814	658
Liability for employee benefits	23	48	26	14	13
Derivative financial instruments		52	223	–	–
Security deposits and other non-current payables		269	396	–	#
Deferred income		3	7	–	–
		443	751	5,828	671

Less than $1 million

(a) As at 31 December 2020, the effective interest rate for the amounts due to non-controlling interests was 2.50% per annum.

(b) Amounts due to associates and non-controlling interests are non-trade and not expected to be repaid within the next twelve months.

23 Employee Benefits

	Note	The Group 2021 $'M	The Group 2020 $'M	The Company 2021 $'M	The Company 2020 $'M
Liability for short term accumulating compensated absences		17	14	#	#
Liability for staff incentive	(a)	59	58	14	13
Liability for cash-settled share-based payments		64	10	5	–
		140	82	19	13
Current	18	92	56	5	#
Non-current	22	48	26	14	13
		140	82	19	13

Less than $1 million

(a) Staff incentive

This relates to staff incentive which is based on the achievement of the Group's financial performance and payable over a period of time.

(b) Equity compensation benefits

Share Plans of the Company

Prior to the internal restructuring and listing of the subsidiary, CapitaLand Investment Limited (CLI), the Executive Resource and Compensation Committee (ERCC) of the Company has been designated as the Committee responsible for the administration of the Share Plans. The ERCC members prior to the internal restructuring were Mr Ng Kee Choe (Chairman), Mr Miguel Ko, Mr Stephen Lee Ching Yen and Ms Goh Swee Chen. The ERCC was replaced by the Executive Resource, Nominating and Compensation Committee (ERNCC) on 21 September 2021. The ERNCC members at the date of this statement are Mr Wong Kan Seng (Chairman), Mr Miguel Ko, Mr Tan Chong Lee and Mr Ong Yew Huat.

The CapitaLand Performance Share Plan 2010 (PSP 2010) and CapitaLand Restricted Share Plan 2010 (RSP 2010) were approved by the members of the Company at the Extraordinary General Meeting held on 16 April 2010. The duration of each share plan is 10 years commencing on 16 April 2010. The PSP 2010 and RSP 2010 have expired on 15 April 2020. Awards made prior to expiry are not affected and no further awards were made subsequent to expiry. No new awards were made under PSP 2010 and RSP 2010 during the year.

The CapitaLand Performance Share Plan 2020 (PSP 2020) and CapitaLand Restricted Share Plan 2020 (RSP 2020) were approved by the members of the Company at the Extraordinary General Meeting held on 12 April 2019. The duration of each share plan is 10 years commencing on 1 April 2020.

The ERCC of the Company has instituted a set of share ownership guidelines for members of senior management who receive shares under the CapitaLand Restricted Share Plans and CapitaLand Performance Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CapitaLand shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

Pursuant to the Internal Restructuring, ERCC has approved the following in relation to the unvested share awards payout to the Company's Share Plans as at 17 September 2021:

(a) The outstanding contingent PSP awards granted to the employees will be replaced by awards under the CLI Share Plan (which were granted on 1 October 2021) in accordance with a conversion ratio and released in accordance with the original vesting schedule. The number of awards to be granted have also been finalised at 200% of the baseline awards.

(b) The RSP awards will be converted to cash-settled based awards with an implied value of S$4.102 per Company's share. Contingent awards granted under the RSP have been finalised at 150% of the baseline awards based on the same implied value. The cash payment will be released to eligible employees according to the original vesting schedule of respective RSP award.

The details of awards in the Company since commencement of the Share Plans were as follows:

	<------------Aggregate shares------------->				
	Granted No. of shares	**Released No. of shares**	**Lapsed/ Cancelled No. of shares**	**Cancelled and replaced with CLI Share Plans on 1 October 2021 No. of shares**	**Balance as of 31 December 2021 No. of shares**
CapitaLand Performance Share Plan 2010	34,508,581	(7,349,310)	(24,471,242)	(2,688,029)	–
CapitaLand Restricted Share Plan 2010	115,387,126	(89,895,412)	(20,721,497)	–	4,770,217
CapitaLand Performance Share Plan 2020	6,839,836	–	(657,985)	(6,181,851)	–
CapitaLand Restricted Share Plan 2020	25,730,106	(3,440,977)	(1,505,789)	–	20,783,340

The total number of new shares issued and/or to be issued pursuant to the Share Plans did not exceed 8% (2020: 8%) of the total number of shares (excluding treasury shares) in the capital of the Company.

CapitaLand Performance Share Plans

This relates to compensation costs of the Company's PSP 2010 and PSP 2020 reflecting the benefits accruing to the employees of the Group over the service period to which the performance criteria relate, prior to the listing of CLI.

Movements in the number of shares outstanding under Performance Share Plans were summarised below:

	2021 ('M)	**2020 ('M)**
At 1 January	9	9
Granted	4	3
Released	(2)	(3)
Lapsed	(2)	#
Cancelled and replaced with CLI Share Plans on 1 October 2021	(9)	–
At 31 December	–	9

\# *Less than 1 million shares*

The fair values of the shares are determined using Monte Carlo simulation method which projects future share price assuming log normal distribution based on Geometric Brownian Motion Theory at measurement date. The fair values and assumptions are set out below:

Year of award	**2021**	**2020**
Weighted average fair value of shares and assumptions		
Weighted average fair value at measurement date	\$3.79	\$2.11
Expected volatility of Company's share price based on 36 months closing share price prior to grant date	24.42%	22.63%
Average volatility of companies in the peer group based on 36 months prior to grant date	29.63%	29.73%
Share price at grant date	\$3.77	\$2.72
Grant date	12 April 2021	18 September 2020
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.70%	0.37%
Expected dividend yield over the vesting period	2.95% to 4.26%	1.89% to 3.78%
Initial total shareholder return (TSR) performance based on historical TSR performance of the Company and each company in the peer group	27.86%	–
Average correlation of Company's TSR with those companies in the peer group	57.26%	59.96%

CapitaLand Restricted Share Plans – Equity-settled/Cash-settled

This relates to compensation costs of the Company's RSP 2010 and RSP 2020 reflecting the benefits accruing to the employees over the service period to which the performance criteria relate, prior to the listing of CLI.

Following the listing of CLI, the existing unvested equity-settled awards granted under the Company's RSP 2010 and RSP 2020 were converted to cash-settled share-based awards on 1 October 2021 and awards will be released in accordance with the original vesting schedule of the awards granted pursuant to the Company's RSP 2010 and RSP 2020 awards.

Due to the modification of the share plan, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the grant date until the date when the RSP awards are vested and will be amortised to profit or loss accordingly over the remaining vesting period.

Movements in the number of shares outstanding under the Restricted Share Plans were summarised below:

	2021 ('M)	**2020 ('M)**
At 1 January	21	28
Granted	18	11
Released[@]	(11)	(16)
Lapsed/Cancelled	(2)	(2)
At 31 December	26^	21

^ *Represents the Company's RSP converted to cash-settled. The cash payment will be released to eligible employees according to the original vesting schedule of respective RSP award.*

@ *The number of shares released during the year was 10,961,377 (2020: 15,726,797) of which 2,151,506 (2020: 4,078,753) were cash-settled.*

As at 31 December 2021, the number of shares in awards granted under the Restricted Share Plans are as follows:

	2021			**2020**		
	Equity-settled ('M)	**Cash-settled ('M)**	**Total ('M)**	**Equity-settled ('M)**	**Cash-settled ('M)**	**Total ('M)**
Final number of shares has not been determined (baseline award) #	–	–	–	7	2	9
Final number of shares determined but not released	–	26[@]	26	10^	2	12
	–	26	26	17	4	21

The final number of shares released could range from 0% to 150% of the baseline award.

^ *Includes time-based awards granted under RSP 2020 vesting on 1 March 2021 for selected senior management new hires.*

@ *The final number of shares have been finalised at 150% of the baseline award.*

The fair values of the shares granted to employees are determined using Discounted Cashflow method at the measurement date. The fair values and assumptions are set out below:

Year of award	**2021**	**2020**
Weighted average fair value of shares and assumptions		
Weighted average fair value at measurement date	\$3.52	\$2.60
Share price at grant date	\$3.77	\$2.72
Grant date	12 April 2021	18 September 2020
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	0.42% to 0.72%	0.22% to 0.37%

The fair value of the shares awarded to non-executive directors for the payment of directors' fees in 2021 was $3.57 (2020: $2.88) which was the volume-weighted average price of a CapitaLand share on the SGX-ST over the 14 trading days from (and including) the ex-dividend date following the date of CapitaLand's Annual General Meeting.

Share Plans of the CapitaLand Investment Limited (CLI)

The ERCC of CLI was formed on 3 July 2021 and it has been designated as the Committee responsible for the administration of the Share Plans. The ERCC members at the date of this statement are Mr Stephen Lee Ching Yen (Chairman), Mr Miguel Ko, Ms Goh Swee Chen and Ms Judy Hsu Chung Wei.

The CLI Performance Share Plan 2021 (CLI PSP 2021) and CLI Restricted Share Plan 2021 (CLI RSP 2021) were approved by CapitaLand Group Pte. Ltd, the immediate holding company of CLI on 17 July 2021. The duration of each share plan is 10 years commencing on 1 September 2021.

The ERCC of CLI has instituted a set of share ownership guidelines for members of senior management who receive shares under the CLI Restricted Share Plans and CLI Performance Share Plans. Under these guidelines, members of senior management are required to retain a portion of the total number of CLI shares received under the aforementioned share-based plans, which will vary according to their respective job grade and salary.

The total number of new shares which may be allotted, issued and/or delivered pursuant to awards granted under the Share Plans on any date, when aggregated with existing shares (including treasury shares and cash equivalents) delivered and/or to be delivered, pursuant to the CLI Share Plans and all shares, options or awards granted under any other share schemes of CLI then in force, shall not exceed 8% of the total number of issued shares (excluding treasury shares) from time to time.

Details of awards granted under each CLI Share Plan are provided in the following sections:

(a) Awards under the CLI Performance Share Plans (CLI PSP)

Under the Performance Share Plans, the awards granted are conditional on performance targets set based on medium-term corporate objectives. Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon CLI achieving prescribed performance target(s).

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over a three-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 200% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

All outstanding contingent CL PSP awards granted to the employees have been finalised at 200% of the baseline awards and employees will receive in lieu of CLI's shares, awards under the CLI Share Plan in accordance with a conversion ratio and released progressively in accordance with the original vesting schedule.

(b) Special CLI Founders Performance Share Plan Award (Special PSP Award)

Pursuant to the CLI PSP, the Special PSP Award granted to selected key executives of CLI and/or its group companies is conditional on a performance target based on longer term wealth creation objectives. Participants will receive a specified number of performance shares after the end of the performance period conditional on achievement of performance conditions.

The ERCC grants an initial number of shares (baseline award) which are conditional on the target of the CLI's share price expressed as a multiple of the CLI Group's net asset value per share (Price/NAV) set for a five-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the pre-specified minimum target is achieved. No share will be released if the minimum target is not met at the end of the performance period. On the other hand, if the superior target is met, more shares than the baseline award can be delivered up to a maximum of 300% of the baseline award. In the event of early achievement of the targets within the first three years of the performance period, a maximum of 20% to 50% of the baseline award can be released after the third year, with any balance in excess of 50% of the baseline award to be released only after the fifth year. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

A one-time special contingent award was granted to selected key executives in CLI and CL group companies as at 1 October 2021. As a hiring strategy, such one-time special contingent award may (at the absolute discretion of the ERCC) also be extended to key executives joining CLI and/or its group companies on a date after 1 October 2021 but not later than 19 September 2022.

Details of the movement in the CLI PSP and Special PSP awards of CLI during the year were as follows:

	2021 **('M)**
At 1 January 2020, 31 December 2020 and 1 January 2021	–
Granted[@]	40
At 31 December	40

[@] *The number of shares granted during the year was 40,371,269, of which includes Special PSP award of 14,594,336 shares.*

(c) Awards under the CLI Restricted Share Plans (CLI RSP)

Under the Restricted Share Plans, awards granted to eligible participants vest only after the satisfactory completion of time-based service conditions or where the award is performance-related, after a further period of service beyond the performance target completion date (performance-based restricted awards). In addition, the plans also enable grants of fully paid shares to be made to non-executive directors as part of their remuneration in respect of their office as such in lieu of cash.

The ERCC grants an initial number of shares (baseline award) which are conditional on targets set for a performance period, currently prescribed to be a one-year performance period. A specified number of shares will only be released by the ERCC to the recipients at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets at the end of a one-year performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award can be delivered up to a maximum of 150% of the baseline award. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors. Once the final number of shares has been determined, it will be released over a vesting period of three years. Recipients can receive fully paid shares, their equivalent cash value or combinations thereof, at no cost.

There was no grant of award under CLI RSP during the year.

24 Share Capital

		The Company	
	Note	2021	2020
Issued and fully paid, with no par value		No. of shares ('M)	No. of shares ('M)
At 1 January and 31 December, including treasury shares		5,277	5,137
Add: Issue of new shares	(a)	–	140
Less: Treasury shares		–	(84)
Less: Cancellation of treasury shares		(74)	–
At 31 December, excluding treasury shares		5,203	5,193

(a) On 20 August 2020, the Company issued 140,343,222 shares at an issue price of $2.767 per share under the Company's scrip dividend scheme.

(b) Pursuant to the Internal Restructuring, the Company undertook a capital reduction amounted to $5,992 million by distributing approximately 48.24% of the issued ordinary shares in CLI and 6% of the issued units in CICT to eligible shareholders of the Company. In addition, the Company also cancelled the treasury shares of $255 million against its share capital.

(c) The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

(d) Following the listing of CLI, the outstanding contingent PSP awards granted to the employees were replaced by awards under the CLI Share Plan and the existing unvested equity-settled RSP awards were converted to cash-settled share-based awards.

As at 31 December 2020, there is a maximum of 17,513,902 shares under the Performance Share Plans and 18,646,801 shares under the Restricted Share Plans, details of which are disclosed in note 23(b).

(e) Movements in the Company's treasury shares were as follows:

	The Company	
	2021	**2020**
	No. of shares ('M)	**No. of shares ('M)**
At 1 January	84	99
Treasury shares transferred pursuant to employee share plans	(10)	(15)
Payment of directors' fees	#	#
Cancellation of treasury shares	(74)	–
At 31 December	–	84

Less than 1 million shares

Capital management

The Group's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, perpetual securities and the level of dividends to ordinary shareholders.

The Group also monitors capital using a net debt-to-equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests and perpetual securities).

	The Group	
	2021	**2020**
	$'M	**$'M**
Borrowings and debt securities	23,602	35,159
Cash and cash equivalents	(9,664)	(9,175)
Net debt	13,938	25,984
Total equity	27,759	38,292
Net debt-to-equity ratio	0.50	0.68

The Group seeks to strike a balance between the higher returns that might be possible with higher level of borrowings and the liquidity and security afforded by a sound capital position.

In addition, the Company has a share purchase mandate as approved by its shareholders which allows the Company greater flexibility over its share capital structure with a view to improving, inter alia, its return on equity. The shares which are purchased are held as treasury shares which the Company may transfer for the purposes of or pursuant to its employee share-based incentive schemes so as to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders.

The Group's subsidiaries in The People's Republic of China (PRC) and India are subject to foreign exchange rules and regulations promulgated by the PRC and India government which may impact how the Group manages capital. In addition, seven of the Group's subsidiaries (2020: eight) are required to maintain certain minimum base capital and financial resources, or shareholders' funds as they are holders of Capital Markets Services licenses registered with the Monetary Authority of Singapore or the Securities Commission Malaysia to conduct the regulated activity of Real Estate Investment Trust management. In addition, the consolidated REITs are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code of Investment Scheme. These subsidiaries have complied with the applicable capital requirements throughout the year.

There were no changes in the Group's approach to capital management during the year.

25 Other Reserves

	The Group		The Company	
	2021	2020	2021	2020
	$'M	$'M	$'M	$'M
Reserve for own shares	–	(290)	–	(290)
Capital reserve	305	352	3	60
Hedging reserve	(3)	(200)	–	–
Fair value reserve	66	94	–	–
Assets revaluation reserve	3	6	–	–
Foreign currency translation reserve	174	(275)	–	–
	545	(313)	3	(230)

Reserve for own shares comprises the purchase consideration for issued shares of the Company acquired and held as treasury shares.

The capital reserve comprises mainly the value of the options granted to bondholders to convert their convertible bonds into ordinary shares of the Company, equity compensation reserve comprises the cumulative value of employee services received for shares under the share plans of the Company (note 23(b)), reserve for cumulative value of employee services received for the share plans of the subsidiaries, reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China and share of associates' and joint ventures' capital reserve.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedge transactions that have not yet affected profit or loss.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

The assets revaluation reserve comprises the revaluation gain of a plant, property and equipment which was reclassified to investment properties.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities, effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign currencies as well as from the translation of foreign currency loans used to hedge or form part of the Group's net investments in foreign entities. The Group's foreign currency translation reserve arises mainly from Chinese Renminbi, US dollar, Indian Rupee, Vietnamese Dong and Malaysian Ringgit.

26 Perpetual Securities

The Group's perpetual securities comprise perpetual securities and perpetual notes issued by its subsidiaries, ART, CLCT and CapitaLand Treasury Limited (CTL) (collectively referred to as "Issuers"). The perpetual securities comprise:

Perpetual securities or notes	**Issue date**	**Principal amount** **$**
ART		
- Fixed rate perpetual securities with an initial distribution rate of 4.68% per annum	30 June 2015	250,000,000
- Fixed rate perpetual securities with an initial distribution rate of 3.88% per annum	4 September 2019	150,000,000
CLCT		
- Fixed rate subordinated perpetual securities with an initial distribution rate of 3.375% per annum	27 October 2020	100,000,000
Issued under CTL's $5,000,000,000 Euro Medium Term Note Programme:		
- Fixed rate subordinated perpetual notes with an initial distribution rate of 3.65% per annum	17 October 2019	500,000,000

(a) On 27 October 2020, CLCT issued S$100.0 million of fixed rate subordinated perpetual notes with an initial distribution rate of 3.375% per annum, with the first distribution rate reset on 27 October 2025 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the perpetual securities. Pursuant to the Internal Restructuring, CLCT ceased to be the subsidiary in September 2021, accordingly, the notes were deconsolidated.

The perpetual securities will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any parity obligations of the Issuer from time to time outstanding.

As the perpetual securities have no fixed maturity date and the payment of distributions is at the discretion of the Issuers, the Issuers are considered to have no contractual obligations to repay the principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*, they are presented within equity, and distributions are treated as dividends.

27 Other Comprehensive Income

The Group's items of other comprehensive income do not have any related tax effect.

28 Revenue

Revenue of the Group is analysed as follows:

	The Group	
	2021	**2020**
	\$'M	**\$'M**
Revenue from contract with customers	2,548	3,503
Rental of investment properties:		
- Retail, office, business park, industrial and logistics rental and related income	1,906	2,186
- Lodging properties rental and related income	990	806
Others	50	38
	5,494	6,533

(a) Disaggregation of revenue from contracts with customers:

	The Group		
2021	**Residential, commercial strata and urban development \$'M**	**Fee income \$'M**	**Total \$'M**
Geographical segment			
Singapore	165	346	511
China (includes Hong Kong)	1,647	164	1,811
Other developed markets	–	81	81
Other emerging markets	93	52	145
	1,905	643	2,548
Timing of revenue recognition			
Product transferred at a point in time	1,740	–	1,740
Products and services transferred over time	165	643	808
	1,905	643	2,548

2020	**The Group** **Residential, commercial strata and urban development** **$'M**	**Fee income** **$'M**	**Total** **$'M**
Geographical segment			
Singapore	45	141	186
China (includes Hong Kong)	2,571	223	2,794
Other developed markets	–	43	43
Other emerging markets	404	76	480
	3,020	483	3,503
Timing of revenue recognition			
Product transferred at a point in time	2,975	–	2,975
Products and services transferred over time	45	483	528
	3,020	483	3,503

(b) Contract liabilities

The Group's contract liabilities relate primarily to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's right to the consideration.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the year are as follows:

	Note	**The Group** **2021** **$'M**	**2020** **$'M**
Revenue recognised that was included in contract liabilities at the beginning of the year		893	1,368
Increase due to cash received, excluding amounts recognised as revenue during the year		(689)	(725)
Acquisition of subsidiaries	32(b)	24	–

29 Profit/(Loss) Before Tax

Profit/(Loss) before tax includes the following:

	Note	The Group 2021 $'M	The Group 2020 $'M
(a) Other operating income			
Interest income from:			
- deposits		53	70
- subsidiaries		–	–
- associates and joint ventures		15	19
- investee companies and others		18	10
		86	99
Dividend income		8	14
Foreign exchange gain		26	23
Mark-to-market gain on derivative instruments		2	–
Net fair value gains from investment properties		285	–
Gain from bargain purchase arising from acquisition of subsidiaries		1	–
Gain on disposal of equity investment fair value through profit or loss		24	–
Gain from change of ownership interests in subsidiaries, associates and joint ventures		7	232
Gain on disposal of investment properties		205	40
Service contract income		–	4
Reversal of impairment of associates	8(a)(i)	3	#
Income from pre-termination of contracts and income support		21	22
Forfeiture of security deposits		18	15
Government grants	(i)	32	205
Others		100	66
		818	720

(i) The grants relate to the Job Support Scheme or equivalents in Singapore, Australia and Europe and property tax rebates extended by the Singapore government.

	Note	The Group 2021 $'M	The Group 2020 $'M
(b) Staff costs			
Wages and salaries		721	658
Contributions to defined contribution plans		79	61
Share-based expenses:			
- equity-settled		58	33
- cash-settled		31	4
Increase/(Decrease) in liability for short term accumulating compensated absences		3	(3)
Staff benefits, training/ development costs and others		74	82
		966	835
Less:			
Staff costs capitalised in development properties for sale	12(f)	(15)	(19)
		951	816
Recognised in:			
Cost of sales		671	586
Administrative expenses		280	230
		951	816

(c)(i) Cost of sales include:

	Note	2021 $'M	2020 $'M
Costs of development properties for sale		1,070	1,604
Foreseeable losses on development properties for sale	12(g)	164	251
Operating expenses of investment properties that generated rental income		994	958
Lease expenses (short-term lease)		197	169
Lease expenses (variable lease payments not included in the measurement of lease liabilities)		3	1

(c)(ii) Administrative expenses include:

	Note	The Group 2021 $'M	The Group 2020 $'M
Allowance for impairment loss on trade receivables		18	23
Amortisation of intangible assets	5	27	23
Auditors' remuneration:			
- auditors of the Company		6	5
- other auditors		8	6
Non-audit fees:			
- auditors of the Company		1	1
- other auditors		2	3
Depreciation of property, plant and equipment	4	85	96
Depreciation expenses of right-of-use assets	4	78	61
Lease expenses (short-term lease)		2	3
Listing and restructuring expenses		20	–

(c)(iii) Other operating expenses include:

	Note	The Group 2021 $'M	The Group 2020 $'M
Allowance for impairment loss on non-trade receivables		30	10
Impairment loss on investment in / amounts due from joint ventures	9(a)(ii)	3	#
Impairment and write-off of property, plant and equipment		4	28
Impairment and write-off of intangible assets	5	22	155
Mark-to-market loss on:			
- derivative instruments		–	2
- financial assets designated as fair value through profit or loss		24	13
Net fair value loss from investment properties		–	2,085
Fair value loss from assets held for sale	16	22	416
Loss on redemption of convertible bonds		34	–
Grant expenses	(i)	5	130

Less than $1 million

(i) Relates to property tax rebates from the Singapore government which were passed on to tenants in response to the COVID-19 pandemic (see note 28(a)).

	Note	The Group 2021 $'M	The Group 2020 $'M
(d) Finance costs			
Interest costs paid and payable:			
- on bank loans and overdrafts		419	492
- on debt securities		265	318
- to non-controlling interests		27	25
Convertible bonds:			
- interest expense		11	37
- amortisation of bond discount		1	6
Lease liabilities		41	34
Others		34	33
Interest on financial liabilities measured at amortised cost		798	945
Derivative financial instruments		59	74
Total borrowing costs		857	1,019
Less:			
Borrowing costs capitalised in:			
- investment properties	6(e)	(31)	(52)
- development properties for sale	12(f)	(46)	(54)
		(77)	(106)
		780	913

30 Tax Expense

	The Group 2021 $'M	The Group 2020 $'M
Current tax expense		
- Based on current year's results	733	486
- Over provision in respect of prior years	(18)	(23)
- Group relief	(1)	(3)
	714	460
Deferred tax expense		
- Origination and reversal of temporary differences	(13)	(232)
- Over provision in respect of prior years	(32)	(15)
	(45)	(247)
Land appreciation tax		
- Current year	406	530
- Under provision in respect of prior years	44	132
	450	662
Withholding tax		
- Current year	101	73
- (Over)/Under provision in respect of prior years	(5)	5
	96	78
	1,215	953

Reconciliation of effective tax rate

	The Group	
	2021	**2020**
	$'M	**$'M**
Profits/(Loss) before tax	3,246	(682)
Less: Share of results of associates and joint ventures	(1,637)	(52)
Profits/(Loss) before share of results of associates and joint ventures and tax	1,609	(734)
Income tax using Singapore tax rate of 17% (2020: 17%)	274	(125)
Adjustments:		
Expenses not deductible for tax purposes	411	861
Income not subject to tax	(293)	(315)
Effect of unrecognised tax losses and other deductible temporary differences	85	63
Effect of different tax rates in foreign jurisdictions	85	(110)
Effect of taxable distributions from REITs	42	52
Land appreciation tax	406	530
Effect of tax reduction on land appreciation tax	(100)	(165)
Withholding taxes	101	73
(Over)/Under provision in respect of prior years	(11)	98
Group relief	(1)	(3)
Tax arising from the Internal Restructuring	195	–
Others	21	(6)
	1,215	953

31 Dividends

On 15 September 2021, the Company, together with its immediate holding company, CLA Real Estate Holdings Pte. Ltd. (CLA), completed a scheme of arrangement pursuant to the Internal Restructuring and listing of CLI.

The Scheme involved the distribution-in-specie of the shares in CLI, where the Company undertook the distribution of approximately 48.24% of the issued ordinary shares in the capital of CLI amounted to $5,208 million to eligible shareholders of the Company on a pro-rata basis, as well as the distribution-in-specie of the units in CapitaLand Integrated Commercial Trust (CICT) where the Company distributed 388,212,796 units in CICT amounting to $784 million to eligible shareholders of the Company on a pro-rata basis.

Prior to the listing of CLI, a tax-exempt ordinary dividend of 9.0 cents per share in respect of the financial year ended 31 December 2020 was approved at the Annual General Meeting of the Company held on 27 April 2021. The said dividends of $468 million were paid in May 2021.

32 Acquisition/Disposal of Subsidiaries, Net of Cash Acquired/Disposed of

(a) Acquisition of subsidiaries

The list of significant subsidiaries acquired during 2021 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Singapore Suzhou Industrial Holdings Pte. Ltd.	January 2021	38.5%
DLSP-Ascendas Co., Ltd*	May 2021	50%
Shanghai Yiding Electronic Technology Co., Ltd.	September 2021	100%
Shanghai Minyun Technology Co., Ltd.	September 2021	100%
Raffles City China Income Ventures Limited[#^]	November 2021	23.3%
Senning Property Ltd.[#^]	November 2021	28.5%
The Work Project Kingdom*	November 2021	34.9%

Previously associate of the Group
* Previously a joint venture of the Group
^ Acquired through the Group's interest in CapitaLand Investment Limited

The list of significant subsidiaries acquired during 2020 is as follows:

Name of subsidiary	Date acquired	Effective interest acquired
Lux Arlington Sarl	February 2020	100%
QSA Group Pty Ltd	July 2020	80%

(b) Effects of acquisitions

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

	Note	Recognised values 2021 $'M	Recognised values 2020 $'M
The Group			
Property, plant and equipment	4	24	1
Right-of-use assets	4	124	233
Intangible assets	5	7	60
Investment properties	6	1,796	223
Associates		1,382	–
Joint ventures		259	–
Deferred tax assets		1	1
Other non-current assets		1,225	–
Development properties for sale and stocks		162	–
Trade and other receivables		868	22
Cash and cash equivalents		381	9
Trade and other payables		(821)	(29)
Contract liabilities	28(b)	(24)	–
Current tax payable		(333)	–
Borrowings and debt securities		(1,577)	(265)
Other non-current liabilities		(125)	–
Deferred tax liabilities		(24)	(11)
Non-controlling interests		(53)	(3)
		3,272	241
Amounts previously accounted for as associates and joint ventures, remeasured at fair value		(853)	(162)
Net assets acquired		2,419	79
Goodwill arising from acquisition	5	6	149
Realisation of reserves previously shared as associates and a joint venture		84	(6)
Total purchase consideration		2,509	222
Deferred purchase consideration and other adjustments		(240)	–
Deposits/Prepayments paid in prior year		(155)	–
Cash of subsidiaries acquired		(381)	(9)
Cash outflow on acquisition of subsidiaries		1,733	213

(c) Disposal of subsidiaries

The list of significant subsidiaries disposed during 2021 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Guangzhou New Boundary Real Estate Co. Ltd	March 2021	30%
Shanghai Xinwei Real Estate Development Co. Ltd	May 2021	40.6%
Ascendas Fusion 5 Pte. Ltd.	June 2021	75%
Doan Nguyen House Business & Invt Ltd Co	September 2021	100%
CapitaLand Integrated Commercial Trust	September 2021	29%
CapitaLand China Trust	September 2021	25.1%

The disposed subsidiaries previously contributed net loss of $39 million from 1 January 2021 to the date of disposal.

The list of significant subsidiaries disposed during 2020 is as follows:

Name of subsidiary	Date disposed	Effective interest disposed
Shengyang Aoyuan Real Estate Development Co. Ltd	May 2020	60%
CapitaRetail Henan Zhongzhou Real Estate Co., Ltd	May 2020	28.1%
Ascendas Korea Office Private Real Estate Investment Trust 5	August 2020	99%
Guangzhou Kai Ke Xing Mao Real Estate Dev Co., Ltd	August 2020	30%
Guangzhou Hai Yi Real Estate Development Co. Ltd	December 2020	40.6%

The disposed subsidiaries previously contributed net profit of $4 million from 1 January 2020 to the date of disposal.

(d) Effects of disposals

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

		The Group	
	Note	**2021 $'M**	**2020 $'M**
Property, plant and equipment		226	1
Intangible assets	5	58	–
Investment properties	6	28,414	377
Other non-current assets		211	#
Development properties for sale and stocks		224	41
Assets held for sale		203	23
Trade and other receivables		1,612	196
Other current assets		17	–
Cash and cash equivalents		904	107
Trade and other payables		(2,455)	(23)
Liabilities held for sale		(47)	–
Other current liabilities		(237)	(8)
Borrowings		(12,611)	(96)
Other non-current liabilities		(311)	(5)
Deferred tax liabilities		(326)	(36)
Non-controlling interests		(11,217)	(20)
Perpetual securities		(100)	–
Equity interest retained as associates and joint ventures		(3,591)	(80)
Net assets disposed		974	477
Realisation of reserves		(4)	26
Gain on disposal of subsidiaries		81	189
Sale consideration		1,051	692
Deferred proceeds and other adjustments		(74)	(112)
Deposits received in prior year		(53)	(4)
Payment received for prior year disposals		80	–
Cash of subsidiaries disposed		(904)	(107)
Cash inflow on disposal of subsidiaries		100	469

 # Less than $1 million

33 Business Combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

In 2021, the Group had the following significant business combination:

Acquisition of The Work Project Kingdom

The Work Project Kingdom (TWPK) is in the business of providing co-working space with centres in Singapore and Hong Kong. Prior to November 2021, the Group equity accounted for

TWPK as a joint venture as the partner has joint control over the key activities of TWPK. With effect from November 2021, the Group acquired an additional 34.9% stake in TWPK and consolidated the entity as a subsidiary. The Group has assessed that it has control over TWPK following an increase in voting shareholding, amongst other changes, as stipulated in the share subscription agreement.

The consolidation of TWPK resulted in an increase of $5 million in revenue and operating loss of less than $1 million from the date of acquisition to 31 December 2021. If the acquisition had occurred on 1 January 2021, management estimates that the contribution from TWPK in terms of revenue would have been $27 million with operating loss of $4 million.

The change in control is accounted for using the acquisition method with a preliminary goodwill of $7 million recognised as a result of the difference between the purchase consideration and the fair value of the Group's share of net assets and liabilities acquired in TWPK.

	2021 **$'M**
Property, plant and equipment	24
Right-of-use assets	124
Intangible assets	6
Other non-current assets	20
Other current assets	11
Cash and cash equivalents	33
Current liabilities	(11)
Borrowings	(130)
Other non-current liabilities	(19)
Non-controlling interests	1
Total identifiable net assets	59
Less: amount previously accounted for as joint venture, remeasured at fair value	(4)
Net identifiable assets acquired	55
Goodwill on acquisition	7
Total purchase consideration	62
Less: deferred purchase consideration	(3)
Less: cash and cash equivalents in subsidiary acquired	(33)
Net cash outflow on acquisition	26

Measurement of fair value

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

Assets acquired and liabilities assumed	**Valuation technique**
Right-of-use assets, Lease liabilities (classified as borrowings)	Right-of-use assets and lease liabilities (classified as borrowings) mainly relate to lease of office spaces for TWPK's co-working business. The fair values were determined based on the present value of future rental payments.

The non-controlling interests were measured based on their proportionate interest in the recognised amounts of the assets and liabilities (excluding goodwill) of the acquiree.

In 2020, the Group had the following significant business combination:

Acquisition of QSA Group Pty Ltd

With effect from July 2020, the Group consolidated QSA Group Pty Ltd (QSA). The Group has assessed that it has control over QSA following a change in board composition, amongst other changes, as stipulated in the shareholder agreement. Prior to July 2020, the Group equity accounted for QSA as a joint venture as the partner has joint control over the key activities of QSA. QSA is primarily in the business of establishing and franchising serviced apartments through the Quest brand in the Australian domestic market.

The consolidation of QSA resulted in an increase of $33 million in revenue but no change in profit attributable to owners as there is no change in the ownership interest of the Group in QSA, from the date of acquisition to 31 December 2020. If the acquisition had occurred on 1 January 2020, management estimates that the contribution from QSA in terms of revenue would have been $63 million with no change in profit attributable to owners.

The change in control is accounted for using the acquisition method, and the Group's previously held equity interest is re-measured to fair value and a loss of $11 million on deemed disposal was recognised in profit or loss. The fair value of the joint venture was based on external valuation of QSA at the date of acquisition. Goodwill of $149 million was attributed to the franchise business acquired, which was recognised as a result of the difference between the fair value of the Group's interest in QSA and the fair value of the assets acquired and liabilities assumed.

	2020 $'M
Property, plant and equipment	1
Right-of-use assets	233
Intangible assets	60
Other non-current assets	1
Other current assets	21
Cash and cash equivalents	9
Current liabilities	(27)
Borrowings	(265)
Deferred tax liabilities	(11)
Non-controlling interests	(3)
Total identifiable net assets	19
Less: amount previously accounted for as joint venture, remeasured at fair value	(162)
Net identifiable assets acquired	(143)
Goodwill on acquisition	149
Realisation of reserves previously accounted for as a joint venture	(6)
Total purchase consideration	–
Less: cash and cash equivalents in subsidiary acquired	(9)
Net cash inflow on acquisition	(9)

Measurement of fair value

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

Assets acquired and liabilities assumed	Valuation technique
Right-of-use assets, Lease liabilities (classified as borrowings)	Right-of-use assets and lease liabilities (classified as borrowings) mainly relate to lease arrangements in QSA's franchise business and the fair values were determined based on the present value of future rental payments.

The non-controlling interests were measured based on their proportionate interest in the recognised amounts of the assets and liabilities (excluding goodwill) of the acquiree.

34 Financial Risk Management

(a) Financial risk management objectives and policies

The Group and the Company are exposed to market risk (including interest rate, foreign currency and price risks), credit risk and liquidity risk arising from its diversified business. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures. The Group uses financial instruments such as currency forwards, interest rate swaps and cross currency swaps as well as foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee to strengthen its risk management processes and framework. The Risk Committee is assisted by an independent unit called the Group Risk Management (GRM). GRM generates a comprehensive portfolio risk report to assist the committee. This quarterly report measures a spectrum of risks, including property market risks, construction risks, interest rate risks, refinancing risks and currency risks. In response to COVID-19, the Group has also increased the monitoring of the economic environment, operational risks and impact of the pandemic on its businesses.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will have on the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rate environment relates mainly to its investment in financial products and debt obligations.

The investments in financial products are short term in nature and they are not held for trading or speculative purposes. The financial products mainly comprise fixed deposits which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group adopts a policy of ensuring that between 60% and 70% of its interest rate risk exposure is at a fixed rate. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes. The Group also uses hedging instruments such as interest rate swaps to minimise its exposure to interest rate volatility and classifies these interest rate swaps as cash flow hedge.

As at 31 December 2021, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of $6,119 million (2020: $7,716 million) which pay fixed interest rates and receive variable rates equal to the Singapore swap offer rates (SOR), Singapore Overnight Rate Average (SORA), Secured Overnight Financing Rate (SOFR), London interbank offered rates (LIBOR), Australia bank bill swap bid rates (BBSY) and Euro interbank offered rates (EURIBOR) on the notional amount.

As at 31 December 2021, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of $750 million (2020: $2,771 million) which pay fixed interest rates and receive variable rates equal to the swap rates for US Dollars and Singapore Dollars on the notional amount.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the critical terms method. When all critical terms match, the economic relationship is considered 100% effective.

Hedge ineffectiveness may occur due to changes in the critical terms of either the interest rate swaps or borrowings. Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

The net fair value loss of interest rate swaps as at 31 December 2021 was $62 million (2020: $173 million) comprising derivative assets of $9 million (2020: $ nil) and derivative liabilities of $71 million (2020: $173 million).

Sensitivity analysis

For variable rate financial liabilities and interest rate derivative instruments used for hedging, it is estimated that an increase of 100 basis point in interest rate at the reporting date would lead to a reduction in the Group's profit before tax (and revenue reserve) by approximately $98 million (2020: $128 million). A decrease in 100 basis point in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant, and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation, the associated tax effects and share of non-controlling interests.

Managing interest rate benchmark reform and associated risk

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure as at 31 December 2021 was indexed to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR. These benchmark rates will lose representativeness or discontinue and be replaced with alternative interest rates benchmarks in various countries from 1 January 2022 to 1 July 2023.

Management monitors and manages the transition to alternative risk-free rates. Management evaluates whether the contracts which are referenced to IBORs will need to be amended as a result of IBOR reform and how to manage such communication with the counterparties.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured and unsecured bank loans and debt securities indexed to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR. The Group is in communication with the counterparties to progressively transition non-derivative financial liabilities which are indexed to the affected interest rate benchmarks to alternative risk-free rates.

Derivatives

The Group holds interest rates swap and cross currency swap for risk management purposes that are designated in cash flow hedging relationships. The interest rate swap and cross currency swap have floating legs that are indexed to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. The Group has generally adhered to the ISDA 2020 IBOR Fallbacks Protocol to include new fallback clauses with the derivatives counterparties.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2021. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR. These benchmark rates are quoted each business day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR cash flow hedging relationships extend beyond the anticipated cessation dates for the respective rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform.

The Group monitors the progress of transition from IBOR to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to alternative benchmark rate and the amount of such contracts that have include appropriate fallback clauses. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes fallback clauses that deals with the cessation of the existing IBOR.

The following table contains details of all the financial instruments that the Group holds as at 31 December 2021 which are referenced to SGD SOR, USD LIBOR, GBP LIBOR and JPY LIBOR and have not yet transitioned to the new benchmark rates:

	SGD SOR Carrying amount $'M	**USD LIBOR Carrying amount $'M**	**GBP LIBOR Carrying amount $'M**	**JPY LIBOR Carrying amount $'M**
The Group				
31 December 2021				
Borrowings	5,469	2,712	39	164
Derivative liabilities – interest rate swaps	13	48	*	*
Derivative assets – cross currency swaps	(9)	(4)	–	–
Total	5,473	2,756	39	164

** Less than $1 million*

$2,802 million of these financial instruments are expected to mature before the existing benchmark rates discontinue or are replaced with the new benchmark rates.

(ii) *Equity price risk*

As at 31 December 2021, the Group has financial assets at FVOCI and financial assets at FVTPL in equity securities and is exposed to equity price risk. The securities are listed in Singapore (2020: Malaysia and Singapore).

Sensitivity analysis

It was estimated that if the prices for equity securities listed in Malaysia increased by five percentage points with all other variables including tax rate being held constant, the Group's fair value reserve would increase by approximately $2 million in 2020. A decrease in five percentage points would have an equal but opposite effect.

There is no significant exposure from equity securities listed in Singapore.

(iii) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly Chinese Renminbi, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, Australian Dollars and US Dollars.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which its property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

As at the reporting date, the Group uses certain foreign currency denominated borrowings, which include bank loans and medium term notes, and cross currency interest rate swaps to hedge against the currency risk arising from the Group's net investments in certain subsidiaries in United States of America, Europe and Japan. The carrying amount of these US Dollars, Euro, Sterling Pound and Japanese Yen denominated borrowings as at 31 December 2021 was $721 million (2020: $1,360 million) and the fair value of the borrowings was $850 million (2020: $1,368 million).

The Group uses forward exchange contracts or foreign currency loans to hedge its foreign currency risk, where feasible. It generally enters into forward exchange contracts with maturities ranging between three months and one year which are rolled over at market rates at maturity or foreign currency loans which match the Group's highly probable transactions and investment in the foreign subsidiaries. The Group also enters into cross currency swaps to hedge the foreign exchange risk of its loans denominated in a foreign currency. The foreign exchange forwards and currency swaps are denominated in the same currency as the highly probable transactions, therefore the economic relationship is 100% effective.

Hedge ineffectiveness may occur due to:

- Changes in timing of the forecasted transaction from what was originally planned; and
- Changes in the credit risk of the derivative counterparty or the Group.

The net fair value gain of the forward exchange and cross currency swap contracts as at 31 December 2021 was $86 million (2020: loss of $2 million), comprising derivative assets of $86 million (2020: $93 million) and derivative liabilities of $nil (2020: $95 million).

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group's exposure to foreign currencies were as follows:

	Singapore Dollars $'M	US Dollars $'M	Australian Dollars $'M	Chinese Renminbi $'M	Indian Rupee $'M	Japanese Yen $'M	Euro $'M	Malaysian Ringgit $'M	Others# $'M	Total $'M
The Group										
31 December 2021										
Other financial assets	184	68	–	36	–	12	26	–	–	326
Trade and other receivables	1,886	809	298	1,305	94	191	195	58	360	5,196
Cash and cash equivalents	5,312	643	60	2,737	35	320	84	60	413	9,664
Bank borrowings and debt securities	(12,265)	(4,336)	(563)	(3,644)	(107)	(870)	(405)	(691)	(721)	(23,602)
Trade and other payables	(1,887)	(502)	(100)	(2,705)	(47)	(54)	(100)	(161)	(211)	(5,767)
Gross currency exposure	(6,770)	(3,318)	(305)	(2,271)	(25)	(401)	(200)	(734)	(159)	(14,183)
Add/Less: Net financial liabilities denominated in the respective entities' functional currencies	6,162	2,003	325	2,582	71	268	137	858	21	12,427
Add: Bank borrowings and debt securities designated for net investment hedge	–	49	90	–	–	241	303	–	39	722
Add: Cross currency swaps/foreign exchange forward contracts	–	665	–	–	–	–	–	–	–	665
Net currency exposure	(608)	(601)	110	311	46	108	240	124	(99)	(369)

\# *Others include mainly Korean Won, United Arab Emirates Dirham, Sterling Pound, Thai Baht, Hong Kong Dollars and Vietnamese Dong.*

The Group	Singapore Dollars $'M	US Dollars $'M	Australian Dollars $'M	Chinese Renminbi $'M	Indian Rupee $'M	Japanese Yen $'M	Euro $'M	Malaysian Ringgit $'M	Others# $'M	Total $'M
31 December 2020										
Other financial assets	185	93	–	34	–	255	1	33	–	601
Trade and other receivables	1,792	227	258	1,205	158	176	224	32	281	4,353
Cash and cash equivalents	4,446	384	51	3,367	36	442	91	56	302	9,175
Bank borrowings and debt securities	(19,917)	(3,751)	(532)	(4,579)	(103)	(2,600)	(1,342)	(529)	(1,806)	(35,159)
Trade and other payables	(1,876)	(589)	(91)	(3,636)	(39)	(99)	(72)	(67)	(210)	(6,679)
Gross currency exposure	(15,370)	(3,636)	(314)	(3,609)	52	(1,826)	(1,098)	(475)	(1,433)	(27,709)
Add/Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	14,773	1,964	371	3,537	(53)	1,128	464	467	451	23,102
Add: Bank borrowings and debt securities designated for net investment hedge	–	48	88	–	–	359	828	–	39	1,362
Add: Cross currency swaps/foreign exchange forward contracts	–	1,193	–	–	–	495	–	–	1,009	2,697
Less: Financial assets at FVOCI	–	–	–	–	–	–	–	(33)	–	(33)
Net currency exposure	(597)	(431)	145	(72)	(1)	156	194	(41)	66	(581)

Others include mainly Korean Won, United Arab Emirates Dirham, Sterling Pound, Thai Baht, Hong Kong Dollars and Vietnamese Dong.

Sensitivity analysis

It is estimated that a five percentage point strengthening in foreign currencies against the respective functional currencies of the Group would decrease the Group's profit before tax by approximately $18 million (2020: $29 million) and no impact (2020: $2 million) on the Group's other components of equity. A five percentage point weakening in foreign currencies against the Singapore Dollar would have an equal but opposite effect. The Group's outstanding forward exchange contracts and cross currency swaps have been included in this calculation. The analysis assumed that all other variables, in particular interest rates, remain constant and does not take into account the translation related risk, associated tax effects and share of non-controlling interests.

There was no significant exposure to foreign currencies for the Company as at 31 December 2021 and 31 December 2020.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For trade and other receivables, contract assets and financial assets at amortised cost, the Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. Trade and other receivables and contract assets relate mainly to the Group's customers who bought its residential units and tenants from its office buildings, shopping malls, business parks and serviced residences. Financial assets at amortised cost relate mainly to amounts owing by related parties. Investments and financial transactions are restricted to counterparties that meet the appropriate credit criteria.

The principal risk to which the Group and the Company is exposed to in respect of financial guarantee contracts is credit risk in connection with the guarantee contracts they have issued. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given for the benefit of its subsidiaries and related parties. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 37.

The Group has a diversified portfolio of businesses and as at balance sheet date, there was no significant concentration of credit risk with any entity. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, including derivative financial instruments as well as any irrevocable loan undertaking to associates and joint ventures.

(i) Trade receivables and contract assets

The Group reviews the customers' credit risk taking into account the aging of the outstanding receivables, amount of security deposit available as well as any indication of credit default, and assess the amount of specific allowance for doubtful receivable required for each customer.

The Group also uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on similar credit risk characteristics and days past due. When determining the expected credit loss rates, the Group considers historical loss rates for customer grouped by industry sector and forward-looking macroeconomic factors like country's gross domestic product (GDP), which affect the ability of the customers to settle the receivables.

Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. During the year, the Group temporarily extended the credit terms for specific customers with liquidity constraints or as stipulated by government legislation as a direct result of the COVID-19 pandemic. All extensions were granted within current sales limits after careful evaluation of the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

(ii) *Financial assets at amortised cost*

The Group assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(a) The movements in credit loss allowance are as follows:

	Trade receivables $'M	**Other receivables $'M**	**Amounts due from associates $'M**	**Amounts due from joint ventures (current) $'M**	**Amounts due from joint ventures (non-current) $'M**	**Total $'M**
The Group						
At 1 January 2021	37	19	#	25	15	96
Allowance utilised	(2)	#	–	–	–	(2)
Allowance during the year	22	1	25	2	1	51
Reversal of allowance during the year	(4)	(2)	–	(4)	(1)	(11)
Acquisition of subsidiaries	#	#	–	–	–	#
Disposal of subsidiaries	(2)	–	–	–	–	(2)
Translation differences	(1)	#	–	(2)	(1)	(4)
At 31 December 2021	50	18	25	21	14	128
At 1 January 2020	15	15	#	21	15	66
Allowance utilised	(1)	#	–	–	–	(1)
Allowance during the year	24	4	–	5	–	33
Reversal of allowance during the year	(2)	–	–	–	–	(2)
Translation differences	1	#	#	(1)	#	#
At 31 December 2020	37	19	#	25	15	96

 # Less than $1 million

The movements in allowance for impairment loss on loans (note 7) and amounts due from subsidiaries (note 19) were as follows:

	Loans/Amounts due from subsidiaries	
	2021	**2020**
	$'M	**$'M**
The Company		
At 1 January	173	134
Allowance during the year	564	39
Reversal of allowance during the year	(98)	–
At 31 December	639	173

Cash and cash equivalents are subject to immaterial credit loss.

(b) The maximum exposure to credit risk for trade receivables and other financial assets (by geographic region) at the reporting date was:

	Trade receivables 2021 $'M	**Other financial assets 2021 $'M**	**Trade receivables 2020 $'M**	**Other financial assets 2020 $'M**
The Group				
Singapore	65	1,479	116	1,005
China[1]	154	2,309	126	1,889
Other developed markets	107	41	65	67
Other emerging markets	82	322	66	383
	408	4,151	373	3,344

[1] Includes Hong Kong

 # Less than $1 million

(c) The credit quality of trade and other receivables is assessed based on credit policies established by the Risk Committee. The Group monitors customer credit risk by grouping trade and other receivables based on their characteristics. Trade and other receivables with high credit risk will be identified and monitored by the respective strategic business units. Where a customer has been granted a temporary extension in the credit period as a result of the COVID-19 pandemic, the past-due status is based on the extended credit period. The Group's and the Company's credit risk exposure in relation to trade and other receivables under SFRS(I) 9 as at 31 December 2021 are set out in the provision matrix as follows:

	Current $'M	<------ Past due ------> Within 30 days $'M	30 to 90 days $'M	More than 90 days $'M	Total $'M
The Group					
2021					
Expected loss rate	0.9%	10.3%	5.9%	61.2%	
Trade receivables	318	39	34	67	458
Loss allowance	3	4	2	41	50
Trade receivables under deferment scheme	#	#	#	#	1
Expected loss rate	–	–	–	55.6%	
Amounts due from associates (current)	268	33	23	45	369
Loss allowance	–	–	–	25	25
Expected loss rate	–	–	–	–	
Amounts due from associates (non-current)	333	–	–	–	333
Expected loss rate	0.7%	–	–	44.7%	
Amounts due from joint ventures (current)	535	8	109	38	690
Loss allowance	4	–	–	17	21
Expected loss rate	1.0%	–	–	–	
Amounts due from joint ventures (non-current)	1,380	–	–	–	1,380
Loss allowance	14	–	–	–	14
2020					
Expected loss rate	1.6%	5.3%	12.5%	40.0%	
Trade receivables	246	76	24	65	411
Loss allowance	4	4	3	26	37
Trade receivables under deferment scheme	27	#	#	1	28
Expected loss rate	–	–	–	0.1%	
Amounts due from associates (current)	289	21	24	129	463
Loss allowance	–	–	–	#	#
Expected loss rate	–	–	–	–	
Amounts due from associates (non-current)	334	–	–	–	334
Expected loss rate	0.4%	1.1%	2.2%	14.1%	
Amounts due from joint ventures (current)	46	2	1	177	226
Loss allowance	#	#	#	25	25
Expected loss rate	1.2%	–	–	–	
Amounts due from joint ventures (non-current)	1,271	–	–	–	1,271
Loss allowance	15	–	–	–	15

No aging analysis of contract assets and other receivables are presented as the majority of outstanding balances as at 31 December 2021 and 31 December 2020 are current.

The Company's credit risk exposure to other receivables as at 31 December 2021 and 31 December 2020 are immaterial. The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS (I) 9. The Company has assessed that these subsidiaries have sufficient financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain sufficient available banking facilities to meet working capital and funding needs. As part of its financing strategy, the Group diversifies its borrowings by tapping debt capital markets at the appropriate window and putting in place bank facilities. The Group has been actively managing its liquidity position amid the COVID-19 pandemic. As at 31 December 2021, the Group has approximately $15.6 billion (31 December 2020: $15.3 billion) of total cash and available undrawn facilities held under the Group's treasury vehicles, which is sufficient to support the Group's funding requirements for the next 12 months.

The following are the expected contractual undiscounted cash flows of financial liabilities and derivative financial instruments, including interest payments and excluding the impact of netting agreements:

		<------------- Contractual cash flows			------------>
	Carrying amount	**Total**	**Not later than 1 year**	**Between 1 and 5 years**	**After 5 years**
The Group	**$'M**	**$'M**	**$'M**	**$'M**	**$'M**
31 December 2021					
Financial liabilities, at amortised cost					
Bank borrowings	(17,647)	(18,963)	(3,340)	(13,934)	(1,689)
Debt securities	(4,787)	(5,489)	(1,273)	(1,886)	(2,330)
Lease liabilities	(1,168)	(1,427)	(145)	(552)	(730)
Trade and other payables#	(5,220)	(5,220)	(4,912)	(267)	(41)
	(28,822)	(31,099)	(9,670)	(16,639)	(4,790)
Derivative financial assets/(liabilities), at fair value					
Interest rate swaps (net-settled)					
- assets	9	8	(1)	9	–
- liabilities	(71)	(90)	(58)	(32)	–
Forward foreign exchange contracts (net-settled)					
- assets	3	3	3	–	–
Cross currency swaps (gross-settled)	83				
- outflow		(714)	(336)	(378)	–
- inflow		754	356	398	–
	24	(39)	(36)	(3)	–
	(28,798)	(31,138)	(9,706)	(16,642)	(4,790)

Excludes advanced billings, advance payments received, accruals and other payables relating to staff cost, deferred income, derivative liabilities and liability for employee benefits.

The Group	Carrying amount $'M	Total $'M	<------------- Contractual cash flows ------------> Not later than 1 year $'M	Between 1 and 5 years $'M	After 5 years $'M
31 December 2020					
Financial liabilities, at amortised cost					
Bank borrowings	(22,457)	(24,040)	(4,241)	(16,864)	(2,935)
Debt securities	(11,647)	(13,424)	(1,327)	(7,884)	(4,213)
Lease liabilities	(1,055)	(1,419)	(123)	(516)	(780)
Trade and other payables^	(5,233)	(5,242)	(4,772)	(448)	(22)
	(40,392)	(44,125)	(10,463)	(25,712)	(7,950)
Derivative financial assets/(liabilities), at fair value					
Interest rate swaps (net-settled)					
- liabilities	(173)	(173)	(68)	(105)	#
Forward foreign exchange contracts (net-settled)					
- assets	6	6	6	–	–
- liabilities	(6)	(5)	(5)	–	–
Forward foreign exchange contracts (gross-settled)	#				
- outflow		(2)	(2)	–	–
- inflow		2	2	–	–
Forward foreign exchange contracts (gross-settled)	(1)				
- outflow		(35)	(35)	–	–
- inflow		34	34	–	–
Cross currency swaps (gross-settled)	88				
- outflow		(1,022)	(175)	(847)	–
- inflow		1,057	175	882	–
Cross currency swaps (gross-settled)	(89)				
- outflow		(1,838)	(144)	(799)	(895)
- inflow		1,781	150	774	857
	(175)	(195)	(62)	(95)	(38)
	(40,567)	(44,320)	(10,525)	(25,807)	(7,988)

^ *Excludes advanced billings, advance payments received, accruals and other payables relating to staff cost, deferred income, derivative liabilities and liability for employee benefits.*

\# *Less than $1 million*

	Carrying amount $'M	Total $'M	<---------- Contractual cash flows -------> Not later than 1 year $'M	Between 1 and 5 years $'M	After 5 years $'M
The Company					
31 December 2021					
Financial liabilities, at amortised cost					
Amounts due to subsidiaries	(6,015)	(6,015)	(201)	(5,814)	–
Trade and other payables^	(29)	(29)	(28)	(1)	–
	(6,044)	(6,044)	(229)	(5,815)	–
31 December 2020					
Financial liabilities, at amortised cost					
Debt securities	(1,173)	(1,282)	(30)	(1,252)	–
Lease liabilities	(35)	(37)	(12)	(25)	–
Amounts due to subsidiaries	(1,034)	(1,034)	(376)	(658)	–
Trade and other payables^	(27)	(27)	(27)	–	–
	(2,269)	(2,380)	(445)	(1,935)	–

^ *Excludes liability for employee benefits.*
\# *Less than $1 million*

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	<---Carrying amount	---	--->	<---Changes in fair value used for calculating hedge ineffectiveness	---	--->		
The Group	**Contractual notional amount $'M**	**Assets/ (Liabilities) $'M**	**Financial statement line item**	**Hedging instrument $'M**	**Hedged item $'M**	**Hedge ineffectiveness recognised in profit or loss $'M**	**Weighted average hedge forex rate/ interest rate (%)**	**Maturity date**
31 December 2021								
Cashflow hedges								
Foreign exchange risk								
- Cross currency swaps to hedge foreign currency borrowings	750	56	Derivative financial instruments	14	(14)	–	USD: SGD1.251 (USD 2.874%)	January 2022 to April 2023
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	6,119	(62)	Derivative financial instruments	76	(76)	–	1.285%	April 2022 to December 2024

	<-----Carrying amount-----			Changes in fair value used for calculating <-----hedge ineffectiveness----->				
The Group	**Contractual notional amount $'M**	**Assets/ (Liabilities) $'M**	**Financial statement line item**	**Hedging instrument $'M**	**Hedged item $'M**	**Hedge ineffectiveness recognised in profit or loss $'M**	**Weighted average hedge forex rate/ interest rate (%)**	**Maturity date**
31 December 2021								
Net investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investments in foreign operations	–	(722)	Borrowings	25	(25)	–	JPY: SGD0.0119 EUR: SGD1.534 GBP: SGD1.753 AUD: SGD0.99 KRW: SGD0.0009	January 2022 to November 2024
- Forward contracts to hedge net investments in foreign operations	311	3	Derivative financial instruments	(2)	2	–	USD: SGD1.353 RMB: SGD0.212 JPY: SGD0.0119 EUR: SGD1.538 GBP: SGD1.815 MYR: SGD0.325	January 2022 to March 2022
- Cross currency swaps to hedge net investments in foreign operations	489	27	Derivative financial instruments	42	(42)	–	JPY: SGD0.013 EUR: SGD1.531 KRW: SGD0.0009	January 2022 to August 2025

	<-----Carrying amount-----			<-----Changes in fair value used for calculating hedge ineffectiveness----->				
The Group	**Contractual notional amount $'M**	**Assets/ (Liabilities) $'M**	**Financial statement line item**	**Hedging instrument $'M**	**Hedged item $'M**	**Hedge ineffectiveness recognised in profit or loss $'M**	**Weighted average hedge forex rate/ interest rate (%)**	**Maturity date**
31 December 2020								
Cashflow hedges								
Foreign exchange risk								
- Cross currency swaps to hedge foreign currency borrowings	2,771	9	Derivative financial instruments	(26)	26	–	USD: SGD1.307 (USD 2.605%) JPY: SGD0.0120 (JPY 1.040%) HKD: SGD0.1702 (HKD 2.85%)	February 2021 to November 2030
- Forward contracts to hedge foreign currency borrowings	15	(1)	Derivative financial instruments	1	(1)	–	EUR: SGD1.564	February 2021
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	7,716	(172)	Derivative financial instruments	(98)	98	#	1.388%	March 2021 to October 2026

Less than $1 million

	<-----Carrying amount	----->		<-----Changes in fair value used for calculating hedge ineffectiveness	----->			
The Group	**Contractual notional amount $'M**	**Assets/ (Liabilities) $'M**	**Financial statement line item**	**Hedging instrument $'M**	**Hedged item $'M**	**Hedge ineffectiveness recognised in profit or loss $'M**	**Weighted average hedge forex rate/ interest rate (%)**	**Maturity date**
31 December 2020								
Net investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investments in foreign operations	–	(1,360)	Borrowings	(39)	39	–	JPY: SGD0.0127 EUR: SGD1.591 GBP: SGD1.753 AUD: SGD0.98 KRW: SGD0.0009	October 2021 to September 2026
- Forward contracts to hedge net investments in foreign operations	457	#	Derivative financial instruments	(3)	3	–	USD: SGD1.354 RMB: SGD0.203 JPY: SGD0.0130 EUR: SGD1.606 AUD: SGD0.966 GBP: SGD1.759 MYR: SGD0.326	January 2021 to March 2021
- Cross currency swaps to hedge net investments in foreign operations	489	(10)	Derivative financial instruments	(29)	29	–	JPY: SGD0.011 EUR: SGD1.531 KRW: SGD0.0009	January 2022 to August 2025

\# *Less than $1 million*

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from cashflow hedge accounting.

	Hedging reserve	
	2021	**2020**
	$'M	**$'M**
The Group		
At 1 January	(149)	(74)
Change in fair value:		
- Foreign currency risk	32	(29)
- Interest rate risk	81	(61)
Amount reclassified to profit or loss:		
- Foreign currency risk	3	18
- Interest rate risk	(2)	(3)
At 31 December	(35)	(149)

(e) Offsetting financial assets and financial liabilities

The Group's derivative transactions that are not transacted through an exchange, are governed by the International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts due on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount and settled between the counterparties. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and set off into a single net amount to be settled.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheets as a right of set-off of recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

There is no offset of the Group and the Company's financial assets and financial liabilities as of the balance sheet dates.

35 Fair Value of Assets and Liabilities

(a) Determination of fair value

The valuation methods and assumptions below are used to estimate the fair values of the Group's significant classes of assets and liabilities. Given the uncertainty of the extent of COVID-19, changes to the estimates and outcomes that have been applied in the valuation of the Group's assets and liabilities may arise in the future.

(i) Derivatives

Forward currency contracts, cross currency swap contracts and interest rate swap contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present valuation calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rate, interest rate curves and forward rate curves.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date.

In respect of the liability component of convertible bonds, the fair value at initial recognition is determined using a market interest rate of similar liabilities that do not have a conversion option.

Fair value of quoted debt securities is determined based on quoted market prices.

(iii) Other financial assets and liabilities

The fair value of quoted securities is their quoted bid price at the balance sheet date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Where other valuation techniques, such as discounted cash flow or net asset techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the balance sheet.

(iv) Investment properties

The Group's investment property portfolio is mostly valued by external and independent valuation companies on an annual basis. Independent valuation is also carried out on occurrence of acquisition and on completion of construction of investment property. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. The valuers have considered valuation techniques including direct comparison method, capitalisation approach, discounted cash flows and residual method in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, terminal yield rate and discount rate, estimated cost to completion and gross development value.

(v) Assets held for sale

The fair value of the Group's investment properties held for sale is either valued by an independent valuer or based on agreed contractual selling price on a willing buyer willing seller basis. For investment properties held for sale valued by an independent valuer, the valuer has considered the discounted cash flow, direct comparison and income capitalisation approaches in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties held for sale include market-corroborated capitalisation rate.

The fair value of the Group's investment in quoted shares held for sale is valued based on its quoted price on 31 December 2021.

(vi) Property, plant and equipment

The fair value of the property, plant and equipment is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

(vii) Share-based payment transactions

The fair values of employee performance share plan and restricted share plan are measured using valuation methodology described in note 23. Measurement inputs include the share price at grant date, expected volatility (based on an evaluation of the historical volatility of the Company's and peer group's share price), expected correlation of the Company's return with those of peer group, expected dividends yield and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair values.

(b) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within 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).

(c) Accounting classification and fair values

	Note	Carrying amount: Fair value - hedging instruments $'M	FVOCI $'M	FVTPL $'M	Amortised Cost $'M	Total $'M	Fair value: Level 1 $'M	Level 2 $'M	Level 3 $'M	Total $'M
The Group										
31 December 2021										
Financial assets measured at fair value										
Equity investments at FVOCI	11(a)	–	185	–	–	185	121	–	64	185
Equity investments at FVTPL	11(a)	–	–	139	–	139	3	–	136	139
Derivative financial assets:										
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps	11(b)	69	–	–	–	69	–	69	–	69
- Interest rate swaps and cross currency swaps	11(a)	26	–	–	–	26	–	26	–	26
Equity investment classified as assets held for sale		–	–	–	45	45	45	–	–	45
		95	185	139	45	464				
Financial assets not measured at fair value										
Other non-current assets		–	–	–	26	26				
Loans due from associates	8(a), 8(b)	–	–	–	333	333				
Loans due from joint ventures	9(a), 9(b)	–	–	–	1,366	1,366				
Trade and other receivables	13	–	–	–	2,834	2,834				
Cash and cash equivalents	17	–	–	–	9,664	9,664				
		–	–	–	14,223	14,223				

	Note	Carrying amount: Fair value - hedging instruments $'M	FVOCI $'M	FVTPL $'M	Amortised Cost $'M	Total $'M	Fair value: Level 1 $'M	Level 2 $'M	Level 3 $'M	Total $'M
The Group										
31 December 2021										
Financial liabilities measured at fair value										
Derivative financial instruments:										
- Interest rate swaps and forward foreign exchange contracts	18	(19)	–	–	–	(19)	–	(19)	–	(19)
- Interest rate swaps	22	(52)	–	–	–	(52)	–	(52)	–	(52)
		(71)	–	–	–	(71)				
Financial liabilities not measured at fair value										
Other non-current liabilities#		–	–	–	(340)	(340)	–	–	(319)	(319)
Bank borrowings^	20	–	–	–	(17,647)	(17,647)	–	(17,634)	–	(17,634)
Debt securities	21	–	–	–	(4,787)	(4,787)	–	(4,874)	–	(4,874)
Trade and other payables#		–	–	–	(4,914)	(4,914)				
		–	–	–	(27,688)	(27,688)				

Excludes liability for employee benefits, derivative liabilities and deferred income.
^ *Excludes lease liability.*

		Carrying amount					Fair value			
	Note	**Fair value - hedging instruments $'M**	**FVOCI $'M**	**FVTPL $'M**	**Amortised Cost $'M**	**Total $'M**	**Level 1 $'M**	**Level 2 $'M**	**Level 3 $'M**	**Total $'M**
The Group										
31 December 2020										
Financial assets measured at fair value										
Equity investments at FVOCI	11(a)	–	233	–	–	233	161	–	72	233
Equity investments at FVTPL	11(a)	–	–	368	–	368	3	–	365	368
Derivative financial assets:										
- Forward foreign exchange contracts and cross currency swaps	11(b)	7	–	–	–	7	–	7	–	7
- Cross currency swaps	11(a)	86	–	–	–	86	–	86	–	86
Equity investment classified as assets held for sale		–	–	–	67	67	67	–	–	67
		93	233	368	67	761				
Financial assets not measured at fair value										
Other non-current assets		–	–	–	27	27				
Loans due from associates	8(a), 8(b)	–	–	–	334	334				
Loans due from joint ventures	9(a), 9(b)	–	–	–	1,256	1,256				
Trade and other receivables	13	–	–	–	2,100	2,100				
Cash and cash equivalents	17	–	–	–	9,175	9,175				
		–	–	–	12,892	12,892				

	Note	Carrying amount: Fair value - hedging instruments $'M	FVOCI $'M	FVTPL $'M	Amortised Cost $'M	Total $'M	Fair value: Level 1 $'M	Level 2 $'M	Level 3 $'M	Total $'M
The Group										
31 December 2020										
Financial liabilities measured at fair value										
Derivative financial instruments:										
- Interest rate swaps, forward foreign exchange contracts and cross currency swaps	18	(45)	–	–	–	(45)	–	(45)	–	(45)
- Interest rate swaps and cross currency swaps	22	(223)	–	–	–	(223)	–	(223)	–	(223)
		(268)	–	–	–	(268)				
Financial liabilities not measured at fair value										
Other non-current liabilities#		–	–	–	(495)	(495)	–	–	(493)	(493)
Bank borrowings^	20	–	–	–	(22,457)	(22,457)	–	(22,498)	–	(22,498)
Debt securities	21	–	–	–	(11,647)	(11,647)	(1,804)	(10,287)	–	(12,091)
Trade and other payables#		–	–	–	(4,770)	(4,770)				
		–	–	–	(39,369)	(39,369)				

\# *Excludes liability for employee benefits, derivative liabilities and deferred income.*
^ *Excludes lease liability.*

		Carrying amount		Fair value			
	Note	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		$'M	**$'M**	**$'M**	**$'M**	**$'M**	**$'M**
The Company							
31 December 2021							
Financial assets not measured at fair value							
Amounts due from subsidiaries	7	2,747	2,747				
Trade and other receivables	13	681	681				
Cash and cash equivalents	17	17	17				
		3,445	3,445				
Financial liabilities not measured at fair value							
Other non-current liabilities#		(5,814)	(5,814)				
Trade and other payables#		(225)	(225)				
		(6,039)	(6,039)				
31 December 2020							
Financial assets not measured at fair value							
Amounts due from subsidiaries	7	5,847	5,847				
Trade and other receivables	13	804	804				
Cash and cash equivalents	17	25	25				
		6,676	6,676				
Financial liabilities not measured at fair value							
Other non-current liabilities#		(658)	(658)				
Debt securities	21	(1,173)	(1,173)	(1,194)	–	–	(1,194)
Trade and other payables#		(403)	(403)				
		(2,234)	(2,234)				

\# *Excludes liability for employee benefits.*

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

	Note	Fair value Level 3 $'M
The Group		
31 December 2021		
Non-financial assets measured at fair value		
Investment properties	6	22,384
Assets held for sale – investment properties	16	2
		22,386
31 December 2020		
Non-financial assets measured at fair value		
Investment properties	6	47,873
Assets held for sale – investment properties	16	230
		48,103

(d) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The movements of financial and non-financial assets classified under Level 3 and measured at fair value are presented as follows:

	Equity investments at FVOCI $'M	Equity investments at FVTPL $'M	Assets held for sale – investment properties $'M
The Group			
2021			
At 1 January 2021	72	365	230
Additions	#	48	2
Disposals	–	(242)	(230)
Changes in fair value recognised in profit or loss	–	(22)	–
Changes in fair value recognised in other comprehensive income	(7)	–	–
Return of capital	#	–	–
Translation differences	1	(13)	#
At 31 December 2021	66	136	2

 # Less than $1 million

	Equity investments at FVOCI $'M	Equity investments at FVTPL $'M	Assets held for sale – investment properties $'M
The Group			
2020			
At 1 January 2020	75	375	337
Additions	1	1	46
Disposals	–	–	(153)
Changes in fair value recognised in profit or loss	–	(13)	–
Changes in fair value recognised in other comprehensive income	(6)	–	–
Return of capital	–	(5)	–
Translation differences	2	7	–
At 31 December 2020	72	365	230

Movements for investment properties are set out in note 6.

(ii) Valuation techniques and significant unobservable inputs

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

Investment properties (including investment properties classified as assets held for sale)

Valuation methods	Key unobservable inputs	Shopping mall	Office	Integrated development	Business park, industrial and logistics	Lodging	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation approach							
	Capitalisation rate (net)						The estimated fair value varies inversely against the capitalisation rate and increases with higher occupancy rate.
	2021	5.0% to 9.0%	4.0% to 4.5%	4.0% to 7.5%	5.0% to 8.8%	4.3% to 5.3%	
	2020	4.4% to 10.0%	3.5% to 5.0%	4.0% to 7.5%	5.0% to 9.0%	4.8% to 5.3%	
	Occupancy rate						
	2021	80.6% to 95.0%	97.0% to 98.2%	66.3% to 98.0%	81.6% to 100%	85.1% to 96.9%	
	2020	45.0% to 100%	82.0% to 99.0%	68.0% to 100%	81.0% to 100%	91.4% to 99.0%	
Discounted cash flow approach							
	Discount rate						
	2021	9.0% to 11.0%	4.3% to 7.8%	7.5% to 14.5%	7.3% to 18.8%	3.3% to 10.5%	The estimated fair value varies inversely against the discount rate and terminal yield rate and increases with higher occupancy rate.
	2020	5.1% to 10.0%	3.1% to 7.8%	6.8% to 15.0%	7.0% to 20.0%	3.9% to 11.0%	
	Terminal yield rate						
	2021	5.5% to 10.0%	4.3% to 4.6%	4.8% to 9.0%	5.3% to 8.8%	3.0% to 8.2%	
	2020	4.4% to 10.5%	3.5% to 4.7%	4.2% to 7.8%	5.0% to 9.0%	3.0% to 8.0%	
	Occupancy rate						
	2021	80.6% to 100%	95.0% to 98.2%	66.3% to 98.0%	82.9% to 100%	40.0% to 95.0%	
	2020	45.0% to 99.0%	95.0% to 98.5%	61.0% to 90.0%	87.0% to 99.0%	45.0% to 98.0%	

Valuation methods	**Key unobservable inputs**	**Shopping mall**	**Office**	**Integrated development**	**Business park, industrial and logistics**	**Lodging**	**Inter-relationship between key unobservable inputs and fair value measurement**
Residual value method							
	Gross development value ($ million)						The estimated fair value increases with higher gross development value and decreases with higher cost to completion.
	2021	–	549	–	37 to 271	51 to 158	
	2020	–	280 to 587	1,978	92	55 to 131	
	Estimated cost to completion ($ million)						
	2021	–	158	–	43 to 155	8 to 125	
	2020	–	71 to 161	267	44	31 to 129	

Type	Valuation methods	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment in offices in Japan, Korea and Germany at FVTPL	Discounted cash flow method	- Discount rate:5.1% to 6.5% (2020: 3.5% to 6.5%) - Terminal yield rate: 2.9% to 4.5% (2020: 3.8% to 4.5%)	The estimated fair value increases with lower discount rate and terminal yield rate.
Equity investment in a lodging platform in China at FVTPL	Income approach	- Enterprise value/ Revenue multiple of comparable companies: 2.0x to 7.3x (2020: 2.8x to 7.3x) - Volatility of comparable companies: 36% to 57% (2020: 55%)	The estimated fair value increases with higher multiple and varies inversely against volatility.
Equity investment in Australia and China at FVTPL	Income approach	- Discount rate: 11.4% to 12.0% (2020: 12% to 13%) - Terminal growth rate: 2% (2020: 2%)	The estimated fair value increases with lower discount rate and varies inversely against growth rate.
Equity investment in funds in Korea and Japan at FVTPL	Net asset value	- Net asset value#	The estimated fair value increases with lower discount rate, higher terminal growth rate and higher net asset value rate.

Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investees companies, which comprise mainly investment properties stated at fair value.

(iii) Valuation processes applied by the Group

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment properties. The fair values of investment properties are determined by external, independent property valuers, who have the appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair values of the Group's investment property portfolio annually. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

36 Commitments

As at the reporting date, the Group had the following commitments:

(a) Operating lease

The Group's operating lease relates to leases with lease terms of 12 months or less or low value assets. Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

	The Group	
	2021	**2020**
	$'M	**$'M**
Lease payments payable:		
Not later than 1 year	93	34
Between 1 and 5 years	41	5
After 5 years	7	–
	141	39

(b) Commitments

	The Group	
	2021	**2020**
	$'M	**$'M**
Commitments in respect of:		
- capital expenditure contracted but not provided for in the financial statements	14	128
- development expenditure contracted but not provided for in the financial statements	1,626	1,970
- capital contribution in associates, joint ventures and investee companies	1,160	1,756
- purchase of land/ a property contracted but not provided for in the financial statements	94	213
- shareholders' loan committed to joint ventures and associates	41	47
	2,935	4,114

(c) As at the reporting date, the notional principal values of financial instruments were as follows:

	The Group	
	2021	**2020**
	$'M	**$'M**
Interest rate swaps	6,199	7,584
Forward start interest rate swaps	–	132
Forward foreign exchange contracts	311	492
Cross currency swaps	1,240	3,260
	7,750	11,468

The maturity profile of these financial instruments was:

	The Group	
	2021	**2020**
	$'M	**$'M**
Not later than 1 year	2,165	3,194
Between 1 and 5 years	5,585	7,275
After 5 years	–	999
	7,750	11,468

The Company does not have any commitment as at reporting date.

37 Financial Guarantee Contracts and Contingent Liabilities

The Group accounts for its financial guarantees as insurance contracts. At the reporting date, the Group and the Company do not consider that it is probable that a claim will be made against the Group and the Company under the financial guarantee contracts. Accordingly, the Group and the Company do not expect any net cash outflows resulting from the financial guarantee contracts. The Group and the Company issue guarantees only for their subsidiaries and related parties.

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'M	**$'M**	**$'M**	**$'M**
(a) Guarantees given to banks to secure banking facilities provided to:				
- subsidiaries	–	–	5,444	8,865
- joint ventures	5	5	–	–
- associate	–	135	–	–
	5	140	5,444	8,865

(b) Undertakings by the Group:

(i) As at 31 December 2021, a subsidiary of the Group provided an indemnity for banker's guarantee issuance on a joint and several basis, in respect of term loan and revolving loan facilities amounting to $162 million (2020: $162 million) granted to a joint venture. As at 31 December 2021, the total amount outstanding under the facilities was $155 million (2020: $148 million).

(ii) As at 31 December 2021, two subsidiaries of the Group have pledged their shares in joint ventures for term loan and revolving facilities of $1,062 million (2020: $606 million) obtained by the joint ventures. As at 31 December 2021, the outstanding amount was $933 million (2020: $508 million).

(iii) As at 31 December 2020, a subsidiary of the Group has pledged its shares in an associate for the $500 million term and revolving loan facilities obtained by the associate, with the total amount outstanding under the facilities amounting to $484 million. The associate became a subsidiary in 2021 and the revolving loan facilities were refinanced. As at 31 December 2021, the share pledge has been discharged.

(iv) As at 31 December 2020, two subsidiaries of the Group have pledged its shares and redeemable preference shares in an associate for a term loan facility obtained by the associate amounting to $1,078 million. The associate became a subsidiary in 2021 and the term loan facility was refinanced. As at 31 December 2021, the share pledges have been discharged.

(v) A subsidiary of the Group has provided several undertakings on cost overrun, security margin and interest shortfall issued on a several basis as well as project completion undertakings on a joint and several basis, in respect of term loan and revolving construction facilities amounting to $631 million (2020: $631 million) granted to joint ventures. As at 31 December 2021, the amounts outstanding under the term loan is $531 million (2020: $538 million).

(vi) A subsidiary of the Group has provided several undertakings on cost overrun and interest shortfall issued on a several basis, in respect of term loan and revolving construction facilities amounting to $48 million (2020: $48 million) granted to a joint venture. As at 31 December 2021, the amounts outstanding under the term loan is $31 million (2020: $3 million).

(vii) Certain subsidiaries of the Group in China, whose principal activities are the trading of development properties, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of residential properties developed by these subsidiaries. As at 31 December 2021, the outstanding notional amount of the guarantees amounted to $733 million (2020: $893 million).

(c) Government assistance

In response to the economic impacts of the COVID-19 coronavirus pandemic, the governments of the Japan, France and United States of America introduced various financial support schemes, which provided guarantees for bank loans borrowed by the Group's subsidiaries amounting to $46 million (2020: $52 million) issued by the respective banks during the year. The interest rates of the loans ranged from 0.21% to 1.11% (2020: 0% to 1.11%).

The Group determined that the interest rates for an equivalent loan issued on an arm's length basis without the guarantee would have ranged from 0.5% to 1.2% (2020: 0.4% to 2.5%). There are no unfilled conditions or contingencies for the government assistance as 31 December 2021.

38 Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

The Group considers the directors of the Company, key management officers of the corporate office and CEOs of the strategic business units, to be key management personnel in accordance with SFRS(I) 1-24 *Related Party Disclosures*.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	The Group	
	2021	**2020**
	$'M	**$'M**
Related corporations		
Management fee income	7	1
Rental income	23	32
Utilities expenses	(17)	(9)
Telecommunication expenses	(4)	(8)
Security services expenses	(7)	(10)
Other expenses	(3)	(3)
Payables included in trade and other payables and non-current liabilities	(1)	(3)
Receivables included in trade and other receivables	3	1
Associates and joint ventures		
Management fee income	331	242
Construction and project management income	21	24
Rental expense	(8)	(3)
Proceeds from the sale of properties	298	–
Proceeds from the sale of investments	403	–
Purchase consideration for the acquisition of investments	(562)	–
Acquisition and divestment fees, accounting service fee, marketing income and others	160	60
Key management personnel		
Units and cash received pursuant to the combination of CCT and CMT	–	1
Remuneration of key management personnel		
Salary, bonus and other benefits	22	16
Employer's contributions to defined contribution plans	#	#
Equity compensation benefits	16	10
	38	26

 # Less than $1 million

39 Subsequent Events

a) On 24 January 2022, the Group entered into a sale and purchase agreement to acquire JCube for a total consideration of approximately $340 million. The acquisition was completed on 10 March 2022.

b) On 3 February 2022, the Group announced the establishment of a development venture, Student Accommodation Development Venture (SAVE), that has approximately $204 million in committed equity to develop student accommodation assets in USA. The Group will manage the venture and hold a 20% stake in the joint venture.

c) On 16 February 2022, the Group entered into four conditional sale and purchase agreements to acquire the trust beneficial interests in a portfolio of four turnkey properties in Osaka, comprising three rental housing properties and one student accommodation property, for a total consideration of approximately $77.1 million. The acquisition of the student accommodation property is expected to complete in March 2022. The acquisition of the three rental housing properties is expected to complete between fourth quarter of 2022 to the first quarter of 2023.

d) Russia's invasion of Ukraine on 24 February 2022 is expected to cause further volatility in the global economy and financial markets, and the increased geopolitical tensions are set to exacerbate concerns over inflation and supply chain bottlenecks. This has created a high level of uncertainty to near-term global economic prospects and may impact the Group's operations subsequent to the financial year end, the extent of which will depend on how the Russia-Ukraine conflict evolves. The Group will closely monitor the developments.

e) On 7 March 2022, the Group entered into a conditional sale and purchase agreement to acquire the trust beneficial interest in a turnkey rental housing property in Fukuoka for a total consideration of approximately $47.9 million. The acquisition of the rental housing property is expected to complete in the second quarter of 2023.

f) On 25 March 2022, the Group and its joint venture partners entered into agreements to divest their 100% interest in 79 Robinson Road, a Grade A office building in Singapore to CICT and CapitaLand Open End Real Estate Fund at the agreed property value of $1,260 million. The transaction is targeted to be completed in second quarter of 2022.

40 Adoption of New Accounting Standards

The Group has applied Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 which is effective for the annual period beginning on 1 January 2021.

The Group applied the Phase 2 amendments retrospectively. As the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset of financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

If the changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedge item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the hedging reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

When uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies disclosed in note 3.8(f). See also note 34 for related disclosures about risks, financial assets and financial liabilities indexed to IBOR and hedge accounting.

The Group has not early adopted the new standards, interpretations and amendments to standards (collectively, "Changes") which are effective for annual periods beginning after 1 January 2021, in preparing these consolidated financial statements. These Changes are not expected to have a significant impact on the Group's financial statements.