



OUE LIMITED

(Company Registration No. 196400050E)

INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021 (UNAUDITED)

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OUÉ LIMITED & ITS SUBSIDIARIES
For the six months and full year ended 31 December 2021

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Notes	The Group					
		Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Revenue	3	148,763	229,308	(35.1)	300,806	530,455	(43.3)
Cost of sales		(75,196)	(114,682)	(34.4)	(144,506)	(296,090)	(51.2)
Gross profit		73,567	114,626	(35.8)	156,300	234,365	(33.3)
Marketing expenses		(1,441)	(4,655)	(69.0)	(3,760)	(10,312)	(63.5)
Administrative expenses		(33,265)	(30,886)	7.7	(63,735)	(77,790)	(18.1)
Other operating expenses		(2,090)	(12,965)	(83.9)	(7,254)	(18,893)	(61.6)
Share of results of equity-accounted investees, net of tax		172,214	55,478	>100.0	231,868	119,284	94.4
		208,985	121,598	71.9	313,419	246,654	27.1
Finance expenses	4	(60,160)	(75,490)	(20.3)	(110,170)	(134,400)	(18.0)
Finance income	5	4,569	1,785	>100.0	7,263	7,569	(4.0)
Other losses - net	6	(80,359)	(259,387)	(69.0)	(72,309)	(565,096)	(87.2)
Profit/(Loss) before tax	7	73,035	(211,494)	n.m.	138,203	(445,273)	n.m.
Tax (expense)/credit	8	(22,996)	(6,938)	>100.0	(36,495)	40,489	n.m.
Profit/(Loss) after tax		50,039	(218,432)	n.m.	101,708	(404,784)	n.m.
Other comprehensive income							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Foreign operations:							
- currency translation differences		19,133	7,116	>100.0	26,204	39,458	(33.6)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences		36,309	45,111	(19.5)	51,899	43,691	18.8
- other reserves		-	3,906	(100.0)	-	3,807	(100.0)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		4,427	(12,690)	n.m.	11,352	(46,004)	n.m.
- hedging reserve reclassified to profit or loss		8,899	20,393	(56.4)	20,740	20,441	1.5
		68,768	63,836	7.7	110,195	61,393	79.5
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Share of other reserves of an equity-accounted investee		(4,220)	-	n.m.	(4,220)	-	n.m.
Net change in fair value of investments at fair value through other comprehensive income, net of tax	6(iv)(b)	(2,748)	20,713	n.m.	(4,946)	15,924	n.m.
		(6,968)	20,713	n.m.	(9,166)	15,924	n.m.
Other comprehensive income, net of tax		61,800	84,549	(26.9)	101,029	77,317	30.7
Total comprehensive income for the period		111,839	(133,883)	n.m.	202,737	(327,467)	n.m.
Profit/(Loss) attributable to:							
Owners of the Company		50,889	(136,220)	n.m.	80,943	(343,383)	n.m.
Non-controlling interests		(850)	(82,212)	(99.0)	20,765	(61,401)	n.m.
		50,039	(218,432)	n.m.	101,708	(404,784)	n.m.
Total comprehensive income attributable to:							
Owners of the Company		100,457	(66,085)	n.m.	156,083	(268,778)	n.m.
Non-controlling interests		11,382	(67,798)	n.m.	46,654	(58,689)	n.m.
		111,839	(133,883)	n.m.	202,737	(327,467)	n.m.
Earnings per share for profit/(loss) for the period attributable to the owners of the Company							
Weighted average number of ordinary shares in issue							
- basic		874,660,363	897,638,435		877,303,475	899,320,082	
- diluted *		875,349,508	897,638,435		899,343,085	899,320,082	
Basic earnings per share (cents)		5.82	(15.18)		9.23	(38.18)	
Diluted earnings per share (cents)*		5.82	(15.18) #		9.21	(38.18) #	

* For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect arising from the conversion of all the outstanding convertible bonds to potential ordinary shares during the period which they are outstanding. As at 31/12/2021, the convertible bonds were fully redeemed (31/12/2020: outstanding convertible bonds of \$142,250,000).

For the six months and full year ended 31/12/2020, the financial impact of the convertible bonds was excluded from the calculation of the loss attributable to owners of the Company (diluted) as their effect would have been anti-dilutive.

n.m. - Not meaningful

QUE LIMITED & ITS SUBSIDIARIES

As at 31 December 2021

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31/12/2021 \$'000	31/12/2020 \$'000	31/12/2021 \$'000	31/12/2020 \$'000
ASSETS					
Cash and cash equivalents		518,858	559,527	233,529	302,592
Trade and other receivables		64,250	149,308	1,109,479	1,020,071
Inventories		892	676	95	164
Other investments		81,090	60,972	-	-
Development properties		27,530	29,024	-	-
Other assets		115,783	81,923	12,800	5,912
Loans to subsidiaries		-	-	1,118,194	1,270,473
Assets held for sale	10	-	1,258,512	-	-
Current assets		808,403	2,139,942	2,474,097	2,599,212
Intangible assets and goodwill	11	30,676	30,614	-	-
Interests in equity-accounted investees	10	1,668,203	1,064,334	-	-
Investments in subsidiaries		-	-	808,235	810,503
Loans to subsidiaries		-	-	-	2,659
Other investments		297,404	148,746	-	-
Other assets		4,847	4,023	769	1,019
Investment properties	12	4,568,462	4,534,728	-	-
Property, plant and equipment	13	1,651,297	1,700,486	626,823	660,666
Deferred tax assets		1,247	493	2,405	896
Derivative assets		960	-	-	-
Non-current assets		8,223,096	7,483,424	1,438,232	1,475,743
Total assets		9,031,499	9,623,366	3,912,329	4,074,955
LIABILITIES					
Trade and other payables		145,500	137,844	80,250	122,095
Borrowings	14	418,781	420,416	10,000	-
Provision		23,775	33,220	-	-
Loans from subsidiaries		-	-	507,620	281,285
Current tax liabilities		72,076	43,898	5,137	6,922
Deferred income		682	6,374	-	3,955
Lease liabilities		6,172	464	25,856	25,117
Derivative liabilities		1,545	9,085	-	-
Liabilities directly associated with the assets held for sale	10	-	14,674	-	-
Current liabilities		668,531	665,975	628,863	439,374
Borrowings	14	2,406,062	3,055,709	39,698	194,933
Deferred income		2,666	545	-	-
Deferred tax liabilities		143,849	148,230	-	-
Other payables		44,955	38,293	410	16
Lease liabilities		34,757	25,905	671,048	697,013
Provision		4,204	-	-	-
Derivative liabilities		7,077	31,895	-	-
Non-current liabilities		2,643,570	3,300,577	711,156	891,962
Total liabilities		3,312,101	3,966,552	1,340,019	1,331,336
Net Assets		5,719,398	5,656,814	2,572,310	2,743,619
EQUITY					
Share capital	15	634,852	693,315	634,852	693,315
Other reserves		(69,233)	(192,877)	(148,016)	(187,974)
Accumulated profits		3,284,337	3,239,566	2,085,474	2,238,278
Equity attributable to owners of the Company		3,849,956	3,740,004	2,572,310	2,743,619
Non-controlling interests		1,869,442	1,916,810	-	-
Total equity		5,719,398	5,656,814	2,572,310	2,743,619

QUE LIMITED & ITS SUBSIDIARIES
For year ended 31 December 2021

C. Condensed interim statements of changes in equity

THE GROUP	Notes	Attributable to Owners of the Company				Non-controlling interests	Total equity
		Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	\$'000	\$'000
At 1 January 2021		693,315	(192,877)	3,239,566	3,740,004	1,916,810	5,656,814
Total comprehensive income for the year							
Profit for the year		-	-	80,943	80,943	20,765	101,708
Other comprehensive income							
Foreign operations:							
- currency translation differences		-	17,422	-	17,422	8,782	26,204
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences		-	51,899	-	51,899	-	51,899
- other reserves		-	(4,220)	-	(4,220)	-	(4,220)
Net change in fair value of investments at fair value through other comprehensive income, net of tax		-	(4,946)	-	(4,946)	-	(4,946)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		-	5,372	-	5,372	5,980	11,352
- hedging reserve reclassified to profit or loss		-	9,613	-	9,613	11,127	20,740
Total other comprehensive income, net of tax		-	75,140	-	75,140	25,889	101,029
Total comprehensive income for the year		-	75,140	80,943	156,083	46,654	202,737
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		-	(13,864)	-	(13,864)	-	(13,864)
Redemption of convertible bonds		-	(4,641)	4,626	(15)	-	(15)
Cancellation of treasury shares	15	(58,463)	58,463	-	-	-	-
Dividends paid	16	-	-	(17,525)	(17,525)	(80,655)	(98,180)
Total contributions by and distributions to owners		(58,463)	39,958	(12,899)	(31,404)	(80,655)	(112,059)
Changes in ownership interests in subsidiaries							
Changes in ownership interests in subsidiaries without a change in control		-	-	(14,332)	(14,332)	(13,367)	(27,699)
Total changes in ownership interests in subsidiaries		-	-	(14,332)	(14,332)	(13,367)	(27,699)
Total transactions with owners		(58,463)	39,958	(27,231)	(45,736)	(94,022)	(139,758)
Share of reserves of an equity-accounted investee		-	14,064	(14,459)	(395)	-	(395)
Transfer from fair value reserve to accumulated profits		-	(5,518)	5,518	-	-	-
At 31 December 2021		634,852	(69,233)	3,284,337	3,849,956	1,869,442	5,719,398

OUE LIMITED & ITS SUBSIDIARIES
For year ended 31 December 2021

C. Condensed interim statements of changes in equity (cont'd)

THE GROUP	Notes	Attributable to Owners of the Company			Non-controlling interests	Total equity
		Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	\$'000	\$'000
At 1 January 2020		693,315	(250,270)	3,630,251	2,043,849	6,117,145
Total comprehensive income for the year						
Loss for the year		-	-	(343,383)	(61,401)	(404,784)
Other comprehensive income						
Foreign operations:						
- currency translation differences		-	23,053	-	16,405	39,458
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences		-	43,691	-	-	43,691
- other reserves		-	3,807	-	-	3,807
Net change in fair value of investments at fair value through other comprehensive income, net of tax		-	15,924	-	-	15,924
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges		-	(21,398)	-	(24,606)	(46,004)
- hedging reserve reclassified to profit or loss		-	9,528	-	10,913	20,441
Total other comprehensive income, net of tax		-	74,605	-	2,712	77,317
Total comprehensive income for the year		-	74,605	(343,383)	(58,689)	(327,467)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired		-	(21,795)	-	-	(21,795)
Redemption of convertible bonds		-	(156)	-	-	(156)
Dividends paid	16	-	-	(45,031)	(66,054)	(111,085)
Total contributions by and distributions to owners		-	(21,951)	(45,031)	(66,054)	(133,036)
Changes in ownership interests in subsidiaries						
Contribution from non-controlling interests		-	-	-	202	202
Changes in ownership interests in subsidiaries without a change in control		-	-	2,468	(2,498)	(30)
Total changes in ownership interests in subsidiaries		-	-	2,468	(2,296)	172
Total transactions with owners		-	(21,951)	(42,563)	(68,350)	(132,864)
Share of reserves of an equity-accounted investee		-	13,767	(13,767)	-	-
Transfer from fair value reserves to accumulated profits		-	(9,028)	9,028	-	-
At 31 December 2020		693,315	(192,877)	3,239,566	1,916,810	5,656,814

OUE LIMITED & ITS SUBSIDIARIES
For year ended 31 December 2021

C. Condensed interim statements of changes in equity (cont'd)

THE COMPANY

	Notes	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 January 2021		693,315	(187,974)	2,238,278	2,743,619
Total comprehensive income for the year					
Loss for the year		-	-	(139,905)	(139,905)
Total comprehensive income for the year		-	-	(139,905)	(139,905)
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Own shares acquired		-	(13,864)	-	(13,864)
Redemption of convertible bonds		-	(4,641)	4,626	(15)
Cancellation of treasury shares	15	(58,463)	58,463	-	-
Dividends paid	16	-	-	(17,525)	(17,525)
Total transactions with owners of the Company		(58,463)	39,958	(12,899)	(31,404)
At 31 December 2021		634,852	(148,016)	2,085,474	2,572,310
At 1 January 2020		693,315	(166,023)	2,525,105	3,052,397
Total comprehensive income for the year					
Loss for the year		-	-	(241,796)	(241,796)
Total comprehensive income for the year		-	-	(241,796)	(241,796)
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Own shares acquired		-	(21,795)	-	(21,795)
Redemption of convertible bonds		-	(156)	-	(156)
Dividends paid	16	-	-	(45,031)	(45,031)
Total transactions with owners of the Company		-	(21,951)	(45,031)	(66,982)
At 31 December 2020		693,315	(187,974)	2,238,278	2,743,619

OUE LIMITED & ITS SUBSIDIARIES

For the six months and full year ended 31 December 2021

D. Condensed interim consolidated statement of cash flows

	The Group	
	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000
Cash flows from operating activities		
Profit/(Loss) after tax	101,708	(404,784)
Adjustments for:		
Depreciation of property, plant and equipment	51,070	48,830
Reversal of impairment loss on a development property	-	(38)
Reversal of provision for legal and related expenses	(5,000)	-
Reversal of provision for site restoration	(4,250)	-
Net change in fair value of investment properties	(13,290)	435,430
Net change in fair value of investments designated at fair value through profit or loss	(20,511)	40,867
Impairment loss on interests in equity-accounted investees	-	5,573
Impairment loss on intangible assets and goodwill	-	11,002
Impairment loss on property, plant and equipment	110,379	88,732
Impairment loss on trade and other receivables	258	2,169
Inventory written off	-	319
Reversal of impairment loss on a loan to an equity-accounted investee	-	(16,207)
Loss on disposal of property, plant and equipment	195	391
Gain on redemption of convertible bonds	(19)	(263)
Property, plant and equipment written off	-	7,302
Finance expenses	110,170	134,400
Finance income	(7,263)	(7,569)
Share of results of equity-accounted investees, net of tax	(231,868)	(119,284)
Tax expense/(credit)	36,495	(40,489)
	128,074	186,381
Changes in:		
- trade and other receivables and other assets	58,478	(9,983)
- inventories	(216)	277
- development properties	1,494	123,394
- trade and other payables and provision	(36,647)	(61,443)
- deferred income	(3,571)	(27,813)
Cash generated from operations	147,612	210,813
Tax paid	(16,770)	(30,070)
Net cash from operating activities	130,842	180,743
Cash flows from investing activities		
Acquisition of interests in equity-accounted investees	(58,533)	(25,387)
Acquisition of other investments	(209,628)	(59,368)
Additions to property, plant and equipment	(74,408)	(12,684)
Additions to investment properties	(9,083)	(18,650)
Dividends from:		
- equity-accounted investees, net of tax	82,109	61,647
- other investments, net of tax	487	268
Interest received	2,300	3,801
Loans to equity-accounted investees	(12,517)	(9,750)
Proceeds from repayment of loans from equity-accounted investees	4,047	16,207
Proceeds from sale of other investments	38,616	39,034
Proceeds from sale of investment properties	950,634	591,250
Proceeds from disposal of interest in an equity-accounted investee	-	100,001
Proceeds from disposal of property, plant and equipment	104	188
Net cash from investing activities	714,128	686,557

OUE LIMITED & ITS SUBSIDIARIES**For the six months and full year ended 31 December 2021****D. Condensed interim consolidated statement of cash flows (cont'd)**

	The Group	
	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000
Cash flows from financing activities		
Acquisition of non-controlling interests	(27,659)	(30)
Contribution from non-controlling interests	-	202
Dividends paid	(98,180)	(111,085)
Finance expense paid	(97,799)	(128,673)
Proceeds from borrowings	1,273,173	1,906,270
Repayment of borrowings	(1,919,101)	(2,428,748)
Principal repayment of leases	(4,286)	(590)
Repurchase of own shares	(13,864)	(21,795)
Changes in pledged deposits	7,955	(637)
Net cash used in financing activities	(879,761)	(785,086)
Net (decrease)/increase in cash and cash equivalents	(34,791)	82,214
Cash and cash equivalents at 1 January	520,615	439,437
Effect of exchange rate fluctuations on cash held	2,077	(1,036)
Cash and cash equivalents at 31 December	487,901	520,615

¹ Cash and cash equivalents as at 31 December 2021 excludes the Group's pledged deposits of \$30,957,000 (31/12/20: \$38,912,000).

OUE LIMITED & ITS SUBSIDIARIES

For the six months and full year ended 31 December 2021

E. Notes to the condensed interim consolidated financial statements

1. Domicile and activities

OUE Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321.

The principal activities of the Company are those of hospitality services, property investment and investment holding.

The principal activities of the Group are those of:

- Real estate, comprising:
 - 1) Investment Properties;
 - 2) Hospitality; and
 - 3) Development Properties
- Healthcare
- Consumer

The condensed interim consolidated financial statements as at and for six months period and full year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in equity-accounted investees.

The Company’s immediate holding company is OUE Realty Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

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

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

2.1 New and amended standards adopted by the Group

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2021. The adoption of these new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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 amounts recognised in the financial statements is included in the following notes:

Note 12 Classification of investment properties under development

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Note 11	Impairment testing of intangible assets and goodwill: key assumptions underlying recoverable amounts
Note 12	Determination of fair value of investment properties
Note 13	Determination of recoverable amount of property, plant and equipment
Note 17	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Measurement of fair values

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

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

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

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E. Notes to the condensed interim consolidated financial statements (cont'd)

3. Revenue

	Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Real estate:						
- Investment properties income	90,293	125,720	(28.2)	195,516	264,816	(26.2)
- Hospitality income	31,757	41,680	(23.8)	57,581	85,497	(32.7)
- Development properties income	1,500	41,644	(96.4)	1,701	140,176	(98.8)
Healthcare income	16,594	14,822	12.0	31,248	29,437	6.2
Consumer income	8,619	5,435	58.6	14,714	10,473	40.5
Others	-	7	(100.0)	46	56	(17.9)
	<u>148,763</u>	<u>229,308</u>	<u>(35.1)</u>	<u>300,806</u>	<u>530,455</u>	<u>(43.3)</u>

In the following table, revenue is disaggregated by timing of revenue recognition.

Timing of revenue recognition for products and services transferred (excluding rental income):

	Six months ended 31/12/2021		Six months ended 31/12/2020		Full year ended 31/12/2021		Full year ended 31/12/2020	
	At a point in time \$'000	Over time \$'000	At a point in time \$'000	Over time \$'000	At a point in time \$'000	Over time \$'000	At a point in time \$'000	Over time \$'000
Investment properties income	-	3,417	-	458	-	5,391	-	712
Hospitality income	31,757	-	41,680	-	57,581	-	85,497	-
Development properties income	1,500	-	41,644	-	1,701	-	140,176	-
Healthcare income	3,107	5,206	1,391	4,677	5,397	9,140	2,498	9,413
Consumer income	8,619	-	5,435	-	14,714	-	10,473	-
Others	-	-	7	-	46	-	56	-
	<u>44,983</u>	<u>8,623</u>	<u>90,157</u>	<u>5,135</u>	<u>79,439</u>	<u>14,531</u>	<u>238,700</u>	<u>10,125</u>

4. Finance expenses

	Notes	Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Borrowing costs	(i)	47,090	56,115	(16.1)	97,404	122,876	(20.7)
Net foreign exchange loss		10,753	19,851	(45.8)	9,593	9,245	3.8
Unwinding of discount of non-current rental deposits		84	83	1.2	167	166	0.6
Finance expenses on lease liabilities		568	449	26.5	1,114	890	25.2
Hedging reserve reclassified from equity	(ii)	1,892	293	>100.0	1,892	341	>100.0
Change in fair value of financial derivatives		(227)	(1,301)	(82.6)	-	882	(100.0)
		<u>60,160</u>	<u>75,490</u>	<u>(20.3)</u>	<u>110,170</u>	<u>134,400</u>	<u>(18.0)</u>

(i) Borrowings costs decreased mainly due to lower borrowings.

(ii) Hedging reserve reclassified from equity pertains to the cumulative net fair value movements of certain interest rate swaps and was reclassified to profit or loss due to the discontinuation of hedge accounting.

5. Finance income

	Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Interest income	2,134	1,037	>100.0	3,656	4,140	(11.7)
Ineffective portion of changes in fair value of cash flow hedges	355	639	(44.4)	1,364	3,161	(56.8)
Change in fair value of financial derivatives	1,756	-	n.m.	1,756	-	n.m.
Others	324	109	>100.0	487	268	81.7
	<u>4,569</u>	<u>1,785</u>	<u>>100.0</u>	<u>7,263</u>	<u>7,569</u>	<u>(4.0)</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

6. Other losses – net

		Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Notes							
Reversal of impairment loss on a development property		-	38	(100.0)	-	38	(100.0)
Reversal of provision for site restoration	(i)	4,250	-	n.m.	4,250	-	n.m.
Reversal of impairment loss on a loan to an equity-accounted investee	(ii)	-	-	-	-	16,207	(100.0)
Net change in fair value of investment properties	(iii)	13,290	(125,456)	n.m.	13,290	(435,430)	n.m.
Net change in fair value of investments designated at fair value through profit or loss	(iv)(a)	12,461	(28,925)	n.m.	20,511	(40,867)	n.m.
Gain on redemption of convertible bonds		19	263	(92.8)	19	263	(92.8)
Impairment loss on interests in equity-accounted investees	(v)	-	(5,573)	(100.0)	-	(5,573)	(100.0)
Impairment loss on intangible assets and goodwill	(vi)	-	(11,002)	(100.0)	-	(11,002)	(100.0)
Impairment loss on property, plant and equipment	(vii)	(110,379)	(88,732)	24.4	(110,379)	(88,732)	24.4
		<u>(80,359)</u>	<u>(259,387)</u>	<u>(69.0)</u>	<u>(72,309)</u>	<u>(565,096)</u>	<u>(87.2)</u>

- (i) This relates to the reversal of provision of site restoration of a land parcel located in Dujiangyan, Chengdu, under the healthcare segment.
- (ii) This was related to the reversal of impairment loss on a loan to an equity-accounted investee upon partial repayment.
- (iii) This relates to the net change in fair value of investment properties of the Group. For the full year ended 31/12/2020, this included approximately \$298.9 million fair value loss in relation to the disposal of U.S. Bank Tower which was completed in September 2020. The fair value loss of U.S. Bank Tower was derived based on the difference between the sales price and the last reported fair value of US\$650 million as at 31/12/2019.
- (iv) This relates to net change in marked-to-market fair value of:
- investments designated at fair value through profit or loss, which include investments in equity securities and interests in mutual funds.
 - investments designated at fair value through other comprehensive income, which include investments in equity securities that are not held for trading and interests in limited partnerships.
- (v) This was related mainly to the impairment loss on a Myanmar joint venture under the healthcare segment. The impairment loss represented the excess of the carrying value over the estimated recoverable amount, which was determined based on the discounted cash flow projections of the joint venture.
- (vi) Impairment loss on intangible assets and goodwill mainly pertains to the impairment loss on management rights relating to the REIT Manager of First REIT. The impairment loss represented the excess of the carrying value over the estimated recoverable amount, which was determined based on the discounted cash flow projections from the provision of management services.
- (vii) For the full year ended 31/12/2021 and 31/12/2020, impairment loss on property, plant and equipment mainly relate to impairment losses recognised on the two hotels (Mandarin Orchard Singapore and Crowne Plaza Changi Airport) and a land parcel located in Dujiangyan, Chengdu under the healthcare segment.

The impairment losses represented the excess of the carrying values over the recoverable amounts, which were determined based on independent valuations obtained as at 31/12/2021 and 31/12/2020.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

7. Profit/(Loss) before tax

	Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
Profit/(Loss) before tax is stated after charging/(crediting):						
- Depreciation of property, plant and equipment	26,542	24,617	7.8	51,070	48,830	4.6
- Government grants	(7,968)	(11,621)	(31.4)	(13,891)	(21,890)	(36.5)

- (i) For the year ended 31 December 2021, the government grants relate to wage subsidies (Jobs Support Scheme) and rental rebates received from the Singapore Government in relation to the COVID-19 pandemic.

For the year ended 31 December 2020, the government grants included wage subsidies and net grant income arising from property tax rebates received from the Singapore Government.

The wage subsidies and property tax rebates received were recognised against the related expenses in the statement of profit or loss. The rental rebates were recognised in revenue in the statement of profit or loss.

8. Tax expense/(credit)

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Six months ended 31/12/2021 \$'000	Six months ended 31/12/2020 \$'000	Change %	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000	Change %
The charge for income tax expense includes the following:						
Current tax expense:						
- Current year	10,426	20,034	(48.0)	19,324	30,472	(36.6)
- Underprovision of current tax in respect of prior years	21,493	1,968	>100.0	24,177	1,886	>100.0
Deferred tax expense:						
- Origination and reversal of temporary difference	(4,048)	(11,047)	(63.4)	(2,131)	(68,830)	(96.9)
- Overprovision in respect of prior years	(4,875)	(4,017)	21.4	(4,875)	(4,017)	21.4
	<u>22,996</u>	<u>6,938</u>	>100.0	<u>36,495</u>	<u>(40,489)</u>	n.m.

9. Net asset value

	The Group		The Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Number of issued shares (excluding treasury shares)	872,030,760	882,762,660	872,030,760	882,762,660
Net asset value per ordinary share (\$)	<u>4.41</u>	<u>4.24</u>	<u>2.95</u>	<u>3.11</u>

OUE LIMITED & ITS SUBSIDIARIES

For the six months and full year ended 31 December 2021

E. Notes to the condensed interim consolidated financial statements (cont'd)

10. Assets held for sale / Interests in equity-accounted investees / Liabilities directly associated with the assets held for sale

On 18 January 2021, OUE Commercial Real Estate Investment Trust ("OUE C-REIT") entered into a sale and contribution agreement to divest 50.0% of OUE Bayfront, OUE Tower, and OUE Link (the "OUE Bayfront Property") to ACRE Angsana Pte. Ltd. ("Allianz Investor"), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd. (which is unrelated to the Group). The divestment was effected through the establishment of a limited liability partnership ("LLP") which will acquire the OUE Bayfront Property, with OUE C-REIT and Allianz Investor each holding a 50.0% interest in the LLP. Accordingly, the OUE Bayfront Property was classified from investment property to asset held for sale as at 31 December 2020.

Immediately before the classification as held for sale, the OUE Bayfront Property was remeasured based on the expected selling price after adjusting for the cost of lease extension and income support to be provided. The fair value measurement was categorised under Level 2 of the fair value hierarchy based on the inputs in the valuation technique used. The liabilities directly associated with the asset held for sale are measured at their carrying amount as they are assumed to approximate fair value because of their short period to maturity.

The divestment was completed on 31 March 2021. Accordingly, the Group's 50.0% interest in the LLP of \$322.1 million was included within interests in equity-accounted investees as at 31 December 2021.

11. Intangible assets and goodwill

The Group's intangible asset comprises mainly of management rights acquired. The recoverable amount of the management rights is determined based on value-in-use calculation using a cash flow projection from the provision of asset management services. The key assumptions used in the estimation of the recoverable amount include the discount rate and the budgeted earnings before interest and tax growth rate.

	Goodwill	Medical distribution licenses	Intangible asset	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Cost				
At 1 January 2021	23,967	639	36,808	61,414
Effect of movements in exchange rates	62	36	-	98
At 31 December 2021	24,029	675	36,808	61,512
Accumulated amortisation and impairment losses				
At 1 January 2021	20,963	639	9,198	30,800
Effect of movements in exchange rates	-	36	-	36
At 31 December 2021	20,963	675	9,198	30,836
Cost				
At 1 January 2020	24,009	607	36,808	61,424
Effect of movements in exchange rates	(42)	32	-	(10)
At 31 December 2020	23,967	639	36,808	61,414
Accumulated amortisation and impairment losses				
At 1 January 2020	19,159	607	-	19,766
Impairment loss	1,804	-	9,198	11,002
Effect of movements in exchange rates	-	32	-	32
At 31 December 2020	20,963	639	9,198	30,800
Carrying amounts				
At 31 December 2020	3,004	-	27,610	30,614
At 31 December 2021	3,066	-	27,610	30,676

QUE LIMITED & ITS SUBSIDIARIES**For the six months and full year ended 31 December 2021****E. Notes to the condensed interim consolidated financial statements (cont'd)****12. Investment properties**

Group	Completed investment properties \$'000	Investment properties under development \$'000	Total \$'000
At 1 January 2021	4,326,756	207,972	4,534,728
Additions	10,567	-	10,567
Net change in fair value	29,577	(16,287)	13,290
Effect of movements in exchange rates	9,425	2,122	11,547
Lease incentives	(1,900)	-	(1,900)
Reclassified from property, plant and equipment	230	-	230
At 31 December 2021	<u>4,374,655</u>	<u>193,807</u>	<u>4,568,462</u>
At 1 January 2020	6,537,190	91,237	6,628,427
Additions	19,318	131,745	151,063
Disposal	(591,250)	-	(591,250)
Net change in fair value	(420,099)	(15,331)	(435,430)
Effect of movements in exchange rates	50,575	321	50,896
Lease incentives	(10,466)	-	(10,466)
Reclassified to assets held for sale	(1,258,512)	-	(1,258,512)
At 31 December 2020	<u>4,326,756</u>	<u>207,972</u>	<u>4,534,728</u>

As at 31 December 2021, investment properties with a total carrying amount of \$2,478.4 million (31 December 2020: \$2,550.3 million) were pledged as security for banking facilities.

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Fair value measurement

The fair values of investment properties as at 31 December 2021 were determined by independent professional valuers based on assumptions and estimates that reflect their market value, which approximate their carrying amounts.

The fair value measurement was categorised under Level 3 of the fair value hierarchy based on the inputs to the valuation techniques used.

Completed investment properties

The fair values were derived based on the discounted cashflow method, capitalisation method and direct comparison method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate and price per square foot. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

Investment properties under development

The Group's investment properties under development pertain to lands in Indonesia, the People's Republic of China ("the PRC") and Malaysia. The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as property, plant and equipment. The relevant portion of the land continues to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the Group's future intentions and developments.

QUE LIMITED & ITS SUBSIDIARIES

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E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Investment properties (cont'd)

Investment properties under development (cont'd)

The fair values were derived based on the discounted cashflow method, capitalisation method, direct comparison method, forced sale value and residual value method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate and price per square metre, plot ratio, entrepreneur profit and risk and construction costs per square metre.

In relying on the valuation reports, management has exercised judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions. The valuers of certain properties of the Group have highlighted in their valuation reports that given unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case.

13. Property, plant and equipment

For the full year ended 31 December 2021, the Group acquired assets amounting to \$93.4 million (31 December 2020: \$16.1 million).

As at 31 December 2021, property, plant and equipment with a total carrying value of \$1,130.0 million (31 December 2020: \$1,157.0 million) were pledged as security for banking facilities.

Impairment test for property, plant and equipment

The recoverable amount of the Group's significant property, plant and equipment is determined based on the higher of fair value less costs to sell and value-in-use calculation. As at 31 December 2021, the Group had engaged independent professional valuers to perform valuations for significant property, plant and equipment to estimate the recoverable amounts of the respective properties based on their market values. Based on the valuations performed, impairment losses amounting to \$110.4 million (2020: \$88.7 million) was recognised for the current financial year.

The recoverable amounts were derived based on the discounted cashflow method and direct comparison method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate and price per hotel room. The fair value measurement was categorised under Level 3 of the fair value hierarchy based on the valuation techniques used.

14. Borrowings

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year or less, or on demand				
Secured	200,707	50,973	-	-
Unsecured	218,074	369,443	10,000	-
	<u>418,781</u>	<u>420,416</u>	<u>10,000</u>	<u>-</u>
Amount repayable after one year				
Secured	1,398,542	1,712,352	-	-
Unsecured	1,007,520	1,343,357	39,698	194,933
	<u>2,406,062</u>	<u>3,055,709</u>	<u>39,698</u>	<u>194,933</u>
	<u><u>2,824,843</u></u>	<u><u>3,476,125</u></u>	<u><u>49,698</u></u>	<u><u>194,933</u></u>

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets; and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

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E. Notes to the condensed interim consolidated financial statements (cont'd)

15. Share capital

Issued share capital

	The Group and Company	
	Number of shares	Amount
	'000	\$'000
Balance at 1 January 2021	981,602	693,315
Cancellation of treasury shares	(30,000)	(58,463)
Balance at 31 December 2021	951,602	634,852

As at 31 December 2021, the Company's total number of issued shares excluding treasury shares is 872,030,760 (31/12/20: 882,762,660).

For the six months ended 31 December 2021, the Company acquired 6,768,900 of its own shares for a total consideration of \$9,253,000. For the full year ended 31 December 2021, the Company acquired 10,731,900 of its own shares for a total consideration of \$13,864,000.

As at 31 December 2021, the Company held 79,571,100 (31/12/20: 98,839,200) treasury shares.

16. Dividends

	Group and Company	
	31/12/2021	31/12/2020
	\$'000	\$'000
Paid by the Company to owners of the Company		
Interim dividend of 1 cent (2020: nil cent) per ordinary share in respect of current year	8,737	-
Final dividend of 1 cent (2020: 1 cent) per ordinary share in respect of prior year	8,788	9,006
Special dividend of nil cent (2020: 4 cents) per ordinary share in respect of prior year	-	36,025
	17,525	45,031
Paid by subsidiaries to NCI		
Distribution of 1.23 cents (2020: 1.0 cent) per qualifying unit in respect of current year	34,707	28,216
Distribution of 1.43 cents (2020: 1.1 cents) per qualifying unit in respect of prior year	40,348	31,038
Final dividend of 14.0 cents (2020: 17.0 cents) per ordinary share in respect of prior year	5,600	6,800
	80,655	66,054

E. Notes to the condensed interim consolidated financial statements (cont'd)

17. Litigation cases

OUE Lippo Healthcare Limited ("**OUELH**") and its subsidiaries ("**OUELH Group**"), a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2021.

a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries

In 2013, OUELH Group acquired a 74.97% effective interest and control over Health Kind International Limited ("**HKIL**") and its subsidiaries, Health Kind International (Shanghai) Co., Ltd. ("**Health Kind Shanghai**") and Wuxi New District Phoenix Hospital Co., Ltd. ("**Wuxi Co**").

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("**Weixin**"), a company controlled by David Lin, sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts have rendered a judgement and appeal judgement in favour of Weixin.

Arbitration Proceedings against David Lin

In 2018, OUELH commenced arbitration proceedings in Singapore against David Lin. The Tribunal issued the final arbitration award against David Lin on 7 January 2019. OUELH has obtained a Singapore judgement in terms of the arbitration award on 28 November 2019.

Recognition and Enforcement Proceedings

In 2019, OUELH commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2021, OUELH has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 31 December 2021, OUELH continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited ("**HSIL**") and Hong Kong Life Sciences and Technologies Group Limited. OUELH has also obtained an order to appoint Receivers over David Lin's interest in the HSIL shares. HSIL is the sole shareholder of Weixin.

As at 31 December 2021, OUELH was informed by its PRC and Taiwan counsels that:

- The Shanghai No. 1 Court has received approximately RMB3.25 million as part of the Shanghai enforcement proceedings in November 2020. The funds have been transferred to a subsidiary of OUELH in March 2021.
- On 18 January 2021, David Lin's ¼ share in a real estate property in New Taipei City was sold during a public auction for the sum of NTD 5,880,000 as part of the enforcement proceedings in Taiwan. In August 2021, OUELH's Taiwan counsel received a sum of NTD5,775,026 (after deduction of costs and expenses) from the Taiwanese Court from the sale of the property, and remitted the funds to OUELH. OUELH has received the sum of SGD 279,846.51 on or around 24 September 2021.
- On or around 12 March 2021, OUELH has received the sum of SGD710,913.50 (after conversion from the sum of NTD14,991,033), being the deposit and trust assets held by David Lin in his bank accounts in Taiwan.

Land Litigation

In 2018, Weixin commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("**Wuxi Yilin Real Estate**"), a subsidiary of OUELH Group, for a return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital is situated) (the "**Land Litigation**").

- In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin appealed to the Wuxi Intermediate District Court.
- On 22 May 2020, Weixin (under control of the Receivers of HSIL) applied to withdraw the Land Litigation appeal.
- The Land Litigation appeal was stayed pending separate proceedings commenced by Weixin (which is now under control of the Receivers of HSIL), against David Lin and Chiang Hui-Hua (the "**Weixin Control Dispute**"). As we will elaborate below, OUELH was informed by the Receivers on 15 March 2021 that the Shanghai First Intermediate Court has dismissed David Lin's appeal in the Weixin Control Dispute.

E. Notes to the condensed interim consolidated financial statements (cont'd)

17. Litigation cases (cont'd)

a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries (cont'd)

Land Litigation (cont'd)

- On 22 March 2021, OUELH was informed by the Receivers that the Wuxi Intermediate Court has issued a judgement on 18 March 2021 accepting Weixin's application to withdraw the Land Litigation appeal.
- The effect of the withdrawal of the Land Litigation appeal is that the decision of the Wuxi Xinwu District Court is final and binding on all parties. In that judgement, the Court found that the land transfer agreement between Wuxi Yilin Real Estate and Wuxi Co. dated 15 January 2015, in relation to the Wuxi land at 20 Chang Jiang North Road, is legitimate and binding on all parties. Thus, OUELH's subsidiary, Wuxi Yilin Real Estate, is the rightful and legal owner of the Wuxi land. There are currently no pending legal challenges in relation to the ownership of Wuxi land.

Weixin Control Dispute

In 2020, Weixin (which is now controlled by the Receivers of HSIL), commenced proceedings against David Lin and Chiang Hui-Hua in the Weixin Control Dispute for a return of inter alia Weixin's business license and company stamp on the basis that Chiang Hui-Hua is no longer the legal representative of Weixin.

- The Shanghai Pudong Court issued a decision in favour of Weixin in August 2020.
- David Lin appealed against the Shanghai Pudong Court's decision.
- On 15 March 2021, OUELH was informed by the Receivers that the Shanghai First Intermediate Court has dismissed David Lin's appeal, with costs to be borne by David Lin. The Shanghai First Intermediate Court noted that the board of directors of HSIL (i.e. the sole shareholder of Weixin) had passed a valid board resolution to remove Chiang Hui-Hua as Weixin's legal representative, executive director and general manager. As such, Chiang Hui-Hua no longer had the legal right since 27 November 2019 to retain Weixin's business license and company stamp.
- OUELH was informed by the Receivers that, as David Lin and Chiang Hui Hua subsequently refused to comply with the Court's order, the Receivers had to apply to Court for an enforcement order. Their application to enforce the Court's order above was approved by the Shanghai Pudong Court and execution was completed on 23 April 2021. Further, on 21 April 2021, as a result of Chiang Hui Hua's failure to comply with the Court's order, the Shanghai Pudong Court issued an order restricting Chiang Hui Hua's expenditures and access to high-end amenities.
- On 24 May 2021, OUELH was informed by the Receivers that Weixin's company records have been updated to register Chan Pui Sze of Briscoe Wong Advisory Limited, one of the Receivers, as the legal representative, executive director and general manager of Weixin, wherein Chan Pui Sze is legally authorised to represent and act on behalf of Weixin.
- On 8 July 2021, OUELH was informed by the Receivers of HSIL that they have obtained Weixin's new business license, which reflects Chan Pui Sze as the legal representative of Weixin. On 20 July 2021, OUELH was also informed by the Receivers of HSIL that they have obtained Weixin's new company seal, invoice seal, legal representative seal and special financial seal. The issuance of Weixin's new business license and company seals gives Chan Pui Sze of Briscoe Wong Advisory Limited, one of the Receivers, effective control of Weixin as the legal representative, executive director and general manager of Weixin.

Breach of fiduciary duties claim

In 2018, Wuxi Yilin Health Management Co Ltd ("**Wuxi Yilin Health**"), a subsidiary of OUELH Group, commenced proceedings against David Lin for damages in relation to the breaches of his duties to Wuxi Yilin Health. In 2019, the Wuxi Intermediate Court dismissed Wuxi Yilin Health's claim against David Lin. Wuxi Yilin Health appealed against the Wuxi Intermediate Court's decision. On 12 April 2021, Wuxi Yilin Health applied to withdraw the appeal on the advice of its PRC counsel. On 7 May 2021, the Jiangsu Higher Court accepted Wuxi Yilin Health's application to withdraw the appeal.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

17. Litigation cases (cont'd)

a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries (cont'd)

Breach of fiduciary duties claim (cont'd)

In February 2021, Health Kind Shanghai a subsidiary of OUELH, filed a claim before the People's Court of Pudong District against Weixin and Wuxi Co. for the sum of RMB 50 million. In these proceedings, Health Kind Shanghai contends that Weixin was unjustly enriched in the sum of RMB 50 million, being the increase in equity value of Wuxi New District Phoenix Hospital from 2010 to 2018 pursuant to manpower, resources and funds invested by Health Kind Shanghai. On 15 October 2021, the People's Court of Pudong District issued a judgement dismissing Health Kind Shanghai's claims. On the advice of its PRC counsel, Health Kind Shanghai did not appeal against the Court's decision.

Claim by Wuxi Hongshen

In 2021, Wuxi Hongshen Pharmacy Co., Ltd ("**Wuxi Hongshen**") commenced a creditor subrogation claim against Wuxi Yilin Real Estate, a subsidiary of OUELH Group, before the People's Court of Xinwu District, Wuxi (the "**Subrogation Claim**"). The Subrogation Claim was commenced by Wuxi Hongshen on the allegation that:

- (i) Wuxi Hongshen was owed an outstanding sum of RMB 1.5 million by Wuxi Co pursuant to a PRC judgement based on a contractual dispute case between the two parties (which does not involve OUELH Group);
- (ii) Wuxi Yilin Real Estate did not pay the consideration for the land and building at No. 20 Changjiang North Road, New District, Wuxi Jiangsu Province acquired from Wuxi Co; and
- (iii) Wuxi Hongshen was therefore entitled to recover the outstanding sum of RMB 1.5 million (as a creditor of Wuxi Co.) directly from Wuxi Yilin Real Estate (as a subrogated debtor of Wuxi Co.) under PRC law.

On 14 December 2021, the People's Court of Xinwu District, Wuxi released its judgement, agreeing with the points raised by Wuxi Hongshen, and ordering Wuxi Yilin Real Estate to pay the sum of RMB 1,513,284.18 plus interest and costs to Wuxi Hongshen.

On 24 December 2021, Wuxi Yilin Real Estate filed an appeal to the Intermediate Court of Wuxi City against the People's Court of Xinwu District, Wuxi's decision. Parties are waiting for the Court to schedule a hearing date for the appeal.

b) Other claim(s) against OUELH

OUELH received a letter of demand from Fan's Private Trustees dated 25 June 2021, demanding payment of the sum of S\$850,182.40 allegedly owing to Fan pursuant to shareholder advances, expense claims and a Management Advisory Service Agreement between Fan and a wholly-owned subsidiary of OUELH dated 1 February 2016.

This letter demanded payment of the same sums previously claimed by Fan in his letter of demand to OUELH dated 27 January 2017. In 2017, OUELH responded to Fan to seek further particulars and supporting documents in support of his claims, however, no response was forthcoming. Similarly, in June 2021, OUELH responded to Fan's Private trustees to seek further particulars and supporting documents in support of their claims, however, no response was forthcoming.

No litigation has developed from these claims.

18. Commitments

Capital commitments

The Group has the following capital commitments:

	Group	
	31/12/2021	31/12/2020
	\$'000	\$'000
Financial assets designated at FVOCI	14,072	6,446
Property, plant and equipment	29,761	7,366
Investment properties	5,980	8,906

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E. Notes to the condensed interim consolidated financial statements (cont'd)

19. Financial assets and liabilities

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy are set out below. The carrying value of cash and cash equivalents, debt investments, trade and other receivables, other current assets and trade and other payables approximate their fair values. The fair value of borrowings approximates their carrying amounts as the interest rates are adjusted for changes in relevant market interest rate, except for convertible bonds and unsecured notes which are classified within Level 2 of the fair value hierarchy.

	Carrying amount				Fair value			
	Mandatorily at FVTPL \$'000	Designated at FVOCI \$'000	Fair value - hedging instruments \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group								
31/12/2021								
Financial assets measured at fair value								
Other investments - FVTPL	78,590	-	-	78,590	38,881	39,709	-	78,590
Equity investments - FVOCI	-	130,942	-	130,942	118,989	-	11,953	130,942
Interests in limited partnerships - FVOCI	-	102,403	-	102,403	-	-	102,403	102,403
Derivative assets	-	-	960	960	-	960	-	960
	78,590	233,345	960	312,895				
Financial liabilities measured at fair value								
Derivative liabilities	-	-	(8,622)	(8,622)	-	(8,622)	-	(8,622)
Group								
31/12/2020								
Financial assets measured at fair value								
Other investments - FVTPL	60,972	-	-	60,972	18,730	42,242	-	60,972
Equity investments - FVOCI	-	44,089	-	44,089	33,196	-	10,893	44,089
Interests in limited partnerships - FVOCI	-	86,639	-	86,639	-	-	86,639	86,639
	60,972	130,728	-	191,700				
Financial liabilities measured at fair value								
Derivative liabilities	-	-	(40,980)	(40,980)	-	(40,980)	-	(40,980)

QUE LIMITED & ITS SUBSIDIARIES

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E. Notes to the condensed interim consolidated financial statements (cont'd)

20. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim consolidated financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties. Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and close family members.

	Group			
	Transaction value			
	Half year ended 31/12/2021 \$'000	Half year ended 31/12/2020 \$'000	Full year ended 31/12/2021 \$'000	Full year ended 31/12/2020 \$'000
Associates and joint ventures				
Management fees earned	8,422	4,690	13,909	9,402
Lease payments	2,045	-	2,814	-
Other related parties				
Acquisition of shares designated as investment at fair value through other comprehensive income	96,133	-	96,133	-
Rental and rental related income	613	883	1,381	1,774
Management fees earned	13	77	180	128
Support services fees paid	201	-	272	-
Royalty fee income	90	87	168	145
Interest income	288	273	569	544
Reimbursement of expenses paid on behalf	200	75	258	590

21. Operating segments

The Group has three strategic segments, which are its reportable segments.

The following summary describes the operations in each of the Group's reportable segments:

(i) Real Estate

- Investment Properties (Singapore, United States of America, the PRC and Indonesia) – rental of investment properties owned by the Group, management of commercial investment trusts and investment properties under development.
- Hospitality – operation of hotels and hotel management.
- Development Properties (Singapore and the PRC) – sale of residential properties and other properties under development.

(ii) Healthcare – operation of investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services and management of healthcare investments trusts.

(iii) Consumer – operation of food and beverage outlets and consumer-related investments

The revenue from external parties reported to the executive committee (the chief operating decision makers) is measured in a manner consistent with that in the statement of comprehensive income. The executive committee comprises the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer and the department heads of each business segment.

Information regarding the results of each reportable segment is included below. The executive committee assesses the performance of the operating segments based on a measure of profit before interest, tax and other gains/(losses), as included in the internal management reports that are reviewed by the executive committee.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

	Real Estate					Healthcare	Consumer	Reportable Segments Total	Elimination and unallocated items	Total
	Investment Properties		Hospitality	Development Properties	Segment Subtotal					
	Singapore	Others								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the half year ended 31 December 2021										
Revenue										
- External revenue	77,209	13,084	31,757	1,500	123,550	16,594	8,619	148,763	-	148,763
- Intersegment revenue	138	-	54	-	192	-	77	269	(269)	-
Segment revenue	77,347	13,084	31,811	1,500	123,742	16,594	8,696	149,032	(269)	148,763
Segment profit/(loss)¹	59,134	10,304	(11,248)	141,100	199,290	20,986	6,087	226,363	(17,378)	208,985
Depreciation	(592)	(24)	(20,589)	-	(21,205)	(838)	(2,044)	(24,087)	(2,455)	(26,542)
Finance expense	(37,809)	(275)	(3)	-	(38,087)	(1,607)	(32)	(39,726)	(20,434)	(60,160)
Finance income	2,468	343	6	2	2,819	138	1	2,958	1,611	4,569
Share of results of equity-accounted investees, net of tax	9,170	-	-	141,481	150,651	12,233	9,330	172,214	-	172,214
Other material items										
Net change in fair value of investment properties	30,664	140	-	-	30,804	(17,514)	-	13,290	-	13,290
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	12,461	12,461
Impairment loss on property, plant and equipment	-	-	(86,754)	-	(86,754)	(23,625)	-	(110,379)	-	(110,379)
For the full year ended 31 December 2021										
Revenue										
- External revenue	170,283	25,233	57,581	1,701	254,798	31,248	14,714	300,760	46	300,806
- Intersegment revenue	315	-	63	-	378	-	90	468	(468)	-
Segment revenue	170,598	25,233	57,644	1,701	255,176	31,248	14,804	301,228	(422)	300,806
Segment profit/(loss)¹	122,771	20,209	(27,243)	190,824	306,561	31,308	5,599	343,468	(30,049)	313,419
Depreciation	(1,188)	(46)	(40,879)	-	(42,113)	(1,784)	(3,122)	(47,019)	(4,051)	(51,070)
Finance expense	(77,264)	(1,064)	(7)	-	(78,335)	(4,209)	(582)	(83,126)	(27,044)	(110,170)
Finance income	3,258	1,051	7	3	4,319	260	2	4,581	2,682	7,263
Share of results of equity-accounted investees, net of tax	13,236	-	-	191,378	204,614	17,133	10,121	231,868	-	231,868
Other material items										
Net change in fair value of investment properties	30,664	140	-	-	30,804	(17,514)	-	13,290	-	13,290
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	20,511	20,511
Impairment loss on property, plant and equipment	-	-	(86,754)	-	(86,754)	(23,625)	-	(110,379)	-	(110,379)
31 December 2021										
Reportable segment assets ²	3,593,371	892,131	1,607,263	31,616	6,124,381	455,583	118,131	6,698,095	665,201	7,363,296
Interests in equity-accounted investees	322,054	-	-	1,062,019	1,384,073	226,732	57,398	1,668,203	-	1,668,203
Reportable segment liabilities	2,041,799	109,210	21,761	4,786	2,177,556	229,432	17,678	2,424,666	887,435	3,312,101
Capital expenditure	7,847	1,749	87,761	-	97,357	2,264	4,284	103,905	100	104,005

¹ Segment profit/(loss) is defined as profit/(loss) before interest, tax and other losses

² Excluding interests in equity-accounted investees

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

	Real Estate										
	Investment Properties			Hospitality	Development Properties	Segment Subtotal	Healthcare	Consumer	Reportable Segments Total	Elimination and unallocated items	Total
	Singapore	United States of America	Others								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
For the half year ended 31 December 2020											
Revenue											
- External revenue	102,374	10,015	13,331	41,680	41,644	209,044	14,822	5,435	229,301	7	229,308
- Intersegment revenue	252	196	-	(3)	-	445	12	144	601	(601)	-
Segment revenue	102,626	10,211	13,331	41,677	41,644	209,489	14,834	5,579	229,902	(594)	229,308
Segment profit/(loss)¹	69,156	6,619	9,887	(4,166)	134,343	215,839	(71,054)	(8,820)	135,965	(14,367)	121,598
Depreciation	(564)	(18)	(21)	(21,185)	-	(21,788)	(805)	(1,171)	(23,764)	(853)	(24,617)
Finance expense	(40,611)	(2,777)	(299)	(132)	-	(43,819)	(5,585)	(1,021)	(50,425)	(25,065)	(75,490)
Finance income	606	11	260	5	9	891	169	(3)	1,057	728	1,785
Share of results of equity-accounted investees, net of tax	-	-	-	-	127,052	127,052	(73,046)	1,472	55,478	-	55,478
Other material items											
Net change in fair value of investment properties	(63,373)	11,040	(52,962)	-	-	(105,295)	(20,161)	-	(125,456)	-	(125,456)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(28,925)	(28,925)
Impairment loss on interests on equity-accounted investees	-	-	-	(1,438)	-	(1,438)	(4,135)	-	(5,573)	-	(5,573)
Impairment loss on intangible assets and goodwill	-	-	-	-	-	-	(11,002)	-	(11,002)	-	(11,002)
Impairment loss on property, plant and equipment	-	-	-	(53,192)	-	(53,192)	(32,889)	(2,651)	(88,732)	-	(88,732)
For the full year ended 31 December 2020											
Revenue											
- External revenue	199,646	39,119	26,051	85,497	140,176	490,489	29,437	10,473	530,399	56	530,455
- Intersegment revenue	296	958	-	-	-	1,254	12	365	1,631	(1,631)	-
Segment revenue	199,942	40,077	26,051	85,497	140,176	491,743	29,449	10,838	532,030	(1,575)	530,455
Segment profit/(loss)¹	130,826	5,831	20,273	(8,504)	209,482	357,908	(66,171)	(15,821)	275,916	(29,262)	246,654
Depreciation	(1,001)	(23)	(39)	(41,849)	-	(42,912)	(1,668)	(2,592)	(47,172)	(1,658)	(48,830)
Finance expense	(86,003)	(14,351)	(776)	(293)	(331)	(101,754)	(9,307)	(1,875)	(112,936)	(21,464)	(134,400)
Finance income	3,388	13	736	51	103	4,291	296	12	4,599	2,970	7,569
Share of results of equity-accounted investees, net of tax	-	-	-	-	191,608	191,608	(72,052)	(272)	119,284	-	119,284
Other material items											
Reversal of impairment loss on loan to an equity-accounted investee	-	-	-	-	-	-	-	-	-	16,207	16,207
Net change in fair value of investment properties	(63,373)	(298,934)	(52,962)	-	-	(415,269)	(20,161)	-	(435,430)	-	(435,430)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	(40,867)	(40,867)
Impairment loss on interests on equity-accounted investees	-	-	-	(1,438)	-	(1,438)	(4,135)	-	(5,573)	-	(5,573)
Impairment loss on intangible assets and goodwill	-	-	-	-	-	-	(11,002)	-	(11,002)	-	(11,002)
Impairment loss on property, plant and equipment	-	-	-	(53,192)	-	(53,192)	(32,889)	(2,651)	(88,732)	-	(88,732)
31 December 2020											
Reportable segment assets ²	4,832,041	-	793,420	1,657,890	33,365	7,316,716	539,655	12,393	7,868,764	690,268	8,559,032
Interests in equity-accounted investees	-	-	-	-	879,998	879,998	159,743	24,593	1,064,334	-	1,064,334
Reportable segment liabilities	2,843,916	-	52,969	17,243	5,550	2,919,678	241,001	2,694	3,163,373	803,179	3,966,552
Capital expenditure	11,159	3,094	137,604	4,493	-	156,350	8,652	903	165,905	1,247	167,152

¹ Segment profit/(loss) is defined as profit/(loss) before interest, tax and other losses

² Excluding interests in equity-accounted investees

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

Reconciliation of reportable segment revenue and profit/(loss) before interest and tax

	2021 \$'000	2020 \$'000
Total revenue for reportable segments	301,228	532,030
Unallocated amounts	46	56
Elimination of inter-segment revenue	(468)	(1,631)
Consolidated total revenue	<u>300,806</u>	<u>530,455</u>

Profit or loss

Total profit or loss before interest, tax and other gains/(losses) for reportable segments	343,468	275,916
Elimination of inter-segment profits	(43)	(67)
Finance expenses	(110,170)	(134,400)
Finance income	7,263	7,569
Other losses - net	(72,309)	(565,096)
Unallocated corporate expenses	(30,006)	(29,195)
Consolidated profit/(loss) before tax	<u>138,203</u>	<u>(445,273)</u>

Reconciliation of reportable assets and liabilities

	2021 \$'000	2020 \$'000
Assets		
Total assets for reportable segments	6,698,095	7,868,764
Interests in equity-accounted investees	<u>1,668,203</u>	<u>1,064,334</u>
	8,366,298	8,933,098
Elimination of inter-segment balances	(389)	(209)
Other unallocated amounts:		
- Property, plant and equipment	8,178	6,889
- Cash and cash equivalents	291,517	348,296
- Trade and other receivables	1,281	83,439
- Other investments	279,525	198,825
- Other assets	83,842	52,535
- Deferred tax assets	1,247	493
Consolidated total assets	<u>9,031,499</u>	<u>9,623,366</u>

Liabilities

Total liabilities for reportable segments	2,424,666	3,163,373
Other unallocated amounts:		
- Borrowings	646,702	593,604
- Trade and other payables	21,798	16,459
- Lease liabilities	3,010	-
- Deferred income	-	988
- Current tax liabilities	72,076	43,898
- Deferred tax liabilities	143,849	148,230
Consolidated total liabilities	<u>3,312,101</u>	<u>3,966,552</u>

Geographical information

	Full year ended 31/12/2021	Full year ended 31/12/2020
Revenue		
Singapore	255,908	442,285
The PRC	28,097	28,463
United States of America	-	42,128
Japan	16,711	17,526
Others	90	53
	<u>300,806</u>	<u>530,455</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

22. Subsequent event

On 28 January 2022, shareholders of OUE Lippo Healthcare Limited (OUE LH Group), a subsidiary of the Group, approved the divestments of OUE LH Group's 100% interests in OUE LH Japan Medical Assets Pte Ltd and OUE LH Japan Medical Assets Pte Ltd to First Real Estate Investment Trust (First REIT) (the "Acquisitions"), an associated company of the Group. On the same date, the unitholders of First REIT approved the Acquisitions.

The aggregate consideration for the above transactions is approximately \$163.5 million, of which \$131.5 million of the consideration will be paid in the form of First REIT units to OUE LH Group. The effective interest in First REIT will increase to approximately 33.0% (31 December 2021: 23.1%) on completion of the Acquisitions; and First REIT will be accounted for as a subsidiary.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed interim consolidated statement of financial position of OUE Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated statement of profit or loss

FINANCIAL HIGHLIGHTS	2H 2021	2H 2020		FY 2021	FY 2020	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	148,763	229,308	(35.1)	300,806	530,455	(43.3)
Adjusted EBIT ¹	208,985	121,598	71.9	313,419	246,654	27.1
Profit/(Loss) attributable to Owners of the Company	50,889	(136,220)	n.m.	80,943	(343,383)	n.m.

¹Adjusted EBIT is defined as profit/(loss) before interest, tax and other losses

2H 2021 vs 2H 2020

Revenue

The Group recorded revenue of \$148.8 million in 2H 2021 (2H 2020: \$229.3 million). The decrease was due to lower contribution from the real estate segment.

Real Estate Segment - Investment Properties Division

Revenue from the investment properties division decreased by \$35.4 million to \$90.3 million in 2H 2021 (2H 2020: \$125.7 million). The decrease was mainly due to absence of revenue contribution from U.S. Bank Tower and lower contribution from the OUE Bayfront Property subsequent to their divestments in September 2020 and March 2021 respectively.

On 31 March 2021, OUE C-REIT completed the divestment of a 50.0% stake in the OUE Bayfront Property. Henceforth, the revenue contribution from the OUE Bayfront Property ceased with effect from this date and the share of financial contribution from the OUE Bayfront Property via the retained stake is equity-accounted for and included in the "Share of results of equity-accounted investees, net of tax".

Real Estate Segment - Hospitality Division

Revenue from the hospitality division decreased by \$9.9 million to \$31.8 million in 2H 2021 (2H 2020: \$41.7 million). The decrease was mainly due to lower contribution from Mandarin Orchard Singapore as the hotel underwent major renovation works in 2021 as part of its rebranding exercise to Hilton Singapore Orchard. The decrease was also due to the absence of contribution from serving as an accommodation for PSHN (Person issued with Stay-Home Notice) in 2H 2021. The hotel was a designated accommodation for PSHN in 2H 2020. Hilton Singapore Orchard officially opened on 24 February 2022.

The decrease was partially mitigated by higher contribution from Crowne Plaza Changi Airport, where the designation of the hotel as a Stay-Home Notice Dedicated Facility and Designated Crew Accommodation since February 2021 helped support demand.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

2. Review of performance of the Group (cont'd)

Revenue (cont'd)

Real Estate Segment - Development Properties Division

Revenue from the development properties division was \$1.5 million (2H 2020: \$41.7 million). The decline was attributed to fewer completion of OUE Twin Peaks units sold under deferred payment schemes in 2H 2021.

Healthcare Segment

Revenue from the healthcare segment pertains to revenue contribution from OUE Lippo Healthcare Limited and First REIT Management Limited ("FRML"), the manager of First Real Estate Investment Trust ("First REIT").

Consumer Segment

Revenue from the consumer segment comprises contribution from the food and beverages operations of the Group. Revenue increased by \$3.2 million to \$8.6 million (2H 2020: \$5.4 million) mainly due to new dining concepts that opened in 2H 2021.

Marketing expenses

Marketing expenses decreased by \$3.2 million to \$1.4 million in 2H 2021 (2H 2020: \$4.7 million) due to lower expenses incurred by the hospitality division.

Other Operating expenses

Other operating expenses decreased by \$10.9 million to \$2.1 million in 2H 2021 (2H 2020: \$13.0 million) mainly due to reversal of legal and related cost previously provided by the healthcare segment, and absence of plant, property and equipment written off due to the closure of OUE Skyspace, LA in October 2020.

Share of results of equity-accounted investees

Share of results of equity-accounted investees increased by \$116.7 million to \$172.2 million in 2H 2021 (2H 2020: \$55.5 million) mainly due to higher contribution from Gemdale Properties and Investment Corporation Limited ("Gemdale"), First REIT as well as recognition of the contribution from the OUE Bayfront Property as an equity-accounted investee.

Adjusted EBIT

Adjusted EBIT increased by \$87.4 million to \$209.0 million in 2H 2021 (2H 2020: \$121.6 million). The increase was mainly attributed to higher contribution from the healthcare and consumer segments; offset partially by lower contribution from the real estate segment.

Profit/(Loss) attributable to owners of the Company

In 2H 2021, the Group recorded a profit attributable to shareholders of \$50.9 million (2H 2020: loss attributable to shareholders of \$136.2 million). This was mainly due to higher adjusted EBIT, lower share of fair value losses recognised on investments properties and marked-to-market fair value gains on investments designated at fair value through profit or loss. This was partially offset by higher impairment losses recognised on property, plant and equipment in 2H 2021.

FY 2021 vs FY 2020

Revenue

The Group recorded revenue of \$300.8 million in FY 2021 (FY 2020: \$530.5 million). The decrease was due to lower contribution from the real estate segment.

Real Estate Segment - Investment Properties Division

Revenue from the investment properties division decreased by \$69.3 million to \$195.5 million in FY 2021 (FY 2020: \$264.8 million). The decrease was mainly due to absence of revenue contribution from U.S. Bank Tower and lower contribution from the OUE Bayfront Property after their divestments in September 2020 and March 2021 respectively.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

2. Review of performance of the Group (cont'd)

Real Estate Segment - Hospitality Division

Revenue from the hospitality division decreased by \$27.9 million to \$57.6 million in FY 2021 (FY 2020: \$85.5 million). The decrease was mainly due to lower contribution from Mandarin Orchard Singapore as the hotel underwent major renovation works in 2021 as part of its rebranding exercise to Hilton Singapore Orchard and lower contribution from serving as an accommodation for PSHN.

Real Estate Segment - Development Properties Division

Revenue from the development properties division was \$1.7 million (FY 2020: \$140.2 million). The decline was attributed to fewer completion of OUE Twin Peaks units sold under deferred payment schemes in FY 2021.

Healthcare Segment

Revenue from the healthcare segment pertains to revenue contribution from OUE Lippo Healthcare Limited and First REIT Management Limited ("FRML"), the manager of First Real Estate Investment Trust ("First REIT").

Consumer Segment

Revenue increased by \$4.2 million to \$14.7 million (FY 2020: \$10.5 million) mainly due to new dining concepts that opened in FY 2021.

Marketing expenses

Marketing expenses decreased by \$6.6 million to \$3.8 million in FY 2021 (FY 2020: \$10.3 million) due to lower expenses incurred by the hospitality division.

Administrative expenses

Administrative expenses decreased by \$14.1 million to \$63.7 million in FY 2021 (FY 2020: \$77.8 million). The decrease was mainly due to lower legal and professional expenses and absence of transaction costs related to the disposal of U.S. Bank Tower.

Other operating expenses

Other operating expenses decreased by \$11.6 million to \$7.3 million in FY 2021 (FY 2020: \$18.9 million) mainly due to reversal of legal and related expenses previously provided by the healthcare segment, and absence of plant, property and equipment written off due to the closure of OUE Skyspace, LA in October 2020.

Share of results of equity-accounted investees

Share of results of equity-accounted investees increased by \$112.6 million to \$231.9 million in FY 2021 (FY 2020: \$119.3 million) mainly due to recognition of the contribution from the OUE Bayfront Property as an equity-accounted investee and higher contribution from First REIT due to lower share of fair value losses on investment properties. The increase was also contributed by the acquisition of shares in Matahari Department Store Tbk, which is listed in the Indonesia Stock Exchange by a joint venture company following a voluntary tender offer completed on 3 July 2021.

Adjusted EBIT

Adjusted EBIT increased by \$66.8 million to \$313.4 million in FY 2021 (FY 2020: \$246.7 million). The increase was mainly attributed to higher contribution from the healthcare and consumer segments; offset partially by lower contribution from the real estate segment.

Profit/(Loss) attributable to owners of the Company

The Group recorded profit attributable to shareholders of \$80.9 million for FY 2021 (FY 2020: Loss attributable to shareholders of \$343.4 million). This was mainly due to higher adjusted EBIT and lower share of fair value losses on investment properties mainly arising from the absence of fair value loss recognised on U.S. Bank Tower in FY 2020. The increase was also due to marked-to-market fair value gains on investments designated at fair value through profit or loss recognised in the current financial year. The increase was partially offset by higher share of impairment losses recognised on property, plant and equipment in FY 2021.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

2. Review of performance of the Group (cont'd)

Statements of financial position

1. "Trade and other receivables" decreased by \$85.1 million mainly due to partial redemption of promissory notes during the year.
2. "Other investments" increased by \$168.8 million mainly due to the acquisition of a 17.2% stake in PT Multipolar Tbk, an Indonesian company listed on the Indonesian stock exchange; as well as additional debt investments during the current financial year.
3. As at 31 December 2020, "Assets held for sale" represented the carrying value of the OUE Bayfront Property which was reclassified from "Investment properties" subsequent to the announcement of the proposed divestment of the property by OUE C-REIT on 18 January 2021. The security deposits for the OUE Bayfront Property were correspondingly reclassified to "Liabilities directly associated with the assets held for sale". The disposal was completed on 31 March 2021.
4. "Interests in equity-accounted investees" increased by \$603.9 million mainly due to the recognition of a 50% joint venture entered into by OUE C-REIT, the limited partnership which owns the OUE Bayfront Property. The increase was also due to the subscription of the rights issue by First REIT in February 2021 and subsequent purchase of First REIT units. As at 31 December 2021, the Group owns an effective interest of 23.1% in First REIT (31 December 2020: 14.7%). The Group also entered into a joint venture to acquire a stake in Matahari Department Store Tbk in July 2021 and owns an effective interest of 12.8% as at 31 December 2021.

The increase was also attributed to recognition of share of results of equity-accounted investees during the year.

5. "Property, plant and equipment" decreased by \$49.2 million mainly due to depreciation and impairment losses recognised on the hotel properties (Mandarin Orchard Singapore and Crowne Plaza Changi Airport) and a land parcel located in Dujiangyan, Chengdu under the healthcare segment. This was partially offset by additions during the year.
6. "Borrowings" decreased by \$651.3 million mainly due to the repayment of borrowings following the completion of divestment of the OUE Bayfront Property by OUE C-REIT, as well as redemption of convertible bonds by the Company. This was partially offset by the issuance of notes totaling \$350 million during the financial year.
7. "Deferred income" mainly relates to non-refundable deposits received from the OUE Twin Peaks units sold under deferred payment schemes. Revenue from units sold under deferred payment schemes are deferred and will be recognised on completion of the sale of each respective unit.
8. "Lease liabilities" mainly pertained to the land lease from Changi Airport Group in relation to the Crowne Plaza Changi Airport site and leases taken up by the consumer segment.
9. "Derivative assets" and "Derivative liabilities" mainly relate to the fair value of the interest rate swaps entered into to hedge the Group's exposure to floating interest rates on its borrowings.
10. "Share capital" decreased by \$58.5 million due to cancellation of treasury shares in January 2021.

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

No forecast or prospect statement has been previously disclosed.

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

The Singapore economy grew by 6.1% on a year-on-year basis in the fourth quarter of 2021¹, moderating from the 7.5% expansion in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.3% in the fourth quarter, faster than the 1.5% growth recorded in the previous quarter. For the whole of 2021, the economy grew by 7.6%, rebounding from the 4.1% contraction in 2020.

OUE LIMITED & ITS SUBSIDIARIES **For the six months and full year ended 31 December 2021**

While international visitor arrivals to Singapore rebounded slightly in 2021, these statistics remained well below pre-pandemic levels as international travel continues to be restricted due to the COVID-19 pandemic. Recovery for the hospitality sector is expected to be uneven, with strong rebound expected after 2022 when border restrictions are expected to relax further. The designation of Crowne Plaza Changi Airport as a Stay-Home Notice Dedicated Facility and Designated Crew Accommodation till August 2022 is expected to help support hotel demand. Hilton Singapore Orchard has re-launched on 24 February 2022 after undergoing a rebranding exercise from Mandarin Orchard Singapore.

In Singapore, Grade A core CBD core office rents grew by 1.4% in 4Q 2021 as compared to the preceding quarter to \$10.80 psf per month² as healthy demand compounded by tight supply led to an overall increase in office rents islandwide. In the medium term, the outlook for Grade A office demand is expected to be positive given tapering office supply despite potential demand risks.

Vacancy levels for the overall Shanghai CBD Grade A offices was at 11.6% for 4Q 2021, with rents increased by 0.4% quarter-on-quarter to RMB9.02 psm per day³. While office demand is expected to continue to track the economic recovery, rental growth is expected to be measured against the backdrop of rising vacancy amidst ample supply pipeline.

Overall

Barring any materialisation of downside risks, the Singapore economy is projected to expand by 3.0% to 5.0% in 2022¹. However, recovery is expected to be disparate across sectors as downside risks continue to remain due to uncertainty arising from the pandemic. The Group has sufficient liquidity to meet its near-term debt obligations and will continue to exercise prudent capital management moving into the new financial year.

¹ Singapore Ministry of Trade and Industry Press Release, 17 February 2022

² CBRE, Singapore Q4 2021

³ Colliers International, 4Q 2021 Shanghai Office Market, 4 January 2022

5. Dividend information

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? Yes.

Name of dividend	Final
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	Final
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (one-tier)

(c) Date payable

In relation to the proposed final cash dividend, if approved at the Annual General Meeting to be held on 28 April 2022, will be payable on 26 May 2022.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 11 May 2022, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 10 May 2022 will be registered to determine shareholders' entitlements to the proposed final dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the proposed final dividend will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

OUE LIMITED & ITS SUBSIDIARIES

For the six months and full year ended 31 December 2021

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

6. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

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

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

8. Report of person occupying managerial positions who are related to a director, chief executive officer or substantial shareholder

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) as below:

Name	Age in year 2022	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Stephen Riady	62	Brother of Mr James Tjahaja Riady, a substantial shareholder of OUE Limited ("OUE")	Executive Chairman (since 2010) and Group Chief Executive Officer (since 1 January 2020) of OUE. Provides strategic direction and has overall responsibility for the management, organisation, operation and development of the Group and all matters arising therefrom.	Nil.
Brian Riady	32	Son of Dr Stephen Riady, the Executive Chairman and Group Chief Executive Officer of OUE and nephew of Mr James Tjahaja Riady, a substantial shareholder of OUE	Deputy Chief Executive Officer and Executive Director of OUE (since 1 January 2020). Assists the Executive Chairman and Group Chief Executive Officer in overseeing all business operations of the Group, setting the Group's strategic direction, and executing the Group's business strategies.	Nil.

BY ORDER OF THE BOARD

KELVIN CHUA
COMPANY SECRETARY
28 February 2021