OUE

HARNESSING RESILIENCE

ANNUAL REPORT **2020**

OUE Bayfront reflects the journey between past and future, a modern landmark at historic Collyer Quay

Scan here to view our Annual Report online

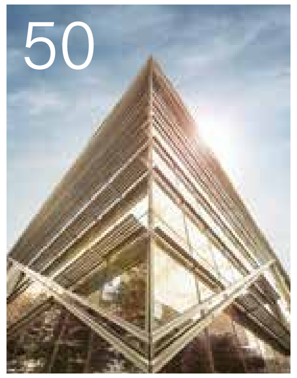
HARNESSING RESILIENCE

The COVID-19 pandemic impacted our operations in 2020. Acting decisively, we were able to deploy our resources and harness our resilience to mitigate the impact by stabilising our operations, strengthening our balance sheet and building up liquidity reserves. We stood by our tenants through various relief measures. Additionally, we proactively enhanced our lease management efforts to optimise occupancy and stabilise rental income. Going forward, we will ensure sustainability in our growth strategy by focusing on innovation, efficiency and adaptability, and by tapping new opportunities.

CORPORATE PROFILE

OUE Limited (SGX-ST: OUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors. In 2017, OUE embarked on expanding its portfolio into the healthcare sector through strategic acquisitions. In 2019, OUE expanded into the consumer sector with OUE Restaurants.

With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. OUE is the sponsor of OUE Commercial Real Estate Investment Trust.



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STABILISING OUR OPERATIONS

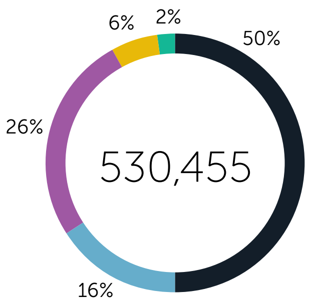
We moved swiftly to optimise our operations and enhance our lease management efforts to optimise occupancy and stabilise our revenue.

OVERVIEW

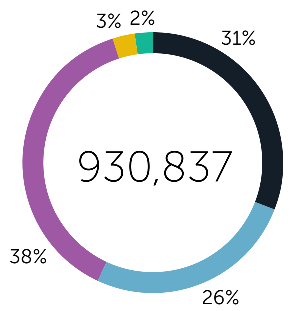
Crowne Plaza Changi Airport's distinctively designed pillars are a unique expression of strength and support

SEGMENTAL PERFORMANCE ANALYSIS

TOTAL TURNOVER BY BUSINESS SEGMENT
(S$'000)

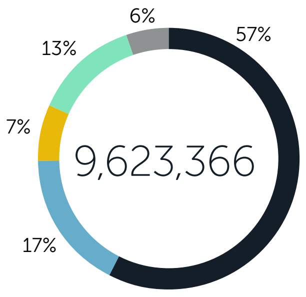


2020		
Investment properties	264,777	50%
Hospitality	85,497	16%
Development properties	140,176	26%
Healthcare	29,437	6%
Consumer	10,329	2%
Others	239	0%
Total	**530,455**	**100%**

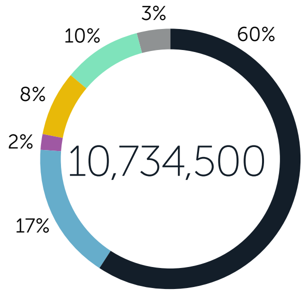


2019		
Investment properties	287,607	31%
Hospitality	241,205	26%
Development properties	349,611	38%
Healthcare	30,993	3%
Consumer	20,983	2%
Others	438	0%
Total	**930,837**	**100%**

TOTAL ASSETS BY BUSINESS SEGMENT
(S$'000)

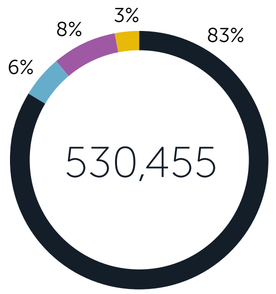


2020		
Investment properties	5,449,853	57%
Hospitality	1,657,890	17%
Development properties	33,156	0%
Healthcare	699,398	7%
Consumer	23,277	0%
Investment holding	1,254,507	13%
Unallocated assets	505,285	6%
Total	**9,623,366**	**100%**

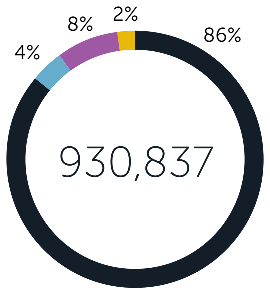


2019		
Investment properties	6,409,911	60%
Hospitality	1,778,195	17%
Development properties	172,518	2%
Healthcare	813,258	8%
Consumer	32,778	0%
Investment holding	1,108,296	10%
Unallocated assets	419,544	3%
Total	**10,734,500**	**100%**

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT
(S$'000)

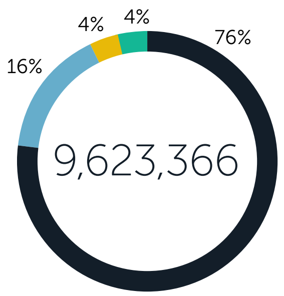


2020		
Singapore	442,324	83%
The People's Republic of China	28,463	6%
United States of America	42,128	8%
Japan	17,526	3%
Others	14	0%
Total	**530,455**	**100%**

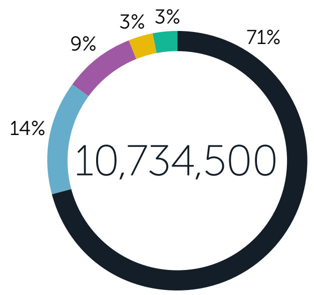


2019		
Singapore	803,736	86%
The People's Republic of China	33,551	4%
United States of America	74,226	8%
Japan	16,983	2%
Others	2,341	0%
Total	**930,837**	**100%**

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT
(S$'000)



2020		
Singapore	7,306,581	76%
The People's Republic of China	1,550,380	16%
United States of America	18,607	0%
Japan	384,515	4%
Others	363,283	4%
Total	**9,623,366**	**100%**



2019		
Singapore	7,580,520	71%
The People's Republic of China	1,510,894	14%
United States of America	924,320	9%
Japan	367,474	3%
Others	351,292	3%
Total	**10,734,500**	**100%**

FIVE-YEAR FINANCIAL SUMMARY

	2020 S$'000	%	2019 S$'000	%	2018 S$'000	%	2017 S$'000	%	2016 S$'000	%
Group Turnover										
Investment properties	264,777	50	287,607	31	276,491	43	270,961	36	264,674	30
Hospitality	85,497	16	241,205	26	236,648	37	220,087	29	201,655	23
Development properties	140,176	26	349,611	38	65,903	10	209,533	28	401,956	45
Healthcare	29,437	6	30,993	3	30,878	5	33,810	4	-	-
Consumer	10,329	2	20,983	2	17,144	3	15,912	2	12,092	1
Others	239	0	438	0	15,833	2	3,809	1	3,864	1
Total	**530,455**	**100**	**930,837**	**100**	**642,897**	**100**	**754,112**	**100**	**884,241**	**100**
Group Profit and Loss										
Earnings before interest and tax	246,654		330,295		182,477		166,071		274,646	
(Loss)/Profit attributable to owners of the Company	(343,383)		255,217		10,022		94,560		144,366	
Group Balance Sheet										
Investment properties	4,534,728		6,628,427		6,451,029		6,390,048		5,742,752	
Development properties	29,024		152,380		466,498		521,181		724,224	
Investments in equity-accounted investees	1,064,334		921,614		740,396		955,013		942,376	
Property, plant and equipment	1,700,486		1,774,343		55,419		31,494		19,438	
Cash and cash equivalents	559,527		477,712		409,371		535,249		238,973	
Assets held for sale	1,258,512		100,001		-		-		-	
Other investments	209,718		211,220		700,967		386,616		344,664	
Other assets	267,037		468,803		442,137		214,544		70,978	
Total assets	**9,623,366**		**10,734,500**		**9,265,817**		**9,034,145**		**8,083,405**	
Equity attributable to owners of the Company	3,740,004		4,073,296		3,938,405		4,024,918		4,009,331	
Non-controlling interests	1,916,810		2,043,849		1,200,802		850,809		634,480	
Borrowings										
- Current	420,416		1,309,892		471,691		1,081,828		656,046	
- Non-current	3,055,709		2,679,731		3,024,564		2,399,107		2,245,443	
Other liabilities	490,427		627,732		630,355		677,483		538,105	
Total equity and liabilities	**9,623,366**		**10,734,500**		**9,265,817**		**9,034,145**		**8,083,405**	
Earnings per share (cents)	(38.2)		28.3		1.1		10.5		16.0	
Dividends per share (cents)										
- Interim dividend	-		1.0		1.0		1.0		1.0	
- Special dividend	-		4.0		11.0		-		2.0	
- Final dividend	1.0		1.0		1.0		2.0		2.0	
Total dividend	1.0		6.0		13.0		3.0		5.0	
Net asset per share ($)	4.24		4.52		4.37		4.46		4.45	
Gearing ratio*	52%		58%		61%		61%		57%	

* Net Borrowings/Total Equity less Intangible Assets and Goodwill

STRENGTHENING OUR PERFORMANCE

We initiated cost containment measures while at the same time building up liquidity reserves to cushion the impact to our business.

STRATEGY & BUSINESS REVIEW

One Raffles Place Tower 1 has stood strong for over two decades as a premium office address in Singapore

CHAIRMAN & GROUP CEO'S STATEMENT

"OUE remained resilient and was able to navigate through the challenging year by acting decisively in stabilising its operations, strengthening its balance sheet, and building up liquidity reserves."

"华联企业坚韧不拔，仰赖果断的决策在这充满挑战的一年里稳固公司的营运操作、加强其资产负债表，以及增加流动资金储备。"

DR. STEPHEN RIADY
Executive Chairman and
Group Chief Executive Officer

Dear Shareholders,

The COVID-19 pandemic brought unprecedented disruption to our businesses in 2020. Despite this, OUE remained resilient and was able to navigate through the challenging year by acting decisively in stabilising its operations, strengthening its balance sheet, and building up liquidity reserves. The year also presented new opportunities and potential for the Group to build sustainable future growth.

MITIGANTS TO THE COVID-19 IMPACT

Travel restrictions, social distancing and various COVID-19 containment measures implemented in the countries in which the Group operates have impacted our businesses. The Group took decisive strategic actions to cushion the impact by focusing on cost management, cash conservation and maintaining financial flexibility in this distressed environment.

Taking a long-term view of the relationship with our tenants in light of the ongoing pandemic, the Group extended relief measures amounting to S$19.9 million to tenants in 2020 via rental rebates and various support schemes such as flexible payment and rental restructuring for eligible tenants.

At the Group's hotels, the safety and well-being of guests and staff is of utmost priority. Our hospitality team continues to work closely and cooperate fully with the relevant authorities in implementing stringent infection control measures across all hotel operations.

To mitigate the challenges brought about by this prolonged pandemic, the Group has exercised prudence in non-essential capital and operating expenditure across the properties, and adopted proactive lease management to maintain revenue stability.

OPTIMISING FOR FUTURE GROWTH

During the year, OUE announced several corporate actions that lay the foundations for its future growth trajectory.

In March 2020, OUE announced the rebranding of Mandarin Orchard Singapore to Hilton Singapore Orchard, which will allow it to leverage Hilton's strong brand recognition, global sales and distribution network, and its highly successful guest loyalty programme to pursue a higher-yielding market for corporate and leisure travellers. Expected to be relaunched in 2022, Hilton Singapore Orchard will be Hilton's flagship hotel in Singapore and the largest Hilton hotel in Asia Pacific with 1,080 well-appointed rooms, five restaurants and bars, and 3,765 square metres of meeting and function spaces. The planned asset enhancement works will capitalise on the weakened operating environment due to COVID-19, while new additional income-generating spaces will drive growth in long-term sustainable returns and value for the Group. The transformational rebranding of the iconic hotel will position the property to benefit from the sector's anticipated recovery once travel restrictions are eased.

In June 2020, the Group completed the acquisition of a land parcel in South Jakarta, Indonesia for IDR1,316,250 million (approximately S$132.3 million). Measuring approximately 8,000 square metres and with its accessible location within the central business district of Jakarta, it holds strong development prospects. Plans are underway to develop a landmark 57-storey skyscraper comprising premium office space and a lifestyle hotel. The development is targeted for completion in 2026.

In September 2020, the Group completed the divestment of U.S. Bank Tower, its commercial property asset in Los Angeles, United States, for US$430.0 million. The disposal enabled the Group to unlock capital at a time when the longer-term outlook for the US property market is uncertain. It also strengthened the Group's liquidity and cash reserves to weather through the current challenging economic environment.

In the Group's Healthcare division, OUE Lippo Healthcare Limited (**OUELH**) signed an agreement in December 2020 to lease and operate an obstetrics and gynaecology (**O&G**) hospital via its 50:50 joint venture company with state-owned conglomerate China Merchants Group. Located in the south-east of China's Jiangsu province, the O&G hospital will house 140 beds, with a gross floor area of approximately 25,000 square metres and is expected to be commissioned in 2023. OUELH has also commenced foundation works for the Prince Bay International Hospital in Shenzhen, China. The hospital is expected to be commissioned by 2024 and is positioned to provide premium specialist services targeting high-end customers in the Greater Bay Area.

OVERALL PERFORMANCE

For the financial year ending 31 December 2020 (**FY2020**), the Group recorded a net loss attributable to shareholders of S$343.4 million, compared to profit attributable to shareholders of S$255.2 million in the previous year (**FY2019**).

CHAIRMAN & GROUP CEO'S STATEMENT

The loss attributed to shareholders was largely due to overall net fair value losses recognised on investment properties of approximately S$435.4 million. This included S$298.9 million fair value loss in relation to the disposal of U.S. Bank Tower which was derived based on the difference between the sale price and the last reported fair value of US$650.0 million as at 31 December 2019. Additionally, impairment losses recognised on property, plant and equipment and intangible assets based on impairment assessments as at 31 December 2020 also contributed to the full-year loss. The loss attributable to shareholders was partially mitigated by lower finance expenses on lower borrowings.

The COVID-19 pandemic has significantly impacted the Group's operating performance across all its business divisions. The Group recorded revenue of S$530.5 million in FY2020, compared to S$930.8 million in FY2019.

Consequently, earnings before interest and tax declined to S$246.7 million in FY2020 from S$330.3 million in FY2019, mainly due to weaker operating performance and lower contribution from equity-accounted investees.

The Group ended the year with a healthy balance sheet position with net assets at S$5.7 billion.

BUSINESSES IN REVIEW

Revenue from the Investment Properties division declined 7.9% year-on-year (**YoY**) to S$264.8 million, mainly due to the absence of revenue contribution from U.S. Bank Tower in 4Q 2020. This was partially mitigated by the inclusion of full-year revenue contribution from Mandarin Gallery following the merger of OUE Hospitality Trust and OUE Commercial Real Estate Investment Trust in September 2019.

The Group's Hospitality division saw a 64.6% YoY decrease in revenue to S$85.5 million. This was mainly due to the overall decline in room occupancy and banquet sales as a result of travel restrictions, social distancing as well as various COVID-19 "circuit breaker" and containment measures implemented by the Singapore Government to curb the spread of the pandemic. The decline in revenue was also underpinned by the absence of contribution from the serviced apartments at OUE Downtown which were divested in 2019.

The Development Properties division recorded revenue of S$140.2 million in FY2020 as compared to S$349.6 million in FY2019, pertaining to the completion of certain OUE Twin Peaks units sold under deferred payment schemes.

Revenue from the Healthcare division decreased slightly by 5.0% to S$29.4 million mainly due to lower management fees earned by First REIT Management Limited, the manager of First Real Estate Investment Trust (**First REIT**), as a result of lower net property income and total assets recorded by First REIT.

The Consumer division saw a 50.8% decline in revenue to S$10.3 million, mainly due to lower revenue from OUE Skyspace L.A., which ceased operations since March 2020. This was partially mitigated by higher contribution from the Group's food and beverage operations in Singapore.

MOVING FORWARD

The Group has sufficient liquidity and cash reserves to meet its near-term debt obligations and operational needs. With the disposal of U.S. Bank Tower, the Group pared down its debt and improved its gearing to 51.8% as at 31 December 2020 from 57.8% as at 31 December 2019.

Looking ahead, the Group will continue to exercise prudence in managing its capital expenditure, costs and cash flows to maintain its healthy balance sheet and financial flexibility. The Group will also remain focused on exploring and pursuing new strategic opportunities and potential as and when such opportunities arise to grow its income streams and maximise shareholder value.

IN GRATITUDE

In appreciation of our shareholders for their continued support, the Board of Directors is pleased to propose a final tax-exempt dividend of 1.0 Singapore cent per share.

Facing the challenges in year 2020 would not have been possible without the joint efforts of various groups of people, including my fellow Board members, strategic partners, financial advisors, management team and the staff of OUE. You have enabled the Group to move decisively to mitigate the impact of the pandemic and stay resilient as one. Thank you for your support during the year. As we continue to weather the storm, I am confident we will emerge a stronger and more resilient Group.

Dr. Stephen Riady
Executive Chairman and Group CEO
March 2021

董事主席兼集团首席执行总裁致辞

尊敬的各位股东，

2019冠状病毒疾病 (冠病) 疫情在2020年对我们的业务造成了前所未有的冲击。尽管如此，华联企业坚韧不拔，仰赖果断的决策在这充满挑战的一年里稳固公司的营运操作、加强其资产负债表，以及增加流动资金储备。本财务年度也为集团呈献了实现可持续未来增长的新机会和潜能。

缓解冠病疫情影响的措施

由于各个国家都实施了旅游限制、安全距离和各种冠病遏制措施，集团在国外的业务都受到了影响。对此，集团在逆境中采取了一系列的果断战略性行动来缓解冲击，包括专注于成本管理、资金保存和维持财务灵活性。

在冠病疫情的背景下，基于我们与租户的长期关系，集团于2020年通过租金回扣和各项援助计划，如灵活付款和租金重组，给予合格租户总数达1990万新元的租金援助。

本集团的酒店重视顾客和职员的安全。因此，酒店团队将继续与有关当局紧密合作，在旗下所有的酒店实施严谨的消毒防范措施。

为了缓解这次冗长的疫情所带来的挑战，本集团谨慎处理各项产业的非关键资本和营运支出，并通过积极的租赁管理来维持稳定的收入。

采取优化行动，保证未来增长

华联企业于本财务年度宣布了为其未来增长奠定基础的多项企业行动。

2020年3月，华联企业集团宣布将新加坡文华大酒店 (Mandarin Orchard Singapore) 的品牌转换为新加坡希尔顿酒店 (Hilton Singapore Orchard)，以借助希尔顿的强劲品牌知名度、全球销售和分销网络及非常成功的希尔顿荣誉客会会员计划，进军商务和休闲旅客的高收益市场。品牌转换后的酒店预计将于2022年重新开业，届时，新加坡希尔顿酒店不仅将是希尔顿酒店集团在我国的旗舰酒店，更是亚太区域最大的希尔顿酒店，拥有1,080间设备完善的客房、5家餐馆和酒吧，以及3,765平方米的会议和多功能空间。计划中的资产提升工程将利用冠病疫情所造成的疲弱营运环境进行施工，而新增的创收空间则将推动本集团长期可持续回报和价值的增长。品牌转换将使该标志性酒店占据有利地位，以便在旅游限制措施放宽之际，从预期的行业复苏中受益。

除此之外，本集团于2020年6月以1兆3162亿5000万印尼盾 (大约1亿3230万新元) 的价格收购了在印度尼西亚南雅加达的一块地皮。该地块面积约8,000平方米，并位于地点优越的雅加达中央商务区，拥有庞大的发展潜能。集团正在筹划于该地块兴建一栋结合优质办公室空间和时尚酒店的57层摩天大厦。发展项目暂定于2026年完成。

2020年9月，本集团以4亿3000万美元的价格出售了我们位于美国洛杉矶的商业产业资产 – 联邦银行大厦 (U.S. Bank Tower)。脱售项目有助于我们在美国产业市场展现不确定趋势之际，及时兑现资本价值。与此同时，这也加强了集团的流动资金和现金储备，有助于我们应对目前充满挑战的经济环境。

另一方面，本集团的医疗部门，华联力宝医疗有限公司 (OUE Lippo Healthcare Limited) (**华联力宝医疗**) 已于2020年12月通过与中国国有企业招商局集团(China Merchants Group) 50:50 的合资公司签署长期租赁合同运营一家妇产医院。该医院坐落于中国江苏省东南部，面积约25,000平方米，并将设有 140张床位，预期将于2023年开幕。 华联力宝医疗位于中国深圳的太子湾国际医院 (Prince Bay International Hospital) 也开始了基坑工程。该医院预期将于2024年开幕，为大湾区内的高端客户群提供优质专科服务。

整体业务表现

截至2020年12月31日的财务年度(**2020财务年度**)，本集团呈报3亿4340万新元的股东应占净亏损，而去年(**2019财务年度**) 则实现了2亿5520万新元的股东应占净利润。

股东应占亏损的主要原因是投资产业所确认的4亿3540万新元的整体净公允价值亏损，其中包括于2020年9月完成的联邦银行大厦脱售所呈报的2亿9890万新

董事主席兼集团首席执行总裁致辞

元公允价值亏损。该项亏损是根据出售价和截至2019年12月31日所最后呈报的6亿5000万美元公允价值之间的差异计算得来的。除此之外，根据截至2020年12月31日的减值评估所确认的物业、厂房和设备以及无形资产的减值亏损也是造成全年亏损的部分原因。然而，股东应占亏损却因借款减少、财务支出下降而有所缓和。

冠病疫情显著影响了本集团所有业务部门的营运表现。与2019财务年度所记录的9亿3080万新元对比，本集团于2020财务年度呈报了5亿3050万新元的营业收入。

因此，息税前收益因集团业务部门和股权投资收益贡献下降，而从2019财务年度的3亿3030万新元减低至本财务年度的2亿4670万新元。

总结2020财务年度，本集团以57亿新元的净资产呈交稳健的资产负债表。

业务回顾

产业投资部门的营业收入，主要因为少了联邦银行大厦于2020年第4季度的营业收入贡献，而年比下降了7.9%至2亿6480万新元。但这因为华联酒店信托 (OUE Hospitality Trust) 和华联商业信托 (OUE Commercial Real Estate Investment Trust) 于2019年9月合并之后所纳入的文华购物廊(Mandarin Gallery) 的全年营业收入贡献而有所缓和。

本集团的酒店部门营业收入也年比下降64.6%至8550万新元。主要原因是新加坡政府为遏制冠病疫情，而实施的旅游限制、安全距离措施，以及各种相关的阻断措施和控制措施，导致整体客房入住率和宴会销售下降。除此之外，酒店部门的营业收入也少了于2019年被出售的华联城 (OUE Downtown) 服务式公寓的贡献。

产业发展部门的营业收入从2019财务年度的3亿4960万新元下滑至本财务年度的1亿4020万新元。产业发展部门的营业收入来自于以延迟付款计划所出售的华联诗礼花园 (OUE Twin Peaks) 豪华公寓单位。

保健护理部门的营业收入，主要因先锋医疗产业信托 (First Real Estate Investment Trust) 所记录的净产业收入和总资产降低，使先锋医疗产业信托管理有限公司 (First REIT Management Limited) 所赚取的管理费用相应下滑，而稍微降低了5.0%至2940万新元。

消费部门的营业收入，主要因为华联洛城天台 (OUE SKYSPACE LA) 自2020年3月停止营业而下降了50.8%至1030万新元，但是因集团位于新加坡的餐饮业务营业收入贡献提高而有所缓和。

前景展望

本集团有充足的流动资金和现金储备来偿还近期债务和满足营运的需要。随着美国洛杉矶联邦银行大厦的脱售，集团已削减债务，并将资产负债率由截至2019年12月31日的57.8%改善至截至2020年12月31日的51.8%。

展望未来，本集团将继续谨慎管理资本支出、费用和现金流，以保持稳健的资产负债表和财务灵活性。我们也将继续专注于探索和寻找新的战略性机会与开发潜能，以增加收入流和提高股东价值。

致谢

为了答谢股东们一路来对华联企业的支持，董事会建议派发每股新元1.0分的期末免税股息。

全靠各方人士齐心协力的努力，本集团才能成功克服2020年的各项挑战。我要由衷感谢各位董事会成员、战略伙伴、财务顾问、管理团队和华联企业的员工们。你们的支持，让本集团在这一年里坚韧不拔、果断地前进，缓解了疫情的影响。感谢你们在这一年里的支持。在我们在逆境中继续前行的征途中，我相信我们一定能够成为一个更强大、更坚韧的集团。

李棕博士
董事主席兼集团首席执行总裁
2021年3月

BOARD OF DIRECTORS

DR. STEPHEN RIADY
Executive Chairman and
Group Chief Executive Officer

MR. CHRISTOPHER JAMES WILLIAMS
Deputy Chairman and Non-Executive
Non-Independent Director

MR. KELVIN LO KEE WAI
Independent Director

MR. SIN BOON ANN
Lead Independent Director

MR. KIN CHAN
Non-Executive Non-Independent
Director

MR. BRIAN RIADY
Deputy Chief Executive Officer
and Executive Director

BOARD OF DIRECTORS

DR. STEPHEN RIADY
Executive Chairman and
Group Chief Executive Officer

Dr. Stephen Riady was appointed Executive Chairman of OUE Limited on 9 March 2010, and as the Group Chief Executive Officer (in an expansion of his role as Executive Chairman) on 1 January 2020. He has been serving as Executive Director since 30 November 2006. He is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 250 and 251 of the Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2019.

Dr. Riady is also an executive director of Lippo Limited and has been its chairman since 1991. He was appointed a director of Lippo China Resources Limited and Hongkong Chinese Limited in 1992 and in March 2011, he was appointed as chairman of both companies. Dr. Riady is the executive president of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited. He was also appointed a non-executive non-independent director of Healthway Medical Corporation Limited in August 2017, which is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. Dr. Riady also holds the positions of Trustee of the Global Board of Trustees of Asia Society; Executive Vice President of China Federation of Overseas Chinese Entrepreneurs; and permanent honorary chairman, Singapore Research Centre of Institute for Global Development of Tsinghua University.

In public service, Dr. Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997, appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("**PRC**"). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He was awarded the 2018 EY Asean Entrepreneurial Excellence Award, an award which recognises successful Southeast Asian businesses that contribute to the economy and community in the region. He is an Honorary Citizen of Shenzhen, PRC.

Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master of Business Administration from Golden Gate University, United States of America. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

MR. CHRISTOPHER JAMES WILLIAMS
Deputy Chairman and
Non-Executive
Non-Independent Director

Mr. Christopher James Williams was appointed as a Non-Executive Non-Independent Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 22 May 2020.

Mr. Williams is a founding partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr. Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr. Williams was from 1994 a partner in Richards Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr. Williams has been the chairman and non-independent non-executive director of First REIT Management Limited, the manager of First Real Estate Investment Trust, since 26 October 2018 and a director of OUB Centre Limited since 28 January 2014.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers*, published by Euromoney Publications PLC, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, as one of the world's top mergers and acquisitions lawyers.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

BOARD OF DIRECTORS

MR. KELVIN LO KEE WAI
Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an Independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 22 May 2020.

Mr. Lo has been engaged in the funds management business and practicing law in New South Wales, Australia at Alliance Law Group Pty Ltd since 2007. He previously served as chief investment officer of Value Creation Inc from 2002 to 2007, chief executive officer of Mreferral Corporation Ltd from 2000 to 2001, chief financial officer of Midland Realty Ltd from 1999 to 2001, and financial controller of Lippo Ltd from 1992 to 1999.

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an associate of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Professional Accountants Canada, a chartered financial analyst of the CFA Institute of United States, and an associate of the Chartered Secretaries Australia. He is an associate member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Master of Laws from University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

MR. SIN BOON ANN
Lead Independent Director

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009, and as Lead Independent Director on 17 February 2017. He also serves as Chairman of the Nominating Committee and the Remuneration Committee, and is a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 26 April 2018.

Mr. Sin is a Consultant at Drew & Napier LLC. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Co-head of the Capital Markets Practice before he retired to be a consultant in March 2018. Mr. Sin is principally engaged in corporate finance and mergers and acquisitions. He was a Member of Parliament for Tampines GRC from 1996 to 2011. Mr. Sin was a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011. Mr. Sin taught at the Faculty of Law of the National University of Singapore from 1987 to 1992.

Mr. Sin is also the lead independent director of several companies listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), namely Rex International Holding Limited since 26 June 2013, HRnetGroup Limited since 16 May 2017 and TIH Limited since 1 January 2021. He has also been appointed as independent non-executive chairman of Healthway Medical Corporation Limited (listed on the SGX-ST) since 26 April 2019, an independent director of CSE Global Limited (listed on the SGX-ST) since 13 May 2002, and an independent and non-executive director of The Trendlines Group Ltd. (listed on the SGX-ST) since 17 June 2020 and Sarine Technologies Ltd. (listed on the SGX-ST) since 25 June 2020. He was also appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015.

Mr. Sin holds a Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore, and a Master of Laws from the University of London.

MR. KIN CHAN
Non-Executive
Non-Independent Director

Mr. Kin Chan was appointed as a Non-Executive Non-Independent Director on 17 March 2010. He has been serving as a member of the Audit Committee with effect from 19 October 2011. Mr. Chan has been the chief investment officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 250 and 251 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2018.

Mr. Chan has been the chairman of TIH Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited, since 1 May 2005 and a non-executive director of CITIC Resources Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, since 10 March 2017. He was appointed as a commissioner of PT Lippo Karawaci Tbk, a company listed on the Indonesia Stock Exchange, on 18 April 2019.

Mr. Chan earned an AB degree from Princeton University and a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania where he was a Palmer Scholar.

MR. BRIAN RIADY
Deputy Chief Executive
Officer and Executive Director

Mr. Brian Riady was appointed as the Deputy Chief Executive Officer and Executive Director of OUE Limited on 1 January 2020. He 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. He was last re-elected as a Director at the Annual General Meeting held on 22 May 2020.

Mr. Riady is presently a non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd., the manager of OUE Commercial Real Estate Investment Trust.

Mr. Riady was previously the Chief Executive Officer of the Hospitality Division of OUE Limited from October 2018 to December 2019. Prior to joining the OUE Group, Mr. Riady was Vice President of Strategy of Lippo Group Indonesia from 2013 to 2018. He also served as Group Chief Executive Officer of Lippo Group Indonesia's lifestyle and entertainment division, conceptualising and growing multiple concepts, developing over 150 food and beverage and entertainment outlets and expanding into over 30 cities across Indonesia. Prior to joining Lippo Group Indonesia, Mr. Riady was an analyst at Credit Suisse's real estate, gaming and lodging investment banking group.

Mr. Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, and has also completed Executive Education programmes at Harvard Business School.

We are committed to supporting our tenants and providing them with calibrated relief measures as we navigate the difficult environment together.

OPERATIONS REVIEW

Mandarin Orchard Singapore hotel and the adjoining Mandarin Gallery shopping mall deliver an upscale experience on Orchard Road

COMMERCIAL

OUE BAYFRONT

Including **OUE Tower & OUE Link**

01

Certified Green Mark Gold by Singapore's Building and Construction Authority (BCA), *OUE Bayfront* offers premium office space with the advantages of a strategic location, including superb connectivity to major transport networks and easy access to Raffles Place, Telok Ayer and Downtown Mass Rapid Transit (MRT) stations.

As part of its portfolio optimisation strategy, OUE Commercial Real Estate Investment Trust (OUE C-REIT) has announced the divestment of a 50.0% interest in the OUE Bayfront property to a fund managed by Allianz Real Estate Asia Pacific Pte Ltd at an agreed property value of S$1,267.5 million, or S$3,170 per square foot. This represents a 26.1% premium over the purchase consideration in 2014. Net proceeds from the divestment are estimated to be S$262.6 million. Overall, the divestment will allow OUE C-REIT to realise the value of capital appreciation while maintaining significant exposure to the Singapore office market through retaining a 50.0% stake.

The OUE Bayfront property has demonstrated a resilient performance amidst a challenging operating landscape due to business disruption caused by the COVID-19 pandemic.

02

OUE LINK

OUE LINK
OUE Link, an air-conditioned overhead pedestrian bridge with double-frontage retail shops, provides convenient and sheltered access to Raffles Place.

VALUATION[1]
(S$ million)
1,181.0

GROSS FLOOR AREA
(sq ft)
503,482

NET LETTABLE AREA[1]
(sq ft)

Overall	Office	Retail
399,846	378,714	21,132

TENURE OF LAND

OUE Bayfront & OUE Tower
99-year lease
from 12 November 2007

OUE Link
15-year lease
from 26 March 2010

Underpass
99-year lease
from 7 January 2002

COMMITTED OCCUPANCY[1]

Overall	Office	Retail
99.8%	100.0%	96.6%

[1] As at 31 December 2020

A unique blend of modernity and conservation

Property Description
OUE Bayfront is a landmark commercial development located along the waterfront at Collyer Quay in Singapore's central business district (CBD), advantageously positioned between Marina Bay downtown and the established financial hub of Raffles Place. It comprises 18 floors of premium Grade-A office space commanding panoramic views of Marina Bay, and two complementary properties, OUE Link and OUE Tower.

OUE Bayfront is part of OUE C-REIT's portfolio.

OUE TOWER

OUE TOWER
Accorded heritage conservation status for its historic significance, OUE Tower houses a fine dining restaurant, the only revolving restaurant in Singapore, overlooking Marina Bay.

03

01 OUE Bayfront enjoys a commanding position in the bustling financial hub

02 OUE Link provides effortless connectivity between OUE Bayfront and Raffles Place

03 The conserved OUE Tower with a revolving restaurant

COMMERCIAL

OUE DOWNTOWN

01

OUE Downtown is the transformation of a high-rise skyscraper complex into a vibrant mixed-use development in Singapore's CBD. Within this exciting "work-life-play" environment, supported by a full suite of integrated amenities, OUE Downtown Office is home to an established blue-chip tenant base which includes reputable insurance, financial, information and technology, and multinational corporations. The Tanjong Pagar and Downtown MRT stations are within a short walking distance, providing easy accessibility and connectivity to tenants.

With the planned relocation of the container port facilities in the southern region of Singapore by 2030 and long-term master-planning by the Urban Redevelopment Authority to redevelop the waterfront area as an extension of the CBD, OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub.

VALUATION[1]
(S$ million)
900.0
(Office components)

GROSS FLOOR AREA
(sq ft)
752,633
(Office)

NET LETTABLE AREA[1]
(sq ft)
530,594
(Office)

TENURE OF LAND
99-year lease
from 19 July 1967

COMMITTED OCCUPANCY[1]
92.1%
(Office)

[1] As at 31 December 2020

02

A vibrant workplace and a destination to commune

Property Description

OUE Downtown Office comprises Grade-A office space at the OUE Downtown mixed-use development located along Shenton Way. It encompasses the 35th to 46th storeys of OUE Downtown 1, a 50-storey high-rise tower, and the 7th to 34th storeys of OUE Downtown 2, a 37-storey high-rise tower.

Extensive landscaping and water features create space to enjoy a moment of respite during the work day and indulge in nature. The premium office towers are also complemented by the wide array of dining, shopping and lifestyle offerings at Downtown Gallery, the retail component of OUE Downtown, making this a truly invigorating workplace.

OUE Downtown Office is part of OUE C-REIT's portfolio.

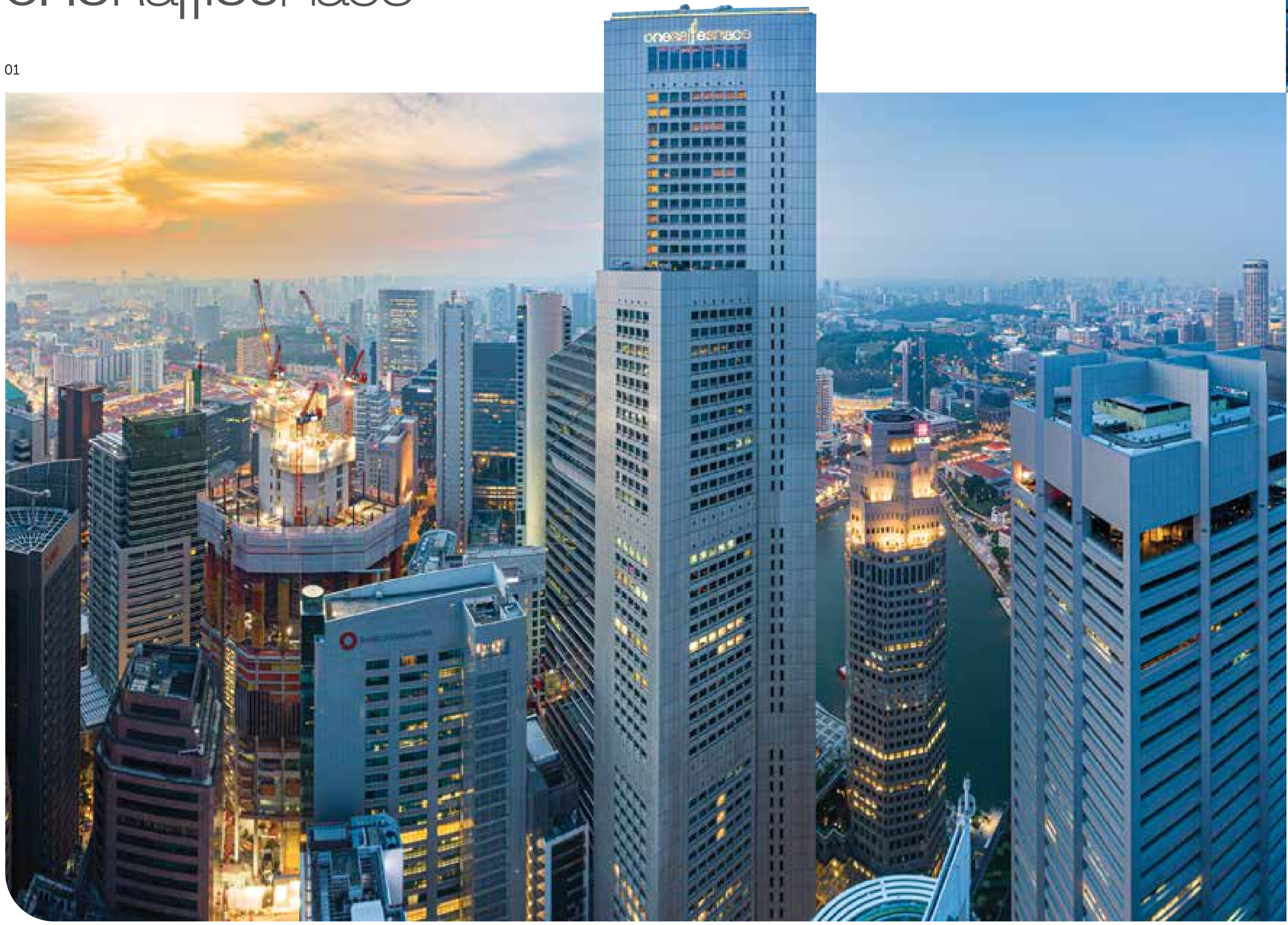
01 Two towers of Grade-A office space integrated with a six-storey retail mall

02 Office lobby of OUE Downtown

COMMERCIAL

oneRafflesPlace

01



02

Designed by the late renowned Japanese architect Kenzo Tange and certified Green Mark Gold by the BCA, the 62-storey *One Raffles Place Tower 1* is among the tallest buildings in the CBD. Its regular column-free office space is occupied by leading financial services, banking and professional firms, and the tower is crowned by a rooftop restaurant and an observation deck surrounded by panoramic views of the city skyline.

Designed by Paul Noritaka Tange, the late Kenzo Tange's son, the 38-storey *One Raffles Place Tower 2* has earned Green Mark Platinum certification for its cutting-edge, energy-efficient and environmentally sustainable design. The two towers of prime office space are complemented by the largest purpose-built shopping mall in Raffles Place, catering to the needs of busy executives with a wide variety of shopping, dining and lifestyle options.

A prominent presence on the CBD skyline

Property Description

One Raffles Place is a prominent integrated development strategically located in the heart of Singapore's main financial district. It comprises One Raffles Place Tower 1, a 62-storey Grade-A office building with an observation deck; One Raffles Place Tower 2, a 38-storey Grade-A office building; and One Raffles Place Shopping Mall, a six-storey retail podium situated above and with a direct underground link to Raffles Place MRT interchange station.

Besides excellent connectivity to the North-South and East-West MRT lines, One Raffles Place enjoys easy accessibility via an extensive underground network of pedestrian walkways within the Raffles Place and Marina Bay areas.

One Raffles Place is part of OUE C-REIT's portfolio.

01 Together One Raffles Place Towers 1 and 2 dominate the CBD skyline

02 One Raffles Place Tower 1 is one of the tallest skyscrapers in Singapore

VALUATION[1]
(S$ million)
1,799.7

GROSS FLOOR AREA
(sq ft)
1,287,517

NET LETTABLE AREA[1]
(sq ft)
605,295

TENURE OF LAND

Office Tower 1
841-year lease
from 1 November 1985

Office Tower 2
99-year lease
from 26 May 1983

COMMITTED OCCUPANCY[1]
92.1%

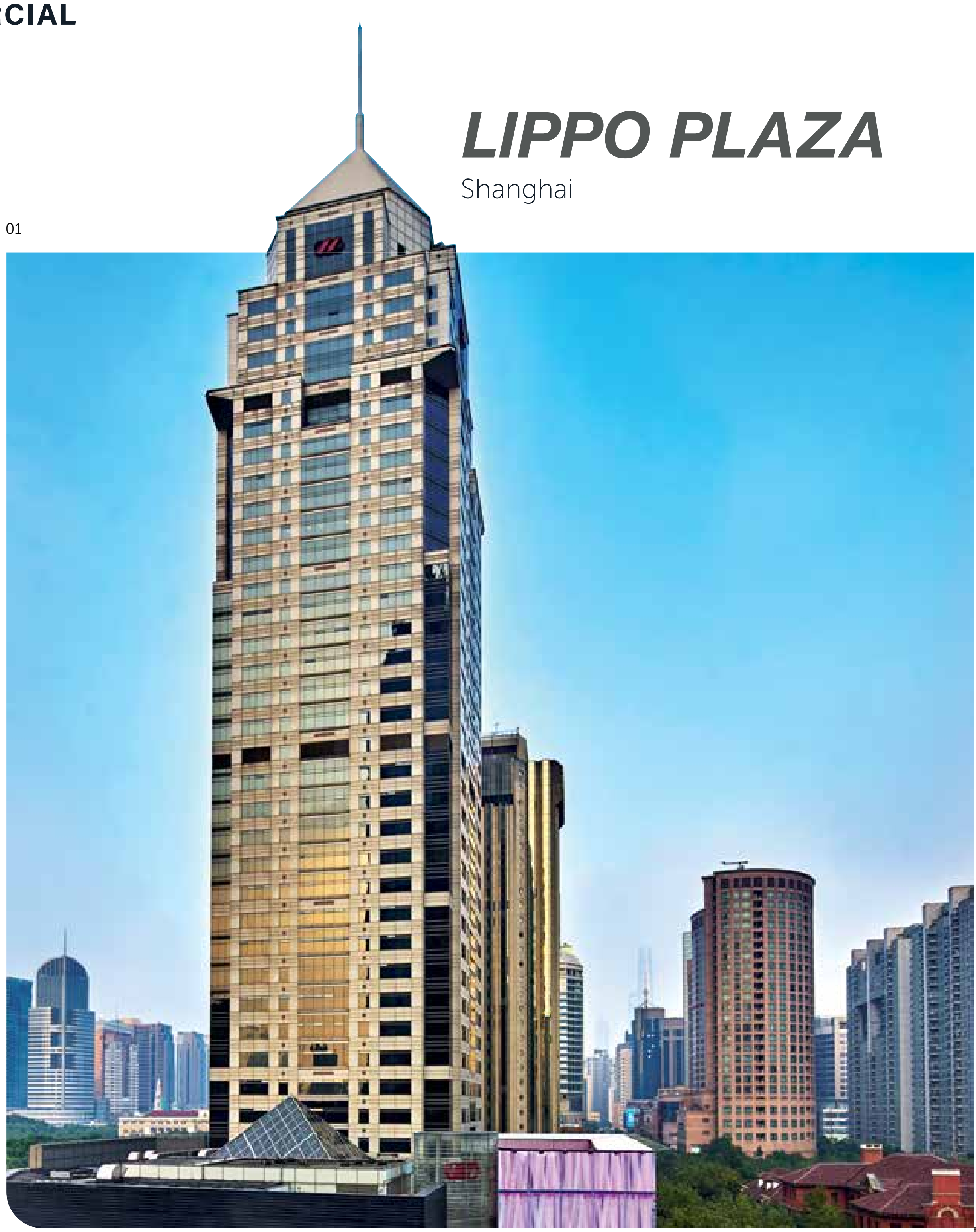
[1] As at 31 December 2020

COMMERCIAL

LIPPO PLAZA

Shanghai

01



Lippo Plaza continues to be an attractive choice for tenants, occupying a prime position in an area populated by multinational corporations, international financial institutions and Chinese enterprises alongside high-end retail, residences and hotels. Its convenient location is within walking distance of a wide variety of shopping and food and beverage options as well as the South Huangpi Road Metro station serving Metro Line 1 and the Huaihai Zhong Road station on Metro Line 13.

Within Lippo Plaza's retail mall, discerning shoppers can explore a selection of unique offerings and renowned international brands, including Victoria's Secret's first flagship store in China. In 2010, the mall was refurbished to offer a refreshed and elevated retail experience, whilst the office lobby modernisation was completed in 2013.

VALUATION[1]
(S$ million)
545.6

GROSS FLOOR AREA
(sq ft)
629,920

NET LETTABLE AREA[1]
(sq ft)

Overall	Office	Retail
421,786	361,007	61,575

TENURE OF LAND
50-year lease
from 2 July 1994

COMMITTED OCCUPANCY[1]

Overall	Office	Retail
86.4%	86.5%	85.4%

[1] As at 31 December 2020

02

Well located in Shanghai's upscale commercial district

Property Description
Lippo Plaza is a 36-storey Grade-A commercial development adjoined by a three-storey retail mall with basement units. This landmark building is located near the eastern end of Huaihai Zhong Road, along a major retail artery within the established Huangpu business district in the Puxi area of downtown Shanghai.

Lippo Plaza is the prime address for a diverse collection of tenants from the retail, consulting, financial services, manufacturing and pharmaceutical sectors, and offers excellent connectivity to major transportation networks and other key commercial areas.

Lippo Plaza is part of OUE C-REIT's portfolio.

03

01 Lippo Plaza occupies a prime position in Shanghai's Huangpu core commercial district

02 Lippo Plaza's retail podium offers an exclusive shopping experience

03 The main entrance of Lippo Plaza's modern office tower

COMMERCIAL

South Jakarta Development Project

In June 2020, OUE completed the acquisition of a prime parcel of land located on Jalan Sudirman within the "Golden Triangle of Jakarta". This coveted address in South Jakarta's CBD is surrounded by commercial skyscrapers and financial, government and diplomatic establishments. It is also close to key commercial clusters such as Sudirman CBD, Mega Kuningan and Rasuna Epicentrum, as well as major retail malls and entertainment landmarks such as Plaza Semanggi Mall and Senayan City. The area enjoys good accessibility and is well served by road networks and the Jakarta MRT system.

Proposed for the site is a high-rise mixed development featuring premium Grade-A offices and a lifestyle hotel. With its striking height dominating the skyline, and elegant, futuristic design that draws inspiration from traditional Indonesian craft, the development will offer a distinctive environment to work and stay. It is also envisaged as a vibrant new focus of activity conveniently situated between two future MRT stations. The development is targeted for completion in 2026.

02

01

01 Artist's impression of the hotel drop-off showcasing the development's elegant futuristic design

02 Artist's impression of the South Jakarta Development Project – set to transform the CBD's skyline

A golden opportunity for growth in Jakarta's Golden Triangle

Property Description

The South Jakarta Development Project is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the most rapidly developing sites in South Jakarta's CBD. The project will transform the South Jakarta skyline with a super high-rise mixed development featuring Grade-A offices and a lifestyle hotel.

VALUATION[1]
(IDR billion)
1,420.0

LAND AREA
(sq ft)
86,111

TENURE OF LAND
22 March 2038
(extendable and renewable)

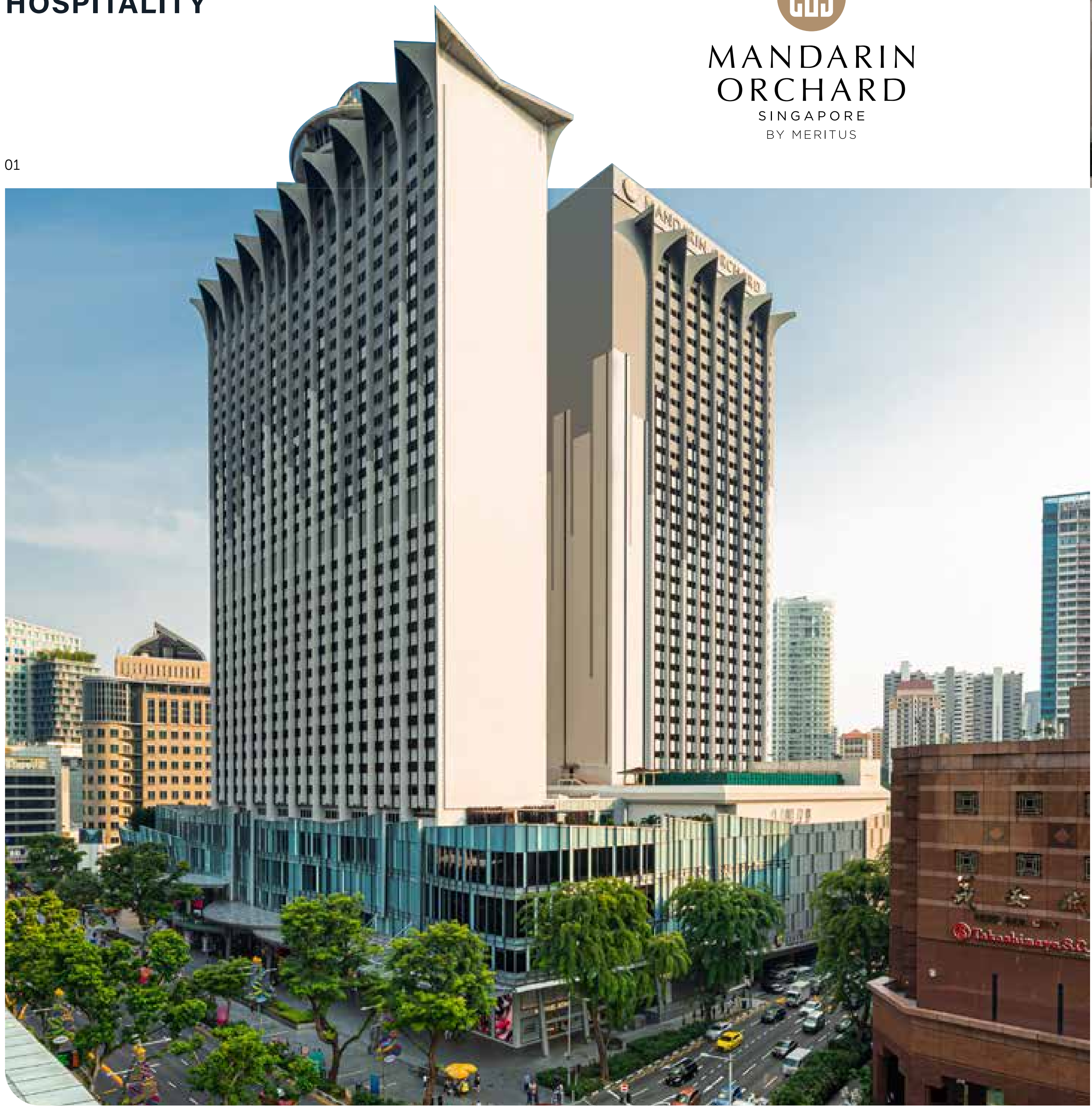
DEVELOPMENT PLAN
Premium Grade-A offices and a lifestyle hotel

[1] As at 31 December 2020

HOSPITALITY

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

01



For five decades, *Mandarin Orchard Singapore* has been welcoming business and leisure travellers with its signature brand of Asian grace, warmth and care. In March 2020, OUE and OUE C-REIT embarked on the beginning of a new era, entering into an agreement to re-brand the Mandarin Orchard Singapore into Hilton Singapore Orchard, which is set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia-Pacific. The transformational re-branding will allow the hotel to leverage Hilton's strong brand recognition, global sales and distribution network, and its award-winning guest loyalty programme. The addition of new income-generating spaces will also serve to drive growth in sustainable returns and value.

Major refurbishment works have been planned to capitalise on the weak operating environment due to COVID-19, so as to position the property to benefit from the expected recovery in the Singapore hospitality sector once borders eventually reopen and travel confidence rebounds. The hotel is expected to relaunch as Hilton Singapore Orchard in 2022 with 1,080 well-appointed rooms, five restaurants and bars, and 3,765 square metres of meeting and event spaces.

02

VALUATION[1]
(S$ million)
1,157.0

GROSS FLOOR AREA
(sq ft)
990,277

NUMBER OF GUESTROOMS[1]
1,077

TENURE OF LAND
99-year lease
from 1 July 1957

[1] As at 31 December 2020

Celebrating 50 years of hospitality excellence in Singapore

Property Description

Mandarin Orchard Singapore is an award-winning upper upscale hotel situated along Orchard Road, a top accommodation of choice for discerning international travellers seeking to stay in the heart of Singapore's world-famous shopping district. Featuring 1,077 rooms across the 37-storey Main Tower and 39-storey Orchard Wing, its extensive facilities include five food and beverage outlets that are popular with locals and tourists alike, and more than 30,000 square feet of meeting and function spaces.

Mandarin Orchard Singapore has won numerous internationally recognised awards and accolades. In 2020, the hotel was awarded the BCA Green Mark Gold certification. The hotel and its restaurants – Shisen Hanten by Chen Kentaro, Triple Three and Chatterbox – were awarded the SG Clean quality mark by the Singapore Tourism Board and Enterprise Singapore in recognition of meeting strict sanitation and hygiene measures, and were also among the TripAdvisor Travellers' Choice Award winners.

Mandarin Orchard Singapore is part of OUE C-REIT's portfolio.

03

01 An icon of Asian hospitality centrally located along Orchard Road

02 Artist's impression of the Hilton Singapore Orchard lobby lounge by Avalon Collective

03 Artist's impression of the Hilton Singapore Orchard drop-off by Avalon Collective

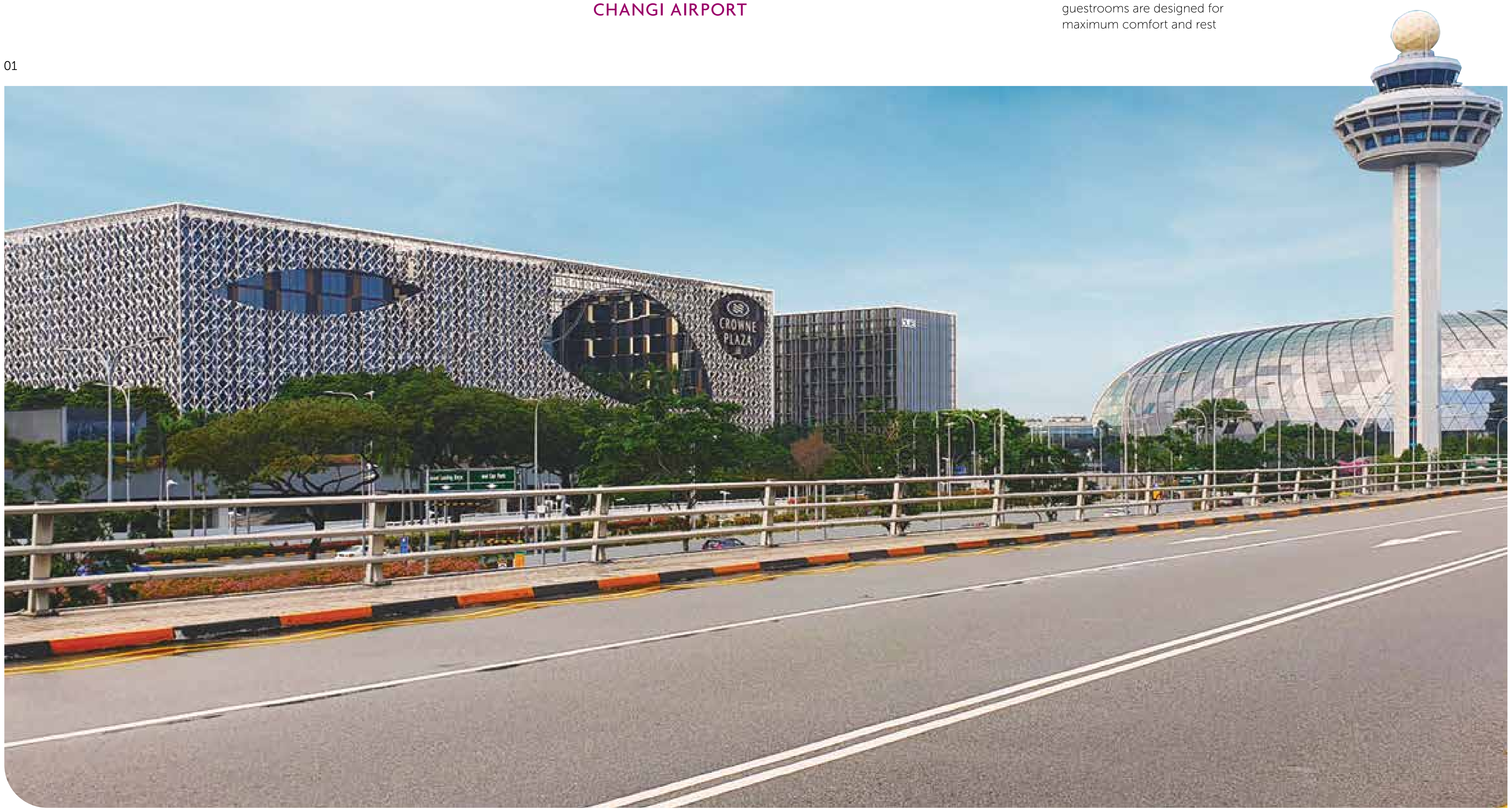
HOSPITALITY

CROWNE PLAZA®
AN IHG® HOTEL
CHANGI AIRPORT

01 Guests can enjoy a restful night's stay just minutes from the airport

02 Spacious and soundproofed, guestrooms are designed for maximum comfort and rest

01



Providing a restful stay for international air travellers and domestic guests, *Crowne Plaza Changi Airport* is situated at Terminal 3 of Changi Airport and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge. The hotel is also just a short drive from Changi Business Park and the Singapore EXPO Convention & Exhibition Centre, and is connected to the city by expressway and the MRT.

Lush tropical gardens and modern guestrooms insulated from the noise of the airport environment create an ambience for quiet relaxation. Guests can enjoy extensive facilities such as a resort-style outdoor swimming pool, a spa, and a variety of food and beverage outlets, including *Crystal Jade Pavilion*, home of authentic Cantonese cuisine; *bar '75*, a retro sports bar; and *Azur*, an East-Meets-West all-day dining restaurant. The hotel is also a choice venue for business and social gatherings with six meeting and event spaces, including a column-free ballroom.

In 2020, the award-winning Crowne Plaza Changi Airport continued to earn accolades, being named by Skytrax as the *World's Best Airport Hotel* for the sixth consecutive year and *Best Airport Hotel in Asia*. It was also crowned *Best Airport Hotel in Asia-Pacific* in the Business Traveller Asia-Pacific Awards.

Modern tropical rooms directly connected to Changi Airport

Property Description
Crowne Plaza Changi Airport is a 563-room hotel managed by the InterContinental Hotels Group, situated at Terminal 3 of Changi Airport with direct access to all passenger terminals and Jewel Changi Airport. The hotel comprises a 320-room main building and an adjacent 243-room extension, connected via a linkway on the second floor.

Crowne Plaza Changi Airport is part of OUE C-REIT's portfolio.

VALUATION[1]
(S$ million)
468.5

GROSS FLOOR AREA
(sq ft)
440,389

NUMBER OF GUESTROOMS[1]
563

TENURE OF LAND
74-year lease
from 1 July 2009

[1] As at 31 December 2020

02

RETAIL

01

Mandarin/Gallery

Upscale mall with a unique boutique experience

Property Description

Mandarin Gallery is a high-end retail mall occupying four levels within the Mandarin Orchard Singapore hotel, located prominently in the heart of Singapore's premier hotel, shopping and entertainment district. From international fashion brands and boutique designer labels to unique lifestyle and food and beverage offerings, the mall has established itself with a differentiated tenant mix and provides a high degree of visibility with its 152-metre-wide frontage facing Orchard Road.

Mandarin Gallery is part of OUE C-REIT's portfolio.

Featuring four duplexes and six streetfront shop units facing Orchard Road, Mandarin Gallery is a choice location for flagship stores of international brands, including the first Southeast Asia flagship stores of *Victoria's Secret* and *Michael Kors*, which offer an immersive brand experience across 12,000 and 7,000 square feet of premium retail space respectively.

Dining options span both casual and gourmet, from sumptuous steaks at *Lawry's The Prime Rib*, to all-day breakfasts at *Wild Honey* and traditional Japanese cuisine at *Suju*. Shoppers can explore the latest lifestyle trends and timeless classics at stores such as *Rimowa*, purveyors of luxury travelware, and *Atomi*, home to Japanese furniture with Nordic style, while the VIP treatment awaits at hair and beauty havens like *Leekaja Beauty Salon* and *Clé de Peau Beauté*.

In 2020, Mandarin Gallery saw a significant decline in shopper traffic due to border closures and other social distancing measures caused by the COVID-19 pandemic. However, shopper traffic and sales have recovered to approximately 80.0% and 70.0% of pre-COVID levels respectively, with the gradual relaxation of pandemic measures. Including short-term leases to support tenants' space requirements, the committed occupancy was 96.4% as at 31 December 2020.

02

VALUATION[1]
(S$ million)
473.0

GROSS FLOOR AREA
(sq ft)
193,336

NET LETTABLE AREA[1]
(sq ft)
126,283

TENURE OF LAND
99 years from
1 July 1957

COMMITTED OCCUPANCY[1]
91.1%

[1] As at 31 December 2020

01 Four levels of retail and dining with high visibility on Orchard Road

02 Mandarin Gallery houses a curated collection of local and international brands

RETAIL

DOWNTOWN Gallery

01

02

VALUATION[1]
(S$ million)
230.0

GROSS FLOOR AREA
(sq ft)
226,895

NET LETTABLE AREA[1]
(sq ft)
142,978

TENURE OF LAND
99-year lease
from 19 July 1967

COMMITTED OCCUPANCY[1]
90.0%

[1] As at 31 December 2020

Leisure and retail experiences for the 21st century

Property Description

Part of the redeveloped OUE Downtown development on Shenton Way, Downtown Gallery is a one-of-a-kind destination for like-minded people to commune. Comprising approximately 150,000 square feet of premium retail space spread over six levels, including one basement level, it houses bold new retail and lifestyle concepts. Its 262-metre-wide frontage is one of the longest single retail frontages in the commercial district, creating more window display space than any comparable development.

Developed around the three pillars of 'Keep Well, Look Well, Eat Well', the mall is redefining the future of retail with a strong focus on the sharing economy, future trends and innovative, new-to-market shopping, dining and lifestyle concepts. Among its 21st century concepts are *OUE Social Kitchen*, a 4,000-square-foot cooking space which can be used for cloud kitchens or food laboratories and includes a small dining space equipped with bookable cooking stations for private dining; *The Work Project* co-working space, which occupies one entire floor; and the 11,000-square-foot *The Gallery Edit* showcasing modern living inspirations.

Food and beverage pleasures come in many forms, from wholesome meals and artisanal bakes served at *The Providore*, to modern European cuisine with Asian influences at *Venue by Sebastian*. The mall's comprehensive offerings also include athleisure fashion, a fitness zone, a dance centre, a farmers' market and a pre-school, curated to meet the lifestyle and leisure needs of those working, living and staying in the surrounding offices, residential developments and hotels.

01 Downtown Gallery's 262-metre-wide frontage on Shenton Way

02 Six levels of premium retail and lifestyle experiences in the CBD

RETAIL

oneRafflesPlace

01 A retail haven just above Raffles Place MRT station

02 Myriad food and beverage options available for office workers at the basement shopping level of One Raffles Place Shopping Mall

01

NET LETTABLE AREA[1]
(sq ft)
99,369

TENURE OF LAND
~75% of NLA is on
99-year lease
from 1 November 1985

With the balance 25% on
841-year lease
from 1 November 1985

COMMITTED OCCUPANCY[1]
94.8%

[1] As at 31 December 2020

One Raffles Place Shopping Mall caters to the needs of those working in the CBD with a diverse array of shopping, dining, health and wellness services, as well as flexible workspace solutions.

Asset enhancement works completed in 2019 improved circulation and store visibility, creating a more enjoyable and enticing visitor experience. New dining and leisure options expanded and revitalised the mall's offerings, reinforcing its appeal as a lunch spot for the office crowd and a destination for shopping, dining and socialising beyond office hours.

The mall was also transformed with the addition of *Spaces*, a co-working concept by IWG featuring three meeting rooms, 18 dedicated desks and over 500 workstations. Besides an inspiring community for professionals, this unique venue offers work solutions for entrepreneur startups in retail and fashion-related trades.

A vibrant hub for shopping, dining and the co-working community

Property Description
Covering approximately 100,000 square feet of retail space, One Raffles Place Shopping Mall is the largest purpose-built mall in Raffles Place, the heart of Singapore's financial district. Situated above and with a direct basement level link to the Raffles Place MRT station, it enjoys excellent connectivity along the North-South and East-West MRT lines, as well as easy accessibility via underground walkways to other developments within Raffles Place and Marina Bay.

One Raffles Place Shopping Mall is part of OUE C-REIT's portfolio.

02

RESIDENTIAL

01

02

A haven of serenity just a few minutes' walk from Singapore's famed Orchard Road

Property Description
OUE Twin Peaks is a luxury residential development nestled amid the serenity of Leonie Hill, a stone's throw from Singapore's bustling Orchard Road. The development's two identical 35-storey towers house 462 well-appointed one-, two- and three-bedroom apartments, complemented by facilities for fitness, leisure and entertaining designed to provide residents an exceptional experience of urban resort living.

OUE Twin Peaks offers sophisticated living in its ready-to-live-in apartments, all fully furnished with timeless pieces by renowned designers such as Hans Wegner, Charles & Ray Eames and Matthew Hilton. The flexibility to combine one-bedroom apartments with two- or three-bedroom apartments offers the luxury of multi-generational living. In each tower, residents can work out in a triple-volume indoor and outdoor sky gym on the 13th floor and entertain friends at an open-air Sky Loggia with a rooftop bar on the 36th floor, surrounded by views of the cityscape. Other facilities include a swimming pool, jet spas and gourmet dining suites.

Life at this peaceful retreat in the city unfolds within a lush environment of tropical gardens, shimmering water features, sky terraces, green walls and rooftop gardens designed by renowned landscape architect Bill Bensley. For its exceptional design and landscaping, OUE Twin Peaks has received numerous awards and certificates, including the *Landscape Excellence Assessment Framework (LEAF)* certification in 2016 by National Parks, and the *Skyrise Greenery Excellence Award*, Multi-units Residential category, in 2017.

BOOK VALUE[1]
(S$ million)
29.0

TENURE OF LAND
99-year lease
from 10 May 2010

[1] As at 31 December 2020

01 A residential landmark designed with a resort living concept

02 Impeccably styled master bedroom with an unparalleled city view

03 Luxurious living space fitted with iconic designer furnishings

03

HEALTHCARE

OUE LIPPO Healthcare

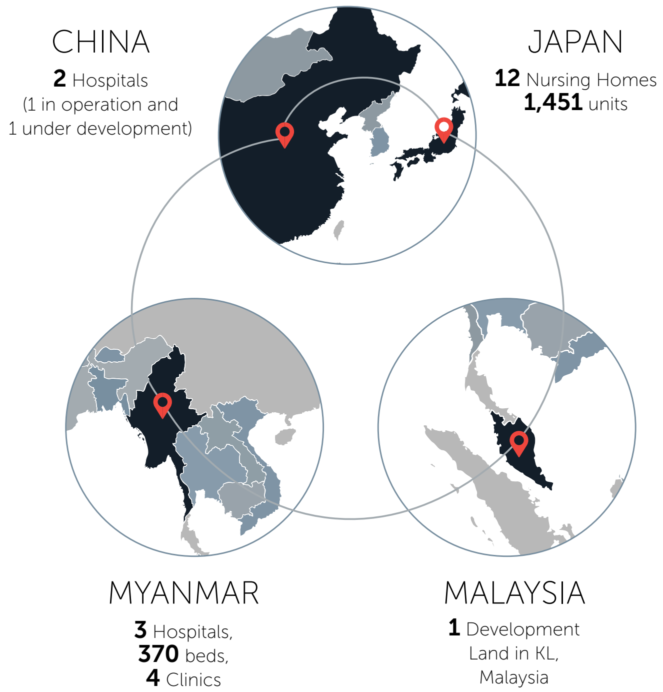
Delivering quality healthcare in high-growth markets in Asia

SGX Catalist Board-listed *OUE Lippo Healthcare Limited* (OUELH) is an integrated healthcare services and facilities provider with a presence in Japan, the People's Republic of China, Myanmar, Indonesia and Malaysia.

In December 2020, OUELH signed an agreement to lease and operate an obstetrics and gynaecology (O&G) hospital via its 50:50 joint venture company with state-owned conglomerate China Merchants Group. Located in the south-east of China's Jiangsu province, the O&G hospital will house 140 beds, with a gross floor area of approximately 25,000 square metres and is expected to be commissioned in 2023.

In addition, OUELH commenced foundation works for the Prince Bay International Hospital in Shenzhen, China. The hospital is expected to be commissioned by 2024 and is positioned to provide premium specialist services targeting high-end customers in the Greater Bay Area.

During the year, OUELH completed a series of revamping and repositioning activities in Wuxi Lippo Xi Nan Hospital amidst the COVID-19 pandemic.



VALUATION[1]
(S$ million)
388.8

COUNTRIES
Japan, China, Myanmar, Malaysia, Indonesia[2]

[1] As at 31 December 2020
[2] Presence in Indonesia is via First REIT Management and First REIT

03

01

02

01 Artist's impression of Prince Bay, where China Merchants-Lippo General Hospital Prince Bay, a high-end international hospital by OUE Lippo Healthcare Limited and China Merchants Group, will be located

02 Seated from left to right: Mr. Xu Yong Jun, General Manager, China Merchants Shekou Industrial Zone Holdings Co., Ltd; Mr. Lee Yi Shyan, Chairman, OUE Lippo Healthcare Limited Standing: third from left, Mr. Wang Cui Jun, Deputy General Manager, China Merchants Group; fourth from left, Mr. Fu Gang Feng, Executive Director and General Manager, China Merchants Group; third from right, Mr. Mochtar Riady, Chairman, Lippo Group; second from right, Dr. Stephen Riady, Executive Chairman, OUE

03 Artist's impression of China Merchants – Lippo Changshu obstetrics & gynaecology hospital

JAPAN

Hikari Heights Varus Kotoni (Sapporo)

Orchard Kaichi North (Nagano)

Hikari Heights Varus Tsukisamu-Koen (Sapporo)

Elysion Mamigaoka & Elysion Mamigaoka Annex (Nara)

Elysion Gakuenmae (Nara)

Orchard Amanohashidate (Kyoto)

Hikari Heights Varus Fujino (Sapporo)

Hikari Heights Varus Makomanai-Koen (Sapporo)

Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex (Sapporo)

Orchard Kaichi West (Nagano)

Hikari Heights Varus Ishiyama (Sapporo)

Varus Cuore Yamanote (Sapporo)

CHINA

Chengdu Integrated Hospital Development Land

Wuxi Phoenix Hospital

Wuxi Lippo Xi Nan Hospital

MYANMAR

Pun Hlaing Hospital Hlaing Tharyar (Yangon)

Pun Hlaing Hospital Mandalay

Pun Hlaing Hospital Taunggyi

Pun Hlaing Clinic North Pagon

Pun Hlaing Clinic Star City

Pun Hlaing Clinic Naung Shwe

Pun Hlaing Clinic Taw Win

MALAYSIA

KLCC Development Project

CONSUMER

01

02

COUNTRIES

Singapore, Hong Kong

THE BRANDS

Fast Casual & All-Day Dining

Restaurants & Bars

01 Dining room of VUE, Singapore's first rooftop spritz bar

02 Hashida Singapore – an intimate Japanese omakase experience

03 Maxx Coffee - casual contemporary coffee shop

Authentic dining experiences for every occasion

OUE Restaurants' elevated focus on authentic dining experiences is displayed in a rich portfolio of restaurants, cafes and bars catering to local and international palates alike.

VUE spritz bar and grill offers an experience marked by elegance and brilliantly curated dishes, complete with panoramic Marina Bay views from the top of OUE Bayfront. Its immense scope contrasts with the intimacy that defines *Hashida Singapore* and *Takayama*, both of which offer guests front-row seats to a perfectly orchestrated omakase experience.

OUE Restaurants brings a grounding in heritage with two well-established restaurants. Two-Michelin-starred *Shisen Hanten by Chen Kentaro* is the prime destination for delectable and inventive Szechwan flavours, while *Chatterbox* encompasses the local favourites Singaporeans love. Chatterbox's 50th anniversary speaks volumes about its timelessness. The popularity of the two brands is further enhanced with their fast-casual affiliates of *Chen's Mapo Tofu*, *Chatterbox Café*, and *Chatterbox Express*.

Exemplifying a reach extending to international shores, the October 2020 launch of Chatterbox Express in Hong Kong marked the brand's first location outside Singapore, allowing overseas diners an opportunity to delight in its legendary Mandarin Chicken Rice. Tastes of tradition are also featured in authentic Teochew fare at the *Lippo Chiuchow Restaurant*—the ideal space for communal occasions of celebration.

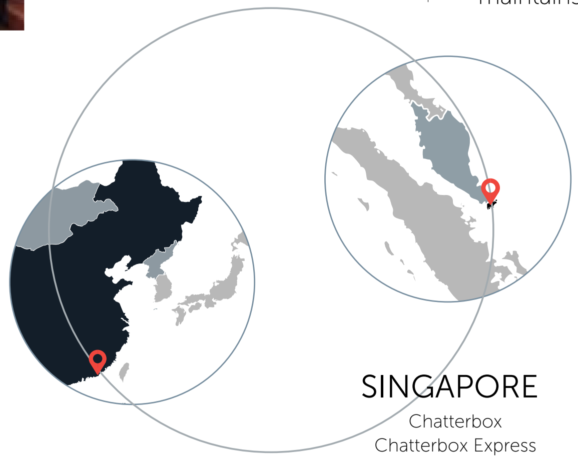
Other fast casual, lifestyle-driven concepts include well-established French café *Délifrance* with multi-store locations in Singapore and Hong Kong; *Alfafa*, offering hearty European-style comfort food; and *Maxx Coffee*, a contemporary coffee shop epitomised by fresh aromas and inspired barista creations.

Covering the spectrum from fine to casual gastronomy, OUE Restaurants maintains a distinct affinity for quality food and treasured memories.

THE BRANDS

Fast Casual & All-Day Dining

Restaurants & Bars



SINGAPORE

Chatterbox
Chatterbox Express
Chen's Mapo Tofu
Délifrance
Hashida Singapore
Maxx Coffee
Shisen Hanten by Chen Kentaro
Takayama
VUE

HONG KONG

Alfafa
Chatterbox Café
Chatterbox Express
Délifrance
Lippo Chiuchow

03

OUE COMMERCIAL REIT

01

02

03

One of the largest diversified Singapore REITs

Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since 27 January 2014, OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of OUE Limited.

OUE C-REIT is one of the largest diversified Singapore REITs with total assets of S$6.8 billion as at 31 December 2020. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's property portfolio comprises more than 2.0 million square feet of prime office and retail space, and 1,640 upscale hotel rooms.

OUE C-REIT invests in income-producing real estate used primarily for commercial purposes (including real estate used for office and/or retail purposes) in financial and business hubs, hospitality and/or hospitality-related purposes, as well as real estate-related assets.

OUE C-REIT's net property income for FY2020 was S$231.9 million, an increase of 13.1% YoY due to contribution from the merger with OUE Hospitality Trust in September 2019 (Merger). The increase in net property income was partially offset by rental rebates granted to eligible tenants due to COVID-19 pandemic-related business disruptions.

Amount to be distributed for FY2020 was S$132.8 million, 7.8% higher YoY. FY2020 distribution per unit (DPU) was 2.43 cents, compared to 3.31 cents in FY2019 due to the enlarged unit base as a result of the Merger. As at 31 December 2020, OUE C-REIT's net asset value (NAV) per unit was S$0.59.

As at 31 December 2020, OUE C-REIT's commercial segment committed occupancy was 92.5%. Due to continued positive rental reversions in FY2020, average passing office rents for its Singapore properties were higher YoY as of December 2020. Mandarin Gallery's average passing rent remained stable in FY2020.

Due to travel restrictions and safe distancing requirements arising from pandemic measures in Singapore, demand for OUE C-REIT's hotel properties was significantly impacted in FY2020. The hotels sought alternative sources of demand such as inbound travellers serving Stay-Home Notices and workers affected by border shutdowns. As a result, the hospitality segment revenue per available room registered a 57.2% decline YoY to S$90.

As at 31 December 2020, OUE C-REIT's aggregate leverage was 41.2%. The weighted average cost of debt was lower YoY at 3.0% per annum, with an average term of debt of 2.3 years.

As part of active portfolio management to enhance value for unitholders of OUE C-REIT, in January 2021 OUE C-REIT announced the divestment of a 50.0% interest in OUE Bayfront to a fund managed by Allianz Real Estate Asia Pacific Pte Ltd (Divestment). The agreed property value of S$1,267.5 million represented a premium of 7.3% and 26.1% over the book value and original purchase consideration respectively. Estimated net proceeds from the Divestment would enable OUE C-REIT to further optimise its capital structure, as well as provide financial flexibility for redeployment to higher-yielding future acquisitions or other value-enhancing opportunities for the benefit of unitholders of OUE C-REIT.

The Group's effective interest in OUE C-REIT as at 31 December 2020 was 48.0%.

04

05

06

07

TOTAL ASSETS
(S$ billion)
6.8

PRIME COMMERCIAL SPACE
(sq ft)
2,183,967

PORTFOLIO OF UPPER UPSCALE HOTELS
1,640
rooms

01 OUE Bayfront – prime office space along the Marina Bay waterfront

02 One Raffles Place – a distinguished business address in Singapore's financial hub

03 OUE Downtown Office – located along the financial corridor between Tanjong Pagar and Raffles Place

04 Crowne Plaza Changi Airport – named World's Best Airport Hotel 2020 by Skytrax

05 Mandarin Orchard Singapore and Mandarin Gallery – where world-class hospitality meets high-end retail

06 Lippo Plaza – a Grade-A office and retail landmark in downtown Shanghai

07 Mandarin Gallery – high-end retail and dining destination on Orchard Road

FIRST REIT

01

02

INDONESIA

Siloam Hospitals Lippo Village

Siloam Hospitals Kebon Jeruk

Siloam Hospitals Surabaya

Imperial Aryaduta Hotel & Country Club

Mochtar Riady Comprehensive Cancer Centre

Siloam Hospitals Lippo Cikarang

Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Makassar

Siloam Hospitals Bali

Siloam Hospitals TB Simatupang

Siloam Hospitals Purwakarta

Siloam Sriwijaya

Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Labuan Bajo

Siloam Hospitals Buton & Lippo Plaza Buton

Siloam Hospitals Yogyakarta

SINGAPORE

Pacific Healthcare Nursing Home II @ Bukit Panjang

Pacific Healthcare Nursing Home @ Bukit Merah

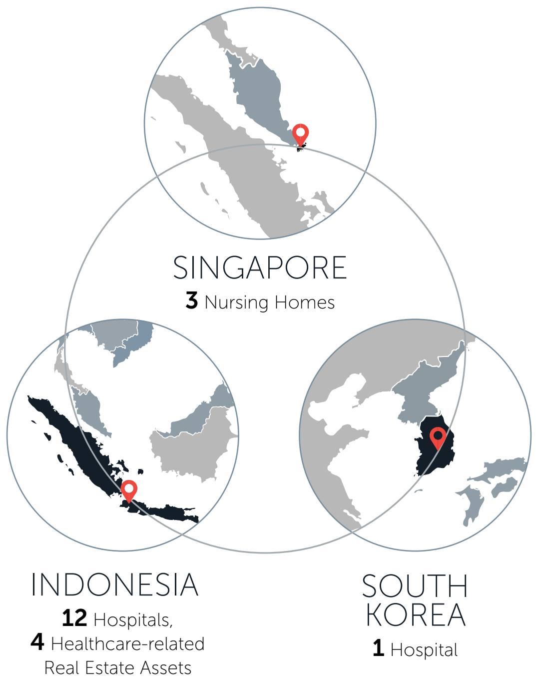
The Lentor Residence

SOUTH KOREA

Sarang Hospital

01 Mochtar Riady Comprehensive Cancer Centre – a 29-storey hospital with two basement levels; Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the-art facilities and diagnostic medical technologies, located in Central Jakarta

02 The Lentor Residence – a 5-storey custom-built nursing home with comprehensive medical facilities



TOTAL ASSETS
(S$ million)
939.7

COUNTRIES
Singapore, Indonesia, South Korea

GROSS FLOOR AREA
(sq ft)
3,859,407

TOTAL NO. OF BEDS/ SALEABLE ROOMS
5,263

Tapping growth in Asia's vibrant healthcare real estate market

First Real Estate Investment Trust (First REIT) is Singapore's first healthcare real estate investment trust listed in 2006. It was established with the principal investment strategy of investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes.

On 26 October 2018, OUE Limited and OUE Lippo Healthcare Limited acquired a 60.0% and 40.0% stake, respectively, in Bowsprit Capital Corporation Limited (now known as First REIT Management Limited), the manager of First REIT.

First REIT currently has a diversified portfolio of 20 high quality healthcare properties with stable cash flows and long lease terms in Indonesia, Singapore and South Korea. They include 15 hospitals in Indonesia that are strategically located within large catchment areas of potential patients, with each having a "Centre of Excellence" in their respective specialisations. These Indonesian hospitals are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals.

Other assets in Indonesia include the Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado, operated by The Aryaduta Hotel & Resort Group, as well as Lippo Plaza Kupang and Lippo Plaza Buton, managed by PT Lippo Malls Indonesia.

First REIT's other properties include well-run nursing homes in Singapore staffed by well-qualified, dedicated and experienced healthcare professionals, and Sarang Hospital, which provides rehabilitative and nursing healthcare services in Yeosu City, South Korea.

First REIT's gross revenue decreased by 30.9% to S$79.6 million in FY2020 as compared to S$115.3 million in FY2019 and net property income decreased 31.4% to S$77.5 million in FY2020 from S$112.9 million in FY2019, mainly due to rental reliefs provided to its tenants to alleviate the economic impact caused by the COVID-19 pandemic.

Consequently, distributable income decreased 51.2% to S$33.4 million in FY2020 as compared to S$68.5 million in FY2019, while annualised distribution per unit (DPU) was 4.15 Singapore cents in FY2020 and 8.60 Singapore cents in FY2019. This translates to a trading yield of 17.7% based on First REIT's closing price of S$0.235 as at 31 December 2020.

Net Asset Value per unit as at 31 December 2020 decreased to 49.94 Singapore cents compared with 99.64 Singapore cents as at 31 December 2019. The Group's effective interest in First REIT was approximately 19.72% as at 31 December 2020.

In FY2020, First REIT's gearing stood at 49.0% as at 31 December 2020, with 40.0% of its debt on a fixed rate basis to mitigate interest rate fluctuations.

Following the master lease restructuring and rights issue as announced at end-2020, First REIT is well positioned to ride on the growing demand for quality and affordable healthcare within and outside of Asia.

SUSTAINING GROWTH

GOVERNANCE

Guided by our long-term sustainable growth strategy, it is imperative for us to focus on innovating new services and solutions designed to enhance efficiency and adaptability, and build up liquidity reserves to tap growth opportunities as they arise.

One Raffles Place Tower 2 stands out as a landmark of cutting-edge, environmentally sustainable design

CORPORATE INFORMATION

BOARD OF DIRECTORS

STEPHEN RIADY
(Executive Chairman and
Group Chief Executive Officer)

CHRISTOPHER JAMES WILLIAMS
(Deputy Chairman and
Non-Executive Non-Independent Director)

KELVIN LO KEE WAI
(Independent Director)

SIN BOON ANN
(Lead Independent Director)

KIN CHAN
(Non-Executive Non-Independent Director)

BRIAN RIADY
(Deputy Chief Executive Officer and
Executive Director)

AUDIT COMMITTEE

KELVIN LO KEE WAI
(Chairman)

SIN BOON ANN

KIN CHAN

NOMINATING COMMITTEE

SIN BOON ANN
(Chairman)

CHRISTOPHER JAMES WILLIAMS

KELVIN LO KEE WAI

REMUNERATION COMMITTEE

SIN BOON ANN
(Chairman)

CHRISTOPHER JAMES WILLIAMS

KELVIN LO KEE WAI

SECRETARY

KELVIN CHUA

SHARE REGISTRAR

M & C SERVICES PRIVATE LIMITED
112 Robinson Road
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Singapore 068902
Telephone : (65) 6227 6660
Facsimile : (65) 6225 1452
Email : shareregistry@mncsingapore.com

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge : Ms. Eng Chin Chin
Date of appointment : With effect from financial year ended 31 December 2017

REGISTERED OFFICE

50 Collyer Quay
#18-01/02
OUE Bayfront
Singapore 049321
Telephone : (65) 6809 6000
Facsimile : (65) 6809 6060
Website : www.oue.com.sg

INVESTOR RELATIONS/ CORPORATE COMMUNICATION

LISA SAJOTO
Telephone : (65) 6809 6064
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2020 ("**FY2020**") with specific reference to the principles of the Code of Corporate Governance 2018 (the "**Code**"). The Company is pleased to report that it has complied with the principles under the Code and, substantially, with the provisions set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code.

A. BOARD MATTERS

Principle 1 : The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Company is headed by an effective board of directors ("**Directors**") (the "**Board**") comprising a majority of non-executive directors. The Board is supported by three Board committees ("**Board Committees**"), namely, the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear written terms of reference, which have been approved by the Board, and set out its compositions, duties (including reporting back to the Board) and authority.

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- reviewing the performance of the management of the Company ("**Management**") and holding Management accountable for performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards), ensuring that obligations to shareholders and other stakeholders are understood and met, and considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

The Board has been working closely with Management in monitoring the challenges posed by the COVID-19 pandemic and reviewing issues arising therefrom. At the onset of COVID-19, the Company took broad and decisive actions in adopting protocols to prioritise the health and safety of its stakeholders, and preserve cash including containing discretionary spending, disciplined allocation of capital expenditure and vigilant oversight of receivables. As restrictions and lockdowns were enforced across the markets in which the Group operates, the Company promptly activated business continuity plans. The Company temporarily shut down its offices and arranged for non-essential staff to work from home to ensure the business could carry on its activities during lockdowns. The Company turned to video-conferencing technologies for meetings to minimise the risk of infection across teams and premises. The Group continued to maintain heightened hygiene and security measures across the Group.

Detailed disclosures on the issues reviewed by the Board in the face of the COVID-19 pandemic (including changes to business fundamentals and the significant risks facing the Group as a result of the pandemic) can be found under Principle 9 "Risk Management and Internal Controls" on pages 64 to 67 of this report.

The Board has put in place a Code of Business Conduct and Ethics to document the desired organisational culture in order to ensure an appropriate tone from the top and that all employees are cognisant of the standards expected, and to ensure proper accountability within the Company. In addition, the current Board comprises highly qualified legal professionals who are able to render regular advice on the roles and responsibilities of the Board and provide adequate guidance on the corporate governance practices of the Company.

CORPORATE GOVERNANCE REPORT

The Directors are fiduciaries who act objectively in the best interests of the Company, and Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Company has adopted internal guidelines which require Board approval for investments, divestments and bank borrowings. The Company has also adopted a framework of delegated authorisation, as set out in its Limits of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. The LOA also contains a schedule of matters specifically reserved for the Board's approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of interim and final dividends, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring. The internal guidelines and the LOA are clearly communicated to Management in writing.

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required. In 2020, the Board met five times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board and/or Board Committee meetings may convey their views to the respective chairmen or the company secretary of the Company ("**Company Secretary**"). The Company's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

All Directors attend general meetings of shareholders, and the report on the Directors' attendance for the annual general meeting ("**AGM**") held in FY2020 is set out below.

Directors' Attendance for Board and Board Committee Meetings and the AGM

	Number of meetings attended in FY2020				
Name of Director	**Board**	**AC**	**NC**	**RC**	**AGM**
Dr. Stephen Riady	5	-	-	-	1
Mr. Christopher James Williams	5	-	1	1	1
Mr. Kelvin Lo Kee Wai	5	4	1	1	1
Mr. Sin Boon Ann	5	4	1	1	1
Mr. Kin Chan	5	4	-	-	1
Mr. Brian Riady	5	-	-	-	1
Number of meetings held in FY2020	**5**	**4**	**1**	**1**	**1**

Board Orientation and Training

The Company conducts an orientation programme for newly-appointed Directors to familiarise them with the businesses, operations and financial performance of the Group. The newly-appointed Directors will also be briefed on their directorship duties, and the Company's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive or trade-sensitive information. Under Rule 210(5)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**") which took effect on 1 January 2019, a newly-appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST will also be required to undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he has other relevant experience. In this regard, Mr. Brian Riady, who was appointed as Deputy Chief Executive Officer and Executive Director on 1 January 2020, attended and completed the prescribed mandatory training in FY2020.

Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

The Company will arrange for the Directors to be kept abreast of developments in the real estate, hospitality, healthcare and food and beverage industries on a regular basis. To keep pace with the fast-changing laws, regulations and commercial risks, the Directors have an ongoing budget to receive further relevant training of their choice in connection with their duties as directors of the Company. The Directors have opportunities for continuing education in a number of areas, including directors' duties (including their roles as executive, non-executive and independent directors), corporate governance, financial reporting, insider trading, the Companies Act and Listing Manual of the SGX-ST, relevant industry-related matters and other areas to enhance their performance as Board and Board Committee members. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as members of the Board Committees. The Directors may also attend other relevant courses, conferences and seminars, at the Company's expense. These include programmes run by the Singapore Institute of Directors. Periodically, the Directors are provided with bespoke briefings by professional legal and financial advisors on the latest developments and trends in the respective areas in which the Directors are required to discharge their duties.

The NC makes recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board, including ensuring that newly-appointed Directors are aware of their duties and obligations.

Provision of information to the Board and Board's access to independent professional advice

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings and on an ongoing basis. Such information includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and internal financial statements. The Directors also have separate and independent access to Management and the Company Secretary. The role of the Company Secretary and Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the chairman of the Board ("**Chairman**"), the responsibilities of the Company Secretary include ensuring timely information flows within the Board and Board Committees and between Management and non-executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Directors may seek independent professional advice, at the Company's expense, as and when required.

Principle 2 : Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The independence of each of the Directors is assessed annually, and as and when circumstances require, by the Board (after taking into account the NC's views) in accordance with the requirements of the Code for assessing independence. Under Provision 2.1 of the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the Company.

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The Board comprises six Directors with four non-executive Directors. Of the four non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent. In reviewing the independence of a Director, the NC takes into consideration, in particular, the Director's objective participation on the Board and a review of whether he has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or reasonably be perceived to interfere with his independent judgment. In addition to the annual review by the NC of the Directors' independence, each independent Director also discloses to the Board any such relationship which may affect his independence and submits an annual declaration regarding his independence. The two independent Directors have demonstrated an ability to exercise sound and independent judgment in deliberations in the interests of the Company.

Although both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have served on the Board as Independent Directors for more than nine years, the Board is of the view that an individual's independence cannot be accurately determined based on an arbitrarily set period of time. Following a rigorous review by the NC, the Board has concluded that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have continued to demonstrate independence in conduct, character and judgment in the manner in which each of them has discharged his respective responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect each of their judgment and ability to discharge their respective responsibilities as an independent Director of the Board, and to contribute to the Board in such capacity. Over the years as an independent Director, each of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann has developed significant insights into the Company's business and operations which enables each of them to provide the Board and the various Board Committees on which they serve with pertinent counsel and guidance to facilitate sound decision-making, and their respective lengths of service do not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the Company. Therefore, after a rigorous and thorough review and taking into account the results of the recent Board performance evaluation exercise, the NC and the Board have determined that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann continue to be independent despite each having served for more than nine years on the Board.

Under Rule 210(5)(d)(iii) of the Listing Manual (with effect from 1 January 2022), if a Director has served on the Board for more than nine years, his independence and continued appointment as an independent Director must be approved through a two-tier voting process. Therefore, the Company will be seeking the relevant shareholders' approvals at the forthcoming AGM in respect of the continued appointment of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann as independent Directors of the Company after 31 December 2021. Both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann abstained from all NC and Board deliberations and decisions relating to their respective continued appointments as independent Directors.

There are two non-independent non-executive Directors who also contribute constructively to recommendations from Management. The non-executive Directors may, without the presence of Management, also regularly, and from time to time as they consider necessary, discuss via telephone conferences or otherwise, matters relating to the Company and/or the Group, including issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings. The chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate.

Under Provision 2.2 of the Code, independent Directors should make up a majority of the Board where the Chairman is not independent. However, the Directors are of the view that although independent Directors do not currently make up a majority of the Board, the Board is collectively able to exercise objective judgment in relation to the affairs of the Company. The external insights from the independent Directors and the non-independent non-executive Directors, who together make up more than half the composition of the Board, contribute to the robust deliberations with Management. In addition, the integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of Management. No individual or small group of individuals dominates the Board's decision-making. Combined with the executive Directors' deep knowledge of the business of the Company, the current composition of the Board therefore allows the Company to remain nimble and responsive to business opportunities, and to robustly evaluate the strategy and proposals for the Company in light of these business opportunities.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision-making.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting the Company's strategic objectives and sustainable development. The NC has adopted a board diversity policy which takes into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors. The Board currently comprises six male Directors. The current composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the Company, and other aspects of diversity such as age (30 to 63 years) and length of tenure (1 year to approximately 15 years), so as to avoid groupthink and foster constructive debate, contributing to improved risk management and more robust decision-making for the strategic future of the Company. The Board comprises Directors with diverse backgrounds who as a group, possess the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles to facilitate decision-making that is in the best interest of the Company. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account. The NC remains committed to implementing the board diversity policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate.

Amidst the COVID-19 pandemic, the diversity of backgrounds and competencies on the Board has enabled the Company to better navigate the global crisis by considering issues more holistically.

The NC has recommended to the Board that Mr. Sin Boon Ann and Mr. Kin Chan be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered each Director's overall contributions and performance. Mr. Sin Boon Ann abstained from all NC and Board deliberations and decisions relating to his re-election. Mr. Kin Chan abstained from all Board deliberations and decisions relating to his re-election.

Mr. Sin Boon Ann will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as the Lead Independent Director, the chairman of each of the NC and RC, and a member of the AC. Mr. Kin Chan will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as a Non-Independent Non-Executive Director of the Company and a member of the AC. Further information on each Director proposed to be re-elected at the AGM can be found on pages 253 to 258 of the Annual Report.

Principle 3 : Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

On 1 January 2020, the Chairman, Dr. Stephen Riady, who has served as an executive Director of the Company since 30 November 2006, took on an expanded role upon his assumption of the position of Group Chief Executive Officer ("**Group CEO**"). In his expanded role as Executive Chairman and Group CEO, Dr. Stephen Riady has overall responsibility for the management, organisation, operation and development of the Group and all matters arising therefrom.

Given that the Chairman is not independent, the Board has appointed Mr. Sin Boon Ann as the Lead Independent Director with effect from 17 February 2017 to serve as a sounding board for the Chairman and also as an intermediary between the non-executive Directors and the Chairman to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. In addition, Mr. Sin Boon Ann is available to the shareholders whenever they have concerns which cannot be resolved or which may not be appropriate to be raised through normal contact channels with the Chairman or Management.

Dr. Stephen Riady's primary role and responsibilities as Chairman of the Board are to lead the Board in developing sound policies and strategies for the Company and ensuring that they are implemented effectively. In consultation with Management, he sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Company and by all Directors.

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The Board is of the opinion that it is in the best interests of the Company to continue to have Dr. Stephen Riady serving as Executive Chairman and Group CEO so that the Board, and in particular the non-executive Directors, can have the benefit of a Chairman who is a visionary with strong commercial acumen, and is knowledgeable about the businesses of the Company. For this reason, Dr. Stephen Riady is therefore better able to guide discussions and ensure that the Board is properly briefed in a timely manner on pertinent issues and developments. At the same time, the Board benefits from the objective and independent views of the independent Directors.

The Board is also of the view that the current Board composition is effective in steering the Company's strategies. The Board believes that it is the person who fills the role that matters, as opposed to separating or combining the roles *per se*. Further, shareholders may approach any Director for assistance. The independent Directors actively seek clarification from, and engage with, Management as they deem necessary. They may also, led by the Lead Independent Director, set aside time to discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, especially where circumstances warrant such meetings. The chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate. The Company is therefore of the view that despite its deviation from Provision 3.1 of the Code, no one individual has unfettered powers of decision-making.

Principle 4 : Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC currently comprises three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann, the Lead Independent Director of the Company, is the chairman of the NC. The NC met once in FY2020.

The principal responsibilities of the NC in performing the functions of a nominating committee include, *inter alia*:

- reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- reviewing the composition of the Board to identify gaps (if any) in the mix of skills, experience and other qualities so as to better identify suitable candidates;
- reviewing and evaluating nominations of Directors (including alternate Directors, if any) for appointment to the Board, and reviewing the retirement and re-election of Directors;
- making recommendations on the process and criteria for evaluation of the performance of, and evaluating the performance of, the Directors and the Board as a whole and the Board Committees;
- reviewing and being mindful of the independence of the Directors at least annually, and as and when circumstances require; and
- making recommendations on and reviewing the training and professional development programmes for the Board, including ensuring that new Directors are aware of their duties and obligations.

Pursuant to the Company's Constitution, one-third of the Directors will retire from office at the Company's forthcoming AGM.

The NC determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, taking into account the Code's guidance on what constitutes an "independent" Director, and the existence of relationships which would deem a Director to not be independent. A Director who is independent in conduct, character and judgment, and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company, is considered to be independent under the Code.

In its search and selection process, the NC reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify the required and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. In particular, looking ahead, the NC has been tasked to initiate a search process for more independent Directors. The NC also understands the need to periodically renew the Board.

Additionally, in the recruitment of Directors, the NC is mindful of the importance of ensuring that the Board is well balanced and diverse. As part of its board diversity policy, the Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to the Company and its various stakeholder constituencies. Whenever it seeks to identify a new Director for appointment to the Board, the Board ensures that female candidates are included for consideration by the NC. From there, the final selection will be made in a fair and undiscriminating manner.

The selection and nomination process involves the following:

(a) in carrying out its review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(b) the NC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and

(d) the NC will make recommendations to the Board on candidates it considers appropriate for appointment.

With regard to the re-appointment/re-election of existing Directors each year, the NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC evaluates the retiring Director's performance and contributions to the Board, taking into account factors such as attendance, preparedness and participation at meetings, the results of the Board performance evaluation exercise, the self-performance assessment undertaken by the Director and the Director's annual declaration of independence. However, the replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board, as the NC may have to consider the need to shape the Board in line with the evolving needs of the Company.

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, and as part of its review process, the NC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director. In determining whether a Director has been adequately carrying out his duties as a Director, the NC takes into account the assessments of the individual Director's effectiveness and his actual conduct on the Board. The NC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive. The NC is satisfied that for FY2020, each of the Directors has given sufficient time and attention in discharging his responsibilities as Director by providing invaluable guidance, advice and support to the Group. The NC is therefore satisfied that during the year, where a Director had a significant number of other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his duties as a Director of the Company.

Key information on the Directors' particulars and background, and the listed company directorships and principal commitments of each Director, can be found on pages 13 to 17 of the Annual Report.

Principle 5 : Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC annually assesses the effectiveness of the Board as a whole and the Board Committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board Committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of

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the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary compiles the Directors' responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and then shared with the entire Board.

The NC has also set objective performance criteria for evaluating the performance and contribution of each Director, the Board and the Board Committees, which has been reviewed and approved by the Board. Key areas of focus include the Board size, Board and Board Committee composition, Board information and accountability, Board performance in discharging its principal functions and ensuring the integrity and quality of risk management and internal control systems, standards of conduct of Board members, the Directors' interactions with the CEO and senior management, and Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference. The performance criteria does not change from year to year, unless the NC is of the view that it is necessary to review the performance criteria, for example, in order to align with any changes to the Code.

In evaluating each Director's performance, the NC considers, *inter alia*, the Directors' attendance, contribution, participation and candour at Board and Board Committee meetings, Directors' individual evaluations, the degree of commitment to the role, effectiveness and value of contribution to the development of strategy, the Director's industry and business knowledge, and functional expertise.

Based on the Board's assessment and review, the Board and its Board Committees have operated effectively and each Director has contributed to the effectiveness of the Board. No external facilitator was used in the evaluation process for the financial year under review.

B. REMUNERATION MATTERS

Principle 6 : Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7 : Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Principle 8 : Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

<u>Remuneration Committee</u>

The RC currently comprises three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the RC. The RC met once in FY2020.

The principal responsibilities of the RC in relation to remuneration matters include, *inter alia*:

- recommending to the Board a general framework of remuneration for Directors and key management personnel; and
- developing policies for fixing of, and recommending to the Board, the remuneration packages of individual Directors and key management personnel.

The RC sets the remuneration policy to ensure that the remuneration offered by the Company is competitive and will attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully for the long term. In developing and reviewing the policy for the remuneration packages for Directors and key management personnel, the Company's existing internal remuneration policy and other conditions within the industry and in comparable companies are taken into consideration. The remuneration policies of the Company are structured to attract and retain highly qualified persons, and the Company's overall goal in relation to such policies is to ensure the long-term sustainability and success of the Company, as well as value creation. In relation to the remuneration policy, the Board determines value creation to be the amount of value-add contributed by the individual, including but not limited to deal introduction to the Company, cost-savings ideas and novel initiatives which have the potential of increasing the performance of the Company and it is measured based on the monetary benefit/cost-savings which the Company receives as a result of the value-add contributed by the individual Director and a key management personnel.

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and key management personnel in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

Fees payable to the Directors are proposed as a lump sum. The lump sum is subject to the approval of shareholders of the Company at its forthcoming AGM. The remuneration of the non-executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the key management personnel in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Directors or the key management personnel.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as chairman or deputy chairman of the Board, or chairman of the Board Committees, (ii) serving as Lead Independent Director and/or (iii) serving on Board Committees as members, as the case may be. The Directors' fees take into account:

(i) the Directors' level of contribution and respective responsibilities at Board meetings and Board Committee meetings; and

(ii) the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

On the basis of the above, the RC is of the view that the non-executive Directors are not over-compensated to the extent that their independence may be compromised.

Provision 7.1 of the Code requires a significant and appropriate proportion of executive directors' and key management personnel's remuneration to be structured so as to link rewards to corporate and individual performance. The remuneration framework for key management personnel (including executive Directors) of the Company comprises monthly salaries, annual bonuses and allowances. The Company links executive remuneration to corporate and individual performance, based on the performance appraisal of the key management personnel (including executive Directors). Such performance-related executive remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel.

The remuneration framework for the Executive Chairman and Group CEO currently does not include a variable component linked to corporate and individual performance. The Company is of the view that despite its deviation from Provision 7.1 of the Code in respect of the Executive Chairman and Group CEO's remuneration, the structure of the Executive Chairman and Group CEO's remuneration is appropriate and proportionate to the sustained performance and value creation of the Company, as being a substantial shareholder of the Company, the Executive Chairman and Group CEO's interests are already aligned with that of the interests of shareholders and other stakeholders, including the promotion of the long-term success of the Company.

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A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2020 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2020

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
Below S$250,000					
Dr. Stephen Riady	100	-	-	-	100
Mr. Christopher James Williams	-	-	100	-	100
Mr. Kelvin Lo Kee Wai	-	-	100	-	100
Mr. Sin Boon Ann	-	-	100	-	100
Mr. Kin Chan	-	-	100	-	100
S$250,000 to S$500,000					
Mr. Brian Riady	85.71	14.29	-	-	100

A breakdown of the Directors' fees payable to each Director for FY2020 is shown below:

Name of Director	Directors' Fees (S$)[1]
Dr. Stephen Riady	Nil[2]
Mr. Christopher James Williams	125,000[3]
Mr. Kelvin Lo Kee Wai	131,250[4]
Mr. Sin Boon Ann	163,750[5]
Mr. Kin Chan	68,750[6]
Mr. Brian Riady	Nil[7]

Notes:

(1) The framework for determining the Directors' fees in FY2020 is as follows: (i) S$50,000 for Chairman; (ii) S$50,000 for Deputy Chairman; (iii) S$50,000 for a member of the Board; (iv) S$20,000 for Lead Independent Director; (v) S$37,500 for chairman of the AC; (vi) S$18,750 for a member of the AC; (vii) S$25,000 for chairman of the NC; (viii) S$12,500 for a member of the NC; (ix) S$25,000 for chairman of the RC; and (x) S$12,500 for a member of the RC.

(2) Dr. Stephen Riady did not receive Directors' fees in respect of his position as Chairman and a member of the Board for FY2020.

(3) The fees received by Mr. Christopher James Williams for FY2020 comprise S$50,000 for being Deputy Chairman, S$50,000 for being a member of the Board, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$125,000.

(4) The fees received by Mr. Kelvin Lo Kee Wai for FY2020 comprise S$50,000 for being a member of the Board, S$37,500 for being the chairman of the AC, S$18,750 for being a member of the AC, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$131,250.

(5) The fees received by Mr. Sin Boon Ann for FY2020 comprise S$50,000 for being a member of the Board, S$20,000 for being the Lead Independent Director, S$18,750 for being a member of the AC, S$25,000 for being the chairman of the NC, S$12,500 for being a member of the NC, S$25,000 for being the chairman of the RC and S$12,500 for being a member of the RC, being a total of S$163,750.

(6) The fees received by Mr. Kin Chan for FY2020 comprise S$50,000 for being a member of the Board and S$18,750 for being a member of the AC, being a total of S$68,750.

(7) Mr. Brian Riady did not receive Directors' fees in respect of his position as a member of the Board for FY2020.

Provision 8.1(a) of the Code requires companies to fully disclose the name, amount and breakdown of remuneration of each individual director and the CEO. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each of Dr. Stephen Riady and Mr. Brian Riady is not in the best interests of the Company or its shareholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Group in attracting and retaining talent for the Company on a long-term basis. The Board is of the view that despite its deviation from Provision 8.1(a) of the Code, the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, procedure for setting remuneration and the relationship between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each of Dr. Stephen Riady and Mr. Brian Riady will not be prejudicial to the interest of shareholders.

Provision 8.1(b) of the Code requires companies to fully disclose the names, amounts and breakdown of remuneration of the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel. The Code defines "key management personnel" to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board takes the view that in FY2020, there are only two persons, being Dr. Stephen Riady and Mr. Brian Riady (who are also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company. There are no persons who are not Directors of the Company that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Save for Dr. Stephen Riady (who is a substantial shareholder of the Company) and Mr. Brian Riady (being the son of Dr. Stephen Riady), there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2020. The following table shows a breakdown (in percentage terms) of the remuneration of Dr. Stephen Riady and Mr. Brian Riady, in bands of S$100,000:

Name of Employee	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
S$100,000 to S$200,000					
Dr. Stephen Riady	100	-	-	-	100
S$200,000 to S$300,000					
Mr. Brian Riady	85.71	14.29	-	-	100

The Company does not have any employee share scheme as the Board is of the view that the current compensation framework is sufficient.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2020.

CORPORATE GOVERNANCE REPORT

C. ACCOUNTABILITY AND AUDIT

Principle 9 : Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Principle 10 : Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The AC currently comprises three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. Mr. Kelvin Lo Kee Wai is the chairman of the AC. All the members of the AC have many years of experience in senior management positions and have between them recent and relevant expertise in accounting, financial management, corporate finance and law. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the AC as listed below. The AC does not comprise former partners or directors of the Company's existing auditors: (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the Company's auditors and in any case, (b) for as long as they have any financial interest in the Company's auditors. The AC met four times in FY2020.

The principal responsibilities of the AC include the following:

- reviewing the adequacy, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- reviewing the assurance from the CEO and the Chief Financial Officer on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit and control functions, and the hiring, removal, evaluation and compensation of the Company's internal audit and control functions;
- reviewing interested person transactions;
- making recommendations to the Board on (i) proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and (ii) the remuneration and terms of engagement of the external auditors; and
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The results of the AC's review are reported to the Board.

For the financial year under review, the AC met with the external auditors and internal auditors to review the annual audit plans and the results of the audits performed by them. The AC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the external auditors. The AC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by them. For the financial year under review, the half-year financial statements and full-year financial statements of the Group and the Company were also reviewed by the AC prior to their submission to the Board for approval and adoption. The AC has met with the external auditors and the internal auditors without the presence of Management.

The AC has reviewed the non-audit fees paid to the external auditors. The AC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services. The amount of fees paid to the external auditors in FY2020 was S$547,000 for non-audit services and S$1,348,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming AGM to be held on 30 April 2021.

The details of the remuneration of the auditors of the Company during FY2020 are as follows:

	2020 (S$'000)
Audit services:	
- Auditors of the Company	1,120
- Other auditors	228
Non-audit services:	
- Auditors of the Company	540
- Other auditors	7

The Company has in place a whistle-blowing policy and procedure whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Company's Code of Business Conduct and Ethics, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Head of Internal Audit. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The whistle-blowing policy and procedure is made available to the Company's employees to encourage the reporting of any behaviour or action that might constitute impropriety in financial reporting or other matters.

In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, update the AC members on recent changes to financial reporting standards and regulatory developments. The AC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The AC has full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

The Board, with the assistance of the AC, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, oversees the governance of risk, including determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation, and monitors the Group's risks through an Enterprise Risk Management ("**ERM**") framework which incorporates a Risk Register to capture significant business risks, and the strategies and internal controls to mitigate these risks. The Risk Register is reviewed by the AC quarterly and any issues or matters arising from the Risk Register are highlighted by the AC to the Board. The Board is adequately assisted by the AC in its responsibility for the governance of risk, and having regard to the Group's business operations as well as its existing risk management and internal control systems, the Board is of the view that a separate risk committee is not required for the time being.

Based on the Board's review (with the assistance of the AC) of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems established and managed by the Group, reviews performed by Management, and the assurance furnished by the CEO, the Deputy CEO, the Chief Operating Officer and the Senior Vice President, Finance, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2020, and addresses financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations. For the year under review, no material weaknesses in the internal controls and risk management systems were identified by the Board or the AC.

CORPORATE GOVERNANCE REPORT

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be significantly affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Board, AC and Management continue to re-evaluate the process and adequacy of the Group's risk management framework.

For FY2020, the CEO, the Deputy CEO, the Chief Operating Officer and the Senior Vice President, Finance have provided written confirmation to the Board that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk assessment and management framework provides reasonable assurance on the adequacy and effectiveness of the risk management and internal control systems in addressing the material risks faced by the Group in its current business environment, including material financial, operational, compliance and information technology risks. This certification covers the Company and subsidiaries which are under the Company's management control. With respect to the financial year under review, in line with the Listing Manual, the Board provided negative assurance statements to shareholders in respect of the interim financial statements that nothing has come to their attention that would render the half-year financial results to be false or misleading.

The Group has in place an ERM framework to assist in evaluating and monitoring changes to business operations that may result in critical risk exposure to the organisation. The framework played a critical role in assisting Management to respond swiftly when COVID-19 news first surfaced in China and scenario planning and crisis escalation procedures were discussed and reported in early 2020.

There were various uncertainties in the early months of 2020 when COVID-19 escalated into a global pandemic. The structured ERM framework and process, which includes a set of monitoring mechanisms and indicators, allowed the Board and Management to continuously evaluate the impact of the COVID-19 situation from various risk perspectives such as liquidity and cashflow, workforce health and safety and workforce mobility, as the impact of this fast-escalating adverse event has resulted in multi-faceted risks and impact to many organisations.

The ERM framework requires key functions and business units to report risk-related matters to the Board and Management on a regular basis. Timely reporting of high-risk areas in relation to COVID-19 also provides reference points and guidance for the Board and Management to assess the adequacy and effectiveness of controls in place to manage these risks. For example, many organisations have observed an increase in propensity of wrongdoing in the current economic climate. Management, as part of the ERM framework, maintains vigilance over the relevant internal controls through mechanisms such as regular reviews and self-assessment of controls. With this, prompt decision-making was undertaken to adjust operations to meet ongoing changes to the business environment due to regulatory advisory changes, especially on manpower and safe distancing management requirements. The framework also provided enhanced clarity on potential financial challenges arising from the COVID-19 situation, which in turn allowed Management to monitor and react proactively to any potential incoming concerns.

Through a regular risk review and monitoring process, Management and the Board are also better able to continuously engage and assure stakeholder groups that their interests remain a top priority for the organisation. Pertinent information is shared with stakeholders and shareholders in a timely manner as appropriate through various platforms including press releases, investor presentations and analyst reports.

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on the Company's risk appetite, and to be nimble and able to re-purpose some of the Group's business operations to seize growth opportunities. COVID-19 has demonstrated that having an effective ERM function drives quick decision-making to not only focus on managing the downside of a pandemic, or value protection but to also look for areas for enhanced value creation.

Further details on the Group's internal controls and risk management systems, philosophy and approach can be found in the "Managing Risks" section on pages 71 and 72 of the Annual Report.

The Internal Audit department is headed by the Senior Vice President, Internal Audit who reports directly to the chairman of the AC and administratively to the Deputy CEO. The hiring, removal, evaluation and compensation of the Senior Vice President, Internal Audit is also approved by the AC. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls to address financial, operational, compliance and information technology risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Senior Vice President, Internal Audit and approved by the AC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

In the course of their statutory duties, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

In carrying out its functions, the Internal Audit department has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC has reviewed the independence, adequacy and effectiveness of the Internal Audit department annually and is satisfied that the Internal Audit department is independent, effective, adequately resourced and is staffed with persons with relevant qualifications and experience, and that the Internal Audit department has appropriate standing.

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators, including interim and other price-sensitive or trade-sensitive public reports and reports to regulators (if required). Management is accountable to the Board and provides the Board with half-year and full-year financial results, which are then reviewed and approved by the Board for release on the SGXNET. Financial results and other price-sensitive or trade-sensitive information, annual reports and material corporate developments are disclosed via SGXNET.

To keep investors informed of material developments concerning the Group in view of the COVID-19 situation, the Company released updates by way of press releases and voluntary business updates which include the impact of the pandemic on the Group's business operations and performance. The aim of such engagement is to provide shareholders and investors with prompt disclosure of relevant information, to enable them to have a better understanding of the Group's businesses and performance.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11 : Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12 : Engagement with Shareholders

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Principle 13 : Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

CORPORATE GOVERNANCE REPORT

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its half-year and full-year results on the SGXNET, in the Annual Report and on the Company's website. Shareholders are also regularly kept up-to-date on analyst coverage of the Company through the same channels. The Company also has an email alert service to which the public may subscribe (via the Company's website) to receive Company announcements and other SGXNET filings. The Company also conducts analysts' briefings and investor roadshows, facilitated by its dedicated investor relations team, to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders.

In addition, shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. All Directors attend general meetings of shareholders, and the respective chairmen of the AC, NC and RC, as well as the external auditors, are also present at shareholders' meetings to address questions raised by the shareholders about the conduct of audit and the preparation and content of the auditors' report. Shareholders and potential investors are encouraged to visit the Company's website at www.oue.com.sg for information on the Company. They are also encouraged to call or write to the Company's investor relations department if they have questions. The contact details of the investor relations representative are set out in the press releases issued by the Company.

Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities, and the Central Provident Fund ("**CPF**") Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings. If any shareholder (who is not a "relevant intermediary") is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

The notice of shareholders' meeting is dispatched to the shareholders in the manner set out in the Listing Manual. Each item of special business included in the notice of shareholders' meeting is accompanied, where appropriate, by an explanation for the proposed resolution and a proxy form with instructions on the appointment of proxies. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of the general meeting. The resolutions approved in the meeting will be announced on or after the day the general meeting is held.

Voting for all resolutions at shareholders' meetings is conducted by electronic poll. The voting procedures are explained during the shareholders' meeting. Votes cast for or against and the respective percentages on each resolution are tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced on the SGXNET and the Company's website on the same day of the event. All polls are conducted in the presence of independent scrutineers.

Provision 11.4 of the Code provides that an issuer's Constitution should allow for absentia voting at general meetings of shareholders. The Constitution of the Company currently does not, however, permit shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company is of the opinion that despite its deviation from Provision 11.4 of the Code, shareholders nevertheless have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

Minutes of the shareholders' meetings are also prepared and are available upon request, and include substantial and relevant comments or queries from the shareholders and responses from the Board and Management. Provision 11.5 of the Code requires an issuer to publish the minutes of general meetings of shareholders on its corporate website as soon as practicable after such meetings. The Company currently does not, however, have a practice of publishing such minutes on the Company's website. The Company is of the view that despite its deviation from Provision 11.5 of the Code, the Company treats all shareholders fairly and equitably to enable them to exercise their shareholders' rights, including shareholders who are unable to attend general meetings, as the minutes of shareholders' meetings are available to any shareholder upon request.

Conduct of AGM in FY2020 and FY2021

The foregoing description of the Company's usual practices for shareholders' meetings is in relation to the conduct of its general meetings where there are no public health and other risks arising from the COVID-19 situation in Singapore to be taken into consideration. Due to the COVID-19 situation in Singapore last year, the AGM held in FY2020 was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 Order**"). Shareholders were not able to attend the AGM in person, ask questions or vote at the AGM live during the audio-visual webcast or audio-only stream, or appoint any person other than the chairman of the meeting as proxy to attend, speak or vote on their behalf at the AGM. Shareholders instead participated at the AGM held in FY2020 by:

- observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
- submitting questions in advance of the AGM; and
- appointing the chairman of the meeting as proxy to attend, speak and vote on their behalf at the AGM.

In respect of the AGM held in FY2020, both the Company's response to the substantial and relevant questions received from shareholders in advance of the AGM, as well as the minutes of the AGM, were published on the Company's website and on SGXNET.

In view of the current COVID-19 situation in Singapore, the forthcoming AGM to be held on 30 April 2021 will continue to be convened and held by way of electronic means pursuant to the COVID-19 Order. Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the chairman of the meeting as proxy at the AGM, are set out in the Company's announcement dated 8 April 2021.

Dividend Policy

The Company has adopted an annual cash dividend policy with a view to paying annual dividends of at least 50% of the profit after tax of the Group after adjusting out for fair value gains and after taking into account the Group's capital requirements, expansion plans and other funding requirements. The Company has considered the Group's historical performance and previous dividend payments in determining this policy and believes that this policy is in line with the Company's intention to optimise returns to shareholders, enforce greater accountability to shareholders and allow for good balance sheet management.

Engagement with Stakeholders

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall strategy to ensure that the best interests of the Company are served. The Company considers emerging and existing sustainability-related trends to enable the Company to identify and manage any potential, current, or impending business risks that need to be managed, or to take advantage of any opportunities they may provide. The Company has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to the Company, either because their actions impact the Company's business or the Company's business impacts their actions. They comprise the Company's shareholders, tenants and guests, employees as well as regulators. The Company's various teams interact with these stakeholders on a regular basis and the Company maintains a corporate website to facilitate communication and engagement with stakeholders. For more information on the methods that the Company uses to engage its stakeholders and the key topics relevant to each stakeholder group, please see pages 76 and 77 of the Annual Report.

CORPORATE GOVERNANCE REPORT

E. ADDITIONAL INFORMATION

Interested Person Transactions Policy

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual related to IPTs. The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are set out in the Annual Report. Save as disclosed, there were no IPTs during FY2020 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Securities

The Company has adopted a formal policy on the handling of confidential information and dealings in securities (the "**Information and Dealings Policy**"), which incorporates the best practices recommended in the Guide on Handling of Confidential Information and Dealings in Securities issued by the SGX-ST (with The Association of Banks in Singapore, the Institute of Singapore Chartered Accountants, The Law Society of Singapore and the Singapore Institute of Directors). The Information and Dealings Policy also sets out the implications of insider trading and provides guidance on dealings in the securities of the Company as well as certain other entities, including certain other entities listed on the SGX-ST in which the Company has an effective interest (collectively, the "**Restricted Securities**"). The Information and Dealings Policy applies to and has been circulated to, *inter alia*, the Company's Directors and employees.

Following the amendments to Rule 705 of the Listing Manual which came into effect on 7 February 2020, the Board had, after due deliberation, decided not to continue with quarterly reporting (in the format prescribed by the Listing Manual) of the financial statements of the Company as such cessation will reduce compliance costs and time and attention from the Board of Directors and Management required for quarterly reporting, which time and attention can be better focused instead on long-term strategic matters concerning the Company. Accordingly, with effect from FY2020, the Company announces its financial statements on a semi-annual basis in the format prescribed by the Listing Manual. For FY2020, the Company sent out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

(a) two weeks before the announcement of the Company's interim business updates for the first and third quarters of its financial year;

(b) one month before the announcement of the Company's half-year and full-year financial statements; and

(c) any time while in possession of price-sensitive or trade-sensitive information.

The Directors and officers of the Company are prohibited from communicating price-sensitive or trade-sensitive information to any person. In addition, the Company also discourages the Directors and officers of the Company from dealing in the Company's securities on short-term considerations.

Pursuant to the Information and Dealings Policy, Directors and employees of the Company are required to give a pre-trading notification and declaration (that, amongst others, he or she is not in possession of any information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Restricted Securities ("**inside information**")) to their Head of Department and/or the Legal Department (as the case may be) before any dealing in the Restricted Securities. Details of the transaction that had been notified prior to being undertaken must also be provided in writing within two business days after the trade. A transaction which was notified but not undertaken must also be reported as such.

All Directors and employees of the Company must verify that confidential information is shared only to those persons who have a legitimate reason to have access to such information. The Information and Dealings Policy sets out the procedures and safeguards which Directors and employees of the Company should adopt to limit the risk of a leak of confidential information, including but not limited to the signing of non-disclosure agreements with advisers and potential transaction parties, implementation of Chinese Walls, controlling access to documents containing confidential information, adoption of a "clean-desk" policy, adoption of code names for potential price-sensitive transactions and maintenance of a list of persons who are privy to material inside information that has not been publicly announced.

MANAGING RISKS

MANAGING RISK

Risk Management is an integral element of the Group's decisions and business processes.

The Enterprise Risk Management (ERM) framework, which includes the process of risk identification, assessment, monitoring and maintenance of Risk Registers, sets out the basis for the integration of risk management into decision-making and business processes across the Group.

External consultants have been appointed to support management in the sustaining and regular review of the ERM framework and related risk management policies. Risk workshops are carried out with the risk owners to identify, assess and prioritise the risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps are considered and documented. Risk tolerance limits are set to align with the risk appetite and are subject to quarterly review. Operating within the risk tolerances level provides Management with assurance that the Group remains within its risk appetite. The key risks which have been identified by the Group include the following:

MACROECONOMIC RISK

The global economy has been largely volatile and uncertain due to the COVID-19 pandemic. Industries such as tourism, retail, hospitality and food & beverage have been hit particularly hard. The unprecedented scale of the economic shock caused by the pandemic may lead to deep and widespread shifts in how people work, live and interact. The competitive landscape has also been intensifying, especially from non-traditional players. Management continues to monitor the situation, keeping abreast of latest developments in the global economy and industry in order to manage the economic risk and leverage good opportunities that may arise.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Responsibility for managing operational risks rests with all functions at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that cost effectiveness is a consideration in the management of operational risks. The Group therefore adopts a risk-based approach to managing operational risks. The pandemic has also brought about unprecedented challenges in operational risks such as human resource and business interruption risks.

Key functions in the Group are guided by their policies, standard operating procedures, limits of authority and reporting framework. The framework enables management at the various levels to identify and assess key operational exposures and report such risk issues to senior management as early as possible so that the appropriate risk response can be taken.

The internal audit function, which also conducts independent checks on operational issues and risk controls, reports directly to the Audit Committee.

INVESTMENT RISK

The Group's investment decision process is based on an investment framework and guided by a set of investment criteria. Balancing risks and returns across asset types and geographic regions are key considerations of the investment framework. Risk assessment is an important aspect of the investment decision process. Each investment proposal submitted to the Board of Directors for approval is accompanied by an assessment of risk factors and risk mitigation strategies, including rigorous due diligence, financial modelling and sensitivity analysis on key investment assumptions and variables. This seeks to ensure that the Group's investment portfolios create value for its stakeholders on a risk-adjusted basis.

FINANCIAL RISK

In the normal course of business activities, the Group is exposed to a variety of financial risks, including market, liquidity and credit risks. The Group's overall objectives and policies focus on managing financial risks by using financial instruments, where appropriate. Financial market risks and capital structure are closely monitored and actively managed by Management, and reported half-yearly to the Board.

Market Risk

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in interest rates, foreign exchange rates and equity prices.

The Group hedges foreign exchange risk naturally as a general rule by financing asset purchases and borrowings in the local currency of the relevant markets in which it conducts business. Where necessary, the exposure to foreign exchange rate changes is hedged via forward foreign exchange contracts and cross currency swaps.

The Group reduces its exposure to interest rate volatility, and thereby manages its funding costs, by matching maturities of loans and term deposits and maintaining

MANAGING RISKS

an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps.

Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Management monitors the mix of debt and equity securities in its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's return.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains a level of cash and credit facilities deemed adequate to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Credit Risk

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors its exposure to credit risk arising from trade consumers and corporate customers on an ongoing basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are licensed and with acceptable credit ratings.

COMPLIANCE, LEGAL AND REGULATORY RISK

Compliance risk arises from the potential violations of regulations and laws that may result in adverse judgments in lawsuits or regulatory sanctions, and therefore negatively affect the Group's ability to meet its business objectives. The responsibility of compliance with laws and regulations lies with the heads of business units and oversight of the discharge of their responsibilities is provided by the Group Legal Department. Legal risk arises from the potential failure of the Group to meet the legal requirements which may result in unenforceable contracts, litigation or other adverse consequences.

The Group identifies and manages legal risk through effective use of its internal and external legal counsel. Regulatory risk is the risk that laws or regulations may change in a way that adversely affects the Group's operations and competitive viability. The Group Legal Department monitors changes to applicable laws and regulations with support from external legal advisors.

INFORMATION TECHNOLOGY (IT) RISK

IT risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information.

Cyber security threats have been on the rise since the start of the pandemic. As the Group continues to leverage more on technology in various aspects of the operations, it is our utmost priority to protect critical systems and data from cyber attacks. The Group recognises its responsibility in establishing and maintaining adequate cyber risk governance over its information assets and its preparedness against cyber threats and risks.

The Group has in place comprehensive policies and procedures to manage these risks and to ensure the confidentiality, integrity and availability of the Group's information assets, including a disaster recovery strategy backup and restore procedures and email security to prevent social engineering attacks such as phishing and impersonation. The Group also conducts regular reviews and testing, including yearly vulnerability assessment and penetration testing to detect and resolve any vulnerability, threat or risk in the network, servers and network infrastructure. A roadmap has also been established to continuously strengthen controls and defences against cyber attacks.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the Board) of OUE Limited (the Company, and together with its subsidiaries, the Group or OUE) is pleased to present our fourth annual sustainability report for the financial year ended 31 December 2020 (FY2020). This report discloses OUE's environmental, social and governance (ESG) performance in our business operations and reflects the Group's commitment to high standards of corporate governance, and environmentally and socially responsible practices.

OUE is committed to integrating sustainability considerations into the Group's strategic decisions and business plans. Supported by the Sustainability Steering Committee (SSC), the Board provides guidance and support to OUE's management team in setting the strategic direction towards sustainable development.

In this regard, the Group's sustainability strategy was reviewed during FY2020 and new long-term targets were adopted. The Board will continue working with the management team to support the Group's sustainability efforts to enhance sustainable value creation for our stakeholders.

ABOUT OUE

Who We Are

Headquartered in Singapore, OUE is a diversified real estate owner, developer and operator with a real estate portfolio in prime locations across Asia. Our core businesses include developing and managing landmark assets across the commercial, hospitality, retail, residential, and healthcare sectors. In FY2019, OUE ventured into the food and lifestyle division and created OUE Restaurants, which comprises a range of restaurants and bars. In FY2020, the Group divested U.S. Bank Tower after reviewing the long-term outlook of the US property market and streamlined our asset ownership.

OUE was incorporated in 1964 and is publicly listed on Singapore Exchange Securities Trading Limited (SGX-ST).

Who We Want to Be

OUE's core values are based around Transformational Thinking, which is to view every development as an opportunity to transform its potential in terms of function, practicality, effectiveness, perception and/or value.

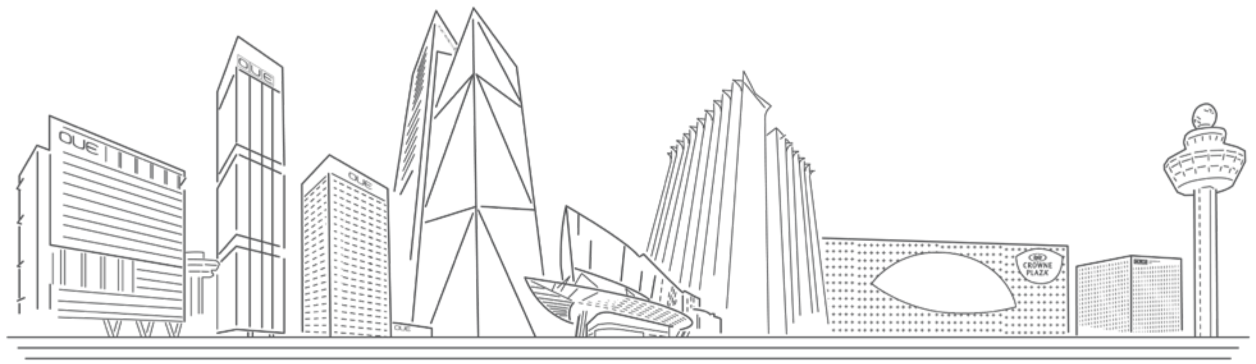
Equipped with a clear vision, OUE continuously harnesses our expertise to create social ecosystems, transforming the urban landscape to enrich and benefit our community.

Sustainability is increasingly a driving force of change in the real estate sector. The Group is committed to integrating environmental, social and governance aspects of sustainability into our operations to create value for all of our stakeholders. Our revised sustainability framework defines key areas of focus and guides our future effort in sustainability.

ABOUT THIS REPORT

This year's report marks the fourth annual sustainability report published by OUE. Data included in this report covers the Group's performance in the financial year dated 1 January 2020 to 31 December 2020.

Performance data from our Commercial (including Retail) and Hospitality buildings in Singapore and Shanghai are included in the report. This includes all properties under OUE Commercial Real Estate Investment Trust (OUE C-REIT) and OUE Restaurants. We have excluded OUE Lippo Healthcare Limited and First REIT due to the differences in business activities. Instead, they have their own sustainability report.



We have expanded our FY2020 data coverage to include fuel usage from our onsite generator and company-owned vehicles as well as emissions from refrigerants in our reporting. Our corporate offices' environmental data is also included in this year's report. Starting from FY2020, we expanded our reporting scope to cover not only Singapore's operations but also our overseas buildings by including performance data from Lippo Plaza Shanghai. We implement the operational control approach in the consolidation of our performance data, which excludes tenants' areas.

For the purpose of a more meaningful comparison of performance over the years, all environmental performance figures from FY2017 to FY2019 have been restated to exclude properties that were no longer in our portfolio as at 31 December 2020. Past year emission figures were also restated based on the most updated grid emission factors from the Energy Market Authority.

The report has been prepared in accordance with the GRI Standards: Core option. It is also in compliance with SGX-ST Listing Rules 711A and 711B. OUE's internal audit team has verified the accuracy of the data included in this report. We have not sought external assurance on this report and may consider doing so in the future.

Please contact us if you have any questions about this report or OUE's sustainability practices at sustainability@oue.com.sg.

SUSTAINABILITY AT OUE

Sustainability Governance

OUE integrates sustainability issues as part of strategy formulation and strives to set the right tone at the top. SSC, which comprises C-suite and Heads of Department (HODs), reports directly to the Board on sustainability-related matters. SSC is responsible for developing and reviewing OUE's sustainability vision, mission and strategy, as well as relevant sustainability policies, practices and initiatives. SSC works closely with the Sustainability Task Force (STF), which is made up of representatives from various business units, to drive the implementation of various policies and initiatives, and develop action plans to achieve sustainability targets. SSC and STF meet on a regular basis to monitor sustainability progress against targets and evaluate the effectiveness of sustainability implementations.

OUE's sustainability governance

SUSTAINABILITY REPORT

Stakeholder Engagement

Engagement with our stakeholders is an important process to gather our stakeholders' perspectives on social and environmental trends that might impact the Group's performance, as well as to encompass their interests in our decision-making processes. The Group engaged with our key stakeholder groups throughout the year to ensure their concerns are addressed.

OUE's key stakeholders

01

We keep an open dialogue with shareholders and investors to enable them to make informed investment decisions, as well as to garner feedback and views for consideration.

02

We engage our employees regularly to build a positive working environment and be the employer of choice.

03

We partner with our suppliers to ensure the supply chain is sustainable and health and safety standards are upheld.

04

We engage the local community as a socially responsible corporate citizen and contribute to social integration.

05

We work with our tenants and guests to ensure their needs are met and to be their preferred landlord and service provider.

06

We engage governments and regulators to ensure we comply with laws and regulations, and that our business practices are ethical and fair.

01 Shareholders & Investors

Relevant ESG Topics

- Sustainable and long-term value creation
- Ethical business operations
- Market trends and changing customer demands
- ESG integration into operations and building designs

Engagement Methods

- Earning calls, announcements, press releases and other disclosures through SGXNET, Annual Reports and OUE's website
- Email alert subscription
- Annual General Meeting and Extraordinary General Meeting
- One-on-one updates and group meetings
- Investor roadshows

Frequency of Engagement

- Throughout the year

02 Employees:

Relevant ESG Topics

- Safe, healthy and productive working environment
- Opportunities for career development and growth
- Competitive compensation and benefits
- Equal opportunities for promotion and reward
- Non-discrimination

Engagement Methods

- Training and development programmes
- Annual performance reviews
- Recreational and team building activities
- Grievance and feedback channels
- Employee townhall sessions

Frequency of Engagement

- Throughout the year

03 Suppliers & Contractors:

Relevant ESG Topics

- Business relationships
- ESG performance

Engagement Methods

- Safety compliance for contractors
- Contractor evaluation
- Green Procurement Policy
- Briefings and meetings

Frequency of Engagement

- Throughout the year

04 Community:

Relevant ESG Topics

- Economic growth
- Social and environmental impact of our projects
- Local partnership and job opportunities
- Investment in the community

Engagement Methods

- Impact assessment before commencement of projects
- Community activities
- Donations to support community development

Frequency of Engagement

- Throughout the year

05 Tenants & Guests:

Relevant ESG Topics

- Modern, high quality and cost-efficient buildings and facilities
- Safety in the buildings

Engagement Methods

- Tenant engagement activities including informal gathering and networking sessions
- Management circulars and notices
- Green Guide for tenants
- Customer satisfaction survey

Frequency of Engagement

- Throughout the year

06 Government & Regulators:

Relevant ESG Topics

- Regulatory compliance
- Ethical corporate business practices

Engagement Methods

- Industry networking functions
- Annual regulatory audits
- Mandatory reporting

Frequency of Engagement

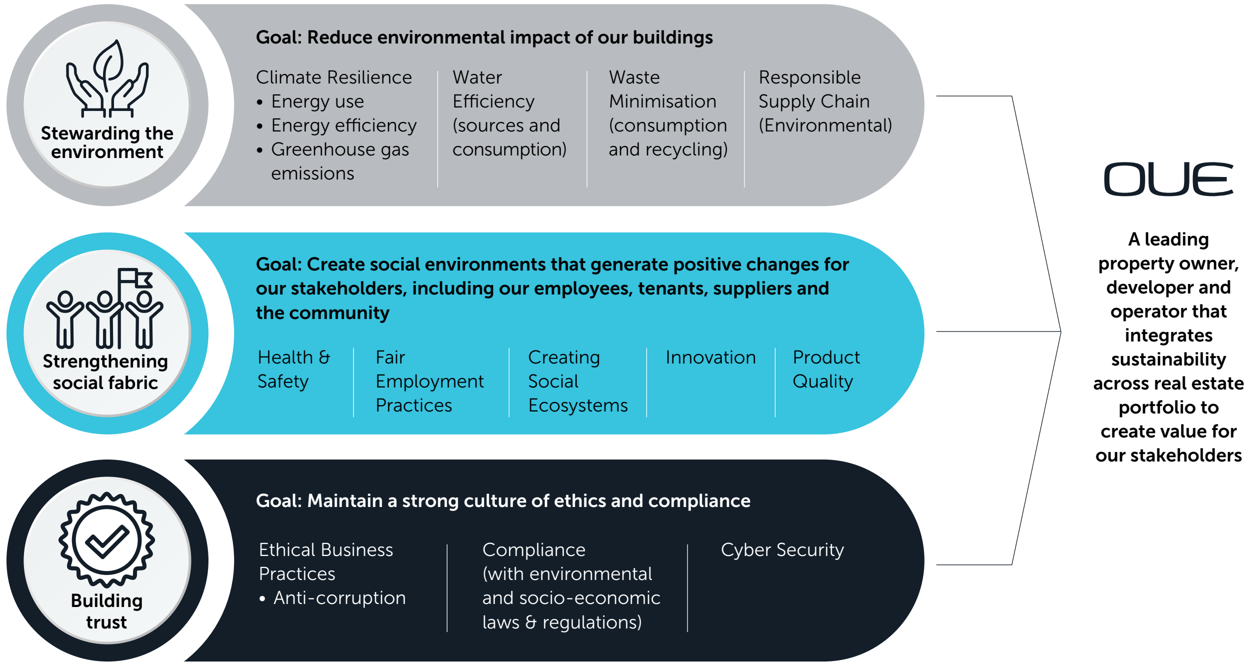
- Throughout the year

SUSTAINABILITY REPORT

Sustainability Framework

We embarked on a comprehensive review of OUE's material topics this year with the help of an independent external consultant. We have evaluated global and local emerging trends and their impacts on our businesses. We have also taken into consideration best practices in the real estate sector. Based on the findings, we reprioritised our material topics to reflect our focus areas and ambitions in sustainability.

OUE's sustainability framework



As a result of the materiality review process, we have committed to long-term targets and ambitions, which form an integral part of our revised sustainability framework.

We recognise the important roles all companies can play in contributing to the United Nations' Sustainable Development Goals (UN SDGs) and aim to align our sustainability efforts to the world's sustainable development agenda. We have identified relevant SDGs in our focus areas and material topics.

OUE's Material Topics and Targets

Sustainability Focus Areas and UN SDGs	Risks	Opportunities	OUE's Material Topics	Targets and Aspirations
Stewarding the environment Contributing to UN SDGs:	Climate change will bring physical risks to our buildings caused by changing weather patterns, such as higher maintenance and repair costs. Climate change will also bring transition risks in the form of regulatory and technological changes. This will call for more prudent environmental management in our businesses.	OUE can capitalise on the rising customer demand for high-quality, durable, energy-and resource-efficient buildings. Pursuing operational efficiency will result in reduced operational costs in the long run.	Climate Resilience	Using FY2017 as base year (i) **Commercial:** Reduce energy intensity per m² by 25% by 2030; **Hospitality:** Reduce energy intensity per occupied room by 25% by 2030; (ii) Reduce scope 2 GHG emission intensity per m² by 25% by 2030; (iii) Actively pursue opportunities in renewable energy use
Stewarding the environment Contributing to UN SDGs:			Water Efficiency	Using FY2017 as base year **Commercial:** (i) Reduce water use intensity per m² by 25% by 2030; **Hospitality:** (ii) Reduce water use intensity per occupied room by 25% by 2030
			Waste Minimisation	Using FY2017 as base year **Commercial:** (i) Reduce non-hazardous waste intensity per m² by 15% by 2030; (ii) Increase recycling rate to 12.5% by 2030; **Hospitality:** (iii) Reduce paper waste by 50% by 2030; (iv) Reduce plastic waste by 50% by 2030
			Responsible Supply Chain (Environmental)	(i) All main contractors for new developments certified by recognised environmental management standards (such as ISO 14001 or BCA's Green and Gracious Builder Scheme); (ii) Full implementation of Green Procurement Policy by 2030
Strengthening social fabric Contributing to UN SDGs:	OUE needs to adapt to the changing needs of various stakeholders, including our employees, tenants and guests, and the wider community. We recognise that buildings in urban areas have important roles to play to enhance occupants' health and well-being, and to strengthen community cohesion.	By listening and responding to our stakeholders' changing needs, OUE can continue to stay relevant and create value for all stakeholders.	Health & Safety	(i) Maintain zero incidents resulting in employee fatality or permanent disability; (ii) All main contractors for new developments to be OHSAS 18001 or ISO 45001 certified
			Fair Employment Practices	(i) Maintain zero incidents of discrimination; (ii) Maintain employee turnover rate below the national industry average; (iii) Maintain 40% or more women in senior management; (iv) 25 training hours per employee per year

SUSTAINABILITY REPORT

Sustainability Focus Areas and UN SDGs	Risks	Opportunities	OUE's Material Topics	Targets and Aspirations
Strengthening social fabric Contributing to UN SDGs: 3, 5, 8, 9, 16			Creating Social Ecosystems	(i) As a longstanding partner of our community, OUE is committed to bringing about meaningful and sustainable impacts through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development; (ii) Conduct social and environmental impact assessments for development projects; (iii) All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities
			Innovation	(i) Actively seek opportunities to adopt innovations and technology of green buildings
			Product Quality	(i) Zero significant incidents* of non-compliance with health and safety regulations; (ii) Achieve at least 80% customer satisfaction rate
Building trust Contributing to UN SDGs: 16	Changing regulatory requirements can incur high compliance costs and non-compliance will result in serious financial, operational and reputational consequences for the Group.	OUE is committed to conducting our businesses following applicable laws and regulations, and the highest ethical standards. This allows us to build trust in our relationships with stakeholders.	Ethical Business Practices	(i) Zero confirmed incidents of corruption; (ii) 100% employee annual acknowledgement of all company policies including Code of Business Conduct and Ethics
			Compliance	(i) Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines** and non-monetary sanctions; (ii) Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines** and non-monetary sanctions
			Cyber Security	(i) Zero cyber incidents and data breaches

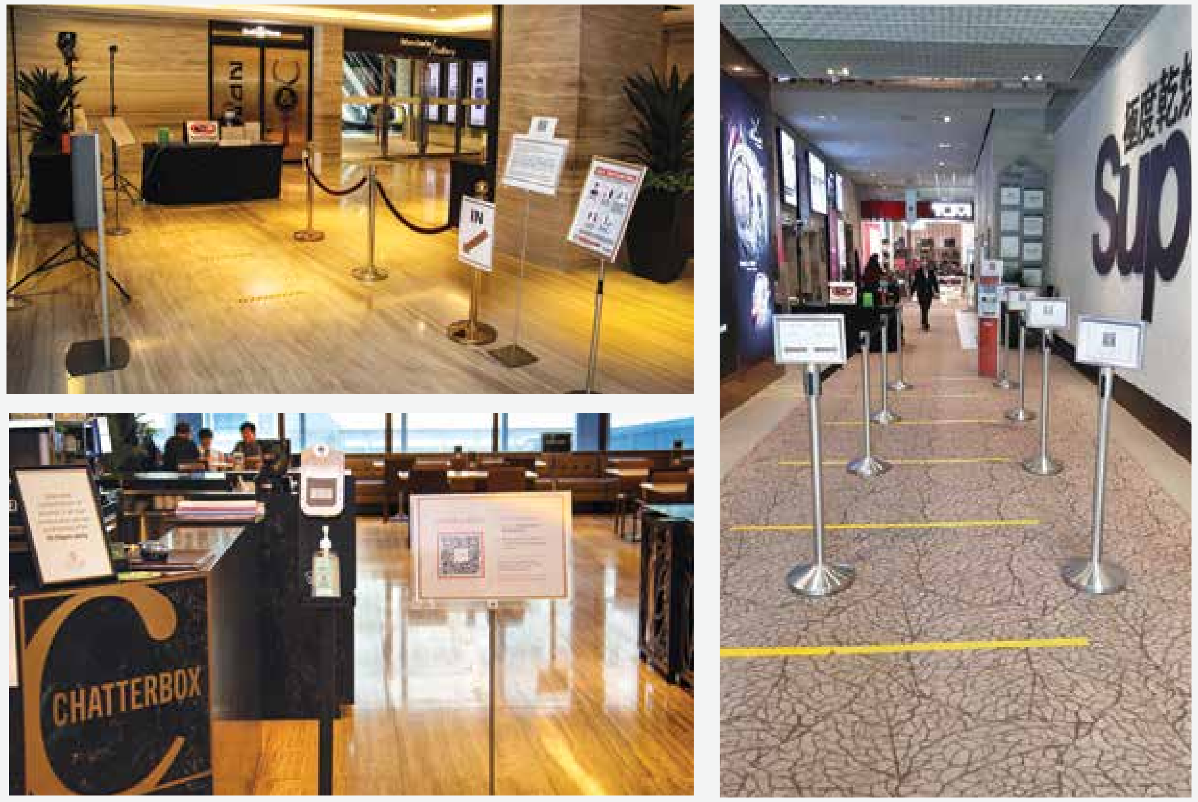
Please refer to respective sections for our FY2020 performance against targets.

* Taking reference from the Singapore Food Agency's Points Demerit System, a significant incident is defined as an incident that meets any of the following criteria:
1. Any incidence leading to the suspension of F&B outlets (12 points within 12 months)
2. Any incidence of a serious offence (6 points)
3. Any financial penalty greater than S$500 per incident (that means either 2 major or 3 minor or any combination that triggers these penalties)

** A significant fine is a financial penalty that is equal to or above S$10,000 paid for a single incident

SAFE OPERATION DURING COVID-19

Since the beginning of the COVID-19 outbreak, OUE has been working with our employees, tenants and guests to ensure their safety and well-being. We responded swiftly by putting various safety measures into our daily operations.



SafeEntry measures in place at our buildings

Employees:

Safe Management Measures were established to set out the guidelines for all employees to follow, which include the appointment of Safe Management Officers and the establishment of protocols during the COVID-19 period. We initiated work-from-home arrangements for most of our employees and virtual meetings were conducted as much as possible to reduce physical contact. Exceptions were only made for operational staff who were required to work onsite, for example, the operational staff at our hotels and One Raffles Place. To minimise risks for this group of employees, "split-team, alternate-week" schedules were introduced. Strict monitoring systems were implemented for onsite staff, including the use of the SafeEntry management system and regular temperature checks. In addition, onsite staff are required to wear masks at all times at the workplace.

Furthermore, we ramped up the frequency of cleaning office premises, including common areas, touchpoints and washrooms, to maintain high hygiene standards at our workplace. Cleaning and disinfecting agents such as liquid soaps and hand sanitisers were also provided to our employees.

SUSTAINABILITY REPORT

CASE STUDY: SHOW WE CARE

In response to the COVID-19 pandemic, Singapore entered the circuit breaker period in early April and residents were advised to stay at home as much as possible to minimise further spread of COVID-19.

Crowne Plaza Changi Airport (CPCA) surprised its staff who had been working diligently from home during the circuit breaker, despite the challenges imposed by remote working arrangements, with a special bento delivery to boost everyone's spirit and say a heartfelt thank you!

Bento delivery to CPCA staff working from home

Office Tenants, Visitors and Suppliers:

To support our tenants to weather the financial distress caused by the pandemic, OUE and OUE C-REIT extended rental relief to our commercial tenants in various properties including OUE Downtown Gallery, Mandarin Gallery, OUE Bayfront, OUE Link and OUE Tower. We also took various measures to help our tenants remain resilient. For example, we waived gross rental for April 2020, passed on the full property tax rebates distributed by the Singapore government to our tenants as well as provided assistance schemes such as a flexible payment scheme and rental reduction to eligible tenants. In FY2020, we committed a total of S$19.9 million in relief to our tenants via rental rebates and various support schemes such as flexible payment and rental restructuring.

Safety Management Poster

In addition to financial assistance, OUE has worked closely with our tenants to ensure their safety and health during this trying period. In compliance with the Singapore government's requirements during the pandemic, controlled access to our buildings using the SafeEntry digital check-in system combined with temperature screening was implemented to aid contact tracing. All visitors and tenants in our buildings were required to wear masks and observe safe distancing rules. We fully supported additional safety measures requested by our tenants, such as the installation of a sneeze guard at the Bank of America Merrill Lynch counter at OUE Bayfront.

We strengthened cleaning measures to ensure environments are constantly safe and clean for our tenants. In addition to increased frequency of general cleaning, special attention was paid to indoor air quality with more frequent replacement of filters and the air purifying agents Gelair in the air handling unit (AHU) to reduce the risks of COVID-19 spreading through the air-conditioning system. For high-contact points in our buildings, antimicrobial coatings were applied.

Safe distancing practice was taken seriously. Shower facilities and common areas like sofa seating and outdoor garden seating were temporarily cordoned off. Alternate washbasins and urinals in washrooms were discontinued to allow for strict safe distancing observation. We placed safe distancing floor markers in lobbies and lift cars. OUE Downtown Gallery and Mandarin Gallery leveraged digital signages to inform guests and visitors about safe distancing measures. Tenants also received circulars and posters to remind them of the importance of necessary safety management measures.

Hotel Guests:

We followed strictly all guidelines for hotels set by the Singapore Tourism Board (STB), Ministry of Trade and Industry, Enterprise Singapore and Ministry of Health (MOH) regarding the operations of dine-in services, gyms and pools, accommodation for guests for leisure purposes, and Meetings, Incentives, Conventions and Exhibitions (MICE) events, including marriage solemnisations, wedding receptions, training and education classes. Activities were suspended or limited to smaller groups to protect the health and safety of our hotel guests.

Committed to a high level of cleanliness and hygiene, CPCA and Mandarin Orchard Singapore (MOS) both underwent audits conducted by STB to be certified under SG Clean, a government initiative that aims to improve hygiene standards of public spaces. In spite of the hotels' best efforts, MOS suspended operations for 14 days beginning from 19 December 2020. This was due to an investigation launched by MOH into 13 COVID-19 infection cases amongst individuals who had served Stay-Home Notices at MOS between 22 October and 11 November 2020. MOS resumed operations from 2 January 2021 upon completion of the investigation. There was no breach in safety protocols at MOS[1]. CPCA was asked to suspend operations from 8 January 2021 for 14 days as a precautionary measure to facilitate an investigation by MOH into three COVID-19 cases amongst the hotel staff. The suspension was subsequently lifted by MOH and CPCA resumed full operations on 22 January 2021. Throughout both investigations, our hotel managers cooperated fully and worked closely with authorities to facilitate COVID-19 testing on hotel staff and conduct deep cleaning and disinfection to protect our staff and guests.

[1] Source: https://www.straitstimes.com/singapore/no-breach-discovered-so-far-at-mandarin-orchard-hotel-amid-probe-into-13-shn-cases-there

SUSTAINABILITY REPORT

STEWARDING THE ENVIRONMENT

Climate Resilience

The building and construction sector contributes nearly 40% of all carbon emissions in the world[2]. Thus, the sector has an important role to play in combatting climate change. In Singapore's newly released long-term low-emissions development strategy, the building sector is outlined as an essential sector to decarbonise[3]. To support the global effort to transform into a net-zero economy and Singapore's low carbon emission strategy, OUE is committed to continuously improving our buildings' energy efficiency.

To properly monitor and manage energy use in our buildings, we have implemented our own Energy Management Policy or Environmental, Health and Safety (EHS) policy at the respective buildings. It is part of the mandate of our property management teams to constantly explore new ways to reduce the energy use of buildings. We focus on several key areas to achieve better energy performance, namely leveraging new technology, improving operational planning and changing user behaviours.

We use energy-efficient appliances and products to maximise energy efficiencies. For instance, in Singapore, energy-efficient lightings have been installed at all interior corridors, the façade, the underside of escalators as well as at the main lobby and plaza area of OUE Bayfront and in the common areas of MOS. At Lippo Plaza in Shanghai, China, more energy-efficient LED lamps have been installed at interior corridors from Basement 1 to Level 3 of the retail podium. The preference for using energy-efficient products is supported by OUE's Green Procurement Policy, which documents in detail the processes to acquire environment-friendly products and services. We also regularly communicate our preference for products that align with sustainability certifications and standards to our suppliers. Other technologies such as motion-activated light control in public areas and photosensors at linkways and plaza areas are used to conserve electricity.

Regular monitoring and maintenance of electrical appliances and equipment are essential in retaining optimal energy performance. We regularly assess and capitalise on areas of potential energy saving such as setting sleep mode for escalators and reducing hot air ingress through main entrances. Chiller plant efficiency is also closely monitored in all buildings and old chillers are upgraded to reduce energy usage. Greater energy efficiency can also be achieved through enhanced operational planning. For example, we have revised the schedule to save early hour electricity usage associated with lighting, air-conditioning and mechanical ventilation at selected properties. At CPCA, daily Earth Hours from 9:30 pm to 10:30 pm are implemented and the swimming pool circulation and water feature pumps are switched off from 9 pm to 5 am. We have also installed variable speed drives for AHU in several of our buildings including OUE Bayfront, OUE Downtown office and Mandarin Gallery.

We are aware that improper user behaviours can offset any energy-saving measures, which is why we partner with our tenants and employees to deliver better results. A Green Guide which explains energy, water, waste and indoor air quality management is distributed to our tenants to seek their support in saving energy and resources. The tenants are also required to abide by our Green Guide for their fit-out and renovation works. Finally, our employees are advised to switch off lights when leaving workplaces to avoid energy wastage.

We are pleased to announce that MOS and Mandarin Gallery obtained BCA Green Mark Gold certification in March 2020.

[2] World Green Building Council (September 23, 2019), *New report: the building and construction sector can reach net zero carbon emissions by 2050*, https://www.worldgbc.org/news-media/WorldGBC-embodied-carbon-report-published#_ftn1

[3] National Climate Change Secretariat (2020), *Charting Singapore's low-carbon and climate resilient future*, https://www.nccs.gov.sg/docs/default-source/publications/nccsleds.pdf

Tenants and employees are encouraged to support our building's sustainability efforts

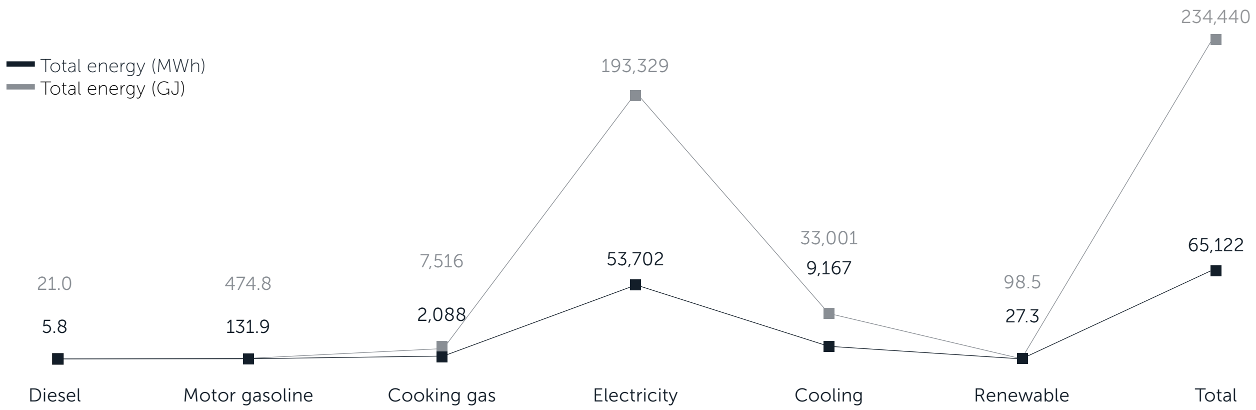
FY2020 performance against Targets & Aspirations (Climate Resilience)

	Targets & Aspirations	FY2020 Performance
Climate Resilience	**Commercial:** Reduce energy intensity per m^2 by 25%* by 2030	**Commercial:** Energy intensity reduced by 25.8%
	Hospitality: Reduce energy intensity per occupied room by 25%* by 2030	**Hospitality:** Energy intensity reduced by 9.7%
	Reduce scope 2 GHG emission intensity per m^2 by 25%* by 2030	Scope 2 GHG emission intensity reduced by 16.9%
	Actively pursue opportunities in renewable energy use	Conducted feasibility studies for installation of rooftop solar panels OUE is considering purchasing renewable energy certificates to affirm our commitment to renewable energy

* compared to FY2017 baseline

SUSTAINABILITY REPORT

OUE's energy consumption breakdown in FY2020[4]



In FY2020, OUE reported total energy consumption of 65,122 megawatt hours (MWh) from our commercial and hospitality properties. Due to reduced commercial activities during the circuit breaker period, energy intensity at our commercial properties saw a significant decrease of 25.8% compared to the FY2017 baseline, surpassing our long-term target of 25% reduction by 2030. We are cognisant that the improvement may not be sustainable given the extraordinary operating environment we faced this year. OUE's hospitality properties also achieved a reduction of 9.7% in energy intensity this year.

Due to the expanded scope, the total absolute scope 2 emissions from our commercial and hospitality properties saw an increase from 25,945 tonnes in FY2019 to 28,229 tonnes of carbon dioxide equivalent (tCO_2e) in FY2020. FY2020 is also the first year that we reported our scope 1 emissions, which include onsite diesel and cooking gas usage as well as emissions from refrigerants. Scope 2 emission intensity decreased by 16.9% compared to FY2017, which may be partly attributable to decreased electricity and cooling consumption at our buildings during the circuit breaker period.

Please see our detailed environmental performance in the Performance Data Summary (Environmental) section.

Moving forward, OUE will strive towards minimising our environmental footprint and continue to report performance against our long-term targets in our future reports.

Water Efficiency

Singapore is ranked as one of the top countries most likely to be water-stressed by 2040[5]. Water demands are expected to increase as a result of a growing economy and population, coupled with challenges posed by climate change. As OUE's operations in commercial buildings and hotels depend heavily on reliable water supplies, we have made effective water management one of our priorities.

To reduce water wastage, we have installed water-efficient fittings and adopted the Public Utilities Board's (PUB) Water Efficient Building (WEB) recommended flow rates and flush volumes at our Singapore properties. Besides upgrading our plumbing fixtures, we have also explored areas where we could reduce potable water consumption such as using treated greywater in cooling towers and for irrigation and flushing in lavatories. NEWater is also used at most of our properties. In recognition of OUE's performance in water management, all OUE buildings are certified as WEBs by PUB. In China, Lippo Plaza is committed to water usage monitoring and management by regularly checking and calibrating water meters and installing dedicated water meters at key water usage areas within the building.

Daily water consumption by our tenants, guests and employees constitutes a large part of our total water consumption. As such, it is vital that we work closely with our stakeholders to induce water efficiency on our premises. Our Green Procurement Policy details OUE's preferences for suppliers that invest in water efficiency improvement. We also communicate regularly with our tenants about water efficiency improvement plans and other water provision matters.

[4] Numbers may not add up due to rounding in this report.
[5] Maddocks, A. et al (August 26, 2015), *Ranking the World's Most Water-Stressed Countries in 2040*, World Resources Institute, https://www.wri.org/blog/2015/08/ranking-world-s-most-water-stressed-countries-2040

FY2020 performance against Targets & Aspirations (Water Efficiency)

	Targets & Aspirations	FY2020 Performance
Water Efficiency	Commercial: Reduce water use intensity per m^2 by 25%* by 2030	Commercial: Water use intensity reduced by 35.4%
	Hospitality: Reduce water use intensity per occupied room by 25%* by 2030	Hospitality: Water use intensity remained at a similar level

* compared to FY2017 baseline

During the reporting period, all OUE buildings reported a total of 584,709 cubic metres (m^3) of water withdrawal[6]. Water intensity at our commercial properties in FY2020 decreased by 35.4% compared to the base year FY2017 partly due to the decreased user activities in our buildings during the pandemic, while water intensity at hospitality properties remained at a similar level against the FY2017 baseline.

Please see our detailed environmental performance in the Performance Data Summary (Environmental) section.

Waste Minimisation

2019 was designated by Singapore as the Year Towards Zero Waste. Waste is a serious issue because increasingly scarce resources are depleted to produce and replace goods that we use and easily discard. Improper waste disposal and management also cause soil, air and water contamination. According to the National Environment Agency (NEA), the amount of solid waste generated in Singapore has increased seven-fold from the 1970 level to a peak of 8,559 tonnes a day in 2016[7]. Singapore is aiming to reduce waste sent to landfill by one-third by 2030[8].

OUE supports Singapore's effort to become a zero-waste nation. We have placed a great emphasis on recycling to extend the lifespan of materials. Our recycling plan and waste disposal consumption are submitted to the NEA for review and site checks. Recycling bins have been placed in common areas to collect different types of recyclable materials, including glass, metal, plastic, food and e-waste. Collected wastes are then sorted and quantified before being transported to our contracted external vendor's recycling facilities.

The property managers of our buildings are encouraged to implement innovative waste management measures. At the individual property level, MOS has upgraded its waste collection system with new eco-waste collection equipment - a rotary drum garbage storage and discharging system that compresses and cuts garbage into smaller pieces, thereby reducing the volume of waste and the number of trips to the incinerators. Food digestor Eco-wiz was installed at MOS to reduce food waste sent to landfill by recycling the waste into greywater. Additionally, MOS launched in FY2020, a Fluorescent Lamp Recycling Programme to curb improper disposal of used mercury-containing lamps by collecting and treating them in line with international practices. This initiative reduces the environmental risks posed by hazardous materials in disposed lamps. Elsewhere, CPCA embarked on several initiatives to reduce plastic use on the property during FY2020. The initiatives included the use of bulk bathroom amenities such as 500ml bottles to replace mini plastic toiletries, the replacement of plastic keycards with wooden keycards to reduce 9,000 plastic keys per year and halting the use of plastic straws. CPCA also replaced printed dining menus and guest documents with digital alternatives to save paper. At Lippo Plaza, as part of the LEED certification, wet waste bins and battery recycling bins were placed at prominent locations within the building to promote waste segregation and recycling. During the COVID-19 period, additional bins dedicated for collection of used masks were installed on each floor.

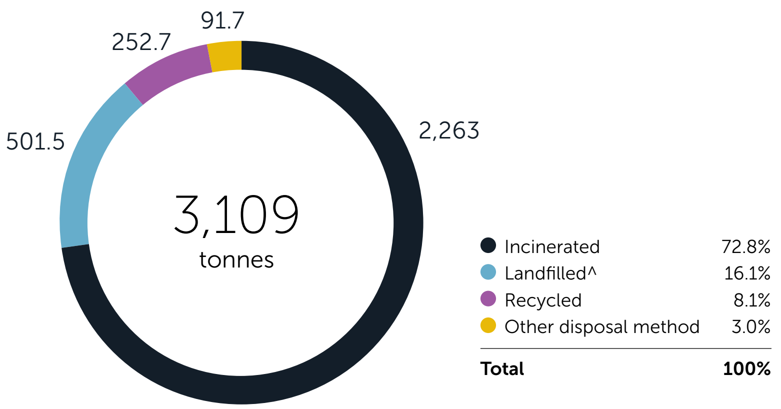
[6] All water withdrawal is freshwater and from a municipal supply.
[7] National Environment Agency, *Solid Waste Management Infrastructure*, https://www.nea.gov.sg/our-services/waste-management/3r-programmes-and-resources/waste-management-infrastructure/solid-waste-management-infrastructure
[8] Tan, A. (August 30, 2019). *Singapore aims to send one-third less waste to Semakau Landfill by 2030: Amy Khor*. The Straits Times. https://www.straitstimes.com/singapore/environment/spore-aims-to-send-one-third-less-waste-to-semakau-landfill-by-2030-amy-khor

SUSTAINABILITY REPORT

Tenant engagement is also an integral part of our waste management plan. We seek tenants' support in reducing waste on our premises. Our tenants are encouraged to recycle, minimise paper printing and use environmentally friendly or 100% recycled papers. In FY2020, MOS organised a 'Meritus Loves the Earth' green campaign to encourage guests and employees' active participation to raise awareness in waste reduction.

Most waste generated in our operations is non-hazardous waste. In FY2020, non-hazardous waste generated by all our buildings amounted to 3,109 tonnes. We also generated 0.2 tonnes of hazardous waste.

Breakdown of disposal method for non-hazardous waste in FY2020 (commercial[9] and hospitality properties)



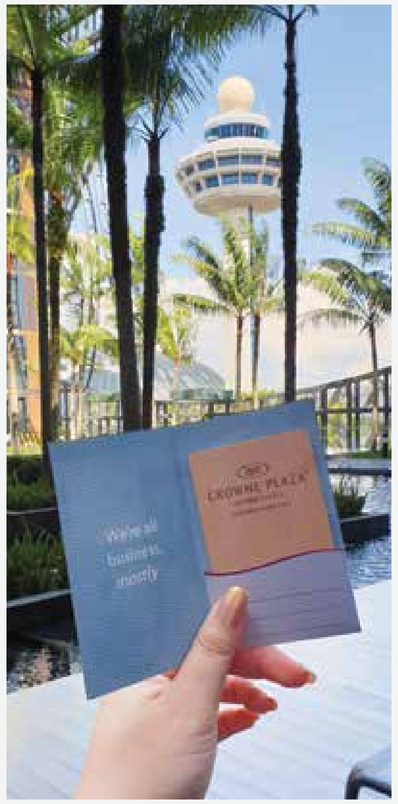
^ An indeterminate portion of landfilled non-hazardous waste may have been incinerated

To deepen our commitment to reducing waste generated at our premises, we set a long-term target to reduce non-hazardous waste intensity by 15% compared to our FY2017 baseline and increase the recycling rate to 12.5% by 2030 for our commercial properties. In FY2020, the recycling rate at our commercial properties was about 2.8%. The waste intensity at our commercial properties was 17.6 kilograms per square metre (kg/m²), a 42.3% decrease compared to the FY2017 baseline. For our hospitality properties, targets were specifically set for plastic and paper waste generated in the hotels. We aim to reduce plastic and paper waste by 50% by 2030. In FY2020, our hotels achieved significant reductions of 61.9% in paper waste and 41.7% in plastic waste generated against the base year FY2017. Conscious about the effects of pandemic-induced improvement of waste-related performance, we will continue working towards more effective waste management.

Please see our detailed environmental performance in the Performance Data Summary (Environmental) section.

Bulk bathroom amenities in CPCA to replace miniature packages

Biodegradable wooden keycards used in CPCA



[9] OUE Restaurants is excluded due to lack of waste data.

FY2020 performance against Targets & Aspirations (Waste Minimisation)

	Targets & Aspirations	FY2020 Performance
Waste Minimisation	**Commercial:** Reduce non-hazardous waste intensity per m² by 15%* by 2030	**Commercial:** Non-hazardous waste intensity reduced by 42.3%
	Increase recycling rate to 12.5%* by 2030	Recycling rate was 2.8% in FY2020, remained at similar level
	Hospitality: Reduce paper waste by 50%* by 2030	**Hospitality:** Paper waste reduced by 61.9%
	Reduce plastic waste by 50%* by 2030	Plastic waste reduced by 41.7%[10]

* compared to FY2017 baseline

Responsible Supply Chain (Environmental)

As a real estate developer and manager, OUE understands the importance of working with our contractors and suppliers to contribute to better environmental management. OUE implements a Green Procurement Policy which covers detailed processes involved in selecting the right suppliers. Environmental criteria such as the energy efficiency and water efficiency performance of products, recycled material content, and whether products are bio-degradable or compostable are taken into consideration when making purchasing decisions.

All of our main contractors for new development projects are required to be certified by recognised environmental management standards such as ISO 14001 or BCA's Green and Gracious Builder Scheme. This is to ensure our builders abide by environment protection standards throughout project construction.

We aim to continually improve the environmental sustainability of our supply chain. We have set a target to fully implement the Green Procurement Policy by 2030 and are in the process of refining our green procurement criteria.

FY2020 performance against Targets & Aspirations (Responsible Supply Chain (Environmental))

	Targets & Aspirations	FY2020 Performance
Responsible Supply Chain (Environmental)	All main contractors for new developments certified by recognised environmental management standards (such as ISO 14001 or BCA's Green and Gracious Builder Scheme)	In FY2020, we had only one ongoing development project, which was the re-brand of MOS as Hilton Singapore Orchard. The main contractor has obtained the ISO 14001 certification
	Full implementation of Green Procurement Policy by 2030	We are currently in the process of enhancing our green procurement criteria and will fully implement our Green Procurement Policy by 2030

[10] Plastic waste data was based on procurement records.

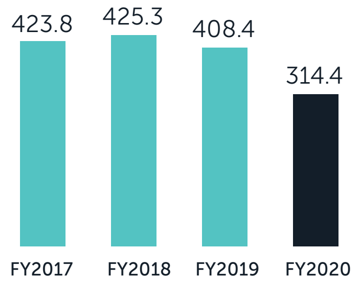
SUSTAINABILITY REPORT

Performance Data Summary (Environmental)

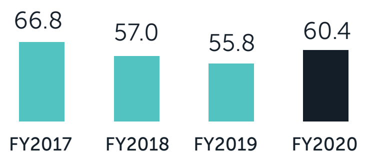
Energy and emissions:

OUE's energy intensity[11], by property type

Commercial Properties Energy Intensity (kWh/m²)

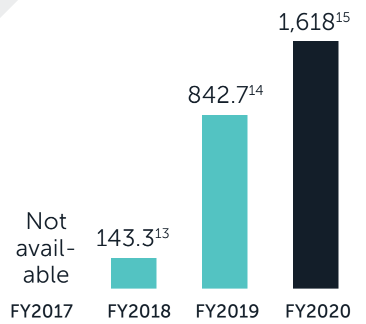


Hospitality Properties Energy Intensity (kWh/occupied room)

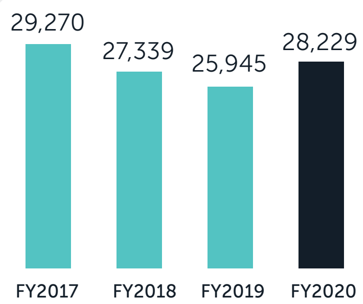


OUE's scope 1 and scope 2 emissions and emission intensity (commercial and hospitality properties)

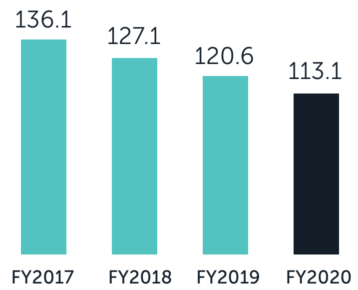
Scope 1 Emissions[12] (tCO_2e)



Scope 2 Emissions[16] (tCO_2e)



Scope 2 Emission Intensity ($kgCO_2e/m^2$)

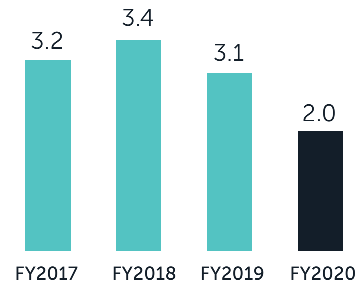


[11] Excludes tenant electricity usage, but includes cooling usage provided to tenant areas by landlord and purchased electricity, cooling and renewable energy consumption in the common areas. Energy intensity is calculated based on common area Gross Floor Area only.
[12] Scope 1 GHG emissions reported here include CO_2 from the combustion of fossil fuels and HFC-based refrigerants. We converted quantities of fugitive HFC-based refrigerants to CO_2-equivalent using 100-year global warming potentials (GWPs) provided in IPCC Fifth Assessment Report (AR5).
[13] Restated to include refrigerant top-up at Lippo Plaza in FY2018.
[14] Restated to include cooking gas usage at CPCA and MOS, and refrigerant top-up at Lippo Plaza and OUE Bayfront in FY2019.
[15] Scope 1 emissions expanded in FY2020 to cover fuel usage from onsite generators, company-owned vehicles, refrigerant top-up and cooking gas.
[16] Singapore grid emission factors are taken from Singapore Energy Statistics 2020 published by the Energy Market Authority and Shanghai grid emission factors are taken from 《上海市温室气体排放核算与报告指南（试行）》（SH/MRV-001-2012）

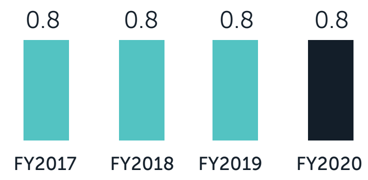
Water:

OUE's water intensity, by property type

Commercial Properties Water Intensity (m³/m²)



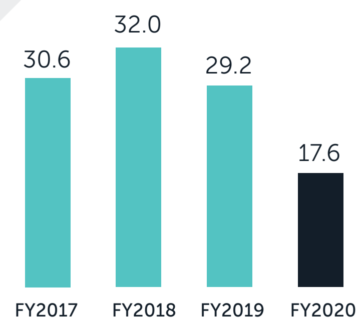
Hospitality Properties Water Intensity (m³/occupied room)



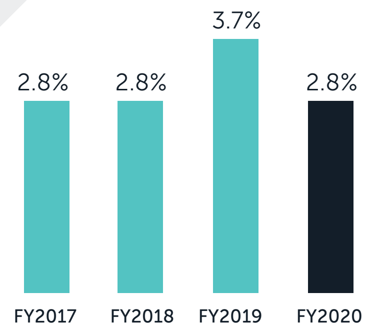
Waste:

Non-hazardous waste intensity and recycling rate (commercial properties)

Waste intensity (kg/m²)

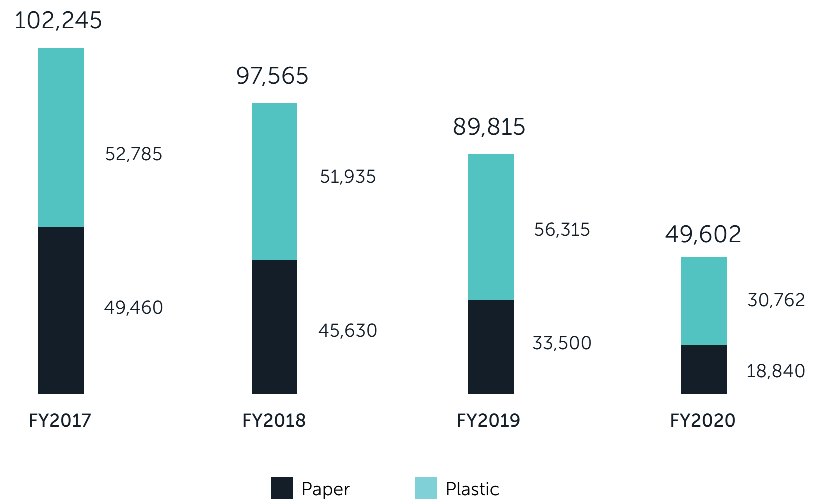


Recycling rate



Total weight of plastic and paper waste (hospitality properties)

Plastic and Paper Waste (kg)



OUE LIMITED ANNUAL REPORT 2020

HARNESSING RESILIENCE

SUSTAINABILITY REPORT

STRENGTHENING SOCIAL FABRIC

Health & Safety

At OUE, we believe that our people are the key drivers of success and our most important assets. As such, we are committed to creating a safe and healthy working environment for all employees, regardless of the nature of the jobs they engage in. For example, some employees could be office-based while others could be working in buildings to manage daily operations with potentially higher exposure to safety risks.

Taking reference from the Ministry of Manpower's Workplace Safety and Health (WSH) Act, we have implemented an occupational health and safety management framework for our hotel staff. The framework includes processes to train our employees on health and safety issues during their orientation programmes and at relevant stages throughout our employees' tenure. Group Human Resource (HR) have also incorporated workplace health and safety considerations into our HR policies.

OUE takes active measures to identify hazards that may lead to accidents. Regular risk assessments and walk-throughs are performed. Any potential hazards identified are then alerted to our employees. Safety measures are then implemented to prevent or mitigate identified hazards. In the unfortunate event that an incident does occur, OUE complies with Workplace Safety and Health (Incident Reporting) Regulations when reporting any work-related injuries.

OUE subscribes to the bizSAFE programme administered by the Singapore WSH Council to develop the Group's overall capabilities in ensuring workplace health and safety. MOS and CPCA have both attained bizSAFE Level 4 accreditation. The properties are subject to periodic audits conducted by MOM-approved WSH auditors to ensure compliance with bizSAFE standards. These standards include conducting regular risk assessments which identify and mitigate workplace hazards. As part of the bizSAFE programme, the properties also have in place risk and hazard management plans to anticipate and implement measures against threats to the workplace.

Our employees undergo bi-annual fire evacuation drills. Please refer to the table below for a detailed list of training conducted during the reporting period.

Mandarin Orchard Singapore

- WSH Culturesafe Seminar
- Fire Safety Talk
- Implemented Incident Management Process
- Occupational First Aid, AED and CPR
- Pool First Aid Introduction Talk
- Singapore Workforce Skills Qualifications (WSQ) Work Safely
- Fire drills and table-top exercises

Lippo Plaza

- Annual fire evacuation drill

Crowne Plaza Changi Airport

- WSQ Respond to Fire Emergency in Buildings
- Occupational First Aid, AED and CPR
- Weekly Risk Assessment checklist
- Fire Safety training
- Fire Warden training
- Bi-annual table-top exercise
- Daily fire and life safety checks
- Workplace Health and Safety training
- Conducted risk assessment at work stations and control measures
- Business Continuity Planning training, including fire simulation exercise and monthly night drill to assess the competency level of the Company Emergency Response Team's (CERT) responses, training and simulation for pandemic, terrorist threat and other emergencies

OUE provides comprehensive medical coverage to our employees. Our employees are entitled to outpatient, inpatient and specialist medical coverage. Eligible employees' coverage plans are also extended to their families. If employees are injured at work, they will also be compensated through OUE's insurance coverage. Furthermore, Singapore-based employees in the corporate office with at least one year of service are entitled to regular health screening if they are above 40 years old. Our permanent employees in China are entitled to annual health screening.

The mental well-being of our employees is an issue we hold close to our hearts too. We strive to create a working environment that is conducive to a good work-life balance. Our corporate office employees are encouraged to leave the office early on scheduled days to spend quality time with their families.

Besides our immediate employees, we also take the health and safety of our contractors and other workers who are not direct employees but whose work is controlled by OUE on our premises seriously. Contractors are informed of our EHS practices and expectations at the beginning of their engagement and they are required to comply with our workmen's compensation policy. They are also required to register for third-party liability insurance and contractor's all risk insurance before the commencement of any work. Additionally, all third-party service providers are required to maintain relevant safety certifications such as OHSAS 18001 or ISO 45001 throughout their engagement. OUE conducts regular meetings with service providers to ensure their health and safety performance is satisfactory.

In FY2020, we reported zero incidents that resulted in high-consequence injuries or fatalities. However, we recorded 11 work-related injuries at our hospitality properties during the reporting period. The main types of work-related injuries were slip and fall, hit by object, and cuts and scalds that took place in our kitchens.

Please see our detailed health and safety performance in the Performance Data Summary (Social) section.

FY2020 performance against Targets & Aspirations (Health & Safety)

	Targets & Aspirations	FY2020 Performance
Health & Safety	Maintain zero incidents resulting in employee fatality or permanent disability	Zero incidents resulting in employee fatality or permanent disability
	All main contractors for new developments to be OHSAS 18001 or ISO 45001 certified	In FY2020, we had only one ongoing development project, which was the re-brand of MOS as Hilton Singapore Orchard. The main contractor has obtained the ISO 45001 certification

Fair Employment Practices

The dedication of our employees enables OUE to serve our clients and generate long-term value for our stakeholders. Thus, it is our utmost priority to maintain a fair and inclusive workplace where our people can thrive. Globally, we had a total of 991 employees as at 31 December 2020, about 16.0% of whom are part of the workers' union.

We have established a set of comprehensive HR policies to be applied fairly and consistently across the Group to ensure a positive working environment for all of our employees.

Recruitment

OUE adheres to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) guidelines and government employment legislation in our recruitment practices. Our Recruitment Policy includes detailed steps in the recruiting process, from initial job posting and sourcing, shortlisting candidates and interviews, to extending job offers. These comprehensive steps are implemented to ensure impartiality and fairness throughout our hiring processes. As an equal opportunity employer, OUE aims to employ qualified candidates based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business, without discrimination against age, gender, race, marital status or religion.

SUSTAINABILITY REPORT

Our employees share OUE's values in maintaining a working environment that encourages mutual respect among all employees regardless of positions and embraces diversity and inclusiveness. We believe that the working environment should allow open and effective communication between employees from all levels to resolve disputes. This is the reason we have established a formal grievance procedure to ensure disputes are handled satisfactorily. The grievance procedure is communicated to all our employees through the OUE Staff Handbook and employees are encouraged to report any harassment or inappropriate behaviour faced at the workplace.

Non-discrimination

It is part of OUE's Code of Business Conduct and Ethics that we have zero tolerance towards harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, veteran or marital status. We extend the same merit-based selection criteria to our contractors to promote fairness and non-discrimination in our business dealings.

During FY2020, we received zero complaints of discrimination. Our overall employee turnover[17] rate in FY2020 was 26.4%. Our real estate service business saw a 26.5% turnover. This is higher than the national industry average of 18.4%, resulting from a reduced rate of replacement for resigned employees as we seek to restructure our resources in response to the pandemic. On the other hand, the annual turnover of our accommodation and food business was 26.4%, which is significantly lower than the national industry turnover rate of 42.8%.

Please see detailed staff mix and diversity information in the Performance Data Summary (Social) section.

Learning and Development

At OUE, we want to ensure that all our employees are equipped with the necessary knowledge and skills required to carry out their duties. A Learning and Development Policy was specifically created to promote a culture of continuous learning and to create a motivated, skilful and competent workforce that is capable of meeting both current and future business challenges.

All our permanent employees are eligible for training opportunities. Training needs are identified throughout the year at various levels and stages. For example, HODs and direct managers may identify department- or team- specific training needs for employees. Individual employees can also request necessary training based on their development needs. OUE provides a range of training in the form of on-the-job-training, one-on-one training, company workshops, sponsorship for external workshops, coaching, mentoring, self-paced-learning, etc.

Please see detailed training information in the Performance Data Summary (Social) section.

FY2020 performance against Targets & Aspirations (Fair Employment Practices)

	Targets & Aspirations	FY2020 Performance
Fair Employment Practices	Maintain zero incidents of discrimination	Zero incidents of discrimination
	Maintain the employee turnover rate below the national industry average (18.4% for real estate service and 42.8% for accommodation and food services)	Employee turnover rate was 26.5% for real estate services business and 26.4% for accommodation and food business
	Maintain the proportion of women in senior management at 40% or more	48.1% of employees in senior management are women
	Achieve 25 training hours per employee per year	Average of 35.3 training hours per employee

[17] Includes employees who resigned during the reporting period.

Creating Social Ecosystems

OUE's real estate portfolio comprises buildings in prime locations in Asia. We recognise that modern buildings are not just the built environment, rather they make up the important fabric of a city and have significant impacts on their occupants and the greater community around them.

As a developer, we are dedicated to minimising any negative impact of our development projects on the environment and community in the vicinity. A mandatory environmental and social impact assessment is conducted before the commencement of any development project to evaluate the environmental and social risks involved with the specific project.

We also put a special focus on the accessibility of our buildings to the local community. All our new investment properties are accessible to persons with disabilities and feature child-friendly facilities. OUE is a firm believer in giving back to society. We have been showing our support to the local community by contributing to social organisations, including Community Chest, National Book Development Council of Singapore, Singapore Symphony Orchestra, LEAP201, Singapore Clan Foundation and the River Hongbao.

Furthermore, OUE is committed to promoting learning in the community and supports various projects that offer youths and adults from all backgrounds an opportunity to receive a good education. OUE regularly contributes to SJI International Scholarship Fund and as a Founding Benefactor of the Lee Kong Chian Natural History Museum at the National University of Singapore (NUS). OUE is also involved in research initiatives of the Centre for Family and Population Research, the Future Ready Singapore project and the Asia Competitiveness Institute at the NUS Lee Kuan Yew School of Public Policy. OUE Foundation also supports the NTUC Education and Training Fund and NUS Lee Kuan Yew School of Public Policy.

Under normal circumstances, OUE organises a variety of community engagement events every year. For example, in FY2019 we engaged our community, tenants and guests on various occasions, including Stars of Christmas, Community Chest Heartstrings Walk and Soap Recycling Project. However, most of our community engagement efforts were temporarily suspended due to the COVID-19 social distancing requirements. Nevertheless, we continued contributing to social initiatives that met social distancing requirements. For example, One Raffles Place and OUE Bayfront participated in the inaugural #SeeItBlue campaign and were lit up in blue to highlight the importance of mental health and celebrate the efforts of frontline workers. MOS and Mandarin Gallery continued to participate in the annual Stars of Christmas community programme, to bring Christmas joy to underprivileged children and those with special needs. Lippo Plaza in Shanghai, China partnered with BlueSky4Children, a community organisation that focuses on prolonging the lifecycle of clothes, to organise various community events. The events included a book donation drive for a school library, a winter coat collection drive for underprivileged children and workshops on repurposing unwanted denim into household items.

We encourage all our properties to actively participate in community engagement programmes. However, most such activities were suspended due to COVID-19 in FY2020. Moving forward, we will continue to invest in the communities that we are part of.

FY2020 performance against Targets & Aspirations (Creating Social Ecosystems)

	Targets & Aspirations	FY2020 Performance
Creating Social Ecosystems	As a long-standing partner of our community, OUE is committed to bringing about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development	OUE organised several community outreach initiatives despite the restraints in place due to COVID-19, including One Raffles Place and OUE Bayfront's #SeeItBlue campaign, CPCA's Nurses' Day Appreciation and MOS's bento box donations to frontline workers

SUSTAINABILITY REPORT

	Targets & Aspirations	FY2020 Performance
Creating Social Ecosystems	Conduct social and environmental impact assessments for development projects	We aim to conduct social and environmental impact assessments during the feasibility study stage for development projects from FY2020 onwards In FY2020, we had only one ongoing development project, which was the re-brand of MOS as Hilton Singapore Orchard. The feasibility study for this project was completed in FY2019
	All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities	No new investment property was acquired in FY2020

Innovation

In a fast-changing world, we are facing evolving needs from newer generations of our customers. Technology has transformed the way we work, communicate and collaborate. It is essential for our long-term success that OUE stays up to date on industry trends and keeps innovating.

At OUE, we advocate a culture of innovation and continuously push the boundary of building designs to improve our tenants' and guests' experience. Leveraging the latest technology, we are constantly devising new solutions to improve our buildings' environmental performance and maximise the value generated for our shareholders. During FY2020, MOS and Mandarin Gallery achieved a higher level of certification under the BCA Green Mark Scheme after a major retrofitting that involved both hardware upgrades and software optimisation of the chiller plant. We are proud that all our Singapore properties have achieved the BCA Green Mark Gold and above or an industry award for environmentally-friendly practices. Lippo Plaza in China is certified under LEED-Gold for its outstanding environmental performance.

Property	Award Category
OUE Bayfront	BCA Green Mark Gold
One Raffles Place Tower 1	BCA Green Mark Gold
One Raffles Place Tower 2	BCA Green Mark Platinum
OUE Downtown Office	BCA Green Mark Gold
OUE Downtown Gallery	BCA Green Mark Gold
Mandarin Gallery	BCA Green Mark Gold
Mandarin Orchard Singapore	BCA Green Mark Gold
Crowne Plaza Changi Airport	Green Hotel Award from Singapore Hotel Association
Lippo Plaza	LEED O+M V4.0 - Gold

We have been exploring the use of smart technology to constantly improve the user experience for our tenants, guests and visitors.

At CPCA, for instance, self check-in/checkout kiosks have been installed to promote self-service and increase staff productivity by job redesign. In FY2020, we also implemented Shiji Mycheck mobile payment for in-room dining (IRD) and in Azur restaurant for contactless ordering and payment. In addition, we also launched the StayPlease Guest module for contactless processing of in-room requests, faults and defects and other hotel services. CPCA is also working with Sensetime to pilot a seamless check-in and door lock system, VIP recognition and crowd control through facial recognition. Artificial intelligence technology is also used at CPCA to enhance the surveillance and forensic investigation capability to eliminate and mitigate fire safety, security and health risks. The table below summarises the innovation initiatives at our other properties:

FY2020 performance against Targets & Aspirations (Innovation)

	Targets & Aspirations	FY2020 Performance	
		Property	Innovation Initiatives
Innovation	Actively seek opportunities to adopt new innovations and green building technologies	OUE Downtown Office	• In-motion Facial Recognition (FR) turnstile access • Self-registration using FR system
		OUE Downtown Gallery	• Interactive touch screen directory • Interactive projection screen with switchable glass at the drop-off • Automated lighting control system for common area lighting – different scene settings for day, night and off-operational hours
		OUE Bayfront	• Working with vendors to roll out a FR entry system with added temperature screening feature
		One Raffles Place	• Upgraded CCTV system with new internet protocol cameras equipped with video analytics and protection against cyber threats
		Lippo Plaza	• Working with vendors to roll out an entry system with automatic temperature screening feature

Product Quality

OUE's core values are defined by Transformational Thinking and are underpinned by our relentless pursuit of better and high-quality buildings. Over a few decades, we have been acquiring iconic buildings and transforming them to enhance their desirability, durability and value.

At OUE, we work very hard to provide a safe and positive environment for our tenants, guests and visitors. As early as at the design stage, we would carefully consider and integrate our occupants' needs into planning. Maintenance is essential for safeguarding the health and safety of our tenants, guests and visitors too. Our property managers at individual property level are in charge of implementing comprehensive policies and procedures, including the EHS Policy, the Fire Emergency Plan and the CERT. They are tasked to assess, identify, report and rectify any health and safety risks within the buildings. Risk assessments and onsite checks are conducted frequently to ensure facilities in common areas, such as lifts and escalators, are in safe operating condition. The property managers are also required to adequately signpost any identified hazard to prevent accidents or injuries. Aside from facilities checks, we also ensure that maintenance and servicing of all equipment and machinery are conducted at least once every quarter. Our tenants are briefed about safety guidelines in our buildings through our Tenant Handbook. We take all incidents within our buildings seriously. Should an incident occur, it needs to be reported and submitted monthly in a written format along with all supporting maintenance records.

SUSTAINABILITY REPORT

The unique business natures of our hospitality arm and food and lifestyle division pose very different challenges in terms of upholding the health and safety of our customers. As we are directly involved with food and beverage preparation, we have a moral and regulatory duty to ensure that all health and safety protocols are strictly followed. We adhere to all relevant regulations and guidelines for the food and beverage sector and work continuously to maintain high standards in our kitchens to provide our customers with a healthy, clean and wholesome gastronomic experience. In FY2020, MOS adopted international standards of quality and service within the hospitality sector by attaining ISO 9001:2015 Quality Management System.

On 8 June 2020, CPCA was fined S$2,000 by STB for failing to establish a temperature screening checkpoint at its level 2 linkway. Measures were taken immediately to mitigate the situation, including implementing a temperature screening checkpoint using technology-based equipment and deploying trained staff to provide 24/7 assistance with SafeEntry procedures at the level 2 entrance.

FY2020 performance against Targets & Aspirations (Product Quality)

	Targets & Aspirations	FY2020 Performance
Product Quality	Zero significant incidents* of non-compliance with health and safety regulations	One non-compliance incident reported at CPCA for failing to implement temperature screening at its level 2 linkway
	Achieve at least 80% customer satisfaction rate	Achieved 89.9% customer satisfaction rate in FY2020. Mandarin Gallery and OUE Downtown Gallery will implement a customer satisfaction survey in FY2021

* Taking reference from Singapore Food Agency's Points Demerit System, a significant incident is defined as an incident that meets any of the following criteria:
1. Any incidence leading to the suspension of F&B outlets (12 points within 12 months)
2. Any incidence of a serious offence (6 points)
3. Any financial penalty greater than S$500 per incident (that means either 2 major or 3 minor or any combination that triggers these penalties)

Performance Data Summary (Social)

Health & Safety:

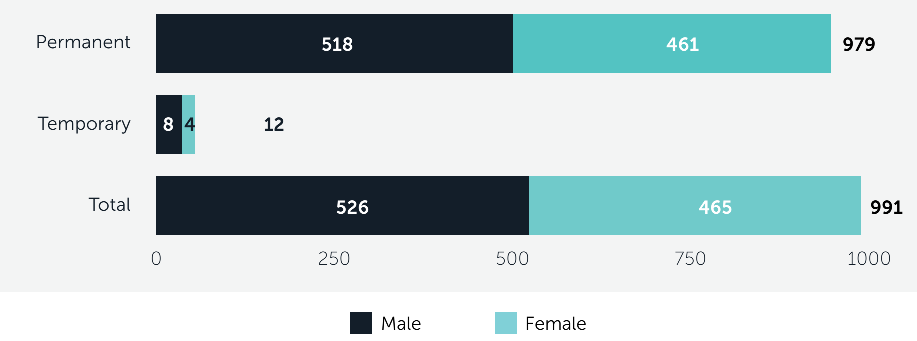
Number and rate of fatalities/high-consequence injuries/recordable injuries of employees and non-employees

Source table	Number of injuries[18]	Number of high-consequence injuries	Injury rate (per million man-hours worked)	High-consequence injury rate (per million man-hours worked)	Man-hours worked
Employees	11	0	5.1	0	2,142,290
Other workers	0	0	0	0	308,453

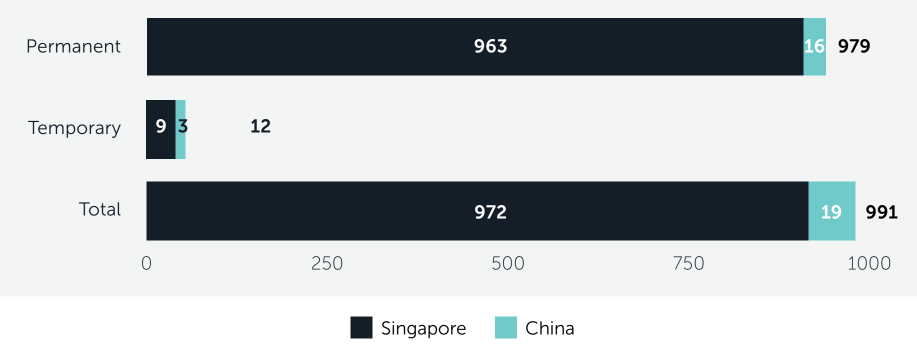
[18] Includes work injuries that resulted in at least 24 hours of hospitalisation or more than 3 days of MC due to a single work-related accident.

Staff mix and diversity:

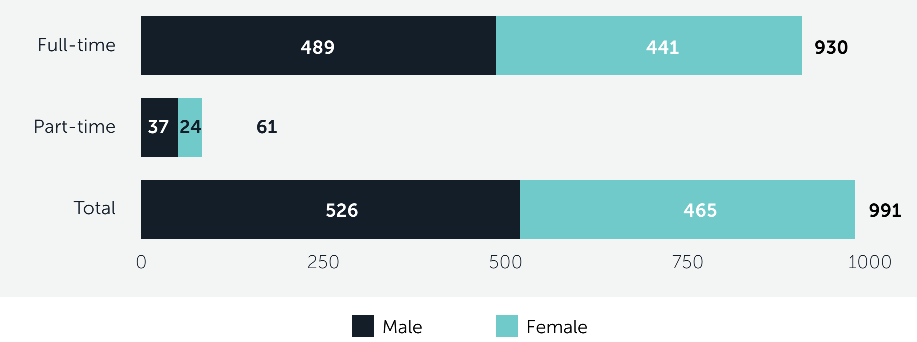
Total number of employees by employee contract (permanent and temporary), by gender



Total number of employees by employee contract (permanent and temporary), by region



Total number of employees by employee type (full-time and part-time), by gender



SUSTAINABILITY REPORT

Total number and rate of new employee hires during FY2020, by age group, gender and region

By Age Group

< 30	30 – 50	> 50
126	104	10
52.5%	43.3%	4.2%

By Gender

Male	Female
117	123
48.8%	51.2%

By Region

Singapore	China
239	1
99.6%	0.4%

Total number and rate of employee turnover during FY2020, by age group, gender and region

By Age Group

< 30	30 – 50	> 50
120	190	71
31.5%	49.9%	18.6%

By Gender

Male	Female
197	184
51.7%	48.3%

By Region

Singapore	China
380	1
99.7%	0.3%

Total number and percentage of individuals within the governance bodies, by age group and gender

By Age Group

< 30	30 – 50	> 50
0	1	5
0%	16.7%	83.3%

By Gender

Male	Female
6	0
100%	0%

Total number and percentage of individuals by employee category and gender

	SENIOR MANAGEMENT LEVEL		MIDDLE MANAGEMENT LEVEL		EXECUTIVE AND NON-EXECUTIVE LEVEL	
	Male	Female	Male	Female	Male	Female
Number	27	25	90	78	409	362
Percentage	51.9%	48.1%	53.6%	46.4%	53.0%	47.0%

Total number and percentage of individuals by employee category and age group

	SENIOR MANAGEMENT LEVEL			MIDDLE MANAGEMENT LEVEL			EXECUTIVE AND NON-EXECUTIVE LEVEL		
	< 30	30 – 50	> 50	< 30	30 – 50	> 50	< 30	30 – 50	> 50
Number	0	35	17	13	123	32	266	282	223
Percentage	0%	67.3%	32.7%	7.7%	73.2%	19.1%	34.5%	36.6%	28.9%

Training:

Average training hours in FY2020, by gender

Male	Female
34.3 hours	36.3 hours

Average training hours in FY2020, by employee category

Senior management	Middle management	Executive and non-executive
19.2 hours	11.5 hours	30.0 hours

SUSTAINABILITY REPORT

BUILDING TRUST

Ethical Business Practices

FY2020 performance against Targets & Aspirations (Ethical Business Practices)

	Targets & Aspirations	FY2020 Performance
Ethical Business Practices	Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics	All company policies, including Code of Business Conduct and Ethics, were acknowledged by all employees of OUE, OUE Restaurants and OUE C-REIT Manager in FY2020. The same will be rolled out to Lippo Plaza and One Raffles Place in FY2021
	Zero confirmed incidents of corruption	Zero confirmed incidents

OUE is committed to conducting our business with good ethics, evidenced in OUE's Code of Business Conduct and Ethics (Code). All OUE employees are required to sign the Certificate of Compliance as an acknowledgement of the Code upon employment and uphold business integrity throughout their tenure with OUE. Our employees are forbidden from participating in any form of fraudulent and dishonest conduct. Fraud, bribery and corruption are serious offences that have the potential to erode OUE's reputation and the trust of our stakeholders. To deter any corrupt practices, OUE has developed guidelines on the acceptance or solicitation of gifts and entertainment. Employees are not allowed to directly or indirectly offer, solicit or accept any form of favours from customers, contractors and business associates in exchange for preferential treatment in business dealings. Employees are advised to decline any substantial gifts, the value of which exceed a certain monetary threshold, and are required to report to the HR department any non-substantial gifts received for transparency.

The Group has a designated Group Ethical Officer, whom our employees are encouraged to contact if they have a reasonable belief of any misconduct. During the reporting period, we had zero confirmed incidents of corruption.

Compliance

FY2020 performance against Targets & Aspirations (Compliance)

	Targets & Aspirations	FY2020 Performance
Compliance	Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines* and non-monetary sanctions	Zero incidents of non-compliance
	Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines* and non-monetary sanctions	Zero incidents of non-compliance

* A significant fine is a financial penalty that is equal to or above S$10,000 paid for a single incident

Ensuring compliance with local and international laws and regulations is a priority for OUE. This is incorporated into our day-to-day operations. Having an effective compliance programme allows OUE to meet all of our stakeholders' expectations and retain our social licence to operate. For example, the building sector is expected to comply with increasingly stringent local environmental regulations, such as the Energy Conservation Act and the Environmental Protection and Management Act. As publicly listed entities, OUE and its subsidiary OUE C-REIT are also obligated to comply with the listing rules of SGX-ST, the Securities and Futures Act, and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS), etc.

It is paramount that we keep track of the changing regulatory landscape. Our legal team is responsible for the overall compliance of the Group with support from the internal audit team. The legal team monitors changes to applicable laws and regulations through media scans, press releases, professional advice and publications from legal counsels and by attending seminars organised by law firms or audit firms. Where necessary, OUE also engages external legal counsels to assist the team in implementing policies or frameworks for enhanced compliance with laws and regulations as well as to conduct training for the senior management and relevant departments within the Group. At the property level, property managers are tasked to keep abreast of building regulation requirements, conduct regular checks and submit relevant environmental data to ensure compliance with building standards and regulations. Moreover, properties are subject to periodic environmental audits by the local authorities. If non-compliance is reported during the audits, legal and regulatory impacts will be assessed and remedial plans will be implemented.

As indicated in the Code, our employees are encouraged to identify and report any issues that might lead to non-compliance or violations of laws and regulations. We have a whistle-blowing policy in place where employees can raise any issues confidentially. It is our policy not to discriminate or retaliate against any employee who reports issues in good faith. All concerns and complaints received will undergo thorough investigation supported by the senior management team and the Audit Committee. As a result of our prudent risk management, we are pleased to report that there were zero incidents of non-compliance with socioeconomic and environmental regulations that would result in significant fines or non-monetary sanctions in FY2020. However, we would like to report one incident in which CPCA was fined by authorities for failing to implement a temperature screening checkpoint at its level 2 linkway to screen potential symptomatic COVID-19 cases. Please see details in the Product Quality section.

Cyber Security

FY2020 performance against Targets & Aspirations (Cyber Security)

	Targets & Aspirations	FY2020 Performance
Cyber Security	Maintain zero cyber incidents and data breaches	Zero cyber incidents and data breaches

The increased digitalisation of our operations brings new opportunities, but it also calls for a robust cyber defence system to protect us from potential cyber attacks. It is estimated that a single data breach could cost a company US$3.86 million on average[19]. Therefore, it is important to understand the cyber security risks in OUE's operations.

Managing Cyber Security Risk

The Board and senior management team are responsible for managing the cyber security risk and overseeing the establishment of the necessary Information Technology (IT) policies and procedures and control environment to mitigate the risk. At ground level, OUE's IT team is responsible for analysing cyber security risk and identifying any gaps in internal controls as well as implementing action plans to manage the risk. Key principles such as segregation of duties, the never alone principle and access control principle are upheld in our operations to maintain adequate internal control. OUE IT has also adopted a Zero Trust architecture network defence framework with high availability logical network segregation and continuous network traffic monitoring and logging.

In addition, OUE IT deploys an artificial intelligence and machine learning based behaviour network threat analytic and monitoring solution which protects our workforce and data from sophisticated attackers by detecting, investigating and responding to cyber threats in real time. We have also implemented a Security Information Event Management soluton for threat monitoring and log management. All external-facing systems are enabled with two factor authentication as a second layer of authentication.

We engaged an external vendor to perform a vulnerability assessment and penetration testing on an annual basis.

[19] Donati, A. (July 12, 2019). The Multibillion-Dollar Problem Of Weak Cybersecurity in Real Estate. Forbes. https://www.forbes.com/sites/angelicakrystledonati/2019/06/12/the-multibillion-dollar-problem-of-weak-cybersecurity-in-real-estate/#4abc1b26509

SUSTAINABILITY REPORT

At the individual property level, various measures to improve cyber security might be taken. In the case of CPCA, they have upgraded essential hardware and removed all PCs running on Windows 7 and Server 2008 and below. They have also updated patch monitoring of all systems and installed Ivanti and Crowdstrike AV for real-time monitoring and protection of the systems.

Information Security Awareness Training

The comprehensive information security awareness training programme is provided annually to our employees and is extended to our vendors and contractors, if appropriate. The training programme covers topics on IT security policies, standards and procedures, individual responsibilities for IT security, measures needed to safeguard information, and relevant laws, regulations and guidelines on IT security.

Personal Data Protection

We understand the importance of protection of personal data in the digital age. OUE adheres to the Personal Data Protection Act 2012 (the PDPA) and implements various measures to comply with PDPA, as documented in our Personal Data Protection Compliance Manual (Manual). All our employees are contractually required to comply with the Manual and report any suspected data breach to our Group Data Protection Officer. The Manual lays out the principles for how OUE and our employees deal with personal data, which revolve around consent, purpose, access, correction, accuracy, protection/security, retention and transfer out.

In FY2020, we had zero incidents of data breaches with our comprehensive data protection measures in place.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES			
Organisational Profile			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	OUE Limited
	102-2	Activities, brands, products, and services	About OUE > Who We Are, Page 74
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	About OUE > Who We Are, Page 74
	102-5	Ownership and legal form	About OUE > Who We Are, Page 74
	102-6	Markets served	About OUE > Who We Are, Page 74
	102-7	Scale of the organisation	Strengthening Social Fabric > Fair Employment Practices, Page 93 Refer to OUE Annual Report 2020, Page 04 - 05 for information on net sales and total capitalisation
	102-8	Information on employees and other workers	Strengthening Social Fabric > Fair Employment Practices, Page 93
	102-9	Supply chain	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 89
	102-10	Significant changes to the organisation and its supply chain	About OUE > Who We Are, Page 74
	102-11	Precautionary principle or approach	Sustainability at OUE > Sustainability Framework, Page 78 Stewarding the Environment > Climate Resilience, Page 84 Strengthening Social Fabric > Product Quality, Page 97
	102-12	External initiatives	Sustainability at OUE > Sustainability Framework, Page 78 Stewarding the Environment > Water Efficiency, Page 86 Stewarding the Environment > Responsible Supply Chain (Environmental), Page 89 Strengthening Social Fabric > Health & Safety, Page 92 Strengthening Social Fabric > Fair Employment Practices, Page 93 Strengthening Social Fabric > Product Quality, Page 97
	102-13	Membership of associations	Singapore Institute of Directors

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GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES			
Strategy			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Board Statement, Page 74
Ethics and Integrity			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards and norms of behaviour	About OUE > Who We Want to Be, Page 74
Governance			
GRI 102: General Disclosures 2016	102-18	Governance structure	Sustainability at OUE > Sustainability Governance, Page 75
Stakeholder Engagement			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Sustainability at OUE > Stakeholder Engagement, Page 76
	102-41	Collective bargaining agreements	Strengthening Social Fabric > Fair Employment Practices, Page 93
	102-42	Identifying and selecting stakeholders	Sustainability at OUE > Stakeholder Engagement, Page 76
	102-43	Approach to stakeholder engagement	Sustainability at OUE > Stakeholder Engagement, Page 76
	102-44	Key topics and concerns raised	Sustainability at OUE > Stakeholder Engagement, Page 76
Reporting Practice			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	About this Report, Page 74
	102-46	Defining report content and topic boundaries	About this Report, Page 74
	102-47	List of material topics	Sustainability at OUE > Sustainability Framework, Page 78
	102-48	Restatements of information	Stewarding the Environment > Performance Data Summary, Page 90
	102-49	Changes in reporting	About this Report, Page 74
	102-50	Reporting period	About this Report, Page 74
	102-51	Date of most recent report	15 April 2020
	102-52	Reporting cycle	About this Report, Page 74
	102-53	Contact point for questions regarding the report	About this Report, Page 74
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report, Page 74
	102-55	GRI content index	GRI Content Index, Page 105
	102-56	External assurance	About this Report, Page 74

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ECONOMIC			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Creating Social Ecosystems, Page 95 Refer to OUE Annual Report 2020, Page 67 for information on investors
	103-2	The management approach and its components	OUE Annual Report 2020, Page 115
	103-3	Evaluation of the management approach	OUE Annual Report 2020, Page 115
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	OUE Annual Report 2020, Page 115
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Ethical Business Practices, Page 102
	103-2	The management approach and its components	Building Trust > Ethical Business Practices, Page 102
	103-3	Evaluation of the management approach	Building Trust > Ethical Business Practices, Page 102 Sustainability at OUE > Sustainability Governance, Page 75
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Building Trust > Ethical Business Practices, Page 102
CATEGORY: ENVIRONMENTAL			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Climate Resilience, Page 84
	103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 84
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Stewarding the Environment > Climate Resilience, Page 84
	302-3	Energy intensity	Stewarding the Environment > Climate Resilience, Page 84

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ECONOMIC			
Water and Effluents			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Water Efficiency, Page 86
	103-2	The management approach and its components	Stewarding the Environment > Water Efficiency, Page 86
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Stewarding the Environment > Water Efficiency, Page 86
	303-2	Management of water discharge-related impacts	Stewarding the Environment > Water Efficiency, Page 86
	303-3	Water withdrawal	Stewarding the Environment > Water Efficiency, Page 86 Water withdrawn in Singapore and Shanghai is freshwater and from a municipal supply. Based on WRI's Aqueduct Water Risk Atlas tool, Shanghai is currently located in water stress area.
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Climate Resilience, Page 84
	103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 84
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Stewarding the Environment > Climate Resilience, Page 84
	305-2	Energy indirect (Scope 2) GHG emissions	Stewarding the Environment > Climate Resilience, Page 84
	305-4	GHG emissions intensity	Stewarding the Environment > Climate Resilience, Page 84
Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Waste Minimisation, Page 87
	103-2	The management approach and its components	Stewarding the Environment > Waste Minimisation, Page 87
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ECONOMIC			
Waste			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 87
	306-2	Management of significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 87
	306-3	Waste generated	Stewarding the Environment > Waste Minimisation, Page 87
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Compliance, Page 102
	103-2	The management approach and its components	Building Trust > Compliance, Page 102
	103-3	Evaluation of the management approach	Building Trust > Compliance, Page 102 Sustainability at OUE > Sustainability Governance, Page 75
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Building Trust > Compliance, Page 102
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 89
	103-2	The management approach and its components	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 89
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 89

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GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Strengthening Social Fabric > Fair Employment Practices, Page 93
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Health & Safety, Page 92
	103-2	The management approach and its components	Strengthening Social Fabric > Health & Safety, Page 92
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Strengthening Social Fabric > Health & Safety, Page 92
	403-2	Hazard identification, risk assessment, and incident investigation	Strengthening Social Fabric > Health & Safety, Page 92
	403-3	Occupational health services	Strengthening Social Fabric > Health & Safety, Page 92
	403-4	Worker participation, consultation, and communication on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 92
	403-5	Worker training on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 92
	403-6	Promotion of worker health	Strengthening Social Fabric > Health & Safety, Page 92
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Social Fabric > Health & Safety, Page 92
	403-9	Work-related injuries	Strengthening Social Fabric > Health & Safety, Page 92

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Strengthening Social Fabric > Fair Employment Practices, Page 93
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Strengthening Social Fabric > Fair Employment Practices, Page 93
Non-Discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 93
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Strengthening Social Fabric > Fair Employment Practices, Page 93
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Creating Social Ecosystems, Page 95
	103-2	The management approach and its components	Strengthening Social Fabric > Creating Social Ecosystems, Page 95
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75

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GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Strengthening Social Fabric > Creating Social Ecosystems, Page 95
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Product Quality, Page 97
	103-2	The management approach and its components	Strengthening Social Fabric > Product Quality, Page 97
	103-3	Evaluation of the management approach	Strengthening Social Fabric > Product Quality, Page 97 Sustainability at OUE > Sustainability Governance, Page 75
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Strengthening Social Fabric > Product Quality, Page 97
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Cyber Security, Page 103
	103-2	The management approach and its components	Building Trust > Cyber Security, Page 103
	103-3	Evaluation of the management approach	Building Trust > Cyber Security, Page 103 Sustainability at OUE > Sustainability Governance, Page 75
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building Trust > Cyber Security, Page 103
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Compliance, Page 102
	103-2	The management approach and its components	Building Trust > Compliance, Page 102
	103-3	Evaluation of the management approach	Building Trust > Compliance, Page 102 Sustainability at OUE > Sustainability Governance, Page 75

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Building Trust > Compliance, Page 102
Innovation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Innovation, Page 96
	103-2	The management approach and its components	Strengthening Social Fabric > Innovation, Page 96
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 75
GRI Sector Disclosures: Construction and Real Estate	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Strengthening Social Fabric > Innovation, Page 96

SUSTAINABILITY REPORT

GLOSSARY

AHU	Air Handling Unit
Board	Board of Directors
Code	Code of Business Conduct and Ethics
Company	OUE Limited
CPCA	Crowne Plaza Changi Airport
EHS	Environmental, Health and Safety
FR	Facial Recognition
Group	OUE Limited and its subsidiaries
HOD	Head of Department
HR	Human Resource
kg/m^2	kilograms per square metre
$kgCO_2e/m^2$	kilograms of carbon dioxide equivalent per square metre
kWh/m^2	kilowatt hours per square metre
kWh/occupied room	kilowatt hours per occupied room
m^2	square metres
m^3	cubic metres
m^3/m^2	cubic metres per square metre
m^3/occupied room	cubic metres per occupied room
Manual	Personal Data Protection Compliance Manual
MAS	Monetary Authority of Singapore
MICE	Meetings, Incentives, Conventions and Exhibitions
MOH	Ministry of Health
MOS	Mandarin Orchard Singapore
MWh	megawatt hours
NEA	National Environment Agency
NUS	National University of Singapore
OUE	OUE Limited and its subsidiaries
OUE C-REIT	OUE Commercial Real Estate Investment Trust
PDPA	Personal Data Protection Act 2012
PUB	Public Utilities Board
SGX-ST	Singapore Exchange Securities Trading Limited
SSC	Sustainability Steering Committee
STB	Singapore Tourism Board
STF	Sustainability Task Force
TAFEP	Tripartite Alliance for Fair and Progressive Employment Practices
tCO_2e	tonnes of carbon dioxide equivalent
UN SDGs	United Nations' Sustainable Development Goals
WEB	Water Efficient Building
WSH	Workplace Safety and Health
WSQ	Workforce Skills Qualifications

FINANCIAL STATEMENTS

OTHER INFORMATION

DIRECTORS' STATEMENT

Year ended 31 December 2020

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 125 to 248 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 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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:

Stephen Riady
Christopher James Williams
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan
Brian Riady (Appointed on 1 January 2020)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year		Holdings at end of the financial year	
	Stephen Riady	**Kin Chan**	**Stephen Riady**	**Kin Chan**
Deemed Interest				
The Company				
OUE Limited				
- ordinary shares	618,916,410	618,916,410	618,916,410	618,916,410

DIRECTORS' STATEMENT

Year ended 31 December 2020

Name of director and corporation in which interests are held	Holdings at beginning of the financial year		Holdings at end of the financial year	
	Stephen Riady	**Kin Chan**	**Stephen Riady**	**Kin Chan**
Deemed Interest				
Related Corporations				
Lippo ASM Asia Property Limited				
- Class A Shares	400	400	400	400
- Class B Shares	200	–	200	–
- Class C Shares	–	200	–	200
Fortune Crane Limited				
- ordinary shares	45,932	45,932	45,932	45,932
Golden Concord Asia Limited				
- ordinary shares	1,000	1,000	1,000	1,000
OUE Realty Pte. Ltd.				
- ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited)				
- ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
OUE Lippo Healthcare Limited				
- ordinary shares	2,859,112,500	2,859,029,000	2,859,812,500	2,859,729,000
Health Kind International Limited				
- ordinary shares	19,125,765	19,125,765	19,125,765	19,125,765
Health Kind International (Shanghai) Co., Ltd.				
- registered capital (USD)	2,000,000	2,000,000	2,000,000	2,000,000
Shanghai Yi Lin Medical Management Consulting Co., Ltd				
- registered capital (RMB)	1,200,000	1,200,000	1,200,000	1,200,000
Wuxi Lippo Xi Nan Hospital Co., Ltd				
- registered capital (RMB)	7,476,714	7,476,714	7,476,714	7,476,714

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2021.

DIRECTORS' STATEMENT

Year ended 31 December 2020

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 OPTIONS

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

AUDIT COMMITTEE

The Audit Committee comprises three non-executive directors, two of whom are independent. The members of the Audit Committee during the year and at the date of this statement are:

Kelvin Lo Kee Wai	(Chairman)
Sin Boon Ann	
Kin Chan	

The Audit Committee carried out its functions in accordance with Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee has met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- annual audit plans and scope of work of the internal and external auditors;
- results of the internal and external audit procedures;
- evaluation of the Group's internal accounting control system;
- assistance given by the Company's officers to the Audit Committee, the internal auditors and external auditors, where applicable;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' STATEMENT

Year ended 31 December 2020

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has conducted an annual review of the non-audit services provided by KPMG LLP and is satisfied that such services did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors of the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

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

On behalf of the Board of Directors

Christopher James Williams	**Brian Riady**
Deputy Chairman and	*Deputy Chief Executive Officer and*
Non-Executive Non-Independent Director	*Executive Director*

30 March 2021

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2020

Members of the Company
OUE Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2020, the 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 as set out on pages 125 to 248.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of the financial performance, changes in equity and 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 these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to note 21 to the financial statements)

Impairment of property, plant and equipment
(Refer to note 22 to the financial statements)

Risks

The Group has a portfolio of investment properties mainly in Singapore and the People's Republic of China (the "PRC") with a carrying value of $4.5 billion as at 31 December 2020. Investment properties represent the most significant asset item on the statement of financial position. The Group's accounting policy is to state the investment properties at their fair values, which are based on independent external valuations.

Property, plant and equipment of the Group with a total carrying amount of $1.7 billion as at 31 December 2020 includes two hotel properties in Singapore and a leasehold property under development in the PRC. These properties, which are stated at cost less accumulated depreciation and accumulated impairment losses, are subject to an annual review to assess whether there is an indication that they may be impaired. Where indicators of impairment are identified, the recoverable amount of the property is estimated based on independent external valuation.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2020

The valuation process involves significant judgement in determining the valuation methods to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in key assumptions could have a significant impact to the valuations.

The valuation reports obtained from the external valuers for certain properties in December 2020 also highlighted that the real estate market have been impacted by the uncertainty that the COVID-19 pandemic has caused, and less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method, direct comparison method and residual value method, against those applied for similar property types. We also involved our internal valuation specialists for the review of certain properties. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot/metre and price per hotel room, against historical trends and available industry data, taking into consideration comparability and market factors. In addition, we discussed with management and the external valuers to understand how they have considered the implications of the COVID-19 pandemic and market uncertainty in the valuations.

We also considered the reasonableness of the disclosures in the financial statements.

Our findings

We are satisfied with the competency and objectivity of the external valuers. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods and key assumptions used by the valuers were comparable to the methods and key assumptions used for similar property types by other valuers and available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and their fair values.

Litigations, claims and other contingencies
(Refer to notes 21(vi)(b) and 37 to the financial statements)

Risk

The Group's subsidiary, OUE Lippo Healthcare Limited ("OUELH") and its subsidiaries ("OUELH Group") was involved in several on-going litigations and claims, and provision relating to legal and related expenses of $27.6 million was made as at 31 December 2020. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be different from current assessment, which can potentially affect the amount of provision made by OUELH Group and the valuation of the investment property under development of $32.6 million.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2020

Our response

We assessed the reasonableness of management's basis for the provision made in relation to the on-going litigations and claims. We held discussions with management and the external legal counsels engaged by OUELH Group, including their views on the on-going litigations cases. We reviewed relevant correspondences and/or agreements between the parties involved and considered the reasonableness of disclosures in the financial statements. We also obtained confirmation letters from the external legal counsels.

Our findings

We found management's basis for the provision relating to legal and related expenses to be supportable, taking into consideration the legal advices obtained from external legal counsels, latest developments on the litigations and claims, and the possible course of actions to be taken. We found the disclosures in the financial statements are adequate in describing the developments of the on-going litigation and claims.

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 and SFRS(I), 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 of the Group, or has no realistic alternative but to do so.

The responsibilities of the directors 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.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2020

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 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 law or regulation precludes 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.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2020

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.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	4	530,455	930,837
Cost of sales		(296,090)	(596,721)
Gross profit		234,365	334,116
Marketing expenses		(10,312)	(20,675)
Administrative expenses		(77,790)	(140,005)
Other operating expenses		(18,893)	(13,819)
Share of results of equity-accounted investees, net of tax		119,284	170,678
		246,654	330,295
Finance expenses	7	(134,400)	(170,051)
Finance income	8	7,569	12,177
		119,823	172,421
Other (losses)/gains – net	9	(565,096)	197,279
(Loss)/Profit before tax		(445,273)	369,700
Tax credit/(expense)	10	40,489	(47,900)
(Loss)/Profit after tax		(404,784)	321,800
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations:			
- currency translation differences		39,458	(19,944)
Share of other comprehensive income of equity-accounted investees:			
- currency translation differences		43,691	(21,932)
- other reserves		3,807	(7,406)
Cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		(46,004)	(9,898)
- hedging reserve reclassified to profit or loss		20,441	682
		61,393	(58,498)
Items that will not be reclassified subsequently to profit or loss:			
Share of other reserves of an equity-accounted investee		–	5,907
Net change in fair value of investments at fair value through other comprehensive income, net of tax		15,924	148,751
		15,924	154,658
Other comprehensive income, net of tax		77,317	96,160
Total comprehensive income for the year		(327,467)	417,960

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
(Loss)/Profit attributable to:			
Owners of the Company		(343,383)	255,217
Non-controlling interests		(61,401)	66,583
		(404,784)	321,800
Total comprehensive income attributable to:			
Owners of the Company		(268,778)	362,291
Non-controlling interests		(58,689)	55,669
		(327,467)	417,960
Earnings per share for (loss)/profit attributable to the owners of the Company			
Basic earnings per share (cents)	11	(38.18)	28.31
Diluted earnings per share (cents)	11	(38.18)	26.51

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Assets					
Cash and cash equivalents	12	559,527	477,712	302,592	195,805
Trade and other receivables	13	149,308	292,381	1,020,071	1,098,183
Inventories	14	676	1,272	164	269
Other investments	15	60,972	76,755	–	–
Development properties	16	29,024	152,380	–	–
Other assets	17	81,923	64,836	5,912	2,876
Loans to subsidiaries	20	–	–	1,270,473	1,678,156
Assets held for sale	31	1,258,512	100,001	–	–
Current assets		2,139,942	1,165,337	2,599,212	2,975,289
Intangible assets and goodwill	18	30,614	41,658	–	–
Interests in equity-accounted investees	19	1,064,334	921,614	–	–
Investments in subsidiaries	20	–	–	810,503	811,003
Loans to subsidiaries	20	–	–	2,659	227,097
Other investments	15	148,746	134,465	–	–
Other assets	17	4,023	4,178	1,019	1,019
Investment properties	21	4,534,728	6,628,427	–	–
Property, plant and equipment	22	1,700,486	1,827,716	660,666	684,133
Deferred tax assets	23	493	11,105	896	–
Non-current assets		7,483,424	9,569,163	1,475,743	1,723,252
Total assets		9,623,366	10,734,500	4,074,955	4,698,541
Liabilities					
Trade and other payables	24	137,844	203,723	122,095	166,155
Borrowings	25	420,416	1,309,892	–	299,840
Provision	26	33,220	29,661	–	–
Loan from a subsidiary	20	–	–	281,285	283,763
Current tax liabilities		43,898	37,019	6,922	4,547
Deferred income	27	6,374	32,808	3,955	–
Lease liabilities	29	464	518	25,117	21,460
Derivative liabilities	28	9,085	2,751	–	–
Liabilities directly associated with the assets held for sale	31	14,674	–	–	–
Current liabilities		665,975	1,616,372	439,374	775,765
Borrowings	25	3,055,709	2,679,731	194,933	153,607
Deferred income	27	545	1,924	–	–
Deferred tax liabilities	23	148,230	222,517	–	131
Other payables	30	38,293	56,665	16	410
Lease liabilities	29	25,905	25,586	697,013	716,231
Derivative liabilities	28	31,895	14,560	–	–
Non-current liabilities		3,300,577	3,000,983	891,962	870,379
Total liabilities		3,966,552	4,617,355	1,331,336	1,646,144
Net assets		5,656,814	6,117,145	2,743,619	3,052,397

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Equity					
Share capital	32	693,315	693,315	693,315	693,315
Other reserves	33	(192,877)	(250,270)	(187,974)	(166,023)
Accumulated profits	34	3,239,566	3,630,251	2,238,278	2,525,105
Equity attributable to owners of the Company		3,740,004	4,073,296	2,743,619	3,052,397
Non-controlling interests	35	1,916,810	2,043,849	–	–
Total equity		5,656,814	6,117,145	2,743,619	3,052,397

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company: Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2020	693,315	(250,270)	3,630,251	4,073,296	2,043,849	6,117,145
Total comprehensive income for the year						
Loss for the year	–	–	(343,383)	(343,383)	(61,401)	(404,784)
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	23,053	–	23,053	16,405	39,458
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	43,691	–	43,691	–	43,691
- other reserves	–	3,807	–	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	–	15,924
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	(21,398)	–	(21,398)	(24,606)	(46,004)
- hedging reserve reclassified to profit or loss	–	9,528	–	9,528	10,913	20,441
Total other comprehensive income, net of tax	–	74,605	–	74,605	2,712	77,317
Total comprehensive income for the year	–	74,605	(343,383)	(268,778)	(58,689)	(327,467)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company					
	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		–	(21,795)	–	(21,795)	–	(21,795)
Redemption of convertible bonds		–	(156)	–	(156)	–	(156)
Dividends paid	36	–	–	(45,031)	(45,031)	(66,054)	(111,085)
Total contributions by and distributions to owners		–	(21,951)	(45,031)	(66,982)	(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	43	–	–	2,468	2,468	(2,498)	(30)
Total changes in ownership interests in subsidiaries		–	–	2,468	2,468	(2,296)	172
Total transactions with owners		–	(21,951)	(42,563)	(64,514)	(68,350)	(132,864)
Share of reserves of an equity-accounted investee		–	13,767	(13,767)	–	–	–
Transfer from asset revaluation reserve to accumulated profits	33	–	(9,028)	9,028	–	–	–
At 31 December 2020		693,315	(192,877)	3,239,566	3,740,004	1,916,810	5,656,814

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the Company					
	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 31 December 2018, as previously reported	693,315	(186,155)	3,431,245	3,938,405	1,200,802	5,139,207
Effect of adopting SFRS(I) 16	–	–	(67,673)	(67,673)	–	(67,673)
At 1 January 2019, as restated	693,315	(186,155)	3,363,572	3,870,732	1,200,802	5,071,534
Total comprehensive income for the year						
Profit for the year	–	–	255,217	255,217	66,583	321,800
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	(14,109)	–	(14,109)	(5,835)	(19,944)
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	(21,932)	–	(21,932)	–	(21,932)
- other reserves	–	(1,499)	–	(1,499)	–	(1,499)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	148,751	–	148,751	–	148,751
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	(4,445)	–	(4,445)	(5,453)	(9,898)
- hedging reserve reclassified to profit or loss	–	308	–	308	374	682
Total other comprehensive income, net of tax	–	107,074	–	107,074	(10,914)	96,160
Total comprehensive income for the year	–	107,074	255,217	362,291	55,669	417,960

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company					
	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	36	–	–	(117,197)	(117,197)	(50,789)	(167,986)
Total contributions by and distributions to owners		–	–	(117,197)	(117,197)	(50,789)	(167,986)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	795,637	795,637
Changes in ownership interests in a subsidiary without a change in control	43	–	–	(42,530)	(42,530)	42,530	–
Total changes in ownership interests in subsidiaries		–	–	(42,530)	(42,530)	838,167	795,637
Total transactions with owners		–	–	(159,727)	(159,727)	787,378	627,651
Transfer from fair value reserve to accumulated profits	15	–	(171,189)	171,189	–	–	–
At 31 December 2019		693,315	(250,270)	3,630,251	4,073,296	2,043,849	6,117,145

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	2020 $'000	2019 $'000
Cash flows from operating activities		
(Loss)/Profit after tax	(404,784)	321,800
Adjustments for:		
Depreciation for property, plant and equipment	48,830	51,078
Amortisation of intangible assets	–	226
Reversal of impairment loss on a development property	(38)	(315)
Net change in fair value of investment properties	435,430	15,797
Net change in fair value of investments designated at fair value through profit or loss	40,867	5,449
Impairment loss on interests in equity-accounted investees	5,573	9,024
Impairment loss on intangible assets and goodwill	11,002	–
Impairment loss on property, plant and equipment	88,732	1,105
Impairment loss on trade and other receivables	2,169	9,462
Inventory written off	319	–
Negative goodwill	–	(857)
Reversal of impairment loss on a loan to an equity-accounted investee	(16,207)	–
Gain on disposal of interests in equity-accounted investees	–	(136,582)
Loss/(Gain) on disposal of property, plant and equipment	391	(1,683)
Gain on derecognition of right-of-use assets and lease liabilities	–	(75,439)
Gain on derecognition of other liabilities	–	(15,461)
Gain on redemption of convertible bonds	(263)	–
Property, plant and equipment written off	7,302	–
Finance expenses	134,400	170,051
Finance income	(7,569)	(12,177)
Share of results of equity-accounted investees, net of tax	(119,284)	(170,678)
Tax (credit)/expense	(40,489)	47,900
	186,381	218,700
Changes in:		
- trade and other receivables and other assets	(9,983)	(21,731)
- inventories	277	(214)
- development properties	123,394	314,433
- trade and other payables and provision	(61,443)	(37,769)
- deferred income	(27,813)	(48,017)
Cash generated from operations	210,813	425,402
Tax paid	(30,070)	(28,803)
Net cash from operating activities	180,743	396,599

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from investing activities			
Acquisition of interests in equity-accounted investees		(25,387)	(352,877)
Acquisition of subsidiaries, net of cash acquired		–	(15,703)
Acquisition of other investments		(59,368)	(125,686)
Additions to property, plant and equipment		(12,684)	(11,403)
Additions to investment properties		(18,650)	(26,102)
Dividends from:			
- equity-accounted investees, net of tax		61,647	61,923
- other investments, net of tax		268	1,101
Interest received		3,801	5,512
Loans to equity-accounted investees		(9,750)	(9,985)
Proceeds from repayment of loans from equity-accounted investees		16,207	3,742
Proceeds from sale of other investments		39,034	370,570
Proceeds from sale of investment properties		591,250	287,094
Proceeds from disposal of interests in equity-accounted investees		100,001	191,361
Proceeds from disposal of property, plant and equipment		188	2,330
Net cash from investing activities		686,557	381,877
Cash flows from financing activities			
Acquisition of non-controlling interests		(30)	–
Contribution from non-controlling interests		202	–
Dividends paid		(111,085)	(167,986)
Finance expense paid	25	(128,673)	(126,009)
Proceeds from borrowings	25	1,906,270	495,884
Repayment of borrowings	25	(2,428,748)	(888,620)
Principal repayment of leases	25	(590)	(22,477)
Repurchase of own shares		(21,795)	–
Changes in pledged deposits		(637)	(30,040)
Net cash used in financing activities		(785,086)	(739,248)
Net increase in cash and cash equivalents		82,214	39,228
Cash and cash equivalents at 1 January		439,437	401,136
Effect of exchange rate fluctuations on cash held		(1,036)	(927)
Cash and cash equivalents at 31 December	12	520,615	439,437

Significant non-cash transaction

On 12 June 2020, the Group acquired a land parcel located in South Jakarta for a total consideration of IDR1,316,250,000,000 (approximately $132,300,000), of which IDR1,280,718,000,000 (approximately $128,715,000) was fulfilled by way of utilisation of promissory notes. The remaining consideration was paid in cash (note 13).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 March 2021.

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 its significant subsidiaries are set out in note 44 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") 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

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These 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.

2.4 Use of estimates and judgements

The preparation of 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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

- Note 21 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 year are included in the following notes:

- Note 18 Impairment testing of intangible assets: key assumptions underlying recoverable amounts
- Note 21 Determination of fair value of investment properties
- Note 22 Determination of recoverable amount of property, plant and equipment
- Note 37 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurement, including Level 3 fair values, where applicable.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 21 Investment properties
- Note 39 Financial instruments
- Note 42 Acquisition of subsidiaries

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)

Other than the below, the application of these SFRS(I)s, amendments to standards and interpretations does not have a material effect on the financial statements.

Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16)

The Group has early adopted *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16) issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequent of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on the Group's retained earnings at 1 January 2020. The details of accounting policies are set out in note 3.6.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

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 (see note 3.1 (ii)). In determining whether a particular set of activities and assets 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

NCI 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 NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) 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 those 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries (cont'd)

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, and any related NCI and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost.

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the 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. A joint venture is an arrangement in which 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.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies 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 operations or has made payments on behalf of the investee.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or 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.

(viii) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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 that 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 on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an equity investment designated as at fair value through other comprehensive income ("FVOCI");
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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 reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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 NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated annual rates used for the current and comparative years are as follows:

	%
Leasehold improvements	$3^1/_2$ – $33^1/_3$
Freehold premises	2
Plant, machinery and office equipment	5 – $33^1/_3$
Furniture and fittings	10 – $33^1/_3$
Motor vehicles	10 – 25

Leasehold land and buildings are depreciated evenly over the lease period ranging from 16 years to 64 years. Construction and renovation in progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill arising from acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to note 3.1(i).

Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Medical distribution licences

Medical distribution licences acquired is measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets and goodwill (cont'd)

(iii) Management rights

Management rights acquired is initially recognised at cost and subsequently measured at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite as management believes there is no foreseeable limit to the period over which management rights is expected to generate net cash inflows for the Group.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill and intangible assets that have indefinite useful lives, from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

Medical distribution licences	5 years

Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Investment properties

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. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties include properties that are being constructed or developed for future use as investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property (including those under development). 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 its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (cont'd)

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 and/or capital appreciation 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.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(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 asset and a lease liability at the lease commencement 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 asset 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 asset 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 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 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 Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(i) As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

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 or if the Group changes its assessment of whether it will exercise the termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and lease liabilities in "Lease liabilities" in the statement of financial position.

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. 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

The Group has applied *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16). The Group applied 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 choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assess whether there is a lease modification.

(ii) As a lessor

At inception 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 their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(ii) As a lessor (cont'd)

The Group leases out its investment property and has classified these leases as operating leases.

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".

3.7 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for impairment losses.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(ii) Classification, subsequent measurement and gain and losses

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(ii) Classification, subsequent measurement and gain and losses (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(ii) Classification, subsequent measurement and gain and losses (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual term of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

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

Other financial liabilities (i.e. borrowings (excluding convertible and exchangeable bonds) and trade and other payables) are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial assets (cont'd)

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Pledged deposits are excluded for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash balances and deposits with financial institutions which are subject to an insignificant risk of changes in their fair values.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its 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 certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark 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. A similar exception is also provided for a discontinued cash flow hedging relationship.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the 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 respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

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 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. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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 and the cost of 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.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(vii) Convertible bonds

Convertible bonds that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value are accounted for as compound financial instruments.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss.

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 accumulated profits.

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 bonds at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss.

(viii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12 *Income Taxes*.

Repurchase, disposal and reissue of share capital (treasury shares)

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

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed less costs to distribute. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(ix) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers*.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.10 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI 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;
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(ii) Associates and joint ventures

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(iii). 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 and only to the extent that the recoverable amount increases.

(iii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. 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 of disposal. 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 generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, 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 indications 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 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 joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising 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, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. 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.

Property, plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.12 Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by the employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term 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.

3.13 Provisions

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Provision for income support

A provision for income support is recognised when the Group enters into a contractual arrangement to make top-up payments for any shortfall of guaranteed rental amounts in respect of property disposed. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions (cont'd)

(ii) Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met.

3.14 Revenue recognition

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(iii) Hospitality revenue

Revenue from the rental of hotel rooms and other hotel facilities is recognised at the point when the services are rendered to the customer. Revenue from the sale of food and beverage is recognised at the point when the goods are delivered.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

(iv) Development properties for sale

The Group develops and sells residential development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property 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.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. 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.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards 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 based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(v) Property and fund management fee

Property management and fund administrative services are provided as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single PO. Accordingly the property and fund management fee from property management and fund administrative services is recognised as the service is performed over time.

(vi) Foods and beverages income

Revenue is recognised at a point in time following the timing of satisfaction of the PO, when food and beverages are delivered to customers. Revenue exclude service charges, goods and services taxes or other sales taxes and is arrived at after deductions of any discounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

(vii) Healthcare income

i) Rental income

Revenue from rental income from operating leases (net of any incentives given to the lessees) derived from nursing facilities is recognised on a straight-line basis over the lease term.

ii) Rendering services

Revenue from hospital and other healthcare services is recognised at the point when the services are rendered.

iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised at the point when the medicine and medical equipment are delivered to customers.

(viii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

3.15 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss net of the related expenses on a systematic basis in the same 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.

3.16 Finance expenses and finance income

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss;
- derivative gains or losses; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk for borrowings.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Finance expenses and finance income (cont'd)

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 relating 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 differences 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 reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using 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, and reflects uncertainty related to income taxes, if any.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.18 Dividends to the Company's shareholders

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the executive committee whose members are responsible for making decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), corporate expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and additions to investment properties.

3.21 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 New standards and interpretations not yet adopted (cont'd)

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2020.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 1-10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 – 2020

The Group is in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I) on the financial statements.

4 REVENUE

	Group	
	2020 $'000	2019 $'000
Investment properties income	264,777	287,607
Hospitality income	85,497	241,205
Development properties income	140,176	349,611
Healthcare income	29,437	30,993
Consumer income	10,329	20,983
Others	239	438
	530,455	930,837

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

Timing of revenue recognition for products and services transferred*:

	2020		2019	
	At a point in time $'000	Over time $'000	At a point in time $'000	Over time $'000
Investment properties income	–	712	–	1,628
Hospitality income	85,497	–	241,205	–
Development properties income	140,176	–	349,611	–
Healthcare income	2,498	9,413	2,666	11,344
Consumer income	10,329	–	20,983	–
Others	239	–	438	–
	238,739	10,125	614,903	12,972

* Excluding rental income

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4 REVENUE (CONT'D)

Included in the Group's rental income is variable rent recognised of $962,000 (2019: $1,531,000). During the financial year, the Group has provided a total of $19,887,000 COVID-19 pandemic relief measures as part of its tenant support measures via rental rebates and assistance schemes for eligible tenants affected during the period.

5 EXPENSES BY NATURE

	Note	Group	
		2020 $'000	2019 $'000
Advertising and promotion expense		5,049	11,360
Amortisation of intangible assets	18	–	226
Bad debts written off		648	9
Impairment loss on trade and other receivables	39	2,169	9,462
Inventory written off		319	–
Depreciation of property, plant and equipment	22	48,830	51,078
Development costs included in cost of sales		121,192	331,782
Employee benefits	6	62,020	107,578
Loss/(Gain) on disposal of property, plant and equipment		391	(1,683)
Property, plant and equipment written off		7,302	–
Hospitality supplies and services		20,843	47,172
Healthcare supplies and services		1,869	2,563
Operating lease expense		2,422	16,574
Professional and legal services		14,633	32,266
Property tax		30,114	33,584
Repair and maintenance expense		39,794	54,594
Utility charges		11,405	15,580
Others		34,085	59,075
Total cost of sales, marketing, administrative and other operating expenses*		403,085	771,220

* Included the government grants relating to wage subsidies under the Jobs Support Scheme and net grant income arising from property tax rebate (see note 27).

6 EMPLOYEE BENEFITS

	Group	
	2020 $'000	2019 $'000
Salaries, bonuses and other costs	55,352	98,113
Contributions to defined contribution plans	6,668	9,465
	62,020	107,578

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7 FINANCE EXPENSES

	Group 2020 $'000	Group 2019 $'000
Interest expense	110,076	127,500
Amortisation of transaction costs	12,800	11,769
Borrowing costs	122,876	139,269
Net foreign exchange loss	9,245	6,629
Unwinding of discount of non-current rental deposits	166	165
Finance expenses on lease liabilities	890	23,541
Hedging reserve reclassified from equity	341	447
Net change in fair value of financial derivatives	882	–
	134,400	170,051

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss of $100,446,000 (2019: $135,975,000).

8 FINANCE INCOME

	Group 2020 $'000	Group 2019 $'000
Interest income:		
- bank deposits	3,246	4,586
- investments in debt securities	350	952
- loans to associates	–	774
- loan to a related company	544	143
	4,140	6,455
Ineffective portion of changes in fair value of cash flow hedges	3,161	2,726
Net change in fair value of financial derivatives	–	1,895
Others	268	1,101
	7,569	12,177

The above finance income includes interest income in respect of assets not at fair value through profit or loss of $4,140,000 (2019: $6,455,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

9 OTHER (LOSSES)/GAINS - NET

	Note	Group 2020 $'000	Group 2019 $'000
Reversal of impairment loss on a development property	16(a)	38	315
Reversal of impairment loss on a loan to an equity-accounted investee	19	16,207	–
Net change in fair value of investment properties	21	(435,430)	(15,797)
Net change in fair value of investments designated at FVTPL		(40,867)	(5,449)
Gain on disposal of interests in equity-accounted investees	19	–	136,582
Gain on derecognition of right-of-use assets and lease liabilities	22	–	75,439
Gain on derecognition of other liabilities	22	–	15,461
Gain on redemption of convertible bonds		263	–
Impairment loss on interests in equity-accounted investees		(5,573)	(9,024)
Impairment loss on intangible assets and goodwill	18	(11,002)	–
Impairment loss on property, plant and equipment	22	(88,732)	(1,105)
Negative goodwill	42	–	857
		(565,096)	197,279

10 TAX (CREDIT)/EXPENSE

	Group 2020 $'000	Group 2019 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	18,065	24,486
Underprovision in respect of prior years	1,886	2,096
	19,951	26,582
Withholding tax	12,407	1,883
Deferred tax expense		
Origination and reversal of temporary differences	(68,830)	20,657
Overprovision in respect of prior years	(4,017)	(1,222)
	(72,847)	19,435
	(40,489)	47,900

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

10 TAX (CREDIT)/EXPENSE (CONT'D)

	Group 2020 $'000	Group 2019 $'000
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(445,273)	369,700
Less:		
Share of results of equity-accounted investees, net of tax	(119,284)	(170,678)
	(564,557)	199,022
Tax using the Singapore tax rate of 17% (2019: 17%)	(95,975)	33,834
Effect of tax rates in foreign jurisdictions	(33,088)	5,655
Non-deductible expenses	62,293	39,344
Income not subject to tax	(20,491)	(55,180)
Effect of taxable distribution from subsidiaries and associates	9,313	11,781
Singapore statutory stepped income exemption	(213)	(204)
Utilisation of previously unrecognised deferred tax assets	–	(147)
Current tax losses for which no deferred tax assets are recognised	14,106	15,559
Change in unrecognised deductible temporary differences	(5,265)	(7,868)
Effect of tax losses not available for carry forward	18,555	2,369
(Over)/Underprovision in respect of prior years	(2,131)	874
Withholding tax	12,407	1,883
Tax (credit)/expense	(40,489)	47,900

11 EARNINGS PER SHARE

The calculation of basic earnings per share was based on the following (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held.

	Group 2020 $'000	Group 2019 $'000
(Loss)/Profit attributable to owners of the Company	(343,383)	255,217

Weighted average number of ordinary shares

	Group 2020 '000	Group 2019 '000
Issued ordinary shares at 1 January	901,516	901,516
Effect of own shares held	(2,196)	–
Weighted average number of ordinary shares during the year	899,320	901,516
Basic earnings per share (cents per share)	(38.18)	28.31

The calculation of diluted earnings per share was based on the following (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for own shares held and the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

11 EARNINGS PER SHARE (CONT'D)

(Loss)/Profit attributable to owners of the Company (diluted)

	Group 2020 $'000	Group 2019 $'000
(Loss)/Profit attributable to owners of the Company (basic)	(343,383)	255,217
Interest expense on convertible bonds	–	6,827
Unamortised transaction costs	–	(2,303)
Reversal of deferred tax liabilities on convertible bonds	–	440
(Loss)/Profit attributable to owners of the Company (diluted)	(343,383)	260,181

The financial impact of the convertible bonds was excluded from the calculation of the loss attributable to owners of the Company (diluted) for the year ended 31 December 2020 as their effect would have been anti-dilutive.

Weighted average number of ordinary shares (diluted)

	Group 2020 '000	Group 2019 '000
Weighted average number of ordinary shares (basic)	899,320	901,516
Effect of conversion of convertible bonds	–	79,970
Weighted average number of ordinary shares (diluted) during the year	899,320	981,486
Diluted earnings per share (cents per share)	(38.18)	26.51

12 CASH AND CASH EQUIVALENTS

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Cash at bank and on hand	374,011	360,207	201,803	155,805
Time deposits with financial institutions	185,516	117,505	100,789	40,000
	559,527	477,712	302,592	195,805
Deposits pledged	(38,912)	(38,275)		
Cash and cash equivalents in the statement of cash flows	520,615	439,437		

Deposits pledged relate to bank balances of subsidiaries pledged as security to obtain credit facilities (note 25).

Bank balances of $23,684,000 (2019: $15,237,000) are included as part of the floating charge for borrowings of the Group (note 25). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

13 TRADE AND OTHER RECEIVABLES

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade receivables:					
- Associates		8	2,678	8	–
- Subsidiaries		–	–	38,359	32,864
- Third parties		32,405	28,257	3,178	4,854
Trade receivables		32,413	30,935	41,545	37,718
Less: impairment loss					
- Third parties		(2,953)	(822)	(1,189)	(773)
Trade receivables - net		29,460	30,113	40,356	36,945
Promissory notes	(i)	115,769	226,882	–	–
Non-trade receivables:					
- Subsidiaries		–	–	1,021,209	1,067,938
- Third parties	(ii)	4,079	35,386	–	–
Non-trade receivables		119,848	262,268	1,021,209	1,067,938
Less: impairment loss					
- Subsidiaries		–	–	(41,494)	(6,700)
Non-trade receivables - net		119,848	262,268	979,715	1,061,238
		149,308	292,381	1,020,071	1,098,183

The non-trade receivables due from subsidiaries and third parties are unsecured, interest-free and repayable on demand. Apart from the impairment loss on receivables from third parties and subsidiaries, there is no impairment loss on the other outstanding balances as the ECLs are not material.

The Company has non-trade receivables from its subsidiaries of $1,021,209,000 (2019: $1,067,938,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the impairment on these balances has been measured on the 12 month ECLs basis. The impairment loss amounted to $41,494,000 (2019: $6,700,000) as at 31 December 2020.

The exposure of the Group and Company to credit risk, market risk and impairment loss for trade and other receivables, are disclosed in note 39.

(i) Promissory notes

In September 2018, the Group had through its wholly-owned subsidiary, PT OUE Pengembangan Properti entered into a conditional land sales and purchase agreement to acquire a land parcel located in South Jakarta for a total consideration of IDR1,629,288,000,000 (approximately $163,700,000) with settlement by way of utilisation of a portion of the promissory notes.

The aggregate consideration payable had been varied from IDR1,629,288,000,000 (approximately $163,700,000) to IDR1,316,250,000,000 (approximately $132,300,000), of which IDR1,280,718,000,000 (approximately $128,715,000) was fulfilled by way of utilisation of promissory notes. The remaining consideration was paid in cash. The transaction was completed on 12 June 2020.

The remaining balance of the promissory notes of IDR1,193,028,000,000 (approximately $115,769,000) is expected to be utilised by way of acquisition of additional lands or properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

13 TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) Non-trade receivables from third parties

Non-trade receivables from third parties as at 31 December 2020 includes the amounts due from the Crest entities (2019: deconsolidated subsidiaries of OUE Lippo Healthcare Limited ("OUELH")) amounting to $4,068,000 (2019: $33,293,000).

Crest entities refers to those subsidiaries (IHC Management Pte. Ltd., IHC Management (Australia) Pty Ltd, IHC Medical RE Pte. Ltd., IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust) that were derecognised by OUELH in August 2016 as these entities were placed under receivership. In 2019, those subsidiaries were referred to as deconsolidated subsidiaries of OUELH. During the year, OUELH had regained control over these entities and recovered part of the receivables (see note 37(a)).

14 INVENTORIES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Food and beverage	457	946	164	269
Pharmacy supplies	203	317	–	–
Medical and surgical supplies	16	9	–	–
	676	1,272	164	269

The cost of inventories recognised as expense and included in "Cost of sales" amounted to $10,387,000 (2019: $20,250,000).

15 OTHER INVESTMENTS

	Note	Group 2020 $'000	Group 2019 $'000
Current			
Financial assets designated at FVTPL:			
- Equity investments - quoted		18,730	32,526
- Mutual funds		42,242	44,229
		60,972	76,755
Non-current			
Financial assets designated at amortised cost:			
- Debt investments	(i)	18,018	33,294
Financial assets designated at FVOCI:	(ii)		
- Equity investments:			
- Quoted		33,196	35,539
- Unquoted		10,893	11,241
- Interests in limited partnerships		86,639	54,391
		148,746	134,465

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15 OTHER INVESTMENTS (CONT'D)

(i) The debt investments at amortised costs are denominated in Singapore Dollar and Indonesian Rupiah, and mature in 2022 and 2023 (2019: 2022 and 2023). The debt investments denominated in Singapore Dollar bear interest at 2.67% (2019: 4.23%) per annum.

In prior years, the Group had through its wholly-owned subsidiary, Tengara Holdings Pte. Ltd. ("THPL"), entered into an IDR138,800,000,000 (approximately $13,047,000) (2019: approximately $13,464,000) unquoted exchangeable bonds subscription agreement with a third party (the "Bond Issuer").

On 1 October 2019, THPL entered into a conditional exchangeable settlement agreement to redeem the exchangeable bonds. At the same time, the Group had also through its wholly-owned subsidiary, PT Deer Pine Indonesia, entered into a conditional land sale and purchase agreement with a subsidiary of the Bond Issuer, to acquire a land parcel located in Lampung, Indonesia for a total consideration of IDR157,214,000,000 (approximately $15,250,000), with settlement by way of cash payment and issuance of promissory notes. The exchangeable bonds will be redeemed in full by way of utilisation of these promissory notes. Both transactions are expected to take place when the conditions precedents are fulfilled.

(ii) These are investments that the Group intends to hold for the long-term for strategic purposes.

In 2019, the Group and the Company disposed some of the equity investments and the relevant net fair value gains accumulated in fair value reserves, which amounted to $171,189,000 and $170,000,000 respectively, were transferred to accumulated profits upon derecognition (note 33).

The exposure of the Group to credit risk, market risk and fair value measurement, are disclosed in note 39.

16 DEVELOPMENT PROPERTIES

	Note	Group 2020 $'000	Group 2019 $'000
Completed property held for sale			
Completed property		32,111	156,329
Less: Impairment loss	(a)	(3,087)	(3,949)
		29,024	152,380

The movement in allowance for impairment in respect of the development property is as follows:

	Note	Group 2020 $'000	Group 2019 $'000
At 1 January		3,949	9,983
Reversal of impairment loss	9	(38)	(315)
Utilised		(824)	(5,719)
At 31 December		3,087	3,949

(a) An impairment loss of $38,000 (2019: $315,000) was reversed following the sale of certain units at prices higher than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

16 DEVELOPMENT PROPERTIES (CONT'D)

(b) Details of the development property are as follows:

Description and location	Purpose of development	Group's effective interest 2020 %	Group's effective interest 2019 %	Approximate site area (square metre)	Approximate gross floor area (square metre)
OUE Twin Peaks A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,163	40,521*

* Includes balcony

Measurement of net realisable values of development property

The Group estimates the net realisable values of the development property by reference to recent selling prices for units in the development project or comparable projects, market conditions, expected selling expenses and the development expenditure incurred. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development property and accordingly, the carrying value of development property for sale may have to be written down in future periods.

17 OTHER ASSETS

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Sundry receivables	33,885	34,973	1,903	1,912
Less: impairment loss	(9,456)	(9,457)	–	–
	24,429	25,516	1,903	1,912
Grant receivables	4,312	–	3,156	–
Rental deposits:				
- Subsidiaries	–	–	1,019	1,019
Loan to a related company	10,000	10,000	–	–
Other deposits	17,380	24,484	127	191
	56,121	60,000	6,205	3,122
Prepayments	29,825	9,014	726	773
	85,946	69,014	6,931	3,895
Current	81,923	64,836	5,912	2,876
Non-current	4,023	4,178	1,019	1,019
	85,946	69,014	6,931	3,895

The loan to a related company is unsecured, bears interest rate at 5.44% per annum (2019: 5.44% per annum) and is repayable in March 2021 (2019: March 2020).

In 2019, other deposits included a 10% refundable deposit paid for the land acquisition located in South Jakarta of IDR162,928,800,000 (approximately $15,804,000) through the utilisation of promissory notes (note 13).

The exposure of the Group and the Company to credit and market risks, and impairment loss for other assets, are disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

18 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Intangible asset $'000	Total $'000
Group					
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	9	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
Cost					
At 1 January 2019		22,240	627	35,776	58,643
Acquisition of subsidiaries		1,804	–	1,032	2,836
Effect of movements in exchange rates		(35)	(20)	–	(55)
At 31 December 2019		24,009	607	36,808	61,424
Accumulated amortisation and impairment losses					
At 1 January 2019		19,159	398	–	19,557
Amortisation	5	–	226	–	226
Effect of movements in exchange rates		–	(17)	–	(17)
At 31 December 2019		19,159	607	–	19,766
Carrying amounts					
At 31 December 2019		4,850	–	36,808	41,658
At 31 December 2020		3,004	–	27,610	30,614

Amortisation

In 2019, the medical distribution licenses were fully amortised. The amortisation was allocated to the cost of inventory and is included in "Cost of sales" as inventory was sold.

Impairment test for intangible asset

Intangible asset comprises 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 are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

18 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Impairment test for intangible asset (cont'd)

	2020 %	2019 %
Key assumptions used for value-in-use calculations:		
Discount rate	14.5	18.6
Budgeted earnings before interest and tax growth rate (average of next five years)	1.4	(4.6)

The discount rate was a pre-tax measure based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 35.4% (2019: 44.0%) at a market interest rate of 5.3% (2019: 5.3%). The cash flow projection included specific estimates for five years and a terminal growth rate thereafter.

During the year, an impairment loss of $9,198,000 (2019: $nil) was recognised to write down the carrying amount of the intangible asset to its estimated recoverable amount of $27,610,000. Any adverse movement in a key assumption would lead to further impairment.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Interests in associates	996,290	884,306	–	44,947
Interests in joint ventures	52,050	26,805	–	–
Less: Impairment loss	(4,135)	–	–	(44,947)
	1,044,205	911,111	–	–
Loans to associates and joint ventures	20,129	42,324	–	31,821
Less: Impairment loss	–	(31,821)	–	(31,821)
	20,129	10,503	–	–
	1,064,334	921,614	–	–

Details of the significant equity-accounted investees are included in note 44.

An associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The loans to associates and joint ventures are interest-free, unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Movement in the impairment loss for loans to associates and joint ventures is as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	31,821	31,957	31,821	33,159
Write-back (note 9)	(16,207)	–	(16,207)	(1,185)
Utilised	(15,331)	–	(15,331)	–
Currency translation differences	(283)	(136)	(283)	(153)
At 31 December	–	31,821	–	31,821

Associates

As at 31 December 2020, the Group has one (2019: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

	Gemdale Properties and Investment Corporation Limited ("GPI")
Nature of business	Property development, property investment, and property management
Principal place of business/Country of incorporation	Hong Kong/Bermuda
Ownership interest/voting rights held	
- 2020	23.0%
- 2019	23.8%
Fair value of ownership interest (if listed)	
- 2020	$721.3 million[1]
- 2019	$678.7 million[1]

[1] Based on quoted market price at 31 December (Level 1 in the fair value hierarchy).

GPI was considered to be an associate of the Group in May 2019 when the Group's equity interests in GPI increased from 14.8% to 21.8%.

Provisional negative goodwill of HK$25,607,000 (approximately $4,492,000) was included in the share of results of equity-accounted investees, net of tax, arising from the acquisition of additional equity interest in GPI in 2019. The purchase price allocation ("PPA") exercise was finalised in the current year and a reversal of negative goodwill of $2,095,000 was recognised in the share of results of equity-accounted investees, net of tax.

As at 31 December 2020, the Group's share of its associate's contingent liabilities and capital commitments amounted to $176,453,000 and $630,940,000 (2019: $95,107,000 and $563,195,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

The following summarises the financial information of the Group's material associate, based on its consolidated financial statements prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised statement of comprehensive income

	GPI	
	2020 $'000	2019 $'000
Revenue	3,272,497	2,312,725
Profit after tax	969,387	889,471
Other comprehensive income	48,857	(412)
Total comprehensive income	1,018,244	889,059
Dividends received	53,258	18,841

Summarised statement of financial position

	GPI	
	2020 $'000	2019 $'000
Non-current assets	7,780,329	6,114,122
Current assets[1]	5,332,965	6,102,887
Non-current liabilities	(3,878,257)	(1,804,731)
Current liabilities	(4,939,270)	(6,950,913)
Net assets	4,295,767	3,461,365
Attributable to investee's shareholders	3,845,634	2,910,135
Attributable to non-controlling interests ("NCI")	450,133	551,230
Group's share of net assets/carrying amount of investment	879,999	697,058

[1] Includes cash and cash equivalents of $1,456,098,000 (2019: $962,097,000).

Immaterial associates

As at 31 December 2020, the Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit/(losses) and other comprehensive income of these associates that are accounted for using the equity method:

	2020 $'000	2019 $'000
Carrying amount of interests in immaterial associates	116,291	187,248
Group's share of:		
- (Loss)/Profit after tax	(69,437)	26,003
- Other comprehensive income	(63)	4,733
- Total comprehensive income	(69,500)	30,736

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Immaterial associates (cont'd)

During the year, the Group completed the disposal of its entire interest in TCB OUE Sdn Bhd. ("TCB OUE"), an immaterial associate, for RM1. As a result, TCB OUE ceased to be an associate of the Group.

In 2019, the Group disposed its entire equity interest in the associates, Aquamarina Hotel Private Limited and Nuvest Capital Pte. Ltd., for a total consideration of $190,000,000 and $1,361,000 respectively. A total net gain on disposal of interests in equity-accounted investees of $136,582,000 was recognised in "Other (losses)/ gains – net" (note 9).

Joint ventures

As at 31 December 2020, the Group has five (2019: four) joint ventures that are immaterial to the Group. All are equity accounted for.

The following table summarises, in aggregate, the carrying amount and share of losses and other comprehensive income of these joint ventures that are accounted for using the equity method:

	2020 $'000	2019 $'000
Carrying amount of interests in immaterial joint ventures	47,915	26,805
Group's share of:		
- Loss after tax	(2,887)	(2,418)
- Other comprehensive income	2,621	50
- Total comprehensive income	(266)	(2,368)

20 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES

	Company 2020 $'000	Company 2019 $'000
Investments in subsidiaries		
Equity investment at cost	841,503	841,503
Less: Impairment loss	(31,000)	(30,500)
	810,503	811,003
Loans to subsidiaries		
Loans to subsidiaries	1,635,487	2,088,353
Less: Impairment loss	(362,355)	(183,100)
	1,273,132	1,905,253
Current	1,270,473	1,678,156
Non-current	2,659	227,097
	1,273,132	1,905,253

Details of the significant subsidiaries are included in note 44.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES (CONT'D)

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,255,444,000 (2019: $1,253,962,000) for which interest is charged at interest rates ranging from 1.00% to 4.00% (2019: 1.00% to 4.00%) per annum.

The non-current portion of loans to subsidiaries are unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current. The balances are interest-free, except for an amount of $2,659,000 (2019: $107,108,000) for which interest is charged at 5.00% per annum (2019: interest rates ranging from 1.40% over the US LIBOR rate to 5.00% per annum).

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated by taking into consideration the estimated selling prices of the underlying properties or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company recorded an additional impairment loss of $500,000 (2019: $30,500,000) on its investments in subsidiaries and additional impairment loss of $179,255,000 (2019: $55,723,000) on the loans to its subsidiaries.

The exposure of the Group and the Company to credit and market risks, and impairment loss for loans to subsidiaries, are disclosed in note 39.

	Company 2020 $'000	Company 2019 $'000
Loan from a subsidiary		
Loan from a subsidiary	281,285	283,763

The loan from a subsidiary is unsecured, repayable on demand and bears interest at 4.00% (2019: 4.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES

	Note	Completed investment properties $'000	Investment properties under development $'000	Total $'000
Group				
At 1 January 2020		6,537,190	91,237	6,628,427
Additions		19,318	131,745	151,063
Disposal[1]		(591,250)	–	(591,250)
Net change in fair value	9	(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	31	(1,258,512)	–	(1,258,512)
At 31 December 2020		4,326,756	207,972	4,534,728
At 1 January 2019		6,357,367	93,662	6,451,029
Acquisition of a subsidiary[2]		494,067	–	494,067
Additions		11,231	–	11,231
Reversal		(5,570)	–	(5,570)
Disposal[3]		(287,094)	–	(287,094)
Net change in fair value	9	(14,612)	(1,185)	(15,797)
Effect of movements in exchange rates		(22,549)	(1,240)	(23,789)
Lease incentives		4,350	–	4,350
At 31 December 2019		6,537,190	91,237	6,628,427

[1] During the year, the Group disposed U.S. Bank Tower for a consideration of US$430,000,000 (approximately $591,250,000).
[2] Mandarin Gallery was acquired as part of the merger (note 42) between OUE Commercial Real Estate Investment Trust ("OUE C-REIT") and OUE Hospitality Trust ("OUE H-TRUST") (the "Merger").
[3] In 2019, the Group disposed Oakwood Premier OUE Singapore for a consideration of $287,094,000.

(i) The following amounts were recognised in profit or loss:

	Group 2020 $'000	Group 2019 $'000
Rental income	264,065	285,979
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	90,076	102,274

(ii) Security

As at 31 December 2020, investment properties (including OUE Bayfront which is classified as assets held for sale (note 31)) with a total carrying amount of $2,550,317,000 (2019: $3,484,503,000) were pledged as security for banking facilities (note 25).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's major completed investment properties as at 31 December 2020 are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)[a]	An integrated commercial development comprising a 19-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore.	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
OUE Downtown (comprising OUE Downtown 1 & 2 and Downtown Gallery)	A 50-storey Tower 1 and a 37-storey Tower 2 linked by a podium and accommodating office space, retail space and car park.	99-year lease from 19 July 1967
Mandarin Gallery	High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore.	99-year lease from 1 July 1957
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, The People's Republic of China (the "PRC") excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots.	50-year land use right commencing from 2 July 1994
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall.	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - Approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - The balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's major completed investment properties as at 31 December 2020 are: (cont'd)

	Description and Location	Tenure of Land
OUE Twin Peaks	23 residential units in OUE Twin Peaks at Leonie Hill, Singapore.	99 year lease from 10 May 2010
Hikari Heights Varus Kotoni	A 14-storey nursing home with 281 one- and two-bedded rooms that can accommodate up to 364 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Makomanai-Koen	A 10-storey nursing home with 157 rooms that can accommodate up to 196 residents at Hokkaido, Japan.	Freehold
Elysion Mamigaoka & Elysion Mamigaoka Annex	A nursing home with 2 blocks (5-storey and 4-storey) with 160 one- and two-bedded rooms that can accommodate up to 165 residents at Nara, Japan.	Freehold
Varus Cuore Sapporo-Kita/ Varus Cuore Sapporo-Kita Annex	Facility consists of two buildings: a 5-storey with 126 rooms, and a 3-storey with 90 rooms, which can accommodate up to 231 residents in total at Hokkaido, Japan.	Freehold
Hikari Heights Varus Fujino	A nursing home consisting of 2 blocks (9-storey and 13-storey) with 144 rooms in total that can accommodate up to 187 residents at Hokkaido, Japan.	Freehold
Elysion Gakuenmae	A 5-storey nursing home with 92 rooms that can accommodate up to 92 residents at Nara, Japan.	Freehold

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's major completed investment properties as at 31 December 2020 are: (cont'd)

	Description and Location	Tenure of Land
Orchard Kaichi North	A 4-storey nursing home with 79 rooms that can accommodate up to 85 residents at Nagano, Japan.	Freehold
Varus Cuore Yamanote	A 4-storey nursing home with 59 rooms that can accommodate up to 60 residents at Hokkaido, Japan.	Freehold
Orchard Amanohashidate	A nursing home consisting of a daycare service centre and 2 blocks (3-storey and 2-storey) with 60 rooms in total that can accommodate up to 60 residents in Kyoto, Japan.	Freehold
Hikari Heights Varus Ishiyama	A 9-storey nursing home with 119 one- and two-bedded rooms that can accommodate up to 149 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Tsukisamu-Koen	A 10-storey nursing home with 57 one- and two-bedded rooms that can accommodate up to 73 residents at Hokkaido, Japan.	Freehold
Orchard Kaichi West	A nursing home with 29 rooms that can accommodate up to 29 residents at Nagano, Japan.	Freehold

[a] Classified as "Assets held for sale" as at 31 December 2020 (note 31).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

The Group's completed investment properties were appraised at the following open market values:

	Date of appraisal	Open Market Value 2020 $'000	2019 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	– [a]	1,181,000
OUE Downtown	31 December	1,130,000	1,182,000
U.S. Bank Tower	31 December	– [b]	881,270
Mandarin Gallery	31 December	473,000	493,000
Lippo Plaza	31 December	545,648	570,530
One Raffles Place	31 December	1,799,700	1,862,000
OUE Twin Peaks (comprising 23 units held as investment properties)	31 December	65,890	67,620
Hikari Heights Varus Kotoni	31 December	80,384	75,293
Hikari Heights Varus Makomanai-Koen	31 December	57,178	53,531
Elysion Mamigaoka & Elysion Mamigaoka Annex	31 December	29,978	29,337
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	31 December	35,968	33,641
Hikari Heights Varus Fujino	31 December	19,891	20,113
Elysion Gakuenmae	31 December	19,674	19,555
Orchard Kaichi North	31 December	17,050	17,038
Varus Cuore Yamanote	31 December	13,030	12,735
Orchard Amanohashidate	31 December	11,610	11,916
Hikari Heights Varus Ishiyama	31 December	10,662	11,520
Hikari Heights Varus Tsukisamu-Koen	31 December	8,038	9,263
Orchard Kaichi West	31 December	5,286	5,828
5 Indonesia shophouses	31 December	3,769	–

[a] Classified as "Assets held for sale" as at 31 December 2020 (note 31).
[b] Disposed during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the discount rate, terminal yield rate and capitalisation rate applicable to the nature and type of asset in question, and selling price of comparable properties.

As at 31 December 2020, the valuation reports of certain of the Group's properties included a "material valuation uncertainty" due to the disruption to the market at that date caused by the COVID-19 outbreak. The external valuers have stated in their valuation reports that given the 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. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to ten (2019: one to fifteen) years. Subsequent renewals are negotiated with the lessees.

(iv) The Group's investment properties under development as at 31 December 2020 are:

Description	Unexpired term of leasehold land
Land – South Jakarta, Indonesia	18 years
Land - Wuxi, the PRC ("Wuxi land")	35 years
Land - Kuala Lumpur, Malaysia	87 years

Classification of investment properties under development

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 (note 22). 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.

(v) Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined annually by independent professional valuers having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values

Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Country: Singapore	Country: United States of America	Country: The PRC	Country: Japan	Inter-relationship between key unobservable inputs and fair value measurement
Completed investment properties						
Discounted cash flow method: 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	Discount rate	6.5 % – 7.0% (2019: 6.5% – 7.0%)	Not applicable (2019: 6.5%)	6.5% (2019: 6.8%)	4.2% – 4.6% (2019: 4.2% – 4.6%)	An increase in price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield rate and capitalisation rate in isolation would result in a lower fair value measurement.
	Terminal yield rate	3.8% – 5.3% (2019: 3.8% – 5.3%)	Not applicable (2019: 5.3%)	3.5% (2019: 4.0%)	4.5% – 5.0% (2019: 4.6% – 5.1%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.5% – 4.8% (2019: 3.5% – 6.5%)	Not applicable (2019: 5.0%)	Not applicable	4.4% – 4.8% (2019: 4.4% – 4.8%)	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties	Price per square foot	$1,797 – $3,897 (2019: $1,746 – $3,928)	Not applicable	$1,481 (2019: $1,363)	Not applicable	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Valuation techniques	Significant unobservable inputs	Country: Indonesia	Country: Malaysia	Country: The PRC	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development					
Discounted cash flow method: 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	Discount rate	Not applicable	Not applicable	15.0% (2019: 15.0%)	An increase in price per square metre and plot ratio in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, capitalisation rate, terminal yield rate, entrepreneur profit and risk and construction costs per square metre in isolation would result in a lower fair value measurement.
	Terminal yield rate	Not applicable	Not applicable	13.0% (2019: 13.0%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	Not applicable	Not applicable	4.3% (2019: 4.3%)	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties under development	Price per square metre	$16,685 (2019: Not applicable)	$11,092 (2019: $12,475)	Not applicable	
Forced sale value: The forced sale value refers to the amount which may reasonably be received from the sale of an asset under forced sale conditions which do not meet all the criteria of a normal market transaction.	Price per square metre	Not applicable	$8,874 (2019: Not applicable)	Not applicable	
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit	Plot ratio	Not applicable	Not applicable	4.5 (2019: 4.5)	
	Entrepreneur profit and risk	Not applicable	Not applicable	20.0% (2019: 20.0%)	
	Construction costs per square metre	Not applicable	Not applicable	Wuxi: $1,412 (2019: $1,341)	

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Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

In addition to the above, the valuation of the investment properties under development in Indonesia and the PRC included critical assumptions as follows:

(a) Indonesia

Plot ratio and renewal/extension of the Right To Build ("Hak Guna Bangunan" or the "HGB") land title certificate

Plot ratio represents a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

The valuation of the land parcel at South Jakarta, Indonesia as at 31 December 2020 was based on the management's assessment that:

- written local Indonesia government's approval will be granted for an increase in plot ratio to a minimum of 9.5; and
- the renewal/extension of the HGB land title certificate which expires on 22 March 2038 will be obtained with no excessive charges by the local Indonesia government.

If the written approval is not granted or the approved plot ratio differs from the current assumptions, the valuation of the land parcel at South Jakarta, Indonesia will change.

(b) The PRC

(i) Plot ratio and class 3A hospital license

Plot ratio represents a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

The valuation of the Wuxi land as at 31 December 2020 and 31 December 2019 was based on OUELH's management assessment that:

- written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5; and
- a class 3A hospital license is expected to be granted.

If the written approval is not granted or the approved plot ratio differs from current assumption, the valuation of the Wuxi land will change significantly. Also, OUELH and its subsidiaries ("OUELH Group") is in litigation with David Lin, a non-controlling shareholder of certain subsidiaries of OUELH (note 37(b)). The valuation of the Wuxi land will be significantly affected should there be an adverse outcome from the litigations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

(b) The PRC (cont'd)

(ii) Gross development value and construction cost

Gross development value is the estimated value that a property or new development would derive in the open market if it is sold in the current economic climate and condition.

The valuation of the Wuxi land is based on the current proposed development plan, with gross development value of:

	2020		2019	
	RMB'000	**$'000**	**RMB'000**	**$'000**
Wuxi land				
Gross development value	971,000	197,696	983,000	190,112

It also includes the following OUELH's management estimates of the average estimated total construction cost for Wuxi land:

	2020		2019	
	RMB'000	**$'000**	**RMB'000**	**$'000**
Wuxi land				
Estimated construction cost per square metre	6.9	1.4	6.9	1.3

In arriving at the average construction cost for the Wuxi land, OUELH's management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

Any change in the proposed development plan will result in a change in the gross development value and construction costs, and consequently, a change in the valuation of the Wuxi land.

(iii) Entrepreneur profit and risk

Entrepreneur profit and risk represents return required by a buyer of a partially completed investment property under development in the market place. This reflects the risks associated with the completion of the construction programme taking into consideration the anticipated income or capital value and is presented as a percentage of total gross development value.

The value of the Wuxi land is derived by taking the total gross development value and subtracting the entrepreneur profit and other costs, including construction costs, to be incurred to complete the project.

The valuation of the Wuxi land as at 31 December 2020 was based on an assumption of an entrepreneur profit and risk of 20.0% (2019: 20.0%) of the gross development value. Any change in the entrepreneur profit and risk will result in a change in the valuation of the Wuxi land.

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22 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Right-of-use assets $'000	Total $'000
Cost									
At 1 January 2020	1,727,039	16,111	944	19,656	8,014	3,905	32,976	57,160	1,865,805
Additions	–	1,108	–	2,534	2,295	484	9,668	1,038	17,127
Disposals/Written off	(23)	(8,627)	–	(2,924)	(598)	(219)	–	(355)	(12,746)
Reclassification	–	332	–	324	1,306	–	(1,962)	–	–
Exchange differences	106	167	–	85	63	14	1,171	251	1,857
At 31 December 2020	1,727,122	9,091	944	19,675	11,080	4,184	41,853	58,094	1,872,043
Accumulated depreciation / impairment losses									
At 1 January 2020	14,158	2,266	270	9,023	5,285	3,300	–	3,787	38,089
Depreciation (note 5)	41,537	1,925	19	2,545	979	343	–	1,482	48,830
Impairment loss (note 9)	53,192	2,651	–	176	–	–	31,959	754	88,732
Disposals	–	(2,017)	–	(1,881)	(393)	(219)	–	(173)	(4,683)
Exchange differences	53	126	–	267	48	16	–	79	589
At 31 December 2020	108,940	4,951	289	10,130	5,919	3,440	31,959	5,929	171,557

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Right-of-use assets $'000	Total $'000
Group									
Cost									
At 1 January 2019	2,343	7,877	944	18,098	9,624	6,254	29,503	–	74,643
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	–	–	–	–	–	1,042,031	1,042,031
Adjusted balance at 1 January 2019	2,343	7,877	944	18,098	9,624	6,254	29,503	1,042,031	1,116,674
Acquisition of a subsidiary	1,724,505	–	–	68	–	–	–	26,774	1,751,347
Additions	24	5,423	–	3,956	800	247	7,654	888	18,992
Disposals	–	(23)	–	(2,461)	(2,376)	(2,587)	–	–	(7,447)
Reclassification	233	2,925	–	139	2	–	(3,299)	–	–
Derecognition of right-of-use assets	–	–	–	–	–	–	–	(1,012,407)	(1,012,407)
Exchange differences	(66)	(91)	–	(144)	(36)	(9)	(882)	(126)	(1,354)
At 31 December 2019	1,727,039	16,111	944	19,656	8,014	3,905	32,976	57,160	1,865,805
Accumulated depreciation / impairment									
At 1 January 2019	318	818	251	7,740	5,212	4,885	–	–	19,224
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	–	–	–	–	–	1,403	1,403
Adjusted balance at 1 January 2019	318	818	251	7,740	5,212	4,885	–	1,403	20,627
Depreciation (note 5)	13,864	1,218	19	2,660	1,346	612	–	31,359	51,078
Impairment loss (note 9)	–	–	–	–	–	–	–	1,105	1,105
Disposals	–	(1)	–	(1,274)	(1,247)	(2,188)	–	–	(4,710)
Derecognition of right-of-use assets	–	–	–	–	–	–	–	(30,071)	(30,071)
Exchange differences	(24)	231	–	(103)	(26)	(9)	–	(9)	60
At 31 December 2019	14,158	2,266	270	9,023	5,285	3,300	–	3,787	38,089
Carrying amounts									
At 31 December 2019	1,712,881	13,845	674	10,633	2,729	605	32,976	53,373	1,827,716
At 31 December 2020	1,618,182	4,140	655	9,545	5,161	744	9,894	52,165	1,700,486

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Right-of-use assets $'000	Total $'000
Company								
Cost								
At 1 January 2020	825	944	9,131	4,730	3,791	728	705,082	725,231
Additions	–	–	251	2	417	861	8,725	10,256
Disposals	(1)	–	(101)	–	(219)	–	–	(321)
Reclassification	–	–	215	244	–	(459)	–	–
At 31 December 2020	824	944	9,496	4,976	3,989	1,130	713,807	735,166
Accumulated depreciation								
At 1 January 2020	322	269	5,318	3,244	3,195	–	28,750	41,098
Depreciation	165	19	964	490	327	–	31,660	33,625
Disposals	–	–	(4)	–	(219)	–	–	(223)
At 31 December 2020	487	288	6,278	3,734	3,303	–	60,410	74,500
Cost								
At 1 January 2019	822	944	8,523	6,465	5,591	–	–	22,345
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	–	–	–	–	705,082	705,082
Adjusted balance at 1 January 2019	822	944	8,523	6,465	5,591	–	705,082	727,427
Additions	3	–	792	21	245	728	–	1,789
Disposals	–	–	(184)	(1,756)	(2,045)	–	–	(3,985)
At 31 December 2019	825	944	9,131	4,730	3,791	728	705,082	725,231
Accumulated depreciation								
At 1 January 2019	157	250	4,514	3,644	4,644	–	–	13,209
Depreciation	165	19	882	631	477	–	28,750	30,924
Disposals	–	–	(78)	(1,031)	(1,926)	–	–	(3,035)
At 31 December 2019	322	269	5,318	3,244	3,195	–	28,750	41,098
Carrying amounts								
At 31 December 2019	503	675	3,813	1,486	596	728	676,332	684,133
At 31 December 2020	337	656	3,218	1,242	686	1,130	653,397	660,666

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Leases as lessees (SFRS(I) 16)

The Group had previously entered into master lease agreements with OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"), a subsidiary of OUE H-TRUST (now known as OUE Hospitality Sub-Trust), to lease and operate Mandarin Orchard Singapore ("MOS") and Crowne Plaza Changi Airport ("CPCA").

In 2019, on the adoption of SFRS(I) 16, the minimum lease payments under the master lease agreements were recognised as right-of-use assets, with the corresponding lease liabilities based on the modified retrospective approach. The cumulative effect of adoption of SFRS(I) 16 was recognised as an adjustment to the opening balance of accumulated profits as at 1 January 2019, with no restatement of comparative information.

Subsequent to the Merger in 2019, OUE H-TRUST ceased to be an associate and was consolidated via the Group's interest in OUE C-REIT. The master lease agreements with OUE H-TRUST ceased to exist for accounting purpose in the consolidated financial statements as these master lease agreements represent intra-group transactions. As a result, the right-of-use assets, lease liabilities and related other liabilities were derecognised with effect from the date of the Merger and a corresponding one-off non-cash gains on derecognition of right-of-use assets and lease liabilities, and other liabilities, of $75,439,000 and $15,461,000 respectively, were recognised and included within "Other (losses)/gains – net" (note 9) in 2019.

The Company leases MOS, office space and retail space under non-cancellable operating lease agreements.

Information about leases for which the Group and the Company are lessees are presented below.

Right-of-use assets

	Land use rights[(1) (2)] $'000	Hotel properties[(3)] $'000	Retail space[(4)] $'000	Office space[(5)] $'000	Total $'000
Group					
2020					
At 1 January	52,940	–	226	207	53,373
Additions	–	–	–	1,038	1,038
Derecognition of right-of-use assets	–	–	(182)	–	(182)
Depreciation (note 5)	(1,085)	–	(44)	(353)	(1,482)
Impairment loss	(754)	–	–	–	(754)
Exchange differences	239	–	–	(67)	172
At 31 December	51,340	–	–	825	52,165

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Right-of-use assets classified within property, plant and equipment (cont'd)

Right-of-use assets (cont'd)

	Land use rights[(1) (2)] $'000	Hotel properties[(3)] $'000	Retail space[(4)] $'000	Office space[(5)] $'000	Total $'000
2019					
Recognition of right-of-use assets on initial application of SFRS(I) 16	28,221[(1)]	1,012,407	–	–	1,040,628
Acquisition of a subsidiary	26,774[(2)]	–	–	–	26,774
Additions	–	–	355	533	888
Depreciation (note 5)	(832)	(30,071)	(129)	(327)	(31,359)
Impairment loss	(1,105)	–	–	–	(1,105)
Exchange differences	(118)	–	–	1	(117)
Derecognition of right-of-use assets	–	(982,336)	–	–	(982,336)
At 31 December	52,940	–	226	207	53,373

	Hotel properties[(3)] $'000	Retail space[(4)] $'000	Office space[(5)] $'000	Total $'000
Company				
2020				
At 1 January	676,172	160	–	676,332
Additions	–	–	8,725	8,725
Depreciation	(28,698)	(53)	(2,909)	(31,660)
At 31 December	647,474	107	5,816	653,397
2019				
Recognition of right-of-use assets on initial application of SFRS(I) 16	704,870	212	–	705,082
Depreciation	(28,698)	(52)	–	(28,750)
At 31 December	676,172	160	–	676,332

(1) Represents land leases of a subsidiary which expire in 2055. The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances as at 1 January 2019 to recognise the right-of-use assets relating to these leases which were previously classified as lease prepayments.
(2) Represent land leases in relation to the CPCA site which runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.
(3) Hotel properties leases typically run for a period of twelve to fifteen years, with options to renew after lease expiry dates.
(4) Retail space lease runs for two to five years. The lease was terminated in 2020.
(5) Office space leases typically run for a period of two to three years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(ii) Security

Property, plant and equipment of the Group with total carrying value of $1,157,000,000 (2019: $1,220,523,000) are mortgaged to financial institutions to secure credit facilities (note 25).

(iii) Impairment test for property, plant and equipment

The Group reviews the carrying amounts of property, plant and equipment at each reporting date to determine whether there is any indication of impairment. When considering impairment indicators, the Group considers both internal (e.g. adverse changes in operating and financial performance of the asset) and external sources (e.g. adverse changes in the business environment). Where indicators of impairment are identified, management estimate is required to determine the recoverable amount of the asset. The recoverable amount of the Group's property, plant and equipment was determined based on the higher of fair value less costs to sell and value-in-use calculation.

(a) *Leasehold land and building, and right-of-use assets*

As at 31 December 2020, the Group's major leasehold land and buildings, and right-of-use assets are:

	Description and Location	Tenure of Land	Open Market Value 2020 $'000	Open Market Value 2019 $'000
MOS	a 37-storey Main Tower with a 39-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from 1 July 1957	1,157,000	1,228,000
CPCA	a 563-room hotel located within Singapore Changi Airport with a direct link to Terminal 3 and land use rights representing land lease in relation to the CPCA site which runs for a period of 74 years	74-year lease from 1 July 2009	468,500	497,000

In 2019, the Group acquired OUE H-TRUST (note 42) and recognised MOS, CPCA and the land use rights related to the CPCA site in property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Impairment test for property, plant and equipment (cont'd)

(a) Leasehold land and building, and right-of-use assets (cont'd)

Based on the Group's assessment, there were indications of possible impairment for MOS, CPCA and the land-use rights as at 31 December 2020, and the Group has engaged external independent valuers to estimate the recoverable amounts of the respective properties based on their market values. The fair value measurement was categorised as Level 3 fair value based on the inputs to the valuation techniques used. The following table shows the valuation techniques used in measuring the recoverable amounts of MOS, CPCA and the land-use rights, as well as the significant unobservable inputs used as at 31 December 2020:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the property	Price per hotel room: $0.9 million – $1.2 million	An increase in price per hotel room in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate and terminal yield rate in isolation would result in a lower fair value measurement.
Discounted cash flow cash flow method: 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	Discount rate: 7.0% Terminal yield rate: 4.8% - 5.5%	

During the year, an impairment loss of $56,773,000 (2019: $nil) was recognised to write down the carrying amount of MOS, CPCA and the land-use rights to their estimated recoverable amounts. Any adverse movement in a key assumption would lead to a further impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Impairment test for property, plant and equipment (cont'd)

(b) Construction and renovation in progress

As at 31 December 2020, the Group's major construction and renovation in progress is a leasehold property under development in the PRC. Based on the OUELH's management assessment, there were indications of possible impairment as at the reporting date due to the delay in progress of the construction, weak economic conditions and outlook, and OUELH management's reassessment of the development plans.

OUELH Group has engaged an external independent valuer to determine recoverable amount based on the fair value of the property on an "as-is" basis. The fair value measurement was categorised as Level 3 fair value based on the inputs to the valuation technique used. The following table shows the valuation technique used in measuring the recoverable amount of the leasehold property under development, as well as the significant unobservable inputs used as at 31 December 2020:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold property under development.	Price per square metre: $301	The estimated fair value would increase (decrease) if price per square metre was higher (lower).

An impairment loss of $31,959,000 was recognised for the leasehold property under development based on the fair value of the property on an "as-is" basis, taking into consideration the additions during the year which included provision for site restoration of $5,534,000 (note 26). Any adverse movement in a key assumption would lead to a further impairment.

Contingent liabilities arising from leasehold property under development

The leasehold property under development is held by a subsidiary of OUELH. That subsidiary has potential contingencies arising from the delay in the progress of construction. Based on the terms of the land use right agreement with the local government and advice from external legal counsel, OUELH's management has assessed that the exposure for contract penalty is of a wide range as the outcome is dependent on discussions with the local government and the development plans for the property. As there is uncertainty on the outflow of benefits and the amount cannot be estimated reliably, no provision was recognised at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

23 DEFERRED TAXES

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the year is as follows:

	Property, plant and equipment $'000	Investment properties $'000	Subsidiaries $'000	Compound financial instruments $'000	Others $'000	Total $'000
Group						
Deferred tax liabilities						
At 1 January 2020	9,790	165,654	29,985	440	16,648	222,517
Recognised in:						
- Profit or loss	408	(84,125)	2,133	(318)	(2,008)	(83,910)
- Other comprehensive income	–	–	–	–	3,261	3,261
Effects of movements in exchange rates	499	4,877	950	–	68	6,394
Others	–	–	–	(32)	–	(32)
At 31 December 2020	10,697	86,406	33,068	90	17,969	148,230
At 1 January 2019	9,756	156,285	26,402	762	15,558	208,763
Acquisition of a subsidiary (note 42)	–	–	–	–	175	175
Recognised in:						
- Profit or loss	302	12,516	2,942	(322)	(995)	14,443
- Other comprehensive income	–	–	–	–	1,949	1,949
Effects of movements in exchange rates	(268)	(3,147)	641	–	(39)	(2,813)
At 31 December 2019	9,790	165,654	29,985	440	16,648	222,517

Tax charged/(credited) to other comprehensive income is recognised in the fair value reserve for equity investments at FVOCI.

	Tax losses $'000	Others $'000	Total $'000
Group			
Deferred tax assets			
At 1 January 2020	8,488	2,617	11,105
Recognised in:			
- Profit or loss	(8,918)	(2,145)	(11,063)
Effects of movements in exchange rates	451	–	451
At 31 December 2020	21	472	493
At 1 January 2019	13,655	4,008	17,663
Recognised in:			
- Profit or loss	(4,992)	–	(4,992)
- Other comprehensive income	–	(1,391)	(1,391)
Effects of movements in exchange rates	(175)	–	(175)
At 31 December 2019	8,488	2,617	11,105

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

23 DEFERRED TAXES (CONT'D)

Unrecognised deferred tax assets

As at 31 December 2020, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $121,910,000 (2019: $38,937,000) and $13,586,000 (2019: $44,554,000), respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

At 31 December 2020, deferred tax liabilities of $8,546,000 (2019: $8,369,000) for temporary differences of $50,268,000 (2019: $49,231,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

As at 31 December 2020, deferred tax liabilities of $11,262,000 (2019: $58,732,000) for temporary differences of $48,005,000 (2019: $204,143,000) related to withholding taxes that would be payable on the unremitted earnings of the Group's investment in certain subsidiaries were not recognised as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

	Property, plant and equipment $'000	Distribution from a subsidiary $'000	Distribution from an associate $'000	Compound financial instruments $'000	Total $'000
Company					
Deferred tax liabilities/(assets)					
At 1 January 2020	895	(1,204)	–	440	131
Recognised in:					
- Profit or loss	(501)	(176)	–	(318)	(995)
Others	–	–	–	(32)	(32)
At 31 December 2020	394	(1,380)	–	90	(896)
At 1 January 2019	1,353	–	(1,274)	762	841
Recognised in:					
- Profit or loss	(458)	(1,204)	1,274	(322)	(710)
At 31 December 2019	895	(1,204)	–	440	131

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

24 TRADE AND OTHER PAYABLES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade payables:				
- Subsidiaries	–	–	6,186	18,599
- Associates	–	23	–	–
- Third parties	16,428	44,589	1,053	3,432
	16,428	44,612	7,239	22,031
Non-trade payables:				
- Subsidiaries	–	–	83,659	100,076
- Associates	–	156	–	156
- Third parties	25,257	31,415	16,447	17,449
Interest payable	11,921	17,320	470	2,951
Accruals	65,630	93,447	13,714	23,099
Retention sums payable	294	1,018	75	159
Rental deposits	18,314	15,755	491	234
	137,844	203,723	122,095	166,155

Non-trade payables to subsidiaries and associates are unsecured, interest-free and repayable on demand.

The exposure of the Group and the Company to liquidity risk are disclosed in note 39.

25 BORROWINGS

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current					
Loans from third parties		189	189	–	–
Secured bank loans		49,145	739,328	–	–
Unsecured bank loans		369,254	–	–	–
Secured Tokutei Mokutei Kaisha ("TMK") bonds	(i)	1,828	120,691	–	–
Unsecured notes	(ii)	–	449,684	–	299,840
		420,416	1,309,892	–	299,840
Non-current					
Secured bank loans		1,575,340	1,156,158	–	–
Secured TMK bonds	(i)	137,012	–	–	–
Unsecured bank loans		701,449	972,077	49,485	–
Unsecured notes	(ii)	496,460	397,889	–	–
Convertible bonds	(iii)	145,448	153,607	145,448	153,607
		3,055,709	2,679,731	194,933	153,607
Total		**3,476,125**	**3,989,623**	**194,933**	**453,447**

The exposure of the Group and the Company to market and liquidity risks are disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 BORROWINGS (CONT'D)

(i) Secured TMK bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK Bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK Bonds the right to receive all payments due in relation to such TMK Bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation plan, such general security is automatically created by operation of law.

The TMK Bonds pertain to bond issued by a subsidiary of OUELH and are secured against:

(i) the total assets of a subsidiary of OUELH which mainly comprise investment properties in Japan (note 21) and cash and cash equivalents (note 12); and

(ii) a corporate guarantee from OUELH.

(ii) Unsecured notes

The unsecured notes of the Group comprise the following:

- In 2019, $299,840,000 comprising 1 series of notes issued by the Company at 3.80% as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes were redeemed at their principal amounts in April 2020.

- $398,671,000 (2019: $397,889,000) comprising 2 series of notes issued by a wholly-owned subsidiary of the Group at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in April 2022 and May 2023.

- $97,789,000 (2019: $149,844,000) comprising 1 series (2019: 1 series) of notes issued under a $1.5 billion Multicurrency Debt Issuance programme issued by a subsidiary of the Group at 4.00% per annum (2019: 3.03% per annum). The unsecured notes as at 31 December 2020 are redeemable at the principal amounts in June 2025. The unsecured notes as at 31 December 2019 were fully redeemed in September 2020.

(iii) Convertible and exchangeable bonds

	2020 Convertible bonds $'000	2019 Convertible bonds $'000	2019 Exchangeable bonds $'000
At Group and Company			
At 1 January	153,607	149,100	145,089
Accreted interest	4,604	4,507	4,911
Gain on redemption	(263)	–	–
Redemption	(12,500)	–	(150,000)
At 31 December	145,448	153,607	–

The convertible bonds are convertible into new ordinary shares at the conversion price of $1.855 (2019: $1.9351) per share on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or bondholders on specified dates. Any unconverted bonds become repayable on demand. The convertible bonds are due in April 2023 and are listed on the SGX-ST. In 2020, the Company repurchased from the open market and cancelled convertible bonds with an aggregate principal amount of $12,500,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 BORROWINGS (CONT'D)

(iii) Convertible and exchangeable bonds (cont'd)

The exchangeable bonds were exchangeable into the Company's investment in stapled securities of OUE H-TRUST at an exchangeable price of $0.9256 per stapled security on or after 24 May 2018 at the option of the holder, or redeemed at the option of the Company or the bondholders on specified dates. On 18 July 2019, the Group fully redeemed all of its outstanding exchangeable bonds.

The secured borrowings of the Group are secured on the following:

- bank deposits of $38,912,000 (2019: $38,275,000) (note 12);
- floating charge over bank deposits of $23,684,000 (2019: $15,237,000) (note 12);
- development property with carrying amount of $nil (2019: $152,380,000) (note 16);
- investment properties with carrying amount of $2,550,317,000 (2019: $3,484,503,000) (note 21);
- property, plant and equipment with carrying amount of $1,157,000,000 (2019: $1,220,523,000) (note 22); and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, and investment properties.

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to a wholly-owned subsidiary.

The periods in which the financial guarantees will expire are as follows:

	2020 $'000	2019 $'000
Within one year	–	255,338

The amounts drawn down under the banking facilities were fully repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 BORROWINGS (CONT'D)

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Unsecured bank loans						
- SGD	1.31% – 2.21% (2019: 2.68% – 3.42%)	2021 – 2024 (2019: 2021 – 2024)	1,070,703	972,077	49,485	–
Secured bank loans						
- USD	Not applicable (2019: 3.99%)	Not applicable (2019: 2020)	–	250,399	–	–
- MYR	4.79% (2019: 5.74%)	2021 (2019: 2020 – 2021)	16,601	20,525	–	–
- SGD	1.16% – 1.78% (2019: 2.68% – 3.42%)	2021 – 2024 (2019: 2020 – 2022)	1,584,071	1,600,009	–	–
- RMB	4.88% – 5.22% (2019: 4.90% – 5.22%)	2021 - 2024 (2019: 2020 - 2024)	23,813	24,553	–	–
Unsecured notes						
- SGD	3.55% – 4.00% (2019: 3.03% – 3.80%)	2022 – 2025 (2019: 2020 – 2023)	496,460	847,573	–	299,840
Secured TMK bonds						
- JPY	1.00% (2019: 1.06%)	2025 (2019: 2020)	138,840	120,691	–	–
Loans from third parties						
- SGD	Not applicable (2019: Not applicable)	2021 (2019: 2020)	189	189	–	–
Convertible bonds						
- SGD	1.50% (2019: 1.50%)	2023 (2019: 2023)	145,448	153,607	145,448	153,607
			3,476,125	3,989,623	194,933	453,447

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Derivative liabilities held to hedge long-term borrowings		
	Borrowings $'000	Convertible bonds $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swap used for hedging – liabilities $'000	Equity component of convertible bonds $'000	Total $'000
Balance at 1 January 2020	3,836,016	153,607	17,320	26,104	17,311	4,797	4,055,155
Changes from financing cash flows							
Proceeds from borrowings	1,906,270	–	–	–	–	–	1,906,270
Repayment of borrowings*	(2,416,248)	–	–	–	–	–	(2,416,248)
Redemption of convertible bonds	–	(12,500)	–	–	–	–	(12,500)
Principal repayment of leases	–	–	–	(590)	–	–	(590)
Transaction costs/finance costs paid	(16,881)	–	(110,902)	(890)	–	–	(128,673)
Total changes from financing cash flows	(526,859)	(12,500)	(110,902)	(1,480)	–	–	(651,741)
Effect of changes in foreign exchange rates	11,901	–	(103)	–	–	–	11,798
Change in fair value	–	–	–	–	23,669	–	23,669
Other changes							
Liability related							
Amortisation of transaction costs	11,776	1,024	–	–	–	–	12,800
Interest expense	–	3,580	105,606	890	–	–	110,076
Accrued transaction costs related to borrowings	(2,157)	–	–	–	–	–	(2,157)
Gain on redemption of convertible bonds	–	(263)	–	–	–		(263)
Additions to lease liabilities	–	–	–	1,038	–	–	1,038
Derecognition of lease liabilities	–	–	–	(183)	–	–	(183)
Total liability-related other changes	9,619	4,341	105,606	1,745	–	–	121,311
Total equity-related other changes	–	–	–	–	–	(156)	(156)
Balance at 31 December 2020	3,330,677	145,448	11,921	26,369	40,980	4,641	3,560,036

* Excluding convertible bonds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities					Derivative (assets)/ liabilities held to hedge long-term borrowings			
	Borrowings $'000	Convertible bonds $'000	Exchange-able bonds $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Equity component of convertible bonds $'000	Total $'000
Balance at 1 January 2019	3,202,066	149,100	145,089	18,453	–	(116)	7,960	4,797	3,527,349
Recognition of lease liabilities on initial application of SFRS(I) 16	–	–	–	–	1,080,080	–	–	–	1,080,080
As at 1 January 2019, as restated	3,202,066	149,100	145,089	18,453	1,080,080	(116)	7,960	4,797	4,607,429
Changes from financing cash flows									
Proceeds from borrowings	495,884	–	–	–	–	–	–	–	495,884
Repayment of borrowings*	(738,620)	–	–	–	–	–	–	–	(738,620)
Redemption of exchangeable bonds	–	–	(150,000)	–	–	–	–	–	(150,000)
Principal repayment of leases	–	–	–	–	(22,477)	–	–	–	(22,477)
Transaction costs/finance costs paid	(225)	–	–	(125,784)	–	–	–	–	(126,009)
Total changes from financing cash flows	(242,961)	–	(150,000)	(125,784)	(22,477)	–	–	–	(541,222)
Changes from acquisition of subsidiaries	870,018	–	–	3,380	(1,032,289)	–	–	–	(158,891)
Effect of changes in foreign exchange rates	(1,627)	–	–	(60)	–	–	–	–	(1,687)
Change in fair value	–	–	–	–	–	116	9,351	–	9,467
Other changes									
Liability related									
Amortisation of transaction costs	8,520	1,022	2,227	–	–	–	–	–	11,769
Additions to lease liabilities	–	–	–	–	790	–	–	–	790
Interest expense	–	3,485	2,684	121,331	–	–	–	–	127,500
Total liability-related other changes	8,520	4,507	4,911	121,331	790	–	–	–	140,059
Balance at 31 December 2019	3,836,016	153,607	–	17,320	26,104	–	17,311	4,797	4,055,155

* Excluding convertible bonds and exchangeable bonds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

26 PROVISION

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current				
At 1 January	29,661	42,079	–	405
Provision /(Reversal) made during the year	5,534	(9,750)	–	7
Utilisation during the year	(2,060)	(2,668)	–	(414)
Unwinding of discount	–	–	–	2
Exchange differences	85	–	–	–
At 31 December	33,220	29,661	–	–

Provision for legal and related expenses

As at 31 December 2020, the provision for legal and related expenses of $27,601,000 (2019: $29,601,000) relates to legal and related expenses made by OUELH Group (note 37).

Provision for site restoration

As at 31 December 2020, provision for site restoration of $5,619,000 (2019: $nil) relates to the provision of reinstatement cost to be incurred for the restoration of OUELH Group's leasehold property under development in Dujiangyan, Chengdu in the PRC.

A provision for reinstatement cost is recognised when the Group has a legal and constructive obligation to restore the property to its original condition under property lease agreements with external parties. The provision is based on the best estimate of the expenditure with reference to a quotation from an independent contractor. The provision is initially capitalised and included in the cost of "Property, plant and equipment" (note 22).

27 DEFERRED INCOME

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Government grants	4,432	–	3,955	–
Non-refundable deposits	2,487	34,732	–	–
	6,919	34,732	3,955	–
Current	6,374	32,808	3,955	–
Non-current	545	1,924	–	–
	6,919	34,732	3,955	–

Non-refundable deposits

This relates to non-refundable deposits received for units in the completed development property (note 16) sold under deferred payment schemes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

27 DEFERRED INCOME (CONT'D)

Government grants

The Group was awarded two government grants in 2020 introduced in Singapore in response to the COVID-19 pandemic, comprising:

(i) $17,067,000 pertaining to a wage subsidy programme (i.e. jobs support scheme). The grant income was recognised in profit or loss against the related wages of the employees (note 5). As at 31 December 2020, a grant receivable (note 17) and corresponding deferred income were recognised in relation to the grant receivable for the wages payable to eligible employees for December 2020.

(ii) $20,647,000 pertaining to rental reliefs (i.e. property tax rebate). The Group passed on in full the rental reliefs to eligible tenants and a corresponding grant expense amounting to $15,824,000 was recognised and deducted against the grant income. The net amount of this grant income and grant expense of $4,823,000 was recognised in profit or loss against the related property tax (note 5).

28 DERIVATIVES

	Group	
	2020	2019
	$'000	$'000
Current		
Derivative liabilities		
Interest rate swaps used for hedging	(9,085)	(2,751)
Non-current		
Derivative liabilities		
Interest rate swaps used for hedging	(31,895)	(14,560)

The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. Further details are set out in note 39.

29 LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Lease liabilities:				
Current	464	518	25,117	21,460
Non-current	25,905	25,586	697,013	716,231
	26,369	26,104	722,130	737,691

During the year, the incremental borrowing rates of the Group's and the Company's lease liabilities range from 0.89% to 5.00% and 2.85% to 3.19% (2019: 0.89% to 3.43% and 2.85% to 3.19%) per annum, respectively.

Lease liabilities of the Company pertains to MOS, office space and retail space leases with its subsidiaries under non-cancellable operating lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

29 LEASE LIABILITIES (CONT'D)

Amounts recognised in profit or loss

	Group	
	2020 $'000	2019 $'000
Finance expenses on lease liabilities	890	23,541

Amounts recognised in statement of cash flows

	Group	
	2020 $'000	2019 $'000
Total cash outflow for leases	1,480	22,477

Leases as lessors (SFRS(I) 16)

Operating lease

The Group leases out its investment properties (note 21) under non-cancellable leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Operating leases				
Less than one year	175,684	273,919	835	1,301
One to two years	123,550	206,298	1,162	200
Two to three years	71,028	134,638	1,231	8
Three to four years	41,382	74,019	170	–
Four to five years	32,908	53,211	–	–
More than five years	22,348	138,033	–	–
Total	466,900	880,118	3,398	1,509

30 OTHER PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Retention sums payable	743	968	–	–
Rental deposits	37,550	55,697	16	410
	38,293	56,665	16	410

The exposure of the Group and the Company to liquidity risk is disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

31 ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE

	2020 $'000	2019 $'000
Assets held for sale		
Interests in an equity-accounted investee	–	100,001
Investment property	1,258,512	–
	1,258,512	100,001
Liabilities directly associated with the assets held for sale		
Rental deposits	14,674	–
	14,674	–

2020

On 18 January 2021, OUE C-REIT entered into a sale and contribution agreement to divest 50.0% of OUE Bayfront, OUE Tower, and OUE Link (the "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 will be effected through the establishment of a limited liability partnership ("LLP") which will acquire the Property, with OUE C-REIT and Allianz Investor each holding a 50.0% interest in the LLP. Accordingly, the Property was classified as asset held for sale as at 31 December 2020.

Immediately before the classification as held for sale, the 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 as Level 2 fair value based on the inputs in the valuation technique used (note 2.4). 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.

2019

In 2019, the asset held for sale was related to the 635,522,473 ordinary shares (the "sale shares") in GPI, representing approximately 4.0% of the Group's equity interest in GPI. The sale of these shares was completed in January 2020.

Immediately before the classification as held for sale, management had determined the recoverable amount of the sale shares based on fair value less cost of disposal, calculated based on the expected selling price which approximated to the quoted market price. The fair value measurement was categorised as Level 1 fair value based on the inputs in the valuation technique used (note 2.4).

As the estimated recoverable amount of the sale shares was lower than its carrying amount, an impairment loss of $9,024,000 was recognised and included within "Other (losses)/gains – net" (note 9) in 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

32 SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2020 '000	2019 '000	2020 $'000	2019 $'000
At 1 January and 31 December	981,602	981,602	693,315	693,315

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

During the year, the Company acquired 18,753,200 of its own shares for a total consideration of $21,795,000.

At 31 December 2020, the Group held 98,839,200 (2019: 80,086,000) of the Company's shares as treasury shares (note 33).

33 OTHER RESERVES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Asset revaluation reserve	–	9,028	–	–
Currency translation reserve	(5,373)	(72,117)	–	–
Hedging reserve	(18,851)	(6,981)	–	–
Fair value reserve	25,438	9,514	–	–
Reserve for own shares	(192,615)	(170,820)	(192,615)	(170,820)
Capital reserve	(1,476)	(18,894)	4,641	4,797
	(192,877)	(250,270)	(187,974)	(166,023)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 OTHER RESERVES (CONT'D)

The movement of other reserves of the Group is as follows:

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2020	9,028	(72,117)	(6,981)	9,514	(170,820)	(18,894)	(250,270)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	23,053	–	–	–	–	23,053
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)	–	–	–	(21,398)
- hedging reserve reclassified to profit or loss	–	–	9,528	–	–	–	9,528
Total other comprehensive income, net of tax	–	66,744	(11,870)	15,924	–	3,807	74,605
Total other comprehensive income for the year	–	66,744	(11,870)	15,924	–	3,807	74,605
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)
Total contributions by and distribution to owners	–	–	–	–	(21,795)	(156)	(21,951)
Total transactions with owners	–	–	–	–	(21,795)	(156)	(21,951)
Share of reserves of an equity-accounted investee	–	–	–	–	–	13,767	13,767
Transfer from asset revaluation reserve to accumulated profits[1]	(9,028)	–	–	–	–	–	(9,028)
At 31 December 2020	–	(5,373)	(18,851)	25,438	(192,615)	(1,476)	(192,877)

[1] During the year, the Group completed the disposal of its entire interest in TCB OUE, an immaterial associate (note 19) and the relevant share of asset revaluation reserve of $9,028,000 was transferred to accumulated profits upon derecognition.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 OTHER RESERVES (CONT'D)

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2019	9,028	(36,076)	(1,862)	26,045	(170,820)	(12,470)	(186,155)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	(14,109)	–	–	–	–	(14,109)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	(21,932)	–	–	–	–	(21,932)
- other reserves	–	–	(982)	5,907	–	(6,424)	(1,499)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	–	148,751	–	–	148,751
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	(4,445)	–	–	–	(4,445)
- hedging reserve reclassified to profit or loss	–	–	308	–	–	–	308
Total other comprehensive income, net of tax	–	(36,041)	(5,119)	154,658	–	(6,424)	107,074
Total other comprehensive income for the year	–	(36,041)	(5,119)	154,658	–	(6,424)	107,074
Transfer from fair value reserve to accumulated profits[2] (note 15)	–	–	–	(171,189)	–	–	(171,189)
At 31 December 2019	9,028	(72,117)	(6,981)	9,514	(170,820)	(18,894)	(250,270)

[2] In 2019, the Group disposed some of the equity investments designated at FVOCI (note 15) and the relevant net fair value gains accumulated in fair value reserve, which amounted to $171,189,000 was transferred to accumulated profits upon derecognition.

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain land and building.

Currency translation reserve

The currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserves of foreign equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 OTHER RESERVES (CONT'D)

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the financial assets designated at FVOCI until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2020, the Group held 98,839,200 (2019: 80,086,000) of the Company's shares as treasury shares.

Capital reserve

The reserve mainly relates to the Group's share of units/shares issue costs of subsidiaries, share of reserves of an equity-accounted investee and the equity component of the convertible bonds.

34 ACCUMULATED PROFITS

Movements in the accumulated profits of the Company are as follows:

	Company	
	2020 $'000	2019 $'000
At 1 January	2,525,105	2,436,396
Effect of adopting SFRS(I) 16	–	(53,468)
Net (loss)/profit for the year	(241,796)	89,374
Dividends paid (note 36)	(45,031)	(117,197)
Transfer from fair value reserves[1] (note 15)	–	170,000
At 31 December	2,238,278	2,525,105

[1] In 2019, the Company disposed some of the equity investments designated at FVOCI (note 15) and the relevant net fair value gains accumulated in fair value reserve, which amounted to $170,000,000 was transferred to accumulated profits upon derecognition.

Movements in the accumulated profits of the Group are shown in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

35 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2020	2019
OUE C-REIT	Singapore	52.1%	52.4%
OUELH	Singapore	35.6%	35.7%

The following summarises the financial information of the Group's subsidiaries with material NCI, based on consolidated financial statements prepared in accordance with SFRS(I), including consolidation adjustments but before intercompany eliminations with other companies in the Group.

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2020				
Revenue	292,007	19,980		
Loss after tax	(28,895)	(104,796)		
Other comprehensive income	(584)	9,554		
Total comprehensive income	(29,479)	(95,242)		
Attributable to NCI:				
- (Loss)/Profit for the year	(19,519)	(42,117)	235	(61,401)
- Other comprehensive income	(694)	3,406	–	2,712
- **Total comprehensive income**	(20,213)	(38,711)	235	(58,689)
Non-current assets	5,320,070	561,257		
Current assets	1,377,568	105,549		
Non-current liabilities	(2,492,511)	(195,196)		
Current liabilities	(498,225)	(286,739)		
Net assets	3,706,902	184,871		
Net assets attributable to NCI	1,854,975	61,741	94	1,916,810
Cash flows from operating activities	234,359	1,015		
Cash flows (used in)/from investing activities	(7,003)	6,735		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $66,054,000)	(200,495)	7,785		
Net increase in cash and cash equivalents	26,861	15,535		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

35 NON-CONTROLLING INTERESTS (CONT'D)

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2019				
Revenue	257,329	19,649		
Profit/(Loss) after tax	108,460	(5,824)		
Other comprehensive income	(23,541)	4,686		
Total comprehensive income	84,919	(1,138)		
Attributable to NCI:				
- Profit/(Loss) for the year	66,498	(1,564)	1,649	66,583
- Other comprehensive income	(12,584)	1,670	–	(10,914)
- **Total comprehensive income**	53,914	106	1,649	55,669
Non-current assets	6,711,261	631,429		
Current assets	94,430	101,138		
Non-current liabilities	(2,287,041)	(69,229)		
Current liabilities	(672,950)	(391,359)		
Net assets	3,845,700	271,979		
Net assets attributable to NCI	1,944,311	97,543	1,995	2,043,849
Cash flows from/(used in) operating activities	160,856	(4,512)		
Cash flows used in investing activities	(58,050)	(30,730)		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $50,789,000)	(79,446)	27,253		
Net increase/(decrease) in cash and cash equivalents	23,360	(7,989)		

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT.

OUE C-REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the SGX-ST for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT are either subject to review by OUE C-REIT's trustee or must be approved by a majority of votes by the minority unitholders of OUE C-REIT at a meeting of unitholders. The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

36 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Note	Group and Company 2020 $'000	2019 $'000
Paid by the Company to owners of the Company			
Interim dividend of nil cent (2019: 1 cent) per ordinary share in respect of current year		–	9,015
Final dividend of 1 cent (2019: 1 cent) per ordinary share in respect of prior year		9,006	9,015
Special dividend of 4 cents (2019: 11 cents) per ordinary share in respect of prior year		36,025	99,167
	34	45,031	117,197

	Group 2020 $'000	2019 $'000
Paid by subsidiaries to NCI		
Distribution of 1.00 cent (2019: 2.21 cents) per qualifying unit in respect of current year	28,216	27,696
Distribution of 1.10 cents (2019: 1.30 cents) per qualifying unit in respect of prior year	31,038	16,293
Final dividend of 17.0 cents (2019: 17.0 cents) per ordinary share in respect of prior year	6,800	6,800
	66,054	50,789

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company 2020 $'000	2019 $'000
Final dividend of 1 cent (2019: 1 cent) per ordinary share	8,828	9,015
Special dividend of nil cent (2019: 4 cents) per ordinary share	–	36,061
	8,828*	45,076*

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 882,762,660 (2019: 901,515,860) as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

37 LITIGATION CASES

OUELH Group, a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2020.

(a) *Litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the "Funds")*

On 15 April 2016, the Funds appointed receivers ("Receivers") over the entire issued share capital of IHC Medical RE Pte. Ltd. ("IHC Medical"), IHC Management Pte. Ltd. ("IHC Management") and IHC Management (Australia) Pty Ltd ("IHC Australia"), which are wholly-owned subsidiaries of OUELH Group, in connection with the notices of default issued by the Funds alleging that OUELH, together with IHC Medical, owe the Funds a certain sum of money (including outstanding interest).

OUELH commenced proceedings against Crest Capital Asia Pte. Ltd., Crest Catalyst Equity Pte. Ltd., and the Funds (collectively known as the "Crest Funds"), Fan Kow Hin ("Fan"), and Lim Beng Choo ("Lim"), amongst other parties, to challenge the sum claimed under the notices of default.

Separately, the Funds counter-sued in related proceedings for damages, on the basis that OUELH Group had deprived the Funds of the alleged security over the shares of IHC Medical, IHC Management and IHC Australia and had caused losses to the Funds as a result of the diminution in the value of the shares. The Funds have since withdrawn this action in July 2019, and paid costs to OUELH Group.

In 2017, OUELH commenced further proceedings for a declaration that it had validly avoided the standby facility extended to OUELH for contravention of Section 76 of the Companies Act. OUELH also commenced proceedings against the Receivers and the Funds to set aside the purported sale of the entire issued share capital of IHC Medical by the Receivers to the Funds.

In July 2018, the High Court declared that OUELH had validly avoided the standby facility and its related contracts and transactions. Following the High Court's decision, OUELH commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided standby facility. OUELH also took out court applications for the release of part of the net proceeds of the sale of the underlying assets of IHC Medical ("Release Applications") which are held by the Funds pursuant to an Order of Court. The Funds' appeal against the High Court's decision on the avoidance of the standby facility was dismissed in September 2019. The Funds have also commenced proceedings against OUELH for statutory relief under the Companies Act arising from the avoidance of the standby facility.

On 9 July 2020, the High Court issued a favourable judgement ("Suit 441 Judgement") for OUELH and dismissed the Crest Funds' counterclaims in full. The High Court granted judgement as follows:

- against the Crest Funds, Fan and Lim, jointly and severally, for the sums paid by OUELH towards the standby facility of $4,538,800;
- against the Crest Funds and Fan, jointly and severally, for interest representing the loss of use of the $4,538,800, amounting to $4,440,780;
- against the Crest Funds and Fan, jointly and severally, on the basis that OUELH would have paid off the outstanding Geelong Facility liability on its maturity date of 28 February 2016, an amount of $3,615,066 (post-maturity interest and default interest) and the loss of Australian business (the quantification of which will be determined in separate proceedings); and
- the Crest Entities are not entitled to charge the cost, expenses or fees relating to their receivership.

Following the Suit 441 Judgment, the Funds discharged their receivership over the OUELH's wholly owned subsidiaries on 18 August 2020.

OUELH received a total of $13,066,592 from the Crest Entities and a further A$16,315,443 (approximately $15,864,000) pursuant to a by-consent Order of Court dated 11 September 2020 for the discharge of banker's guarantee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

37 LITIGATION CASES (CONT'D)

(a) *Litigation cases with The Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd (collectively, the "Funds") (cont'd)*

On 7 January 2021, OUELH received a further A$4,699,679 (approximately $4,821,000) of the surplus sale proceeds of the three properties in Australia (553 St Kilda Road, 541 St Kilda Road and 73-79 Little Ryrie Street, Geelong, collectively the "Australian Properties") from the Australian trustee. The Australian Trusts were previously set up by OUELH to hold the Australian Properties.

The Crest Funds, Fan and Lim have filed appeals (CA113, CA132 and CA 135) against the Suit 441 Judgment to the Court of Appeal. On 13 January 2021, parties attended a mediation prior to the appeals but were unable to reach a settlement of the dispute. The appeals were heard on 29 January 2021.

On 30 March 2021, the Court of Appeal dismissed the appeals of Lim and Fan in CA132 and CA135 respectively in full. For CA113, the Court of Appeal dismissed the appeal by Crest Capital Asia Pte Ltd, Crest Catalyst Equity Pte Ltd, and The Enterprise Fund III Ltd, but partially allowed the appeal only insofar as VMF3 Ltd and Value Monetization III Ltd are not held to be liable for damages and costs.

The Court of Appeal ordered the following:

- Crest Capital Asia Pte Ltd, Crest Catalyst Equity Pte Ltd, and The Enterprise Funds III Ltd shall pay the Company $80,000 inclusive of disbursements;
- Fan shall pay OUELH $60,000 inclusive of disbursements; and
- Lim shall pay OUELH $50,000 inclusive of disbursements.

VMF3 Ltd and Value Monetization III Ltd have been directed to provide their respective submissions on the appropriate costs order and quantum within 14 working days of the Court of Appeal judgment.

The Court of Appeal is the court of final appeal in Singapore. No further appeal may be made in respect of matters decided on by the Court of Appeal.

(b) *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.

In 2018, OUELH commenced arbitration proceedings in Singapore against David Lin. The substantive evidential hearing for the proceedings concluded in 2018. 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.

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 2020, OUELH has obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 31 December 2020, OUELH continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited 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 Healthcare Solution Investment Limited shares. Healthcare Solution Investment Limited is the sole shareholder of Weixin.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

37 LITIGATION CASES (CONT'D)

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

In 2018, Weixin commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate"), a subsidiary of OUELH Group, for the 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 has appealed to the Wuxi Intermediate District Court.

In 2020, Weixin (which is now under the control of the receivers of Healthcare Solution Investment Limited) applied to withdraw the Land Litigation appeal, and commenced proceedings against David Lin and Chiang Hui-Hua for the 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 "Weixin Control Dispute"). The Shanghai Pudong Court issued a decision in favour of Weixin in the Weixin Control Dispute. David Lin has appealed against the Shanghai Pudong Court's decision. On 15 March 2021, the Shanghai First Intermediate Court has dismissed David Lin's appeal, with costs to be borne by David Lin. The court noted that the board of directors of Healthcare Solution Investment Limited 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.

On 18 March 2021, the Wuxi Intermediate Court has issued a judgment 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 judgment, 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, the Company's subsidiary, Wuxi Yilin Real Estate, is the rightful and legal owner of the Wuxi land, and there are currently no pending legal challenges in relation to the ownership of Wuxi land.

As at 31 December 2020, OUELH was informed by its PRC counsel that the Shanghai No.1 Court has received approximately RMB3.25 million (approximately $662,000) as part of the Shanghai enforcement proceedings. OUELH's Taiwan counsel has also received the sum of NTD14,991,033 being the deposit and trust assets held by the David Lin in his bank accounts. In March 2021, OUELH received a sum of NTD14,991,033 (approximately $710,000), being the deposit and trust assets held by the David Lin in his bank accounts.

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 has appealed against the Wuxi Intermediate Court's decision. A hearing date for the appeal has been fixed on 12 April 2021.

In 2018, Health Kind Shanghai commenced proceedings against David Lin for breaches of his duties to Health Kind Shanghai and for the return of 100% of the shares in Wuxi Co. In 2019, the Shanghai No. 1 Intermediate Court dismissed Health Kind Shanghai's claim. Health Kind Shanghai has appealed against the decision. On 27 November 2020, the Shanghai High Court dismissed Health Kind Shanghai's appeal.

In 2018, Wuxi Yilin Real Estate commenced legal proceedings against Wuxi Co for outstanding rental under a Tenancy Agreement dated 7 February 2015 in relation to the property at 20 Chang Jiang North Road and an equipment rental agreement dated 15 January 2015. As at 31 December 2020, the proceedings have been withdrawn due to the internal Court timelines.

In accordance to paragraph 92 of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice OUELH Group's legal position in the proceedings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

38 COMMITMENTS

Capital commitments

Other than as disclosed elsewhere in the financial statements, the Group has the following capital commitments:

	Group 2020 $'000	Group 2019 $'000
Property, plant and equipment	7,366	1,575
Investment properties	8,906	9,144

39 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of the above risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on half-yearly basis and independent internal audit reporting.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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, and arises primarily from the Group's and the Company's receivables from customers, debt investments, and the Company's loans and non-trade amounts due from subsidiaries. Rental deposits are received, where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Trade and other receivables, other assets, and loans to subsidiaries

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries at the reporting date by geographic region was:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
By geographical areas				
Singapore	48,052	102,449	1,829,388	2,366,790
United States of America	1,809	2,542	3,650	18,310
Indonesia	35,550	16,215	–	420
The PRC	1,607	2,605	–	7
Others	2,642	1,688	466,370	621,031
	89,660	125,499	2,299,408	3,006,558

There is no concentration of customer risk at the Group and Company level, other than balances with related parties.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs for trade receivables. In measuring ECLs, trade receivables are grouped based on similar credit risk characteristics and days past due. Loss rates are based on actual credit loss experience over the past 3 – 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECLs for trade receivables as at 31 December 2020 and 31 December 2019 is insignificant.

For other receivables, other assets and loan to subsidiaries, the Group and the Company assess on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not past due	88,923	92,422	2,667,890	3,170,448
Past due 1 – 30 days	3,345	5,115	3,549	4,558
Past due 31 – 60 days	1,975	1,089	3,301	2,668
Past due over 60 days	7,826*	37,152*	29,706	19,457
	102,069	135,778	2,704,446	3,197,131
Less: Impairment loss	(12,409)	(10,279)	(405,038)	(190,573)
	89,660	125,499	2,299,408	3,006,558

* Included amounts due from Crest entities (note 13(ii) and 37(a)).

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries

The movement in the impairment loss in respect of trade receivables (note 13) was as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	822	1,045	773	770
Impairment loss recognised	2,169	6	416	11
Utilised during the year	(193)	(128)	–	(8)
Effects of movements in exchange rates	155	(101)	–	–
At 31 December	2,953	822	1,189	773

The movement in the impairment loss in respect of other receivables (note 13) and other assets (note 17) (excluding promissory notes and prepayments) was as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	9,457	1	6,700	8,100
Impairment loss recognised/(reversed)	–	9,456	34,794	(1,400)
Utilised during the year	(1)	–	–	–
At 31 December	9,456	9,457	41,494	6,700

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment (cont'd)

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries (cont'd)

The movement in the impairment loss in respect of loans to subsidiaries was as follows:

	Note	Company	
		2020 $'000	2019 $'000
At 1 January		183,100	127,377
Impairment loss recognised		179,255	56,274
Effects of movements in exchange rates		–	(551)
At 31 December	20	362,355	183,100

Derivatives

Derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Group	
	2020 $'000	2019 $'000
Singapore	4,971	19,830
Indonesia	13,047	13,464
	18,018	33,294

There is no impairment recognised on the debt investments as at 31 December 2020 and the ECLs is not material.

Cash and cash equivalents

Cash and cash equivalents held by the Group and Company of $559,527,000 and $302,592,000 respectively as at 31 December 2020 (2019: $477,712,000 and $195,805,000) represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance of impairment on cash and cash equivalents was negligible.

Guarantees

The Company provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees is disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its liquidity management, the Group maintains sufficient level of cash and cash equivalents, and instruments that are readily convertible into cash. The Group also strives to maintain available credit facilities at a reasonable level to its overall debt position.

The Group has contractual commitments to incur capital expenditure with regard to its property, plant and equipment and investment properties, and capital commitments for financial assets designated at FVOCI.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	176,137	(176,137)	(137,845)	(30,585)	(7,707)
Lease liabilities	26,369	(62,545)	(1,359)	(4,519)	(56,667)
Borrowings*	3,330,677	(3,505,609)	(678,632)	(2,826,977)	–
Convertible bonds	145,448	(154,639)	(2,134)	(152,505)	–
	3,678,631	(3,898,930)	(819,970)	(3,014,586)	(64,374)
Derivative financial instruments					
Derivative liabilities					
Interest rate swaps used for hedging (net-settled)	40,980	(40,063)	(24,392)	(15,671)	–
Capital commitments for financial assets designated at FVOCI	–	(6,446)	(6,446)	–	–
	3,719,611	(3,945,439)	(850,808)	(3,030,257)	(64,374)

* Excluding convertible bonds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	260,388	(260,388)	(203,723)	(48,211)	(8,454)
Lease liabilities	26,104	(63,123)	(1,405)	(4,051)	(57,667)
Borrowings*	3,836,016	(4,015,305)	(1,691,432)	(2,323,873)	–
Convertible bonds	153,607	(170,548)	(2,321)	(168,227)	–
	4,276,115	(4,509,364)	(1,898,881)	(2,544,362)	(66,121)
Derivative financial instruments					
Derivative liabilities					
Interest rate swaps (net-settled)	17,311	(17,224)	(9,400)	(7,824)	–
Capital commitments for financial assets designated at FVOCI	–	(12,322)	(12,322)	–	–
	4,293,426	(4,538,910)	(1,920,603)	(2,552,186)	(66,121)
Company					
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	122,111	(122,111)	(122,095)	(16)	–
Lease liabilities	722,130	(1,021,720)	(48,130)	(183,187)	(790,403)
Borrowings*	49,485	(52,936)	(1,102)	(51,834)	–
Convertible bonds	145,448	(154,639)	(2,134)	(152,505)	–
Loan from a subsidiary	281,285	(292,537)	(292,537)	–	–
	1,320,459	(1,643,943)	(465,998)	(387,542)	(790,403)
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	166,565	(166,565)	(166,155)	(410)	–
Lease liabilities	737,691	(1,060,629)	(45,057)	(180,169)	(835,403)
Borrowings*	299,840	(303,270)	(303,270)	–	–
Convertible bonds	153,607	(170,548)	(2,321)	(168,227)	–
Loan from a subsidiary	283,763	(295,114)	(295,114)	–	–
	1,641,466	(1,996,126)	(811,917)	(348,806)	(835,403)

* Excluding convertible bonds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact profit or loss.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect 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.

Currency risk

Foreign currency risk arises from transactions denominated or settled in foreign currencies, other assets and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk include United States Dollars ("USD") and Indonesia Rupiah ("IDR"). Currency exposure to the net assets of the Group's subsidiaries are mainly to those in the United States of America and Indonesia (2019: United States of America and Indonesia).

The Group management monitors the Group's foreign currency risk exposure and when appropriate, uses financial derivatives such as currency forward contracts and cross currency swaps to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Exposure to currency risk

The Group's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Group	
	USD $'000	IDR $'000
31 December 2020		
Cash and cash equivalents	96,786	–
Trade and other receivables	83,003	–
Other investments	118,986	61,352
Other assets	–	12,313
	298,775	73,665
31 December 2019		
Cash and cash equivalents	9,469	–
Trade and other receivables	73,635	–
Other investments	105,177	57,093
Other assets	13,447	–
	201,728	57,093

The Company's exposure to currency risk (expressed in SGD equivalent) is as follows:

	Company	
	2020 USD $'000	2019 USD $'000
Cash and cash equivalents	93,470	221
Due from subsidiaries	1,607	4,691
Loans to subsidiaries	101,424	329,493
	196,501	334,405

Sensitivity analysis

A reasonably possible strengthening of the respective foreign currencies, as indicated below, against SGD at 31 December would have increased profit or loss and equity (excluding tax effects) by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2020				
USD (2% strengthening)	4,340	1,635	3,930	–
IDR (3% strengthening)	1,214	996	–	–
2019				
USD (1% strengthening)	1,523	494	3,344	–
IDR (3% strengthening)	647	1,066	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash balances, loans to/from subsidiaries and associates and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

Managing interest rate benchmark reform and associated risks

Overview

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. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that the IBOR reform will impact its risk management and hedge accounting.

The Group monitors and manages transition to alternative rates, and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to Singapore swap offer rate ("SOR"). The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by the IBOR reform as at 31 December 2020. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of the IBOR reform.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Hedge accounting (cont'd)

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is $1,735,000,000 (2019: $1,855,000,000) nominal amount at 31 December 2020, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2021 to 2024 (2019: 2020 to 2024).

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2021. The Group expects that the hedging instruments will be modified as outlined under "Derivatives" above.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group Notional amount		Company Notional amount	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fixed rate instruments				
Cash and cash equivalents*	46,828	39,622	–	–
Loan to a related company	10,000	10,000	–	–
Loans to subsidiaries	–	–	1,258,103	1,268,198
Borrowings	(642,250)	(1,004,750)	(142,250)	(454,750)
Loan from a subsidiary	–	–	(281,285)	(283,763)
Interest rate swaps	(1,735,000)	(1,855,000)	–	–
	(2,320,422)	(2,810,128)	834,568	529,685
Variable rate instruments				
Cash and cash equivalents*	138,688	77,883	100,789	40,000
Other investments	4,971	19,830	–	–
Loans to subsidiaries	–	–	–	92,872
Borrowings	(2,855,303)	(3,002,990)	(50,000)	–
Interest rate swaps	1,735,000	1,855,000	–	–
	(976,644)	(1,050,277)	50,789	132,872

* Excluding cash at bank and on hand

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2019: 50) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
2020				
Group				
Variable rate instruments	(13,558)	13,558	–	–
Interest rate swaps	8,675	(8,675)	1,177	(1,177)
	(4,883)	4,883	1,177	(1,177)
Company				
Variable rate instruments	254	(254)	–	–
2019				
Group				
Variable rate instruments	(14,526)	14,526	–	–
Interest rate swaps	9,091	(9,073)	1,227	(1,212)
	(5,435)	5,453	1,227	(1,212)
Company				
Variable rate instruments	664	(664)	–	–

Other market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk arises from equity instruments at FVOCI as well as investments measured at FVTPL.

(a) FVOCI

The Group has investments in equity securities and interests in limited partnerships designated at FVOCI. The fair values of these investments are estimated based on the quoted market price of the investments; or adjusted net asset values of the investee entities.

If the quoted market price/adjusted net asset value of the investee entities were to increase/decrease by 10% (2019: 10%), the Group's other comprehensive income (net of tax) and fair value reserve will increase/decrease by approximately $11,118,000 (2019: $8,397,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Other market price risk (cont'd)

(b) FVTPL

The Group is exposed to price changes from its quoted equity investments and investments in mutual funds measured at FVTPL. If the fair value of these investments were to increase/decrease by 10% (2019: 10%) at the reporting date, profit before tax would increase/decrease by approximately $6,097,000 (2019: $7,676,000).

Hedge accounting

Cash flow and interest rate hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
Group		
2020		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	730,000	1,005,000
Average fixed interest rate	1.72% - 2.13%	0.64% - 2.17%
2019		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	470,000	1,385,000
Average fixed interest rate	1.59% - 1.93%	1.46% - 2.17%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000
Group		
31 December 2020		
Interest rate risk		
Variable-rate instruments	9,786	(36,582)
31 December 2019		
Interest rate risk		
Variable-rate instruments	8,310	(11,928)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow and interest rate hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Group	As at 31 December: Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	During the period: Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffective-ness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffective-ness	Amount reclassified from hedging reserve to profit or loss $'000	Line item in profit or loss affected by the reclassifica-tion
2020									
Interest rate risk									
Interest rate swaps	1,735,000	–	(40,980)	Derivative assets/ liabilities	(46,004)	3,161	Finance income	20,441	Finance cost
2019									
Interest rate risk									
Interest rate swaps	1,855,000	–	(17,311)	Derivative assets/ liabilities	(9,898)	2,726	Finance income	682	Finance cost

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of all components of equity, including NCIs.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by net tangible assets. Net debt is calculated as borrowings less cash and cash equivalents. Net tangible assets is calculated as total equity less intangible assets and goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Borrowings	3,476,125	3,989,623	194,933	453,447
Less: Cash and cash equivalents	(559,527)	(477,712)	(302,592)	(195,805)
	2,916,598	3,511,911	(107,659)	257,642
Net tangible assets	5,626,200	6,075,487	2,743,619	3,052,397
Net gearing ratio	51.8%	57.8%	(3.9%)*	8.4%

* The Company is in negative net gearing ratio as at 31 December 2020 as cash and cash equivalents is in excess of borrowings for the Company.

The Group has income derived from its investments in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange promulgated by the government of the PRC.

A subsidiary, OUE C-REIT and its subsidiaries ("OUE C-REIT Group"), is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property (as defined in the CIS Code).

On 16 April 2020, the MAS announced that the aggregate leverage limit for Singapore-listed real estate investment trusts ("S-REITs") will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

The Aggregate Leverage of OUE C-REIT Group as at 31 December 2020 was 41.2% (2019: 40.3%) of its Deposited Property with an ICR of 2.7 times[1] (2019: 2.9 times). This complied with the Aggregate Leverage limit as described above.

Apart from that disclosed above, neither the Company nor its other subsidiaries are subject to externally imposed capital requirements.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 16 April 2020). ICR for 31 December 2019 has been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Liabilities directly associated with the assets held for sale are not included in the table below (note 31). Their carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2020											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	60,972	–	–	–	60,972	18,730	42,242	–	60,972
Equity investments - FVOCI	15	–	–	44,089	–	–	44,089	33,196	–	10,893	44,089
Interests in limited partnerships - FVOCI	15	–	–	86,639	–	–	86,639	–	–	86,639	86,639
		–	60,972	130,728	–	–	191,700				
Financial assets not measured at fair value											
Cash and cash equivalents	12	559,527	–	–	–	–	559,527				
Trade and other receivables[(1)]	13	33,539	–	–	–	–	33,539				
Debt investments – at amortised costs[(2)]	15	4,971	–	–	–	–	4,971				
Other assets[(3)]	17	56,121	–	–	–	–	56,121				
		654,158	–	–	–	–	654,158				
Financial liabilities measured at fair value											
Derivative liabilities	28	–	–	–	(40,980)	–	(40,980)	–	(40,980)	–	(40,980)
Financial liabilities not measured at fair value											
Trade and other payables	24	–	–	–	–	(137,844)	(137,844)				
Borrowings:											
- Loans and other borrowings	25	–	–	–	–	(2,834,217)	(2,834,217)				
- Convertible bonds and unsecured notes	25	–	–	–	–	(641,908)	(641,908)	–	(650,873)	–	(650,873)
Other payables:											
- Rental deposits	30	–	–	–	–	(37,550)	(37,550)	–	–	(35,305)	(35,305)
- Retention sums payable	30	–	–	–	–	(743)	(743)	–	–	(743)	(743)
		–	–	–	–	(3,652,262)	(3,652,262)				

[(1)] Excluding promissory notes
[(2)] Excluding debt investment denominated in IDR
[(3)] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2019											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	76,755	–	–	–	76,755	32,526	44,229	–	76,755
Equity investments - FVOCI	15	–	–	46,780	–	–	46,780	35,539	–	11,241	46,780
Interests in limited partnerships - FVOCI	15	–	–	54,391	–	–	54,391	–	–	54,391	54,391
		–	76,755	101,171	–	–	177,926				
Financial assets not measured at fair value											
Cash and cash equivalents	12	477,712	–	–	–	–	477,712				
Trade and other receivables[(1)]	13	65,499	–	–	–	–	65,499				
Debt investments – at amortised costs[(2)]	15	19,830	–	–	–	–	19,830				
Other assets[(3)]	17	60,000	–	–	–	–	60,000				
		623,041	–	–	–	–	623,041				
Financial liabilities measured at fair value											
Derivative liabilities	28	–	–	–	(17,311)	–	(17,311)	–	(17,311)	–	(17,311)
Financial liabilities not measured at fair value											
Trade and other payables	24	–	–	–	–	(203,723)	(203,723)				
Borrowings:											
- Loans and other borrowings	25	–	–	–	–	(2,988,443)	(2,988,443)				
- Convertible bonds and unsecured notes	25	–	–	–	–	(1,001,180)	(1,001,180)	–	(1,008,480)	–	(1,008,480)
Other payables:											
- Rental deposits	30	–	–	–	–	(55,697)	(55,697)	–	–	(52,984)	(52,984)
- Retention sums payable	30	–	–	–	–	(968)	(968)	–	–	(968)	(968)
		–	–	–	–	(4,250,011)	(4,250,011)				

[(1)] Excluding promissory notes
[(2)] Excluding debt investment denominated in IDR
[(3)] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value			
	Note	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2020								
Financial assets not measured at fair value								
Cash and cash equivalents	12	302,592	–	302,592				
Trade and other receivables	13	1,020,071	–	1,020,071				
Other assets[1]	17	6,205	–	6,205				
Loans to subsidiaries	20	1,273,132	–	1,273,132				
		2,602,000	–	2,602,000				
Financial liabilities not measured at fair value								
Loan from a subsidiary	20	–	(281,285)	(281,285)				
Trade and other payables	24	–	(122,095)	(122,095)				
Borrowings:								
- Loans and other borrowings	25	–	(49,485)	(49,485)				
- Convertible bonds	25	–	(145,448)	(145,448)	–	(145,924)	–	(145,924)
Other payables	30	–	(16)	(16)	–	–	(15)	(15)
		–	(598,329)	(598,329)				
Company								
31 December 2019								
Financial assets not measured at fair value								
Cash and cash equivalents	12	195,805	–	195,805				
Trade and other receivables	13	1,098,183	–	1,098,183				
Other assets[1]	17	3,122	–	3,122				
Loans to subsidiaries	20	1,905,253	–	1,905,253				
		3,202,363	–	3,202,363				
Financial liabilities not measured at fair value								
Loan from a subsidiary	20	–	(283,763)	(283,763)				
Trade and other payables	24	–	(166,155)	(166,155)				
Borrowings:								
- Convertible bonds	25	–	(453,447)	(453,447)	–	(455,095)	–	(455,095)
Other payables	30	–	(410)	(410)	–	–	(396)	(396)
		–	(903,775)	(903,775)				

[1] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Equity investments – FVOCI Interests in limited partnerships – FVOCI	The fair value is calculated using the quoted market price; or adjusted net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the lack of marketability of the investment, where appropriate.	Net asset values	An increase/decrease in the net asset values would result in a higher/lower fair value measurement.
Other investments – FVTPL	The fair value is calculated using the adjusted net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
Borrowings – convertible bonds and unsecured notes	Market quoted prices
Other investments – debt investments	Discounted cash flows
Other payables – rental deposits	Discounted cash flows

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values in respect of financial assets measured at fair value:

	Group		Company
	2020	2019	2019
	$'000	$'000	$'000
Equity investments and interests in limited partnerships – FVOCI			
At 1 January	65,632	191,190	154,040
Purchases	7,875	23,781	–
Disposals	–	(200,000)	(200,000)
Net change in fair value recognised in other comprehensive income	24,469	50,713	45,960
Effect of movements in exchange rates	(444)	(52)	–
At 31 December	97,532	65,632	–

40 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group	
	2020	2019
	$'000	$'000
Short-term employee benefits	1,005	5,692
Post-employment benefits (including contributions to defined contribution plans)	11	21
	1,016	5,713

Key management personnel and director transactions

The aggregate value of transactions with key management personnel and entities over which they have control or joint control were as follows:

	Group Transaction value for the year	
	2020	2019
	$'000	$'000
Sale of a property	–	95,000

In 2019, the Group sold a residential property at 26A Nassim Road to Dr. Stephen Riady. The sale price was arrived at after taking into account various factors, including independent valuation reports and was fully paid in 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

40 RELATED PARTIES (CONT'D)

Key management personnel remuneration (cont'd)

The terms and conditions of the transaction with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related entities on an arm's length basis.

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the 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 their close family members.

	Group Transaction value for the year	
	2020	2019
	$'000	$'000
Associates and joint ventures		
Rental and rental related income	170	530
Management fees earned	9,402	16,854
Lease payments	–	15,391
Other related parties		
Rental and rental related income	1,774	1,584
Hotel services income	29	384
Management fees earned	128	–
Royalty fee income	145	–
Professional fees paid/payable	–	100
Reimbursement of expenses paid on behalf	590	61

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 19 and 20 of the financial statements. None of the outstanding balances with the related parties is secured.

NOTES TO THE FINANCIAL STATEMENTS

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41 OPERATING SEGMENTS

The Group has six strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's executive committee (the chief operating decision makers) review internal management reports of each division at least quarterly. The executive committee comprises the Chief Executive Officer, the Chief Operating Officer, and the department heads of each business segment.

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

(i) Property investments (Singapore, United States of America and the PRC) – rental of investment properties owned by the Group and management of real estate investment trusts.

(ii) Hospitality (Singapore and Others) – operation of hotels and hotel management in the respective countries.

(iii) Property development (Singapore) – sale of residential properties and other properties under development.

(iv) 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.

(v) Consumer – operation of food and beverage outlets.

(vi) Investment holding

Other operations include mainly investment trading operations and do not meet any of the quantitative thresholds for determining reportable segments in 2020 and 2019.

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

41 OPERATING SEGMENTS (CONT'D)

	Property investments			Hospitality								
2020	Singapore $'000	United States of America $'000	The PRC $'000	Singapore $'000	Others $'000	Property development $'000	Healthcare $'000	Consumer $'000	Investment holding $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue												
External revenue	199,646	39,119	26,012	85,486	11	140,176	29,437	10,329	39	530,255	200	530,455
Inter-segment revenue	311	958	–	5,267	–	–	13	391	14	6,954	(6,954)	–
Segment revenue (including inter-segment revenue)	199,957	40,077	26,012	90,753	11	140,176	29,450	10,720	53	537,209	(6,754)	530,455
Segment profit/(loss)[1]	130,839	5,831	20,555	(7,987)	(627)	17,874	(66,176)	(13,368)	189,251	276,192	(29,538)	246,654
Depreciation of property, plant and equipment	(1,001)	(23)	(39)	(42,511)	(4)	–	(1,003)	(2,534)	(5)	(47,120)	(1,710)	(48,830)
Finance expenses	(85,692)	(14,351)	(1,084)	(276)	(17)	(331)	(9,307)	(1,775)	(33,117)	(145,950)	11,550	(134,400)
Finance income	3,388	13	729	51	–	103	296	14	11,949	16,543	(8,974)	7,569
Share of results of equity-accounted investees, net of tax	–	–	–	–	–	–	(72,052)	863	190,473	119,284	–	119,284
Other material items												
Reversal of impairment loss on a loan to an equity-accounted investee	–	–	–	–	–	–	–	–	–	–	16,207	16,207
Net change in fair value of investment properties	(63,373)	(298,934)	(54,696)	–	–	–	(20,161)	–	1,734	(435,430)	–	(435,430)
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	–	(40,867)	(40,867)
Impairment loss on interests in equity-accounted investees	–	–	–	–	(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)	–	–	(32,889)	(2,651)	–	(88,732)	–	(88,732)
31 December 2020												
Reportable segment assets[2]	4,832,041	18,501	599,311	1,657,337	553	33,365	539,655	10,604	362,589	8,053,956	505,076	8,559,032
Interests in equity-accounted investees	–	–	–	–	–	–	159,743	12,673	891,918	1,064,334	–	1,064,334
Reportable segment liabilities	2,843,916	2,132	52,682	17,081	162	5,550	241,001	1,794	446	3,164,764	801,788	3,966,552
Capital expenditure	11,159	3,094	626	4,493	–	–	8,652	846	136,978	165,848	1,304	167,152

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
[2] Excluding interests in equity-accounted investees

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

41 OPERATING SEGMENTS (CONT'D)

2019	Property investments Singapore $'000	Property investments United States of America $'000	Property investments The PRC $'000	Hospitality Singapore $'000	Hospitality Others $'000	Property development $'000	Healthcare $'000	Consumer $'000	Investment holding $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue												
External revenue	199,663	57,323	30,621	238,600	2,605	349,611	30,993	20,983	–	930,399	438	930,837
Inter-segment revenue	47,292	4,060	–	708	–	–	–	41	–	52,101	(52,101)	–
Segment revenue (including inter-segment revenue)	246,955	61,383	30,621	239,308	2,605	349,611	30,993	21,024	–	982,500	(51,663)	930,837
Segment profit/(loss)[1]	192,855	22,182	25,273	38,090	2,224	16,674	18,628	(6,669)	136,061	445,318	(115,023)	330,295
Depreciation of property, plant and equipment	(672)	(12)	(41)	(44,405)	(6)	–	(1,990)	(2,073)	–	(49,199)	(1,879)	(51,078)
Finance expenses	(71,252)	(23,127)	(1,280)	(23,633)	(18)	(4,271)	(10,311)	(1,140)	(34,761)	(169,793)	(258)	(170,051)
Finance income	2,529	155	813	141	–	173	232	2,170	15,863	22,076	(9,899)	12,177
Share of results of equity-accounted investees, net of tax	18,939	–	–	1,384	(34)	–	3,403	155	146,803	170,650	28	170,678
Other material items												
Net change in fair value of investment properties	(16,969)	1,751	(100)	–	–	–	(479)	–	–	(15,797)	–	(15,797)
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	–	(5,449)	(5,449)
Gain on disposal of interests in equity-accounted investees	–	–	–	–	–	–	–	–	–	–	136,582	136,582
Impairment loss on interests in equity-accounted investees	–	–	–	–	–	–	–	–	(9,024)	(9,024)	–	(9,024)
Gain on derecognition of right-of-use assets and lease liabilities	–	–	–	75,439	–	–	–	–	–	75,439	–	75,439
Gain on derecognition of other liabilities	–	–	–	15,461	–	–	–	–	–	15,461	–	15,461
31 December 2019												
Reportable segment assets[2]	4,898,645	901,535	609,731	1,775,109	1,997	174,310	604,956	24,101	404,750	9,395,134	417,752	9,812,886
Interests in equity-accounted investees	–	–	–	–	1,089	–	208,302	8,677	703,546	921,614	–	921,614
Reportable segment liabilities	2,831,292	267,095	48,574	26,410	182	76,433	226,869	6,748	261	3,483,864	1,133,491	4,617,355
Capital expenditure	9,598	–	197	5,240	–	–	3,464	8,546	16	27,061	2,274	29,335

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
[2] Excluding interests in equity-accounted investees

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

41 OPERATING SEGMENTS (CONT'D)

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

	2020 $'000	2019 $'000
Revenue		
Total revenue for reportable segments	537,209	982,500
Unallocated amounts	200	438
Elimination of inter-segment revenue	(6,954)	(52,101)
Consolidated total revenue	530,455	930,837
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for reportable segments	276,192	445,318
Elimination of inter-segment profits	(4)	(32,412)
Finance expenses	(134,400)	(170,051)
Finance income	7,569	12,177
Other (losses)/gains – net	(565,096)	197,279
Unallocated corporate expenses	(29,534)	(82,611)
Consolidated (loss)/profit before tax	(445,273)	369,700

Reconciliations of reportable segment assets and liabilities

	2020 $'000	2019 $'000
Assets		
Total assets for reportable segments	8,053,956	9,395,134
Interests in equity-accounted investees	1,064,334	921,614
	9,118,290	10,316,748
Elimination of inter-segment balances	(209)	(1,792)
Other unallocated amounts:		
- Property, plant and equipment	7,365	7,711
- Cash and cash equivalents	302,193	193,330
- Trade and other receivables	58	26
- Other investments	180,903	181,544
- Other assets	14,273	25,828
- Deferred tax assets	493	11,105
Consolidated total assets	9,623,366	10,734,500
Liabilities		
Total liabilities for reportable segments	3,164,764	3,483,864
Other unallocated amounts:		
- Borrowings	593,604	851,337
- Trade and other payables	15,007	22,618
- Current tax liabilities	43,898	37,019
- Deferred tax liabilities	148,230	222,517
- Deferred income	1,049	–
Consolidated total liabilities	3,966,552	4,617,355

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

41 OPERATING SEGMENTS (CONT'D)

Geographical information

	Revenue		Non-current assets*	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore	442,324	803,736	5,296,268	6,749,989
The PRC	28,463	33,551	1,519,782	1,337,500
United States of America	42,128	74,226	7	889,819
Japan	17,526	16,983	308,872	299,892
Others	14	2,341	205,233	88,842
	530,455	930,837	7,330,162	9,366,042

* Non-current assets relate to the carrying amounts of investments in equity-accounted investees, investment properties, property, plant and equipment, intangible assets and goodwill.

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2020 and 2019.

42 ACQUISITION OF SUBSIDIARIES

Financial year ended 31 December 2019

Acquisition of OUE H-TRUST

On 4 September 2019, the Group's subsidiary, OUE C-REIT completed its merger with OUE H-TRUST by way of a trust scheme of arrangement. OUE H-TRUST owns a portfolio of three properties.

The purchase consideration of $1,342,426,000 was settled by a cash consideration of $74,754,000 and issuance of 2,491,774,895 new units in OUE C-REIT, amounting to $1,267,672,000, which was the fair value of the net assets of OUE H-TRUST at the date of acquisition less the cash consideration. The Merger was accounted for as an asset acquisition.

Following the completion of the Merger on 4 September 2019, OUE H-TRUST ceased to be an associate and was consolidated as a subsidiary of the Group via the Group's interest in OUE C-REIT.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

42 ACQUISITION OF SUBSIDIARIES (CONT'D)

Financial year ended 31 December 2019 (cont'd)

Acquisition of OUE H-TRUST (cont'd)

The fair value of identifiable assets and liabilities of OUE H-TRUST as at 3 September 2019 (the Merger date) and the cashflow effect of the Merger were:

	Note	2019 $'000
Investment property	21	494,067
Property, plant and equipment – Leasehold land and building	22	1,724,505
Property, plant and equipment – Right-of-use assets	22	26,774
Trade and other receivables		17,383
Cash and cash equivalents		31,674
Borrowings		(870,018)
Trade and other payables		(52,926)
Lease liabilities		(26,373)
Current tax liabilities		(800)
Derivatives		(1,860)
Total identifiable net assets at fair value		1,342,426
Effect of the acquisition on cash flows		
Purchase consideration		1,342,426
Less:		
- Cash at bank of subsidiaries acquired		(31,674)
- NCI based on their proportionate interest in the recognised amount of the assets and liabilities		(861,723)
- Carrying amount of interest in OUE H-TRUST on 3 September 2019		(429,819)
Net cash outflow on the Merger, net of cash acquired		19,210

Acquisition of First REIT Management Limited ("First REIT Manager") (formerly known as Bowsprit Capital Corporation Limited)

On 26 October 2018 (the "acquisition date"), the Company together with its subsidiary, OUELH, completed the acquisition of 100% equity interests and voting rights in First REIT Manager for a total cash consideration of $98,884,000. First REIT Manager's principal activities relate to the provision of asset management and related advisory services, as well as business and management consultancy services. First REIT Manager is the manager of First REIT, a real estate investment trust that is listed on the mainboard of SGX-ST. The acquisition provided the Group with the opportunity to enhance its asset management platform.

In accordance with SFRS(I) 3 *Business Combinations*, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition in 2018. The Group engaged an external expert to perform a PPA exercise for the acquisition of equity interest in First REIT Manager and additional information was obtained as part of the process of finalising the PPA during the twelve month period allowed under SFRS(I) 3. This had resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process in 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

42 ACQUISITION OF SUBSIDIARIES (CONT'D)

Financial year ended 31 December 2019 (cont'd)

Acquisition of First REIT Management Limited ("First REIT Manager") (formerly known as Bowsprit Capital Corporation Limited) (cont'd)

The impact of these revisions on identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	Note	As previously reported $'000	Adjustments $'000	Revised $'000
Cash and cash equivalents		937	–	937
Trade and other receivables		6,542	–	6,542
Other assets		144	–	144
Intangible assets	18	35,776	1,032	36,808
Property, plant and equipment	22	77	–	77
Other investments		69,922	–	69,922
Trade and other payables		(733)	–	(733)
Current tax liabilities		(1,249)	–	(1,249)
Deferred tax liabilities	23	(6,081)	(175)	(6,256)
Total identifiable net assets acquired		105,335	857	106,192
Negative goodwill arising from acquisition		(5,451)	(857)	(6,308)
Transaction costs		(1,000)	–	(1,000)
Purchase consideration		98,884	–	98,884
Transaction costs paid		1,000	–	1,000
Less: Cash acquired		(937)	–	(937)
Net cash outflow		98,947	–	98,947

All the above fair value adjustments had been recognised in the statement of comprehensive income and statement of financial position in 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

43 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT A CHANGE IN CONTROL

2020

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. Arising therefrom, the Group's interest in OUE C-REIT increased from 47.6% to 47.9%.

During the year, the Group acquired 700,000 OUELH shares from the open market at a consideration of $30,000. Arising therefrom, the Group's interest in OUELH increased from 64.3% to 64.4%.

2019

In 2019, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. OUE C-REIT also issued additional units arising from the Merger (note 42). Arising therefrom, the Group's interest in OUE C-REIT decreased from 56.1% to 47.6%.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT and OUELH:

	OUE C-REIT $'000	OUELH $'000	Total $'000
2020			
Decrease/(Increase) in equity attributable to non-controlling interests	3,070	(602)	2,468
Increase/(Decrease) in equity attributable to owners of the Company	3,070	(602)	2,468
2019			
Increase in equity attributable to non-controlling interests	(42,530)	–	(42,530)
Decrease in equity attributable to owners of the Company	(42,530)	–	(42,530)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

44 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries and equity-accounted investees:

			% of paid-up capital held by			
			The Company		Subsidiaries	
Name of company	Principal activities	Country of incorporation	2020 %	2019 %	2020 %	2019 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	–	–	100	100
Beringia Central LLC[(a)]	Property holding	Delaware, The United States of America	–	–	100	100
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUB Centre Limited	Property investment	Singapore	–	–	83.3[(b)]	83.3[(b)]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	14.7	14.8	33.2	32.8
OUE Lippo Healthcare Limited and its subsidiaries	Investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services	Singapore	–	–	64.4	64.3
OUE Reef Development Pte. Ltd.	Property development	Singapore	–	–	100	100
PT OUE Pengembangan Properti	Property investment	Indonesia	–	–	100	100
Associates						
Gemdale Properties and Investments Corporation[(c)]	Property development, property investment, property management and micro-financing	Bermuda	–	–	23.0	27.8

All significant subsidiaries and equity-accounted investees are audited by KPMG LLP, Singapore except as indicated below.

(a) Audited by member firms of KPMG International.
(b) As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 39.9% (2019: 39.7%) in the company.
(c) Audited by Ernst & Young, Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

45 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

(i) On 6 January 2021, the Company cancelled 30,000,000 treasury shares amounting to $58,463,000 from its share buy-back account maintained with the Central Depository (Pte) Limited. The number of treasury shares held after cancellation is 68,839,200.

(ii) On 18 January 2021, OUE C-REIT has entered into a sale and contribution agreement on the proposed divestment of OUE Bayfront, OUE Tower, and OUE Link (the "Property") through (i) the establishment of a limited liability partnership known as BPH Propco LLP ("BPH LLP"), with OUE C-REIT and Allianz Investor each holding a 50.0% interest in BPH LLP, and (ii) the proposed acquisition of the Property by BPH LLP (note 31).

(iii) On 23 February 2021, the Company has through its wholly-owned subsidiary, Treasure International Holdings Pte. Ltd. ("TIHPL") entered into a conversion agreement (the "Conversion Agreement") with OUELH.

The Company had previously, through its two wholly-owned subsidiaries, TIHPL and OUE Treasury Pte. Ltd. ("OUE Treasury"), extended loans to OUELH in the principal aggregate sum of $165,412,000 ("Existing Loan") for OUELH's re-financing and working capital purposes. The outstanding loan from OUE Treasury to OUELH was assigned to TIHPL on 1 January 2021. Pursuant to the Conversion Agreement, which was completed on 16 March 2021, the Existing Loan and the unpaid interest accrued of $24,195,000 thereunder were converted into 4% convertible perpetual bonds issued by OUELH to TIHPL. The convertible perpetual bonds are convertible to ordinary shares at a conversion price of $0.07 per conversion share on or after 31 August 2026.

(iv) On 24 February 2021, the Group has through its subsidiaries, Clifford Development Pte. Ltd., First REIT Manager and OUELH Group, subscribed for an aggregate of 276,872,285 rights units in First REIT for an aggregate cash consideration of approximately $55,374,000. On completion of the rights issue and subscription, the Group holds an effective interest of 20.4% in First REIT.

(v) On 23 March 2021, the Group has through its wholly-owned subsidiary, TIHPL entered into a share purchase agreement (the "SPA") with Browny Healthcare Pte. Ltd. ("BHPL") to purchase 266,587,752 ordinary shares (the "Sale Shares") in the capital of OUELH (representing approximately 6% of the total issued share capital of OUELH) for an aggregate consideration of $27,658,000 subject to the terms of the SPA. The Sale Shares acquisition has yet to be completed on the date of the financial statements.

On the same day, the Company has entered into a new memorandum of understanding with BHPL, where the Company further undertakes that it will purchase from BHPL all of the OUELH shares held by BHPL (excluding any new OUELH shares it may acquire from persons other than the Company subsequently) (the "Put Option") if certain trigger events based on the financial results and operations of OUELH for financial period up to 31 December 2025 occur. The price for the Put Option shall be the fair market value subject to a minimum and maximum price agreed between the parties. Upon the occurrence of any of the trigger events, BHPL may exercise the Put Option within 90 days from the date OUELH delivers the audited financial statements for its financial year ending 31 December 2025 and other related documents to BHPL.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

45 SUBSEQUENT EVENTS (CONT'D)

(vi) On 24 March 2021, the Company received put redemption notice (as defined in the trust deed relating to convertible bonds dated 13 April 2018) in respect of $140,000,000 in aggregate principal amount of the 1.5% convertible bonds due in 2023 (the "Redemption Bonds").

The Redemption Bonds will be redeemed and cancelled on 13 April 2021. Upon cancellation of the Redemption Bonds, the aggregate principal amount of the outstanding 1.5% convertible bonds due in 2023 will be reduced to $2,250,000.

(vii) With the recent military coup and subsequent state of emergency declared by the Myanmar military junta in February 2021, the outlook for Myanmar is likely to be challenging. The Group through its subsidiary, OUELH Group, has investment in joint ventures, Yoma Siloam Hospital Pun Hlaing Limited and Pun Hlaing International Hospital Limited (collectively known as the "Myanmar Group"). As at 31 December 2020, the carrying amount of the investment in the Myanmar Group amounted to $25,833,000. The Myanmar Group operates 3 hospitals and 4 clinics in Myanmar. Though their operations are still on-going, the Group is closely monitoring the developments in Myanmar and the impact on the operations of these joint ventures.

The financial reporting effect, if any, of the above mentioned event is considered a post balance sheet non-adjusting event as the significant changes to the economic conditions occurred as a result of events occurring after the balance sheet date. At the date of this statement, the situation in Myanmar is still evolving and the effect on the economy is subject to significant levels of uncertainty, with the full range of possible effects unknown.

SHAREHOLDING STATISTICS

As at 22 March 2021

Total number of issued ordinary shares	: 951,601,860
Total number of issued ordinary shares excluding treasury shares	: 879,903,160
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 71,698,700
Total number of subsidiary holdings	: 0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	: 8.15%
Voting rights (excluding treasury shares)	: 1 vote per share

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 - 99	36	0.33	845	0.00
100 - 1,000	851	7.73	751,199	0.08
1,001 - 10,000	7,285	66.17	37,984,694	4.32
10,001 - 1,000,000	2,818	25.59	106,181,456	12.07
1,000,001 and above	20	0.18	734,984,966	83.53
TOTAL	**11,010**	**100.00**	**879,903,160**	**100.00**

Twenty largest shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital*
1.	BANK OF CHINA NOMINEES (PTE) LTD	618,916,410	70.34
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	32,653,937	3.71
3.	DBS NOMINEES (PRIVATE) LIMITED	26,787,296	3.05
4.	OCBC SECURITIES PRIVATE LIMITED	18,103,937	2.06
5.	RAFFLES NOMINEES (PTE.) LIMITED	6,788,794	0.77
6.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,168,750	0.47
7.	HENG SIEW ENG	3,533,100	0.40
8.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,344,900	0.38
9.	PHILLIP SECURITIES PTE LTD	2,999,372	0.34
10.	UOB KAY HIAN PRIVATE LIMITED	2,509,800	0.29
11.	HSBC (SINGAPORE) NOMINEES PTE LTD	2,276,933	0.26
12.	MORPH INVESTMENTS LTD	1,850,000	0.21
13.	JACK INVESTMENT PTE LTD	1,772,500	0.20
14.	DBSN SERVICES PTE. LTD.	1,616,612	0.18
15.	SINGAPORE NOMINEES PRIVATE LIMITED	1,606,000	0.18
16.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,466,400	0.17
17.	NG POH CHENG	1,352,100	0.15
18.	ANG JWEE HERNG	1,215,600	0.14
19.	GOH YEW GEE	1,019,100	0.12
20.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,003,425	0.11
	TOTAL	**734,984,966**	**83.53**

** The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.*

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 22 March 2021

		Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	57.11[20]	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	13.23[20]	502,513,060 [1]	57.11[20]
3.	Fortune Crane Limited ("**FCL**")	-	-	618,916,410 [2]	70.34[20]
4.	Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410 [3]	70.34[20]
5.	HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410 [4]	70.34[20]
6.	Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410 [5]	70.34[20]
7.	Hennessy Holdings Limited ("**HHL**")	-	-	618,916,410 [6]	70.34[20]
8.	Prime Success Limited ("**PSL**")	-	-	618,916,410 [7]	70.34[20]
9.	Lippo Limited ("**LL**")	-	-	618,916,410 [8]	70.34[20]
10.	Lippo Capital Limited ("**LCL**")	-	-	618,916,410 [9]	70.34[20]
11.	Lippo Capital Holdings Company Limited ("**LCH**")	-	-	618,916,410 [10]	70.34[20]
12.	Lippo Capital Group Limited ("**LCG**")	-	-	618,916,410 [11]	70.34[20]
13.	Dr. Stephen Riady	-	-	618,916,410 [12]	70.34[20]
14.	PT Trijaya Utama Mandiri ("**PT Trijaya**")	-	-	618,916,410 [13]	70.34[20]
15.	Mr. James Tjahaja Riady	-	-	618,916,410 [14]	70.34[20]
16.	Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410 [15]	70.34[20]
17.	Argyle Street Management Limited ("**ASML**")	-	-	618,916,410 [16]	70.34[20]
18.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410 [17]	70.34[20]
19.	Kin Chan ("**KC**")	-	-	618,916,410 [18]	70.34[20]
20.	V-Nee Yeh ("**VY**")	-	-	618,916,410 [19]	70.34[20]

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 22 March 2021

Notes:

(1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.

(2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(4) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(5) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(6) HHL is an intermediate holding company of HKC Property. Accordingly, HHL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(7) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(8) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(9) LCL is an intermediate holding company of HKC Property. Accordingly, LCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(10) LCH is an intermediate holding company of HKC Property. Accordingly, LCH is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(11) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property. Accordingly, LCG is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(12) Dr. Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest. Dr. Stephen Riady is the Executive Chairman and Group Chief Executive Officer of the Company. Dr. Stephen Riady is also the chairman of LL and HCL, both of which have a deemed interest in the Shares.

(13) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(14) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(15) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(16) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(17) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(18) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(19) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(20) The shareholding percentage is calculated based on 879,903,160 issued Shares (excluding treasury shares) as at 22 March 2021.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed ("**Shares**") is at all times held by the public. The Company has complied with this requirement. As at 22 March 2021, approximately 28.76% of its Shares listed on the SGX-ST were held in the hands of the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

Pursuant to Rule 720(6) of the Listing Manual, information relating to Mr. Sin Boon Ann and Mr. Kin Chan (in the form set out in Appendix 7.4.1 of the Listing Manual) is provided below. The following additional information on Mr. Sin Boon Ann and Mr. Kin Chan, both of whom are seeking re-election as Directors at the Annual General Meeting, is to be read in conjunction with their respective biographies in the "Board of Directors" section on pages 16 and 17 of this Annual Report.

	MR. SIN BOON ANN *Lead Independent Director*	**MR. KIN CHAN** *Non-Executive* *Non-Independent Director*
Date of appointment	25 May 2009	17 March 2010
Date of last re-appointment (if applicable)	26 April 2018	26 April 2018
Age	63	54
Country of principal residence	Singapore	Hong Kong Special Administrative Region of the People's Republic of China
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee (with Mr. Sin Boon Ann abstaining), having considered the principles for determination of board size and composition, recommends the re-election of Mr. Sin Boon Ann after assessing his contributions and performance as a director. The Board (with Mr. Sin Boon Ann abstaining) has endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Kin Chan after assessing his contributions and performance as a director. The Board (with Mr. Kin Chan abstaining) has endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Professional qualifications	1. Master of Laws from the University of London, England, United Kingdom 2. Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore 3. Admitted to the Singapore Bar	1. Master's degree in Business Administration from the Wharton School of the University of Pennsylvania, United States 2. Bachelor of Arts (AB degree) from Princeton University, United States
Working experience and occupation(s) during the past 10 years	From 2009 to March 2018: Deputy Managing Director of the Corporate & Finance Department and Co-head of the Capital Markets Practice, Drew & Napier LLC From March 2018 to present: Consultant, Corporate and Finance, Drew & Napier LLC	From December 2002 to present: Chief Investment Officer, Argyle Street Management Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. SIN BOON ANN *Lead Independent Director*	MR. KIN CHAN *Non-Executive Non-Independent Director*
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 541,961 units in OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**"). Note: OUE C-REIT is not regarded as a subsidiary of the Company under the Companies Act, Chapter 50. Notwithstanding the foregoing, since OUE C-REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Mr. Sin Boon Ann's deemed interest in OUE C-REIT units.	(i) Please refer to pages 116 and 117 of this Annual Report. (ii) Deemed interest of 2,658,408,390 units in OUE C-REIT. Note: OUE C-REIT is not regarded as a subsidiary of the Company under the Companies Act, Chapter 50. Notwithstanding the foregoing, since OUE C-REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Mr. Kin Chan's deemed interest in OUE C-REIT units.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr. Chan is deemed to be a substantial shareholder of the Company. Please refer to pages 250 and 251 of this Annual Report.
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. SIN BOON ANN *Lead Independent Director*	MR. KIN CHAN *Non-Executive Non-Independent Director*
Other Principal Commitments (as defined in the Code of Corporate Governance 2018) including Directorships		
Past (for the last 5 years)	Listed Companies: • Datapulse Technology Limited • OSIM International Limited (now known as OSIM International Pte. Ltd.)	Listed Companies: • Mount Gibson Iron Limited • The ONE Group Hospitality, Inc.
Present	Listed Companies: • HRnetGroup Limited • Rex International Holding Limited • TIH Limited • CSE Global Limited • Healthway Medical Corporation Limited • Sarine Technologies Ltd. • The Trendlines Group Ltd. Others: • Drew & Napier LLC	Listed Companies: • CITIC Resources Holdings Limited • TIH Limited • PT Lippo Karawaci Tbk Others: • Argyle Street Management Limited
Information Required Pursuant to Appendix 7.4.1 of the Listing Manual		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. SIN BOON ANN *Lead Independent Director*	MR. KIN CHAN *Non-Executive Non-Independent Director*
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. SIN BOON ANN *Lead Independent Director*	MR. KIN CHAN *Non-Executive Non-Independent Director*
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes. Mr. Sin Boon Ann has been the Independent Chairman of Healthway Medical Corporation Limited ("**HMC**") since 26 April 2019. HMC had received enquiries and communicated with the Singapore Exchange Regulation Pte. Ltd. in relation to its obligations under Catalist Listing Rule 703(4)(A) read with paragraph 27(A) of the Corporate Disclosure Policy. This arose from certain inaccurate disclosures in HMC's annual report for the financial year ended 31 December 2019 ("**AR 2019**") pertaining to the re-election of Mr. Sin and the appointment of Ms. Poh Mui Hoon. The AR 2019 had been announced by HMC on the SGXNet on 15 April 2020 and the aforesaid disclosures were subsequently revised and corrected by way of a corrigendum to the AR 2019 announced by HMC on the SGXNet on 22 June 2020.	None which is known which can be lawfully disclosed

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. SIN BOON ANN *Lead Independent Director*	MR. KIN CHAN *Non-Executive Non-Independent Director*
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	None which is known which can be lawfully disclosed
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	None which is known which can be lawfully disclosed
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	None which is known which can be lawfully disclosed
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes. The Monetary Authority of Singapore ("**MAS**") issued a supervisory warning letter to Mr. Kin Chan on 15 March 2016 in relation to a contravention of Section 83 of the Companies Act (Cap. 50) and Section 137 of the Securities and Futures Act (Cap. 289) due to a failure to notify a listed company and the Singapore Exchange Securities Trading Limited within the legally stipulated time frame of change in his interest in the voting shares of the listed company. The MAS and the Accounting and Corporate Regulatory Authority did not take further regulatory action in respect of the breach.

INTERESTED PERSON TRANSACTION

Entered into during the financial year 2020

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Lippo China Resources Limited	Associate of a director and controlling shareholders of the Company		
- Provision of shareholder loan to Superfood Retail Limited		3,162	–
- Royalty fee income from			
• Cuisine Continental (HK) Limited		128	–
• Cuisine Continental Group (HK) Ltd		17	–
- Management fee income from			
• Maxx Coffee Singapore Pte Ltd		128	–
PT Maxx Coffee Prima	Associate of a director and controlling shareholders of the Company		
- Loan interest		544	–
PT Inti Anugerah Pratama	Associate of a director and controlling shareholders of the Company		
- Acquisition of shares in PT Maxx Coffee Prima		11,922	–
- Acquisition of shares in PT Maxx Coffee Prima from PT Ciptadana Capital		11,178	–
- Payment on behalf of PT. Siloam International Hospitals Tbk by OUE Limited for the purchase of COVID-19 medical kits (inclusive of airfreight charges)		451	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting ("**AGM**") of OUE Limited (the "**Company**") will be convened and held by way of electronic means on Friday, 30 April 2021 at 2:00 p.m. (Singapore time) to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2020 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 1 cent per ordinary share for the year ended 31 December 2020.

3. To approve Directors' Fees of S$488,750 for the year ended 31 December 2020 (2019: S$439,875).

4. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mr. Sin Boon Ann

   (b) Mr. Kin Chan

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass, with or without modifications the following resolutions as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue or consolidation or sub-division of shares;

   and in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

   (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

   (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. That:

   (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Companies Act"**), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   (i) market purchase(s) on the SGX-ST; and/or

   (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

   and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

   (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

   (i) the date on which the next AGM of the Company is held;

   (ii) the date by which the next AGM of the Company is required by law to be held; and

   (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

8. That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution No. 9 by shareholders of the Company (excluding the Directors and the chief executive officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST)):

(a) the continued appointment of Mr. Kelvin Lo Kee Wai as an Independent Director be and is hereby approved; and

(b) such approval shall continue in force until (i) the retirement or resignation of Mr. Kelvin Lo Kee Wai as a Director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, whichever is the earlier.

9. That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution No. 8 by shareholders of the Company:

(a) the continued appointment of Mr. Kelvin Lo Kee Wai as an Independent Director be and is hereby approved; and

(b) such approval shall continue in force until (i) the retirement or resignation of Mr. Kelvin Lo Kee Wai as a Director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, whichever is the earlier.

10. That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution No. 4(a) by shareholders of the Company and the passing of Resolution No. 11 by shareholders of the Company (excluding the Directors and the chief executive officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST)):

(a) the continued appointment of Mr. Sin Boon Ann as an Independent Director be and is hereby approved; and

(b) such approval shall continue in force until (i) the retirement or resignation of Mr. Sin Boon Ann as a Director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, whichever is the earlier.

11. That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022), and subject to and contingent upon the passing of Resolution No. 4(a) by shareholders of the Company and the passing of Resolution No. 10 by shareholders of the Company:

(a) the continued appointment of Mr. Sin Boon Ann as an Independent Director be and is hereby approved; and

(b) such approval shall continue in force until (i) the retirement or resignation of Mr. Sin Boon Ann as a Director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, whichever is the earlier.

By Order of the Board

KELVIN CHUA
Secretary
8 April 2021
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 4(a)
To re-elect Mr. Sin Boon Ann, who is an Independent Director and the Lead Independent Director. Mr. Sin will, upon re-election, continue to serve as chairman of each of the Nominating Committee and Remuneration Committee and as a member of the Audit Committee. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2020.

Resolution 4(b)
To re-elect Mr. Kin Chan, who is a Non-Executive Non-Independent Director. Mr. Chan will, upon re-election, continue to serve as a member of the Audit Committee. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2020.

Resolution 6
Resolution No. 6, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution No. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution No. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 22 March 2021 (the "**Latest Practicable Date**"), the Company had 71,698,700 treasury shares and no subsidiary holdings.

Resolution 7
Resolution No. 7, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares, on the terms and subject to the conditions set out in the Resolution.

The Company may use its internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the total number of issued and paid-up Shares as at the Latest Practicable Date and disregarding the 71,698,700 Shares held in treasury as at the Latest Practicable Date, and assuming that on or prior to the AGM, no further Shares are issued, no further Shares are purchased or acquired by the Company, no Shares purchased or acquired by the Company are held as treasury shares and no Shares are held as subsidiary holdings, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 87,990,316 Shares. Assuming that the Company purchases or acquires 87,990,316 Shares at the Maximum Price, in the case of both market purchases and off-market purchases, of S$1.2075 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 87,990,316 Shares is approximately S$106,248,307.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2020, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 8 April 2021 (the "**Letter**").

Please refer to the Letter for more details.

Resolutions 8 to 11
The Ordinary Resolutions proposed in Resolution Nos. 8 to 11 are to approve the continued appointment of each of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann as an Independent Director for the purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022. This Rule provides that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding the directors and the chief executive officer of the Company, and their respective associates.

Both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann are Independent Directors who have each served for an aggregate of more than nine years on the Board of the Company (Mr. Kelvin Lo Kee Wai reached his ninth year of service as at 19 July 2015 and Mr. Sin Boon Ann reached his ninth year of service as at 25 May 2018). The Company is accordingly seeking the requisite approvals from shareholders under Rule 210(5)(d)(iii)(A) and (B) for each of Mr. Kelvin Lo Kee Wai's and Mr. Sin Boon Ann's continued appointment as an Independent Director from 1 January 2022. If obtained, the requisite approvals will remain in force until the earlier of (a) the retirement or resignation of Mr. Kelvin Lo Kee Wai, or as the case may be, Mr. Sin Boon Ann, as a Director, and (b) the conclusion of the third AGM following (in the case of Mr. Kelvin Lo Kee Wai) the passing of Resolution Nos. 8 and 9 and (in the case of Mr. Sin Boon Ann) Resolution Nos. 10 and 11. Otherwise, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann will be regarded as non-Independent Directors from 1 January 2022 and based on the current composition of the Board (two Independent Directors and four non-Independent Directors), Independent Directors would not comprise at least one-third of the Board as required under Rule 210(5)(c) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022. The Company will review the composition of the Board and take all steps, as may be necessary, to ensure that it will comply with the requirement under Rule 210(5)(c) with effect from 1 January 2022 in relation to the number of Independent Directors on the Board. The Company will make the appropriate announcement(s) in the event of any changes to the composition of the Board, in accordance with the Listing Manual of the SGX-ST.

Following a rigorous review by the Nominating Committee, the Board has concluded that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have continued to demonstrate independence in conduct, character and judgment in the manner in which each of them has discharged his respective responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect each of their judgment and ability to discharge their respective responsibilities as an Independent Director of the Board, and to contribute to the Board in such capacity. Over the years as an Independent Director, each of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann has developed significant insights into the Company's business and operations which enables them to provide the Board and the various Board Committees on which they serve, with pertinent counsel and guidance to facilitate sound decision-making and their respective lengths of service do not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the Company. Therefore, after a rigorous and thorough review and taking into account the results of the recent Board performance evaluation exercise, the Nominating Committee and the Board have determined that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann continue to be independent despite each having served for more than nine years on the Board. Each of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann abstained from all Nominating Committee and Board deliberations and decisions relating to his respective continued independence.

Under Rule 210(5)(d)(iii)(A), all shareholders may vote on Resolution Nos. 8 and 10.

In compliance with Rule 210(5)(d)(iii)(B), the Directors and the chief executive officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) will abstain from voting on Resolution Nos. 9 and 11. The Company will disregard any votes cast by the Directors and the chief executive officer of the Company, and their respective associates, in respect of their holdings of shares (if any) on Resolution Nos. 9 and 11. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of Resolution Nos. 9 and/or 11, where such shareholder has given specific instructions in a validly completed and submitted proxy form as to voting, or abstentions from voting, in respect of Resolution Nos. 9 and/or 11.

If Resolution No. 8 is not passed, Resolution No. 9 will be withdrawn. If Resolution No. 4(a) is not passed, Resolution Nos. 10 and 11 will be withdrawn. If Resolution No. 10 is not passed, Resolution No. 11 will be withdrawn.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.oue.com.sg/investor-relations/agm-egm. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at or before the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 8 April 2021. This announcement may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/announcements, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM**. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://www.oue.com.sg/investor-relations/agm-egm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 20 April 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com,

   in either case not less than 48 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Annual Report 2020 and the Letter to Shareholders dated 8 April 2021 (in relation to the proposed renewal of the share purchase mandate) may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/annual-reports as follows:

   (a) the Annual Report 2020 may be accessed by clicking on the hyperlink for "2020 Annual Report"; and

   (b) the Letter to Shareholders dated 8 April 2021 may be accessed by clicking on the hyperlink for "Letter to Shareholders" under "2020 Annual Report".

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

PROXY FORM
Annual General Meeting

OUE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196400050E)

IMPORTANT:
1. The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL https://www.oue.com.sg/investor-relations/agm-egm. The Notice of Annual General Meeting will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or before the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 8 April 2021. This announcement may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/announcements, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**

4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 20 April 2021.

5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2021.

6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

I/We______________________________(Name)__________(NRIC/Passport/Company Registration Number)

of____(Address)

being a member/members of OUE LIMITED (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 30 April 2021 at 2:00 p.m. (Singapore time) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "for" or "against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "for" or "against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.****)*

No.	Ordinary Resolutions	For	Against	Abstain
1.	Directors' Statement and Financial Statements			
2.	Final Dividend			
3.	Directors' Fees			
4.	(a) Re-election of Mr. Sin Boon Ann as Director			
	(b) Re-election of Mr. Kin Chan as Director			
5.	Re-appointment of Auditors			
6.	Authority for Directors to issue shares			
7.	Proposed Renewal of the Share Purchase Mandate			
8.	Approval for the continued appointment of Mr. Kelvin Lo Kee Wai as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST			
9.	Approval for the continued appointment of Mr. Kelvin Lo Kee Wai as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST			
10.	Approval for the continued appointment of Mr. Sin Boon Ann as an Independent Director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST			
11.	Approval for the continued appointment of Mr. Sin Boon Ann as an Independent Director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST			

Dated this __________ day of __________ 2021

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read notes on the reverse

Fold and seal here. Do not staple

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at the URL https://www.oue.com.sg/investor-relations/agm-egm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 20 April 2021.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

Please glue and seal along this edge

BUSINESS REPLY SERVICE
PERMIT NO. 04910

Postage will be paid by addressee. For posting in Singapore only.

The Company Secretary
OUE Limited
c/o M & C Services Private Limited
112 Robinson Road,
#05-01,
Singapore 068902

Please glue and seal along this edge

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com,

   in either case not less than 48 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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OUE LIMITED
COMPANY REG. NO. 196400050E

www.oue.com.sg

MIX
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