DRIVEN BY TRANSFORMATION

OUE LIMITED ANNUAL REPORT 2015

Transformational thinking entails intuition, discernment and a progressive nature that enables change, expansion and growth.

Acquired by OUE in 2011, the iconic Crowne Plaza Changi Airport connects seamlessly to Changi Airport, putting it in a prime spot to service the constant influx of passenger traffic from one of the world's busiest airports.

In 2014, OUE obtained approval to develop a 10-storey extension of 243 rooms, bringing the hotel's total inventory of rooms to 563 – manifesting the essence of transformation.

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OUE

OUE believes in optimising the potential within each of our assets. We position them to reap the right opportunities, revitalise their offerings and elevate their standing. At OUE, we call this transformational thinking. Every asset in our portfolio presents an opportunity for growth, improvement and expansion. This strategy is well aligned with our commitment to enhancing OUE's shareholder value, ensuring healthy and sustainable returns for our shareholders' investments.

POSITIONING

A HOSPITALITY HOT SPOT FOR GROWTH

CROWNE PLAZA CHANGI AIRPORT EXTENSION

Driven by steady growth in passenger traffic at Singapore Changi Airport, OUE's 10-storey, 243-room extension to the Crowne Plaza Changi Airport has positioned the hotel to meet the increasing demand for rooms in the airport vicinity and benefit from Singapore's rising profile as a global business and leisure hub. When completed in June 2016, the extension will bring the total number of rooms at the hotel to 563. The extension also delivers a milestone as Singapore's first private sector commercial development to use Prefabricated Pre-finished Volumetric Construction.

REVITALISING
A DOWNTOWN DESTINATION

OUE DOWNTOWN

OUE Downtown's major transformation from commercial landmark to an all-round destination for working, shopping, dining and recreation is well on track. Upon completion at the end of 2016, the makeover will deliver on OUE's vision to maximise the potential of the property's strategic Central Business District location amid the burgeoning revitalisation of Tanjong Pagar, bringing new buzz to life downtown.

Artist's impression of Downtown Gallery's interior

ELEVATING
AN ICON TO NEW HEIGHTS

U.S. BANK TOWER

U.S. Bank Tower, acquired by OUE in June 2013, has been a prime example of the company's asset repositioning capabilities. OUE has embarked on an ambitious value-driven enhancement strategy for the 75-storey Class A office tower in downtown Los Angeles that includes the introduction of one of the tallest open-air observation decks in the country.

Artist's impression of the Observation Deck Entrance at U.S. Bank Tower

OUE BAYFRONT

(including **OUE TOWER** and **OUE LINK**)

Set in a prime location at the historic Collyer Quay overlooking the stunning Marina Bay, OUE Bayfront is the transformation of the former 8-storey Overseas Union House. Since the completion of its redevelopment in 2011, this 18-storey premium Grade-A office tower has become a choice business address for a diversified mix of tenants.

Adjoining OUE Bayfront are OUE Tower (the conserved Change Alley Aerial Plaza Tower) and OUE Link (the refurbished Change Alley Linkbridge), both providing exciting dining and retail options, as well as sheltered access to Raffles Place Mass Rapid Transit station.

OUE Bayfront is part of OUE Commercial REIT's portfolio.

FAIR VALUE
(S$ MILLION)

1,146.0

GROSS FLOOR AREA
(SQ FT, APPROX)

503,482

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

OUE DOWNTOWN

From its origin as two landmark office towers uniquely fronted by a 262-metre-wide pedestrian walkway, OUE Downtown is undergoing a major transformation to become a vibrant mixed-use development.

Asset enhancement works will see the introduction of new serviced suites complete with a host of recreational facilities as well as the conversion of the existing office podium into Downtown Gallery, a premium shopping mall.

Upon its expected completion at the end of 2016, OUE Downtown together with its prominent 262-metre retail mall frontage will set an exciting new pace for working, shopping and living in the heart of the Central Business District.

FAIR VALUE
(S$ MILLION)

1,477.0

GROSS FLOOR AREA
(SQ FT, APPROX)

1,249,205

TENURE OF LAND

99-year lease from 19 July 1967

ONE RAFFLES PLACE

Situated above Raffles Place Mass Rapid Transit station, the distinctive One Raffles Place encompasses two magnificent Grade-A office towers and a shopping mall that completed extensive makeovers between 2012 and 2014.

Office Tower 1 now has 62 storeys from an earlier 60, and is one of the tallest skyscrapers in Singapore. The rooftop observation deck and restaurants on the 61st and 62nd levels offer panoramic views of the city skyline.

Office Tower 2 has been transformed from a low-rise block to a 38-storey Grade-A office tower, and was awarded the Green Mark Platinum certification for its energy-efficient and environmentally sustainable design by the Building and Construction Authority of Singapore in 2011.

The six-storey retail mall offers a wide variety of retail, dining and lifestyle options, making it an unrivalled shopping and leisure destination that caters to the diverse needs of the working population in the Central Business District.

One Raffles Place is part of OUE Commercial REIT's portfolio. The property is held through its 83.33% shareholding interest in OUB Centre Limited, which has an 81.54% beneficial interest in One Raffles Place.

FAIR VALUE
(S$ MILLION)

1,734.0

(Fair value attributable to OUB Centre Limited)

GROSS FLOOR AREA
(SQ FT, APPROX)

1,287,657

TENURE OF LAND

Office Tower 1:
841-year lease from
1 November 1985

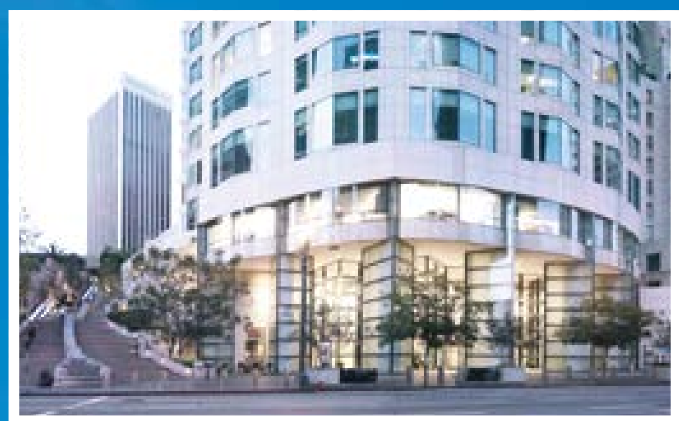
Office Tower 2:
99-year lease from
26 May 1983

Shopping Mall:
~ 75.0% of NLA
is on 99-year
lease from
1 November 1985,
with the balance on
841-year lease from
1 November 1985

Group at a Glance

Commercial

U.S. BANK TOWER



FAIR VALUE
(US$ MILLION)

530.0

GROSS FLOOR AREA
(SQ FT, APPROX)

1,869,123

TENURE OF LAND

Freehold

The undisputed icon of the Los Angeles skyline, U.S. Bank Tower will soon have an upgraded lobby with one of the country's largest high-resolution video art walls in an office building.

U.S. Bank Tower will also open two brand new upscale restaurants, featuring Asian and American fare.

Group at a Glance

Commercial

LIPPO PLAZA

Lippo Plaza is a landmark 36-storey Grade-A commercial and retail complex located at Huaihai Zhong Road in the heart of Huangpu, Shanghai's core commercial district, where it enjoys excellent connectivity and convenient access to major transportation networks.

Completed enhancement works include a revamp of the retail component and main office lobby to better serve the needs of the building's diversified, high-profile tenant base.

Lippo Plaza is part of OUE Commercial REIT's portfolio.

FAIR VALUE
(RMB MILLION)

2,401.0

GROSS FLOOR AREA
(SQ FT, APPROX)

629,925

TENURE OF LAND

50-year lease from 2 July 1994

MANDARIN ORCHARD SINGAPORE

FAIR VALUE
(S$ MILLION)

1,221.0

GROSS FLOOR AREA
(SQ FT, APPROX)

990,277

TENURE OF LAND

99-year lease from 1 July 1957

Distinctive and elegant, Mandarin Orchard Singapore has reigned as an icon of Asian hospitality since 1971.

The 45-year-old landmark establishment in the heart of Orchard Road continues to retain its charm through a modern colour facelift to its exterior façade, adding new lustre to the building that befits the comfort and luxury offered within each of its 1,077 guestrooms.

The hotel is part of OUE Hospitality Trust's portfolio.

CROWNE PLAZA CHANGI AIRPORT

FAIR VALUE
(S$ MILLION)

295.0

GROSS FLOOR AREA
(SQ FT, APPROX)

336,894

TENURE OF LAND

77-year lease from 12 December 2006

CROWNE PLAZA CHANGI AIRPORT EXTENSION

FAIR VALUE
(S$ MILLION)

205.0

GROSS FLOOR AREA
(SQ FT, APPROX)

106,176

TENURE OF LAND

77-year lease from 12 December 2006

Crowne Plaza Changi Airport, a 320-room business hotel, is undergoing an extensive 243-room extension on its adjacent site. When completed in 2016, the extension will boost the hotel's total inventory to 563 rooms.

With direct access to and from Changi Airport's passenger terminals, the hotel is well positioned to meet the accommodation needs of a greater number of corporate travellers.

Having completed the acquisition of the 320-room hotel on 30 January 2015, OUE Hospitality Trust will be acquiring the 243-room extension when it is completed and temporary occupation permit obtained.

Artist's impression of existing Crowne Plaza Changi Airport and Crowne Plaza Changi Airport Extension

MARINA MANDARIN SINGAPORE

With immediate access to multinational businesses and financial institutions, Marina Mandarin Singapore offers optimum convenience of location. Flaunting unparalleled views of Marina Bay and the spectacular Singapore skyline, this upscale 575-room business hotel is favoured by discerning international business and leisure travellers alike.

OUE has a 30% effective interest in Marina Mandarin Singapore.

FAIR VALUE
(S$ MILLION)

560.0

GROSS FLOOR AREA
(SQ FT, APPROX)

651,531

TENURE OF LAND

99-year lease from 9 September 1980

Hotel Under Management

MERITUS PELANGI BEACH RESORT & SPA

Nestled along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia, this 35-acre resort is a lush oasis of relaxation.

Styled like a traditional Malay village, its 355 guestrooms are housed in wooden chalets built on stilts, overlooking the ocean and surrounding greenery.

Combining luxurious modern comfort and tropical charm, the resort is an ideal destination for both family getaways and corporate retreats.

MANDARIN GALLERY

Mandarin Gallery is a prime retail landmark along Singapore's renowned shopping belt.

It was a $200 million injection that transformed Mandarin Orchard Singapore's old hotel lobby into today's valuable retail space. Since its unveiling in 2009 as a high-end shopping destination featuring a 152-metre-wide frontage, Mandarin Gallery has become home to some of the world's most elegant designer labels, lifestyle boutiques and tantalising eateries.

Mandarin Gallery is part of OUE Hospitality Trust's portfolio.

FAIR VALUE
(S$ MILLION)

538.0

GROSS FLOOR AREA
(SQ FT, APPROX)

196,336

TENURE OF LAND

99-year lease from
9 July 1957

OUE TWIN PEAKS

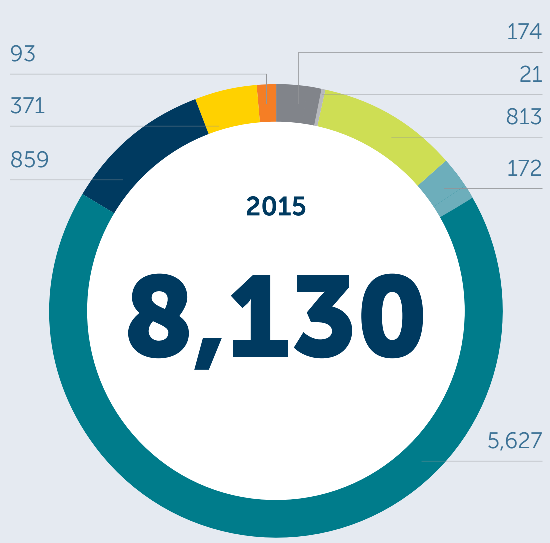
BOOK VALUE (S$ MILLION)	GROSS FLOOR AREA (SQ FT, APPROX)	TENURE OF LAND
768.2	436,168 (includes balcony)	99-year lease from 10 May 2010

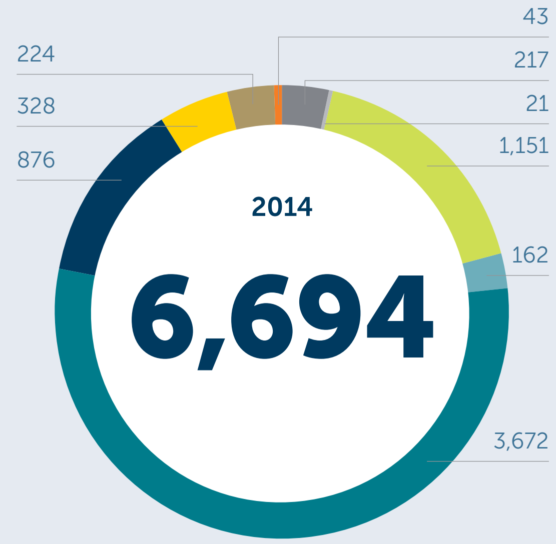
Embracing the tranquillity of Leonie Hill, a stone's throw from Orchard Road, OUE Twin Peaks is a luxurious residential development that captivates with its two identical 35-storey towers comprising 462 impeccably furnished one-, two- and three-bedroom apartments.

Surrounded by lush tropical landscapes and boasting triple-volume indoor/outdoor sky gyms as well as rooftop Sky Loggias offering panoramic city views, urban resort living begins here.

Overview of
Group Financial Position

Total Assets Owned
(S$ Million)

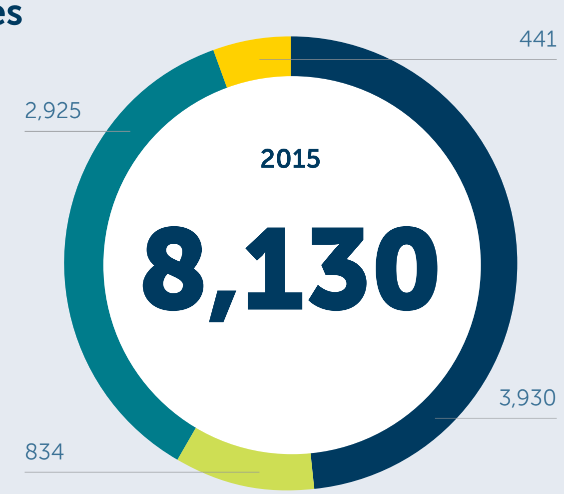


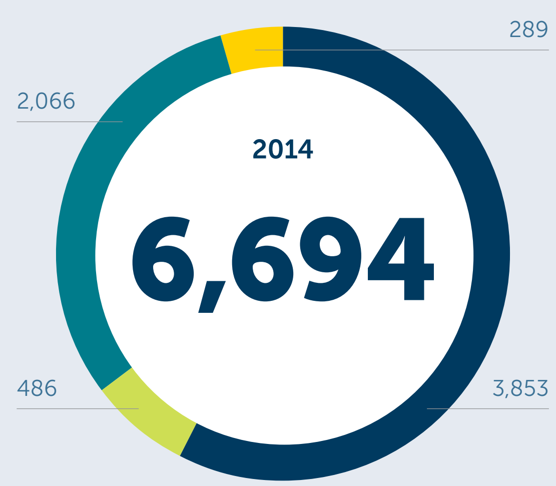


- Available-for-sale financial assets
- Property, plant and equipment
- Investments in equity-accounted investees
- Cash and cash equivalents
- Investment properties
- Development properties
- Other investments
- Others

- Available-for-sale financial assets
- Property, plant and equipment
- Investments in equity-accounted investees
- Cash and cash equivalents
- Investment properties
- Development properties
- Other investments
- Assets held for sale
- Others

Total Liabilities And Capital Invested
(S$ Million)



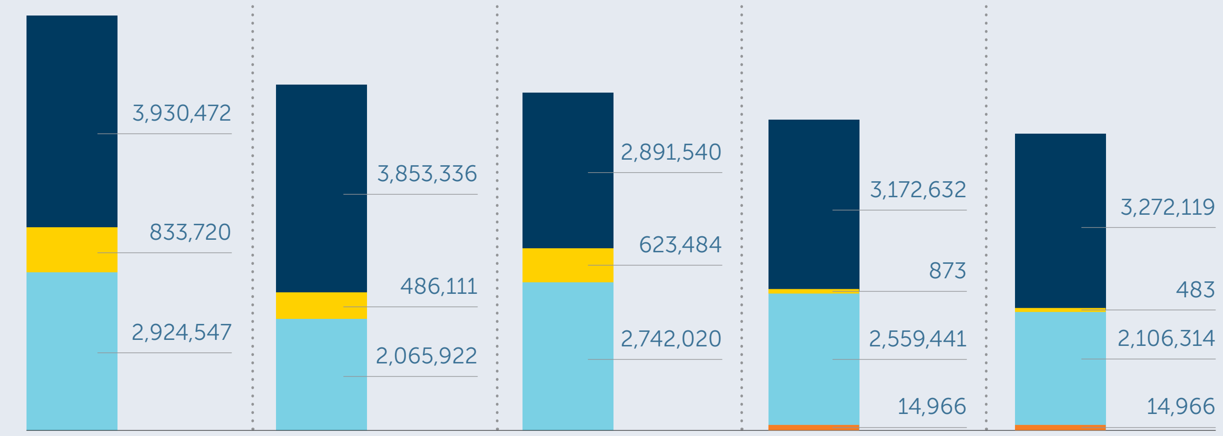


- Shareholders' funds
- Non-controlling interests
- Borrowings
- Other liabilities

- Shareholders' funds
- Non-controlling interests
- Borrowings
- Other liabilities

Sources Of Finance
(S$'000)

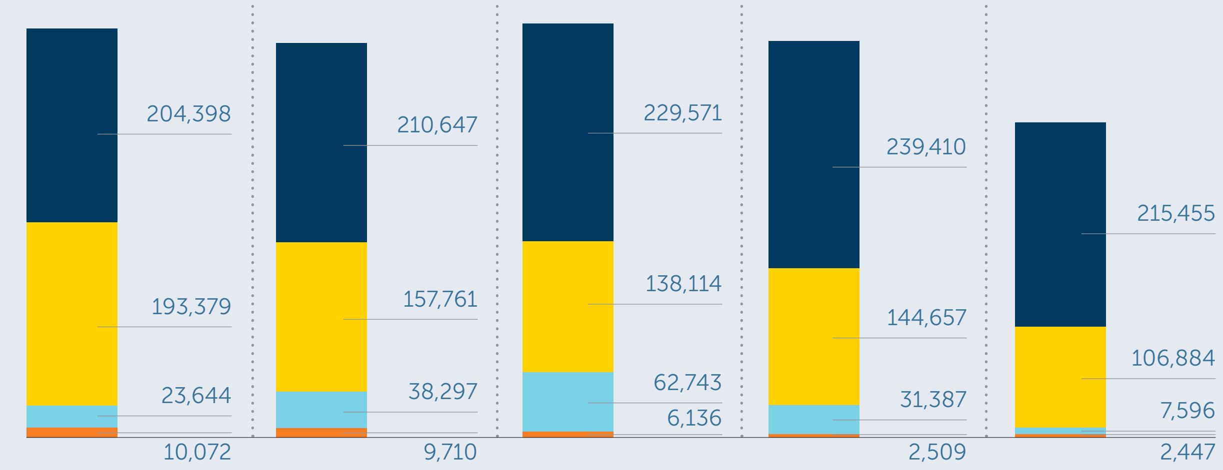
2015	2014	2013	2012	2011 (Restated)
7,688,739	6,405,369	6,257,044	5,747,912	5,393,882



- Shareholders' funds
- Non-controlling interests
- Borrowings
- Loan from minority shareholder

Group Turnover
(S$'000)

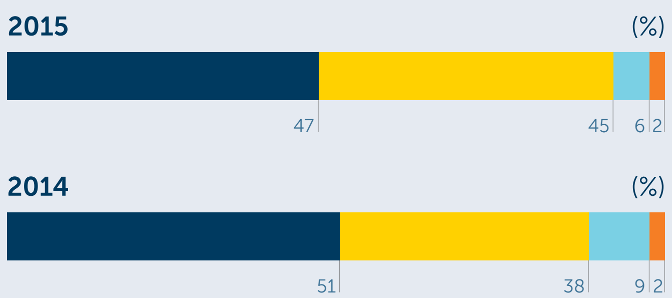
2015	2014	2013	2012	2011 (Restated)
431,493	416,415	436,564	417,963	332,382



- Hospitality
- Property Investments
- Property Development
- Others

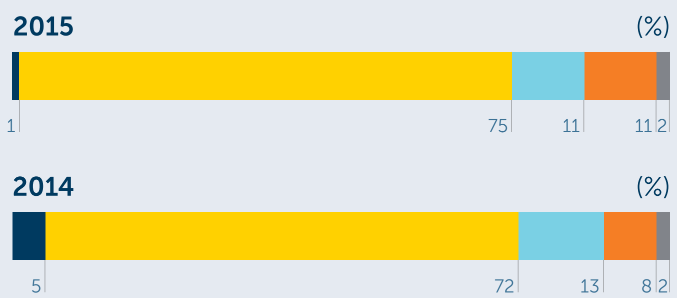
Segmental
Performance Analysis

Total Turnover By Business Segment



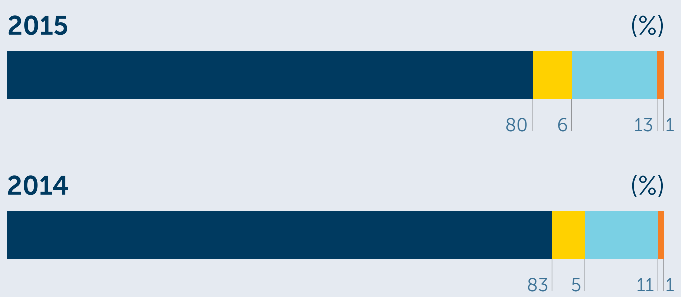
	2015		2014	
	S$'000	%	S$'000	%
Hospitality	204,398	47	210,647	51
Property Investments	193,379	45	157,761	38
Property Development	23,644	6	38,297	9
Others	10,072	2	9,710	2
	431,493	100	416,415	100

Total Assets By Business Segment



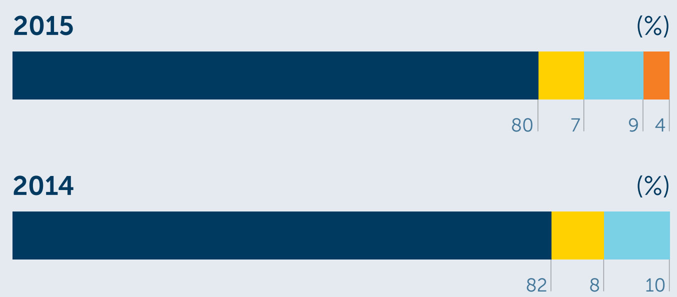
	2015		2014	
	S$'000	%	S$'000	%
Hospitality	100,189	1	314,577	5
Property Investments	6,101,019	75	4,796,394	72
Property Development	868,634	11	880,968	13
Fund Management	15,846	0	9,428	0
Others	879,161	11	557,689	8
Unallocated Assets	164,989	2	135,274	2
	8,129,838	100	6,694,330	100

Total Turnover By Geographical Segment



	2015		2014	
	S$'000	%	S$'000	%
Singapore	343,547	80	346,302	83
The People's Republic of China	28,064	6	23,078	5
United States of America	57,611	13	44,538	11
Others	2,271	1	2,497	1
	431,493	100	416,415	100

Total Assets By Geographical Segment



	2015		2014	
	S$'000	%	S$'000	%
Singapore	6,477,255	80	5,475,308	82
The People's Republic of China	552,056	7	532,611	8
United States of America	777,209	9	682,551	10
Others	323,318	4	3,860	0
	8,129,838	100	6,694,330	100

Five-Year
Financial Summary

	2015		2014		2013		2012		2011 (Restated)	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Group Turnover										
Hospitality	204,398	47	210,647	51	229,571	53	239,410	57	215,455	65
Property investments	193,379	45	157,761	38	138,114	32	144,657	35	106,884	32
Property development	23,644	6	38,297	9	62,743	14	31,387	7	7,596	2
Others	10,072	2	9,710	2	6,136	1	2,509	1	2,447	1
Total	**431,493**	**100**	**416,415**	**100**	**436,564**	**100**	**417,963**	**100**	**332,382**	**100**
Group Profit and Loss										
Earnings before interest and tax	257,809		185,074		156,954		156,834		180,070	
Attributable net profit/(losses)										
- Before change in fair value of investment properties	159,647		957,662		40,216		106,241		104,330	
- After change in fair value of investment properties	156,370		1,094,020		(36,555)		90,056		378,734	
Group Balance Sheet										
Investment properties	5,627,266		3,671,968		3,467,003		3,021,000		2,993,000	
Development properties	859,269		875,570		846,806		793,734		742,891	
Investments in equity-accounted investees	812,695		1,150,776		720,474		721,417		721,120	
Property, plant and equipment	21,337		20,591		366,795		495,183		508,164	
Cash and cash equivalents	172,353		161,957		730,613		604,637		367,856	
Available-for-sale financial assets	174,223		217,324		193,304		162,470		128,350	
Asset held for sale	-		223,564		-		-		-	
Other investments	371,399		328,070		9,478		-		-	
Other assets	91,296		44,510		83,724		89,066		86,065	
Total assets	**8,129,838**		**6,694,330**		**6,418,197**		**5,887,507**		**5,547,446**	
Equity attributable to owners of the Company	3,930,472		3,853,336		2,891,540		3,172,632		3,272,119	
Non-controlling interests	833,720		486,111		623,484		873		483	
Borrowings										
- Current	157,195		649,507		349,747		846,207		55,581	
- Non-current	2,767,352		1,416,415		2,392,273		1,728,200		2,065,699	
Other liabilities	441,099		288,961		161,153		139,595		153,564	
Total equity and liabilities	**8,129,838**		**6,694,330**		**6,418,197**		**5,887,507**		**5,547,446**	
Earnings per share (cents)	17.2		120.2		(4.0)		9.9		38.8	
Dividends per share (cents)										
- Interim dividend	1.0		1.0		1.0		3.0		2.0	
- Special dividend	3.0		-		20.0		5.0		8.0	
- Distribution *In Specie*	-		13.9		-		-		-	
- Final dividend	1.0		1.0		2.0		3.0		3.0	
Total dividend	5.0		15.9		23.0		11.0		13.0	
Net asset per share ($)	4.35		4.23		3.18		3.49		3.47	
Gearing ratio*	58%		44%		57%		62%		54%	

* Net Borrowings/Total Equity

Chairman's
Statement

> Driven by transformation, we are focused on executing our strategy to transform the function, perception and value of our developments through innovative asset repositioning and enhancement initiatives.

Dear Shareholders,

Despite the global economic uncertainty and headwinds in the real estate sector, OUE remains steadfast in enhancing long-term shareholder value through ongoing asset enhancement initiatives and strengthening our recurrent income base.

Driven by transformation, we are focused on executing our strategy to transform the function, perception and value of our developments through innovative asset repositioning and enhancement initiatives.

DRIVEN BY TRANSFORMATION

The construction of the extension to the Crowne Plaza Changi Airport hotel is taking shape. The extension will increase the revenue-generating capability of our asset by adding a further 243 rooms to the existing 320 rooms. We see good potential for growth in inbound travel to Singapore and Changi Airport as Crowne Plaza Changi Airport remains the only international brand name hotel in the immediate vicinity of the airport. In addition, the hotel is expected to benefit from the expansion of Changi Airport with the opening of Terminal 4 in 2017 and Jewel Changi Airport in 2018.

The transformation of OUE Downtown, from one of the earliest office skyscrapers in Shenton Way, into a vibrant mixed-use development that will include serviced suites and a new mall, Downtown Gallery, is coming together. Upon completion at the end of 2016, Downtown Gallery will offer a unique tenant mix featuring curated retail, dining and recreational amenities. OUE Downtown is poised to revitalise the Shenton Way - Tanjong Pagar corridor.

Over at the U.S. Bank Tower, we have embarked on asset enhancement works which include an open-air observation deck and two restaurants. Located more than 1,000 feet above downtown Los Angeles on the 69^{th} and 70^{th} floors, OUE Skyspace LA will be the tallest open-air observation deck in California, offering visitors panoramic, 360-degree views of the city, stretching from the Hollywood Hills to the Pacific Ocean. OUE Skyspace LA is poised to become a prominent tourist attraction, allowing us to generate additional revenue streams from this asset.

MOVING FORWARD

On 8 October 2015, we completed the divestment of our 83.33% shareholding interest in OUB Centre Limited, which has 81.54% beneficial interest in One Raffles Place, to OUE Commercial Real Estate Investment Trust (OUE C-REIT).

This divestment enabled the Company to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place, while continuing to enjoy rental income via REIT's regular distribution.

As OUE C-REIT continues to provide attractive distribution yields, the Company recently enhanced its stake in OUE C-REIT to 64.98% in February 2016. Through this, the Company can participate in and derive a greater stable income stream from OUE C-REIT's regular and growing distributable income.

Following our purchase of a 22.97% composite stake through a joint venture company in Hong Kong-listed Gemdale Properties and Investment Corporation Limited (Gemdale) in February 2015, we have increased our stake to 29.80% through the joint venture company as at March 2016. As one of the established real estate developers in China, the Gemdale group is principally engaged in property investments, as well as development and management of residential, commercial and business park projects in Greater China. The investment will give us further access and exposure to the real estate market in China. It will also allow us to leverage on future potential collaborations and partnership with the Gemdale group.

IN GRATITUDE

I wish to express my sincere gratitude to my fellow Board members for their steadfast stewardship and guidance. To our strategic partners and financial advisors, thank you for your hard work and support. Last but not least, I am grateful to our management team and staff for their commitment and resilience in spite of the challenging operating environment.

In appreciation of our shareholders for their continued support of OUE, the Directors have proposed a final cash dividend of 1 Singapore cent per share. This is in addition to the interim tax-exempt dividend of 1 Singapore cent per share and a special tax-exempt dividend of 3 Singapore cents per share paid in October 2015, bringing the total cash dividend for the year to 5 Singapore cents per share.

Thank you for your continued support.

STEPHEN RIADY
Executive Chairman
March 2016

董事主席

致词

“作为一家致力于求新求变的企业，我们着重于执行策略，通过创意性的重新定位资产和资产增值措施来改造发展项目的用途、形象和价值。”

尊敬的各位股东，

面对全球经济不稳定的局势和房地产业的低靡，华联企业仍然坚持通过持续性的资产改良措施和加强经常性收入基础来促进长期的股东价值。

作为一家致力于求新求变的企业，我们着重于执行策略，通过创意性的重新定位资产和资产增值措施来改造发展项目的用途、形象和价值。

致力于蜕变转型

樟宜机场皇冠假日大酒店 (CROWNE PLAZA CHANGI AIRPORT) 的扩展工作正在逐渐进行中。扩建工程将在酒店现有的320间客房基础上增添243间新客房，从而提升我们资产赚取收入的能力。我们相信新加坡和樟宜机场的入境旅游尚有良好的增长潜能，而且樟宜机场皇冠假日大酒店是机场区内唯一的国际品牌酒店。不仅如此，酒店也预计可从扩充后的樟宜机场，即第4航站楼及 Jewel Changi Airport 分别在2017年和2018年开业当中受益。

华联城 (OUE DOWNTOWN) 的蜕变改造已即将完成。大厦从最初位于珊顿道的摩天办公大楼发展到至今包括服务式公寓和新购物中心-华联城购物廊 (Downtown Gallery) 在内的一座充满活力的综合发展项目。华联城购物廊将在2016年末竣工，提供独特的租户组合，呈献零售、餐饮和休闲设施。这栋大厦有望为从珊顿道连接至丹绒巴葛长廊地带注入新的活力。

洛杉矶联邦银行大厦 (U.S. BANK TOWER) 则在进行资产改造工作，其中包括建造一个露天观景台和两间餐馆。矗立于洛杉矶城市超过1千英尺高的第69和70楼层，华联洛城天台 (OUE SKYSPACE LA) 届时将成为加州最高耸的露天观景台，让游客全角度饱览城市的明媚风光，欣赏从好莱坞比华利山一直延伸到太平洋的美景。华联洛城天台蓄势成为备受瞩目的旅游景点，并让本集团有望凭此资产取得额外的收入来源。

展望未来

2015年10月8日，我们出售了华联银行中心有限公司 (OUB CENTRE LIMITED) 83.33%的股权，买方是华联商业信托 (OUE C-REIT)。华联银行中心有限公司拥有第一莱佛士坊 (ONE RAFFLES PLACE) 81.54%的股权。

这项出售计划将能帮助公司取回资本，并从第一莱佛士坊零售商场之前的资产增值措施中受益，还能继续通过信托的常年派息中获取租金收入回报。

华联商业信托将继续为股东提供可观的派息率，而且公司还在近期于2016年2月把投于华联商业信托的股权提升至64.98%。公司希望通过这个途径参与华联商业信托的发展，并从信托定期增值的可派息收入中，享有更平稳的收益。

紧接我们于2015年2月，通过一家合资企业并购了香港上市集团金地商置集团有限公司 (GEMDALE PROPERTIES AND INVESTMENT CORPORATION LIMITED) 的22.97%的复合股权。截至2016年3月，我们已通过该合资企业将股权增加至29.80%。作为中国数一数二的产业发展商之一，金地商置集团的主要业务集中于房地产投资，以及在大中华地区发展和管理住宅、商业与商业园项目。这项收购将让我们有机会进一步进入中国的房地产市场，并为我们创造了与金地商置集团继续在未来合作和伙伴关系的潜在平台。

致谢

我在此由衷感谢各位董事会成员对企业的坚定领导和指引。除此之外，还要感谢我们的战略伙伴和财务顾问对集团所付出的心血和支持。最后，我要向我们的管理团队和员工致谢，是他们在这个最艰难的经营环境中，不惜为集团坚韧奉献，才能让我们不断屡创佳绩。

为了回报股东们对华联企业的持续支持，董事会建议派发每股新元1分的现金年终股息，加上之前所派发的每股新元1分的免税中期股息，以及2015年10月所派发的每股新元3分的免税特别股息，使2015年度总现金股息分派总额达到每股新元5分。

衷心感谢各位的持续支持。

李棕
董事主席
2016年3月

CEO's
Statement

"We are pushing ahead with our pipeline of asset enhancement initiatives, coupled with active lease management and continued improvements in quality service to further strengthen our recurrent income base."

Dear Shareholders,

The Group delivered sound financial and operating performance across its various business divisions in 2015, reflecting the strength of our core businesses and our ability to transform our assets.

OVERALL PERFORMANCE

For the financial year ended 31 December 2015 (FY2015), revenue grew at a steady rate of 3.6% to S$431.5 million, compared to S$416.4 million in the financial year ended 31 December 2014 (FY2014), on the back of higher revenue achieved from our Property Investment division.

The Group also recorded an approximately 40.0% improvement in earnings before interest and tax to S$257.8 million in FY2015, from S$185.1 million in FY2014. The increase was driven by higher revenue contribution from the Property Investment division and increased contribution from equity-accounted investees – Gemdale Properties and Investment Corporation Limited (Gemdale). A negative goodwill was recognised as a result of the acquisition of shares in Gemdale by the Group's joint venture during the year. This negative goodwill reflects the excess of fair value of assets and liabilities acquired over the consideration paid.

A net attributable profit of S$156.4 million was achieved. The Group ended the year with a robust balance sheet where cash and cash equivalents stood at S$172.4 million. Total asset value grew by S$1.4 billion to S$8.1 billion in FY2015 while net asset value per share as at 31 December 2015 rose to S$4.35 from S$4.23.

OUR BUSINESSES IN REVIEW

The Group's Property Investment division performed well in FY2015, with revenue growing to S$193.4 million, from S$157.8 million in FY2014. The increase was a result of higher occupancy rates achieved by the U.S. Bank Tower.

As at 31 December 2015, the U.S. Bank Tower has a committed occupancy level of almost 74.7% for its commercial office space. Meanwhile, construction of the observation deck and restaurants is underway and targeted for completion in 2016.

Revenue from One Raffles Place was consolidated to the Group's Property Investment division following the acquisition of additional shareholding interests in OUB Centre Limited in October 2015.

Asset enhancement work to convert a predominantly commercial development at OUE Downtown into a mixed-use development that will include a shopping mall and serviced suites is progressing well. When completed at the end of 2016, a new mall named Downtown Gallery will cater to the needs of those working and living in the vicinity of Shenton Way through a comprehensive offering of athleisure fashion, beauty, wellness and fitness as well as an extensive menu of dining and commune spaces. The 7th to 32nd storeys of OUE Downtown 1 are being converted into elegantly appointed serviced suites. Upon completion, there will be a total of 268 serviced suites.

The committed office occupancy rate at OUE Downtown has been increasing steadily and achieved 91.0% as at 31 December 2015.

Revenue from the Hospitality division for FY2015 remained relatively stable at S$204.4 million, from S$210.6 million in FY2014. The 10-storey extension building to Crowne Plaza Changi Airport hotel is expected to be completed in June 2016 and will significantly expand the hotel's capacity to 563 rooms. Once completed, the extension building will be divested to OUE Hospitality Real Estate Investment Trust.

The Group continues to drive the marketing activities of its sole residential project, OUE Twin Peaks, which contributed revenue of S$23.6 million to the Property Development division in FY2015.

LOOKING AHEAD

We are pushing ahead with our pipeline of asset enhancement initiatives, coupled with active lease management and continued improvements in quality service to further strengthen our recurrent income base.

NOTE OF APPRECIATION

I would like to take this opportunity to express my appreciation to our management and staff. Their dedication and hard work have laid a strong foundation for OUE's continued success. I would also like to thank our shareholders who have supported us at every step of our journey. We look forward to working closely together as a team in the year ahead as we continue to drive OUE's growth and transformation.

THIO GIM HOCK
CEO/Group Managing Director
March 2016

首席执行总裁
致词

“我们正积极推行一系列的资产增值措施，加上积极的租赁管理和持续提升服务素质，以进一步加强我们的经常性收入基础。”

尊敬的各位股东，

本集团的各领域部门都于2015年呈献了稳健的财务和营业表现，着实反映了我们核心业务的实力和改造资产的能力。

整体业务表现

截至2015年12月31日（2015财务年度），我们的产业投资部门取得更高的营业收入，使得总营业收入平稳上升3.6%至4亿3150万新元，而截至2014年12月31日（2014财务年度）的总营业收入则为4亿1640万新元。

集团所记录的息税前收益也于2015财务年度上升了40.0%，从2014财务年度的1亿8510万新元增至2015财务年度的2亿5780万新元。主要因素为产业投资部门和股权收益的投资对象，即金地商置集团有限公司（GEMDALE PROPERTIES AND INVESTMENT CORPORATION LIMITED）所贡献的收入都有所增长。我们在财政年间因通过集团的合资企业并购了金地商置集团的股权，而形成了负商誉。这笔负商誉反映了资产和债务的公平值与所支付股权收购价两者之间的差距。

集团取得1亿5640万新元的年度净利润。截至2015财务年度，集团的财务状况表现强稳，现金与现金等价物保持在1亿7240万新元。总资产值增幅为14亿新元至2015财务年度的81亿新元，而每股净资产值截至2015年12月31日则从4.23新元攀升至4.35新元。

集团业务回顾

集团的产业投资部门于2015财务年度表现出色，营业收入从2014财务年度的1亿5780万新元提高到本年度的1亿9340万新元。促使该进展的主要原因是因为洛杉矶联邦银行大厦（U.S. BANK TOWER）取得更高的出租率。

截至2015年12月31日，洛杉矶联邦银行大厦的商业办公空间承诺出租率为近乎74.7%。与其同时，观景台和餐馆的建筑也正在如火如荼地进行，并预期于2016年竣工。

随着本集团于2015年10月并购了华联银行中心有限公司（OUB CENTRE LIMITED）的额外股权，第一莱佛士坊（ONE RAFFLES PLACE）的营业收入已合并入集团的产业投资部门。

华联城（OUE DOWNTOWN）将在以商业发展为主的前提下，改建成为一个综合发展项目资产，包括建设一个新的购物中心和服务式公寓。这个项目进展良好。该项目于2016年末完成改建后，将以华联城购物廊（DOWNTOWN GALLERY）的全新面目呈献在大家眼前。通过提供一系列完善的体育休闲、时装、美容、保健和健身设施，以及广泛的餐饮和公共空间，华联城购物廊将能满足珊顿道区的办公人士和居民的日常需要。华联城1号大楼的第7至第32楼层都将被改建成典雅的服务式公寓。整个项目完成后，将共有268间服务式公寓。

截至2015年12月31日，华联城的办公承诺租户率平稳上升，取得了91.0%的佳绩。

酒店部门于2015财务年度的营业收入相对平稳地保持在2亿440万新元，2014财务年度的收入则为2亿1060万新元。樟宜机场皇冠假日大酒店（CROWNE PLAZA CHANGI AIRPORT）的10层楼扩展建筑预计将于2016年6月竣工，并将使酒店客房大幅提高至563间。扩展建筑在竣工后将出售给华联酒店信托（OUE H-REIT）。

集团将继续推动和促进其唯一的住宅发展项目 OUE Twin Peaks 的营销活动。这个项目于2015财务年度为产业发展部门贡献了2360万新元的营业收入。

展望未来

我们正积极推行一系列的资产增值措施，加上积极的租赁管理和持续提升服务素质，以进一步加强我们的经常性收入基础。

致谢

我要藉此机会感谢我们的管理层和员工。他们的热忱和勤奋为华联一直享有的成功奠定了稳固的基础。我也要感谢一直以来不断支持我们的股东们，并期待在未来的日子里继续为华联的成长和蜕变转型共同携手努力。

张清福
首席执行总裁/集团董事经理
2016年3月

Board of
Directors

❶ **DR. STEPHEN RIADY**
Executive Chairman

❷ **MR. CHRISTOPHER JAMES WILLIAMS**
Deputy Chairman

❸ **MR. THIO GIM HOCK**
Chief Executive Officer/
Group Managing Director

❹ **MR. KELVIN LO KEE WAI**
Independent Director

❺ **MR. SIN BOON ANN**
Independent Director

❻ **MR. KIN CHAN**
Non-Executive
Non-Independent Director

Board of
Directors

1

DR. STEPHEN RIADY
Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of OUE Limited on 9 March 2010. He has been serving as Executive Director since 30 November 2006. He was last re-elected as a Director at the Annual General Meeting held on 29 April 2014.

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 in 1992 and on 25 March 2011, he was appointed as its chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of each of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a director of Auric Pacific Group Limited, a company listed in Singapore, in 1997. He assumed the role of group managing director of Auric Pacific Group Limited with effect from May 1999 to February 2006 and has since served as executive director of Auric Pacific Group Limited from 2006. He is also a member of the nomination committee of Auric Pacific Group 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, patron and trustee of The Incorporated Trustees of Volunteer Service Trust, member of the Board of Trustees of 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. He was a member of the Council and the Court of Hong Kong Baptist 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 is an Honorary Citizen of Shenzhen, PRC.

Dr. Riady is a graduate of the University of Southern California, United States and holds a Master of Business Administration from Golden Gate University, United States. 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.

2

MR. CHRISTOPHER JAMES WILLIAMS
Deputy Chairman

Mr. Christopher James Williams was appointed a Non-Executive 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 30 April 2015.

Mr. Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richards Butler in Association with Reed Smith from January 2008 to December 2010, and a partner of Reed Smith Richards Butler from January 2011 to December 2011. He was the non-executive chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the chairman and non-executive non-independent director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. on 19 April 2013 as well as the chairman and non-executive non-independent director of OUE Commercial REIT Management Pte. Ltd. in October 2013. He was also appointed as a director of OUB Centre Limited in January 2014, and OUE Lippo Limited in December 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 Merger 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.

3

MR. THIO GIM HOCK
Chief Executive Officer/Group Managing Director

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was re-appointed a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 at the Annual General Meeting held on 29 April 2014.

Mr. Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He was the chief executive officer of Target Realty Ltd from 2001 to 2003, an executive director for City Project Management/Property Development at City Developments Ltd from 1999 to 2003, and an executive director of HPL Properties Pte Ltd from 1988 to 1999.

Mr. Thio holds a Bachelor of Engineering (Civil) from the University of Malaya, Malaysia and attended graduate school at the Massachusetts Institute of Technology, United States.

4

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 29 April 2014.

Mr. Lo has been engaged in the funds management business and practising law in New South Wales, Australia at Alliance Law Group 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 was appointed as a non-executive director of Medtech Group Company Ltd, a company listed in Hong Kong, in 2001.

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 Certified General Accountants Association of 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 as a Notary Public of New South Wales of Australia in 2012.

5

MR. SIN BOON ANN
Independent Director

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009 and has since also been serving as the Chairman of the Nominating Committee and the Remuneration Committee. Mr. Sin is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 30 April 2015.

Mr. Sin has been the deputy managing director of the Corporate & Finance Department at Drew & Napier LLC since 2009. 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 National University of Singapore from 1987 to 1992.

Mr. Sin is an independent director of CSE Global Ltd since 2002, OSIM International Ltd since 2010 and Rex International Holdings Limited since 2013. Mr. Sin also serves as the chairman of both the nominating committee and the remuneration committee for both of OSIM International Ltd and Rex International Holding Limited since 2010 and 2013 respectively. 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 a Bachelor of Laws (Honours) degrees from the National University of Singapore, and a Master of Laws from the University of London.

6

MR. KIN CHAN
Non-Executive Non-Independent Director

Mr. Kin Chan was appointed as a Non-Executive Director on 17 March 2010. He has been serving as a member of the Audit Committee since 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 page 189 and 190 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2013.

Mr. Chan has been the chairman of TIH Limited, a company listed in Singapore since 2005. He was a non-executive director of Japan Residential Assets Manager Limited, the investment manager of Saizen REIT, a company listed in Singapore from 2010 to 2013, a non-executive director of BTS Group Holdings Public Company Limited, a company listed in Thailand from 2010 to 2012, a non-executive director of Grand Ocean Retail Group Limited, a company listed in Taiwan from 2011 to 2012, a non-executive director of United Fiber System Limited (now known as Golden Energy and Resources Limited), a company listed in Singapore from 2011 to 2015, and a non-executive director of Asia Resource Minerals Plc, a company formerly listed in London for the period from July 2015 to August 2015.

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

Key Executives

DR. STEPHEN RIADY
Executive Chairman
OUE Limited

For Dr. Stephen Riady's biography, please refer to page 46 – the "Board of Directors" section of this Report.

MR. THIO GIM HOCK
Chief Executive Officer/Group Managing Director
OUE Limited

For Mr. Thio Gim Hock's biography, please refer to page 47 – the "Board of Directors" section of this Report.

OUE BAYFRONT

Conveniently located between the downtown area at Marina Bay and the financial hub of Raffles Place, OUE Bayfront is a landmark commercial development offering 18 storeys of premium Grade-A office space. Its tenants include Bank of America Merrill Lynch, Hogan Lovells International LLP and Citrix Systems Singapore Pte Ltd, among other reputable names.

Commanding panoramic views of Marina Bay, OUE Bayfront is complemented by its two adjoining properties, OUE Tower and OUE Link. Together, they exude a unique mix of modernity and historical elegance. Originally known as the Change Alley Aerial Plaza Tower, OUE Tower now houses two storeys of food and beverage space, including a waterfront revolving restaurant, one of two in Singapore and the only one in the Central Business District. OUE Link on the other hand is an air-conditioned overhead pedestrian bridge connecting OUE Bayfront and Raffles Place, lined with double-frontage retail shops.

OUE Bayfront's flagship rooftop restaurant, Me@OUE, is Singapore's only restaurant featuring a culinary mix of three cuisines – Japanese, French and Chinese. Patrons can enjoy a lively culinary skills performance as the chefs create and prepare the dishes within an open-concept kitchen. During the year, Me@OUE unveiled its sleek and elegantly designed logo to represent a celebration of its growth since it opened in 2013, reflecting its exciting dining experience, beautiful setting and impeccable service. Above all, it symbolises a space that diners can embrace as their own and create memorable Me@OUE moments.

COMBINES MODERNITY WITH AN ENDURING HERITAGE

1 / OUE Bayfront commands a prime position in the bustling financial hub

2 / Me@OUE pairs fine food and wine with an unrivalled Marina Bay view

3 / OUE Bayfront is adjoined by two ancillary retail properties – OUE Tower and OUE Link

4 / Occupying two floors at the revolving OUE Tower, Tóng Lè Private Dining offers sophisticated gastronomy with a dazzling waterfront view

5 / A major thoroughfare, the OUE Link provides connectivity and convenience

6 / The office lobby of OUE Bayfront flaunts a 12-metre-high ceiling

7 / OUE Bayfront enjoys prominence on the shoreline

AN ENVIABLE WORK-PLAY-LIVE ENVIRONMENT

Located on Shenton Way, along the financial corridor between Tanjong Pagar and Raffles Place, OUE Downtown comprises 50-storey OUE Downtown 1 and 37-storey OUE Downtown 2. Both office towers will be served by the complementary facilities provided by the retail podium and the multi-storey car park.

Currently undergoing major asset enhancement works to maximise the potential of its location, including a full glass-panel retrofit of Tower 1 and 2 façades, OUE Downtown is well on its way to being transformed from a predominantly commercial development into a vibrant work-play-live environment.

Upon its expected completion at the end of 2016, the dazzling transformation of OUE Downtown will be a magnificent expression of URA's vision to rejuvenate the Tanjong Pagar district into a vibrant business and lifestyle hub.

1 / *Artist's impression of the OUE Downtown 2 office lobby*

2 / *Artist's impression of the drop-off area*

3 / *Artist's impression of the landscaped area between OUE Downtown 1 and OUE Downtown 2*

4 / *Artist's impression of the retail mall*

Operations Review

Commercial

One Raffles Place is a distinguished integrated commercial and retail development comprising two Grade-A office buildings, One Raffles Place Tower 1 and Tower 2, as well as the six-storey One Raffles Place Shopping Mall. Together, they boast a total lettable area of more than 860,000 sq ft of office, retail and entertainment space.

Strategically located in the heart of Singapore's Central Business District, and situated directly above the Raffles Place Mass Rapid Transit station, One Raffles Place enjoys excellent connectivity. Besides having direct access to the Mass Rapid Transit system, it is well served by an extensive underground network of pedestrian walkways that allow easy access to other areas of the financial district and Marina Bay.

Standing at 62 storeys, One Raffles Place Tower 1 is one of the tallest buildings in Singapore with an observation deck on the rooftop and restaurants on the two highest floors offering panoramic city views. Its premium office space is occupied by a list of leading financial services and reputable professional firms. Designed by renowned Japanese architect Kenzo Tange, One Raffles Place Tower 1 features a dramatic eight-storey cutaway entrance that provides column-free office space.

Paul Noritaka Tange, son of the late Kenzo Tange, designed the 38-storey One Raffles Place Tower 2, complementing Tower 1 with a contemporary silhouette which incorporates bold lighting effects on its façade and showcasing artworks by renowned artists. Tower 2 was also the proud recipient of the Singapore Building and Construction Authority (BCA) Green Mark Platinum Award in 2011 for its energy-efficient and environmentally sustainable design.

On 10 June 2015, OUE announced a conditional sale and purchase agreement with OUE Commercial REIT for the sale and transfer of its shareholding interest in One Raffles Place. On 8 October 2015, OUE completed the divestment of its 83.33% shareholding interest in OUB Centre Limited, which has 81.54% beneficial interest in One Raffles Place, to OUE Commercial REIT, a move that will enable OUE to unlock capital while enjoying steady rental income with potential capital growth through its significant unitholding interest in OUE Commercial REIT.

STRATEGICALLY LOCATED
IN THE HEART OF SINGAPORE'S
CENTRAL BUSINESS DISTRICT

1 / *One Raffles Place Tower 1, one of the highest office towers in Singapore*

2 / *One Raffles Place Tower 2 is a paragon of cutting-edge, eco-friendly design*

3 / *One Raffles Place's office lobby features Han Sai Por's Seed and Hiroshi Senju's Waterfall*

4 / *One Raffles Place defines the city's majestic skyline*

U.S. BANK TOWER

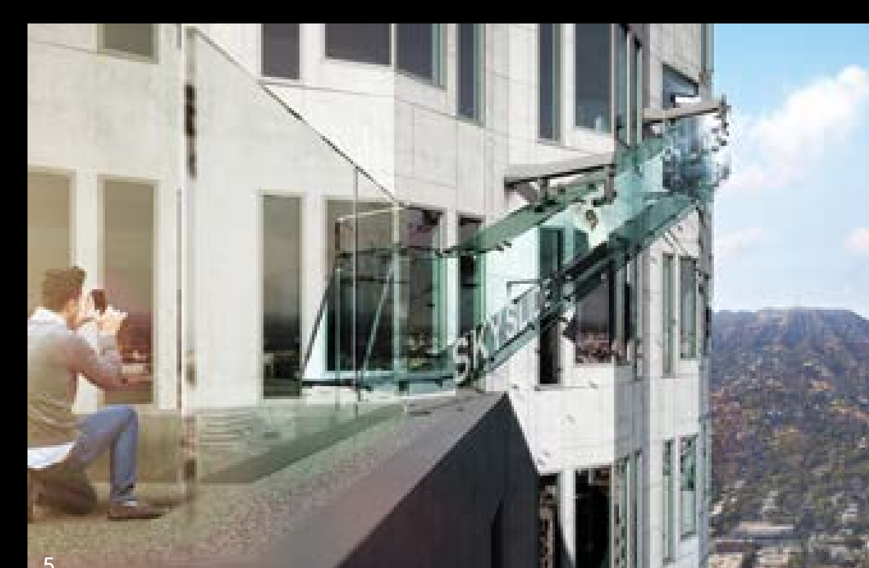
Prominently located in the upscale Bunker Hill district of downtown Los Angeles, U.S. Bank Tower is an iconic 75-storey Class A property, with a net lettable area of approximately 1.4 million sq ft. As the tallest building on the West Coast, the glass crown on top of the building is an illuminator of the night skyline.

2015 was a year of exciting transformation for U.S. Bank Tower where a number of major capital projects were completed. The U.S. Bank signage at the top of the building was enhanced with newly painted panels and LED lights, thereby rejuvenating the Los Angeles downtown skyline. Other completed capital projects include an upgrade of the cooling tower and elevators.

STRATEGICALLY LOCATED IN THE CORE OF DOWNTOWN LOS ANGELES

Construction of the lobby and the OUE Skyspace LA observation deck is in full swing. Once completed, OUE Skyspace LA will be the tallest open-air observation deck on the U.S. West Coast and will offer a spectacular 360-degree view of the city. The attraction, which will feature an indoor and outdoor viewing area approximately 1,000 feet above ground, will also house interactive exhibits highlighting the diverse culture and landscape of the City of Angels. A variety of events were held on the 71st and 54th floors of the building throughout the year, many of which served to drive up hype and build anticipation for OUE Skyspace LA.

In March 2016, OUE revealed the future installation of a never-before-imagined all-glass slide feature – Skyslide – as part of the OUE Skyspace LA observation deck attraction. The 45-foot slide, positioned 1,000 feet above downtown LA, will take guests from the interior of the 70th floor to the exterior of the 69th floor, where they will land on one of the observation deck's outdoor terraces.



1 / Sitting atop historic Bunker Hill, U.S. Bank Tower is the tallest building on the West Coast

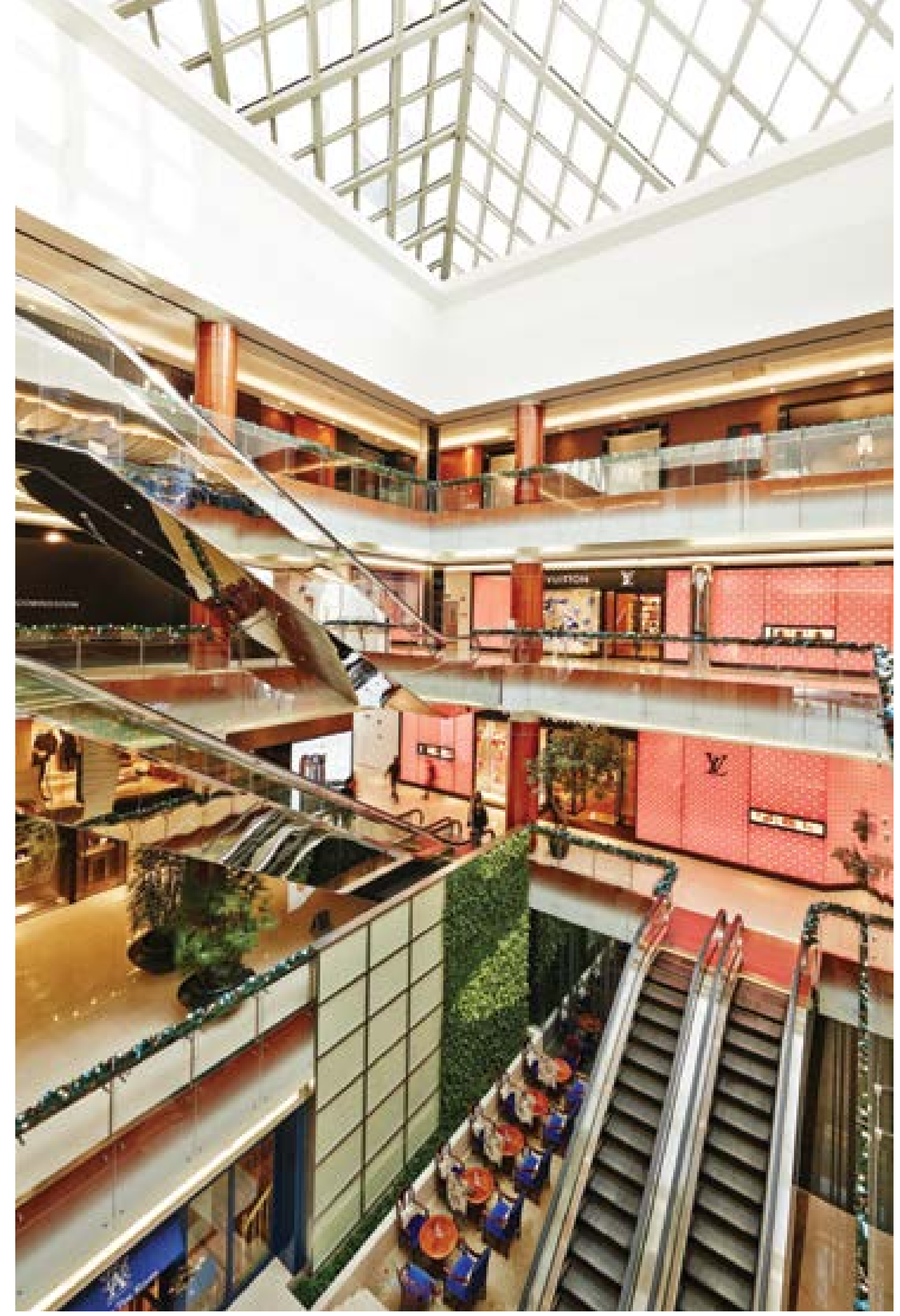
2 / A bird's eye view rendering of the U.S. Bank Tower exhibits Skyslide, a one-of-a-kind thrill feature in the building's OUE Skyspace LA observation deck attraction

3 / A rendering of 71 Above, one of the highest dining experiences in the United States

4 / The U.S. Bank Tower video wall will feature exclusive curated content, making it a featured art piece in downtown Los Angeles

5 / Skyslide elevates U.S. Bank Tower's status as one of the most iconic assets in the United States, if not the world

LIPPO PLAZA



1 / *The exterior façade of Lippo Plaza soars above the Huangpu business district*

2 / *The interior of the retail mall*

3 / *Renowned international brands take centre stage*

4 / *The entrance to Lippo Plaza's office lobby*

SITUATED IN ONE OF SHANGHAI'S MOST ESTABLISHED BUSINESS DISTRICTS

Lippo Plaza is a key commercial landmark located near the eastern end of Huaihai Zhong Road, within the established Huangpu business district in the Puxi area of downtown Shanghai. As one of the city's most established business districts, Huangpu is a prime area that attracts multinational corporations, international financial institutions and local Chinese enterprises. Huaihai Zhong Road is also a major retail district that is home to top international designer brand stores, high-end shopping malls, as well as numerous hotels and restaurants.

Within this distinguished district, Lippo Plaza is a dynamic business and retail hub comprising a 36-storey block of prime Grade-A offices with a premium three-storey retail mall and a basement car park. With a gross floor area spanning over 600,000 sq ft, it has a diversified tenant base comprising companies from the retail, consulting, financial services, manufacturing and pharmaceutical sectors. Following a refurbishment and repositioning in 2010, the retail podium of Lippo Plaza houses the flagship stores of two well-known international brands.

Lippo Plaza continues to attract prospective tenants due to its excellent connectivity. It is conveniently located within walking distance of the South Huangpi Road Metro station, which serves Metro Line 1, the main north-south line of the Shanghai Metro, as well as the future Huaihai Zhong Road Station on the upcoming Metro Line 13. In addition, its close proximity to major expressways provides ease of access to other key commercial areas and transportation lines.

Operations Review

Hospitality

An unprecedented 1.2 billion tourists travelled to international destinations around the world in 2015, according to the latest World Tourism Barometer by the UN World Travel Organisation (UNWTO). This translates to 50 million more tourists, or an increase of 4.4%, versus 2014.

Amongst the regions that recorded the most increase in international tourist arrivals in 2015 was Asia and the Pacific at around 5.0% growth, or 13 million more than the previous year. Leading the growth in outbound travel were China, the United States of America, and the United Kingdom.

Of the world's top source markets, China continued to register double-digit growth in expenditure year-on-year since 2004, benefitting various destinations across Asia, Europe, and the United States.

In Singapore, visitor arrivals from China grew an impressive 22.0% in 2015. Arrivals from Taiwan grew 12.0%, while those out of India and South Korea inched up 7.0%.

In contrast, visitor arrivals into Singapore from Indonesia, Malaysia, Australia and Japan declined on the back of currency drops against the strong Singapore dollar and the cautious outbound travel sentiments in these key source markets.

Overall, preliminary 2015 data by the Singapore Tourism Board (STB) showed a marginal 0.9% increase in visitor arrivals to 15.2 million, while tourism receipts dropped 6.8% to S$22.0 billion mainly from cutbacks in BTMICE visitor arrivals and spending.

Helping to mitigate the mixed performance of the local tourism sector were intensified marketing efforts by STB that generated substantial tourism receipts from more MICE and business events hosted in Singapore in 2015.

At least in the near term, the lingering impact of an uncertain global economic climate vis-à-vis increasing competition in the region will continue to temper the general outlook for Singapore's tourism industry, while the hospitality landscape will also remain challenging amidst pressures from the burgeoning inventory of hotel rooms in Singapore.

For the full year 2015, average occupancy rate (AOR) market-wide is estimated at 85.0%, a marginal 0.5% decline from 2014. Average room rate (ARR) dipped 4.8% year-on-year to S$245.7, while revenue per available room (RevPAR) is lower by 5.4% to S$208.8.

In the face of continuing headwinds, the Hospitality division of OUE closed 2015 with revenue of S$204.4 million, or about 3.0% less than in 2014. Mandarin Orchard Singapore registered RevPAR of S$230.4, down 3.7% from the year prior. Adversely impacting the hotel's room sales was the absence of major biennial events in 2015. Meanwhile, Crowne Plaza Changi Airport proved resilient being the only international brand name hotel in the vicinity of Changi Airport and the Changi Business Park. The airport hotel's RevPAR remained relatively stable at S$242.4.

Boding well for the local tourism sector is Singapore's growing prominence not only as a top global destination, but also as a host venue for regional and international MICE, sporting and leisure marquee events. 2016 will see the return of major biennial events such as The Singapore Airshow and Food & Hotel Asia. It will also be the first year that Singapore will be hosting the World Rugby Sevens Series. These events are expected to increase hospitality demand.

Also certain to impact favourably is a two-year partnership amongst STB, Changi Airport Group, and Singapore Airlines to jointly invest S$20 million to promote inbound travel to Singapore and Changi Airport. The collaboration aims to amplify the Singapore experience to leisure, business and MICE audiences in more than 15 markets worldwide, specifically Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, New Zealand, the Philippines, Taiwan, Thailand, Vietnam, the United States of America, and the United Kingdom.

1

Mandarin Orchard Singapore enjoys a long heritage of hospitality excellence in Singapore. Preferred by discerning international travellers for its service excellence and prime location in the heart of the city's most prominent shopping district, the upscale hotel is easily accessible via public transport.

The Orchard and Somerset Mass Rapid Transit stations are within walking distance of the hotel, with both stations being two to three stops away from the key interchange stations of Dhoby Ghaut, City Hall and Newton. Popular tourist destinations along the Marina Bay area are approximately a 10- to 15-minute driving distance. The hotel also benefits from its walking proximity to Singapore's top medical facilities such as Paragon Medical Centre and Mount Elizabeth Hospital.

Mandarin Orchard Singapore boasts some 1,077 spacious guestrooms and suites distributed across two towers, and offering panoramic views of the city skyline from higher floors. Asset enhancement works are underway, to include the refurbishment of 430 guestrooms in the hotel's Main Tower.

The hotel offers an award-winning lineup of food and beverage outlets, featuring the all-time favourite *Chatterbox*, home of the legendary *Mandarin Chicken Rice*. The best-selling item on the menu since Chatterbox opened in 1971, the Mandarin Chicken Rice has evolved into one of Singapore's most celebrated local dishes, popular with both locals and tourists. Chatterbox is four-time recipient of the *Heritage Brand* distinction at the *Singapore Prestige Brand Award*.

Another crowd-drawer is *Triple Three*, named after the address of the hotel – 333 Orchard Road. Triple Three boasts an extensive Japanese-inspired international buffet and has consistently ranked amongst the top international buffet restaurants in Singapore, each year making it to the list of Singapore's best restaurants alongside Chatterbox.

Adding to the hotel's vibrant dining scene is *Shisen Hanten by Chen Kentaro*, the Singapore debut of Japan's highly acclaimed chain of Szechwan restaurants helmed by celebrity Iron Chef Chen Kenichi and son, Chef Chen Kentaro. The multi-million dollar interior of Shisen Hanten is a showcase of modern oriental design that sets off sweeping views of the city from 35 levels above Orchard Road. Shisen Hanten by Chen Kentaro now also joins Chatterbox and Triple Three on the list of top restaurants in Singapore.

For travellers seeking bespoke business amenities, Mandarin Orchard Singapore offers an executive club lounge facility, *Meritus Club Lounge at Top of the M*. Perched on levels 38 and 39 of the hotel's Orchard Wing at what was historically the hotel's iconic revolving rooftop restaurant, the club lounge allows Meritus Club guests to rediscover the exclusive pleasures of business travel.


2


3

1 / *A warm welcome by the iconic Meritus Ambassador*

2 / *Mandarin Orchard Singapore's newly renovated Superior Deluxe Room*

3 / *Executive Sous Chef Liew Tian Heong prepares the legendary Mandarin Chicken Rice at Chatterbox*

4 / *Prime meeting and banquet spaces are backed by the dedicated service of a professional Meetings and Events team*


4

Mandarin Orchard Singapore also features over 25,000 sq ft of versatile meeting and function spaces that can accommodate up to 1,840 people. Other facilities in the hotel include an outdoor swimming pool, a fitness centre, a tennis court, a business centre, and a medical clinic.

For some well-deserved retail therapy, a stone's throw from Mandarin Orchard Singapore are some of the city's most iconic shopping malls – Paragon, Takashimaya and ION Orchard, to name a few. Right within the hotel premises is *Mandarin Gallery*, an intimate shopping haven comprising four storeys of high-end international fashion brands and boutique eateries. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery affords guests an all-encompassing retail, dining and hospitality experience.

For the third consecutive year in 2015, Mandarin Orchard Singapore was awarded *Best City Hotel – Singapore* at the *26th Annual TTG Travel Awards*, Asia-Pacific's most prestigious annual travel industry awards honouring the best organisations and individuals in the industry for their outstanding achievements and contributions.

A LONG HERITAGE OF HOSPITALITY EXCELLENCE IN SINGAPORE

A BUSINESS HOTEL STRATEGICALLY CONNECTED TO CHANGI AIRPORT

1 / Distinctly oriental and tropical motifs permeate the lobby's ultra-modern interior

2 / The hotel's award-winning buffet and a la carte restaurant, Azur, boasts a show kitchen concept with chefs presenting a multicultural cooking theatre from their live stations

3 / Designed around abstracted trees to create the soft dappled light of a tree canopy, the column-free Chengal Ballroom with its impressive six-metre ceiling height makes for a stunning backdrop to any event

Crowne Plaza Changi Airport (CPCA) is a business hotel strategically located in the immediate vicinity of the passenger terminals of Singapore Changi Airport. The hotel is connected to Terminal 3 on both the arrival and departure levels of the airport, and offers easy access to Terminals 1 and 2. It is also within a short distance to Changi Business Park and Singapore EXPO, and to downtown Singapore by expressway and Mass Rapid Transit.

Designed by the award-winning architectural firm WOHA and managed by the InterContinental Hotels Group, CPCA continues to make a mark amongst the best airport hotels in the world, and as an example of best environmental conservation practices in the industry. It is uniquely positioned to tap passenger traffic going through one of the world's busiest airports for international travel, whilst also catering to the corporate travellers whose offices are located at the nearby business park.

Its nature-inspired architecture provides an iconic backdrop for the delicate floral motifs and distinctly Asian influences permeating the hotel's interior. Adding to the feel of an urban resort are beautiful gardens and an outdoor landscaped pool, affording guests a relaxing environment detached from the hustle and bustle of the location.

CPCA features 320 well-appointed guestrooms that come with modern amenities suited for business travellers, and innovatively designed to optimise room space for both rest and work. Each room is insulated from the noise of the airport environment, and includes a relaxing en-suite bathroom with separate tub and rain shower.

Guests can choose from the hotel's selection of restaurants and bars – *Azur*, an East-Meets-West buffet restaurant with two show kitchens; *Imperial Treasure*, renowned for serving fine Cantonese cuisine; *Lobby Lounge* for quick meetings and light refreshments, be it in the air-conditioned comfort of the lobby or the lush tranquillity of its al fresco dining area; and *bar '75*, a retro sports bar inspired by Asia in the '70s.

CPCA's conference and banquet facilities are equipped with state-of-the-art audio visual technology. There are eight function rooms, including the pillar-less Chengal Ballroom.

The hotel also offers a Meet and Greet Service, through which VIP guests are escorted from the aerobridge or the arrival hall right up to their guestroom for a seamless in-room check-in. Leveraging the growth potential of Singapore as a stopover destination for global travellers, a 10-storey extension housing another 243 guestrooms is currently under construction and is expected to be completed no later than June 2016. The CPCA extension (CPEX) is an adjacent rooms-only extension to CPCA connected by a link-way on the second floor of both the buildings. The extension brings Crowne Plaza Changi Airport's total room inventory to 563 rooms.

The acquisition of CPCA by OUE Hospitality Real Estate Investment Trust (OUE H-Trust) was completed on 30 January 2015. In 2016, OUE H-Trust is expected to complete the acquisition of CPEX when construction is completed and its temporary occupation permit is obtained.

CPCA was named the *World's Best Airport Hotel* at the *Skytrax World Airport Awards* in 2015. The award is based on nominations by over a million airport hotel guests worldwide, spanning 65 nationalities.

CPCA also emerged *Best Airport Hotel – Singapore* at the *26th Annual TTG Travel Awards 2015*, one of Asia-Pacific's most prestigious and influential annual travel industry awards programmes which recognises the best that the travel industry in the region has to offer.

In recognition of the hotel's outstanding commitment to environmental conservation, it was presented in 2015 with the *Singapore Green Hotel Award*, the biennial award administered by the Singapore Hotel Association, together with the National Environment Agency, Public Utilities Board, National Water Agency, Building & Construction Authority of Singapore, and Singapore Tourism Board.

Hospitality

1

Overlooking breathtaking waterfront views of the Marina Bay, internationally acclaimed *Marina Mandarin Singapore* is an upscale business hotel that enjoys an excellent location in the heart of Singapore's Central Business District.

The hotel offers direct access to Marina Square Shopping Mall, and is conveniently located opposite the Suntec Singapore International Convention & Exhibition Centre and The Esplanade – Theatres on the Bay. It is also within walking distance of tourist attractions such as Gardens by the Bay and the Singapore Flyer.

Marina Mandarin Singapore ranks high on the list of all-time favourite hotels amongst avid Formula One fans as it is ideally situated on the trackside of the annual Singapore Grand Prix Formula One race.

The hotel boasts one of the largest open atriums in Southeast Asia, soaring through 21 storeys and permeated by natural light. Each of the 575 guestrooms and suites overlooks the atrium, and features a private balcony for unparalleled views of the famous Singapore harbour and the city skyline.

Food and beverage options in the hotel include *AquaMarine*, an all-day dining restaurant featuring a Halal-certified buffet spread of Asian and international cuisines; *Peach Blossoms*, renowned for its authentic Cantonese fare; *Atrium Lounge* and *Café Mocha* for cosy tête-à-têtes; and the world-famous *Ruth's Chris Steak House*. Offering respite from the hustle and bustle of the city is *Amarin Spa*. The dedicated spa facility offers holistic beauty and massage therapies, as well as access to the hotel's 25-metre natural mineral water pool.

IN THE HEART
OF SINGAPORE'S CENTRAL BUSINESS DISTRICT

5

1 / *Exclusive privileges and personalised service await the savvy traveller at the hotel's Meritus Club Lounge*

2 / *Marina Mandarin's 21-storey atrium, one of the largest open atriums in Southeast Asia*

3 / *All-day dining restaurant AquaMarine features a Halal-certified buffet spread of Asian and international cuisines*

4 / *Column-free Marina Mandarin Ballroom accommodates up to 700 guests*

5 / *The Executive Deluxe Room at Marina Mandarin overlooks stunning views of the famous Singapore harbour*

Marina Mandarin Singapore also offers over 20,000 sq ft of meeting and function spaces that spell stylish versatility and modern convenience. The column-free Marina Mandarin Ballroom can accommodate up to 700 guests, whilst the elegant Vanda Ballroom allows for up to 300 guests. In addition, a selection of 12 meeting rooms is available to accommodate smaller business-style gatherings.

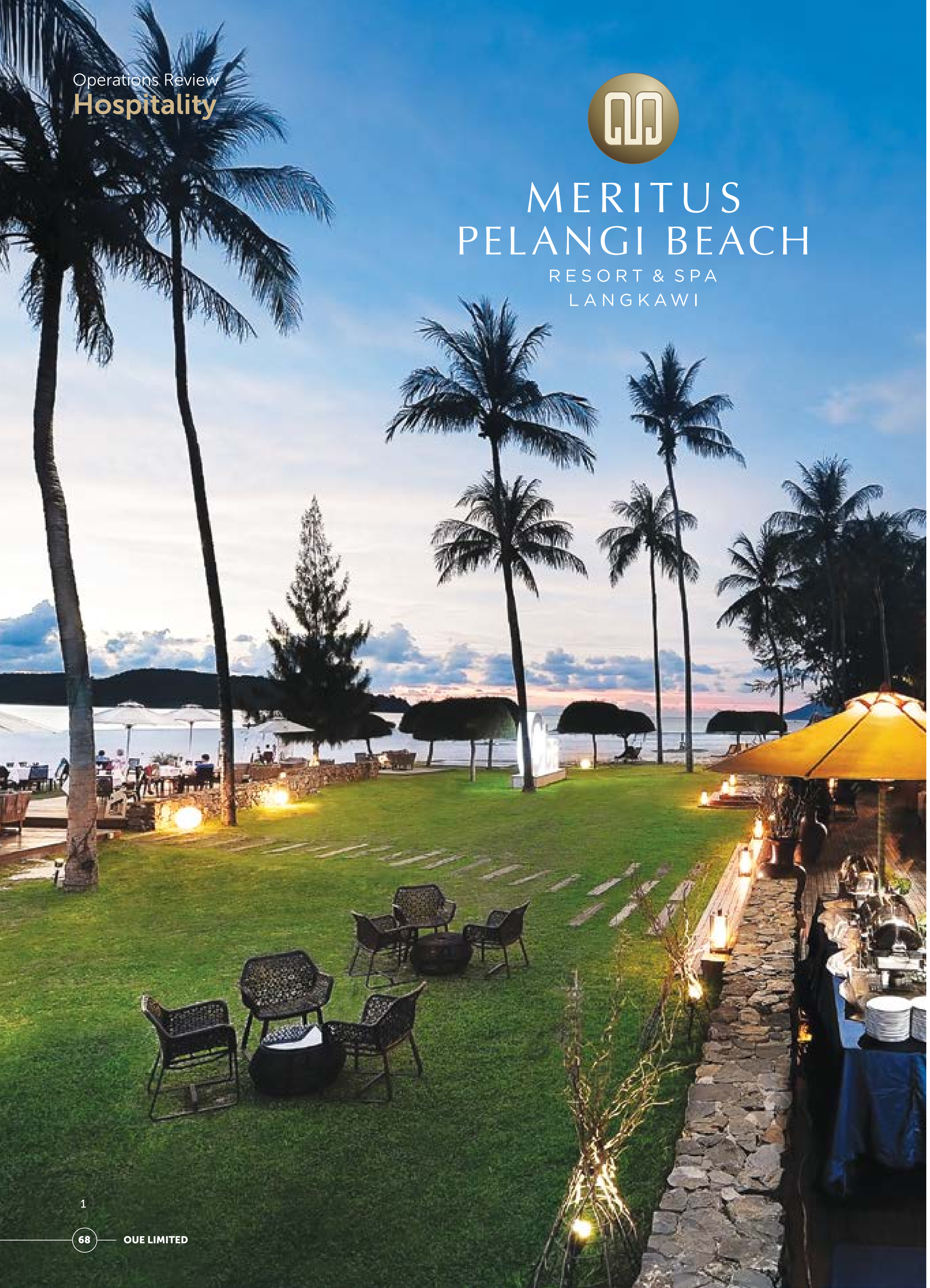
Business facilities include the Meritus Club Lounge on level 21, where guests can enjoy exclusive privileges and preferential service.

For the third year running, the hotel was named *Country Winner (Singapore) - Luxury Business Hotel* as well as *Luxury Wedding Destination* at the *World Luxury Hotel Awards 2015*. Marina Mandarin Singapore has also been conferred the *TripAdvisor Certificate of Excellence* consecutively for three straight years since 2013, earning the hotel the *Hall of Fame* award. In the eco arena, the *BCA Green Mark* in the Gold category was awarded to the hotel by the Building and Construction Authority, in addition to the *Singapore Green Hotel Award 2015*.

3

4

Operations Review
Hospitality



1

2

1 / Beachside restaurant Cba transforms into a happening nightspot on popular Cenang Beach

2 / Bask in spectacular ocean views from the private verandah of the resort's spacious Family Villa

3 / Spice Market serves a delicious array of Asian and Western favourites

4 / The resort's Pelangi Spa offers holistic beauty and massage therapies in a Zen-inspired environment

Meritus Pelangi Beach Resort & Spa, Langkawi is a 35-acre tropical resort and spa located along the white sandy beaches of the famous Cenang Beach, a mere 15-minute drive from Langkawi International Airport.

Fronting a kilometre-stretch of private beach, the resort is designed in the rustic style of a traditional Malay village. 355 guestrooms are housed in clusters of single- and double-storey wooden chalets built on stilts, each with spacious verandahs overlooking spectacular ocean and garden views. The villas are equipped with modern conveniences, with the interiors designed to pay homage to the local culture.

Dubbed "The Jewel of Langkawi," the resort is surrounded by smaller islands, waterfalls and golden sandy beaches, promising a tranquil and relaxing experience for holidaymakers and business travellers alike.

Blending seamlessly with the resort's landscape are themed food and beverage outlets that include *Spice Market*, an all-day dining restaurant serving an array of Asian favourites alongside a comprehensive menu of Western options; *Cba*, a beachside restaurant that transforms into a happening nightspot; *Pelangi Lounge*, a lobby lounge serving snacks and beverages to the accompaniment of nightly live bands; and *Cascade Pool Bar*, a swim-up island bar serving signature thirst quenchers and light bites.

The versatile mix of water sports and outdoor activities offered at the resort is complemented by wellness and rejuvenation facilities that include a state-of-the-art fitness centre and *Pelangi Spa*, where guests can indulge in holistic beauty and massage therapies in a Zen-inspired setting.

Meritus Beach Resort & Spa, Langkawi continues to be a widely popular destination with MICE organisers for its unique indoor and outdoor venues ideal for teambuilding activities and themed events. Corporate guests can also enjoy exclusive privileges and personalised service at the resort's Meritus Club Lounge.

3

4

SITUATED ALONG THE WHITE SANDY SHORES OF THE FAMOUS CENANG BEACH


1

As part of OUE Downtown's transformation, the 7th to 32nd storeys of 50-storey OUE Downtown 1 are being converted from office space into elegantly appointed serviced suites. The 7th storey will house the main lobby as well as recreational facilities for exclusive use by serviced suite residents, including a fitness studio, breakfast lounge with kitchen, and a swimming pool. Upon completion, there will be a total of 268 serviced suites comprising 82 studio units, 139 one-bedroom units and 47 two-bedroom units.

The high zones of OUE Downtown 1 and all of OUE Downtown 2 will remain as prime office space.


3


4

NEW URBAN LIFESTYLE MAGNET

IN THE HEART OF THE FINANCIAL DISTRICT


5

1 / *Interiors well-appointed for modern living with all the conveniences of home*

2 / *A haven of elegant comfort with panoramic city views*

3 / *Artist's impression of the lobby that sets the tone for an elite residential experience*

4 / *Artist's impression of the swimming pool exuding a chic resort feel*

5 / *Artist's impression of the breakfast lounge with kitchen*

1

LUXURY SHOPPING EXPERIENCE
WITH INTERNATIONAL AND UNIQUE LOCAL BRANDS

1 / *A prominent 152-metre frontage on Orchard Road*

2 / *Arteastiq, a boutique high tea lounge, derives its name from the portmanteau of Art and Tea*

3 / *Homegrown brand The Providore curates the world's best ingredients*

4 / *The only Lawry's The Prime Rib in Singapore*

5 / *Max Mara's flagship store is among the mall's high fashion tenants*

6 / *Spanish ready-to-wear women's brand Bimba Y Lola charms urbane shoppers*

6

Exuding sleekness and style, Mandarin Gallery is an upscale retail mall with an attractive 152-metre-wide frontage along Singapore's iconic shopping belt, Orchard Road, and is connected to the renowned Mandarin Orchard Singapore, setting the stage for a unique shopping experience.

With a total gross floor area of more than 196,000 sq ft spread across four levels, Mandarin Gallery is home to a curated collection of high fashion, lifestyle, services and food and beverage tenants. Within this stylish haven, fashionistas can shop for statement pieces and classic everyday wear by high-end international designer brands such as *Hugo Boss*, *Max Mara* and *Paul Smith* as well as at chic local boutiques such as *Undress*. In 2016, the mall will welcome the opening of two premium brands' first Singapore flagship stores, namely *Michael Kors* and *Victoria's Secret*, which further enhance its directory of fashion offerings.

Mandarin Gallery also presents a sumptuous selection of Asian and international cuisine for the epicurean. From all-day breakfasts at *Wild Honey* and high-tea refreshments at *Arteastiq* boutique tea lounge, to gourmet dining at the acclaimed Japanese "omakase" restaurant, *Hashida Sushi*, or the award-winning *Lawry's The Prime Rib*, visitors can indulge in a culinary adventure.

In addition, Mandarin Gallery brings together the best names in hair and beauty, including world-renowned *Toni & Guy*, *Elevatione by Salvadore Dali*, and the sanctuary of *L'Espace Sante*, making it an all-round premium lifestyle destination.

Mandarin Gallery is one of the properties in the portfolio of OUE Hospitality Trust.


4

5


2


3

Operations Review

Retail

Downtown Gallery, the new mall that is part of the transformed OUE Downtown, is set to inject fresh energy into Singapore's Central Business District as the new exciting destination for shopping and dining.

A significant portion of the development's existing podium has been demolished, with OUE Downtown 1 and 2 office lobbies relocated from the ground level to level four, making way for the five-storey plus one basement shopping mall that will span approximately 160,000 sq ft of premium retail space.

The first three storeys of the mall will offer an uninterrupted stretch of retail space that spans the entire length of the building. With a cool, contemporary-style interior, the mall's prominent 262-metre-wide frontage offers more window space than any comparable mall in the area, creating opportunities for spectacular merchandise displays. A link on the third storey will connect Downtown Gallery to the neighbouring residential and office buildings, thereby attracting greater potential footfall into the mall.

Positioned as a new urban lifestyle magnet in the heart of the financial district, Downtown Gallery will cater to the needs of those working and living in the area through a comprehensive offering of athleisure fashion, beauty, wellness and fitness as well as an extensive menu of dining and commune spaces.

FIVE-STOREY PLUS ONE BASEMENT RETAIL MALL


2


3


4

5

1 / *A 262-metre frontage along Shenton Way, poised to transform the Central Business District streetscape*

2 / *View from Level 1 – a sophisticated floral-patterned ceiling specially designed for Downtown Gallery*

3 / *The Downtown Gallery façade will be fronted by a landscaped walkway*

4 / *View from Level 2 – each floor has been uniquely designed with a one-of-a-kind ambience*

5 / *An entrance facing Maxwell Road*

1


oneRafflesPlace

1

2

Following its major revamp which was completed in May 2014, One Raffles Place Shopping Mall has brought an exciting one-stop shopping experience to the heart of Singapore's Central Business District with its 100,000 sq ft, six-storey retail haven.

Situated directly above the Raffles Place Mass Rapid Transit station, the shopping mall adds an element of play to the work day with its diverse range of shopping, dining and leisure options, including internationally renowned brand names such as H&M, Uniqlo, The Hour Glass and Tumi.

The basement level serves up an extensive variety of food and beverage options to cater to those working and living in the CBD, including salad, sandwich and smoothie bars, cafes, bakeries, a pie shop, and a gourmet deli.

A SIX-STOREY **RETAIL HAVEN** THAT SPANS **100,000 SQUARE FEET**

3

4

1 / *One Raffles Place Shopping Mall's exterior façade by night*

2 / *100,000 sq ft of unrivalled shopping and dining choices*

3 / *Diverse range of international and local goods and services*

4 / *Various options of dining and takeaways available throughout the six levels*

Nestled within a lush tropical garden environment at Leonie Hill Road, OUE Twin Peaks redefines urban resort living, offering a haven of serenity just a few minutes' walk from the attractions of Singapore's famed Orchard Road.

OUE Twin Peaks comprises two identical 35-storey towers with an impressive suite of facilities for relaxing, playing and socialising.

Occupying a land area of 130,983 sq ft and a total gross floor area of 436,168 sq ft, this 99-year leasehold development presents the best of modern living in 462 one-, two- and three-bedroom apartments. Each apartment comes fully furnished with iconic pieces by acclaimed designers such as Hans Wegner, Charles & Ray Eames, Tim Dixon and Matthew Hilton, accommodating the desire of owners and residents to step effortlessly into the comforts and privileges of a luxurious private home.

The unique flexibility to combine the one-bedroom apartments with either two- or three-bedroom apartments offers added appeal for extended multi-generation families, allowing movements between apartments while maintaining privacy.

At their doorsteps, residents can indulge in luxurious resort-style amenities amid a refreshing environment of lush greenery designed by internationally-acclaimed landscape architect Bill Bensley. The amenities include a swimming pool, stylish jet spas, exclusive dining suites and state-of-the-art triple-volume sky gyms offering panoramic views of the city. Open-air Sky Loggias on the 36th storey, together with rooftop bars, provide a spectacular setting for private parties, framed by the glittering city skyline.

In November 2015, OUE Twin Peaks was relaunched with a comprehensive marketing campaign that attracted a healthy level of new interest in this exquisite urban paradise.

REPLETE WITH A CHOICE OF LUXURIOUS AMENITIES

1 / *Bold and beautiful, the gourmet dining suites offer residents an exquisite epicurean experience*

2 / *Sky Loggia, the crowning glory on the 36th floor, offers a panoramic view of the city skyline*

3 / *Rekindle luxury in the privacy of the master bedroom with a panoramic view of Orchard Road yonder*

4 / *Begin the journey to luxury from the comfort of the living room fitted with iconic designer furnishings*

5 / *Designed with a whimsical touch, the 35-metre pool is a splashing ode to luxury*

OUE Hospitality Trust

As at 31 December 2015, OUE Hospitality Trust's (OUE H-Trust's) portfolio comprised two hotels, Mandarin Orchard Singapore (MOS) and Crowne Plaza Changi Airport (CPCA), and the Mandarin Gallery retail mall, which is adjacent to MOS.

Gross revenue for FY2015 was S$124.6 million, S$8.7 million higher than revenue for FY2014 of S$115.9 million. This was mainly due to higher revenue from the hospitality segment which mitigated the lower retail revenue.

Revenue from the hospitality segment in FY2015 was S$9.3 million higher than FY2014. This was a result of the additional S$14.4 million of master lease income contribution from the newly acquired CPCA which more than offset the decrease of S$5.1 million master lease income from MOS.

For the retail segment, Mandarin Gallery recorded S$0.5 million lower revenue of S$36.7 million in FY2015 due to lower occupancy and the fit-out periods granted for tenants arising from lease renewals.

OUE H-Trust's net property income was 5.8% higher than last year at S$109.1 million mainly due to the additional master lease income contributed by the newly acquired CPCA.

Distributable income achieved was S$87.4 million, 1.8% lower than 2014. Notwithstanding higher net property income, the distributable income declined 1.8% due to higher interest cost and an increase in interest expense from borrowings to fund the acquisition of CPCA.

As at 31 December 2015, OUE H-TRUST's net asset value per stapled security was S$0.90.

The Group's effective interest in OUE H-TRUST is approximately 35.0% as at 31 December 2015.

1 / *Crowne Plaza Changi Airport, the only global brand name hotel within the vicinity of the passenger terminals of Changi Airport*

2 / *Mandarin Gallery elevates the Orchard Road shopping experience*

3 / *Mandarin Orchard Singapore, a prestigious brand of Asian hospitality*

HOSPITALITY
TRUST

OUE H-TRUST is a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT). OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited. OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by OUE Limited.

Operations Review

OUE Commercial REIT

1 / *OUE Bayfront illuminates the Collyer Quay waterfront*

2 / *One Raffles Place distinguishes itself as a leading financial hub*

3 / *Lippo Plaza makes a statement in the renowned Huangpu district*

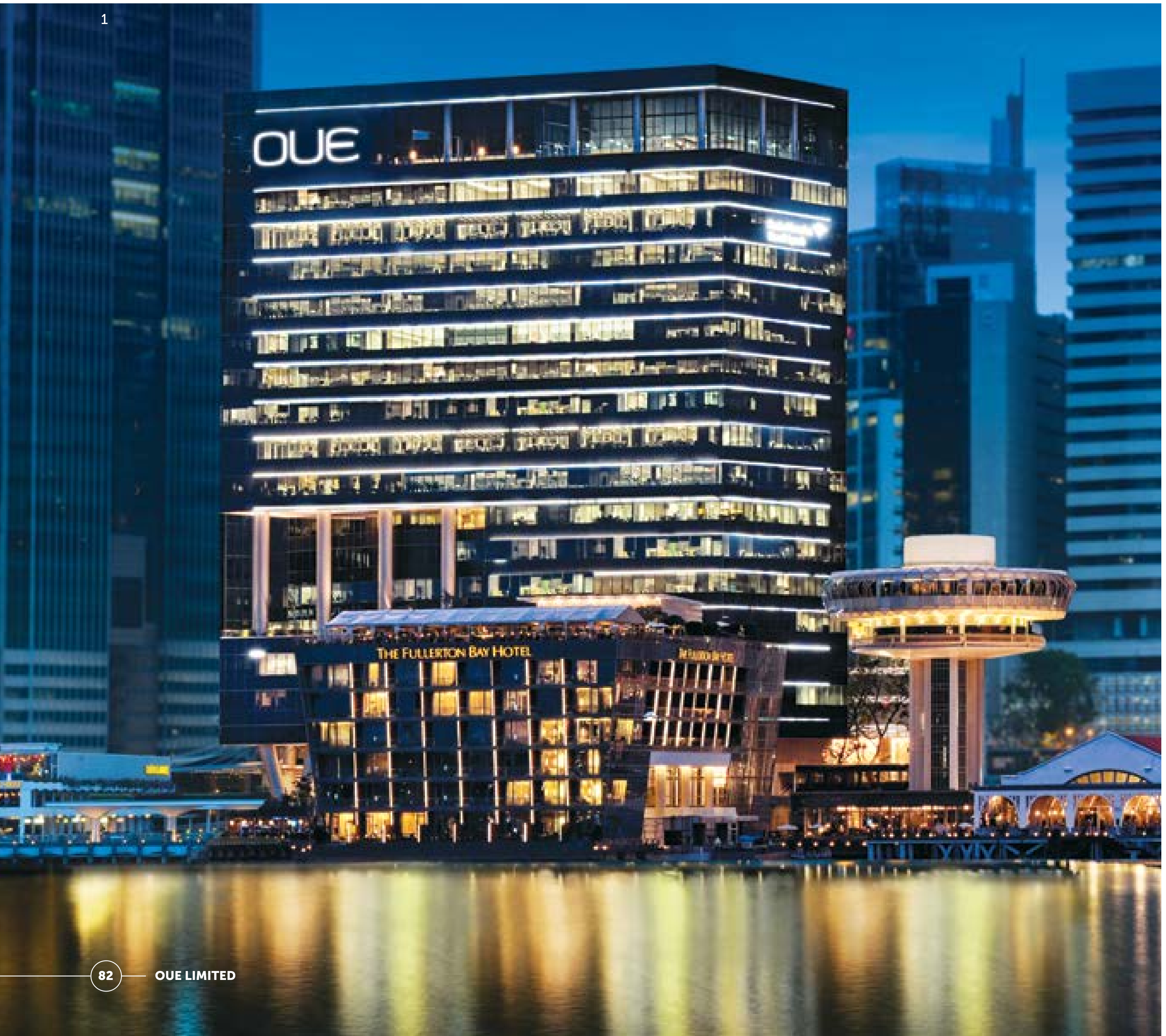
OUE Commercial Real Estate Investment Trust (OUE C-REIT) completed its maiden acquisition on 8 October 2015, with the acquisition of an indirect interest in One Raffles Place, a landmark integrated commercial development comprising two office towers and a retail mall situated above the Raffles Place Mass Rapid Transit interchange station in Singapore, from Sponsor OUE Limited.

The IPO portfolio of OUE C-REIT comprised of OUE Bayfront, a premium Grade-A building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub in Singapore's Central Business District; and Lippo Plaza, a 36-storey Grade-A commercial building located in Huangpu district in Puxi, Shanghai. With the inclusion of One Raffles Place, OUE C-REIT's total assets-under-management more than doubled to S$3.4 billion, with a total net lettable area of more than 1.5 million square feet as at 31 December 2015.

FY2015 gross revenue of S$101.0 million was 41.2% higher than the preceding financial period (Prior Period)[1], due to better performance at OUE Bayfront and Lippo Plaza, as well as contribution from the newly acquired One Raffles Place from the acquisition completion date of 8 October 2015. Consequently, the amount available for distribution in FY2015 was S$56.1 million, 22.2% higher than Prior Period, translating to DPU of 4.38 cents.

As at 31 December 2015, OUE C-REIT's net asset value per unit was S$0.96.

The Group's effective interest in OUE C-REIT as at 31 December 2015 was 49.1%.



OUE COMMERCIAL REIT

OUE C-REIT has been established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for office and/or retail purposes, in financial and business hubs within key gateway cities.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., which is a wholly-owned subsidiary of OUE Limited.

[1] Prior Period relates to the period from listing date of 27 January 2014 to 31 December 2014.

Corporate Social
Responsibility

1 / Mr. Lawrence Wong, Minister for National Development, with senior management from the Ministry of National Development, Building and Construction Authority, Changi Airport Group, Dragages Singapore and OUE during a visit to the Crowne Plaza Changi Airport hotel extension on 11 February 2016

2 / First of its kind, The LKY Musical formed the backdrop to OUE's support of SG50

3 / OUE CEO and Group Managing Director Mr. Thio Gim Hock with special guests at the kick-off ceremony for Stars of Christmas 2015

At OUE, corporate social responsibility is embedded in our corporate culture and forms an integral part of our business strategy. Every year, we give back through community-based initiatives that focus on the environment, education, the arts and sports. We believe that our ongoing commitment to corporate accountability contributes to bringing about meaningful and sustainable impact on both the company's long-term interests and the welfare of the community in Singapore.

In 2015, OUE paid tribute to SG50, Singapore's 50th year of independence, through nation-wide awareness initiatives such as the sponsorship of *The LKY Musical*, the first ever musical in honour of and to commemorate the life and times of Singapore's founding father.

PIONEERING SUSTAINABLE CONSTRUCTION TECHNOLOGY

OUE became the first commercial property developer to adopt the cutting-edge Prefabricated Pre-finished Volumetric Construction (PPVC) method to build the extension to the Crowne Plaza Changi Airport hotel. The PPVC method significantly reduces the time and the manpower needed for construction. Hotel room modules are fully fabricated off-site, complete with finishes, fixtures and fittings, and then delivered to be assembled on-site. The use of PPVC underlines OUE's commitment to the Singapore government's call for companies to raise productive and labour-efficient construction processes in the building environment sector.

OUE IN THE COMMUNITY

In support of children from less privileged backgrounds, OUE contributed to the *Equestrian Federation of Singapore* for the establishment of a special *Equine Assisted Learning Programme for At-Risk Youth*. The programme provides an enabling environment for at-risk youth to interact with horses and pick up life skills and employment in the process.

The *Eagles Leadership Conference 2015*, a renowned leadership capacity-building event by the *Eagles Leadership Institute*, was presented by OUE. The annual conference is aimed at encouraging leaders across various sectors to pick up and learn best-in-class leadership tools for their workplace.

OUE also contributed to *Community Chest* – the national fund-raising and engagement arm of the National Council of Social Service, in support of the latter's efforts to mobilise all segments in Singapore to launch a series of grassroots activities in celebration of SG50.

Amongst the various other social organisations in Singapore that OUE continued to support in 2015 are *Dover Park Hospice*, *LEAP SchoolHouse*, *Salvation Army* and *St Luke's Hospital*.

CHAMPIONING EDUCATION

In line with OUE's commitment to promoting knowledge and learning in the community, the company supported various projects that provide youths and adults from all backgrounds a chance at getting a good education. OUE contributed to the *SJI International Scholarship Fund* and as a Founding Benefactor of the *Lee Kong Chian Natural History Museum* at the *National University of Singapore* (NUS). The company also contributed to research initiatives being undertaken by the *Centre for Family* and *Population Research*, as well as the *Future Ready Singapore* project and the *Asia Competitiveness Institute* at the *Lee Kuan Yew School of Public Policy*, NUS.

PROMOTING LOCAL ARTS AND CULTURE

The LKY Musical, produced by Metropolitan Productions, formed the backdrop to OUE's support of SG50. The musical paid tribute to the life and legacy of Singapore's founding father, and sought to build awareness of and appreciation for Singapore's beginning amongst the youth of today.

The first musical of its kind in Singapore, The LKY Musical also showcased Singapore's talented artistes and the deft ability of the musical's creative team comprising, amongst others, Singapore Medallion Award winner Dick Lee and bestselling author Meira Chand.

2 Image courtesy of Metropolitan Productions

2015 was also a big year for the architectural scene in Singapore as OUE and local architecture consultancy, *The Artling*, partnered to launch the inaugural *OUE Artling Archipavilion Design Competition* that provided a national platform for local architects and interior designers to demonstrate their talent in front of an international team of experts. The first such design competition in Singapore, it encouraged local architects to push their limits and come up with ingenious and creative yet functional designs that fulfilled the brief of serving as a temporary art space in the heart of the CBD.

In the performing arts scene, OUE continued its strong support of the *Singapore Symphony Orchestra*'s three-pronged mission of artistic excellence, community engagement and capacity building.

ADVANCING SPORTS

Into its second year, the *OUE Singapore Open* played host to the world's top badminton players for a week from 7 to 12 April 2015 at the Singapore Indoor Stadium. The OUE Singapore Open is a marquee badminton tournament in Singapore that continues to raise the profile of the sport in Singapore through support for the national badminton team and the *Singapore Badminton Association* (SBA) youth programmes. OUE, together with SBA, held badminton clinics for beneficiaries of Community Chest including participants from the Youth Guidance Outreach Services.

STARS OF CHRISTMAS

For the sixth year running, OUE continued its tradition of holding the annual *Stars of Christmas* community project. Teaming up with Meritus Hotels & Resorts, Mandarin Orchard Singapore and Marina Mandarin Singapore, OUE also collaborated with *Chrysler Jeep Automotive of Singapore Pte Ltd, Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore – Sole Authorised Dealer)* and *Community Chest* for Stars of Christmas 2015.

The three-part programme is aimed at engaging the community to share in the joy of giving every Christmas by contributing presents to children with special needs and illnesses. Stars of Christmas 2015 commenced with the ceremonial hanging of Christmas stars at the lobby of Mandarin Orchard Singapore, led by OUE Chief Executive Officer and Group Managing Director Mr. Thio Gim Hock. Giant Christmas trees at Mandarin Orchard Singapore and Marina Mandarin Singapore were adorned with stars bearing the name, age and gender of every beneficiary, for donors' reference when buying the presents for the beneficiaries, which were then placed under the trees.

On 10 December, beneficiaries of Stars of Christmas 2015, along with their parents, siblings and caregivers, were guests of honour at a Christmas luncheon hosted by OUE Executive Chairman Dr. Stephen Riady. The children were treated to an afternoon of entertainment and a scrumptious feast, including a visit from Santa and his helpers who handed out Christmas presents.

Stars of Christmas 2015 culminated in a Toy Run activity on the morning of 19 December. The event saw a fleet of volunteer *Harley-Davidson* and *Chrysler Jeep* riders creating a festive spectacle as they set off from the Orchard Road frontage of Mandarin Gallery to deliver the donated Christmas presents to various locations. More than 800 beneficiaries received presents through Stars of Christmas 2015.

Corporate Information

BOARD OF DIRECTORS
Stephen Riady *(Executive Chairman)*
Christopher James Williams *(Deputy Chairman)*
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan

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
Ng Ngai

SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Telephone : (65) 6227 6660
Facsimile : (65) 6225 1452
Email : MCSVC@mncsingapore.com

AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge : Ms. Lo Mun Wai
Date of appointment : With effect from financial year ended 31 December 2014

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
Bernard Lim/Jordan Isac
Telephone : (65) 6809 6051
Email : investorrelations@oue.com.sg

Corporate Governance Report

OUE Limited (the "**Company**") 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 2015 ("**FY2015**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Company is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code. Deviations from the Code, if any, 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 : Board's Conduct of Affairs

The Company is headed by an effective Board comprising a majority of non-executive Directors. The Board is supported by three Board committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference, which have been approved by the Board, and sets out its duties 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 Management performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the company's reputation;
- setting the Company's values and standards (including ethical standards), and 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 Company has adopted internal guidelines which require Board approval for investments, divestments and bank borrowings. The Company has adopted a framework of delegated authorisation, as set out in its Limit 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 by the Board for 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 Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required by the circumstances. In 2015, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board or Board Committee meetings may convey their views to the Chairmen or the Company Secretary. The Company's Constitution provides for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2015, certain Directors participated in Board and Board Committee meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

<u>Directors' Attendance for Board and Board Committee Meetings</u>

	Number of meetings attended in FY2015			
Name of Director	**Board**	**AC**	**NC**	**RC**
Stephen Riady	4	–	–	–
Christopher James Williams	4	–	1	1
Thio Gim Hock	4	–	–	–
Kelvin Lo Kee Wai	4	4	1	1
Sin Boon Ann	4	4	1	1
Kin Chan	4	4	–	–
Number of meetings held in FY2015	4	4	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 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 information. No new directors were appointed in FY2015.

Directors are at liberty to request 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 and hospitality industries on a regular basis. To keep pace with the fast-changing laws, regulations and commercial risks, Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as Directors of the Company. 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 the Board members and where applicable, as Board Committee members. The Directors may also attend other appropriate courses, conferences and seminars, at the Company's expense. These include programmes run by the Singapore Institute of Directors.

The NC makes recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board.

Principle 2 : Board Composition and Guidance

The independence of each of the Directors has been assessed by the Board (after taking into account the NC's views) in accordance with the requirements of the Code for assessing independence. Under the Code, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

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, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. Although Mr. Kelvin Lo Kee Wai has served on the Board as an Independent Director 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 Mr. Kelvin Lo Kee Wai has continued to demonstrate independence in character and judgement in the manner in which he has discharged his responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect his judgement and ability to discharge his responsibilities as an Independent Director of the Board, and to contribute to the Board in such capacity. No individual or small group of individuals dominate the Board's decision making. In addition to the annual review by the NC of the Directors' independence, each independent Director also submits an annual declaration regarding his independence. In relation to Mr. Sin Boon Ann, notwithstanding that the fees invoiced by Drew & Napier LLC (of which Mr. Sin is the Deputy Managing Director of the Corporate and Finance Department) to the Group for legal fees in FY2015 exceeded S$200,000, the Board has (following a rigorous review by the NC) concluded that Mr. Sin is an Independent Director on the basis that he was not involved in the decision-making processes in respect of the engagement of Drew & Napier LLC as legal advisors. Further, Mr. Sin is able to exercise independent judgement and demonstrate objectivity in his deliberations at meetings.

There are two non-executive non-independent Directors who also contribute constructively to recommendations from Management.

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.

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 current composition of the Board provides an appropriate balance and diversity of skills, experience, and knowledge of the Company, contributing to improved risk management and more robust decision making for the strategic future of the Company. The Board comprises Directors who as a group have 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.

Corporate Governance
Report

The NC has recommended to the Board that Dr. Stephen Riady and Mr. Kin Chan be nominated for re-election at the forthcoming Annual General Meeting ("**AGM**"). In making the recommendation, the NC has considered each Director's overall contributions and performance.

Dr. Stephen Riady will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr. Kin Chan will, upon re-election as a Director, remain as a Non-Executive Non-Independent Director of the Company and a member of the Audit Committee.

Section 153 of the Companies Act, Cap. 50, which was in force immediately before 3 January 2016, provided that: (i) the office of a director of a public company or of a subsidiary of a public company shall become vacant at the conclusion of the annual general meeting commencing next after he attains the age of 70 years; and (ii) a person of or over the age of 70 years may however, by an ordinary resolution passed at an annual general meeting of a company, be appointed or re-appointed as a director of the company to hold office until the next annual general meeting of the company. Mr. Thio Gim Hock, who is over the age of 70, was re-appointed at the last AGM of the Company pursuant to the then existing Section 153. The NC has recommended to the Board that Mr. Thio Gim Hock be re-appointed at the forthcoming AGM to hold office from the date of the forthcoming AGM. Subject to his re-appointment, Mr. Thio Gim Hock will thereafter retire in accordance with the normal rotation cycle under the Constitution of the Company. In making the recommendation, the NC has considered the said Director's overall contributions and performance.

Principle 3 : Chairman and Chief Executive Officer

The Board is chaired by Dr. Stephen Riady, who is an executive Director. The Chairman, in consultation with Management, 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.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director.

The Board is of the opinion that it is in the best interest of the Company to continue to have Dr. Riady serving as Executive Chairman 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. 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 from 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 therefore 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. For the above reasons, the Board opines that a lead independent director is not required at this juncture. The Board will review and assess the situation jointly with the NC from time to time to consider whether a lead independent director is required.

There is a clear separation of responsibilities between the Chairman and the Chief Executive Officer/Group Managing Director ("**CEO**"), so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

Principle 4 : Board Membership

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 is the chairman of the NC. The NC met once in FY2015.

The principal responsibilities of the NC in performing the functions of a nominating committee include reviewing and evaluating nominations of Directors for appointment to the Board, 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, making recommendations and reviewing the training and professional development programmes for the Board and reviewing the retirement and re-election of Directors. Pursuant to the Company's Constitution, one-third of the Directors will retire from office at the Company's forthcoming Annual General Meeting.

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 as to relationships, the existence of which would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interest of the Company, is considered to be independent.

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 needed 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. Additionally, in the recruitment of Directors, the NC is mindful of the importance of ensuring that the Board is well balanced and diverse. The NC also understands the need to periodically renew the Board.

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 this 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 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 of the Company. In determining whether a Director has been adequately carrying out his duties as a Director of the Company, 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 vary, and thus should not be prescriptive.

The Directors have opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act and listing rules, real estate and hotel industry-related matters and other areas to enhance their performance as Board and Board Committee members.

Key information on the Directors' particulars and background can be found on pages 44 to 48 of the Annual Report.

The Board does not appoint alternate directors as recommended by Guideline 4.5 of the Code.

Principle 5 : Board Performance

The NC 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 Directors. There is a self-performance assessment undertaken by each Director. The Company Secretary compiles 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 of 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.

In evaluating each Director's performance, the NC considers, *inter alia*, the Director's attendance, contribution, participation and candour at Board and Board Committee meetings, the Director's individual evaluation, 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.

Principle 6 : Access to Information

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 on-going basis. Such information provided includes board papers and related material background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and monthly internal financial statements. The Directors also have separate and independent access to the key executive officers and the Company Secretary. The function of the Company Secretary and other key executive officers of the Company is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its committees and between senior management and non-executive Directors.

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

B. REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

Remuneration Committee

The RC comprises three non-executive members, 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 2015.

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

- recommend to the Board a general framework of remuneration for Board members and also for key management personnel; and

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

The RC sets the compensation policy to ensure that the compensation 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. In developing 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. While the remuneration policies of the Company are structured to attract and retain highly qualified persons, the Company's overall goal is to ensure the long-term sustainability and success of the Company.

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.

Fees payable to the Directors are proposed as a lump sum, subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting. 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 of the Board, or chairman of the Board committees, (ii) serving on Board committees as members. 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.

The compensation framework for key management personnel 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. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel.

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2015 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2015

Name of Director	Salary	Bonuses	Directors' Fees	Others	Total/ Remuneration
	%	%	%	%	%
Below S$250,000					
Stephen Riady	100	–	–	–	100
Christopher James Williams	–	–	100	–	100
Kelvin Lo Kee Wai	–	–	100	–	100
Sin Boon Ann	–	–	100	–	100
Kin Chan	–	–	100	–	100
S$250,000 to S$499,999					
–	–	–	–	–	–
S$500,000 to S$749,999					
–	–	–	–	–	–
S$750,000 to S$999,999					
–	–	–	–	–	–
S$1,000,000 to S$1,249,999					
–	–	–	–	–	–
S$1,250,000 to S$1,499,999					
–	–	–	–	–	–
S$1,500,000 to S$1,749,999					
–	–	–	–	–	–
S$1,750,000 to S$1,999,999					
–	–	–	–	–	–
S$2,000,000 to S$2,249,999					
–	–	–	–	–	–
S$2,250,000 to S$2,499,999					
–	–	–	–	–	–
S$2,500,000 to S$2,749,999					
Thio Gim Hock	22.76	75.87	–	1.37	100

The Code encourages companies to fully disclose the remuneration of each individual director and the CEO on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders. In arriving at this 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, and the negative impact which such disclosure may have on the Group in attracting and retaining talent at the Board level on a long-term basis.

Directors' and Key Management Personnel's Remuneration
Number of Directors and key management personnel of the Company in each remuneration band:

Remuneration Bands	Number of Directors		Number of Key Management Personnel[1] (who are not also Directors or the CEO)	
	2015	2014	2015	2014
Below S$250,000	5	5	–	–
S$250,000 to S$499,999	–	–	–	–
S$500,000 to S$749,999	–	–	–	–
S$750,000 to S$999,999	–	–	–	–
S$1,000,000 to S$1,249,999	–	–	–	–
S$1,250,000 to S$1,499,999	–	–	–	–
S$1,500,000 to S$1,749,999	–	–	–	–
S$1,750,000 to S$1,999,999	–	–	–	–
S$2,000,000 to S$2,249,999	–	–	–	–
S$2,250,000 to S$2,499,999	–	–	–	–
S$2,500,000 to S$2,749,999	1	1	–	–
Total	6	6	0	0

Note:

[1] 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 Company is of the view that there are only two persons, being the CEO and the Chairman (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.

The Code encourages companies to fully disclose the names and remuneration of the top five key management personnel (who are not directors or the CEO). The Company takes the view that only two persons, being the CEO and the Chairman (who are also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company.

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2015. The Company does not have any employee share scheme.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2015.

C. ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

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. Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

Principle 12 : Audit Committee

The AC consists of 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 members of the AC have many years of experience in senior management positions. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities as listed in the principal responsibilities of the AC below. The AC met four times in 2015.

The principal responsibilities of the AC include the following:

- reviewing the 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 judgements 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 the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Company's internal audit and control functions;
- reviewing interested party transactions; and
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

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. The quarterly 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. A substantial portion of the non-audit fees relate to work carried out by the external auditors relating to the circular issued by its subsidiary, OUE C-REIT for the acquisition of subsidiaries and related fund raising exercise during the year. 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 FY2015 was S$962,000 for non-audit services and S$731,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rule 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 Annual General Meeting to be held on 21 April 2016.

The details of the remuneration of the auditors of the Company during FY2015 are as follows:

	2015 (S$'000)
Audit services:	
- Auditors of the Company	731
- Other auditors	207
Non-audit services:	
- Auditors of the Company	962
- Other auditors	116

The Company has in place a whistle-blowing 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.

In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updated 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.

Principle 11 : Risk Management and Internal Controls
Principle 13 : Internal Audit

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 and monitors the Group's risks through an Enterprise Risk Management 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.

Based on the AC's review of the effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems, 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 2015, and addresses financial, operational, compliance, information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be 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 judgement 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 FY2015, the CEO and Senior Vice President, Finance have provided written confirmation to the Board: (a) that 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 management and internal control systems are adequate and effective 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. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the CEO and Senior Vice President, Finance, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the quarterly financial results to be false or misleading.

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 97 to 98.

The Internal Audit department is headed by the Vice President, Internal Audit who reports directly to the Chairman of the AC and administratively to the CEO. 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 and compliance risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the 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 is satisfied with the adequacy and effectiveness of the internal audit function and its resources.

D. COMMUNICATION WITH SHAREHOLDERS

Principle 14 : Regular, Effective and Fair Communication with Shareholders
Principle 15 : Encouraging Greater Shareholder Participation
Principle 16 : Conduct of Shareholder Meetings

Shareholders are informed of the Company's performance and developments through press releases and the publication of its quarterly and full-year results on the SGXNET and Annual Report and the Company's website. Shareholders are also regularly kept up to-date on significant events and happenings and 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 our dedicated investor relations team, to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders. The Company meets with analysts and participated in investor roadshows and conferences in FY2015. In addition, the contact details of our investor relations representative are set out in the press releases issued by the Company.

In addition, shareholders are given the opportunity to communicate their views and encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The respective Chairmen of the AC, NC and RC, as well as the external auditors are also present at shareholders' meetings to address relevant questions raised by the shareholders. 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.

Voting for all resolutions at shareholders' meetings held in FY2015 was conducted by electronic poll. Votes cast for or against and the respective percentages on each resolution were 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 were also announced on the SGXNET and the Company's website on the same day of the events. Minutes of the shareholders' meetings were also prepared and available upon request, which included substantial and relevant comments or queries from the shareholders, and responses from the Board and Management.

The Company had adopted an annual cash dividend policy with a view of 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.

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 (as defined therein). The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. Save as disclosed, there were no IPTs during FY2015 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Company's Securities

The Company has issued guidelines on dealing in the Company's securities. These point to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company's securities by its Directors and officers. The Company sends 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 financial statements for each of the first three quarters of its financial year;

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

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

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

MANAGING RISK

Risk Management is an integral element of the Group's decisions and business processes. The Enterprise Risk Management (ERM) framework, which incorporates a Risk Register, sets out the basis for the integration of risk management into business processes across the Group.

The ERM framework and related risk management policies have been validated by external ERM consultants and are reviewed on a regular basis. 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 risk tolerances provides the Management with assurance that the Group remains within its risk appetite. The key risks which have been identified by the Group include the following:

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 basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so. The Group therefore adopts a risk-based approach to managing operational risks.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The framework provides 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 provides 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 risk and return 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.

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 quarterly 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's exposure to interest rate volatility is reduced, and thereby funding costs are managed, by matching maturities of loans and term deposits and maintaining 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 an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows. The Group Finance Department establishes cash flow statements and carries out periodic cash flow forecast on a rolling twelve-month basis.

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 on-going 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 judgements in lawsuits or regulatory sanctions, and therefore negatively affects 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. The Group has in place comprehensive policies and procedures to manage these risks and conducts regular reviews and testing.

FINANCIAL STATEMENTS

OTHER INFORMATION

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 2015.

In our opinion:

(a) the financial statements set out on pages 104 to 187 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 2015 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 and Singapore Financial Reporting Standards; 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
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (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 or debentures 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
OUE Limited		
Kin Chan		
- ordinary shares		
- deemed interest	618,916,410	618,916,410

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning 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 2016.

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.

Directors'
Statement

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.

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 4 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).

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 our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Statement

AUDITORS

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Thio Gim Hock
Chief Executive Officer/Group Managing Director

11 March 2016

Independent Auditors' Report

Members of the Company
OUE Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying 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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 104 to 187.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
11 March 2016

Consolidated
Statement of Comprehensive Income

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	4	431,493	416,415
Cost of sales		(280,838)	(236,824)
Gross profit		150,655	179,591
Marketing expenses		(21,952)	(12,274)
Administrative expenses		(65,017)	(55,775)
Other operating expenses		(13,457)	(13,501)
Share of results of equity-accounted investees, net of tax		207,580	87,033
		257,809	185,074
Finance expenses	7	(89,135)	(68,607)
Finance income	8	12,175	4,585
		180,849	121,052
Other gains – net	9	20,257	1,179,732
Profit before tax		201,106	1,300,784
Tax expense	10	(22,335)	(60,746)
Profit after tax		178,771	1,240,038
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences relating to foreign operations		26,433	11,715
Share of currency translation differences of equity-accounted investees		972	1,242
Share of other reserves of equity-accounted investees		(1,549)	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		–	889
Fair value (loss)/gain on available-for-sale financial assets		(43,875)	18,710
Effective portion of changes in fair value of cash flow hedges		7,250	842
Other comprehensive income, net of tax		(10,769)	34,486
Total comprehensive income for the year		168,002	1,274,524
Profit attributable to:			
Owners of the Company		156,370	1,094,020
Non-controlling interests		22,401	146,018
		178,771	1,240,038
Total comprehensive income attributable to:			
Owners of the Company		136,367	1,126,022
Non-controlling interests		31,635	148,502
		168,002	1,274,524
Earnings per share for profit attributable to the owners of the Company			
Basic and diluted earnings per share ($)	11	0.17	1.20

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

Statements of
Financial Position

As at 31 December 2015

	Note	Group 31 Dec 2015 $'000	Group 31 Dec 2014 $'000	Company 31 Dec 2015 $'000	Company 31 Dec 2014 $'000
Assets					
Cash and cash equivalents	12	172,353	161,957	83,782	62,788
Trade and other receivables	13	38,931	24,759	789,848	690,258
Inventories	14	727	691	246	192
Other investments	15	371,399	328,070	–	–
Development properties	16	859,269	875,570	–	–
Other assets	17	35,589	13,810	1,753	2,568
Loans to subsidiaries	21	–	–	2,394,206	1,544,693
Derivative assets	25	32	–	–	–
Assets held for sale	18	–	223,564	–	–
Current assets		1,478,300	1,628,421	3,269,835	2,300,499
Available-for-sale financial assets	19	174,223	217,324	157,262	201,624
Investments in equity-accounted investees	20	812,695	1,150,776	391,224	514,202
Investments in subsidiaries	21	–	–	334,792	334,792
Loan to a subsidiary	21	–	–	124,750	80,866
Other assets	17	3,255	1,503	976	1,071
Investment properties	22	5,627,266	3,671,968	–	–
Property, plant and equipment	23	21,337	20,591	14,139	15,173
Intangible asset	24	–	–	–	–
Deferred tax assets	28	6,189	2,269	1,273	–
Derivative assets	25	6,573	1,478	–	–
Non-current assets		6,651,538	5,065,909	1,024,416	1,147,728
Total assets		8,129,838	6,694,330	4,294,251	3,448,227
Liabilities					
Trade and other payables	26	237,740	149,283	67,595	100,181
Borrowings	27	157,195	649,507	152,000	249,665
Provision	30	–	–	4,665	6,894
Loan from a subsidiary	21	–	–	216,702	–
Current tax liabilities		27,373	16,676	1,957	3,562
Current liabilities		422,308	815,466	442,919	360,302
Borrowings	27	2,767,352	1,416,415	795,250	496,523
Deferred tax liabilities	28	119,664	92,704	392	367
Other payables	29	56,142	29,326	390	585
Provision	30	–	–	8,395	5,065
Derivative liabilities	25	180	972	–	–
Non-current liabilities		2,943,338	1,539,417	804,427	502,540
Total liabilities		3,365,646	2,354,883	1,247,346	862,842
Net assets		4,764,192	4,339,447	3,046,905	2,585,385
Equity					
Share capital	31	693,315	693,315	693,315	693,315
Other reserves	32	(51,672)	6,223	(39,769)	16,545
Accumulated profits	33	3,288,829	3,153,798	2,393,359	1,875,525
Equity attributable to owners of the Company		3,930,472	3,853,336	3,046,905	2,585,385
Non-controlling interests	34	833,720	486,111	–	–
Total equity		4,764,192	4,339,447	3,046,905	2,585,385

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

Consolidated
Statement of Changes in Equity
Year ended 31 December 2015

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 2015		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447
Total comprehensive income for the year							
Profit for the year		–	–	156,370	156,370	22,401	178,771
Other comprehensive income							
Currency translation differences relating to foreign operations		–	20,890	–	20,890	5,543	26,433
Share of currency translation differences of equity-accounted investees		–	972	–	972	–	972
Share of other reserves of equity-accounted investees		–	(1,549)	–	(1,549)	–	(1,549)
Fair value loss on available-for-sale financial assets		–	(43,875)	–	(43,875)	–	(43,875)
Effective portion of changes in fair value of cash flow hedges		–	3,559	–	3,559	3,691	7,250
Total other comprehensive income, net of tax		–	(20,003)	–	(20,003)	9,234	(10,769)
Total comprehensive income for the year		–	(20,003)	156,370	136,367	31,635	168,002
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired	31	–	(11,952)	–	(11,952)	–	(11,952)
Dividends paid	35	–	–	(45,231)	(45,231)	(25,944)	(71,175)
Proceeds from issuance of units in a subsidiary		–	–	–	–	112,886	112,886
Unit issue costs of a subsidiary		–	(2,893)	–	(2,893)	(3,098)	(5,991)
Total contributions by and distributions to owners		–	(14,845)	(45,231)	(60,076)	83,844	23,768
Changes in ownership interests in subsidiaries							
Changes in ownership interests in a subsidiary with a change in control	41	–	(25,798)	25,798	–	232,386	232,386
Changes in ownership interests in a subsidiary without a change in control	42	–	46	(232)	(186)	(256)	(442)
Total changes in ownership interests in subsidiaries		–	(25,752)	25,566	(186)	232,130	231,944
Total transactions with owners		–	(40,597)	(19,665)	(60,262)	315,974	255,712
Share of reserves of an equity-accounted investee		–	2,705	(1,674)	1,031	–	1,031
At 31 December 2015		693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192

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

Consolidated
Statement of Changes in Equity
Year ended 31 December 2015

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 2014		693,315	7,917	2,190,308	2,891,540	623,484	3,515,024
Total comprehensive income for the year							
Profit for the year		–	–	1,094,020	1,094,020	146,018	1,240,038
Other comprehensive income							
Currency translation differences relating to foreign operations		–	9,677	–	9,677	2,038	11,715
Share of currency translation differences of equity-accounted investees		–	1,242	–	1,242	–	1,242
Share of other reserves of equity-accounted investees		–	1,088	–	1,088	–	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		–	889	–	889	–	889
Fair value gain on available-for-sale financial assets		–	18,710	–	18,710	–	18,710
Effective portion of changes in fair value of cash flow hedges		–	396	–	396	446	842
Total other comprehensive income, net of tax		–	32,002	–	32,002	2,484	34,486
Total comprehensive income for the year		–	32,002	1,094,020	1,126,022	148,502	1,274,524
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	35	–	–	(27,297)	(27,297)	(31,762)	(59,059)
Unit issue costs of a subsidiary		–	(8,237)	–	(8,237)	(8,237)	(16,474)
Total contributions by and distributions		–	(8,237)	(27,297)	(35,534)	(39,999)	(75,533)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	41	–	(25,459)	(101,163)	(126,622)	(609,541)	(736,163)
Proceeds from issuance of units by a subsidiary		–	–	–	–	346,400	346,400
Changes in ownership interests in a subsidiary without a change in control	42	–	–	(2,070)	(2,070)	17,265	15,195
Total changes in ownership interests in subsidiaries		–	(25,459)	(103,233)	(128,692)	(245,876)	(374,568)
Total transactions with owners		–	(33,696)	(130,530)	(164,226)	(285,875)	(450,101)
At 31 December 2014		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447

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

Consolidated
Statement of Cash Flows
Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit after tax		178,771	1,240,038
Adjustments for:			
Depreciation of property, plant and equipment		3,952	12,144
Dividend income		(1,800)	(1,840)
Impairment loss on a development property		23,205	105,000
Impairment loss on available-for-sale financial assets		1,000	–
Impairment loss on goodwill arising from acquisition of a subsidiary		12,403	–
Change in fair value of investment properties		(6,860)	(259,245)
Net change in fair value of investments designated at fair value through profit or loss		8,366	(21,662)
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary		(587)	–
Finance expenses		89,135	68,607
Finance income		(12,175)	(4,585)
Gain on disposal of subsidiaries		–	(1,003,825)
(Gain)/Loss on disposal of property, plant and equipment		(57,791)	181
Share of results of equity-accounted investees, net of tax		(207,580)	(87,033)
Tax expense		22,335	60,746
		52,374	108,526
Changes in:			
- trade and other receivables and other assets		2,257	(14,253)
- inventories		15	99
- development properties		17,002	(53,519)
- trade and other payables and provisions		(5,744)	6,394
Cash generated from operations		65,904	47,247
Tax paid		(10,639)	(7,487)
Net cash from operating activities carried forward		55,265	39,760

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

Consolidated
Statement of Cash Flows
Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Net cash from operating activities brought forward		55,265	39,760
Cash flows from investing activities			
Acquisition of associate		(1,376)	–
Acquisition of subsidiaries, net of cash acquired	41	(471,057)	(121,598)
Acquisition of available-for-sale financial assets		(809)	(4,810)
Acquisition of other investments		(288,311)	(324,639)
Additions to property, plant and equipment		(4,161)	(13,288)
Additions to investment properties		(131,398)	(66,305)
Dividends from:			
- equity-accounted investees, net of tax		41,522	34,245
- available-for-sale financial assets, net of tax		1,800	1,840
- other investments, net of tax		607	473
Interest received		1,776	2,162
Loan and advances to joint ventures		(196,686)	–
Proceeds from sale of other investments		236,616	27,708
Proceeds from disposal of property, plant and equipment		290,109	4
Proceeds from disposal of subsidiaries, net of cash disposed	41	–	(58,156)
Proceeds from dilution of interest in a subsidiary	42	–	15,195
Net cash used in investing activities		(521,368)	(507,169)
Cash flows from financing activities			
Acquisition of non-controlling interests	42	(442)	–
Dividends paid		(71,175)	(59,059)
Finance expense paid (including amounts capitalised in development property)		(86,049)	(85,760)
Proceeds from borrowings		1,718,116	778,977
Repayment of borrowings		(1,180,813)	(1,066,811)
Proceeds from issuance of units by a subsidiary		112,886	346,400
Unit issue costs of a subsidiary		(5,991)	(16,474)
Repurchase of own shares		(11,952)	–
Changes in pledged deposits		(383)	(15,077)
Net cash from/(used in) financing activities		474,197	(117,804)
Net increase/(decrease) in cash and cash equivalents		8,094	(585,213)
Cash and cash equivalents at 1 January		146,880	730,613
Effect of exchange rate fluctuations on cash held		1,919	1,480
Cash and cash equivalents at 31 December	12	156,893	146,880

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 March 2016.

1 DOMICILE AND ACTIVITIES

OUE Limited (the "Company") is a company incorporated in the Republic of 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 for the year ended 31 December 2015 relate to 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 Singapore Financial Reporting Standards (FRS).

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 measurement 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 FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 41 Business combinations
- Note 44 Consolidation: whether the Group has control over its investees

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

- Note 3.17 Estimation of tax liabilities
- Note 16 Measurement of net realisable values of development properties
- Note 19 Determination of fair value of an unlisted equity investment
- Note 22 Determination of fair value of investment properties
- Note 41 Determination of fair value of assets and liabilities in business combinations

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 framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurement, including Level 3 fair values, where applicable.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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 the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 might be categorised in 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.

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

- Note 19 Available-for-sale financial assets
- Note 22 Investment properties
- Note 38 Financial instruments
- Note 41 Acquisition and disposal of subsidiaries

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("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.

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 acquisition date. 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 FRS.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

(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.

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 or loss arising is recognised directly in equity.

(iv) Loss of control

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

(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 between 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(vi) 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.

(vii) 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 end of the reporting period 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 recognised in profit or loss, except for the differences arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) which are recognised in OCI.

(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, and presented in the foreign currency translation reserve (translation reserve) in equity. 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. 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and capitalised borrowing costs. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. 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.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

(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.

(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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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	$3^1/_2$ – 5
Freehold premises	2
Plant, machinery and office equipment	5 – $33^1/_3$
Furniture and fittings	10 – 20
Motor vehicles	10 – 25

Leasehold land and buildings were depreciated evenly over the remaining lease period ranging from 47 years to 81 years. Construction in progress is not depreciated.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iv) Transfers

When the use of a property changes from owner-occupation to development with a view to sell, the property is transferred from property, plant and equipment to development properties.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly.

3.4 Intangible assets

(i) Measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) 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 and loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

Amortisation methods, useful lives and residual values 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. 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.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

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.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Development properties

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Development properties (cont'd)

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Properties under development, the sales of which are recognised using the percentage of completion method
The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

Other properties under development
The aggregated costs incurred are presented as development properties while progress billings are presented separately as deferred income in the statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes all costs in bringing the inventories to their present location and condition. 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) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities and interest in an investment fund that otherwise would have been classified as available-for-sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, other assets and loans to subsidiaries.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of changes in their fair values.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and interests in limited partnerships.

(ii) Non-derivative financial liabilities

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and trade and other payables.

(iii) 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, net of any tax effects.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(iii) Share capital (cont'd)

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. 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.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any 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 accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

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

(v) 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 guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in OCI.

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 3.10(ii). 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.

(ii) 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 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 to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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 prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

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.

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, 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 pro rata basis, except that no loss is allocated to inventories, 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 or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or 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 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 a property disposed of. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

(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. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the course of the Group's ordinary activities. Revenue is presented, net of goods and services tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Hospitality services

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered to the customer. Revenue from the sale of food and beverage is recognised when the goods are delivered.

(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. 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) Sale of development properties

Revenue from sales of properties under development is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) the sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the ratio of construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.15 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Finance expenses and finance income

Finance expenses comprise interest expense on borrowings and derivatives, and losses on hedging instruments that are recognised in profit or loss.

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. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development.

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues 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 is 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.

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.

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.

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.

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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining its tax liabilities, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Dividends to 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), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

3.21 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services.*

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company.

In addition, Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework.

The Group does not plan to adopt these standards early and is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

4 REVENUE

	Group 2015 $'000	Group 2014 $'000
Hospitality income	204,398	210,647
Investment properties income	193,379	157,761
Development property income	23,644	38,297
Dividend income	1,800	1,840
Others	8,272	7,870
	431,493	416,415

Revenue recognised on development property

In 2014, the Group used the percentage-of-completion method to recognise revenue on a development property under construction. The stage of completion was measured by reference to the development costs incurred to date compared to the estimated total costs of the property.

Significant assumptions were required to estimate the total contract costs that affect the stage of completion and the revenue recognised. In making these estimates, management relied on past experience and the work of specialists.

If the estimated total contract costs of the uncompleted contracts was to increase/decrease by 5% from management's estimates, the Group's profit will decrease/increase by $5,785,000.

In 2015, the development property obtained its temporary occupation permit.

5 EXPENSES BY NATURE

	Note	Group 2015 $'000	Group 2014 $'000
Advertising and promotion expense		12,999	5,279
Allowance for doubtful receivables	38	99	329
Bad debts written off		291	23
Depreciation of property, plant and equipment	23	3,952	12,144
Employee benefits	6	72,523	69,656
Hospitality supplies and services		40,513	42,560
Development costs included in cost of sales		37,917	25,192
(Gain)/Loss on disposal of property, plant and equipment		(7)	181
Operating lease expense		87,875	59,119
Professional and legal services		11,211	6,493
Property tax		26,436	20,953
Repair and maintenance expense		36,749	28,490
Utility charges		14,526	17,085
Others		36,180	30,870
Total cost of sales, marketing, administrative and other operating expenses		381,264	318,374

6 EMPLOYEE BENEFITS

	Group 2015 $'000	Group 2014 $'000
Salaries, bonuses and other costs	65,661	63,445
Contributions to defined contribution plans	6,862	6,211
	72,523	69,656

7 FINANCE EXPENSES

	Note	Group 2015 $'000	Group 2014 $'000
Borrowing costs on:			
- Bank borrowings		87,072	78,110
- Derivatives		2,536	2,541
Less:			
Borrowing costs capitalised in development property	16(b)	(1,804)	(12,044)
		87,804	68,607
Ineffective portion of changes in fair value of cash flow hedges		1,331	–
		89,135	68,607

The above finance expense includes interest expense in respect of liabilities not at fair value through profit or loss amounting to $85,268,000 (2014: $66,066,000).

8 FINANCE INCOME

	Group 2015 $'000	Group 2014 $'000
Interest income	1,681	2,183
Ineffective portion of changes in fair value of cash flow hedges	–	361
Net foreign exchange gain	9,444	1,562
Others	1,050	479
	12,175	4,585

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $1,681,000 (2014: $2,183,000).

9 OTHER GAINS – NET

	Note	Group 2015 $'000	Group 2014 $'000
Impairment loss on a development property	16(c)	(23,205)	(105,000)
Impairment loss on available-for-sale financial assets		(1,000)	–
Impairment loss on goodwill arising from acquisition of a subsidiary	41(a)	(12,403)	–
Change in fair value of investment properties	22	6,860	259,245
Net change in fair value of investments designated at fair value through profit or loss		(8,366)	21,662
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	41(a)	587	–
Net gain on disposal of subsidiaries	41(b)	–	1,003,825
Gain on disposal of property, plant and equipment	18	57,784	–
		20,257	1,179,732

10 TAX EXPENSE

	Group 2015 $'000	Group 2014 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	22,008	11,915
Over provision in respect of prior years	(3,954)	(1,262)
	18,054	10,653
Deferred tax expense		
Origination and reversal of temporary differences	4,445	50,093
Over provision in respect of prior years	(164)	–
	4,281	50,093
	22,335	60,746

10 TAX EXPENSE (CONT'D)

	Group 2015 $'000	Group 2014 $'000
Reconciliation of effective tax rate		
Profit before tax	201,106	1,300,784
Less:		
Share of results of equity-accounted investees, net of tax	(207,580)	(87,033)
	(6,474)	1,213,751
Tax using the Singapore tax rate of 17% (2014: 17%)	(1,101)	206,338
Effect of tax rates in foreign jurisdictions	4,151	18,933
Non-deductible expenses	11,960	23,980
Income not subject to tax	(17,701)	(191,789)
Effect of taxable distribution from subsidiary and associate	8,078	2,867
Singapore statutory stepped income exemption	(284)	(307)
Current tax losses for which no deferred tax assets are recognised	11,188	–
Change in unrecognised deductible temporary differences	8,463	–
Effect of tax losses not available for carry forward	1,699	1,986
Over provision in respect of prior years	(4,118)	(1,262)
	22,335	60,746

11 EARNINGS PER SHARE

	Group 2015	Group 2014
Net profit attributable to owners of the Company ($'000)	156,370	1,094,020
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	981,602	981,602
Effect of own shares held ('000)	(73,978)	(71,716)
Weighted average number of ordinary shares during the year ('000)	907,624	909,886
Basic and diluted earnings per share ($ per share)	0.17	1.20

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	–	4,224	–	–
Cash at bank and on hand	131,839	132,904	63,782	57,708
Time deposits with financial institutions	40,514	24,829	20,000	5,080
	172,353	161,957	83,782	62,788
Deposits pledged	(15,460)	(15,077)		
Cash and cash equivalents in the statement of cash flows	156,893	146,880		

Deposits pledged relate to bank balances of certain subsidiaries pledged as security to obtain credit facilities (note 27).

Included in cash at bank of the Group is an amount of $11,000 (2014: $5,284,000) which is restricted to payments for expenditure incurred on an investment property.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables				
- Associates	5,475	7,525	1,018	1,680
- Subsidiaries	–	–	78,290	43,513
- Third parties	22,510	12,396	7,477	8,044
	27,985	19,921	86,785	53,237
Less: Allowance for doubtful receivables				
- Third parties	(691)	(688)	(156)	(88)
Trade receivables - net	27,294	19,233	86,629	53,149
Non-trade receivables				
- Associates	11,519	5,505	11,519	5,505
- Joint venture	75	–	75	–
- Subsidiaries	–	–	695,256	635,235
- Third parties	43	21	–	–
Non-trade receivables	11,637	5,526	706,850	640,740
Less: Allowance for doubtful receivables				
- Subsidiaries	–	–	(3,631)	(3,631)
Non-trade receivables - net	11,637	5,526	703,219	637,109
	38,931	24,759	789,848	690,258

13 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade receivables due from associates, joint venture and subsidiaries are unsecured, interest-free and repayable on demand. Apart from the allowance for impairment of receivables from subsidiaries, there is no allowance for doubtful receivables on the other outstanding balances.

The exposure of the Group and Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

14 INVENTORIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Food and beverage	727	691	246	192

The cost of inventories recognised as expense and included in "cost of sales" amounted to $15,840,000 (2014: $15,697,000).

15 OTHER INVESTMENTS

	Group	
	2015 $'000	2014 $'000
Financial assets designated at fair value through profit or loss		
- Equity securities	11,861	59,177
- Mutual fund	359,538	268,893
	371,399	328,070

The performance of the investments designated at fair value through profit or loss are actively monitored and managed on a fair value basis.

Equity securities with a carrying amount of $11,861,000 (2014: $59,177,000) are charged to a bank for credit facilities granted to the Group (note 27).

16 DEVELOPMENT PROPERTIES

		Group	
	Note	2015 $'000	2014 $'000
Property under development, sold units for which revenue is recognised using percentage of completion method			
Costs incurred		–	1,018,025
Add: Development profits		–	25,860
Less: Progress billings		–	(92,306)
Less: Impairment loss		–	(131,959)
	16(a)	–	819,620
Completed property held for sale			
Completed property		921,929	–
Less: Impairment loss		(153,684)	–
	16(a)	768,245	–
Other properties under development			
Costs incurred	16(e)	91,024	55,950
		859,269	875,570

16 DEVELOPMENT PROPERTIES (CONT'D)

(a) The balance relates to the development of OUE Twin Peaks which obtained its temporary occupation permit during the year. OUE Twin Peaks is pledged as security for a banking facility (note 27).

(b) Finance expense capitalised during the year was $1,804,000 (2014: $12,044,000).

(c) During the year, due to the weak market conditions and the slow take-up rate of OUE Twin Peaks, the Group wrote down OUE Twin Peaks to its net realisable value and recognised an impairment loss of $23,205,000 (2014: $105,000,000). The amount is included in "Other gains – net" (note 9).

(d) In 2014, the amount of revenue recognised on the units in OUE Twin Peaks sold using the percentage of completion method was $38,297,000.

(e) The balance represents the costs incurred in relation to the development of the extension of Crowne Plaza Changi Airport ("CPEX") (notes 18, 23 and 24), which will be disposed of to an associate upon completion of its construction.

(f) Details of the development properties of the Group are as follows:

Description and location	Purpose of development	Group's effective interest		Approximate site area (square meter)	Approximate gross floor area (square meter)
		2015	2014		
		%	%		
OUE Twin Peaks					
A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521*
CPEX					
Leasehold land at 75 Airport Boulevard, Singapore	Hotel	100	100	2,600	9,864

* Includes balcony

Measurement of net realisable values of development properties

The Group estimates the net realisable values of the development properties by reference to recent selling prices for the development project or comparable projects, expected net selling prices and the development expenditure incurred or in the case of properties under development, the estimated total construction costs. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred, taking into consideration historical trends of the amounts incurred. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

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17 OTHER ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Sundry receivables	14,905	4,251	2,343	2,880
Less: Allowance for doubtful receivables	(1,777)	(1,779)	(1,670)	(1,670)
	13,128	2,472	673	1,210
Rental deposits				
- Subsidiary	–	–	976	1,071
Other deposits				
- Third parties	19,973	8,351	292	415
	33,101	10,823	1,941	2,696
Prepayments	5,743	4,490	788	943
	38,844	15,313	2,729	3,639
Current	35,589	13,810	1,753	2,568
Non-current	3,255	1,503	976	1,071
	38,844	15,313	2,729	3,639

Included in the sundry receivables of the Group and the Company is $1,670,000 from the sale of the Group's 20% interest in an associate to its joint venture partner in 2006. An impairment loss of $1,670,000 was recognised in prior years against this receivable due to the uncertainty of its recoverability.

The exposure of the Group and the Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

18 ASSETS HELD FOR SALE

Disposal group held for sale

During 2014, the Group, through its wholly-owned subsidiary, OUE Airport Hotel Pte. Ltd., entered into the agreements below with OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"). OUE H-REIT is part of an associate of the Group, OUE Hospitality Trust ("OUE H-TRUST"), being a stapled group comprising OUE H-REIT and OUE Hospitality Business Trust ("OUE H-BT").

(i) Conditional sale and purchase agreements to dispose of Crowne Plaza Changi Airport ("CPCA") and CPEX for a cash consideration of $290 million and $205 million respectively;

(ii) Put option agreement for CPCA which allows OUE H-REIT to sell CPCA back to the Group in the event the CPCA lease is not (or is not expected to be) received by the trustee of OUE H-REIT (the "REIT Trustee") within the relevant period ("CPCA Put Option"); and

(iii) Combined put option agreement which allows OUE H-REIT to sell CPCA and CPEX back to the Group in the event the combined CPCA lease is not received by the REIT Trustee within the relevant period.

The assets relating to CPCA within the hospitality segment were presented as a disposal group held for sale as at 31 December 2014. The disposal of CPCA was completed on 30 January 2015, with a gain on disposal of $57,784,000 recognised in "Other gains – net" in the statement of comprehensive income (note 9).

The CPCA Put Option was terminated on 20 January 2016, following the receipt of CPCA lease by the REIT Trustee.

The Group is currently undertaking the construction of CPEX which is expected to be completed no later than June 2016, after which it would be divested to OUE H-REIT. The costs relating to CPEX are included in development properties (note 16).

Assets of disposal group held for sale

As at 31 December 2014, the disposal group was stated at its carrying amount (being the lower of its carrying amount and its fair value less cost to sell) and comprised the following assets:

		Group
	Note	2014 $'000
Property, plant and equipment	23	222,441
Prepayments		1,123
Assets held for sale		223,564

There were no liabilities associated with the disposal group.

Cumulative income or expense recognised in OCI

There were no cumulative income or expenses included in OCI relating to the disposal group.

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Equity securities	157,262	202,624	157,262	201,624
Interests in limited partnerships	16,961	14,700	–	–
	174,223	217,324	157,262	201,624

The fair values of the Group's investments in equity securities and interests in limited partnerships are estimated based on the net asset values of the investee entities, which take into consideration the fair value of the underlying investments and properties held by these entities. Further details are set out in note 38.

Fair value estimation of unlisted equity investment

The Group has an available-for-sale investment in an unlisted equity security with an estimated fair value of $157.3 million (2014: $201.6 million). In estimating the fair value, the Group had estimated the net asset value of the investee entity as at the reporting date, taking into consideration the fair value of the properties held by the investee entity. The fair value of the properties at the reporting date are determined by independent professional valuers based on assumptions and estimates that reflect their market values. The independent professional valuers have relied on widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investment.

20 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interests in associates	463,363	1,121,526	433,528	556,773
Interests in joint ventures	150,903	26,874	–	–
Less: Impairment loss	–	–	(44,947)	(44,947)
	614,266	1,148,400	388,581	511,826
Loans to associates and joint venture	231,444	40,310	35,658	40,310
Less: Allowance for doubtful receivables	(33,015)	(37,934)	(33,015)	(37,934)
	198,429	2,376	2,643	2,376
	812,695	1,150,776	391,224	514,202

The loans to associates and joint venture are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses.

These loans are interest-free except for a loan of $3,876,000 (2014: $3,484,000) to an associate for which interest is charged at a fixed rate of 1.00% (2014: 1.00%) per annum.

Movement in the allowance for doubtful receivables on loans to associates is as follows:

	Group and Company	
	2015 $'000	2014 $'000
Beginning of financial year	37,934	38,634
Currency translation differences	(4,919)	(700)
End of financial year	33,015	37,934

20 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Associates

The Group has two (2014: three) associates that are material and a number of associates that are individually immaterial to the Group. The material associates own commercial, retail and hospitality related real estate assets which are aligned to the Group's principal activities. All are equity accounted. The following are the material associates:

	OUE H-TRUST	OUB Centre Limited ("OUBC")	Aquamarina Hotel Private Limited ("AQHPL")
Principal place of business/Country of incorporation	Singapore	Singapore	Singapore
Ownership interest/voting rights held			
- 2015	32.98%	–[1]	25.00%
- 2014	33.33%	50.00%	25.00%
Fair value of ownership interest (if listed)			
- 2015	$339.1 million[2]	N/A	N/A
- 2014	$400.8 million[2]	N/A	N/A

[1] OUBC became a subsidiary during the year (note 41).
[2] Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

The following summarises the financial information of each of the Group's material associates, based on their respective (consolidated) unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

20 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Summarised statement of comprehensive income

	OUE H-TRUST		OUBC		AQHPL	
	2015 $'000	2014[a] $'000	2015[b] $'000	2014 $'000	2015 $'000	2014 $'000
Revenue	124,588	87,161	63,809	66,798	86,314	90,261
Profit after tax	77,707	59,119	22,972	119,131	21,738	22,572
Other comprehensive income	6,299	1,791	–	–	–	–
Total comprehensive income	84,006	60,910	22,972	119,131	21,738	22,572
Dividends received	29,201	21,845	9,600	9,600	2,721	2,800

Summarised statement of financial position

	OUE H-TRUST		OUBC		AQHPL	
	2015 $'000	2014[a] $'000	2015[b] $'000	2014 $'000	2015 $'000	2014 $'000
Non-current assets	2,060,253	1,672,080	–	1,746,372	159,471	161,371
Current assets	40,632	40,570	–	14,167	41,527	31,229
Non-current liabilities	(588,070)	(588,469)	–	(29,567)	(3,936)	(4,234)
Current liabilities	(308,555)	(12,201)	–	(341,747)	(20,500)	(22,656)
Net assets	1,204,260	1,111,980	–	1,389,225	176,562	165,710
Attributable to investee's shareholders	1,204,260	1,111,980	–	1,389,192	176,562	165,710
Attributable to NCI	–	–	–	33	–	–
Group's share of net assets/ carrying amount of investment	397,244	370,623	–	694,596	44,141	41,425

[a] OUE H-TRUST became an associate of the Group on 31 March 2014 (note 41). Accordingly, the financial information presented above is based on OUE H-TRUST's results from 31 March 2014 to 31 December 2014.

[b] On 7 October 2015, the Group increased its equity interest in OUBC and it became a subsidiary from that date (note 41). Accordingly, the information presented in the above table includes the results of OUBC only for the period from 1 January 2015 to 6 October 2015.

20 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Immaterial associates

The Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method:

	2015 $'000	2014 $'000
Carrying amount of interests in immaterial associates	21,978	14,882
Group's share of:		
- Profit after tax	8,698	2,122
- Other comprehensive income	(3,627)	491
- Total comprehensive income	5,071	2,613

On 3 August 2015, the Group acquired 33% of the shares and voting interests in Nuvest Capital Pte. Ltd. ("NCPL") for a cash consideration of US$1,000,000 (equivalent to $1,376,000). The purchased shareholding represents 33% of the issued share capital of NCPL and NCPL became an associate of the Group.

At 31 December 2014, the Group's share of its associates' contingent liabilities and commitments amounted to $1,791,000 and $151,000, respectively.

Unrecognised share of losses of associates is as follows:

	Group	
	2015 $'000	2014 $'000
At beginning of the year	8,000	8,072
Movement during the year	(1,031)	(72)
At end of the year	6,969	8,000

Details of significant associates are included in note 44.

Financial or other support

OUE H-TRUST

Under the deed of income support entered into by the Company with OUE H-REIT, an associate, the Company would provide income support not exceeding $7.5 million over a three-year period from the date of completion of the acquisition of CPEX. The Group is currently undertaking the construction of CPEX which is expected to be completed no later than June 2016, after which it would be divested to OUE H-REIT.

Other than as disclosed above, the Group and the Company currently have no intention of providing financial or other support to OUE H-TRUST.

20 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Joint ventures

As at 31 December 2015, the Group has a joint venture that is material and a joint venture that is immaterial to the Group. As at 31 December 2014, the Group had two joint ventures that were not material to the Group. All are equity accounted for.

OUE Lippo Limited ("OUE Lippo") is an unlisted joint arrangement in which the Group has joint control via a shareholders' agreement and a 50% (2014: 50%) ownership interest and voting rights. OUE Lippo was incorporated in British Virgin Island and is an investment holding company. OUE Lippo is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in OUE Lippo as a joint venture.

In February 2015 and December 2015, OUE Lippo acquired equity interest in Gemdale Properties and Investment Corporation Limited ("GPI") which is involved in property development, investment and management of residential, commercial and business park projects in China. As at 31 December 2015, OUE Lippo has an effective equity interest of 25.7% (2014: Nil) in GPI.

Included in the Group's share of results of equity-accounted investees in the statement of comprehensive income for the year ended 31 December 2015 is the Group's share of the negative goodwill recognised by OUE Lippo on the acquisition of GPI of $143,426,000. Of this amount, $31,745,000 relates to the negative goodwill arising from the OUE Lippo's acquisition of equity interest made in December 2015 which is based on provisional fair values of the identifiable assets and liabilities of GPI.

The following summarises the financial information of OUE Lippo based on its unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2015 $'000
Summarised statement of comprehensive income	
Revenue	–
Profit after tax [(a)]	256,447
Other comprehensive income	(20,428)
Total comprehensive income	236,019
Non-current assets	636,108
Current assets [(b)]	19
Non-current liabilities	–
Current liabilities	(391,924)
Net assets	244,203
Group's share of net assets/carrying amount of investment	122,102

(a) Includes negative goodwill of $143.4 million arising from acquisition of GPI

(b) Includes cash and cash equivalents of $18,000

Immaterial joint venture

The Group has interests in an immaterial joint venture (2014: two immaterial joint ventures). The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of the joint ventures that are accounted for using the equity method:

	2015 $'000	2014 $'000
Carrying amount of interests in immaterial joint ventures	28,801	26,874
Group's share of loss after tax	(14)	(2)

21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Investments in subsidiaries		
Equity investment at cost	334,892	334,892
Less: Allowance for impairment of investments	(100)	(100)
	334,792	334,792

Details of significant subsidiaries are included in note 44.

	Company	
	2015 $'000	2014 $'000
Loans to subsidiaries		
Loans to subsidiaries	2,712,430	1,764,984
Less: Allowance for doubtful receivables	(193,474)	(139,425)
	2,518,956	1,625,559
Current	2,394,206	1,544,693
Non-current	124,750	80,866
	2,518,956	1,625,559

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,749,931,000 (2014: $1,043,029,000) for which interest is charged at interest rates ranging from 1.00% to 6.50% (2014: 3.36% to 6.50%) per annum.

The non-current loan to a subsidiary is unsecured and bears interest at 1.40% (2014: 1.40%) over the US LIBOR rate. The amount is not expected to be repaid within the next twelve months.

During the year, the Company carried out an impairment assessment on its investment in a subsidiary and its loan to the subsidiary, taking into consideration the estimated selling price of the underlying property held by the subsidiary and the liabilities to be settled. Based on the assessment, the Company recorded an additional impairment loss of $54,185,000 (2014: $131,834,000) on the loan to the subsidiary.

21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES (CONT'D)

	Company	
	2015 $'000	2014 $'000
Loan from a subsidiary		
Loan from a subsidiary	216,702	–

The loan from a subsidiary is unsecured, interest-free and repayable on demand.

The exposure of the Group and the Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

22 INVESTMENT PROPERTIES

		Group	
	Note	2015 $'000	2014 $'000
At 1 January		3,671,968	3,467,003
Acquisition of subsidiaries	41(a)	1,740,000	336,635
Additions		141,740	113,566
Disposal	41(b)	–	(536,000)
Change in fair value (unrealised) recognised in "other gains – net"	9	6,860	259,245
Effect of movements in exchange rates		61,774	28,104
Lease incentives		4,924	3,415
At 31 December		5,627,266	3,671,968

In 2014, the Group deconsolidated OUE H-TRUST (note 41) and derecognised Mandarin Gallery from its financial statements.

(i) The following amounts are recognised in profit or loss:

	Group	
	2015 $'000	2014 $'000
Rental income	193,379	157,761
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	72,966	57,317

(ii) Security

As at 31 December 2015, investment properties with a total carrying amount of $4,150,266,000 (2014: $2,270,968,000) were pledged as security for banking facilities (note 27).

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's investment properties as at 31 December 2015 are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	An integrated commercial development comprising an 18-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 of OUE Downtown 1 & 2 and Downtown Gallery)	A 50-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore. OUE Downtown is being redeveloped to convert the podium to a retail mall and part of office space to serviced apartments.	99-year lease from 19 July 1967
US Bank Tower	A 72-storey commercial tower at Los Angeles, United States	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China 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

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's investment properties as at 31 December 2015 are: (cont'd)

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value	
		2015 $'000	2014 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,146,000	1,135,000
OUE Downtown	31 December	1,477,000	1,401,000
US Bank Tower	31 December	747,088	640,356
Lippo Plaza	31 December	523,178	495,612
One Raffles Place	31 December	1,734,000	–

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 rent growth rate, a capitalisation rate, discount rate and terminal yield applicable to the nature and type of asset in question, and selling prices of comparable properties.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to fifteen (2014: one to twelve) years. Subsequent renewals are negotiated with the lessees.

(iv) Fair value hierarchy

The fair value of investment properties was determined by external, independent valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio annually.

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.

22 INVESTMENT PROPERTIES (CONT'D)

(v) 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			Inter-relationship between key unobservable inputs and fair value measurement
		Singapore	United States of America	The People's Republic of China	
Discounted cash flows: 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	Rent growth rate	0.50% – 13.10% (2014: 1.25% – 5.00%)	3.00% (2014: 3.00%)	0% – 6.00% (2014: 5.00% – 8.00%)	Significant increases in rent growth rate and price per square foot in isolation would result in a significantly higher fair value measurement. Conversely, significant increases in discount rate, terminal yield and capitalisation rate in isolation would result in a significantly lower fair value measurement.
	Discount rate	7.00% – 9.00% (2014: 7.00%)	7.50% (2014: 8.00%)	8.00% (2014: 9.00%)	
	Terminal yield	4.00% – 5.50% (2014: 4.00% – 8.00%)	5.75% (2014: 6.00%)	4.50% (2014: 5.00%)	
Capitalisation approach: The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.75% – 6.50% (2014: 3.50% – 6.00%)	5.25% (2014: 5.25% – 5.75%)	–	
Market comparable approach: The market comparable approach 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	$1,697 – $7,877 (2014: $2,177 – $6,803)	$595 – $709 (2014: $473 – $691)	$1,053 – $1,700 (2014: $1,004 – $1,633)	

23 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Freehold premises	Plant, machinery and office equipment	Furniture and fittings	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 January 2015	–	186	1,944	9,022	13,872	4,931	–	29,955
Exchange differences	–	–	–	8	1	–	–	9
Acquisition of a subsidiary (note 41)	–	–	–	481	190	–	–	671
Additions	–	133	–	2,767	116	1,126	–	4,142
Disposals	–	–	–	(43)	–	(421)	–	(464)
Reclassifications	–	4,953	–	1,548	(6,501)	–	–	–
At 31 December 2015	–	5,272	1,944	13,783	7,678	5,636	–	34,313
Accumulated depreciation								
At 1 January 2015	–	183	355	1,725	4,014	3,087	–	9,364
Exchange differences	–	–	–	3	–	–	–	3
Depreciation charge	–	1,028	42	1,348	867	667	–	3,952
Disposals	–	–	–	(15)	–	(328)	–	(343)
Reclassifications	–	1,787	–	573	(2,360)	–	–	–
At 31 December 2015	–	2,998	397	3,634	2,521	3,426	–	12,976

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings	Leasehold improvements	Freehold premises	Plant, machinery and office equipment	Furniture and fittings	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 January 2014	336,300	80,443	1,944	70,598	54,580	4,476	2,649	550,990
Exchange differences	–	–	–	4	–	–	–	4
Additions	–	2,811	–	1,646	2,710	455	10,270	17,892
Disposals	(104,058)	(83,113)	–	(49,886)	(39,080)	–	(392)	(276,529)
Reclassification to:								
- development properties (note 16)	–	–	–	–	–	–	(12,000)	(12,000)
- assets held for sale (note 18)	(232,242)	–	–	(13,803)	(4,357)	–	–	(250,402)
Other reclassifications	–	45	–	463	19	–	(527)	–
At 31 December 2014	–	186	1,944	9,022	13,872	4,931	–	29,955
Accumulated depreciation								
At 1 January 2014	59,644	39,443	309	47,517	34,956	2,326	–	184,195
Exchange differences	–	–	–	1	–	–	–	1
Depreciation charge	5,271	543	46	3,067	2,456	761	–	12,144
Disposals	(48,007)	(39,803)	–	(41,329)	(29,876)	–	–	(159,015)
Reclassification to assets held for sale (note 18)	(16,908)	–	–	(7,531)	(3,522)	–	–	(27,961)
At 31 December 2014	–	183	355	1,725	4,014	3,087	–	9,364
Carrying amounts								
At 1 January 2014	276,656	41,000	1,635	23,081	19,624	2,150	2,649	366,795
At 31 December 2014	–	3	1,589	7,297	9,858	1,844	–	20,591
At 31 December 2015	–	2,274	1,547	10,149	5,157	2,210	–	21,337

In 2014, the Group disposed of Mandarin Orchard Singapore (which was held through OUE H-TRUST), with a carrying amount of $117,319,000 (note 41).

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold premises	Plant, machinery and office equipment	Furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Company					
Cost					
At 1 January 2015	1,944	8,261	6,014	4,930	21,149
Additions	–	49	25	1,127	1,201
Disposals	–	(7)	–	(421)	(428)
At 31 December 2015	1,944	8,303	6,039	5,636	21,922
Accumulated depreciation					
At 1 January 2015	354	1,353	1,182	3,087	5,976
Depreciation charge	42	831	602	666	2,141
Disposals	–	(6)	–	(328)	(334)
At 31 December 2015	396	2,178	1,784	3,425	7,783
Cost					
At 1 January 2014	1,944	13,898	10,240	4,475	30,557
Additions	–	797	483	455	1,735
Disposals	–	(6,434)	(4,709)	–	(11,143)
At 31 December 2014	1,944	8,261	6,014	4,930	21,149
Accumulated depreciation					
At 1 January 2014	308	6,902	5,180	2,326	14,716
Depreciation charge	46	825	609	761	2,241
Disposals	–	(6,374)	(4,607)	–	(10,981)
At 31 December 2014	354	1,353	1,182	3,087	5,976
Carrying amounts					
At 1 January 2014	1,636	6,996	5,060	2,149	15,841
At 31 December 2014	1,590	6,908	4,832	1,843	15,173
At 31 December 2015	1,548	6,125	4,255	2,211	14,139

24 INTANGIBLE ASSET

	Note	Group 2015 $'000	Group 2014 $'000
Cost			
At 1 January		–	43,200
Reclassification to development properties	16	–	(43,200)
At 31 December		–	–
Carrying amounts			
At 1 January		–	43,200
At 31 December		–	–

The intangible asset in 2014 represented the amount paid to the vendors of CPCA for the potential development of the site adjacent to CPCA, now known as CPEX (note 16), which was subject to a conditional sub-lease to be granted upon the completion of construction of CPEX.

Following the sale and purchase agreement entered into by the Group to dispose of CPEX upon completion of its construction, the intangible asset was reclassified to development properties (note 16) in 2014.

Prior to the reclassification, the intangible asset was not subject to amortisation as it was not yet available for use.

25 DERIVATIVES

	Group 2015 $'000	Group 2014 $'000
Current		
Derivative assets		
Interest rate swaps	32	–
Non-current		
Derivative assets		
Interest rate swaps	6,573	1,478
Derivative liabilities		
Interest rate swaps	(180)	(972)

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. As at 31 December 2015, the Group has interest rate swap contracts with a total notional amount of $880.0 million (2014: $520.0 million) and tenors of between 2 years to 5 years (2014: 2 years to 5 years), of which $110.0 million (2014: $110.0 million) relate to forward start interest rate swaps which will be effective in 2016. Under the contracts, the Group pays fixed interest rates of 0.83% to 2.55% (2014: 0.83% to 2.45%) and receives interest at the three-month Singapore Dollar swap offer rate.

26 TRADE AND OTHER PAYABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade payables				
- Subsidiaries	–	–	1,764	1,970
- Associates	7,602	6,377	6,338	6,371
- Third parties	33,155	17,805	2,694	2,481
	40,757	24,182	10,796	10,822
Non-trade payables				
- Subsidiaries	–	–	10,608	44,472
- Associates	46	–	–	–
- Third parties	28,647	16,486	10,504	7,651
Interest payable	18,484	15,110	10,966	9,880
Accruals	125,552	84,298	24,185	26,562
Retention sums payable	7,366	675	208	517
Rental deposits	16,888	8,532	328	277
	237,740	149,283	67,595	100,181

Non-trade payables to subsidiaries and associates are unsecured, interest-free and repayable on demand.

27 BORROWINGS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Current				
Unsecured bank loans	152,000	50,000	152,000	50,000
Secured bank loans	5,195	399,842	–	–
Unsecured notes	–	199,665	–	199,665
	157,195	649,507	152,000	249,665
Non-current				
Secured bank loans	1,972,102	919,892	–	–
Unsecured notes	795,250	496,523	795,250	496,523
	2,767,352	1,416,415	795,250	496,523
Total	2,924,547	2,065,922	947,250	746,188

27 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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Unsecured bank loans						
- SGD	3.22% – 4.74% (2014: 2.43%)	2016 (2014: 2015)	152,000	50,000	152,000	50,000
Secured bank loans						
- USD	2.45% (2014: 1.33% – 2.41%)	2018 (2014: 2015 – 2018)	308,421	317,512	–	–
- HKD	1.41% (2014: 1.29%)	2016 (2014: 2015)	3,463	2,248	–	–
- SGD	1.88% - 3.64% (2014: 0.89% – 2.98%)	2017 – 2019 (2014: 2015 – 2019)	1,624,610	936,197	–	–
- RMB	5.23% (2014: 6.77%)	2017 (2014: 2017)	40,803	63,777	–	–
Unsecured notes						
- SGD	3.80% – 4.95% (2014: 3.95% – 4.95%)	2017 – 2020 (2014: 2015 – 2019)	795,250	696,188	795,250	696,188
			2,924,547	2,065,922	947,250	746,188

The secured bank loans of the Group are secured on the following:

- bank deposits of $15,460,000 (2014: $15,077,000) (note 12);
- investments with carrying amounts of $11,861,000 (2014: $59,177,000) (note 15);
- development property with a carrying amount of $768,245,000 (2014: $819,620,000) (note 16);
- investment properties with carrying amount of $4,150,266,000 (2014: $2,270,968,000) (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, investment properties and a development property.

Unsecured notes of $795,250,000 (2014: $696,188,000) comprise 3 series (2014: 3 series) of notes issued by the Company at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. Unless previously redeemed or purchased and cancelled, the unsecured notes are redeemable at their principal amounts on their respective maturity dates from February 2017 to April 2020 (2014: September 2015 to October 2019).

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27 BORROWINGS (CONT'D)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to wholly-owned subsidiaries. The maximum exposure of the Company is $362,238,000 (2014: $317,692,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

The periods in which the financial guarantees will expire are as follows:

	2015 $'000	2014 $'000
Within one year	33,111	8,713
Between one and five years	329,127	308,979
	362,238	317,692

28 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax 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	Development property $'000	Others $'000	Total $'000
Group					
Deferred tax liabilities					
At 1 January 2015	2,850	84,903	4,680	271	92,704
Acquisition of a subsidiary (note 41(a))	110	14,223	–	–	14,333
Recognised in profit or loss	865	11,649	(4,680)	112	7,946
Effects of movements in exchange rates	37	4,647	–	(3)	4,681
At 31 December 2015	3,862	115,422	–	380	119,664
At 1 January 2014	1,522	33,062	558	3,180	38,322
Recognised in profit or loss	1,328	49,741	4,122	(2,909)	52,282
Effects of movements in exchange rates	–	2,100	–	–	2,100
At 31 December 2014	2,850	84,903	4,680	271	92,704

28 DEFERRED TAXES (CONT'D)

	Tax losses $'000
Group	
Deferred tax assets	
At 1 January 2015	2,269
Recognised in profit or loss	3,665
Effects of movements in exchange rates	255
At 31 December 2015	6,189
At 1 January 2014	–
Recognised in profit or loss	2,189
Effects of movements in exchange rates	80
At 31 December 2014	2,269

Unrecognised deferred tax assets

At 31 December 2015, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $65,811,000 (2014: $Nil) and $161,739,000 (2014: $111,959,000) 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 2015, a deferred tax liability of $28,236,000 (2014: $20,330,000) for temporary differences of $100,343,000 (2014: $67,766,000) 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.

	At 1 January 2014 $'000	Recognised in profit or loss $'000	At 31 December 2014 $'000	Recognised in profit or loss $'000	At 31 December 2015 $'000
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	113	254	367	25	392
Distribution from an associate	–	–	–	(1,273)	(1,273)
Total	113	254	367	(1,248)	(881)

The Group's and Company's deferred tax assets and liabilities have been computed based on the corporate tax rate and tax laws prevailing at the reporting date.

29 OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Retention sums payable	9,993	6,523	–	–
Rental deposits	46,149	22,803	390	585
	56,142	29,326	390	585

30 PROVISION

	Company	
	2015 $'000	2014 $'000
Provision for income support		
At 1 January	11,959	–
Provision made during the year	8,931	18,745
Provision used during the year	(8,347)	(7,863)
Unwinding of discount	517	1,077
At 31 December	13,060	11,959
Current	4,665	6,894
Non-current	8,395	5,065
	13,060	11,959

The provision for income support relates to top-up payments to be made by the Company to OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), a subsidiary, for any shortfall of guaranteed rental income amount in respect of OUE Bayfront which another subsidiary had disposed of to OUE C-REIT. Pursuant to the terms of the deed of income support agreement entered into, the Company will provide income support on OUE Bayfront for 5 years from 27 January 2014, of up to $50 million. The provision has been estimated based on the expected payments to be made under the income support arrangement, taking into consideration the estimated rental income expected to be derived from the property over the income support period.

31 SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2015 '000	2014 '000	2015 $'000	2014 $'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 6,589,000 (2014: Nil) of its own shares for a total consideration of $11,952,000 (2014: Nil).

At 31 December 2015, the Group held 78,305,000 (2014: 71,716,000) of the Company's shares as treasury shares (note 32).

32 OTHER RESERVES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Asset revaluation reserve	9,993	9,993	965	965
Currency translation reserve	(16,080)	(37,983)	–	–
Hedging reserve	6,482	840	–	–
Fair value reserve	124,354	171,856	127,262	171,624
Reserve for own shares	(167,996)	(156,044)	(167,996)	(156,044)
Capital reserve	(8,425)	17,561	–	–
	(51,672)	6,223	(39,769)	16,545

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32 OTHER RESERVES (CONT'D)

The movement of other reserves is as follows:

	Group							
	Note	Asset revaluation reserve	Currency translation reserve	Hedging reserve	Fair value reserve	Reserve for own shares	Capital reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015		9,993	(37,983)	840	171,856	(156,044)	17,561	6,223
Other comprehensive income								
Currency translation differences relating to foreign operations		–	20,890	–	–	–	–	20,890
Share of currency translation differences of equity-accounted investees		–	972	–	–	–	–	972
Share of other reserves of equity-accounted investees		–	–	2,078	(3,627)	–	–	(1,549)
Fair value loss on available-for-sale financial assets		–	–	–	(43,875)	–	–	(43,875)
Effective portion of changes in fair value of cash flow hedges		–	–	3,559	–	–	–	3,559
Total other comprehensive income, net of tax		–	21,862	5,637	(47,502)	–	–	(20,003)
Total other comprehensive income for the year		–	21,862	5,637	(47,502)	–	–	(20,003)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Own shares acquired	31	–	–	–	–	(11,952)	–	(11,952)
Unit issue costs of a subsidiary		–	–	–	–	–	(2,893)	(2,893)
Total contributions by and distributions to owners		–	–	–	–	(11,952)	(2,893)	(14,845)
Changes in ownership interests in subsidiaries								
Changes in ownership interests in a subsidiary with a change in control	41	–	–	–	–	–	(25,798)	(25,798)
Change in ownership interests in a subsidiary without a change in control	42	–	41	5	–	–	–	46
Total changes in ownership interests in subsidiaries		–	41	5	–	–	(25,798)	(25,752)
Total transactions with owners		–	41	5	–	(11,952)	(28,691)	(40,597)
Share of reserves of an equity-accounted investee		–	–	–	–	–	2,705	2,705
At 31 December 2015		9,993	(16,080)	6,482	124,354	(167,996)	(8,425)	(51,672)

32 OTHER RESERVES (CONT'D)

	Note	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
Group								
At 1 January 2014		46,135	(48,902)	(1,042)	152,655	(156,044)	15,115	7,917
Other comprehensive income								
Currency translation differences relating to foreign operations		–	9,677	–	–	–	–	9,677
Share of currency translation differences of equity-accounted investees		–	1,242	–	–	–	–	1,242
Share of other reserves of equity-accounted investees		–	–	597	491	–	–	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control	41	–	–	889	–	–	–	889
Fair value gain on available-for-sale financial assets		–	–	–	18,710	–	–	18,710
Effective portion of changes in fair value of cash flow hedges		–	–	396	–	–	–	396
Total other comprehensive income, net of tax		–	10,919	1,882	19,201	–	–	32,002
Total other comprehensive income for the year		–	10,919	1,882	19,201	–	–	32,002
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share of unit issue costs of a subsidiary		–	–	–	–	–	(8,237)	(8,237)
Total contributions by and distributions to owners		–	–	–	–	–	(8,237)	(8,237)
Changes in ownership interests in subsidiaries								
Disposal of interests in subsidiaries	41	(36,142)	–	–	–	–	10,683	(25,459)
Total changes in ownership interests in subsidiaries		(36,142)	–	–	–	–	10,683	(25,459)
Total transactions with owners		(36,142)	–	–	–	–	2,446	(33,696)
At 31 December 2014		9,993	(37,983)	840	171,856	(156,044)	17,561	6,223

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32 OTHER RESERVES (CONT'D)

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.

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 available-for-sale financial assets 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 2015, the Group held 78,305,000 (2014: 71,716,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $167,996,000 (2014: $156,044,000).

Capital reserve

As at 31 December 2015, the reserve mainly relates to the Group's share of unit issue costs of a subsidiary of $11,130,000 (2014: $8,237,000). During the year, the Group's share of the share premium of an associate of $25,798,000 was reclassified to accumulated profits following the Group's step-acquisition of the associate (note 41(a)).

33 ACCUMULATED PROFITS

Movements in the accumulated profits of the Company are as follows:

	Company 2015 $'000	Company 2014 $'000
At 1 January	1,875,525	1,756,605
Net profit for the year	563,065	272,839
Distribution *In Specie* (note 35)	–	(126,622)
Dividends paid (note 35)	(45,231)	(27,297)
At 31 December	2,393,359	1,875,525

Movements in the accumulated profits of the Group are shown in the consolidated statement of changes in equity.

34 NON-CONTROLLING INTERESTS

The following subsidiary has material NCI:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2015	Ownership interests held by NCI 2014
OUE C-REIT	Singapore	50.92%	51.94%

The following summarises the financial information of the Group's subsidiary with material NCI, based on its respective (consolidated) unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUE C-REIT $'000
2015	
Revenue	101,038
Profit after tax	42,958
Other comprehensive income	18,137
Total comprehensive income	61,095
Attributable to NCI:	
- Profit for the year	22,401
- Other comprehensive income	9,234
- Total comprehensive income	31,635
Non-current assets	3,372,615
Current assets	39,543
Non-current liabilities	(1,402,122)
Current liabilities	(69,145)
Net assets	1,940,891
Net assets attributable to NCI	833,720
Cash flows from operating activities	77,613
Cash flows used in investing activities	(595,224)
Cash flows from financing activities (dividends to NCI: $25,944,000)	512,288
Net decrease in cash and cash equivalents	(5,323)

34 NON-CONTROLLING INTERESTS (CONT'D)

	OUE C-REIT $'000	OUE H-TRUST [a] $'000	Total $'000
2014			
Revenue	71,545	28,729	
Profit after tax	268,309	12,194	
Other comprehensive income	4,430	336	
Total comprehensive income	272,739	12,530	
Attributable to NCI:			
- Profit for the year	139,365	6,653	146,018
- Other comprehensive income	2,301	183	2,484
- Total comprehensive income	141,666	6,836	148,502
Non-current assets	1,624,378	–	
Current assets	36,249	–	
Non-current liabilities	(688,716)	–	
Current liabilities	(36,038)	–	
Net assets	935,873	–	
Net assets attributable to NCI	486,111	–	486,111
Cash flows from operating activities	74,503		
Cash flows used in investing activities	(780,110)		
Cash flows from financing activities (dividends to NCI: $10,983,000)	733,914		
Net increase in cash and cash equivalents	28,307		

[a] OUE H-TRUST became an associate of the Group on 31 March 2014 (note 41(b)). Accordingly, the financial information presented above is based on OUE H-TRUST's results for the period from 1 January 2014 to 30 March 2014.

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 Singapore Exchange Securities Trading Limited (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 security holders of OUE C-REIT's at a meeting of security holders.

The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders. As at 31 December 2015, the carrying amounts of OUE C-REIT's consolidated assets and liabilities are $3,412,158,000 (2014: $1,660,627,000) and $1,471,267,000 (2014: $724,754,000), respectively.

35 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December	Group and Company	
	2015 $'000	2014 $'000
Paid by the Company to owners of the Company		
Interim dividend of 1 cent (2014: 1 cent) per ordinary share in respect of current year	9,033	9,099
Special dividend of 3 cents (2014: Nil) per ordinary share in respect of current year	27,099	–
Distribution *In Specie* of Nil cents (2014: 13.9 cents) in respect of current year	–	126,622*
Final dividend of 1 cent (2014: 2 cents) per ordinary share in respect of prior year	9,099	18,198
	45,231	153,919

* In 2014, the Group made a distribution *in specie* of part of the stapled securities it held in a subsidiary, OUE H-TRUST, to all the shareholders of the Company in proportion to their shareholdings in the Company (the "Distribution *In Specie*"). Shareholders who were entitled to the Distribution *In Specie* received one stapled security for every six ordinary shares in the Company.

Paid by subsidiaries to NCI	Group	
	2015 $'000	2014 $'000
Distribution of 2.00 cents (2014: 2.43 cents) per qualifying unit in respect of current year	13,107	10,983
Distribution of 2.84 cents (2014: 2.90 cents) per qualifying stapled security in respect of prior year	12,837	20,779
	25,944	31,762

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	
	2015 $'000	2014 $'000
Final dividend of 1 cent (2014: 1 cent) per ordinary share	9,033**	9,099**

** The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 903,296,860 (2014: 909,885,860) as at 31 December 2015.

36 COMMITMENTS

Capital commitments

As at 31 December 2015, other than as disclosed elsewhere in the financial statements, the Group have the following capital commitments:

	Group	
	2015 $'000	2014 $'000
Investment properties	196,072	221,027
Development properties	30,799	102,482

37 OPERATING LEASES

Leases as lessees

(a) The Group has entered into master lease agreements with OUE H-REIT, an associate, to lease and operate Mandarin Orchard Singapore and CPCA (2014: Mandarin Orchard Singapore), together with the plant and equipment and all fixtures, fittings, finishings and other property therein, excluding the excluded commercial premises under non-cancellable operating lease agreements. Under the terms of the master lease agreement, the annual lease rental comprise fixed rent component and a variable rent component which is pegged to the underlying performance of the respective hotel.

(b) In 2014, the Group and Company lease office equipment, office and a site at Terminal 3 of Changi International Airport under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	57,500	45,013	48,803	49,185
Between one and five years	230,000	181,000	191,409	194,209
More than five years	432,977	401,319	340,403	385,403
	720,477	627,332	580,615	628,797

The operating lease rentals payable in respect of Mandarin Orchard Singapore and CPCA included above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the master lease agreements.

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases amounted to $31,349,000 and $28,493,000 (2014: $26,739,000 and $33,647,000) by the Group and the Company, respectively.

Leases as lessors

The Group leases out its investment properties (see note 22) under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	211,200	122,609	2,538	3,043
Between one and five years	442,254	258,004	1,225	2,919
More than five years	175,494	67,171	–	–
	828,948	447,784	3,763	5,962

The lessees are required to pay fixed rent payments and a contingent rent computed based on their sales achieved during the lease period. The lease payments receivable disclosed above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Contingent rents, generally determined based on a percentage of tenants' revenue, of $1,294,000 (2014: $1,153,000) has been recognised as income by the Group in profit or loss during the year.

38 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 quarterly basis and independent internal audit reporting.

Credit risk

Credit risk is the risk of 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 receivables from customers and investment securities.

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.

Guarantees

The Group 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 27.

Risk management policy

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 ongoing basis with the result that the Group's exposure to bad debts is not significant.

For investments in equity securities, cash and cash equivalents and derivatives, the Group and the Company minimise credit risk by dealing exclusively with financial institutions that are licensed and with acceptable credit ratings.

38 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Exposure to credit risk

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region and type of counterparty was:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
By geographical areas				
Singapore	55,058	26,825	2,872,213	1,881,937
Indonesia	526	827	512	823
The People's Republic of China	352	330	40	28
Malaysia	1,178	645	48	74
United States of America	1,563	1,085	15,124	13,599
Others	13,355	5,870	422,808	422,052
	72,032	35,582	3,310,745	2,318,513
By type of counterparty				
Related parties	17,069	15,392	3,302,459	2,311,273
Non-related parties				
- Multi-national companies	3,451	3,095	2,221	1,794
- Other companies	44,850	16,775	6,065	5,446
- Individuals	6,662	320	–	–
	72,032	35,582	3,310,745	2,318,513

At 31 December 2015, the Group's most significant counterparty accounts for $5,804,000 (2014: $5,386,000) of the loans and receivables carrying amount. Other than balances with related parties, there is no concentration of customer risk at the Company level.

Impairment

The ageing of loans and receivables that were past due but not impaired at the reporting date was:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Past due 1 - 30 days	3,837	3,894	5,833	3,099
Past due 31 - 60 days	1,683	1,241	4,564	1,583
Past due over 60 days	4,873	6,087	66,351	37,952
	10,393	11,222	76,748	42,634

The Group and the Company believe that the unimpaired amounts that are past due are still collectible based on historic payment behaviour or have sufficient deposits as collateral.

38 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Movement in the allowance for doubtful receivables on loans and receivables are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	2,467	2,119	144,814	9,305
Impairment loss recognised	99	329	54,341	135,509
Utilised	(88)	–	(88)	–
Reversal of impairment loss	–	–	(136)	–
Effects of movements in exchange rates	(10)	19	–	–
At 31 December	2,468	2,467	198,931	144,814

Loans and receivables that are neither past due nor impaired are mainly related to companies with a good payment track record with the Group.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $172,353,000 and $83,782,000 respectively at 31 December 2015 (2014: $161,957,000 and $62,788,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Risk management policy

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's approach to managing liquidity is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group has contractual commitments to incur capital expenditure with regard to its investment properties, development properties and available-for-sale investments.

38 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

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	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Group						
2015						
Non-derivative financial liabilities						
Trade and other payables	293,882	(293,882)	(237,740)	(24,718)	(24,951)	(6,473)
Borrowings	2,924,547	(3,208,199)	(268,473)	(774,827)	(2,164,899)	–
	3,218,429	(3,502,081)	(506,213)	(799,545)	(2,189,850)	(6,473)
Derivative financial instruments						
Interest rate swaps (net-settled)	180	(142)	(890)	(222)	970	–
Interest rate swaps (net-settled)	(6,605)	7,073	(546)	1,698	5,921	–
	(6,425)	6,931	(1,436)	1,476	6,891	–
Capital commitments for available-for-sale investments	–	(4,472)	(4,472)	–	–	–
	3,212,004	(3,499,622)	(512,121)	(798,069)	(2,182,959)	(6,473)
2014						
Non-derivative financial liabilities						
Trade and other payables	178,609	(178,609)	(149,283)	(10,142)	(14,800)	(4,384)
Borrowings	2,065,922	(2,241,028)	(702,036)	(360,137)	(1,178,855)	–
	2,244,531	(2,419,637)	(851,319)	(370,279)	(1,193,655)	(4,384)
Derivative financial instruments						
Interest rate swaps (net-settled)	972	(893)	(684)	(840)	631	–
Interest rate swaps (net-settled)	(1,478)	1,644	(1,273)	476	2,441	–
	(506)	751	(1,957)	(364)	3,072	–
Capital commitments for available-for-sale investments	–	(4,681)	(4,681)	–	–	–
	2,244,025	(2,423,567)	(857,957)	(370,643)	(1,190,583)	(4,384)

38 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount	Contractual cash flows	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
2015						
Trade and other payables	67,985	(67,985)	(67,595)	–	(390)	–
Borrowings	947,250	(1,053,803)	(191,030)	(321,161)	(541,612)	–
	1,015,235	(1,121,788)	(258,625)	(321,161)	(542,002)	–
2014						
Trade and other payables	100,766	(100,766)	(100,181)	(183)	(402)	–
Borrowings	746,188	(830,295)	(280,387)	(323,350)	(226,558)	–
	846,954	(931,061)	(380,568)	(323,533)	(226,960)	–

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.

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. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

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.

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.

When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings for the purposes of managing certain financial risks.

Currency risk

Risk management policy

Foreign currency risk arises from transactions denominated or settled in foreign currencies, borrowings and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from sales, purchases and borrowings, that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk includes United States Dollars ("USD"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in the United States of America.

The Group management monitors the Group's foreign currency risk exposure and, when appropriate, uses financial derivatives such as 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.

38 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) based on the information provided to key management is as follows:

	USD
	$'000
Group	
2015	
Cash and cash equivalents	7,540
Other assets *	11,932
Other investments	359,538
Available-for-sale financial assets	2,998
Net exposure	382,008
2014	
Cash and cash equivalents	1,248
Other assets *	5,260
Other investments	317,139
Available-for-sale financial assets	1,787
Trade and other payables	(1,463)
Borrowings	(30,350)
Net exposure	293,621

* *Excluding prepayments*

At the reporting date, the Company is exposed to currency risk on its USD loans and receivables due from subsidiaries amounting to $518,532,000 (2014: $355,224,000).

38 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A reasonably possible strengthening of USD, 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
2015				
USD (7% strengthening)	26,531	210	36,297	–
2014				
USD (4% strengthening)	11,673	71	14,209	–

Interest rate risk

Risk management policy

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 at bank, fixed deposits with financial institutions, non-trade receivables from associates and subsidiaries 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.

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		Company	
	Notional amount		Notional amount	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fixed rate instruments				
Cash and cash equivalents	11,537	15,827	–	–
Loans to subsidiaries	–	–	1,749,931	1,043,029
Loan to associate	3,876	3,484	3,876	3,484
Borrowings	(800,000)	(700,000)	(800,000)	(700,000)
Interest rate swaps	(770,000)	(410,000)	–	–
	(1,554,587)	(1,090,689)	953,807	346,513
Variable rate instruments				
Cash and cash equivalents	28,977	9,002	20,000	5,080
Loans to subsidiaries	–	–	124,750	80,866
Borrowings	(2,149,511)	(1,383,483)	(152,000)	(50,000)
Interest rate swaps	770,000	410,000	–	–
	(1,350,534)	(964,481)	(7,250)	35,946

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 (2014: 6 months or less).

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38 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.

Sensitivity analysis for variable rate instruments

A change of 50 (2014: 10) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) equity and profit or loss (excluding tax effects) 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
2015				
Group				
Variable rate instruments	(10,603)	10,603	–	–
Interest rate swaps	3,850	(3,850)	331	(363)
	(6,753)	6,753	331	(363)
Company				
Variable rate instruments	(36)	36	–	–

	Profit or loss		Equity	
	10 bp increase $'000	10 bp decrease $'000	10 bp increase $'000	10 bp decrease $'000
2014				
Group				
Variable rate instruments	(1,374)	1,374	–	–
Interest rate swaps	410	(410)	(14)	(73)
	(964)	964	(14)	(73)
Company				
Variable rate instruments	36	(36)	–	–

38 FINANCIAL INSTRUMENTS (CONT'D)

Other market price risk

Risk management policy

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 available-for-sale financial assets as well as investments at fair value through profit or loss. 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 returns.

(a) The Group and the Company have available-for-sale investments in unlisted equity securities and interests in limited partnerships. The fair values of these investments are estimated based on the net asset value of the investee entities.

If the adjusted net asset value of the investee entities were to increase/decrease by 10% (2014: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately $17.4 million (2014: $21.7 million) and $15.7 million (2014: $20.2 million) respectively.

(b) The Group is exposed to price changes from its quoted equity investments and investment in a mutual fund. If the fair value of the investments were to increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately $37.1 million (2014: $32.8 million).

Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

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

38 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Note	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the statement of financial position	Net amounts of financial instruments included in the statement of financial position	Related financial instruments that are not offset	Net amount
		$'000	$'000	$'000	$'000	$'000
Group						
2015						
Financial assets						
Interest rate swaps used for hedging	25	6,605	–	6,605	(180)	6,425
Financial liabilities						
Interest rate swaps used for hedging	25	(180)	–	(180)	180	–
2014						
Financial assets						
Interest rate swaps used for hedging	25	1,478	–	1,478	(722)	756
Financial liabilities						
Interest rate swaps used for hedging	25	(972)	–	(972)	722	(250)

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2015 and 31 December 2014.

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 non-controlling interests.

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.

38 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

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 total equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Borrowings	2,924,547	2,065,922	947,250	746,188
Less: Cash and cash equivalents	(172,353)	(161,957)	(83,782)	(62,788)
	2,752,194	1,903,965	863,468	683,400
Total equity	4,764,192	4,339,447	3,046,905	2,585,385
Gearing ratio	57.8%	43.9%	28.3%	26.4%

OUE C-REIT and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of 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 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property. With effect from 1 January 2016, the Aggregate Leverage of a property fund shall not exceed 45%.

The Aggregate Leverage of OUE C-REIT and its subsidiaries as at 31 December 2015 was 40.1% (2014: 38.3%) of its Deposited Property. OUE C-REIT has a corporate rating of Ba1 from Moody's. 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.

38 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:

		Carrying amount						Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – hedging instruments $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
2015											
Financial assets measured at fair value											
Other investments	15	–	371,399	–	–	–	371,399	11,861	359,538	–	371,399
Available-for-sale financial assets	19	–	–	–	174,223	–	174,223	–	–	174,223	174,223
Derivative assets	25	–	–	6,605	–	–	6,605	–	6,605	–	6,605
		–	371,399	6,605	174,223	–	552,227				
Financial assets not measured at fair value											
Cash and cash equivalents	12	172,353	–	–	–	–	172,353				
Trade and other receivables	13	38,931	–	–	–	–	38,931				
Other assets *	17	33,101	–	–	–	–	33,101				
		244,385	–	–	–	–	244,385				
Financial liabilities measured at fair value											
Derivative liabilities	25	–	–	(180)	–	–	(180)	–	(180)	–	(180)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(237,740)	(237,740)				
Borrowings	27	–	–	–	–	(2,924,547)	(2,924,547)	–	(2,937,490)	–	(2,937,490)
Other payables	29	–	–	–	–	(56,142)	(56,142)	–	–	(51,888)	(51,888)
		–	–	–	–	(3,218,429)	(3,218,429)				

38 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount						Fair value			
	Note	Loans and receivables	Designated at fair value	Fair value – hedging instruments	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
2014											
Financial assets measured at fair value											
Other investments	15	–	328,070	–	–	–	328,070	59,177	268,893	–	328,070
Available-for-sale financial assets	19	–	–	–	217,324	–	217,324	–	–	217,324	217,324
Derivative assets	25	–	–	1,478	–	–	1,478	–	1,478	–	1,478
		–	328,070	1,478	217,324	–	546,872				
Financial assets not measured at fair value											
Cash and cash equivalents	12	161,957	–	–	–	–	161,957				
Trade and other receivables	13	24,759	–	–	–	–	24,759				
Other assets *	17	10,823	–	–	–	–	10,823				
		197,539	–	–	–	–	197,539				
Financial liabilities measured at fair value											
Derivative liabilities	25	–	–	(972)	–	–	(972)	–	(972)	–	(972)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(149,283)	(149,283)				
Borrowings	27	–	–	–	–	(2,065,922)	(2,065,922)	–	(2,089,979)	–	(2,089,979)
Other payables	29	–	–	–	–	(29,326)	(29,326)	–	–	(28,145)	(28,145)
		–	–	–	–	(2,244,531)	(2,244,531)				

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38 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
		Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company									
2015									
Financial asset measured at fair value									
Available-for-sale financial assets	19	–	157,262	–	157,262	–	–	157,262	157,262
Financial assets not measured at fair value									
Cash and cash equivalents	12	83,782	–	–	83,782				
Trade and other receivables	13	789,848	–	–	789,848				
Other assets *	17	1,941	–	–	1,941				
Loans to subsidiaries	21	2,518,956	–	–	2,518,956				
		3,394,527	–	–	3,394,527				
Financial liabilities not measured at fair value									
Trade and other payables	26	–	–	(67,595)	(67,595)				
Borrowings	27	–	–	(947,250)	(947,250)	–	(960,193)	–	(960,193)
Other payables	29	–	–	(390)	(390)	–	–	(364)	(364)
		–	–	(1,015,235)	(1,015,235)				
2014									
Financial asset measured at fair value									
Available-for-sale financial assets	19	–	201,624	–	201,624	–	–	201,624	201,624
Financial assets not measured at fair value									
Cash and cash equivalents	12	62,788	–	–	62,788				
Trade and other receivables	13	690,258	–	–	690,258				
Other assets *	17	2,696	–	–	2,696				
Loans to subsidiaries	21	1,625,559	–	–	1,625,559				
		2,381,301	–	–	2,381,301				
Financial liabilities not measured at fair value									
Trade and other payables	26	–	–	(100,181)	(100,181)				
Borrowings	27	–	–	(746,188)	(746,188)	–	(770,245)	–	(770,245)
Other payables	29	–	–	(585)	(585)	–	–	(539)	(539)
		–	–	(846,954)	(846,954)				

* *Excluding prepayments*

38 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 and Company			
Available-for-sale investments	The fair value is calculated using the 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 non-marketable nature of the investments, where appropriate.	Discount rate of 0% - 35% (2014: 0% - 15%)	A significant increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a significant decrease in the discount rate would result in a significantly higher fair value measurement.
Group			
Other investments	The fair value is calculated using the 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 – interest rate swaps	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	Discounted cash flows
Other payables	Discounted cash flows

38 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:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Available-for-sale financial assets				
At beginning of the year	217,324	193,304	201,624	182,716
Purchases	809	4,810	–	–
Fair value (loss)/gain on available-for-sale financial assets included in other comprehensive income	(43,875)	18,710	(44,362)	18,908
Impairment loss	(1,000)	–	–	–
Effect of movements in exchange rates	965	500	–	–
At end of the year	174,223	217,324	157,262	201,624

Sensitivity analysis

For the Group's available-for-sale financial assets, a 10% increase in the discount rate applied, where applicable, would have decreased the Group's and the Company's other comprehensive income by $24,194,000 (2014: $23,721,000) after tax; an equal change in the opposite direction would have increased the Group's and the Company's other comprehensive income by $24,194,000 (2014: $23,721,000) after tax.

39 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group	
	2015 $'000	**2014 $'000**
Short-term employee benefits	4,887	4,469
Post-employment benefits (including contributions to defined contribution plans)	58	33
	4,945	4,502

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:

	Group	
	Transaction value for the year	
	2015 $'000	**2014 $'000**
Associates and joint ventures		
Rental expense	87,924	59,118
Rental and rental related income	812	608
Management fees earned	6,029	6,139
Interest income from loans	38	35
Reimbursement of expenses	12	–
Professional fees paid/payable	45	326
Other related parties		
Acquisition of subsidiaries from a related party	–	143,500
Purchase of food and beverage products	395	461
Rental and rental related income	1,455	1,306
Hotel services income	50	49
Professional fees paid/payable	126	16
Purchase of property, plant and equipment	–	2
Management fee expenses	–	150
Reimbursement of expenses to related parties	15	5

Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and their close family members.

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 20 and 21 of the financial statements. None of the outstanding balances with the related parties is secured.

40 OPERATING SEGMENTS

The Group has the following five (2014: four) 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 Financial Officer, and the department heads of each business segment.

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

(i) Hospitality (Singapore and Others) - operation of hotels and hotel management in the respective countries.

(ii) Property investments (Singapore, United States of America and The People's Republic of China) - rental income from investment properties owned by the Group.

(iii) Property development - sale of residential properties and other properties under development.

(iv) Fund management - management of real estate investment trusts.

(v) Investment holding

Other operations include mainly restaurant and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 and 2015.

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.

40 OPERATING SEGMENTS (CONT'D)

	Hospitality		Property investments									
	Singapore	Others	Singapore	United States of America	The People's Republic of China	Property development	Fund management	Investment holding	Others	Segment total	Elimination and unallocated items	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015												
Revenue												
External revenue	202,127	2,271	107,704	57,611	28,064	23,644	1,498	–	8,158	431,077	416	431,493
Inter-segment revenue	107	–	5,611	8,454	–	–	19,254	–	32	33,458	(33,458)	–
Segment revenue (including inter-segment revenue)	202,234	2,271	113,315	66,065	28,064	23,644	20,752	–	8,190	464,535	(33,042)	431,493
Segment profit/(loss)[1]	4,094	1,782	131,604	28,099	21,149	(25,407)	22,620	128,224	(11,462)	300,703	(42,894)	257,809
Depreciation	(147)	–	(86)	(14)	(7)	–	(165)	–	(1,475)	(1,894)	(2,058)	(3,952)
Finance expenses	(246)	–	(38,914)	(11,069)	(3,854)	(10,808)	(54)	–	(16,160)	(81,105)	(8,030)	(89,135)
Finance income	135	(222)	364	38	260	–	8	–	(26,380)	(25,797)	37,972	12,175
Share of results of equity-accounted investees, net of tax	5,435	(50)	65,231	–	–	–	8,747	128,224	–	207,587	(7)	207,580
Other material items												
Change in fair value of investment properties	–	–	(17,188)	12,651	11,397	–	–	–	–	6,860	–	6,860
Impairment loss on goodwill arising from acquisition of a subsidiary	–	–	(12,403)	–	–	–	–	–	–	(12,403)	–	(12,403)
Net gain on disposal of property, plant and equipment	57,784	–	–	–	–	–	–	–	–	57,784	–	57,784
Net change in fair value of investments designated at fair value through profit or loss	–	–	–	–	–	–	–	–	(8,366)	(8,366)	–	(8,366)
Impairment loss on a development property	–	–	–	–	–	(23,205)	–	–	–	(23,205)	–	(23,205)
Reportable segment assets	38,843	4,746	4,395,840	768,743	539,192	880,297	3,683	–	561,273	7,192,617	124,526	7,317,143
Investment in equity-accounted investees	44,141	12,459	397,244	–	–	–	12,163	317,888	–	783,895	28,800	812,695
Reportable segment liabilities	62,394	245	1,373,577	344,690	66,582	391,777	2,164	–	4,474	2,245,903	1,119,743	3,365,646
Capital expenditure	95	–	99,619	43,240	1,360	–	5	–	311	144,630	1,252	145,882

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40 OPERATING SEGMENTS (CONT'D)

	Hospitality		Property investments								
	Singapore	Others	Singapore	United States of America	The People's Republic of China	Property development	Fund management	Others	Segment total	Elimination and unallocated items	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014											
Revenue											
External revenue	208,014	2,633	90,281	44,539	22,941	38,297	1,123	8,394	416,222	193	416,415
Inter-segment revenue	319	–	25,418	2,174	–	–	9,837	21	37,769	(37,769)	–
Segment revenue (including inter-segment revenue)	208,333	2,633	115,699	46,713	22,941	38,297	10,960	8,415	453,991	(37,576)	416,415
Segment profit/(loss)[1]	14,289	1,637	162,910	19,315	16,689	12,563	6,547	(2,162)	231,788	(46,714)	185,074
Depreciation	(8,344)	–	(14)	(13)	–	–	(144)	(1,447)	(9,962)	(2,182)	(12,144)
Finance expenses	(2,893)	–	(35,625)	(9,260)	(4,282)	–	–	(3,467)	(55,527)	(13,080)	(68,607)
Finance income	163	9	(640)	22	174	–	5	(9,093)	(9,360)	13,945	4,585
Share of results of equity-accounted investees, net of tax	5,643	(36)	79,270	–	–	–	2,158	–	87,035	(2)	87,033
Other material items											
Change in fair value of investment properties	–	–	88,496	17,086	153,663	–	–	–	259,245	–	259,245
Net gain on disposal of subsidiaries	1,003,825	–	–	–	–	–	–	–	1,003,825	–	1,003,825
Net change in fair value of investments designated at fair value through profit or loss	–	–	–	–	–	–	–	21,662	21,662	–	21,662
Impairment loss on a development property	–	–	–	–	–	(105,000)	–	–	(105,000)	–	(105,000)
Reportable segment assets	258,313	3,245	2,548,366	662,202	520,609	892,808	3,761	557,689	5,446,993	96,561	5,543,554
Investment in equity-accounted investees	41,427	11,592	1,065,217	–	–	–	5,667	–	1,123,903	26,873	1,150,776
Reportable segment liabilities	38,994	290	613,278	326,776	87,127	372,061	867	33,259	1,472,652	882,231	2,354,883
Capital expenditure	14,721	1	61,753	51,390	487	–	840	529	129,721	1,737	131,458

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

40 OPERATING SEGMENTS (CONT'D)

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

	2015 $'000	2014 $'000
Revenue		
Total revenue for reportable segments	456,345	445,576
Revenue for other segment	8,190	8,415
Unallocated amounts	11,751	4,169
Elimination of inter-segment revenue	(44,793)	(41,745)
Consolidated total revenue	431,493	416,415
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for:		
- Reportable segments	312,165	233,950
- Other segment	(11,462)	(2,162)
Elimination of inter-segment profits	(132)	(780)
Finance expense	(89,135)	(68,607)
Finance income	12,175	4,585
Other gains – net	20,257	1,179,732
Unallocated corporate expenses	(42,762)	(45,934)
Consolidated profit before tax	201,106	1,300,784

Reconciliations of reportable segment assets and liabilities

	2015 $'000	2014 $'000
Assets		
Total assets for reportable segments	6,631,344	4,889,304
Assets for other segment	561,273	557,689
Investment in equity-accounted investees	783,895	1,123,903
	7,976,512	6,570,896
Elimination of inter-segment balances	(11,663)	(11,840)
Other unallocated amounts		
- Property, plant and equipment	14,196	15,185
- Investment in equity-accounted investees	28,800	26,873
- Cash and cash equivalents	88,210	75,757
- Trade and other receivables	12,698	7,270
- Other assets	14,896	7,920
- Deferred tax assets	6,189	2,269
Consolidated total assets	8,129,838	6,694,330
Liabilities		
Total liabilities for reportable segments	2,241,429	1,439,393
Liabilities for other segments	4,474	33,259
Other unallocated amounts		
- Borrowings	947,250	746,188
- Trade and other payables	25,398	26,609
- Current tax liabilities	27,373	16,676
- Deferred tax liabilities	119,664	92,704
- Other liabilities	58	54
Consolidated total liabilities	3,365,646	2,354,883

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40 OPERATING SEGMENTS (CONT'D)

Geographical information

	Revenue		Non-current assets *	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore	343,547	346,302	4,858,647	3,695,715
The People's Republic of China	28,064	23,078	535,668	507,205
United States of America	57,611	44,538	747,184	640,415
Others	2,271	2,497	319,799	–
	431,493	416,415	6,461,298	4,843,335

* Non-current assets relate to the carrying amounts of investments in equity-accounted investees, investment properties and property, plant and equipment.

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2014 and 2015.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property and together, they are capable of being managed to provide returns to the Group. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities.

Financial year ended 31 December 2015

On 7 October 2015, the Group acquired 33.33% shares and voting rights in OUB Centre Limited and its subsidiaries ("OUBC") for a cash consideration of $477.1 million. The acquisition will enable the Group to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place ("ORP"), while continuing to enjoy rental income. OUBC owns an 81.54% interest in ORP. Following the acquisition, the Group's equity interest increased from 50% to 83.33%, and OUBC became a subsidiary of the Group.

For the period from the acquisition date to 31 December 2015, OUBC contributed revenue of $19,671,000 and profit after tax of $3,147,000 to the Group's results. If the acquisition had occurred on 1 January 2015, the Group estimates that the consolidated revenue would have been $514,973,000 and the consolidated profit for the year would have been $204,888,000. In determining these amounts, the Group has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed

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

	Note	$'000
Plant and equipment	23	671
Investment property	22	1,740,000
Inventories		51
Trade and other receivables		10,753
Cash and cash equivalents		6,059
Trade and other payables		(44,837)
Borrowings		(301,036)
Current tax liabilities		(3,160)
Deferred tax liabilities	28	(14,333)
Net identifiable assets and liabilities acquired		1,394,168

The trade receivables comprise gross contractual amounts due of $10.9 million, of which $0.1 million was expected to be uncollectible at the date of acquisition.

Measurement of fair values

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

Assets acquired	Valuation technique
Investment property	Direct comparison method and investment method

The fair value of the investment property was based on independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred	477,116
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree	232,386
Fair value of pre-existing interest in the acquiree	697,069
Fair value of identifiable net assets	(1,394,168)
Goodwill	12,403
Impairment loss on goodwill (note 9)	(12,403)
	–

The remeasurement to fair value of the Group's existing 50% interest in OUBC resulted in a gain of $587,000. This amount has been recognised in 'Other gains – net' in profit or loss (note 9). In addition, arising from the step-acquisition, capital reserve of $25.8 million was reclassified to accumulated profits.

The Group has undertaken an impairment assessment of the goodwill arising from the acquisition which was allocated to OUBC. The recoverable amount was estimated using the fair value less costs to sell approach, taking into consideration the fair value of the underlying property held by OUBC. Based on this assessment, the goodwill was fully impaired. The impairment loss was recognised in "Other gains – net" in the statement of comprehensive income.

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

Cash flows relating to the acquisition

	$'000
Purchase consideration	477,116
Less: Cash acquired	(6,059)
Net cash outflow	471,057

The Group incurred acquisition-related costs of $5,571,000 related to external professional fees. These costs were included in "Administrative expenses" in the Group's statement of comprehensive income.

Financial year ended 31 December 2014

On 27 January 2014, in conjunction with the listing of OUE C-REIT, a subsidiary, on the Main Board of SGX-ST, the Group acquired a 100% of equity interest in Tecwell Limited and its subsidiary, Lippo Realty (Shanghai) Limited (the "Tecwell Group"). The Tecwell Group owns Lippo Plaza in Shanghai, People's Republic of China. For the period from the acquisition date to 31 December 2014, the Tecwell Group contributed revenue of $22,941,000 and net attributable profit of $59,714,000 to the Group. There is no significant effect on the Group's consolidated revenue had the acquisition occurred on 1 January 2014.

The assets acquired, liabilities assumed and cash flows relating to the Tecwell Group acquired were as follows:

	Note	2014 $'000
Plant and equipment		63
Investment property	22	336,635
Trade and other receivables		368
Cash and cash equivalents		16,228
Trade and other payables		(15,024)
Borrowings		(191,777)
Tax payable		(2,993)
Net identifiable assets and liabilities acquired		143,500
Purchase consideration		143,500
Acquisition costs		392
Less: Amount not yet paid		(6,066)
		137,826
Less: Cash acquired		(16,228)
Net cash outflow		121,598

41 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries

Financial year ended 31 December 2014

On 31 March 2014, following the Distribution *In Specie* which reduced the Group's effective interest in OUE H-TRUST from 45.3% to 33.5%, the Group lost its control over OUE H-TRUST. OUE H-TRUST became an associate of the Group on the same day.

The disposed subsidiary contributed a net attributable loss of $4,035,000 to the Group from 1 January 2014 to the date of loss of control.

The cash flows relating to the disposal of OUE H-TRUST arising from Distribution *In Specie* were as follows:

	Note	2014 $'000
Investment properties	22	536,000
Property, plant and equipment	23	117,319
Cash and cash equivalents		58,156
Trade and other receivables and other assets		11,084
Trade and other payables and other liabilities		(28,739)
Derivatives		(5,031)
Borrowings		(581,851)
Tax liabilities		(305)
Carrying amount of net assets distributed		106,633
Distribution *In Specie*	35	126,622
NCI, based on their proportionate interest in the net assets distributed		609,541
Fair value of retained equity interest		375,184
		1,111,347
Carrying amount of net assets distributed		(106,633)
Realisation of hedging reserve		(889)
Gain on disposal of subsidiaries		1,003,825

Arising from the Distribution *In Specie*, capital reserve and asset revaluation reserve amounting to $10.7 million and $36.1 million, respectively, were reclassified to accumulated profits.

42 CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY WITHOUT A CHANGE IN CONTROL

Financial year ended 31 December 2015

In 2015, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The Group also acquired additional interests in OUE C-REIT for $442,000 in cash. The additional units received and acquisition during the year resulted in the Group's interest in OUE C-REIT being increased from 48.1% to 49.1%.

The Group recognised a decrease in NCI and accumulated profits of $256,000 and $232,000, respectively and an increase in other reserves of $46,000.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT.

	$'000
Consideration paid for acquisition of non-controlling interests	442
Decrease in equity attributable to non-controlling interests	(256)
Decrease in equity attributable to owners of the Company	186

Financial year ended 31 December 2014

In February 2014, the Group disposed 2.2% interest in OUE C-REIT for $15.2 million in cash. Subsequent to the disposal, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The disposal and additional units received during the year resulted in the Group's interest in OUE C-REIT being reduced from 50.0% to 48.1%.

The Group recognised an increase in NCI of $17.3 million and a decrease in accumulated profits of $2.1 million.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT.

	$'000
Consideration received for disposal of non-controlling interests	(15,195)
Increase in equity attributable to non-controlling interests	17,265
Decrease in equity attributable to owners of the Company	2,070

43 SUBSEQUENT EVENT

Subsequent to the reporting date, the Group acquired an additional 203,145,000 units in OUE C-REIT for $165,970,000 in cash. Following the completion of the acquisition, the Group's interest in OUE C-REIT increased to 64.98%.

The change in ownership interest in OUE C-REIT did not result in a change of control. The Group expects to recognise a decrease in NCI of $186.4 million* and increase in equity attributable to owners of the Company of $20.5 million*.

* *Estimated based on OUE C-REIT's 31 December 2015 financial information*

44 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries, associates and joint venture:

Name of company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2015 %	The Company 2014 %	Subsidiaries 2015 %	Subsidiaries 2014 %
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
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust[c]	Real estate investment trust	Singapore	–	–	49.1	48.1
OUB Centre Limited[b]	Property investment	Singapore	–	–	83.3[d]	–
Associates						
Aquamarina Hotel Private Limited[b]	Hotel operation	Singapore	–	–	25.0	25.0
OUB Centre Limited[b]	Property investment	Singapore	–	50.0[d]	–	–
OUE Hospitality Trust[e]	Real estate investment trust/ property business trust	Singapore	33.0	33.3	–	–
Joint Venture						
OUE Lippo Limited	Investment holding	British Virgin Island	–	–	50.0	50.0

44 LISTING OF ENTITIES IN THE GROUP (CONT'D)

All significant subsidiaries, associates and joint venture are audited by KPMG LLP, Singapore except as indicated below.

[a] Audited by member firms of KPMG International.

[b] Audited by PricewaterhouseCoopers LLP, Singapore.

[c] The Group has assessed that it controls OUE C-REIT. OUE C-REIT's activities are managed by OUE Commercial REIT Management Pte. Ltd. (the "C-REIT Manager"), a wholly-owned subsidiary of the Company. The C-REIT Manager has decision-making authority over OUE C-REIT, subject to oversight by the trustee of OUE C-REIT. The Group's overall exposure to variable returns, both from the C-REIT Manager's remuneration and its interest in OUE C-REIT, is significant and any decisions made by the C-REIT Manager affect the Group's overall exposure. Accordingly, the Group concluded that it controls OUE C-REIT.

[d] In 2014, the Group had assessed that it had significant influence over this company as the parties that collectively control it do so through decisions that are determined on an aggregate voting interest that can be achieved by several combinations of the parties. On 7 October 2015, the Group acquired an additional 33.33% shares and voting rights in the company (note 41), thereby gaining control. As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 40.9% in the company.

[e] On 31 March 2014, the Group distributed in specie part of the stapled securities that it held in OUE H-TRUST to the shareholders of the Company (note 35), thereby reducing its interest in OUE H-TRUST to 33.5%. A deed of undertaking was signed between the Company, OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. (collectively known as "the Managers"), the Managers of OUE H-TRUST, whereby the Company procured that the Managers will seek the approval of OUE H-TRUST's stapled security holders at its annual general meeting for the endorsement or re-endorsement of the appointment of directors of the Managers. The Group assessed that the reduction in interest in OUE H-TRUST, coupled with changes to the governance structures of the Managers, resulted in the Group no longer having control of OUE H-TRUST. Accordingly, OUE H-TRUST was deconsolidated and accounted for as an associate thereafter.

Shareholding
Statistics

As at 8 March 2016

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 903,296,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 78,305,000
Percentage of treasury shares held against the total number of issued ordinary shares excluding treasury shares	: 8.67%
Voting rights (excluding treasury shares)	: 1 vote per share

VOTING RIGHTS OF ORDINARY SHAREHOLDERS

Every member shall have the right to attend any General Meeting and to speak and vote on any resolution before the Meeting in person or by proxy. Every member present in person or by proxy shall, on a poll, have one vote for each share he holds or represents.

BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 – 99	29	0.25	773	0.00
100 – 1,000	849	7.21	816,595	0.09
1,001 – 10,000	8,170	69.42	42,054,285	4.65
10,001 – 1,000,000	2,702	22.96	100,141,094	11.09
1,000,001 and above	19	0.16	760,284,113	84.17
Total	**11,769**	**100.00**	**903,296,860**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	Number of Shares	% of Issued Share Capital*
1.	RAFFLES NOMINEES (PTE) LTD	652,041,948	72.18
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	19,309,070	2.14
3.	DBS NOMINEES PTE LTD	13,128,889	1.45
4.	BANK OF SINGAPORE NOMINEES PTE LTD	10,757,398	1.19
5.	UOB KAY HIAN PTE LTD	10,265,400	1.14
6.	OCBC SECURITIES PRIVATE LTD	9,634,737	1.07
7.	DBSN SERVICES PTE LTD	8,950,563	0.99
8.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	7,311,000	0.81
9.	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,231,230	0.58
10.	LEE PINEAPPLE COMPANY PTE LTD	5,000,000	0.55
11.	HENG SIEW ENG	3,067,300	0.34
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	2,844,600	0.31
13.	MAYBANK KIM ENG SECURITIES PTE LTD	2,531,014	0.28
14.	OCBC NOMINEES SINGAPORE PTE LTD	2,468,700	0.27
15.	PHILLIP SECURITIES PTE LTD	2,099,760	0.23
16.	SINGAPORE NOMINEES PTE LTD	1,502,000	0.17
17.	LEE SENG TEE	1,500,000	0.17
18.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,328,604	0.15
19.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,311,900	0.15
20.	DB NOMINEES (SINGAPORE) PTE LTD	932,012	0.10
	Total	**761,216,125**	**84.27**

* *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 8 March 2016

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
1. OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.63[19]	–	–
2. Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.89[19]	502,513,060[1]	55.63[19]
3. Fortune Code Limited ("**FCL**")	–	–	618,916,410[2]	68.52[19]
4. Lippo ASM Asia Property Limited ("**LAAPL**")	–	–	618,916,410[3]	68.52[19]
5. Pacific Landmark Holdings Limited ("**Pacific Landmark**")	–	–	618,916,410[4]	68.52[19]
6. HKC Property Investment Holdings Limited ("**HKC Property**")	–	–	618,916,410[5]	68.52[19]
7. Hongkong Chinese Limited ("**HCL**")	–	–	618,916,410[6]	68.52[19]
8. Hennessy Holdings Limited ("**HHL**")	–	–	618,916,410[7]	68.52[19]
9. Prime Success Limited ("**PSL**")	–	–	618,916,410[8]	68.52[19]
10. Lippo Limited ("**LL**")	–	–	618,916,410[9]	68.52[19]
11. Lippo Capital Limited ("**LCL**")	–	–	618,916,410[10]	68.52[19]
12. Lanius Limited ("**Lanius**")	–	–	618,916,410[11]	68.52[19]
13. Admiralty Station Management Limited ("**Admiralty**")	–	–	618,916,410[12]	68.52[19]
14. ASM Asia Recovery (Master) Fund ("**AARMF**")	–	–	618,916,410[13]	68.52[19]
15. ASM Asia Recovery Fund ("**AARF**")	–	–	618,916,410[14]	68.52[19]
16. Argyle Street Management Limited ("**ASML**")	–	–	618,916,410[15]	68.52[19]
17. Argyle Street Management Holdings Limited ("**ASMHL**")	–	–	618,916,410[16]	68.52[19]
18. Kin Chan ("**KC**")	–	–	618,916,410[17]	68.52[19]
19. V-Nee Yeh ("**VY**")	–	–	618,916,410[18]	68.52[19]

Substantial
Shareholders

As shown in the Company's Register of Substantial Shareholders as at 8 March 2016

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 Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the shares in which LAAPL has a deemed interest.

(5) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(6) HKC Property is a wholly-owned subsidiary of HCL. Accordingly, HCL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(7) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(8) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(9) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(10) LCL is a holding company of Pacific Landmark. Accordingly, LCL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(11) Lanius is the holder of the entire issued share capital of LCL, which in turn is a holding company of Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include Dr. Stephen Riady and other members of his family. Dr. Stephen Riady is the Executive Chairman of the Company. Dr. Stephen Riady is also the chairman of LL and HCL, both of which have a deemed interest in the shares.

(12) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the shares in which LAAPL has a deemed interest.

(13) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the shares in which Admiralty has a deemed interest.

(14) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the shares in which AARMF has a deemed interest.

(15) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the shares in which AARF has a deemed interest.

(16) 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.

(17) 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.

(18) 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.

(19) The shareholding percentage is calculated based on 903,296,860 issued shares (excluding treasury shares) as at 8 March 2016.

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 8 March 2016, approximately 31.45% of its Shares listed on the SGX-ST were held in the hands of the public.

Interested Person
Transaction

entered into during the financial year 2015

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Auric Pacific Group Limited		
Purchase of food & beverage items	394	–
Lippo Limited		
Reimbursement of payments made on behalf	347	–
OUE Hospitality Trust		
Rental expense	87,874	–
Manager's management fee	10,654	–
Acquisition fee	2,175	–
Property management fee	1,455	–
Shared electricity services	1,112	–
Shared services	658	–

Notice of
Annual General Meeting

OUE Limited
Company Registration No. 19640050E

NOTICE IS HEREBY GIVEN that the Fifty-Third Annual General Meeting of OUE Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Thursday, 21 April 2016 at 10:00 a.m. 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 2015 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 2015.

3. To approve Directors' Fees of S$468,750 for the year ended 31 December 2015 (2014: S$468,750).

4. To re-appoint Mr. Thio Gim Hock, who will retire under the resolution passed at the Annual General Meeting held on 30 April 2015 pursuant to Section 153 of the Companies Act, Cap. 50 (which was then in force), to hold office from the date of this Annual General Meeting.

5. 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) Dr. Stephen Riady

   (b) Mr. Kin Chan

6. 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:

7. 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 (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 (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 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 are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue or consolidation or sub-division of shares;

   (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 Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. 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 Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting 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;

(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 after the relevant five-day period;

"**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 any Shares which are held as treasury shares as at that date); 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.

By Order of the Board

NG NGAI
Secretary
5 April 2016
Singapore

Notice of
Annual General Meeting
OUE Limited
Company Registration No. 19640050E

Explanatory Notes:

Resolution 4

To re-appoint Mr. Thio Gim Hock, the Chief Executive Officer/Group Managing Director, who is over 70 years of age and who is retiring under the resolution passed at the Annual General Meeting held on 30 April 2015 as pursuant to Section 153(6) of the Companies Act, Cap. 50 which was then in force, such resolution could only permit the re-appointment of the director to hold office until this Annual General Meeting. If passed, Resolution No. 4 will approve and authorise the continuation of the director in office from the date of this Annual General Meeting onwards without limitation in tenure, save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

Resolution 5(a)

To re-elect Dr. Stephen Riady, who is a non-independent Director. Dr. Riady is also the Executive Chairman of the Board.

Resolution 5(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.

Resolution 7

Resolution No. 7, if passed, will empower the Directors to issue shares of the Company 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 of the Company excluding treasury shares, of which up to 20 per cent. of the total number of issued shares of the Company excluding treasury shares 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) of the Company at the time that Resolution No. 7 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 are outstanding or subsisting at the time that Resolution No. 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 8

Resolution No. 8, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares of the Company, 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 8 March 2016 (the "**Latest Practicable Date**") and disregarding the 78,305,000 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued, on or prior to the Annual General Meeting, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 90,329,686 Shares. Assuming that the Company purchases or acquires 90,329,686 Shares at the maximum price, in the case of both market purchases and off-market purchases, of S$1.72 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 ordinary shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 90,329,686 Shares is approximately S$155,367,060.

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 2015, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 5 April 2016 (the "**Letter**").

Please refer to the Letter for more details.

Notice of Annual General Meeting

OUE Limited
Company Registration No. 19640050E

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Collyer Quay, #18-01/02 OUE Bayfront, Singapore 049321, not less than 48 hours before the time set for the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) 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 proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Please cut along the dotted line

Proxy Form

Annual General Meeting

OUE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 196400050E)

IMPORTANT:
1. Relevant intermediaries (as defined in Section 181 Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in OUE Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2016.

I/We ______________________ (Name) ______________ (NRIC/Passport/Company Registration No.)

of ____ (Address)

being a member/members of OUE LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Fifty-Third Annual General Meeting of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Thursday, 21 April 2016 at 10:00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. If you do not indicate your voting intentions below, the proxy may vote or abstain as he/she thinks fit.)

No.	Ordinary Resolutions	For	Against
1.	Directors' Statement and Financial Statements		
2.	Final dividend		
3.	Directors' fees		
4.	Re-appointment of Mr. Thio Gim Hock as Director		
5.	(a) Re-election of Dr. Stephen Riady as Director		
	(b) Re-election of Mr. Kin Chan as Director		
6.	Re-appointment of Auditors		
7.	Authority for Directors to issue shares		
8.	Proposed renewal of the Share Purchase Mandate		

Dated this day ____________ of ____________ 2016

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

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 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 shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies, to the meeting.

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Affix
Postage
Stamp

The Company Secretary
OUE Limited
50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321

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5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321 not less than 48 hours before the time set for the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies 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) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument (or any related attachment) appointing a proxy or proxies 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 meeting, as certified by The Central Depository (Pte) Limited to the Company.

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