TRANSFORMING EXPERIENCES

OUE LIMITED
ANNUAL REPORT
2017

LIVING @OUE DOWNTOWN A sanctuary in the Central Business District, Oakwood Premier OUE Singapore offers the finest luxury living experience for international travellers.

At OUE, transformation is our key to unlocking value. This has enabled us to see beyond what is now, to what tomorrow can be. Always with our pulse on the future, we explore opportunities and bring new elements together to transform untapped potential. One example of this is the transformative culmination of OUE Downtown. Designed with modern workspaces, lively meeting places, innovative retail concepts and luxurious serviced residences all within one destination in the heart of Singapore's Central Business District, OUE Downtown has evolved from office space into an integrated mixed-use space that is transforming the experiences of Live, Work and Play.

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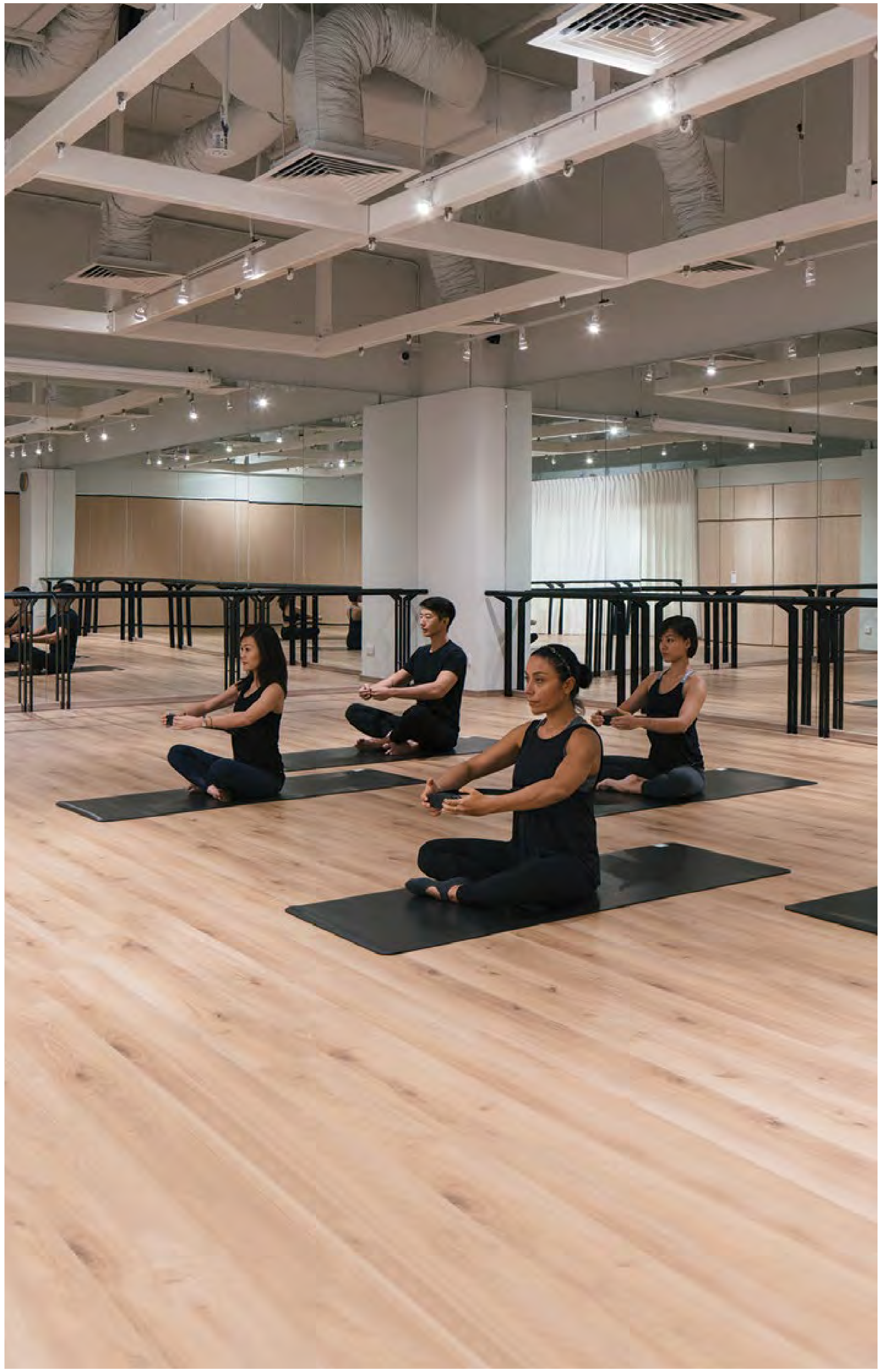
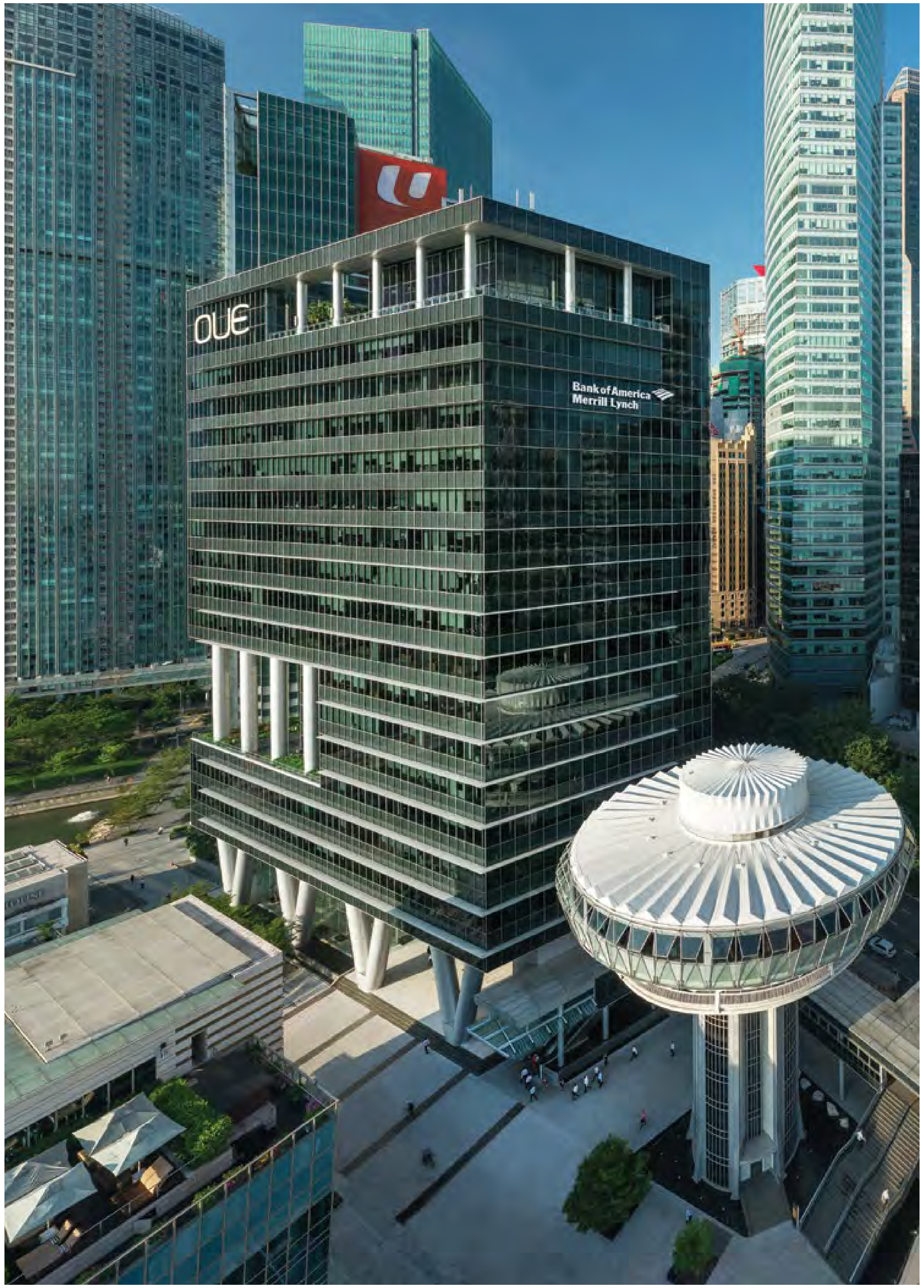


PLAYING @OUE DOWNTOWN Downtown Gallery stretches the limits of fun and wellness, with activities from yoga and dance classes to indoor rock climbing.

OVERVIEW

004 Group at a Glance, 028 Overview of Group Financial Position, 030 Segmental Performance Analysis, 031 Five-Year Financial Summary

01



01
OUE Bayfront and OUE Tower against the backdrop of Raffles Place

1,153.0 Fair Value (S$ Million)

Gross Floor Area (Sq ft. Approx)

503,482

Tenure of Land

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

15-year lease from
26 March 2010 *OUE Link*

99-year lease from
7 January 2002 *Underpass*

OUE BAYFRONT

INCLUDING **OUE TOWER & OUE LINK**

OUE Bayfront is a notable landmark on the Central Business District skyline, sited along the waterfront of historic Collyer Quay, between the vibrant Marina Bay downtown area and the established Raffles Place financial hub.

This transformation of the former eight-storey Overseas Union House into an 18-storey Grade-A office tower is a premier business address for a diversified mix of tenants.

Its two adjoining properties–OUE Tower (the conserved Change Alley Aerial Plaza Tower) and OUE Link (the refurbished Change Alley Linkbridge)–offer a variety of retail and dining options, as well as sheltered access to Raffles Place Mass Rapid Transit station.

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

01

01
The destination for living, working and lifestyle on Shenton Way

1,585.0 Fair Value (S$ Million)

Gross Floor Area (Sq ft. Approx)

1,249,216

Tenure of Land

99-year lease from 19 July 1967

OUE DOWNTOWN

The transformation of OUE Downtown into an exciting work-live-play destination was completed in 2Q2017. Located on Shenton Way in the Central Business District, the development's Tower 2 and the high zone of Tower 1 continue to serve as office space, while the new Downtown Gallery retail mall and Oakwood Premier OUE Singapore serviced residences commenced operations in May and June 2017 respectively.

Comprising approximately 150,000 square feet of premium retail space over six levels, Downtown Gallery features an extensive mix of tenant offerings centred on looking well, eating well and keeping well.

Oakwood Premier OUE Singapore, the latest addition to the Group's hospitality portfolio, features 268 serviced residences on the 7th to 32nd storeys of OUE Downtown 1, offering international travellers luxury urban living with resort-style facilities in the heart of the business district.

01

1,773.2

Fair Value
(S$ Million)

(Fair value attributable to OUB Centre Limited)

Gross Floor Area
(Sq ft. Approx)

1,287,645

01
One Raffles Place Towers 1 and 2 and accompanying six-storey shopping mall

Tenure of Land

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

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

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

ONE RAFFLES PLACE

Located above the Raffles Place Mass Rapid Transit station in the heart of Singapore's main financial hub, One Raffles Place encompasses premium office, retail and entertainment space across its two Grade-A office towers and shopping mall.

Certified Green Mark Gold by the Building and Construction Authority of Singapore, the 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore, with a rooftop restaurant and observation deck that offer panoramic city skyline views. One Raffles Place Office Tower 2 is 38-storeys tall and has earned Green Mark Platinum certification for its energy-efficient and environmentally sustainable design.

The six-storey retail mall is currently the largest purpose-built shopping mall in Raffles Place, catering to the working population in the area with a wide variety of retail, dining and lifestyle options.

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

01



02


03

01
The OUE Skyspace LA observation deck offers unrivalled 360-degree views

02
Visitors enjoy the high-rise thrill of the Skyslide attraction

03
An LA icon and one of the tallest buildings on the US West Coast

Fair Value
(US$ Million)
605.0

Gross Floor Area
(Sq ft. Approx)
1,869,123

Tenure of Land
Freehold

U.S. BANK TOWER

Located prominently in downtown Los Angeles, the iconic U.S. Bank Tower is a 75-storey Class A office tower enhanced with a number of outstanding features and experiences that attract locals and tourists alike. These include OUE Skyspace LA, a two-storey open-air observation deck at the top of the tower offering unrivalled 360-degree city views, and a first-of-its-kind Skyslide attraction.

Other enhancement works include new upscale restaurants and an upgraded lobby featuring a dynamic high-resolution video art wall.

01

Fair Value
(RMB Million)

2,887.0

01
A Grade-A office building and upscale retail haven in Shanghai's busiest business district

Gross Floor Area
(Sq ft. Approx)

629,925

Tenure of Land

50-year lease
from 2 July 1994

LIPPO PLAZA

Lippo Plaza is a 36-storey, Grade-A commercial and retail complex located along Huaihai Zhong Road in the heart of Huangpu, Shanghai's core commercial district, within walking distance of the South Huangpi Road Metro station and close to the city's major expressways.

Lippo Plaza provides a landmark business address for a diverse, high-profile tenant mix, complemented by a three-storey retail mall housing renowned international and local brand names.

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

01

02

01
A beacon of world-class Asian hospitality in the heart of Orchard Road

02
Panoramic views of the Singapore skyline through floor-to-ceiling glass windows at the Meritus Club Lounge

Fair Value
(S$ Million)

1,227.0

Tenure of Land

Remaining term of lease: Approximately 38.5 years as at 31 December 2017

MANDARIN ORCHARD SINGAPORE

Delivering its signature brand of Asian Grace, Warmth and Care, Mandarin Orchard Singapore has reigned as an icon of Asian hospitality in Singapore since 1971, immersing business and leisure travellers in the height of comfort and elegance.

Comprising a 39-storey Orchard Wing and a 37-storey Main Tower towering above bustling Orchard Road, the hotel houses 1,077 spacious guestrooms and over 30,000 square feet of meeting and function space. Award-winning restaurants include Shisen Hanten by Kentaro, the highest Michelin-rated Chinese restaurant in Singapore after being awarded two stars in the Michelin Guide Singapore in 2016 and 2017.

Asset enhancement works to refurbish 430 guestrooms and increase the hotel's meeting facilities have been completed, strengthening the hotel's position as a favoured choice for world-class hospitality.

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

01

02

01
The 563-room business hotel directly connected to world-renowned Changi Airport

02
Metallic flower-shaped latticework is a signature feature of the hotel's nature-inspired architecture

03
The hotel's modern interior reflects the locale with Asian and tropical design elements

03

497.0 Fair Value (S$ Million)

Tenure of Land

Remaining term of lease: Approximately 65.5 years as at 31 December 2017

CROWNE PLAZA CHANGI AIRPORT

Named World's Best Airport Hotel by Skytrax in 2015, 2016 and 2017, Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group. It comprises 320 rooms in one building and another 243 rooms in an adjacent extension, with a covered linkway connecting both buildings.

The hotel is connected to Changi Airport Terminal 3 on both the arrival and departure levels, and to the city centre by expressway and Mass Rapid Transit. Its close proximity to the Changi Business Park and Singapore EXPO makes it well positioned to meet the needs of corporate travellers.

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

Group at a Glance
HOSPITALITY

01
Heartwarming hospitality greets every guest

02
Stunning vista of the Marina Bay area from a Meritus Club Room

03
The accommodation of choice for avid Formula One fans, the hotel being trackside of the annual Singapore Grand Prix

01

02

03

Fair Value
(S$ Million)

550.0

Gross Floor Area
(Sq ft. Approx)

611,402

Tenure of Land

99-year lease from
9 September 1980

MARINA MANDARIN SINGAPORE

Marina Mandarin Singapore is an upscale business hotel strategically located in the heart of the Marina Bay area and within Singapore's financial district, close to the Suntec Singapore Convention & Exhibition Centre and The Esplanade–Theatres on the Bay. Guests are treated to unparalleled views of Marina Bay and the city skyline from its 575 well-appointed guestrooms, as well as comprehensive dining, wellness, meeting and event facilities.

In the Singapore edition of Le Concierge Orient Top 10 List 2017, Marina Mandarin Singapore ranked in several categories, including Top Ten Luxury Hotels Singapore, Top Fine Dining Chinese Restaurants, Top Afternoon Tea Experiences, and Top Nightspots.

OUE has a 30.0% effective interest in Marina Mandarin Singapore.

01

02

01
The resort's lagoon pool is a relaxing spot to soak up the sun

02
Warm, genuine service at every turn completes an idyllic stay experience

03
Refreshing cocktails and a breezy atmosphere await guests at the lobby lounge

04
A holistic spa nestled within the resort for guests to relax and be pampered

03

04

MERITUS PELANGI BEACH RESORT & SPA

HOTEL UNDER MANAGEMENT

Spread over 35 acres of landscaped gardens along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia, Meritus Pelangi Beach Resort & Spa features 355 guestrooms housed in wooden chalets in the style of a traditional Malay village. An ideal destination for corporate retreats and family vacations, this picturesque beach resort offers a wealth of modern comforts and amenities alongside an array of wellness and recreational facilities.

Meritus Pelangi Beach Resort & Spa, Langkawi made it to Ctrip Travellers' Top Spots 2017 as Best Resort. The resort and its Spice Market restaurant also received the TripAdvisor Certificate of Excellence 2017.

Meritus Pelangi Beach Resort & Spa, Langkawi is managed by Meritus Hotels & Resorts, a hotel management company under the hospitality division of OUE.

01

494.0 Fair Value (S$ Million)

01
Four levels of upscale retail, dining and lifestyle offerings linked to Mandarin Orchard Singapore

Gross Floor Area (Sq ft. Approx)
196,336

Tenure of Land
Remaining term of lease: Approximately 38.5 years as at 31 December 2017

MANDARIN GALLERY

A prime retail landmark on Orchard Road, Mandarin Gallery is a destination tailored to those seeking the most cosmopolitan shopping, dining and lifestyle experiences, where some of the world's biggest international brands line up alongside independent local offerings in a distinctly unique mix. Highlights include four duplex stores and six streetfront shop units that enjoy exceptional visibility along the mall's 152-metre-wide frontage.

In November and December 2016 respectively, fashion designer Michael Kors and American lingerie brand Victoria's Secret opened their first flagship stores in Southeast Asia at Mandarin Gallery, elevating the shopping experience further.

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

01

01
An urban paradise lauded for its exceptional design and lush green environment

455.2
Book Value
(S$ Million)

Gross Floor Area
(Sq ft. Approx)
436,168
(includes balcony)

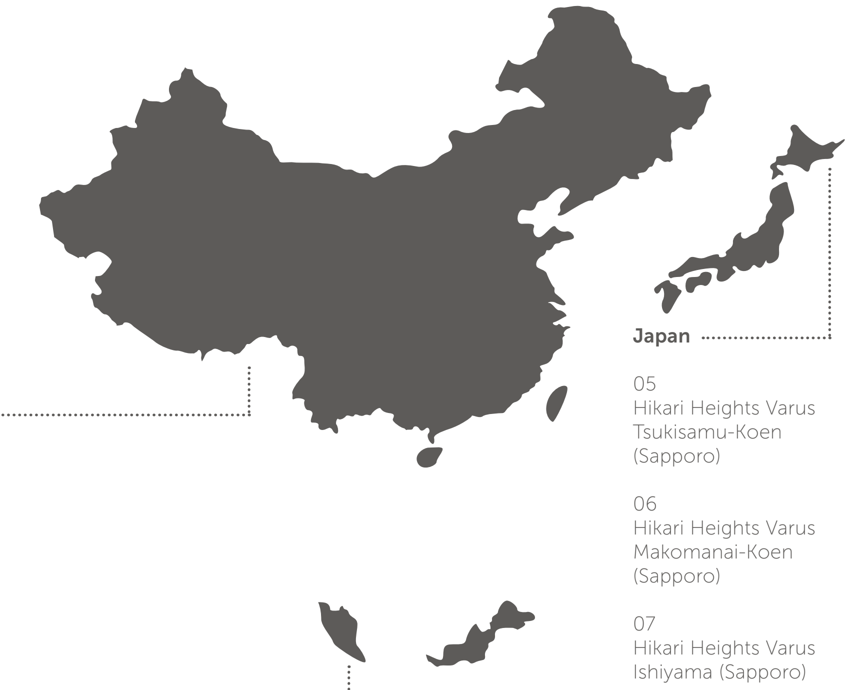
Tenure of Land
99-year lease
from 10 May 2010

OUE TWIN PEAKS

OUE Twin Peaks is a luxurious residential development situated amid the tranquility of Leonie Hill, a stone's throw from bustling Orchard Road, Singapore's famed shopping belt. The development comprises two identical 35-storey towers in a setting of lush tropical gardens, artful lighting and water features designed by renowned landscape architect Bill Bensley.

The development offers the best of urban resort living in 462 well-appointed one-, two- and three-bedroom apartments, which can be combined by connecting doors. Facilities include a triple-volume indoor and outdoor sky gym on the 13th floor, and Sky Loggias on the 36th floor that offer panaromic views of the cityscape and beyond.

Group at a Glance
HEALTHCARE



China

01
Chengdu Hospital Development Project

02
Wuxi New District Phoenix Hospital

03
Wuxi New District Phoenix Hospital Expansion Plans

Malaysia

04
KLCC Development Project

Japan

05
Hikari Heights Varus Tsukisamu-Koen (Sapporo)

06
Hikari Heights Varus Makomanai-Koen (Sapporo)

07
Hikari Heights Varus Ishiyama (Sapporo)

08
Hikari Heights Varus Kotoni (Sapporo)

09
Hikari Heights Varus Fujino (Sapporo)

10
Elysion Mamigaoka/ Mamigaoka Annex (Nara)

11
Elysion Kaichi West (Nagano)

12
Elysion Kaichi North (Nagano)

13
Elysion Gakuenmae (Nara)

14
Elysion Amanohashidate (Kyoto)

15
Varus Cuore Yamanote (Sapporo)

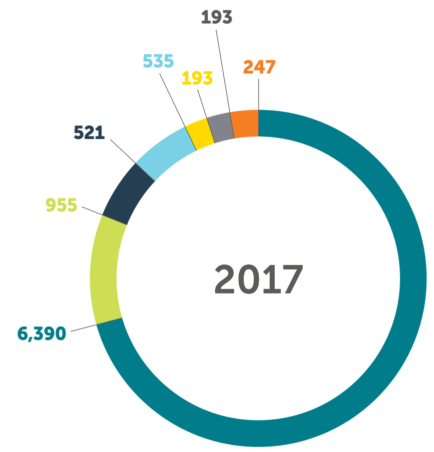
16
Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex (Sapporo)

OUE LIPPO HEALTHCARE LIMITED

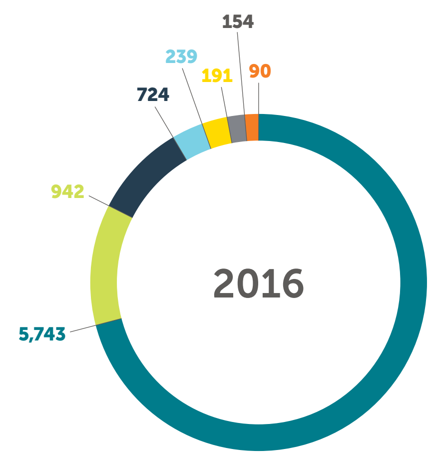
Listed on the Catalist board of The Singapore Exchange Securities Trading Limited (SGX: 5WA.SI), OUE Lippo Healthcare Limited ("OUELH", formerly known as International Healthway Corporation Limited) is an integrated healthcare services and facilities provider with a presence in Japan, the People's Republic of China and Malaysia. OUELH operates its business through two segments: the investment, development and management of healthcare real estate; and the management and operation of healthcare facilities.

Its existing assets include 12 quality nursing homes located in cities across Japan, and the 163-bed Wuxi New District Phoenix Hospital.

Overview of Group Financial Position

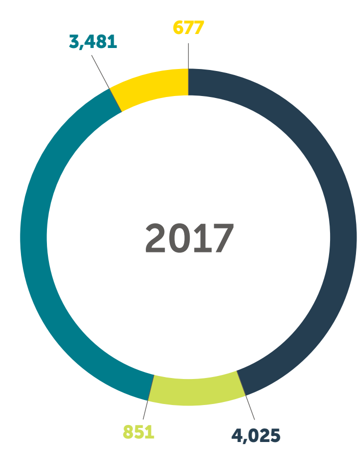


Investment properties	6,390
Investments in equity-accounted investees	955
Development properties	521
Cash and cash equivalents	535
Other investments	193
Available-for-sale financial assets	193
Others	247
Total Assets Owned (S$ Million)	**9,034**

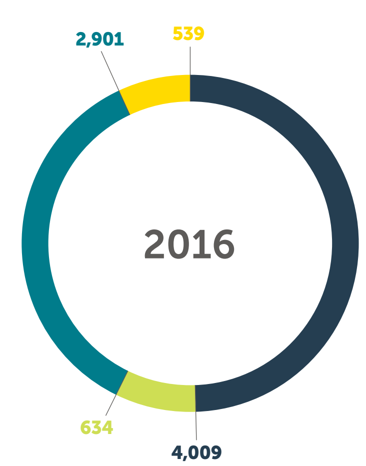


Investment properties	5,743
Investments in equity-accounted investees	942
Development properties	724
Cash and cash equivalents	239
Other investments	191
Available-for-sale financial assets	154
Others	90
Total Assets Owned (S$ Million)	**8,083**

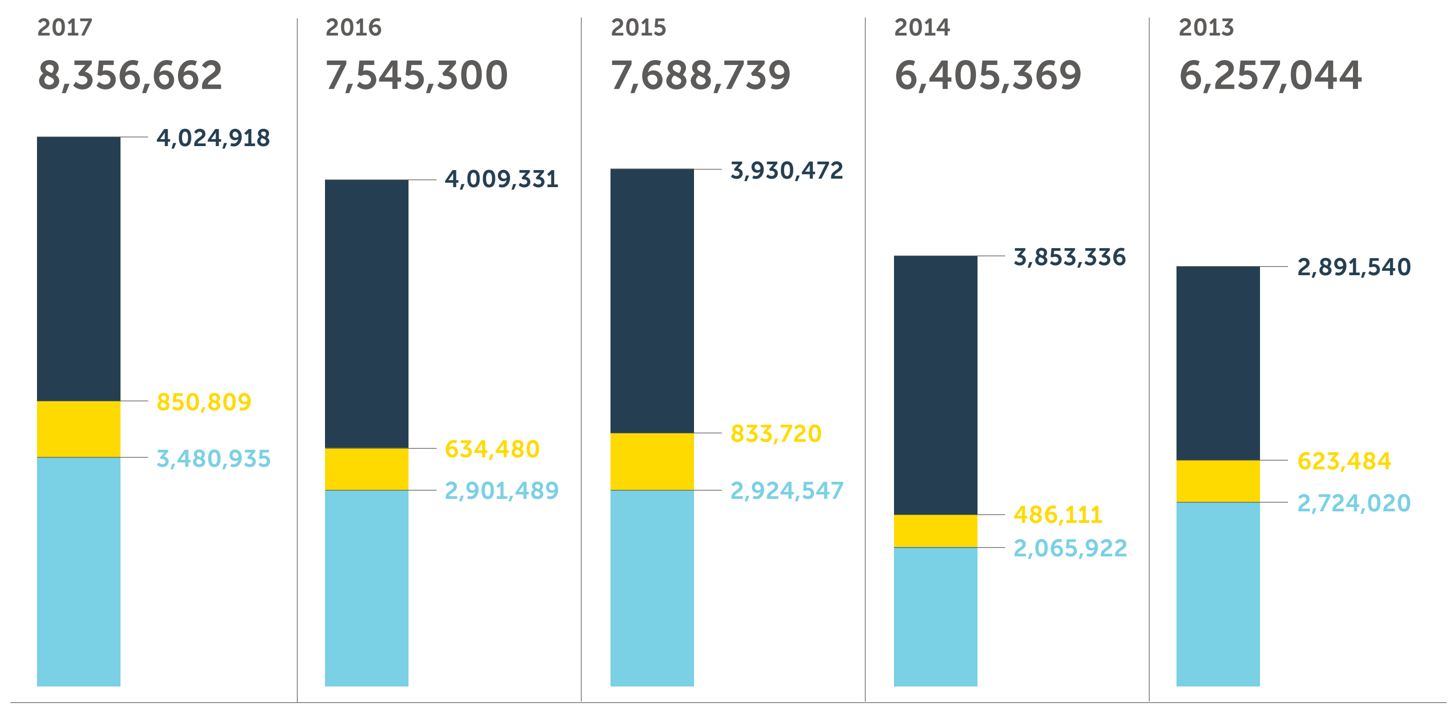
Shareholders' funds	4,025
Non-controlling interests	851
Borrowings	3,481
Others	677
Total Liabilities and Capital Invested (S$ Million)	**9,034**



Shareholders' funds	4,009
Non-controlling interests	634
Borrowings	2,901
Others	539
Total Liabilities and Capital Invested (S$ Million)	**8,083**

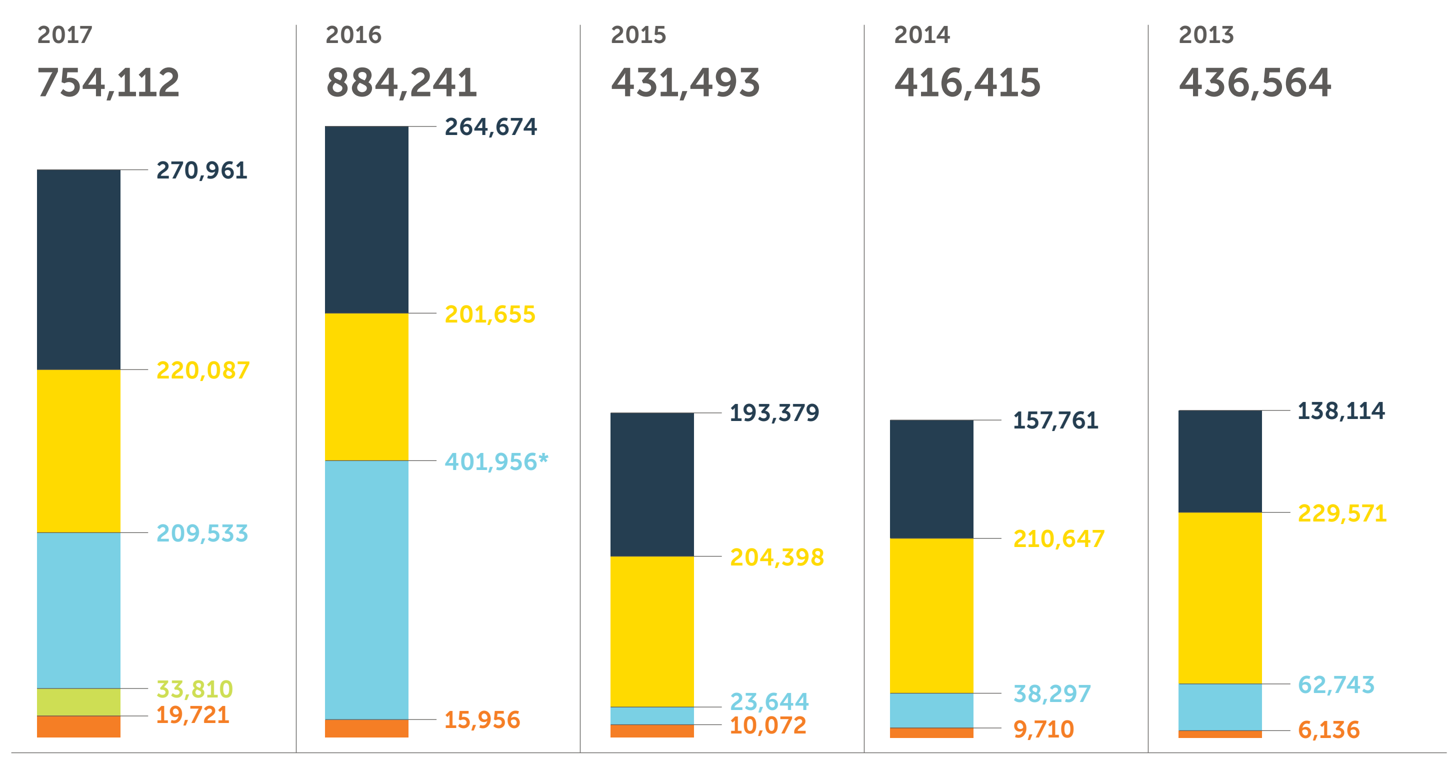


SOURCES OF FINANCE (S$'000)



- Shareholders' funds
- Non-controlling interests
- Borrowings

GROUP TURNOVER (S$'000)



- Investment properties
- Hospitality
- Development properties
- Healthcare
- Others

Includes sales consideration of $205 million on divestment of the extension of Crowne Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust

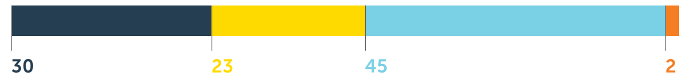
Segmental Performance Analysis

TOTAL TURNOVER BY BUSINESS SEGMENT

2017 (%)

	(S$'000)	(%)
Investment properties	270,961	36
Hospitality	220,087	29
Development properties	209,533	28
Healthcare	33,810	4
Others	19,721	3
Total	**754,112**	**100**

2016 (%)



	(S$'000)	(%)
Investment properties	264,674	30
Hospitality	201,655	23
Development properties	401,956	45
Healthcare	-	-
Others	15,956	2
Total	**884,241**	**100**

TOTAL ASSETS BY BUSINESS SEGMENT

2017 (%)

	(S$'000)	(%)
Investment properties	6,511,452	72
Hospitality	107,706	1
Development properties	526,385	6
Healthcare	532,223	6
Fund management	65,808	1
Others	791,066	9
Unallocated assets	499,505	5
Total	**9,034,145**	**100**

2016 (%)

	(S$'000)	(%)
Investment properties	6,270,867	78
Hospitality	104,291	1
Development properties	765,987	9
Healthcare	-	-
Fund management	43,597	1
Others	725,608	9
Unallocated assets	173,055	2
Total	**8,083,405**	**100**

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT

2017 (%)

	(S$'000)	(%)
Singapore	618,908	82
The People's Republic of China	53,836	7
United States of America	65,597	9
Japan	13,083	2
Others	2,688	0
Total	**754,112**	**100**

2016 (%)

	(S$'000)	(%)
Singapore	789,463	89
The People's Republic of China	31,130	4
United States of America	61,196	7
Japan	-	-
Others	2,452	0
Total	**884,241**	**100**

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT

2017 (%)

	(S$'000)	(%)
Singapore	6,286,829	70
The People's Republic of China	731,523	8
United States of America	859,507	9
Japan	303,103	3
Others	853,183	9
Total	**9,034,145**	**100**

2016 (%)

	(S$'000)	(%)
Singapore	6,251,797	77
The People's Republic of China	560,483	7
United States of America	901,054	11
Japan	-	-
Others	370,071	5
Total	**8,083,405**	**100**

Five-Year Financial Summary

	2017		2016		2015		2014		2013	
	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)
GROUP TURNOVER										
Investment properties	270,961	36	264,674	30	193,379	45	157,761	38	138,114	32
Hospitality	220,087	29	201,655	23	204,398	47	210,647	51	229,571	53
Development properties	209,533	28	401,956	45	23,644	6	38,297	9	62,743	14
Healthcare	33,810	4	-	-	-	-	-	-	-	-
Others	19,721	3	15,956	2	10,072	2	9,710	2	6,136	1
TOTAL	**754,112**	**100**	**884,241**	**100**	**431,493**	**100**	**416,415**	**100**	**436,564**	**100**
GROUP PROFIT AND LOSS										
Earnings before interest and tax	166,071		274,646		257,809		185,074		156,954	
Attributable net profit/(losses)										
-Before change in fair value of investment properties	44,696		201,555		159,647		957,662		40,216	
-After change in fair value of investment properties	98,866		144,366		156,370		1,094,020		(36,555)	
GROUP BALANCE SHEET										
Investment properties	6,390,048		5,742,752		5,627,266		3,671,968		3,467,003	
Development properties	521,181		724,224		859,269		875,570		846,806	
Investments in equity-accounted investees	955,013		942,376		812,695		1,150,776		720,474	
Property, plant and equipment	31,494		19,438		21,337		20,591		366,795	
Cash and cash equivalents	535,249		238,973		172,353		161,957		730,613	
Available-for-sale financial assets	193,236		154,160		174,223		217,324		193,304	
Asset held for sale	-		-		-		223,564		-	
Other investments	193,380		190,504		371,399		328,070		9,478	
Other assets	214,544		70,978		91,296		44,510		83,724	
TOTAL ASSETS	**9,034,145**		**8,083,405**		**8,129,838**		**6,694,330**		**6,418,197**	
Equity attributable to owners of the Company	4,024,918		4,009,331		3,930,472		3,853,336		2,891,540	
Non-controlling interests	850,809		634,480		833,720		486,111		623,484	
Borrowings										
-Current	1,081,828		656,046		157,195		649,507		349,747	
-Non-current	2,399,107		2,245,443		2,767,352		1,416,415		2,392,273	
Other liabilities	677,483		538,105		441,099		288,961		161,153	
TOTAL EQUITY AND LIABILITIES	**9,034,145**		**8,083,405**		**8,129,838**		**6,694,330**		**6,418,197**	
Earnings per share (cents)	11.0		16.0		17.2		120.2		(4.0)	
Dividends per share (cents)										
-Interim dividend	1.0		1.0		1.0		1.0		1.0	
-Special dividend	-		2.0		3.0		-		20.0	
-Distribution *In Specie*	-		-		-		13.9		-	
-Final dividend	2.0		2.0		1.0		1.0		2.0	
TOTAL DIVIDEND	**3.0**		**5.0**		**5.0**		**15.9**		**23.0**	
Net asset per share ($)	4.46		4.45		4.35		4.23		3.18	
Gearing ratio*	61%		57%		58%		44%		57%	

** Net Borrowings/Total Equity less Intangible Assets and Goodwill*

WORKING @OUE DOWNTOWN Offers a thriving workplace in two office towers and an entire floor of co-working space in Downtown Gallery.

STRATEGY & BUSINESS REVIEW

034 Chairman's Statement, 038 CEO's Statement,
042 Board of Directors, 047 Key Executives

Chairman's Statement

Dear Shareholders,

2017 was a year marked by new transformations and directions for OUE, paving the way for fresh avenues of growth and value creation. Our strong portfolio of assets was enhanced with the transformation of OUE Downtown into an integrated live-work-play destination, while the acquisition of a controlling stake in Catalist board-listed OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) marked OUE's first foray into the fast-growing healthcare real estate sector.

TRANSFORMING EXPERIENCES

At OUE, transformation is at the heart of what we do–the transformation of space and, more importantly, experiences. It is the key to realising full growth potential, thereby unlocking new and sustainable value.

In 2Q2017, the transformation of OUE Downtown from a commercial landmark into a mixed-use development with prime office space, luxury serviced residences and a vibrant retail mall was completed.

Commencing operations in May 2017, Downtown Gallery has transformed the retail, lifestyle and wellness scene with innovative next-generation and new-to-market concepts. Among them, three unique OUE concepts–OUE Beauty Bar, OUE Re:Store and OUE Social Kitchen–embrace the sharing economy and future trends in exciting new ways to shop, eat and commune in the city.

The serviced residences at OUE Downtown, Oakwood Premier OUE Singapore opened in June 2017, bringing a new level of luxury living to the heart of the business district. Combining urban sophistication with the warmth of home, luxury hotel-inspired facilities and services, and an exclusive Executive Club, it offers an intimate oasis for international business and leisure travellers.

TRANSFORMING LIVES

In April 2017, the Group completed its acquisition of OUE Lippo Healthcare Limited, an integrated healthcare services and facilities provider. The Group's expansion into the healthcare real estate sector is a

尊敬的各位股东，

华联企业在2017年里推出了一系列全新的转型策略和改革措施，为未来的增长和价值创造铺平了道路。一方面，华联城(OUE Downtown)成功转型为一个综合发展项目，令我们强劲的资产投资组合再度提升；与此同时，收购在凯利板上市的华联力宝医疗有限公司(OUE Lippo Healthcare Limited)(原名为国际康慧医疗集团有限公司(International Healthway Corporation Limited))并取得其控股权，则标志着华联企业涉足迅速发展中的保健护理房地产领域首战告捷。

改造资产空间，诠释全新体验

华联企业专心致力于资产转型。不仅在硬体方面翻新改造空间结构，更重要的是在软性方面重新定义设计，诠释空间的功能，为使用者带来前所未有的新体验与新感觉。这是充分实现增长潜能、从而释放新的可持续价值的关键。

华联城(OUE Downtown)已经如期于2017年第2季度由单一功能的商业地标蜕变成为集优质办公室空间、豪华服务公寓和活力四射的零售商场等多种功能为一体的城市综合发展项目。

华联城购物廊(Downtown Gallery)于2017年5月开业，为零售、生活方式和保健领域注入了新颖的创意构思。其中三个由华联独创的新概念，即华联美容吧台(OUE Beauty Bar)、华联个性店铺(OUE Re:Store)和华联社交厨房(OUE Social Kitchen)，就充分融入了共享经济和未来趋势的元素和概念，创造出新鲜奇特的城市购物、就餐和社区互动新体验。

华联城酒店式服务公寓奥克伍德豪景华联新加坡(Oakwood Premier OUE Singapore)于2017年6月开业，重新诠释了商业区中心奢华住宅的定义。这栋公寓结合了城市的高雅与家居的温馨，配备灵感取自豪华酒店的高级设施和服务，并设有一个独具一格的贵宾俱乐部，为国际商业和休闲旅客提供了一个贴心的绿洲。

进军新领域，塑造生活新定义

华联企业集团于2017年4月完成了其对综合性保健护理服务与设施提供者华联力宝医疗有限公司(OUE Lippo Healthcare Limited)的收购。集团进军保健护理房地产领域的新计划与集团现有的包括商用产业、酒店产业、零售产业和住宅产业的资产投资组合在战略方向上配合默契，使之如虎添翼。

华联力宝医疗有限公司(OUE Lippo Healthcare Limited)

"We will continue to present strategic opportunities for OUE as we continue to seek out transformative potential, both geographically and sectorally."

strategic fit with our existing asset portfolio comprising commercial, hospitality, retail and residential properties.

With the goal of transforming lives through the provision of better healthcare and asset management, OUE Lippo Healthcare Limited is poised to capitalise on the tremendous growth potential of this sector, given the rapidly ageing populations and growing affluence across Asia, and the consequent rising demand for quality healthcare. OUE Lippo Healthcare Limited currently owns and manages 12 nursing homes in Japan and a hospital in China. There are plans to expand the existing hospital as well as develop a second hospital in China and a wellness-themed integrated mixed-use development in Malaysia.

To strengthen the Group's financial position and support the growth of the healthcare business, OUE Lippo Healthcare Limited entered into a strategic partnership with Tokyo Stock Exchange-listed trading company ITOCHU Corporation (ITOCHU) in January 2018, raising S$78.8 million via a private placement of OUE Lippo Healthcare shares to ITOCHU, representing a 25.3% stake in the company's enlarged share capital.

MOVING FORWARD

Contributions from Downtown Gallery and Oakwood Premier OUE Singapore will continue to strengthen our recurring income base and enhance shareholder value.

With OUE's proven expertise in property development and asset enhancement, and leveraging on ITOCHU's extensive network in Asia, we are confident of enhancing

致力于提供更好的保健理疗和资产管理，以实现塑造生活新定义的目标。在亚洲人口迅速老龄化和富裕度日渐提高的趋势下，优质保健护理的需求必将随之上升，带来可观的商机。华联力宝医疗有限公司(OUE Lippo Healthcare Limited)的收购，战略性地契合了这个领域无限增长的潜能与时机。华联力宝医疗有限公司(OUE Lippo Healthcare Limited)目前持有和管理在日本的12家疗养院和在中国的一所医院。我们正计划扩展现有的这所医院，并在中国开设第二家医院，以及在马来西亚开发一个以保健为主题、整合多种功能为一体的综合发展项目。

为了加强华联企业集团的财务状况和支撑保健护理业务的增长，华联力宝医疗有限公司(OUE Lippo Healthcare Limited)于2018年1月通过私募配售的方式，以7,870万新元将扩股后25.3%的股权出售给东京证券交易所挂牌的日本主要贸易公司伊藤忠商事集团(ITOCHU Corporation)(伊藤忠商事(ITOCHU))，正式与其建立战略伙伴关系。

前景展望

来自华联城购物廊(Downtown Gallery)和奥克伍德豪景华联新加坡(Oakwood Premier OUE Singapore)服务公寓的收益将继续加强我们的经常性收入基础和提升集团的股东价值。

秉持华联企业在产业开发和资产增值方面的专业长项，借助于伊藤忠商事(ITOCHU)遍布亚洲的广泛网络，我们有信心在其在中国和东南亚地区拓展业务的同时，继续增进华联力宝医疗有限公司(OUE Lippo Healthcare Limited)目前保健护理资产投资组合

the value of OUE Lippo Healthcare Limited's current portfolio of healthcare assets and expanding its presence in China and Southeast Asia towards its goal of becoming a leading healthcare real estate company in Asia.

Overall, we are optimistic that 2018 will continue to present strategic opportunities for OUE as we continue to seek out transformative potential, both geographically and sectorally. We remain committed to delivering stable earnings and enhancing shareholder value through value creation.

IN GRATITUDE

In appreciation of our shareholders' continued support and trust, the Board of Directors has proposed a final dividend of 2 Singapore cents per share, bringing the total cash dividend for the financial year 2017 to 3 Singapore cents per share.

I would like to extend my deepest gratitude to my fellow Board members for their wise counsel, and to our strategic partners and financial advisors for their hard work and support. Last, but certainly not least, a big thank you to the management team and staff whose energy, commitment and drive enable OUE to achieve a healthy performance. Together, let us continue striving towards our goals of transforming lives and transforming experiences.

STEPHEN RIADY
Executive Chairman
March 2018

的价值，实现华联企业成为亚洲保健护理房地产公司翘楚的目标。

整体而言，我们乐观地认为2018年将继续为华联企业带来许多战略性的契机。集团在更多地区和业务领域不断挖掘新的转型和改造潜能的同时，也将坚持不懈地通过创造价值，持续呈献稳健的营业收益、提升股东价值。

致谢

为了答谢股东们一路来对华联企业的支持与信任，董事会建议派发每股新元2分的期末股息，从而令2017年度总现金股息达到每股新元3分。

我想在此感谢各位董事会成员对企业的英明指引，并同时感谢我们的战略伙伴和财务顾问的辛劳付出与支持。最后，我要向我们的管理团队和员工们致谢，谢谢他们不懈的努力与推动，让华联企业取得如此卓越的业绩表现。让我们一起为塑造生活新定义，创造生活新体验的目标而继续奋斗。

李棕
董事主席
2018年3月

Dear Shareholders,

The Group delivered sound performance across all of its business divisions in 2017, reflecting our strong portfolio of properties and our ability to unlock value through innovative asset repositioning and enhancement.

OVERALL PERFORMANCE

For the financial year ended 31 December 2017 (FY2017), the Group reported revenue of S$754.1 million, compared with S$884.2 million in FY2016. Excluding a non-recurring revenue of S$205.0 million on the disposal of the extension to Crowne Plaza Changi Airport (CPEX) to OUE Hospitality Real Estate Investment Trust in FY2016, the Group recorded S$74.9 million higher revenue in FY2017.

Earnings before interest and tax (EBIT) decreased to $166.1 million in FY2017 from S$274.6 million in FY2016, mainly due to the absence of S$68.7 million non-recurring gain on disposal of CPEX recorded in FY2016 as well as provision for legal and related expenses of S$46.0 million recorded by OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited). This translated into net profit attributable to shareholders of S$98.9 million for FY2017.

The Group maintained a healthy balance sheet for FY2017 with net assets of S$4.9 billion, up from S$4.6 billion in the previous year.

OUR BUSINESSES IN REVIEW

Revenue from the Group's Investment Properties Division increased 2.4% to S$271.0 million in FY2017, from S$264.7 million in FY2016. The increase was mainly due to rental income from OUE Downtown office towers and Downtown Gallery, the latter having commenced operation in May 2017.

Revenue from the Group's Hospitality Division rose

尊敬的各位股东，

本集团的各大业务部门在2017年都取得了非常卓越的表现，由此彰显出集团的房地产投资组合的核心优势，以及我们通过创意为资产重新定位和增值的实力。

整体业务表现

截至2017年12月31日的2017财务年度，集团总营业收入为7亿5410万新元，而2016财务年度则为8亿8420万新元。集团在2016财务年度中将樟宜机场皇冠假日大酒店扩建部分(extension to Crowne Plaza Changi Airport (CPEX))出售给华联酒店信托(OUE Hospitality Real Estate Investment Trust)，从而记录了2亿零500万新元的非经常性收入。排除不计这笔非经常性收入的话，集团于2017财务年度的总营业收入与2016年相比提高了7490万新元。

2017财务年度的息税前收益从2016财务年度的2亿7460万新元下滑至1亿6610万新元。这主要归结于两大原因：2016财务年度出售的樟宜机场皇冠假日大酒店扩建部分(extension to Crowne Plaza Changi Airport)一次性所分获的6870万新元的同等收益；以及华联力宝医疗有限公司(OUE Lippo Healthcare Limited)(原名国际康慧医疗集团有限公司(International Healthway Corporation Limited))在2017财务年度计提了4600万新元法律及相关费用准备金，因此导致集团2017财务年度的净利润为9890万新元。

集团于2017财务年度的资产负债表表现稳健，其净资产从前一年的46亿新元上升至49亿新元。

集团业务回顾

2017财务年度集团的产业投资部门所呈献的营业收入比2016财务年度的2亿6470万新元高出2.4%达到2亿7100万新元，主要源于华联城(OUE Downtown)办公大楼和华联城购物廊(Downtown Gallery)所贡献的租金收入，其中华联城购物廊已自2017年5月起开始营业。

集团的酒店部门营业收入在2017财务年度上升了9.1%，从前一年的2亿零170万新元增至2亿2010万新元。主要

9.1% from S$201.7 million to S$220.1 million in FY2017, with increased contribution from both Mandarin Orchard Singapore and Crowne Plaza Changi Airport. Oakwood Premier OUE Singapore, the serviced residences at OUE Downtown which opened in June 2017, also contributed positively to revenue.

The Development Property Division recorded revenue of S$209.5 million in FY2017 from the sale of OUE Twin Peaks units. With the Group's active marketing activities, OUE Twin Peaks was fully sold in October 2017.

The Group also recognised revenue of S$33.8 million from its new Healthcare Division in FY2017, contributed by OUE Lippo Healthcare Limited.

LOOKING AHEAD

Following the completion of asset enhancement works at OUE Downtown, contributions from its retail and serviced residences components, namely Downtown Gallery and Oakwood Premier OUE Singapore, will further strengthen the Group's recurring income base and enhance shareholder value.

Driven by rising demand for quality healthcare to meet the needs of Asia's rapidly ageing populations, the healthcare sector presents tremendous growth potential. As OUE Lippo Healthcare Limited embarks on its growth path to

得益于新加坡文华大酒店(Mandarin Orchard Singapore)和皇冠假日大酒店(Crowne Plaza Changi Airport)所贡献出的更高收益，与此同时，座落在华联城(OUE Downtown)的酒店式服务公寓奥克伍德豪景华联新加坡(Oakwood Premier OUE Singapore)也在2017年6月开业，同样带动了营业收入的增加。

至于产业发展部门，华联诗礼花园(OUE Twin Peaks)豪华公寓单位的销售为该部门在2017财务年度取得了2亿零950万新元的营业收入。在集团营销团队的积极推动下，华联诗礼花园(OUE Twin Peaks)已成功于2017年10月全盘售罄。

除此之外，集团新成立不久的保健护理部门即华联力宝医疗有限公司(OUE Lippo Healthcare Limited)在2017财务年度为集团取得了3380万新元的营业收入。

集团未来展望

华联城(OUE Downtown)资产增值工程已经竣工，通过华联城购物廊(Downtown Gallery)和奥克伍德豪景华联新加坡(Oakwood Premier OUE Singapore)服务公寓取得的零售业务和服务公寓业务的收入将进一步加强本集团的经常性收入基础和提升股东价值。

随着亚洲人口加速老龄化，优质的保健护理需求日益增强，保健护理行业呈现出巨大的增长潜能。有鉴于此，华联力宝医疗有限公司(OUE Lippo Healthcare Limited)在顺应需求趋势的同时，也将借助于新战略伙伴，伊藤

"We are confident of pursuing transformative growth opportunities ahead, and continuing to deliver positive results."

meet this demand, we will tap into the extensive network of our new strategic investor, ITOCHU Corporation, and focus on expanding our healthcare facilities to become a leading healthcare real estate company in Asia.

NOTE OF APPRECIATION

We have transformed many landmarks over the years, creating catalysts for new and revitalised experiences. I would like to thank our management and staff who made this possible through their hard work, passion and dedication, and for exemplifying our values every day. I would also like to thank our shareholders for their steadfast support. It gives us the confidence to pursue transformative growth opportunities ahead, and continue to deliver positive results.

THIO GIM HOCK
CEO/Group Managing Director
March 2018

忠商事集团(ITOCHU Corporation)的广泛网络，壮大保健护理设施的资产羽翼，实现成为亚洲顶尖保健护理房地产公司的目标。

致谢

经过多年来坚持不懈的努力，我们成功地为许多地标转型，为城市注入了新生命和新活力，带来全新体验。我要在此感谢我们的管理层和员工的辛劳付出，感谢他们坚定不移、不辞劳苦地为公司热诚奉献。我也要答谢股东们所给予的坚定支持，让我们有信心抓住机会追求蜕变和成长，并在未来继续收获丰硕的成果。

张清福
首席执行总裁/集团董事经理
2018年3月

Board of Directors

01 Dr. Stephen Riady
Executive Chairman

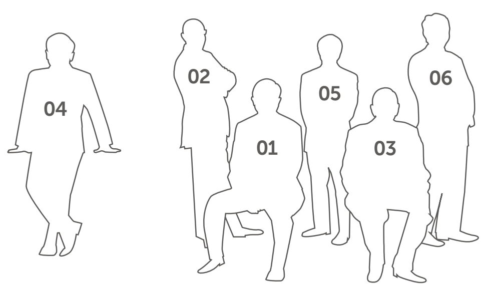
02 Mr. Christopher James Williams
Deputy Chairman

03 Mr. Thio Gim Hock
Chief Executive Officer/
Group Managing Director

04 Mr. Sin Boon Ann
Lead Independent Director

05 Mr. Kelvin Lo Kee Wai
Independent Director

06 Mr. Kin Chan
Non-Executive
Non-Independent Director



Board of Directors

01
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 is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 222 and 223 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

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 Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a non-executive non-independent director of (i) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) in July 2017; and (ii) Healthway Medical Corporation Limited in August 2017, which are both listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. 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 of America and holds a Master of Business Administration from Golden Gate University, United States of America. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

03
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 last re-appointed as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He was an executive director of Lippo Realty (Singapore) Pte Limited from 2005 to 2007, the chief executive officer and director of Target Realty Limited from 2001 to 2003, an executive director for City Project Management/Property Development at City Developments Limited from 1999 to 2003, and an executive director of HPL Properties of Hotel Properties Limited 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 of America.

02
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 28 April 2017.

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

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

Mr. Williams is presently a non-independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. ("**OUEHRM**") and OUE Hospitality Trust Management Pte. Ltd. ("**OUEHTM**"). He was also the chairman of the board of directors of OUEHRM and OUEHTM from April 2013 to November 2017. He was appointed as the chairman and non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. in October 2013, a director of OUB Centre Limited in January 2014, and a director of 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.

04
Mr. Sin Boon Ann
Lead Independent Director

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009. He serves as Lead Independent Director, Chairman of the Nominating Committee and the Remuneration Committee, and 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 has been a lead independent director of HRnetGroup Limited since 2017, an independent director of CSE Global Limited since 2002 and Rex International Holding Limited since 2013. Mr. Sin also serves as the chairman of both the nominating committee and the remuneration committee for Rex International Holding Limited since 2013. He was also appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015. Mr. Sin was an independent director of Transcorp Holdings Limited from 2002 to 2015.

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

05
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 28 April 2017.

Mr. Lo has been engaged in the funds management business and practicing 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 Chartered Professional Accountants Canada, a chartered financial analyst of the CFA Institute of United States, and an associate of the Chartered Secretaries Australia. He is an associate member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Master of Laws from University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

06
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 with effect from 19 October 2011. Mr. Chan has been the chief investment officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 222 and 223 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Chan has been the chairman of TIH Limited, a company listed in Singapore since 2005 and has been appointed as a non-executive director of CITIC Resources Holdings Limited, a company listed in Hong Kong since 2017. He has also been appointed as a non-executive director of The ONE Group Hospitality, Inc., a company listed in United States of America since 2017. He was a non-executive director of (i) United Fiber System Limited (now known as Golden Energy and Resources Limited), a company listed in Singapore from 2011 to 2015; (ii) Mount Gibson Iron Limited, a company listed in Australia for the period from September 2016 to January 2018; and (iii) 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 44—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 44—the "Board of Directors" section of this Report.

PLAYING @OUE DOWNTOWN Innovative concepts such as OUE Social Kitchen, Singapore's first communal kitchen, create vibrant space for social interaction.

OPERATIONS REVIEW

050 Commercial, 060 Hospitality, 072 Retail, 078 Residential, 080 Healthcare, 082 OUE Hospitality Trust, 084 OUE Commercial REIT, 086 Corporate Social Responsibility

OUE BAYFRONT

01

02

01
OUE Bayfront combines modern office space with an exceptional location

02
The conserved OUE Tower houses one of only two waterfront revolving restaurants in Singapore

03
OUE Link provides convenient connectivity between OUE Bayfront and Raffles Place

OUE TOWER

Rich in historical and commercial value

OUE LINK

03

OUE Bayfront is a landmark commercial building located strategically between downtown Marina Bay and the established financial hub of Raffles Place. The building comprises 18 floors of premium Grade-A office space occupied by a notable list of tenants that includes Bank of America Merrill Lynch, Hogan Lovells Lee & Lee, Allen & Overy LLP and Citrix Systems Singapore Pte Ltd and has obtained Green Mark Gold certified by Singapore's Building and Construction Authority.

OUE Bayfront is adjoined by two ancillary properties, OUE Tower and OUE Link. OUE Tower is accorded heritage conservation status for its historic significance and houses two storeys of food and beverage space, including a revolving restaurant, one of only two in Singapore and the only one in the Central Business District. OUE Link is an air-conditioned overhead pedestrian bridge that provides sheltered connection for the office population to Raffles Place, as well as a selection of double-frontage retail shops.

Operations Review
COMMERCIAL

The transformation of *OUE Downtown* into an integrated live-work-play destination, comprising offices, a retail mall and serviced residences, has been completed, with the new Downtown Gallery and Oakwood Premier OUE Singapore commencing operations in May and June 2017 respectively.

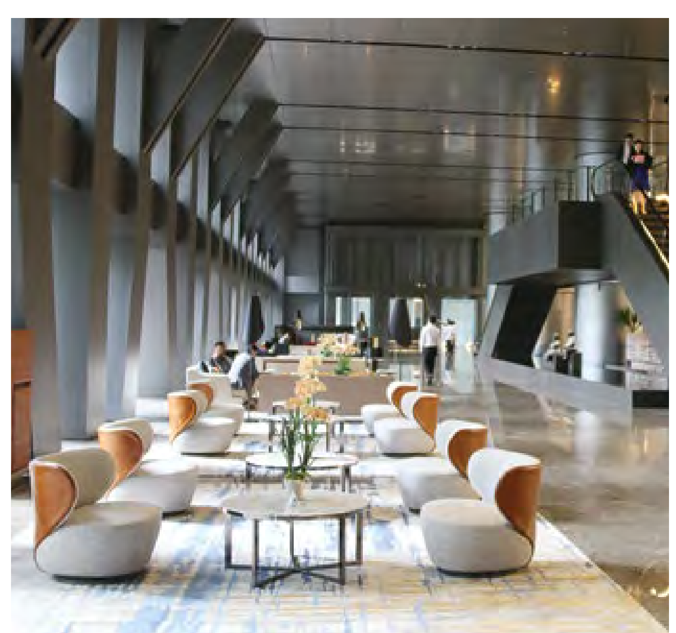
The office buildings–the 37-storey OUE Downtown 2 and the high zone of the 50-storey OUE Downtown 1–continue to provide a premium address for international banks, multinationals, financial and professional service companies. Occupants enjoy the well-planned, efficient office space, the convenience of the buildings' down-town location along Shenton Way, close to major expressways and well served by public transport networks.

Downtown Gallery is the new trendy place to commune in Singapore's Central Business District. Comprising approximately 150,000 square feet of premium retail space spread over six levels, it brings together a unique tenant mix centred on lifestyle and wellness experiences, with a strong focus on the sharing economy, future trends and new-to-market concepts.

For international travellers seeking a luxury stay in the heart of the business district, Oakwood Premier OUE Singapore more than meets expectations. Occupying the 7th to 32nd storeys of OUE Downtown 1, this latest addition to the Group's hospitality portfolio offers 268 serviced residences comprising studio, one-bedroom and two-bedroom units. A range of resort-inspired lifestyle facilities complete the picture of luxury urban living.

01

An exciting place to live, work and commune



02

OUE DOWNTOWN

03

01
The façade of OUE Downtown's office and serviced residence towers and retail mall

02
OUE Downtown's office lobby located on the 4th floor

03
An intimate and inspiring co-working space at The Work Project in Downtown Gallery

oneRafflesPlace

01

01
One Raffles Place commands presence in the heart of Singapore's financial district

02
Han Sai Por's Seed and Hiroshi Senju's Waterfall enliven the office lobby of One Raffles Place

03
Located above Raffles Place MRT station in the midst of the city buzz

02

A defining landmark on the CBD skyline

A prominent landmark on the Central Business District skyline, *One Raffles Place* is an integrated development that comprises One Raffles Place Tower 1 and Tower 2 Grade-A office buildings, and One Raffles Place shopping mall.

The development is strategically located in the heart of Raffles Place, Singapore's main financial district. Situated above and seamlessly linked to the Raffles Place Mass Rapid Transit interchange station, it offers commuters convenient connectivity along the North-South and East-West Mass Rapid Transit lines, as well as accessibility to other developments within Raffles Place and Marina Bay via an extensive underground network of pedestrian walkways.

The 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore, with a rooftop restaurant and observation deck that offer unparalleled city views. Designed by the late renowned Japanese architect Kenzo Tange, the tower has stood the test of time with its distinguished architecture and regular column-free office space that houses leading financial services, banking and professional firms. It was awarded Green Mark Gold certification by Singapore's Building and Construction Authority (BCA) in 2016.

The 38-storey One Raffles Place Tower 2 was designed by Paul Noritaka Tange, son of the late Kenzo Tange, as a cutting-edge complement to Tower 1. Its energy-efficient and environmentally sustainable design attained BCA Green Mark Platinum recertification in 2017.

Catering to the needs of busy executives in the business district, One Raffles Place shopping mall offers six storeys of retail, dining and wellness options, including a food court, cafes, restaurants, fashion stores and boutiques, hair salons and many other services under one roof.

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

03

A premier business and social destination in downtown Los Angeles

A Los Angeles icon and one of the tallest buildings on the West Coast, *U.S. Bank Tower* is a 75-storey Class A property located in the city's upscale Bunker Hill. In June 2016, following a series of major enhancement works, U.S. Bank Tower recaptured the imagination with a series of enthralling new features.

The building's revamp took shape from the ground up with a dramatic makeover of the office lobby. The exterior was replaced with a transparent 30-foot-high glass curtain wall, transforming the lobby into a bright and spacious environment. The lobby was also enhanced with a high-resolution video art wall, 130 feet wide by 17 feet high. The largest art wall of its kind to be featured in an office building, it attracts passers-by with dynamic digital art content inspired by the culture and history of Los Angeles.

U.S. Bank Tower's transformation from a commercial building into one of the most prominent visitor attractions in downtown Los Angeles culminates at the top of the building in the two-storey OUE Skyspace LA. Soaring almost 1,000 feet above the city, OUE Skyspace LA is the Western United States' highest and only open-air observation deck, offering 360-degree views of the city that stretch from the Hollywood Hills to the Pacific Ocean.

Thrill-seekers can also test their nerve on the first-of-its-kind Skyslide attraction, a glass slide affixed to the exterior of the tower, extending 45 feet from the 70th floor to the 69th floor. Visitors can also enjoy the sky-high views while dining at 71Above on the 71st floor, the highest restaurant west of the Mississippi, serving modern American cuisine in its lively dining room, complemented by a cutting-edge bar.

Following its transformation, U.S. Bank Tower has been honoured with a total of eight awards, most notably the BOMA Visionary Award 2016, BOMA Renovated Building of the Year 2017 and the BOMA Pueblo Award 2017 in recognition of its profound impact and outstanding contribution to the LA community. Both OUE Skyspace LA and the U.S. Bank Tower lobby were recognised in the LA Business Journal's 2016 Projects of the Year and LA Business Council's 2017 Architectural Awards, while OUE Skyspace LA was also winner of the 2017 Downtowners of Distinction Award presented by LA Downtown News.

01

03

U.S. BANK TOWER

02

01
A thrilling ride on the Skyslide provides stunning bird's-eye views of the cityscape

02
The U.S. Bank Tower video wall features curated content, making it a featured art piece in downtown Los Angeles

03
OUE Skyspace LA observation deck viewed from the elevator on the 69th floor

01

A landmark in Shanghai's main commercial district

01
Lippo Plaza Shanghai stands proudly in Shanghai's core commercial district

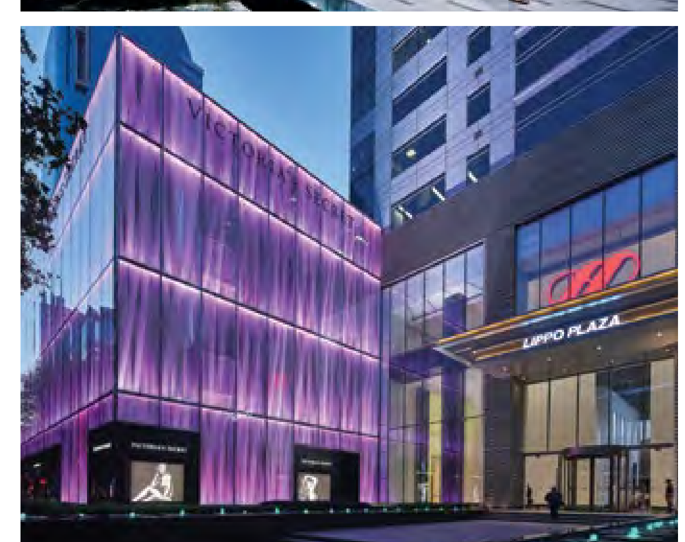
02
The main entrance of Lippo Plaza's modern office tower

03
Victoria's Secret's first flagship store in China adds glamour to Lippo Plaza's retail mix

LIPPO PLAZA

02

03



Lippo Plaza is a 36-storey, Grade-A commercial landmark in Puxi, the historic downtown core of Shanghai, comprising prime office space, a premium three-storey retail podium with basement retail units and a car park.

The building enjoys a prominent location near the eastern end of Huaihai Zhong Road, within the city's long-established business district of Huangpu. In the company of multinational corporations, international financial institutions and local Chinese enterprises that throng this area, Lippo Plaza provides a premier address for a diverse mix of tenants, including companies from the retail, consulting, financial services, manufacturing and pharmaceutical sectors.

Known as the "Champs-Élysées of the East", Huaihai Zhong Road is also a retail haven lined with global designer brand stores, luxury shopping malls, five-star hotels and restaurants. Lippo Plaza's retail podium offers an exclusive shopping experience with well-known international brands and other unique retail offerings. In February 2017, Lippo Plaza added another level of exclusivity to its line-up with the opening of Victoria's Secret's very first flagship store in China. Spanning more than 1,400 square metres, the four-storey store showcases the entire range of Victoria's Secret lingerie products, as well as the brand's beauty products, fragrances, shampoos and bags.

Located a short walk from the South Huangpi Road and Huaihai Zhong Road Metro Stations, which are served by Metro Line 1 and 13 respectively, Lippo Plaza's excellent citywide connectivity and location within a major business and retail artery continue to make it top choice for prospective tenants.

Lippo Plaza is one of the properties in the portfolio of OUE Commercial REIT.

01
The Meritus Ambassador, an icon of the brand's signature Asian Grace, Warmth and Care

The World Travel Organisation (UNWTO) estimates international tourist arrivals to have increased 7.0%, to reach a total of 1.322 billion. UNWTO projects the strong momentum to continue in 2018.

2017 marked another year of solid growth for international tourism—the strongest yet in seven years. Based on preliminary full-year 2017 data as reported by the various destinations around the world, the World Travel Organisation (UNWTO) estimates international tourist arrivals to have increased 7.0%, to reach a total of 1.322 billion. UNWTO projects the strong momentum to continue in 2018, although at the more sustainable pace of 4.0% to 5.0%, which is consistent with the sector's trend since 2010.

Contributing to the stellar results were the pickup in economic activity around the world, and the robust outbound demand from many traditional and emerging source markets. Of the world's top source markets, China remains the fastest growing in terms of outbound travel and tourism expenditure.

Leading the growth in international tourist arrivals by region is Europe, recovering strongly following a relatively weaker 2016 to post a remarkable 7.0% increase to 671.0 million in 2017.

Asia and the Pacific was the second most-visited in the world at 6.0% growth, welcoming 324.0 million international tourists.

In Singapore, 2017 saw both tourism receipts and visitor arrivals attain record highs for the second time in two years, with the top 10 visitor arrival markets being China, Indonesia, India, Malaysia, Australia, Japan, Philippines, South Korea, United States, and Vietnam.

Preliminary full year 2017 estimates by the Singapore Tourism Board (STB) peg tourism receipts to have increased by 3.9% to S$26.8 billion, due primarily to growth in visitor arrivals across the top 10 markets, as well as higher visitor arrivals from high-spending markets such as China, South Korea, United States, and United Kingdom. Of these markets, China emerged top in tourism receipts for the third consecutive year.

In terms of international tourist arrivals, Singapore registered an increase of 6.2% to 17.4 million in 2017, hitting record visitor arrivals from China, Indonesia, Vietnam, Philippines, United States, United Kingdom, and Germany. Of these markets, India and China saw the highest growth rate at 16.0% and 13.0%, respectively, while the United States registered a year-on-year growth in arrivals of over 15.0%.

Against an improving global economic background, STB remains generally optimistic about the tourism prospects in 2018. Impacting favourably on the local tourism sector are continued marketing efforts to gain traction overseas, as well as the introduction of new events and experiences that enhance Singapore's appeal as a top global destination for leisure and business.

New branded events include the Disney Star Wars events, Ultimate Fighting Championship (UFC) Fight Night Singapore, and International Champions Cup Singapore (ICC), while the Formula One Singapore Grand Prix was extended for another four years.

These, along with the return of large biennial events, are expected to increase demand for hotel accommodation in Singapore in 2018.

The Hospitality division of OUE ended on a stronger note in 2017, recording revenue of S$220.1 million for the full year, up 9.1% from S$201.7 million in FY2016. Contributing positively is Mandarin Orchard Singapore, with Revenue per Available Room (RevPAR) of S$223.0 for FY2017, versus S$217.0 the year prior.

Crowne Plaza Changi Airport continued to ramp up its operations to achieve occupancy in the 80.0% range in 2017, up from the 60.0% range when the Crowne Plaza Changi Airport extension (CPEX) first opened in August 2016. It is not meaningful to compare the hotel's RevPAR in FY2017, which is based on the now enlarged 563-room inventory, versus the RevPAR achieved in FY2016 when the hotel had only 320 guestrooms until CPEX opened.

An icon of world-class Asian hospitality in Singapore

Standing tall on Orchard Road, internationally renowned *Mandarin Orchard Singapore* enjoys a long heritage of hospitality excellence in Singapore. Preferred by business and leisure travellers for its signature Asian hospitality and unparalleled location in the heart of Singapore'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 a few stops away from the key interchange stations of Dhoby Ghaut, City Hall and Newton. Popular tourist destinations in the Marina Bay area are approximately a 10- to 15-minute drive away. The hotel also benefits from its walking proximity to Singapore's top medical facilities such as Paragon Medical Centre and Mount Elizabeth Hospital.

The hotel boasts some 1,077 spacious guestrooms with views of the city skyline from higher floors. All rooms are equipped with advanced in-room technologies including a smartphone solution that allows registered guests complimentary local and international calls to up to 15 countries, as well as unlimited 4G data throughout their stay. Guests can also enjoy the latest blockbuster movies through the hotel's complimentary in-room movie platform.

Its award-winning culinary lineup includes *Triple Three*, a Japanese-inspired international buffet restaurant; *Bar on 5*, easily one of the top whisky haunts in the city; *Chatterbox*, home of the legendary Mandarin Chicken Rice; and *Shisen Hanten by Chen Kentaro*, which was awarded two stars in the Michelin Guide Singapore in 2016 and 2017, making it the highest Michelin-rated Chinese restaurant island-wide.

For guests of the *Meritus Club*, bespoke amenities await—from the personalised service of Meritus Ambassadors, to all-day refreshments and evening cocktails served in the exclusive environment of the *Meritus Club Lounge at Top of the M.*

Mandarin Orchard Singapore also offers over 30,000 square feet of meeting and function spaces backed by state-of-the-art audio-visual equipment, intelligent lighting systems, efficient connectivity, and the dedicated expertise of Meeting and Event Specialists.

Right on the doorstep of Mandarin Orchard Singapore is the high-end shopping destination, *Mandarin Gallery*, while some of the city's most iconic shopping malls—*Paragon*, *Takashimaya* and *ION Orchard* are also close by.

Mandarin Orchard Singapore was recognised as Best City Hotel Singapore for the fifth consecutive year at the TTG Travel Awards 2017, Asia-Pacific's most prestigious annual travel awards programme honouring the best organisations and individuals in the industry for their outstanding achievements and contributions. The hotel was also awarded Best Upscale Hotel Asia Pacific at the Travel Weekly Asia Readers' Choice Awards 2017.

The first quarter of 2017 saw the completion of a 430-room asset enhancement programme in both the Orchard Wing and Main Tower of the hotel.

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

01

02

03

01
Guestroom facilities include complimentary movies on demand and unlimited 4G data on the go via handy smartphone

02
Refined dining experience at two Michelin-starred Shisen Hanten by Chen Kentaro

03
Chef Liew Tian Heong serving up signature favourites at widely acclaimed Chatterbox

CROWNE PLAZA®
CHANGI AIRPORT

Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group, located in the vicinity of Singapore Changi Airport. It comprises a 320-room building and an adjacent 243-room extension, connected to each other via a linkway on the second floor.

Positioned to meet the needs of international air travellers, the hotel is linked to the airport's Terminal 3 on both the arrival and departure levels, and offers easy access to Terminals 1 and 2 via the airport's SkyTrain system. Its proximity to Changi Business Park and Singapore EXPO, and easy access to downtown Singapore by expressway and the Mass Rapid Transit enhance its appeal among corporate travellers.

Named World's Best Airport Hotel by Skytrax in 2015, 2016 and 2017, and recognised for its commitment to building a responsible and sustainable business through environmental conservation, Crowne Plaza Changi Airport delivers an exceptional guest experience.

Its iconic nature-inspired architecture, along with its beautiful gardens and an outdoor landscaped pool, provide the backdrop for a stay in urban resort luxury. All guestrooms are insulated from the noise of the airport environment, assuring guests of a restful sleep. The hotel features an optional Meet and Greet Service, escorting guests from the aerobridge or the arrival hall right up to their guestroom for in-room check-in.

The hotel offers four food and beverage outlets to choose from—*Azur*, an East-Meets-West buffet restaurant with two show kitchens; *Imperial Treasure*, renowned for its authentic Cantonese cuisine; *bar '75*, a retro sports bar inspired by Asia in the 70's; and the *Lobby Lounge*, where light refreshments can be enjoyed indoors or in lush al fresco surroundings.

For those all-important meetings and events, Crowne Plaza Changi Airport offers eight meeting and function rooms, including the pillar-less Chengal Ballroom, equipped with conference and banquet facilities to state-of-the-art standard.

01

02

A business hotel directly connected to Changi Airport

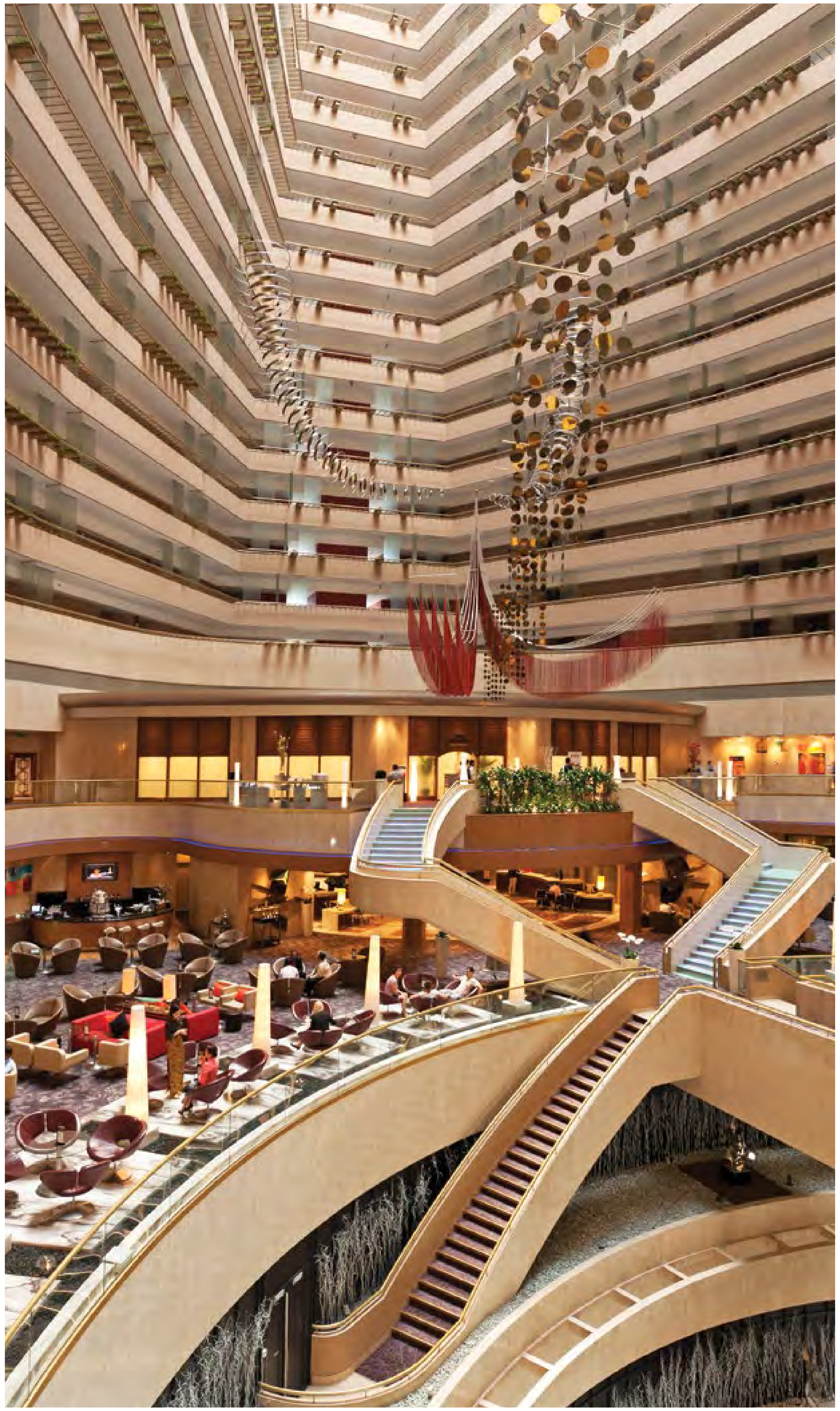
03

01
Spacious, sound-proofed guestrooms assure travellers of restful comfort

02
Lush gardens and landscaped pools embrace guests in a relaxing resort-like ambience

03
Versatile meeting spaces equipped with seamless technology and modern design

01



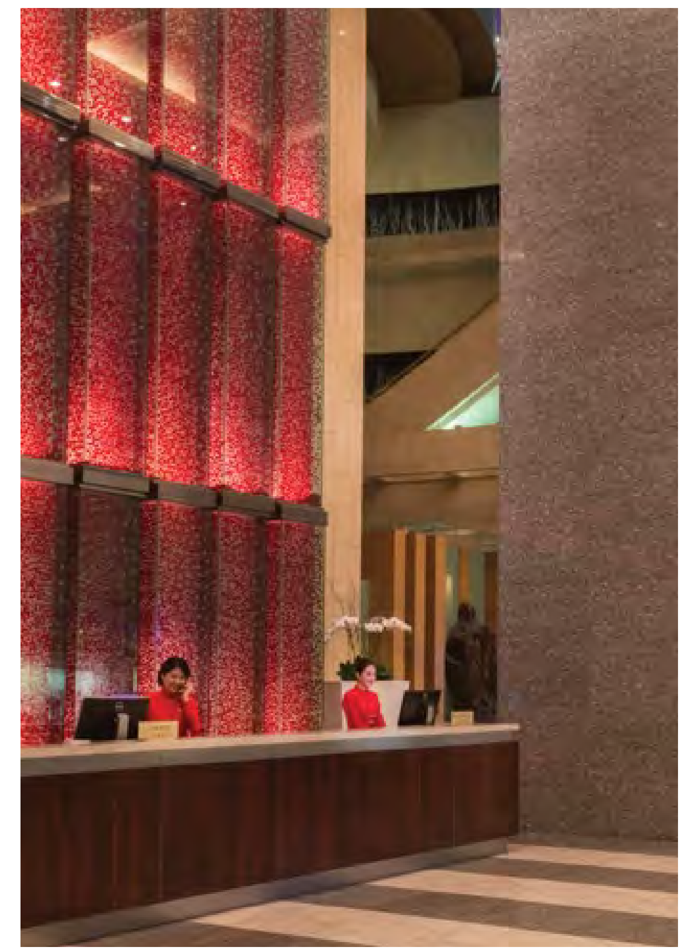
01
22 storeys high, the open atrium at Marina Mandarin Singapore is one of the largest in Southeast Asia

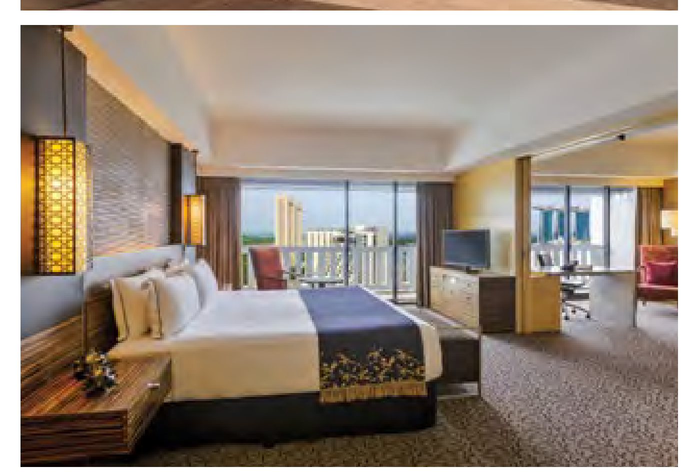
02
Elegant interiors add to the arrival experience at the upscale business hotel

03
Guestrooms feature private balconies overlooking the Singapore harbour or the city skyline

Internationally acclaimed hotel in the heart of Singapore's Central Business District

02





03

MARINA MANDARIN
SINGAPORE
BY MERITUS

An upscale business hotel in the heart of Singapore's Central Business District, *Marina Mandarin Singapore* offers direct access to Marina Square Shopping Mall, and is located opposite the Suntec Singapore Convention & Exhibition Centre and The Esplanade–Theatres on the Bay.

Being trackside of the annual Singapore Grand Prix, the hotel ranks high on the list of favourite hotels among avid Formula One fans. Each of its 575 guestrooms features a private balcony for unparalleled views of the famous Singapore harbour and the city skyline.

Restaurants include *AquaMarine*, an all-day dining restaurant featuring a Halal-certified buffet spread; *Peach Blossoms*, renowned for its authentic Cantonese fare; the world-famous *Ruth's Chris Steak House*; and *Sushi Jiro*, home to fine Japanese cuisine.

Marina Mandarin Singapore also offers over 20,000 square feet of meeting and function spaces that spell stylish versatility and modern convenience. Top-notch facilities include a day spa, a 25-metre outdoor mineral pool, and the Meritus Club where guests can enjoy exclusive privileges and preferential services.

The hotel was ranked in several categories in the Singapore edition of Le Concierge Orient Top 10 List, including Top Ten Luxury Hotels Singapore, Top Fine Dining Chinese Restaurants, Top Afternoon Tea Experiences, and Top Nightspots.

MERITUS PELANGI BEACH
RESORT & SPA
LANGKAWI

Meritus Pelangi Beach Resort & Spa, Langkawi is a 35-acre tropical paradise that sits on the pristine shores of the famous Cenang Beach in Langkawi, Malaysia, a mere 15-minute drive from Langkawi International Airport.

Designed to depict a traditional Malay village, the resort comprises 355 guestrooms housed in clusters of single- and double-storey wooden chalets. All rooms are equipped with modern conveniences, and each with its own verandah looking out to spectacular ocean, garden, or pool views.

Dubbed "The Jewel of Langkawi", the resort is flanked by smaller islands, waterfalls and golden sandy beaches, promising an idyllic experience for holidaymakers and business travellers alike.

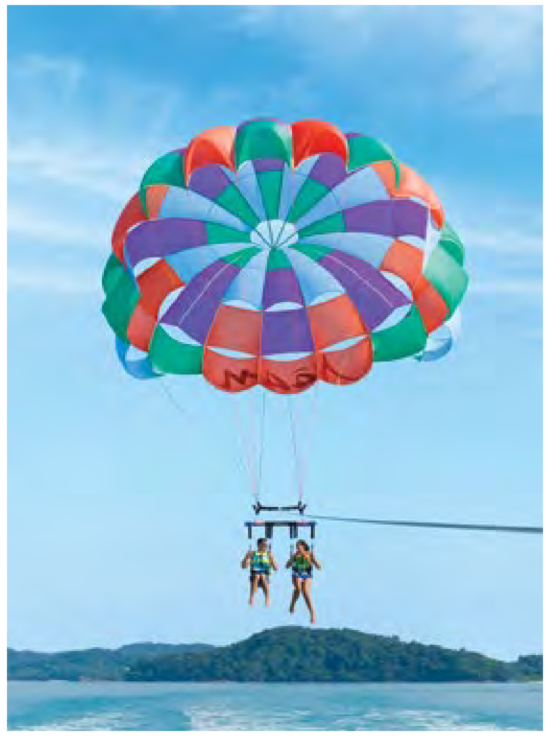
Blending seamlessly with the resort's landscape are themed dining outlets that include *Spice Market*, an all-day dining restaurant serving an array of local and international fare; *Cba*, a beachside restaurant and bar that transforms into a happening nightspot; *Pelangi Lounge*, a lobby lounge serving cocktails and refreshments 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 extensive wellness and rejuvenation facilities that include *Pelangi Spa*, where guests can enjoy signature offerings of holistic beauty and massage therapies in a Zen-inspired setting.

With its unique outdoor venues and first-rate facilities, Meritus Beach Resort & Spa, Langkawi continues to be a widely popular destination for weddings, as well as for teambuilding events and corporate retreats.

Meritus Beach Resort & Spa, Langkawi was listed on Ctrip Travellers' Top Spots 2017 as Best Resort, and both the resort and Spice Market received the TripAdvisor Certificate of Excellence 2017.


01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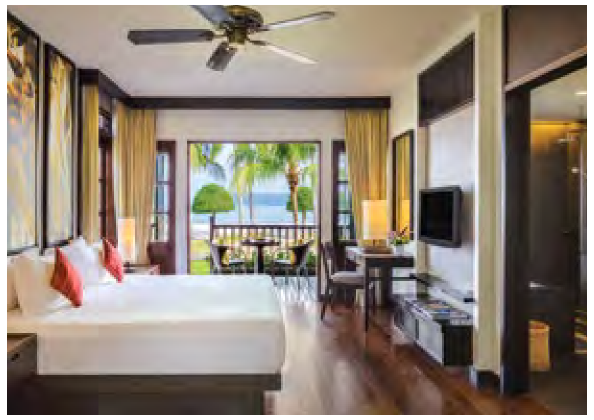
A perfect retreat on the pristine shores of the famous Cenang Beach

03


01
Exclusive privileges and preferential service at the Meritus Club

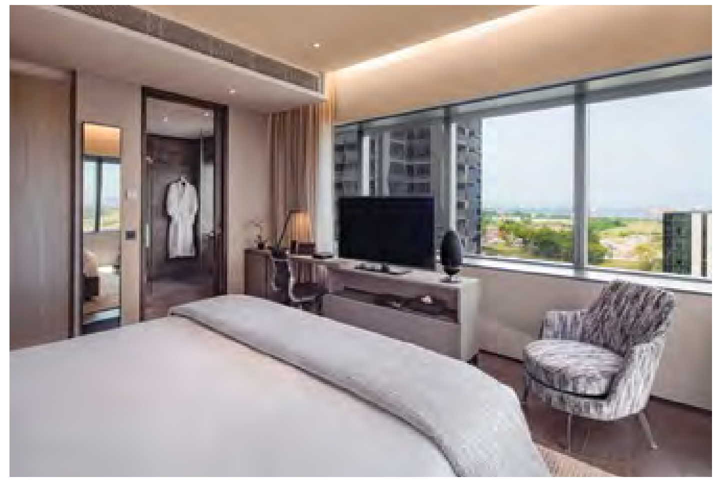
02
Guests are spoilt for choice with the resort's range of water sports and outdoor activities

03
A Beachfront Room framed by tropical scenery

01
The outdoor infinity pool offers a cool respite in the middle of the city

02
One-bedroom apartment designed for luxe modern living

03
Oakwood Premier OUE Singapore's grand lobby



02

Oakwood PREMIER OUE SINGAPORE

01

Luxury living in the heart of the business district

Oakwood Premier OUE Singapore is the serviced residences component of the redeveloped OUE Downtown, offering luxury living in the heart of Singapore's vibrant Central Business District.

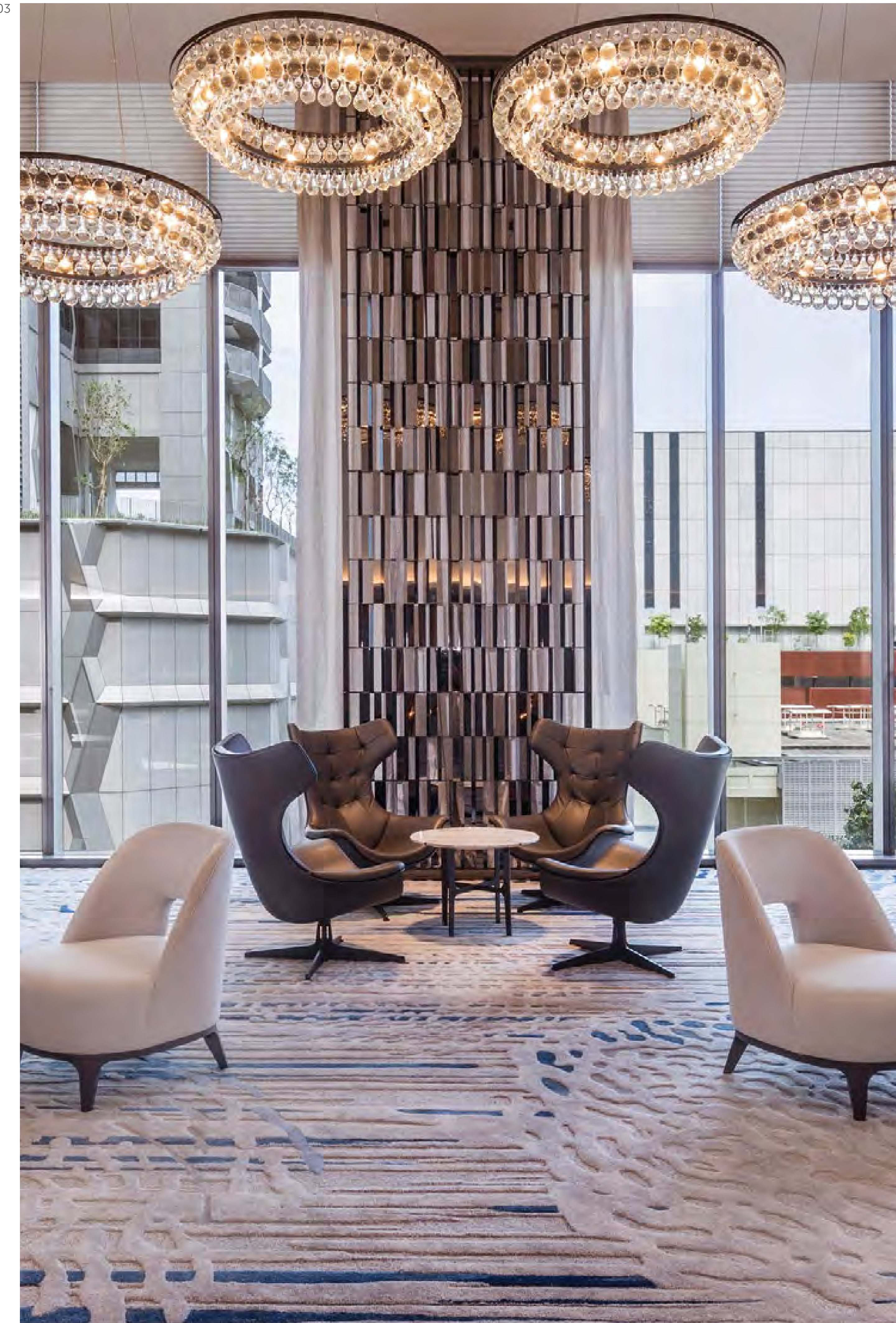
Occupying the 7th to 32nd storeys of the 50-storey OUE Downtown 1, it is managed by Oakwood Asia Pacific Ltd, which operates an award-winning portfolio of the finest residences in the world.

Oakwood Premier OUE Singapore's 268-unit serviced residences comprise 82 studio units, 139 one-bedroom units and 47 two-bedroom units. Designed to appeal to the discerning tastes of international business and leisure travellers, the elegantly appointed residences blend contemporary sophistication with nature-inspired elements and a stylish colour palette, creating an intimate oasis with a welcome feel of home.

Guests enjoy the privilege of luxury hotel-inspired facilities and services, including an outdoor infinity pool, a 24-hour fitness centre, residents' lounge, daily housekeeping and concierge services, high-speed internet connectivity, and a full-fledged in-house restaurant, *Se7enth*.

Guests can enhance their stay with add-on membership to The Oakwood Executive Club, a quiet and sophisticated environment that is conducive for both work and relaxation. In its private poolside lounge, members can start the day in style with a complimentary Prosecco breakfast, and unwind after a long day of work with free-flowing cocktails and canapés. The Executive Boardroom provides an intimate venue for business meetings and work sessions, with seating for up to 12 people, state-of-the-art amenities and technology, and an abundance of natural light through floor-to-ceiling windows.

03



01

Mandarin Gallery

One of Singapore's most cosmopolitan retail malls, *Mandarin Gallery* occupies four levels within the five-star Mandarin Orchard Singapore hotel, with an attractive 152-metre-wide frontage that enjoys high visibility along Singapore's famed Orchard Road.

Mandarin Gallery is set apart by a distinctive assembly of upscale retail, dining and lifestyle experiences, curated for those with a penchant for the unique and individual. Featuring four duplexes and six streetfront shop units facing Orchard Road, the mall is a choice location for the flagship stores of international brands as well as independent local boutiques. Among its premium fashion offerings is Japanese cult streetwear brand *Bathing Ape*, and the first Southeast Asia flagship stores of *Victoria's Secret* and *Michael Kors*.

Occupying 12,000 square feet, the Victoria's Secret duplex store carries the brand's complete range of lingerie, fragrances and accessories. The 7,000 square feet Michael Kors store offers a luxurious shopping experience befitting its sophisticated clientele.

Mandarin Gallery also indulges culinary cravings with a medley of exquisite dining options, including perfectly cooked steaks at *Lawry's The Prime Rib*, all-day breakfasts at *Wild Honey*, and the finest sushi at the acclaimed Japanese "omakase" restaurant, *Hashida Sushi*.

Lifestyle stores such as *Leica*, *Atomi*, and *Rimowa*, purveyors of luxury travelware, speak to those who appreciate the finer things in life, while hair and beauty get top-notch treatment at the likes of *Leekaja Beauty Salon* and *Clé de Peau Beauté*.

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

02

01
Leekaja Beauty Salon– one of Korea's leading hair salon brands

02
Mandarin Gallery satisfies culinary cravings with exquisite food and beverage offerings

03
The Victoria's Secret duplex store provides a glamorous shopping experience featuring all of the brand's collections

04
The Michael Kors flagship store is luxuriously outfitted for the ultimate shopping indulgence

03

A uniquely curated luxury shopping experience

04

Commencing operations in May 2017 as part of the redeveloped OUE Downtown development on Shenton Way, *Downtown Gallery* offers approximately 150,000 square feet of premium retail space over six levels, including one basement level. Its prominent 262-metre-wide frontage offers a window into a world of innovative and inspiring retail, dining, lifestyle and wellness experiences.

Downtown Gallery debuts three unique OUE concepts designed around the next-generation consumer–OUE Beauty Bar, OUE Re:Store and OUE Social Kitchen.

OUE Beauty Bar features four state-of-the-art self-service beauty vending machines fronted by giant touchscreens, along with a standalone virtual assistant display. It is the most digitally enhanced beauty store in Singapore, where it allows shoppers to browse, explore and select from over 140 skincare and makeup staples you would normally find in stores, including products from global brands such as Clarins, Nars and Shiseido.

OUE Re:Store is an automated deli that serves up heritage food with an efficient order and pick-up system. Consumers can select from a menu curated by some of Asia's most renowned chefs and place their order along with a preferred pick-up time, which they can then collect from an individually assigned vault personalised with their name. OUE Re:Store is a smart solution to eating well while avoiding the long Central Business District (CBD) lunch hour queues.

OUE Social Kitchen is Singapore's very first 4,000 square feet communal cooking space. Revolutionising the way people cook and dine, it is equipped with over 10 Smeg-styled kitchen spaces that are available for booking, and a free-to-use dining area designed to encourage interaction and conversation, where consumers can host meals for family and friends.

Downtown Gallery takes a step further into the future on Level 1, which hosts "The Gallery Edit" featuring pop-up stores and retail counters devoted to future-defining trends, while Level 4 is the domain of *The Work Project*, a new concept of co-working space designed for the future workforce.

Lifestyle and wellness needs are also well served. Those looking for a workout can choose from yoga, pilates and ballet-inspired barre at *Upside Motion* boutique fitness studio, ride their way to fitness at *Absolute Cycle*, or take urban dance classes at *Recognize! Studio*. For those seeking to look well, eat well and keep well, Downtown Gallery offers it all.

01

A hive of next-generation retail and lifestyle concepts

02

DOWNTOWN Gallery

01
Downtown Gallery's impressive 262-metre frontage

02
OUE Social Kitchen–a communal space to dine with family and friends

03
OUE Beauty Bar–one of three OUE-led concepts

04
OUE Re:Store–an automated deli catering to the CBD lunchtime crowd

03

04

A vibrant six-storey shopping and dining destination

01
The place to escape for retail therapy or dinner with friends after work

02
A great variety of shopping and dining options spanning six floors

02


01


onerafflesplace

Catering to the working population in Singapore's Central Business District, *One Raffles Place shopping mall* is a six-storey retail haven offering a diverse array of shopping, dining, health and wellness services, and more.

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

Fashion-forward shoppers can perk up their wardrobes with the latest fashion apparel and accessories, seek out statement pieces from designer boutiques, browse the hottest trends in eyewear, and much more.

A great variety of food and beverage options makes this a popular spot for the downtown crowd with a food court at level 5 and salad, sandwich and juice bars, cafes, bakeries and a gourmet deli, as well as Japanese, Vietnamese and Korean restaurants in the basement level.

One Raffles Place shopping mall is part of OUE Commercial REIT's portfolio of properties.

01
Art installation designed in harmony with the lush landscaping

02
Designed with resort living in mind, with outdoor spaces to relax, play and socialise

03
Style meets function in the intimate kitchen and dining area of a one-bedroom unit

04
Master bedroom– a sanctuary of luxurious comfort and style surrounded by magnificent city views

01

02

Timeless style and sophistication in a lush green environment

OUE TwinPeaks

03

04

Nestled within lush tropical gardens in a tranquil site on Leonie Hill Road, a stone's throw from Orchard Road, Singapore's premier shopping belt, *OUE Twin Peaks* is a landmark residential development distinguished by a resort-within-the-city concept.

The 99-year leasehold luxury development features two identical 35-storey towers that are home to 462 one-, two- and three-bedroom apartments designed to embrace residents in the best of modern urban living.

Breaking new ground, OUE Twin Peaks is the first condominium development in Singapore to be sold in fully furnished, ready-to-live-in condition. All homes come furnished with iconic furniture pieces by world-renowned designers such as Hans Wegner, Charles & Ray Eames and Matthew Hilton, exuding timeless style and sophistication. In addition, the flexibility to combine one-bedroom apartments with either two- or three-bedroom apartments facilitates multi-generation living.

These beautiful homes are complemented by an array of luxurious resort-inspired amenities that unfold within a lush green environment designed by renowned landscape architect Bill Bensley, featuring approximately 6,900 square metres of gardens, water features, sky terraces, green walls and rooftop gardens.

Residents can indulge in the pleasures of a swimming pool, jet spas, gourmet dining suites and state-of-the-art triple-volume sky gyms offering inspiring city views. The open-air Sky Loggias on the 36th storey, together with a rooftop bar, provide spectacular settings for hosting a private gathering, framed by panoramic views of the Singapore skyline.

For its exceptional design and landscaping, OUE Twin Peaks has received numerous awards and certificates. These include the Landscape Excellence Assessment Framework (LEAF) certification in 2016 by National Parks, awarded in recognition of its outstanding greenery; Asia Pacific Property Awards 2013-2014 - Highly Commended in the High-rise Residential category; and most recently, the Skyrise Greenery Excellence Award, Multi-units Residential category, in 2017.

As of October 2017, OUE Twin Peaks is fully sold.


01

OUE LIPPO Healthcare


02

In April 2017, OUE Limited acquired a controlling stake in Catalist board-listed International Healthway Corporation Limited, an integrated healthcare services and facilities provider with an established market presence in Japan, the People's Republic of China and Malaysia. The company changed its name to *OUE Lippo Healthcare Limited* (OUE Lippo Healthcare) with effect from 9 October 2017.

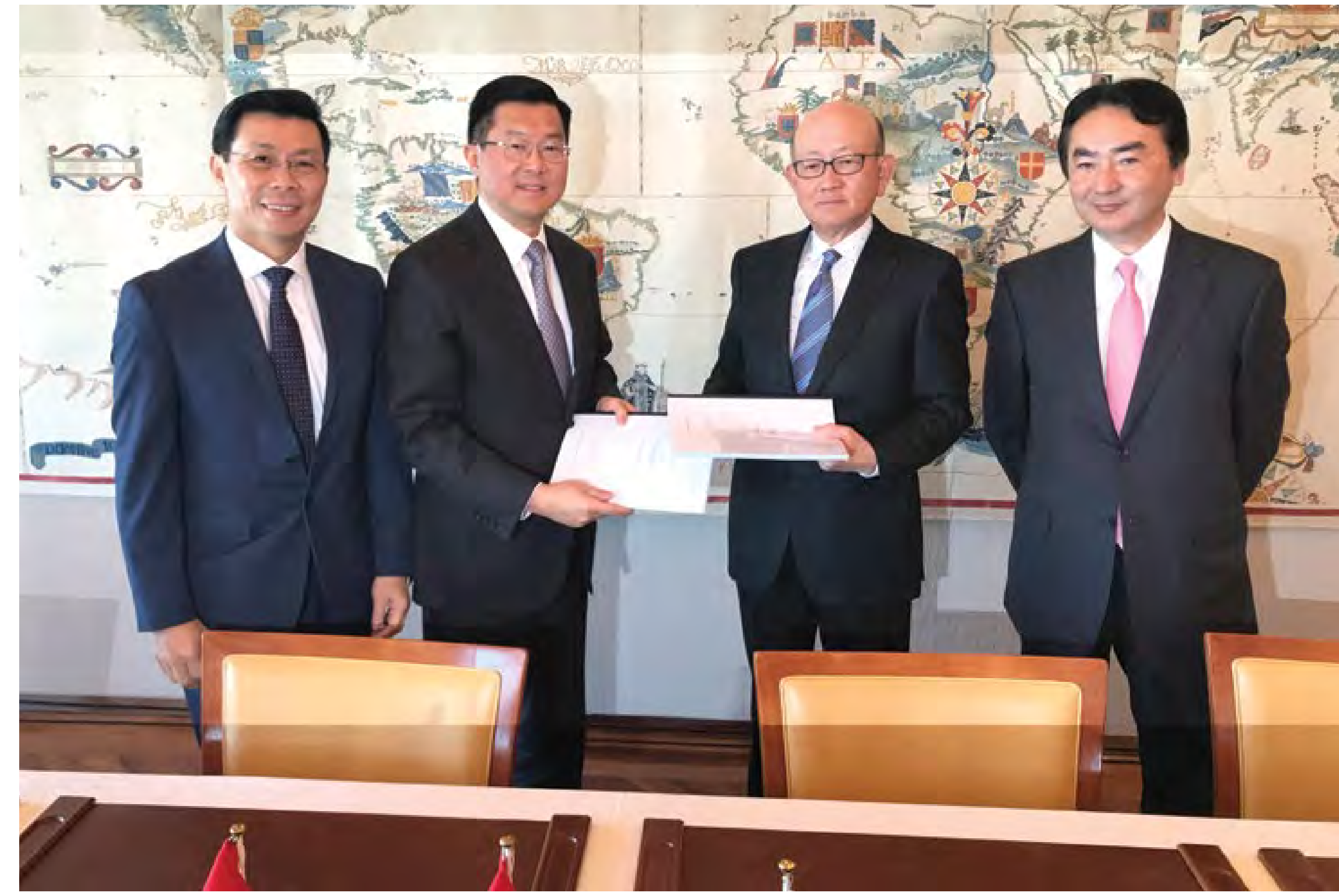
With the goal of transforming lives through the provision of better healthcare and asset management, OUE Lippo Healthcare is strategically placed to capitalise on the tremendous growth in demand for quality and affordable healthcare.

Its existing healthcare investments are well aligned with emerging industry trends, particularly the increasing need for elderly care in Japan driven by a rapidly ageing population, as well as the growing demand for quality medical services in China spurred by rising affluence and urbanisation.

OUE Lippo Healthcare currently owns and manages a portfolio of 12 quality nursing homes located across Japan in the cities of Sapporo, Nara, Kyoto and Nagano. It also owns and operates Wuxi New District Phoenix Hospital located in Wuxi City in China's Jiangsu Province. This 163-bed hospital employs about 300 medical and other staff and is well equipped to provide a wide range of medical specialisations.

With a view to expanding its healthcare portfolio across China and Southeast Asia, there are plans to expand Wuxi New District Phoenix Hospital. The expansion will be carried out over two phases and will increase the hospital's capacity and introduce new medical facilities, such as an advanced rehabilitation centre, maternity wards and medical suites. There are also plans to develop a general and rehabilitation hospital in Dujiangyan, Chengdu, and a wellness-themed integrated mixed-use development in the heart of Kuala Lumpur, Malaysia.

To strengthen its financial position and enable it to execute its expansion plans, OUE Lippo Healthcare placed out shares worth S$78.8 million to Tokyo Stock Exchange-listed trading company ITOCHU Corporation in January 2018, which amounts to a 25.3% stake in the enlarged share capital of the company. Through this move, OUE Lippo Healthcare looks forward to leveraging on ITOCHU's extensive network in Asia as it embarks on its growth path to become a leading healthcare real estate company in the region.


03

Meeting the growing demand for quality healthcare


04

01
163-bed Wuxi New District Phoenix Hospital

02
Artist's impression of the Wuxi New District Phoenix Hospital expansion

03
Forging a strategic partnership: (from left) Mr. Lee Yi Shyan, Chairman, OUE Lippo Healthcare; Dr. Stephen Riady, Executive Chairman, OUE; Mr. Masahiro Okafuji, President and CEO, ITOCHU; and Mr. Yuji Fukuda, CEO for Asia & Oceania, ITOCHU

04
Artist's impression of Chengdu Hospital Development Project in Dujiangyan, Chengdu

Operations Review
OUE HOSPITALITY TRUST

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

01

02

03

01
Mandarin Gallery–upscale retail and lifestyle haven in the heart of Orchard Road

02
Crowne Plaza Changi Airport–named World's Best Airport Hotel (Skytrax) in 2017 for third consecutive year

03
Mandarin Orchard Singapore–an icon of world-class Asian hospitality

As at 31 December 2017, 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, with a total value of $2.2 billion.

For FY2017, OUE Hospitality Trust (OUE H-Trust) recorded a 12.7% increase in distributable income (DI) as a result of higher income from the hospitality and retail segments. This is the highest DI achieved in a year since listing. Distribution per stapled security (DPS) was also 11.5% higher at 5.14 cents compared to 4.61 cents in FY2016.

OUE H-Trust's FY2017 master lease income and net property income (NPI) from the hospitality segment grew 7.1% and 5.5% respectively at $96.3 million and $87.4 million as contributions from both MOS and CPCA were higher. In addition to the master lease income, OUE H-Trust also received income support in FY2017 from OUEAH (OUE Airport Hotel Pte. Ltd., the Vendor). As the additional room inventory in the Crowne Plaza Changi Airport Extension (CPEX) came on-board in a market that was weaker than expected, the operating performance of CPCA (including CPEX) had taken a longer time to ramp up. Consequently, the performance was below the target quarterly rent pursuant to Deed of Income Support[1], hence the claim on income support from OUEAH. In FY2017, OUE H-REIT had fully drawn down the remaining balance of $4.8 million of the entire income support of $7.5 million.

The retail segment achieved higher revenue of $34.7 million in FY2017 compared to FY2016's $32.6 million as a result of higher average occupancy of 95.5% compared to occupancy of 86.3% the year before where there were landlord works to amalgamate the units in order to bring in the new tenants who have signed longer leases. Net property income at $25.3 million was higher than FY2016's $24.5 million, in line with the higher revenue.

Overall, gross revenue was 7.0% higher at $131.1 million and NPI was 5.0% higher at $112.7 million.

As at 31 December 2017, OUE H-TRUST's net asset value per stapled security was S$0.76.

The Group's effective interest in OUE H-TRUST was approximately 36.1% as at 31 December 2017.

[1] Income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) pursuant to the Deed of Income Support.

COMMERCIAL REIT

OUE Commercial Real Estate Investment Trust (OUE C-REIT) was 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., is a wholly-owned subsidiary of OUE Limited.

01

OUE Commercial Real Estate Investment Trust (OUE C-REIT) has a portfolio of three strategically located Grade-A commercial properties in Singapore and China with a total assets-under-management of S$3.5 billion as at 31 December 2017.

In Singapore's Central Business District, the properties comprise OUE Bayfront, a premium Grade-A building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub; and One Raffles Place, an integrated commercial development comprising two Grade-A office towers and a retail mall in the heart of the financial district. OUE C-REIT's portfolio also comprises Lippo Plaza, a 36-storey, Grade-A commercial building located in the business district of Huangpu in Puxi, Shanghai.

OUE C-REIT achieved revenue of S$176.3 million in FY2017, compared to FY2016 revenue of S$177.8 million, due to the absence of one-off income in FY2017. With lower property expenses in FY2017, net property income of S$138.2 million was achieved against FY2016 net property income of S$138.6 million. Due to the absence of performance fees as well as higher income support drawn, the amount available for distribution in FY2017 was S$70.0 million, 3.8% higher year-on-year (YoY). This translated to FY2017 distribution per unit of 4.67 cents.

Portfolio committed occupancy increased to 96.8% as at 31 December 2017, from 94.8% a year ago. All three of OUE C-REIT's properties saw increased office committed occupancy to levels which outperformed their respective markets, despite intense leasing competition in the office markets of Singapore and Shanghai which saw lower occupancy due to significant new supply. Committed rents for new and renewed leases in FY2017 were in line with or above market rents.

OUE C-REIT's aggregate leverage as at 31 December 2017 was 37.3%, with a weighted average cost of debt of 3.5% per annum. 84.3% of borrowings were hedged into fixed rates to mitigate against interest rate fluctuations.

As at 31 December 2017, OUE C-REIT's net asset value (NAV) per unit was S$0.91.

The Group's effective interest in OUE C-REIT as at 31 December 2017 was 55.6%.

02

03

01
OUE Bayfront–spectacularly located along the Marina Bay waterfront

02
One Raffles Place–a prime office, retail, dining and entertainment destination

03
Lippo Plaza–a landmark business and retail address in downtown Shanghai

At OUE, we are guided by our belief that integrating corporate citizenship into our business strategy and processes supports our company's long-term interests and, more importantly, delivers a meaningful and lasting impact on the communities we are part of.

PEOPLE

CREATING OPPORTUNITIES FOR TALENT GROWTH

We champion the growth and development of talent within our organisation. We realise the need to facilitate continuous learning for our employees, as much as we appreciate the importance of recognising and rewarding their good performance.

As part of the onboarding process at OUE, newly joined employees are required to go through a comprehensive orientation programme that introduces, among other things, the Company's vision, goals and culture, as well as key policies and procedures. Employees are encouraged to pursue training and development opportunities to enhance their job performance and help further their careers.

Performance evaluations are carried out at least once a year, with employees and their supervisors engaging in open and productive dialogue on work performance, career aspirations, training and development needs, and job expectations going forward.

Champions of Excellence at Mandarin Orchard Singapore

Service delivery that resonates with guests and demonstrates the Meritus promise of Asian Grace, Warmth and Care remains the focus at Mandarin Orchard Singapore.

In 2017, 262 employees of the hotel received the Excellent Service Award (EXSA) across the Star, Gold and Silver categories.

A national award that recognises individuals who have delivered quality service, EXSA seeks to develop service models for staff to emulate, and to create service champions within organisations.

EXSA is managed by six industry lead bodies—the Association of Singapore Attractions, the Land Transport Authority, the Restaurant Association of Singapore, the Singapore Hotel Association, the Singapore Retailers Association, and the Association of Banks in Singapore; and is supported by SPRING Singapore.

Representing various departments within Mandarin Orchard Singapore, 70 staff received the Star distinction, 151 received the Gold Award, and 41 were awarded Silver. This year, Eugene Lee from the hotel's Food and Beverage department was conferred the SHA Outstanding Star Award, the highest accolade for EXSA.

In 2016, Mandarin Orchard Singapore received the ISO 9001:2008 Quality Management System certification for successfully adopting international standards of quality and service within the hospitality industry. Implementing ISO 9001:2008 enables the continuous improvement of an organisation's quality management systems and processes. In turn, this boosts profitability and improves the ability of the organisation to meet customer requirements and expectations.

WORKPLACE ADVOCACY

At OUE, we advocate a positive and inclusive work culture that promotes the personal and professional well-being of employees, and sets the tone for increased productivity, staff morale and job satisfaction.

We offer various opportunities throughout the year for employees to take part in programmes that promote work-life balance, and in social and recreational activities that foster team spirit and cohesion.

Programmes and activities:

- In support of the nationwide "Eat With Your Family Day" national campaign on 26 May 2017, employees were encouraged to leave the office earlier to spend quality time with their families over dinner.
- Team bonding activities include the annual Dinner and Dance

Creating a safe and healthy environment for our customers and employees is of utmost importance to us. Every effort is made to cultivate a mindset that embraces occupational safety and health as a shared accountability among our employees.

At our properties, we have in place risk and hazard management plans that meet obligations under the Ministry of Manpower's Workplace Safety and Health (WSH) Act. All employees are required to undergo WSH training, and are therefore equipped to identify, assess and manage risks and hazards that threaten the welfare of those in the workplace.

Our properties subscribe to the bizSAFE programme administered by the Singapore WSH Council, and are subject to periodic audits by WSH auditors to ensure compliance with bizSAFE standards. Mandarin Orchard Singapore, Marina Mandarin Singapore and Crowne Plaza Changi Airport have obtained accreditation for bizSAFE Levels 4, 3 and 3, respectively.

In 2017, there were zero work-related fatalities across the hotels.

01

01
OUE Executive Chairman Stephen Riady (centre) with NTUC Secretary-General Chan Chun Sing and NTUC President Mary Liew at the ceremonial unveiling of the Stephen Riady Auditorium @ NTUC

COMMUNITY

COMMUNITY ENGAGEMENT

Through philanthropic activities, in-kind donations and volunteer work by the different teams across the organisation, we at OUE take a collective approach to supporting causes that nurture the local community.

Stars of Christmas 2017

Stars of Christmas, an annual community programme championed by OUE Limited together with Mandarin Orchard Singapore and Marina Mandarin Singapore, marked its eighth year of bringing Christmas cheer to beneficiaries of non-profit organisations, providing programmes and services to underprivileged children and those with special needs and illnesses.

Leading the cast of supporting partners for Stars of Christmas 2017 were *Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore—Sole Authorised Dealer)*, *Tridente Automobili Pte Ltd (Official Maserati Importer for Singapore)*, and *Community Chest*, the fund-raising and engagement arm of the National Council of Social Service.

Stars of Christmas 2017 was held in support of *Children's Cancer Foundation*, *Club Rainbow*, *KK Women's* and *Children's Hospital*, and various other children's welfare organisations under Community Chest.

The three-part programme 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 indicating beneficiaries' information, so members of the public could pick the stars and purchase Christmas presents accordingly.

On 15 December, beneficiaries of Stars of Christmas 2017, 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 joined by employees of OUE and its affiliate companies for an afternoon of Christmas treats and entertainment at Mandarin Orchard Singapore, featuring a visit from Santa who helped give out Christmas presents.

Stars of Christmas 2017 ended with a highly anticipated Toy Run activity on the morning of 16 December, with volunteer riders on a fleet of Harley-Davidson motorcycles and in Maserati cars making for a festive spectacle along the Orchard Road frontage of Mandarin Gallery. Children and caregivers from *Thye Hwa Kwan Family Service Centre*, together with employees of OUE Limited and Mandarin Orchard Singapore, cheered on the riders as their convoy set off to deliver Christmas presents to various beneficiaries.

More than 1,500 beneficiaries received presents under Stars of Christmas 2017.

Heartstrings Walk 2017

Over 200 employees from OUE Limited, Mandarin Orchard Singapore and Marina Mandarin Singapore joined an estimated 8,000 participants on 9 September 2017 to celebrate abilities and promote inclusivity at the Community Chest Heartstrings Walk 2017. Aptly themed "A walk by all, a heart for all", the charity festival was a fun-filled experience with exciting performances, games and experiential activities to signify a collective effort to build one community that shares, and a nation that cares.

Healthy Workplace Ecosystems at OUE Bayfront & OUE Downtown

Healthy Workplace Ecosystem programmes were introduced at OUE Bayfront and OUE Downtown in response to efforts by the Health Promotion Board (HPB) to encourage working adults to incorporate healthy living choices and behaviours into their daily work life.

Weekly workout sessions that included pilates, zumba and kickboxing were held at the OUE Bayfront open plaza and OUE Downtown Tower 2. Also offered were monthly cooking lessons and health education sessions that focused on nutrition and maintaining well-being for the busy professional.

Work Experience Programme for Special Needs Students

Mandarin Orchard Singapore continues to work with *Metta School* and *APSN Delta Senior School* on the Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education to offer on-the-job training opportunities for special needs students. The objective is to expose them to real-life settings and assist them in developing into self-sufficient and productive

02

01

03

01
Volunteer Harley-Davidson riders preparing for flag-off at the Stars of Christmas 2017 Toy Run

02
OUE CEO/Group Managing Director Thio Gim Hock distributing presents at the Stars of Christmas 2017 Luncheon

03
Teams across OUE came together at the Community Chest Heartstrings Walk 2017 to show care and support for an inclusive nation

members of society. Mandarin Orchard Singapore, depending on the students' performance during the programme and how successfully they adapt to the work environment, then facilitates the placement of these students into full-time roles with the hotel.

Charity Dog Adoption Drive by Mandarin Gallery
Mandarin Gallery ushered in a prosperous Year of the Dog in style with a suitably doggy takeover of the mall. Sixty-eight larger-than-life dog figurines named Lucky, Harmony or Happy were on exhibit at the outdoor space of the mall's Orchard Road frontage.

Following the exhibit, the dog figurines were then put up for "adoption", each for a minimum donation of S$20.0. Proceeds from the charity dog adoption drive went to *Save Our Street Dogs (SOSD)* Singapore.

Contribution to the NTUC Education and Training Fund
OUE, through the Stephen Riady Foundation, made a pledge of S$10.0 million in support of the *NTUC Education and Training Fund (NETF)* in April 2017. The NETF is an initiative launched on 1 May 2016 by the Government to advance the professional development of Singapore's workforce in preparation for future challenges. The fund will be used to fund course subsidies aimed at workers, including professionals, managers and executives (PMEs), to upgrade and reskill.

Donation to the National University of Singapore LKY School of Public Policy
OUE, through the Stephen Riady Foundation, made a S$1.0 million donation in April 2017 to the *National University of Singapore Lee Kuan Yew School of Public Policy (LKYSPP)*. This donation is in support of 'The Wang Gungwu Professorship on China and Southeast Asia'. The Professorship is set up in honour of Prof. Wang Gungwu and his contributions to LKYSPP. Prof. Wang had been the Chairman of the Governing Board of the LKYSPP for 12 years, before stepping down on 31 March 2017. As the founding Chairman, Prof. Wang provided excellent strategic leadership and counsel to the Board and the School. His significant contributions have propelled the School to grow rapidly to become a leading public policy school in Asia. Prof. Wang's eminence and global stature have helped further the School's international reputation, and attracted high-profile and distinguished individuals to work with the School. The Professorship will allow the School to attract leading academics in the field who will in turn contribute to education, research and outreach in advancing the understanding of the complex relationship of China and Southeast Asia.

Research Grant to the National University of Singapore
OUE, through the Stephen Riady Foundation, made a S$250,000 donation in September 2017 to the National University of Singapore in support of Microbiome Research in Colorectal Cancer. The donation will be used to study the link between microbiome and genes in patients (and families) with colon cancer. The study will focus on Asians with colon cancer or colonic polyps to see if a combined knowledge of microbiome and genes can help researchers predict a high likelihood of getting colon cancer. The National University of Singapore currently has an ongoing research study for early detection of colonic cancer based on genomics. OUE, through the Stephen Riady Foundation, grant will be an enhancement to the current research work, adding the knowledge of microbiome to genomic analysis of high-risk populations.

Singapore Thong Chai Medical Institution
OUE, through the Stephen Riady Foundation, made a S$100,000 donation in December 2017 in support of the *Singapore Thong Chai Medical Institution (STCMI)*. STCMI was established as a charitable clinic in 1867 and provides free medical consultations and Traditional Chinese Medicine treatments to all regardless of race, religion and nationality. Thong Chai provides consultations in its outpatient clinics and also established a Thong Chai Institute of Medical Research in 2003 to further Traditional Chinese Medicine education.

ENVIRONMENT

We are committed to taking a greener approach to increasing operational efficiencies across our businesses. We are constantly exploring ways and solutions to reduce our environmental impact, and adopting more sustainable ways of doing business.

WATER EFFICIENCY

OUE's properties in Singapore are certified under the Public Utilities Board's (PUB's) Water Efficient Building (WEB) Certification Programme. This signifies that the buildings have been installed with approved water-efficient fittings and have adopted WEB-recommended flow rates and flush volumes. While the majority of the water supply is sourced from public utilities, the buildings also utilise water from alternative sources to reduce the reliance on potable water. Non-potable water is used in cooling towers, for irrigation as well as flushing in lavatories to reduce water consumption.

WASTE MANAGEMENT

Mandarin Orchard Singapore
At Mandarin Orchard Singapore (MOS), the 'Meritus Loves the Earth' green campaign engages guests and employees alike to actively participate in waste reduction and energy conservation measures. The three 'Rs' (Reduce, Reuse and Recycle) are applied where possible–from cleaning guestrooms and setting up events, to managing waste in the kitchens and installing recycling bins at back-of-the-house areas.

As a large hotel with 1,077 rooms, waste management is one of the key drivers of MOS's environmental sustainability efforts. Since 2014, MOS has embarked on a Food Recycling Programme partnering with ECO-WIZ Group Pte Ltd, one of the world's leading food waste management companies, to recycle all food waste generated. In addition to the collection of used materials such as cardboard, newspapers, plastics and glass bottles for recycling, the hotel also started its Fluorescent Lamp Recycling Programme in July 2014. The objective is to reduce the environmental risk from improper disposal of used mercury-containing lamps, including compact fluorescent lamps, fluorescent tubes and high-intensity discharge lamps, by collecting and treating them in line with international practices.

Crowne Plaza Changi Airport
Crowne Plaza Changi Airport (CPCA) has an Environmental Management Committee which is focused on implementing effective initiatives to promote sustainability. Some of the key initiatives include the adoption of the ECO-WIZ Food Digester which converts food waste into water that is then used for cleaning the bin centre. The hotel has also installed Jemflo, a water flow control system which provides sustainable long-term water and energy savings.

In addition to embracing environmental technology, CPCA also engages employees and guests in its green practices, which include incorporating 3R initiatives widely within the hotel. CPCA also works with Sealed Air on the 'Soap for Hope' initiative to provide, sanitise and recycle used soap bars into new bars for distribution to underprivileged communities around the region. The hotel also participates in the 'Linen for Life' programme by donating linen that can be repurposed into pillow cases, sleeping bags and simple clothing, which is then sold to earn a small income for the people who make them.

Mandarin Gallery
Although Mandarin Gallery (MG) does not have direct control over the generation of waste by tenants, the mall has in place a waste management plan, in collaboration with MOS, using waste management technology to compact and automatically discharge waste. The mall proactively tracks the recycling of waste such as paper, metal, glass and plastic.

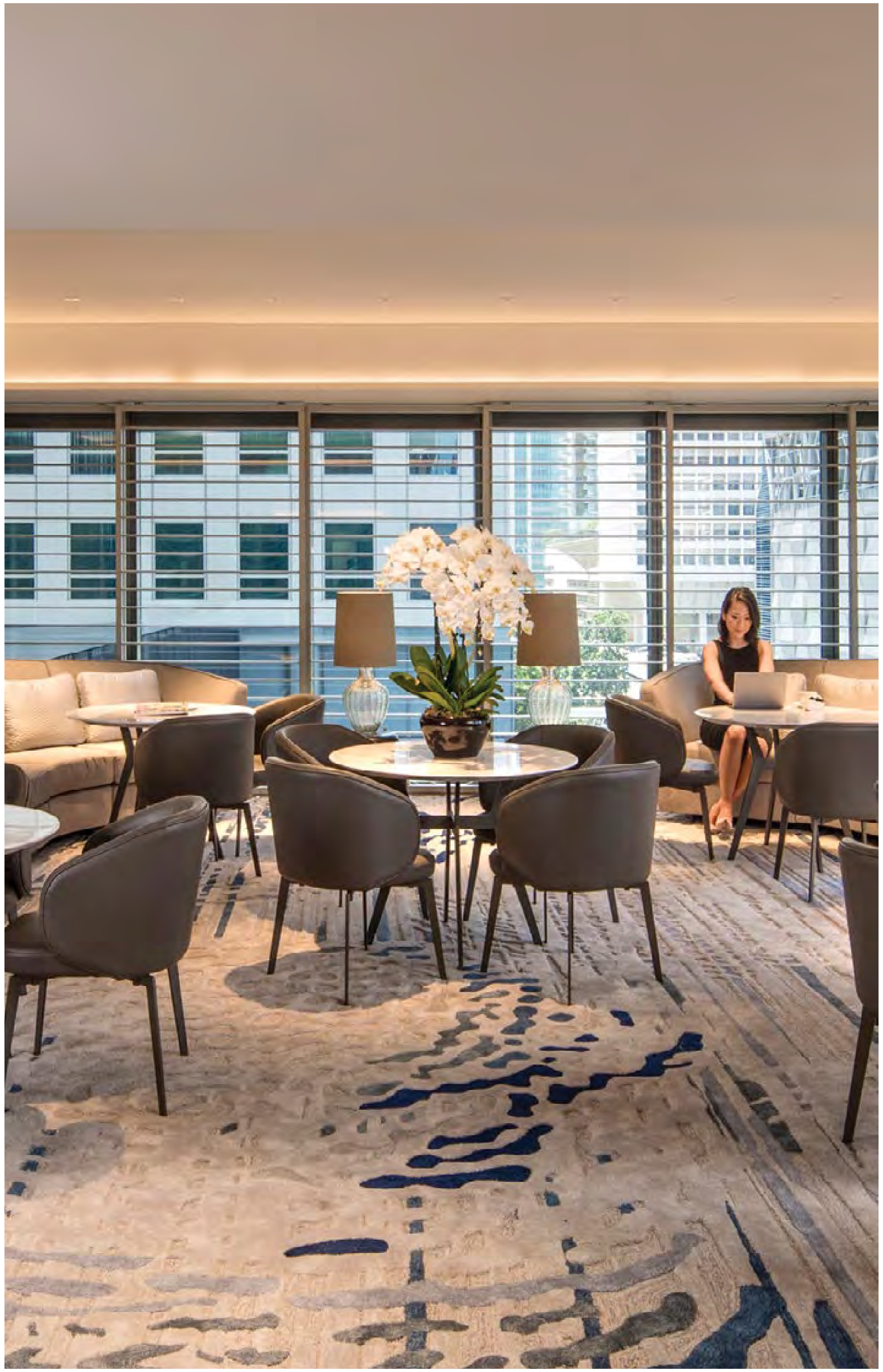
In October 2017, MG participated in the National Environment Agency's inaugural 3R Awards for Shopping Malls, which was launched to recognise outstanding waste reduction efforts by malls and retail tenants. MG was acknowledged with a Certificate of Participation.

GREEN BUILDING CERTIFICATION

Our properties are certified under the BCA Green Mark Scheme.

The BCA Green Mark is a green building certification that looks into the overall environmental performance and practices of buildings as they relate to sustainable design, construction and operations. Criteria for a Green Mark rating include energy, water and waste efficiency, environmental protection, indoor environmental quality, and green innovations.

One Raffles Place Comprises One Raffles Place Tower 1 and Tower 2 and One Raffles Place shopping mall	**BCA Green Mark Platinum** (Tower 2) (obtained recertification in 2017) **BCA Green Mark Gold** (Tower 1) **BCA Green Mark** (shopping mall)
OUE Bayfront Comprises OUE Bayfront, OUE Tower and OUE Link	**BCA Green Mark Gold**
Downtown Gallery	**BCA Green Mark Gold**
Oakwood Premier OUE Singapore	**BCA Green Mark Gold**
Marina Mandarin Singapore	**BCA Green Mark Gold**
Mandarin Gallery	**BCA Green Mark**
Mandarin Orchard Singapore	**BCA Green Mark**
Crowne Plaza Changi Airport	**BCA Green Mark**



LIVING @OUE DOWNTOWN Modern sophistication and five-star hotel-inspired facilities and services elevate the Oakwood Premier OUE Singapore lifestyle.

GOVERNANCE

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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

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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. Eng Chin Chin
Date of appointment : With effect from financial year ended 31 December 2017

Registered Office

50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321
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Investor Relations/ Corporate Communication

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Telephone : (65) 6809 6051
Email : investorrelations@oue.com.sg

Corporate Governance Report

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2017 ("**FY2017**") 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, save for certain deviations from the Code which are explained under the respective sections.

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

A. Board Matters

PRINCIPLE 1 : BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective board of directors (the "**Board**") comprising a majority of non-executive directors ("**Directors**"). The Board is supported by three Board committees ("**Board Committees**"), namely, the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference, which have been approved by the Board, and set 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 the performance of the management of the Company ("**Management**");
- 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.

Although the Company has not adopted a Board charter or code of conduct, the current Board comprises highly qualified legal professionals who are able to render regular advice on the roles and responsibilities of the board and provide adequate guidance on the corporate governance practices of the Company.

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

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required. In 2017, the Board met four times. The report on the Directors' attendance for Board and Board Committees meetings is set out below. Directors who are unable to attend Board and/or Board Committees meetings may convey their views to the respective chairmen or the company secretary of the Company ("**Company Secretary**"). The Company's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings

	Number of meetings attended in FY2017			
Name of Director	**Board**	**AC**	**NC**	**RC**
Stephen Riady	3	-	-	-
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	3	3	-	-
NUMBER OF MEETINGS HELD IN FY2017	**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 FY2017.

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

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

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

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

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. In reviewing the independence of a Director, the NC takes into consideration, in particular, the Director's objective participation on the Board and a review of whether he has any relationship with the Company, its related corporations or its officers that could interfere or reasonably be perceived to interfere with his independent judgement. In addition to the annual review by the NC of the Directors' independence, each independent Director also submits an annual declaration regarding his independence. 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 during FY2017 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. In relation to Mr. Sin Boon Ann, notwithstanding that the fees invoiced by Drew & Napier LLC (of which Mr. Sin is Deputy Managing Director of the Corporate and Finance Department) to the Group for legal fees in FY2017 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 of the Company. Further, Mr. Sin is able to exercise independent judgement and demonstrate objectivity in his deliberations at meetings. Mr. Sin has not served on the Board for more than nine years.

There are two non-independent non-executive Directors who also contribute constructively to recommendations from Management. The non-executive Directors may also, from time to time as they consider necessary, discuss via telephone conferences or otherwise, matters relating to the Company and/or the Group, including issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings.

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

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

The NC has recommended to the Board that Mr. Sin Boon Ann 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.

Mr. Sin Boon Ann will, upon re-election as a Director, remain as the Lead Independent Director of the Company and a chairman of each of the NC and RC, and a member of the AC. Mr. Kin Chan will, upon re-election as a Director, remain as an Independent Director of the Company and a member of the AC.

PRINCIPLE 3 : CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board is chaired by Dr. Stephen Riady, who is an executive Director. The chairman of the Board ("**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 and by all Directors.

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 of the independent Directors. The Board is also of the view that the current Board composition is effective in steering the Company's strategies. The Board 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. The independent Directors actively seek clarification from, and engage with, Management as they deem necessary. They may also discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, as they may consider necessary. 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.

In the interest of embracing recommended best practices, the Board has appointed Mr. Sin Boon Ann as the Lead Independent Director with effect from 17 February 2017. The role of the Lead Independent Director includes meeting with shareholders where they have concerns and when contact through the normal channels of the Chairman, the Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") has failed to resolve such issues raised by the shareholder, or for which such contact is inappropriate.

There is a clear separation of responsibilities between the Chairman and the 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 FY2017.

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 on 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 the existence of relationships 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 under the Code.

In its search and selection process, the NC reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify the required and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. In particular, looking ahead, the NC has been tasked to initiate a search process for more independent Directors. 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 board may vary, and thus should not be prescriptive.

Key information on the Directors' particulars and background can be found on pages 42 to 46 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 annually assesses the effectiveness of the Board as a whole and the Board Committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board Committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary compiles the Directors' responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and then shared with the entire Board.

The NC has also set objective performance criteria for evaluating the performance of the Board and the Board Committees, which has been reviewed and approved by the Board. The performance criteria are factors which relate to the Board's ability to discharge its responsibilities to provide diligent oversight and to steer the Company in the appropriate direction with a view to the long-term success of the Company, and thereby measure the Board's effectiveness in enhancing long-term shareholder value. Key areas of focus include the Board size, Board and Board Committee composition, Board information and accountability, Board performance in discharging its principal functions and ensuring the integrity and quality of risk management and internal control systems, standards of conduct of Board members, the Directors' interactions with the CEO and senior management, and Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference. The performance criteria does not change from year to year, unless the NC is of the view that it is necessary to review the performance criteria, for example, in order to align with any changes to the Code.

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

Based on the Board's assessment and review, the Board and its Board Committees have operated effectively and each Director has contributed to the effectiveness of the Board.

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 includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and monthly internal financial statements. The Directors also have separate and independent access to Management and the Company Secretary. The role of the Company Secretary and Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual 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 Management and non-executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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

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 2017.

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

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

The RC sets the 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 and reviewing the policy for the remuneration packages for Directors and key management personnel, the Company's existing internal remuneration policy and other conditions within the industry and in comparable companies are taken into consideration. The remuneration policies of the Company are structured to attract and retain highly qualified persons, and the Company's overall goal 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 in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The remuneration range is also benchmarked against a blended mix of industry peers, the list of which has remained unchanged for the last five years.

Fees payable to the Directors are proposed as a lump sum. The lump sum is subject to the approval of shareholders of the Company at its forthcoming 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 as Lead Independent Director and/or (iii) serving on Board Committees as members, as the case may be. The Directors' fees take into account:

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

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

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

The remuneration 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.

As the key performance indicators to determine the variable component of the CEO's remuneration are not based on financial matrixes which are capable of manipulation resulting in the misstatement of financial results, the Company does not believe that a claw back mechanism on executive compensation is necessary. Further, as the CEO's variable remuneration component is based on past performance, the potential of a bonus claw back based on future misconduct resulting in financial losses to the Company is unlikely to materialise.

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2017 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2017

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Renumeration %
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—S$499,999					
-	-	-	-	-	-
S$500,000—S$749,999					
-	-	-	-	-	-
S$750,000—S$999,999					
-	-	-	-	-	-
S$1,000,000—S$1,249,999					
-	-	-	-	-	-
S$1,250,000—S$1,499,999					
-	-	-	-	-	-
S$1,500,000—S$1,749,999					
-	-	-	-	-	-
S$1,750,000—S$1,999,999					
-	-	-	-	-	-
S$2,000,000—S$2,249,999					
-	-	-	-	-	-
S$2,250,000—SS$2,499,999					
-	-	-	-	-	-
S$2,500,000—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 its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates, 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. Based on a comparison against a peer group of listed companies in the same industry over a multi-year period (which peer group remains constant from year to year), the Board believes that the remuneration of the executive Directors is in line with industry practice.

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

	Number of Directors		Number of Key Management Personnel[1] (who are not also Directors or the CEO)	
	2017	2016	2017	2016
Below S$250,000	5	5	-	-
S$250,000—S$499,999	-	-	-	-
S$500,000—S$749,999	-	-	-	-
S$750,000—S$999,999	-	-	-	-
S$1,000,000—S$1,249,999	-	-	-	-
S$1,250,000—S$1,499,999	-	-	-	-
S$1,500,000—S$1,749,999	-	-	-	-
S$1,750,000—S$1,999,999	-	-	-	-
S$2,000,000—S$2,249,999	-	-	-	-
S$2,250,000—S$2,499,999	-	-	-	-
S$2,500,000—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 Board 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 Board takes 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 employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2017. The Company does not have any employee share scheme as the Board is of the view that the current compensation framework is sufficient.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2017.

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, including interim and other price sensitive public reports and reports to regulators (if required). 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. Financial results and other price sensitive information, annual reports and material corporate developments are disclosed via SGXNET.

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 and have between them extensive and practical expertise in accounting, financial management and corporate finance and law. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the AC as listed below. The AC met four times in 2017.

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, and the hiring, removal, evaluation and compensation of the Company's internal audit and control functions;
- reviewing interested person 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. 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 FY2017 was S$510,000 for non-audit services and S$1,072,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 26 April 2018.

The details of the remuneration of the auditors of the Company during FY2017 are as follows:

	2017 S$'000
AUDIT SERVICES	
-Auditors of the Company	1,072
-Other auditors	367
NON-AUDIT SERVICES	
-Auditors of the Company	510
-Other auditors	56

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, updates 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 2017, and addresses financial, operational, compliance and 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 significantly affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor 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 FY2017, the CEO and the CFO 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 the CFO, 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 103 to 104.

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 hiring, removal, evaluation and compensation of the Vice President, Internal Audit is also approved by the AC. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls to address financial, operational and compliance risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. 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 reviews the adequacy and effectiveness of the Internal Audit department annually and is satisfied that the Internal Audit department is adequately resourced and is staffed with persons with relevant qualifications and experience, and that the Internal Audit department has appropriate standing.

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

Corporate Governance Report

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

Voting for all resolutions at shareholders' meetings held in FY2017 was conducted by electronic poll. The voting procedures are explained during the shareholders' meeting. Votes cast for or against and the respective percentages on each resolution 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 event. Minutes of the shareholders' meetings were also prepared and are available upon request, and include substantial and relevant comments or queries from the shareholders, and responses from the Board and Management.

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

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 set out in the Annual Report. Save as disclosed, there were no IPTs during FY2017 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 pertain 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 of the Company are prohibited from communicating price sensitive information to any person. In addition, the Company also discourages the Directors and officers of the Company from dealing in the Company's securities on short-term considerations.

Managing Risks

Managing Risk

Risk Management is an integral element of the Group's decisions and business processes. The Enterprise Risk Management (ERM) framework, which 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 reduces its exposure to interest rate volatility, thereby managing its funding costs, 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 a level of cash and credit facilities deemed adequate to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

CREDIT RISK

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors its exposure to credit risk arising from trade consumers and corporate customers on an 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.

Managing Risks

Compliance, Legal And Regulatory Risk

Compliance risk arises from the potential violations of regulations and laws that may result in adverse judgement 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.

SUSTAINABILITY REPORT

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Sustainability Report

Board Statement

The Board of Directors for OUE Limited (the "Board") is pleased to present our first Sustainability Report.

We recognise how sustainability can contribute to our core philosophy of Transformational Thinking. We believe that sustainability provides opportunities to enhance the function, practicality, effectiveness, perception and value of our assets and we look forward to exploring these opportunities further in the future.

The Board considers sustainability issues as part of the Group's overall strategy and oversees the management of sustainability-related performance as well as the development of the sustainability report. The Board is supported by the Sustainability Steering Committee, made up of senior management from across the OUE Group.

Our Sustainability Report is aligned to the SGX-ST Listing Rules 711A and 711B – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative ("GRI") Standards (2016).

We believe that it is important for us to focus on the areas where we can have the most impact. The Board validated the results of a materiality assessment that was conducted to identify where to concentrate our sustainability efforts in high impact areas which support our business strategy. In addition, we have set out how we manage our impacts in these areas as well as our performance and targets for the upcoming year.

Who We Are [GRI 102-16]

OUE Limited (the "Company", and together with its subsidiaries, the "Group") is a diversified real estate owner, developer and operator with a real estate portfolio located in Asia and the United States. We constantly grow our business by leveraging our brands and proven expertise in developing and managing assets.

We are shaping our future by diversifying into commercial, retail and residential developments, fund management businesses and, recently, healthcare, in addition to our hospitality excellence. We are committed to maximising shareholder value through our growing portfolio.

TRANSFORMING EXPERIENCES, SEEKING OPPORTUNITIES FROM SUSTAINABILITY [GRI 102-18]

We understand the landscape is changing, and sustainability is an increasingly important issue for us, and for our tenants, customers and business partners. In Singapore, the government has rolled out The Sustainable Singapore Blueprint, which outlines a national vision and plans for a more liveable and sustainable Singapore. The Blueprint encourages sustainable development along three interconnected visions: "a liveable and endearing home", "a vibrant and sustainable city", and "an active and gracious community".

The Blueprint signifies new opportunities for OUE and provides a platform for us to more fully achieve the opportunities we have identified through our philosophy of Transformational Thinking, with the goal of transforming experiences. Transformational Thinking is the concept of looking differently at our buildings, places and communities and seeing opportunities to positively transform experiences through the way they are used, viewed and valued. Opportunities include improving the eco-efficiency of our assets, potentially enhancing their desirability and value. Other opportunities focus on the end use of our development and investment properties, be they offices, malls or hotels, and ensuring they provide safe, enjoyable experiences for visitors and guests.

OUE's Board of Directors and senior management play a vital role in providing strategic direction for OUE Group and our philosophy on Transformational Thinking guides them in their decision making. Therefore, the Board is also tasked with overseeing and approving key sustainability related matters, with this philosophy in mind. They are supported by the Sustainability Steering Committee (SSC), which comprises C-suite representation from OUE Limited, OUE Commercial Real Estate Investment Trust ("OUE C-REIT") and OUE Hospitality Trust ("OUE H-Trust").

MANAGING RISKS

Sustainability is also about how we manage the risks that will act as barriers to achieving our business goals.

The Board, with the assistance of the Audit Committee ("AC"), oversees the governance of risk and monitors the Group's risks through an Enterprise Risk Management framework ("ERM Framework") which incorporates a Risk Register to capture significant business risks, and the strategies and internal controls to mitigate these risks. The Risk Register is reviewed by the AC quarterly and any issues or matters arising from the Risk Register are highlighted by the AC to the Board.

Please refer to our Corporate Governance Report section for more information.

Sustainability Report

About This Report [GRI 102-50]

OUE's inaugural sustainability report is published as an affirmation of its commitment to sustainability. The report addresses OUE's material environmental, social and governance ("ESG") topics from 1 January to 31 December 2017.

REPORTING SCOPE [GRI 102-46]

This report focuses on the Group's sustainability performance across its commercial, hospitality and retail buildings in Singapore. The inclusion of overseas activities will be reviewed for future reports.

In defining the reporting scope, OUE considered its level of operational control over the various activities and, therefore, excludes its residential portfolio comprising OUE Twin Peaks, which was fully constructed in previous years. The Group also owns two land parcels along Nassim Road which have been earmarked for future residential development. As construction at these sites has yet to commence in the reporting period, they are excluded from this report.

For the purposes of this report, the Group has only included properties or entities with a full year of operations. Activities at Oakwood Premier OUE Singapore and Downtown Gallery were also excluded from the scope as these buildings only began operations in the second half of 2017. During the year, OUE successfully acquired OUE Lippo Healthcare Limited ("OUE Lippo Healthcare"), formerly known as "International Healthway Corporation Limited" as its subsidiary. Similarly, activities of OUE Lippo Healthcare have been excluded from this report.

OUE intends to review these exclusions for future periods.

Our data is reported in good faith and to the best of our knowledge. In the coming years, we will continue to enhance our sustainability processes by advocating transparency and accountability. These continue to be the fundamental aspects required to build trust with our stakeholders.

REPORTING STANDARD [GRI 102-54]

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is with reference to the Global Reporting Initiative ("GRI") Standards (2016) and the GRI Reporting Principles; and includes consideration of the GRI Construction and Real Estate Sector Disclosures. We have selected the GRI Standards as our sustainability reporting framework as they are widely used by sustainability reporters globally. The GRI Content Index and the relevant references are presented on pages 118 to 120.

FEEDBACK [GRI 102-53]

OUE welcomes all feedback to help us improve our sustainability practices. Please send your questions or feedback to sustainability@oue.com.sg.

Assessing Materiality With Our Stakeholders In Mind

ENGAGING WITH OUR STAKEHOLDERS [GRI 102-40] [GRI 102-42] [GRI 102-43]

Regular stakeholder engagement enables OUE to solicit and understand the expectations and interests of its various stakeholder groups. This process enables ongoing learning within the organisation and fosters accountability between OUE and its stakeholders.

OUE engages with its stakeholders via various channels as part of its regular activities. Some of the stakeholder engagement methods are summarised in the table below.

Stakeholders	Engagement Methods
Shareholders, investors, analysts and the media	• Release of financial results, announcements, press releases, and other relevant disclosures through SGXNET, annual reports and OUE's website • Email alert subscriptions via OUE's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on-one and group meetings, investor roadshows and emails
Tenants and Guests	• Tenant engagement activities • Informal outreach and networking sessions • Management circulars and notices • Feedback forms
Employees	• Training and development programmes • Annual performance reviews • Recreational and team building activities • Employee townhall sessions and feedback channels
Government and Regulators	• Industry networking functions • Regulatory audits • Compliance with mandatory reporting requirements

MATERIALITY ASSESSMENT [GRI 102-47]

Insights gained from these interactions have been considered when determining the content of this report. The Group conducted a materiality assessment in January 2017 with the aim to select ESG factors that shine a spotlight on opportunities to transform our buildings and our practices. An independent sustainability consultant was engaged to facilitate a three-step process as summarised in the table below. The assessment covered OUE's operations in Singapore, and was conducted in accordance with the GRI Materiality Principle.

Step 1 Identify material ESG Factors	• Market research and peer landscape/benchmarking • Pre-workshop questionnaire completed by members of the SSC
Step 2 Prioritise material ESG factors	• Sustainability reporting workshop attended by members of the SSC
Step 3 Validate material ESG factors	• Approval and validation by the Board

Assessing Materiality With Our Stakeholders In Mind (Cont'd)

In prioritising the material factors, OUE considered the following:

- global and local emerging sustainability trends;
- main topics and future challenges for the real estate sector, as identified by peers;
- insights gained from regular day-to-day interactions with external stakeholders; and
- key organisational strategies and risks identified in OUE's existing Enterprise Risk Management ("ERM") framework.

The 13 material factors in the table below form the focus of this report. Please refer to the Financial Statements section for more information on OUE's economic performance for the financial year ended 31 December 2017.

Sustainability Focus Areas	Material ESG Factors
Economic	• Economic Performance
Environment	• Energy • Emissions • Water • Effluents and Waste • Compliance with Environmental Regulations
Community	• Customer Health and Safety
Workforce	• Occupational Health and Safety • Talent Retention • Career Development • Diversity and Equal Opportunity
Governance	• Anti-corruption • Compliance with Local Laws and Regulations

Environment

ENERGY AND EMISSIONS [GRI 302-1] [GRI CRE1] [GRI 305-2] [GRI CRE3]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Building Energy Intensity	307.8 kWh/m^2	Maintain building energy intensity at equal or below 2017 intensity
GHG Emissions Intensity from Buildings	0.13 tCO_2e/m^2	Maintain greenhouse gas emissions intensity at equal or below 2017 intensity

Globally, energy use and its associated greenhouse gas (GHG) emissions is an emerging concern due to the potential threats from rising global temperatures and climate change. In 2015, Singapore was one of more than 190 nations which pledged to limit their GHG emissions through "nationally determined contributions" as part of the Paris Agreement.

As OUE's buildings use substantial amounts of energy, energy management provides opportunities for OUE to transform how its properties are developed and managed through energy efficiency initiatives as well as exploring energy efficiency innovations for future adoption. Some initiatives that were implemented to improve energy efficiency across the Group's properties include:

- installing energy-efficient LED lighting in common areas;
- installing motion-activated lighting controls in common areas;
- regular monitoring of chiller plant efficiency and upgrading of old chillers;
- requiring tenants to abide by Green Guidelines while carrying out fit-out and renovation works; and
- encouraging employees and hotel staff to practise energy-saving initiatives.

The bulk of the Group's energy consumption is from purchased grid electricity. In 2017, electrical energy consumption[1] amounted to 83,786 megawatt hours (MWh). Overall building energy intensity recorded 307.8 kilowatt hour per square metre of floor area (kWh/m^2) in 2017.

The Group's indirect GHG emissions[2] and intensity from electrical energy in 2017 was approximately 35,559 tonnes of carbon dioxide equivalent (tCO_2e) and 0.13 tCO_2e/m^2, respectively.

In line with its vision to enhance the durability and desirability of its buildings, OUE identifies with the BCA Green Mark Scheme, which was launched to promote sustainability in the built environment and drive Singapore's construction industry towards more environmentally-friendly buildings. The following properties have received certification under the BCA Green Mark Scheme:

One Raffles Place Comprises One Raffles Place Tower 1 and Tower 2, and One Raffles Place shopping mall	BCA Green Mark Platinum (Tower 2) BCA Green Mark Gold (Tower 1) BCA Green Mark (Shopping Mall)
OUE Bayfront Comprises OUE Bayfront, OUE Tower, and OUE Link	BCA Green Mark Gold
Downtown Gallery	BCA Green Mark Gold
Oakwood Premier OUE Singapore	BCA Green Mark Gold
Marina Mandarin Singapore	BCA Green Mark Gold
Mandarin Gallery	BCA Green Mark
Mandarin Orchard Singapore	BCA Green Mark
Crowne Plaza Changi Airport	BCA Green Mark

[1] Energy consumption excludes tenanted areas that are not within the operational control of OUE Limited.

[2] GHG emissions is derived based on the latest available Singapore's Grid Emission Factors published by the Energy Market Authority.

Environment (Cont'd)

WATER [GRI 303-1] [GRI CRE2]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Building Water Intensity	2.96 m^3/m^2	Maintain building water intensity at equal or below 2017 intensity

OUE recognises that water is essential to its business operations. Tenants, guests and users of its properties expect to be supplied with clean potable water. Like energy, water management provides opportunities for OUE to transform how its properties are developed and managed as well as explore water recycling or reuse innovations in the future.

OUE's properties in Singapore are certified under the Public Utilities Board's Water Efficient Building (WEB) Certification Programme. This signifies that the buildings have been installed with approved water efficient fittings and adopted WEB-recommended flow rates and flush volumes. While majority of the water supply is sourced from public utilities, the buildings also utilise water from alternative sources to reduce the reliance on potable water. Non-potable water is used in cooling towers, for irrigation as well as flushing in lavatories.

Total building water consumption[3] in 2017 recorded 806,250 cubic metres (m^3). Overall building water intensity recorded 2.96 m^3/m^2 during the year.

EFFLUENTS AND WASTE [GRI 306-2]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Percentage of Waste Sent for Recycling	9.95%	Maintain waste recycling rate at equal or above 2017 rate

Reducing waste generation and proper waste management remain a priority in Singapore given the limited space for landfills. As a property owner, OUE recognises that it does not have direct control over the production of waste by tenants within its buildings. Therefore, the Group's focus is on providing good waste management and recycling facilities for tenants as part of its efforts to reduce its environmental footprint.

OUE recognises that there are opportunities for the functionality of our buildings to contribute towards a circular economy, where by-products and materials are recycled or reused. We encourage the tenants, guests and users of our buildings to Reduce, Reuse and Recycle (3Rs), where possible. Recycling bins are provided in common areas to promote the recycling of waste such as glass, paper, metal, plastic, food and used electronic equipment. This waste is collected, sorted and quantified before it is sent to be recycled by an external vendor. OUE also engages directly with its tenants via periodic management circulars which contain information on the recycling and waste diversion initiatives within the buildings. In addition, tenants are encouraged to reuse paper and minimise printing, where possible.

In 2017, the total weight of waste generated was 4,929,404 tonnes. Total waste sent for recycling amounted to 490,621 tonnes in 2017.

[3] Water consumption excludes tenanted areas that are not within the operational control of the Group.

Community

CUSTOMER HEALTH AND SAFETY [GRI 416-2]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Non-compliance with regulations and/or voluntary codes concerning the health and safety of guests, tenants and building users which resulted in a fine, penalty or warning	Zero non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning	Maintain zero non-compliance with regulations and/or voluntary codes concerning the health and safety of guests, tenants and building users resulting in a fine, penalty or warning

At OUE, we aim to enhance and enrich the potential of each development by transforming them into places where people aspire to live, work and play. A safe environment is vital to an enjoyable experience at our hotels, office buildings and malls. OUE recognises that the safety of our hotel guests, tenants and building users is of paramount importance. As a real estate owner, OUE is responsible for ensuring that all users of its buildings are safe from injury at all times.

OUE conducts regular meetings with its property managers to discuss and assess the safety performance of the properties. Property managers are required to submit incident reports and maintenance records on a monthly basis. Internal and external audits are conducted twice a year to review the safety of the buildings. Maintenance and servicing of all equipment and machinery are conducted every quarter.

On-site checks are conducted every two to three weeks to ensure that facilities in all common areas (such as lifts and escalators) are in safe operating condition. Any hazards identified are required to be adequately signposted to prevent unnecessary accidents or injuries.

Tenants are required to abide by the health and safety guidelines within the Tenant Handbook. Prior to the commencement of fit-out works, tenants must ensure that their appointed contractors agree to take up policies on workmen compensation, third-party liability insurance, and contractor's all risk insurance. Third-party service providers are also required to produce and maintain relevant safety certifications throughout the engagement.

As a testament to the above-mentioned initiatives, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety of guests, tenants and building users which resulted in a fine, penalty or warning during the year.

Workforce

TALENT RETENTION [GRI 102-8] [GRI 401-1]

FY2017 Highlights

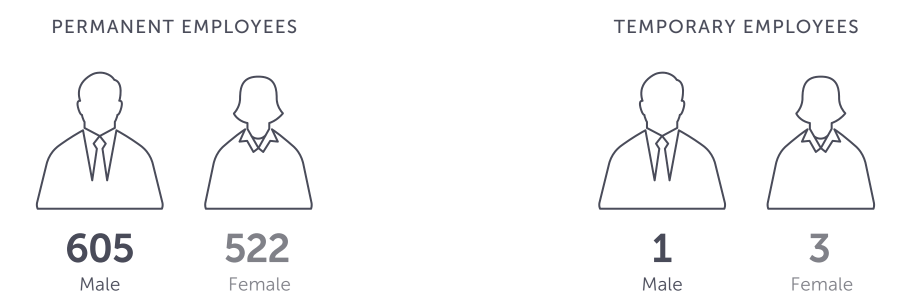
Indicator	Performance in 2017	Target for 2018
Rate of New Employee Hires	35.3%	Maintain employee turnover rate below national industry average
Rate of Employee Turnover	34.4%	

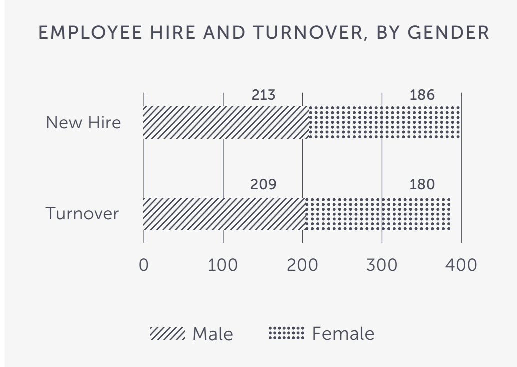
Our employees are key drivers to Transformational Thinking. They enable us to uncover fresh perspectives and explore details that will transform our developments into hubs of vibrant possibilities. Effective recruitment and selection is crucial to the successful functioning of our business. The Group places emphasis on employing individuals with the necessary competencies, experience, qualifications as well as the right mindset to make a positive contribution to the values and business objectives of OUE.

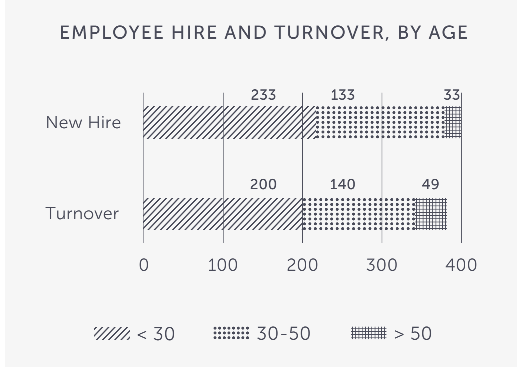
The Group employs human resource strategies and policies which are grounded on equal opportunities and fair employment practices. The employee handbook contains a human resource manual which includes policies on hiring, and learning and development.

In 2017, the Group's workforce[4], including permanent and temporary employees, totalled 1,131 in Singapore. During the period, the rate of new employee hires was 35.3%. Employee turnover rate stands at 34.4%.

FY2017 Workforce







[4] Total reported workforce includes employees of OUE Group and excludes casual labour employed on an ad-hoc basis.

Workforce (Cont'd)

DIVERSITY AND EQUAL OPPORTUNITY [GRI 405-1]

FY2017 Highlights

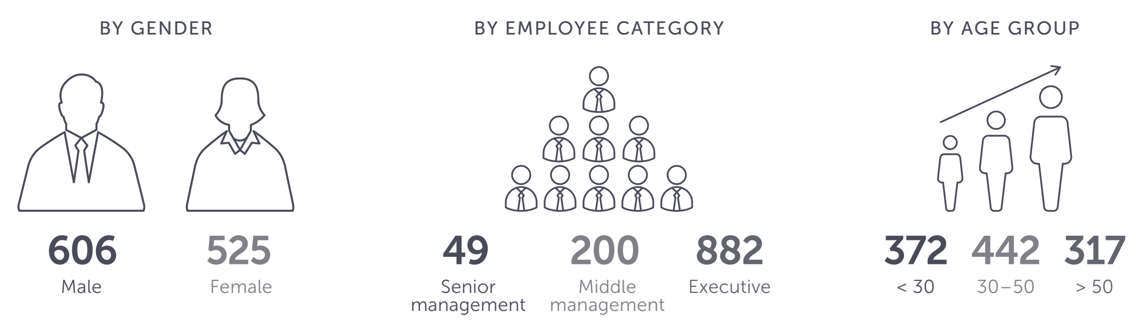
Indicator	Performance in 2017	Target for 2018
Diversity within workforce and governance body	Staff base is 54% male and 46% female	Continue to employ fair recruitment practices with no preference for any particular gender, ethnicity, religion or age

We strive to give our employees a space that encourages innovations in urban landscapes. A fair and merit-based recruitment and promotion process contributes to a positive work environment and boosts employee morale. OUE aims to employ qualified candidates without any discrimination against age, gender, race, marital status or religion.

The Group subscribes to the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) guidelines and government employment legislation in all its recruitment and selection practices. As an equal opportunity employer, OUE recruits and selects employees based on merit and their assessed potential to contribute to the business.

OUE places emphasis on maintaining a diverse workforce and fostering an inclusive workplace that is free from discrimination. Our employees are split roughly equally between genders, with a 54% male and 46% female staff base, and across age groups. The disclosures below provide a quantitative measure of diversity within the Group, at both the employee level and Board level.

Composition of Workforce



Composition of Board of Directors

Workforce (Cont'd)

CAREER DEVELOPMENT [GRI 404-3]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Percentage of eligible employees receiving regular performance and career development reviews	100% of eligible employees received an annual performance appraisal	Continue to conduct annual performance appraisals for 100% of eligible employees

We invest in our employees in order to help them to achieve their full potential. In a dynamic business environment, we recognise the need to constantly upgrade our employees in order to equip them with the skills necessary for growth. We help them develop the ability to see potential where others do not, and to design practical approaches to achieve them.

Our training policy focuses on enabling continuous learning and development throughout the employment cycle. All new joiners are required to go through an orientation session where they are introduced to the firm's key policies, which include the Employee Code of Conduct as well as the workplace safety and health framework. Throughout their careers, employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies.

Apart from in-house training, employees are also encouraged to pursue development opportunities to further their careers. Examples of such opportunities include industry seminars and conferences, skills certification training, courses to attain professional qualifications as well as scholarship programmes.

The Group adopts an open performance evaluation process, which is conducted at least once a year. Employees receive performance feedback from their supervisors and are encouraged to communicate and discuss their training and development goals. All eligible employees received a performance appraisal in 2017.

WORKPLACE HEALTH & SAFETY [GRI 403-2]

FY2017 Highlights[5]

Indicator	Performance in 2017	Target for 2018
Accident Frequency Rate (AFR[6])	21.1	Maintain zero incidents resulting in employee permanent disability or fatality
Accident Severity Rate (ASR[7])	139.5	

In order to cultivate a strong safety culture in the workplace, the Group implemented an occupational health and safety management framework, which takes reference from the Ministry of Manpower's Workplace Safety and Health (WSH) Act. The Group also subscribes to the bizSAFE programme administered by the Singapore WSH Council to develop its capabilities in ensuring workplace health and safety.

All employees are introduced to the Group's WSH policies as part of the new joiner orientation programme. In our day-to-day operations, employees are required to ensure that ample safety measures are in place prior to carrying out work that requires the use of heavy machinery or industrial plant and equipment. Operational personnel receive relevant training and supervision, and are trained to conduct risk assessments to identify workplace hazards and implement risk control measures.

In 2017, there were zero work-related fatalities across the properties. Accident frequency rate (AFR) was 21.1 and accident severity rate (ASR), which evaluates the number of work days lost as a result of accidents, was 139.5. Absentee rate[8] (days per employee per year) was 5.7 days.

[5] Includes employees of OUE Group and excludes casual labour employed on an ad-hoc basis.
[6] AFR is a term used in Singapore by the WSH Council, which measures how often workplace incidents occurred per million man-hours worked.
[7] ASR refers to the number of man-days lost to workplace accidents per million man-hours worked.
[8] Absentee rate is based on medical leave as a result of incapacity of any kind, not just as the result of workplace injuries. It excludes permitted leave absences.

Governance

ANTI-CORRUPTION [GRI 205-3]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption	Zero confirmed incidents of corruption

OUE is committed to maintain high standards of business conduct to safeguard the interests of its stakeholders. We are dedicated to uphold integrity and honesty in our operations. The Code of Business Conduct and Ethics sets out expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. Upon commencement of employment, all employees are required to sign a certificate of compliance to indicate their willingness to adhere to the Code.

OUE has in place a whistle-blowing policy to provide a channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters. We do not permit retaliation or harassment of any kind against individuals for complaints submitted that are made in good faith. All complaints or concerns received are investigated by the Head of Internal Audit, who reports to the Chairman of the Audit Committee.

We have also established well-defined Limits of Authority to manage decision making within the OUE Group. This ensures that all actions to be authorised are at all times consistent with the OUE Group's objectives, principles, ethics and relevant legal and/or regulatory requirements.

There were no confirmed incidents of corruption during the year.

Governance (Cont'd)

COMPLIANCE WITH LOCAL LAWS AND REGULATIONS [GRI 419-1] [GRI 307-1]

FY2017 Highlights

Indicator	Performance in 2017	Target for 2018
Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions	Zero non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	Maintain zero non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions
Non-compliance with environmental laws and/or regulations which resulted in significant fines and non-monetary sanctions	Zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions	Maintain zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions

OUE's Board of Directors and management strives to act in the best interests of the Company while simultaneously ensuring compliance with local laws and regulations. The responsibility of compliance within the Group lies with respective department heads, with support from the legal department. OUE is also subject to environmental laws and regulations, including the Green Mark Scheme by the Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA).

The legal department monitors changes to the applicable laws and regulations through the media, press publishing, and advice and publications from legal counsels. From time to time, our legal personnel attend sessions conducted by law firms or audit firms to be kept abreast of the latest legislative changes and updates to legislations and regulations which are relevant to OUE. Where necessary, external legal counsels are engaged to assist the team in implementing policies or frameworks to ensure compliance with laws and regulations, and to conduct trainings for the directors and relevant departments within the Group. Group-wide training on countering the financing of terrorism and the prevention of money laundering is conducted once a year.

Property managers conduct regular checks within the buildings to ensure compliance with reporting requirements on submitting data on its building energy consumption, waste management and water efficiency on an annual basis. Properties are also subject to periodic environmental audits by the local authorities. If any non-compliance is identified, the legal and regulatory impacts will be assessed and remedial plans will be carried out.

There were no incidents of non-compliance with laws and regulations, including environmental regulations, resulting in significant fines or sanctions in 2017.

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	OUE Limited ("OUE")
102-2	Activities, brands, products, and services	Group at a Glance, page 4 Operations Review, page 50
102-3	Location of headquarters	Group at a Glance, page 4 Operations Review, page 50
102-4	Location of operations	Group at a Glance, page 4 Operations Review, page 50
102-5	Ownership and legal form	Financial Statements, page 121
102-6	Markets served	Group at a Glance, page 4 Operations Review, page 50
102-7	Scale of the organisation	Group at a Glance, page 4 Operations Review, page 50
102-8	Information on employees and other workers	Workforce, Talent Retention, page 113 There was no significant variation in employment numbers during the reporting period.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	Singapore Institute of Directors
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 106
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, page 106
Governance		
102-18	Governance structure	Who We Are, page 106
Stakeholder Engagement		
102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 108
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.

Sustainability Report

GRI CONTENT INDEX [GRI 102-55]

Stakeholder Engagement (Cont'd)		
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 108
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 108
102-44	Key topics and concerns raised	OUE has not disclosed the key topics and concerns that have been raised through stakeholder engagement and may do so in future periods.
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, page 121
102-46	Defining report content and topic boundaries	About this Report, Reporting Scope, page 107
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, page 108
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2017 – 31 December 2017
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 107
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Standard, page 107
102-55	GRI content index	The GRI content index is laid out on pages 118 to 120.
102-56	External assurance	Not applicable
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	Environment, Energy and Emissions, page 110 Environment, Water, page 111 Environment, Effluents and Waste, page 111 Community, Customer Health & Safety, page 112 Workforce, Talent Retention, page 113 Workforce, Diversity and Equal Opportunity, page 114 Workforce, Career Development, page 115 Workforce, Workplace Health & Safety, page 115 Governance, Anti-corruption, page 116 Governance, Compliance with Local Laws and Regulations, page 117
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
MATERIAL TOPICS		
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Statements, page 121

GRI Content Index [GRI 102-55]

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
MATERIAL TOPICS (CONT'D)		
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Governance, Anti-corruption, page 116
Energy		
302-1	Energy consumption within the organisation	Environment, Energy and Emissions, page 110
CRE1	Building energy intensity	
Water		
303-1	Water withdrawal by source	Environment, Water, page 111
CRE2	Building water intensity	
Emissions		
305-2	Energy indirect (scope 2) GHG emissions	Environment, Energy and Emissions, page 110
CRE3	Greenhouse gas emissions intensity from buildings	
Effluents and Waste		
306-2	Waste by type and disposal method	Environment, Effluents and Waste, page 111
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Governance, Compliance with Local Laws and Regulations, page 117
Employment		
401-1	New employee hires and employee turnover	Workforce, Talent Retention, page 113
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce, Workplace Health & Safety, page 115
Training and Education		
403-3	Percentage of employees receiving regular performance and career development reviews	Workforce, Career Development, page 115
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Workforce, Diversity and Equal Opportunity, page 114
Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Community, Customer Health and Safety, page 112
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Governance, Compliance with Local Laws and Regulations, page 117

FINANCIAL STATEMENTS

122 Directors' Statement, 125 Independent Auditor's Report, 129 Consolidated Statement of Comprehensive Income, 130 Statements of Financial Position, 131 Consolidated Statement of Changes in Equity, 133 Consolidated Statement of Cash Flows, 135 Notes to the Financial Statements

OTHER INFORMATION

221 Shareholding Statistics, 222 Substantial Shareholders, 224 Public Float, 225 Interested Person Transaction, 226 Notice of Annual General Meeting, 231 Proxy Form

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 2017.

In our opinion:

(a) the financial statements set out on pages 129 to 220 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 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; 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 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**	
	Stephen Riady	**Kin Chan**	**Stephen Riady**	**Kin Chan**
DEEMED INTEREST				
The Company				
OUE Limited				
-ordinary shares	-	618,916,410	618,916,410	618,916,410
Related Corporations				
Lippo ASM Asia Property Limited				
-Class A shares	-	400	400	400
-Class B shares	-	-	200	-
-Class C shares	-	200	-	200
Fortune Code Limited				
-ordinary shares	-	45,932	45,932	45,932
Golden Concord Asia Limited				
-ordinary shares	-	1,000	1,000	1,000
OUE Realty Pte. Ltd.				
-ordinary shares	-	50,000,000	50,000,000	50,000,000
OUE Lippo Healthcare Limited				
-ordinary shares	-	-	1,429,514,500	1,429,514,500
Health Kind International Limited				
-ordinary shares	-	-	19,125,765	19,125,765
PT Kurnia Semesta Prima				
-ordinary shares	-	-	500,100	500,100

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 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

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

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

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

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
YEAR ENDED 31 DECEMBER 2017

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

16 March 2018

Independent Auditors' Report
YEAR ENDED 31 DECEMBER 2017

Members of the Company
OUE Limited

Report on the audit of the financial statements

We have audited the financial statements of OUE Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 129 to 220.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties
(Refer to note 23 to the financial statements)

Risk

The Group has a portfolio of investment properties mainly in Singapore, the People's Republic of China and the United States of America with a carrying value of $6.4 billion (2016: $5.7 billion). Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. Significant judgements and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A small change in the key assumptions applied by the valuers such as the expected rent growth rate, discount rate, terminal yield rate, capitalisation rate and price per square foot/metre can have a significant impact to the valuation.

Our response

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

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method, direct comparison method and residual value method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the expected rent growth rates, discount rates, terminal yield rates, capitalisation rates and price per square foot/metre, against historical rates and available market data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings

We are satisfied with the competency, capability and objectivity of the external valuers. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are comparable to market data.

Valuation of available-for-sale financial assets
(Refer to notes 18 and 40 to the financial statements)

Risk

The Group has an available-for-sale investment in an unlisted equity security. The investee owns hotels and a retail mall. In estimating the fair value of this investment, the Group has used the net asset value of the investee, adjusted for the fair values of the underlying properties held by the investee based on independent external valuations, and applied a discount to take into consideration the non-marketable nature of the investment.

Judgement is involved in determining an appropriate valuation method and the key assumptions to be applied in fair valuing the investment.

Our response

We considered the valuation approach used by the Group in deriving the fair value of the equity securities against those applied for similar equity securities. We assessed the reasonableness of the fair values of the underlying properties held by the investee as well as the discount rate applied, by considering comparable properties and available industry market data.

Our findings

The valuation approach used by the Group in deriving the fair value of the equity security is in line with generally accepted market practices and data.

Accounting for significant acquisition
(Refer to notes 13 and 43 to the financial statements)

Risk

The Group acquired equity interests in OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) ("OUELH"), in various tranches and has determined that the Group controls OUELH on 2 March 2017.

Significant judgements and estimates were used in determining the fair value of the net identifiable assets and liabilities acquired especially in relation to the valuation of the trade and other receivables, the determination and valuation of litigation and claims, and the resultant goodwill on consolidation.

The acquired trade and other receivables included amounts due from certain companies ("Deconsolidated subsidiaries") of OUELH of $34.4 million. The recoverability of these amounts is dependent on the outcome of on-going legal suits that OUELH and the Deconsolidated subsidiaries have with certain lenders.

Our response

We assessed the reasonableness of management's determination of the fair value of identifiable assets and liabilities acquired. For receivables from the Deconsolidated subsidiaries, we considered the management's assessment of the possible outcome of the on-going legal suits, held discussions with management and the external legal counsel, and reviewed legal correspondences between the management and the external legal counsel.

Our findings

Management has a structured approach in determining the fair value of identifiable assets and liabilities acquired and the resultant goodwill on consolidation. Management's assessment of the possible outcome of the on-going legal suits was premised on various matters, including legal advice obtained.

Litigations, claims and other contingencies
(Refer to note 37 to the financial statements)

Risk

The Group's subsidiary, OUELH was involved in several on-going litigations and claims as at 31 December 2017. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be subjected to change, which can potentially affect the amount of provision made by OUELH.

Our response

We assessed the reasonableness of the management's assessment on the provision to be made in relation to the on-going litigations and claims. We held discussions with management and the external legal counsel. We also reviewed relevant correspondences and/or agreements between the parties involved and obtained confirmation letters from the external legal counsel.

Our findings

We found management's assessment of the amount of provision to be supportable, taking into consideration the legal advices obtained, latest developments on the litigations and claims, and the possible course of actions to be taken.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

- modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

SINGAPORE
16 March 2018

	Note	2017 $'000	2016 $'000
Revenue	4	754,112	884,241
Cost of sales		(483,394)	(564,417)
GROSS PROFIT		**270,718**	**319,824**
Marketing expenses		(30,928)	(42,906)
Administrative expenses		(83,716)	(56,397)
Other operating expenses		(58,765)	(12,314)
Share of results of equity-accounted investees, net of tax		68,762	66,439
		166,071	274,646
Finance expenses	7	(130,926)	(127,768)
Finance income	8	12,227	11,264
		47,372	158,142
Other gains-net	9	146,301	54,408
PROFIT BEFORE TAX		**193,673**	**212,550**
Tax expense	10	(32,486)	(35,463)
PROFIT AFTER TAX		**161,187**	**177,087**
OTHER COMPREHENSIVE INCOME			
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Currency translation differences relating to foreign operations		(43,639)	(10,430)
Share of currency translation differences of equity-accounted investees		(8,755)	(18,352)
Share of currency translation differences of an equity-accounted investee reclassified to profit or loss on disposal		(3,564)	-
Share of other reserves of equity-accounted investees		10,446	(3,914)
Available-for-sale financial assets:			
-net change in fair value, net of tax		26,729	(8,736)
-fair value reserve reclassified to profit or loss on disposal, net of tax		-	(4,731)
Cash flow hedges:			
-effective portion of changes in fair value of cash flow hedges		(6,699)	(17,694)
-hedging reserve reclassified to profit or loss		714	10,915
OTHER COMPREHENSIVE INCOME, NET OF TAX		**(24,768)**	**(52,942)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**136,419**	**124,145**
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		98,866	144,366
Non-controlling interests		62,321	32,721
		161,187	177,087
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		80,690	100,373
Non-controlling interests		55,729	23,772
		136,419	124,145
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
Basic and diluted earnings per share ($)	11	0.11	0.16

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

Statements of Financial Position

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
ASSETS					
Cash and cash equivalents	12	535,249	238,973	42,614	77,778
Trade and other receivables	13	65,451	19,643	1,239,260	823,306
Inventories	14	2,009	1,124	222	254
Other investments	15	179,639	175,514	-	-
Development properties	16	521,181	724,224	-	-
Other assets	17	79,330	34,324	3,967	1,585
Loans to subsidiaries	21	-	-	1,860,509	2,034,624
CURRENT ASSETS		**1,382,859**	**1,193,802**	**3,146,572**	**2,937,547**
Available-for-sale financial assets	18	193,236	154,160	171,271	143,805
Intangible assets and goodwill	19	19,626	-	-	-
Investments in equity-accounted investees	20	955,013	942,376	495,745	491,917
Investments in subsidiaries	21	-	-	334,712	334,792
Loans to subsidiaries	21	-	-	193,567	199,468
Lease prepayments	22	29,821	-	-	-
Other investments	15	13,741	14,990	-	-
Other assets	17	5,897	2,624	796	976
Investment properties	23	6,390,048	5,742,752	-	-
Property, plant and equipment	24	31,494	19,438	10,567	12,609
Deferred tax assets	29	12,410	12,948	264	765
Derivative assets	26	-	315	-	-
NON-CURRENT ASSETS		**7,651,286**	**6,889,603**	**1,206,922**	**1,184,332**
TOTAL ASSETS		**9,034,145**	**8,083,405**	**4,353,494**	**4,121,879**
LIABILITIES					
Trade and other payables	27	255,043	218,727	101,891	103,203
Borrowings	28	1,081,828	656,046	35,000	299,937
Provision	31	46,000	4,187	4,115	4,969
Loans from subsidiaries	21	-	-	539,278	45,000
Current tax liabilities		34,913	33,718	6,575	5,218
Deferred income	25	12,579	-	-	-
Derivative liabilities	26	487	43	-	-
CURRENT LIABILITIES		**1,430,850**	**912,721**	**686,859**	**458,327**
Borrowings	28	2,399,107	2,245,443	497,300	497,035
Deferred income	25	83,111	71,877	-	-
Deferred tax liabilities	29	182,042	142,641	-	-
Other payables	30	52,603	59,165	180	415
Provision	31	-	-	287	4,002
Derivative liabilities	26	10,705	7,747	-	-
NON-CURRENT LIABILITIES		**2,727,568**	**2,526,873**	**497,767**	**501,452**
TOTAL LIABILITIES		**4,158,418**	**3,439,594**	**1,184,626**	**959,779**
NET ASSETS		**4,875,727**	**4,643,811**	**3,168,868**	**3,162,100**
EQUITY					
Share capital	32	693,315	693,315	693,315	693,315
Other reserves	33	(119,582)	(100,441)	(29,073)	(55,574)
Accumulated profits	34	3,451,185	3,416,457	2,504,626	2,524,359
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**4,024,918**	**4,009,331**	**3,168,868**	**3,162,100**
Non-controlling interests	35	850,809	634,480	-	-
TOTAL EQUITY		**4,875,727**	**4,643,811**	**3,168,868**	**3,162,100**

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

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company					
	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017		693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year		-	-	98,866	98,866	62,321	161,187
OTHER COMPREHENSIVE INCOME							
Currency translation differences relating to foreign operations		-	(39,813)	-	(39,813)	(3,826)	(43,639)
Share of currency translation differences of equity-accounted investees		-	(8,755)	-	(8,755)	-	(8,755)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal		-	(3,564)	-	(3,564)	-	(3,564)
Share of other reserves of equity-accounted investees		-	10,446	-	10,446	-	10,446
Net change in fair value of available-for-sale financial assets, net of tax		-	26,729	-	26,729	-	26,729
Cash flow hedges:							
-effective portion of changes in fair value of cash flow hedges		-	(3,590)	-	(3,590)	(3,109)	(6,699)
-hedging reserve reclassified to profit or loss		-	371	-	371	343	714
Total other comprehensive income, net of tax		-	(18,176)	-	(18,176)	(6,592)	(24,768)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**(18,176)**	**98,866**	**80,690**	**55,729**	**136,419**
TRANSACTIONS WITH OWNERS, RECOGNISED DIRECTLY IN EQUITY							
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Dividends paid	36	-	-	(27,054)	(27,054)	(32,855)	(59,909)
Unit issue costs of a subsidiary		-	-	-	-	(906)	(906)
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS		**-**	**-**	**(27,054)**	**(27,054)**	**(33,761)**	**(60,815)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES							
Liquidation of a subsidiary with non-controlling interests		-	-	-	-	(28)	(28)
Proceeds from issuance of units by a subsidiary		-	-	-	-	150,000	150,000
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	46,960	46,960
Contribution from non-controlling interests		-	-	-	-	49	49
Changes in ownership interests in subsidiaries without a change in control	44	-	-	(38,049)	(38,049)	(2,620)	(40,669)
TOTAL CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES		**-**	**-**	**(38,049)**	**(38,049)**	**194,361**	**156,312**
TOTAL TRANSACTIONS WITH OWNERS		**-**	**-**	**(65,103)**	**(65,103)**	**160,600**	**95,497**
Transfer from asset revaluation reserve to accumulated profits		-	(965)	965	-	-	-
At 31 December 2017		693,315	(119,582)	3,451,185	4,024,918	850,809	4,875,727

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

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2017

	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 2016		693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year		-	-	144,366	144,366	32,721	177,087
OTHER COMPREHENSIVE INCOME							
Currency translation differences relating to foreign operations		-	(3,705)	-	(3,705)	(6,725)	(10,430)
Share of currency translation differences of equity-accounted investees		-	(18,352)	-	(18,352)	-	(18,352)
Share of other reserves of equity-accounted investees		-	(3,914)	-	(3,914)	-	(3,914)
Available-for-sale financial assets:							
-net change in fair value, net of tax		-	(8,736)	-	(8,736)	-	(8,736)
-fair value reserve reclassified to profit or loss on disposal, net of tax		-	(4,731)	-	(4,731)	-	(4,731)
Cash flow hedges:							
-effective portion of changes in fair value of cash flow hedges		-	(11,444)	-	(11,444)	(6,250)	(17,694)
-hedging reserve reclassified to profit or loss		-	6,889	-	6,889	4,026	10,915
Total other comprehensive income, net of tax		-	(43,993)	-	(43,993)	(8,949)	(52,942)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**(43,993)**	**144,366**	**100,373**	**23,772**	**124,145**
TRANSACTIONS WITH OWNERS, RECOGNISED DIRECTLY IN EQUITY							
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Own shares acquired	32	-	(2,348)	-	(2,348)	-	(2,348)
Dividends paid	36	-	-	(36,097)	(36,097)	(37,683)	(73,780)
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS		**-**	**(2,348)**	**(36,097)**	**(38,445)**	**(37,683)**	**(76,128)**
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES							
Changes in ownership interests in a subsidiary without a change in control	44	-	-	19,359	19,359	(185,329)	(165,970)
TOTAL CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES		**-**	**-**	**19,359**	**19,359**	**(185,329)**	**(165,970)**
TOTAL TRANSACTIONS WITH OWNERS		**-**	**(2,348)**	**(16,738)**	**(19,086)**	**(223,012)**	**(242,098)**
Share of reserves of an equity-accounted investee		-	(2,428)	-	(2,428)	-	(2,428)
At 31 December 2016		693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811

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

Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2017

	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	161,187	177,087
Adjustments for:		
Depreciation of property, plant and equipment	6,957	4,430
Dividend income	(1,800)	(1,800)
Amortisation of intangible assets	175	-
Amortisation of lease prepayments	711	-
Provision	46,000	-
Reversal of impairment loss on a development property	(20,379)	(62,495)
Net change in fair value of investment properties	(112,155)	34,067
Net change in fair value of investments designated at fair value through profit or loss	(4,095)	(21,249)
Gain on disposal of interests in an equity-accounted investee	(9,672)	-
Gain on disposal of property, plant and equipment, net of transaction cost	(1,424)	(100)
Gain on sale of available-for-sale financial asset	-	(4,731)
Finance expenses	130,926	127,768
Finance income	(12,227)	(11,264)
Share of results of equity-accounted investees, net of tax	(68,762)	(66,439)
Tax expense	32,486	35,463
	147,928	210,737
Changes in:		
-trade and other receivables and other assets	(55,737)	11,233
-inventories	(14)	(381)
-development properties	166,490	197,540
-trade and other payables and provision	(7,506)	(12,830)
-deferred income	23,813	71,877
Cash generated from operations	274,974	478,176
Tax paid	(25,780)	(11,976)
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD	**249,194**	**466,200**

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

Consolidated Statement of Cash Flows
YEAR ENDED 31 DECEMBER 2017

	Note	2017 $'000	2016 $'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		249,194	466,200
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of interest in an associate		-	(78,486)
Acquisition of subsidiaries, net of cash acquired	43	(83,711)	-
Acquisition of available-for-sale financial assets		(12,681)	(7,749)
Acquisition of other investments		(2,095)	(14,396)
Additions to property, plant and equipment		(10,480)	(2,246)
Additions to investment properties		(136,243)	(153,892)
Dividends from:			
-equity-accounted investees, net of tax		33,139	29,110
-available-for-sale financial assets, net of tax		1,800	1,800
-other investments, net of tax		440	288
Interest received		1,531	1,196
Loan to an associate		(4,000)	(10,650)
Loan to a joint venture		-	(25,247)
Repayment of loan from a joint venture		-	8,837
Proceeds from sale of other investments		1,958	217,134
Proceeds from sale of available-for-sale financial asset		-	18,889
Proceeds from disposal of interests in an equity-accounted investee		34,787	-
Proceeds from disposal of property, plant and equipment		2,280	292
NET CASH USED IN INVESTING ACTIVITIES		**(173,275)**	**(15,120)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests	44	(40,669)	(165,970)
Contribution from non-controlling interests		49	-
Dividends paid		(59,909)	(73,780)
Finance expense paid	28	(124,656)	(107,596)
Proceeds from borrowings	28	2,200,223	541,856
Repayment of borrowings	28	(1,894,776)	(577,074)
Proceeds from issuance of units by a subsidiary	44	150,000	-
Unit issue costs of a subsidiary		(906)	-
Repurchase of own shares		-	(2,348)
Changes in pledged deposits		5,636	1,902
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**234,992**	**(383,010)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**310,911**	**68,070**
Cash and cash equivalents at 1 January		225,415	156,893
Effect of exchange rate fluctuations on cash held		(8,999)	452
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**527,327**	**225,415**

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

Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2018.

1. Domicile and activities

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

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its significant subsidiaries are set out in note 46 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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

2. Basis of preparation

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("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 PRESENTATION CURRENCY

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

2.4 USE OF ESTIMATES AND JUDGEMENTS

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

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

- Note 20 Consolidation: whether the Group has control over its investees
- Note 23 Classification of investment properties under development
- Note 43 Recognition of acquisitions as business combinations or asset acquisitions

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

- Note 3.17 Estimation of tax liabilities
- Note 4 Measurement of revenue from medical services
- Note 13 Measurement of recoverable amounts of trade and other receivables
- Note 16 Measurement of net realisable values of development properties
- Note 18 Determination of fair value of an unlisted equity investment
- Note 23 Determination of fair value of investment properties
- Note 37 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2. Basis of preparation (Cont'd)

2.4 USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

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.

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.

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

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

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

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

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

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

- Note 18 Available-for-sale financial assets
- Note 23 Investment properties
- Note 40 Financial instruments
- Note 43 Acquisition of subsidiaries

2.5 CHANGES IN ACCOUNTING POLICIES

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7)*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12)*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016)*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (note 28).

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.

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the 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.

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) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Group considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Group considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) 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.

3. Significant accounting policies (Cont'd)

3.1 BASIS OF CONSOLIDATION (CONT'D)

(iv) 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. 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.

(v) 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.

(vi) 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.

(vii) Transactions eliminated on consolidation

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

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

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

3.2 FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the 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.

3. Significant accounting policies (Cont'd)

3.2 FOREIGN CURRENCY (CONT'D)

(i) Foreign currency transactions (Cont'd)

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) and qualifying cash flow hedges to the extent the hedge is effective 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.

3.3 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

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

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

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

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

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

(ii) Subsequent costs

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

(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.

3. Significant accounting policies (Cont'd)

3.3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Depreciation (Cont'd)

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	3½ – 33⅓
Freehold premises	2
Plant, machinery and office equipment	5 – 33⅓
Furniture and fittings	10 – 33⅓
Motor vehicles	10 – 25

Leasehold land and buildings are amortised evenly over the lease period ranging from 16 years to 35 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.

3.4 LEASE PREPAYMENTS

Lease prepayments represent prepaid operating lease payments for land use rights less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for the land use rights till the lease expiration in 2055.

3.5 INTANGIBLE ASSETS AND GOODWILL

(i) Goodwill

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

Goodwill is measured at cost less accumulated impairment losses.

(ii) Medical distribution licences

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

Medical distribution licences	5 years

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

Notes to the Financial Statements
YEAR ENDED 31 DECEMBER 2017

3. Significant accounting policies (Cont'd)

3.6 INVESTMENT PROPERTIES

Investment properties (including investment properties under development) are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties include properties that are being constructed or developed for future use as investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property (including those under development). The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

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

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

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

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

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

3.7 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.

3.8 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.

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.

3.9 INVENTORIES

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

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

3. Significant accounting policies (Cont'd)

3.10 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 legally enforceable 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. Directly 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.

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, investment in debt securities, other assets and loans to subsidiaries.

Cash and cash equivalents

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

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 initially measured 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 investments in equity securities and interests in limited partnerships.

3. Significant accounting policies (Cont'd)

3.10 FINANCIAL INSTRUMENTS (CONT'D)

(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 less 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.

Distribution of non-cash assets to owners of the Company

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

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the 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.

3. Significant accounting policies (Cont'd)

3.10 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Derivative financial instruments, including hedge accounting (Cont'd)

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.

3.11 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, 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.

3. Significant accounting policies (Cont'd)

3.11 IMPAIRMENT (CONT'D)

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

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 3.11(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.

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. Significant accounting policies (Cont'd)

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.

3.13 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) 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.

(ii) Hospitality revenue

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.

(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

3. Significant accounting policies (Cont'd)

3.14 REVENUE RECOGNITION (CONT'D)

(iii) Sale of development properties (Cont'd)

development unit is delivered to the buyer, except for those sales under deferred payment scheme. 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) Healthcare income

i) Rental income

Revenue from rental income from operating leases (net of any incentives given to the lessees) derived from nursing facilities in Japan is recognised on a straight-line basis over the lease term.

ii) Rendering services

Revenue from hospital and other healthcare services is recognised in the period in which the services are rendered, amount of revenue and related cost can be reliably measured and the collection is reasonably assured. The collectability of the related receivables is determined based on the amount claimable from the relevant government agency under medical insurance, adjusted for external factors such as changes in government policies and directives, and economic conditions.

iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised when the Group has delivered the medicine and medical equipment to its customers.

(v) 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

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.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences 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.

3.18 DIVIDENDS TO THE COMPANY'S SHAREHOLDERS

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3. Significant accounting policies (Cont'd)

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 and investment properties.

4. Revenue

	Group	
	2017 $'000	**2016** $'000
Investment properties income	270,961	264,674
Hospitality income	220,087	201,655
Development properties income	209,533	401,956
Healthcare income	33,810	-
Dividend income	1,800	1,800
Others	17,921	14,156
	754,112	884,241

In 2016, the Group recorded an amount of $205 million in development properties income for the disposal of the extension of Crowne Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"). The consideration was agreed as per the sales and purchase agreement entered on 28 November 2014 for the package sale of Crowne Plaza Changi Airport ("CPCA") and the adjacent rooms-only extension, i.e. CPEX, which was integrated operationally with CPCA.

Healthcare income includes medical services revenue amounting to $15,817,000, which is recognised when the amount of revenue and related cost can be reliably measured and the collection is reasonably assured. The collectability of the related receivables is determined based on the amount claimable from the relevant government agency under medical insurance, adjusted for external factors such as changes in government policies and directives, and economic conditions.

5. Expenses by nature

	Note	Group 2017 $'000	Group 2016 $'000
Advertising and promotion expense		23,765	32,190
Allowance for doubtful receivables	40	425	224
Amortisation of intangible assets	19	175	-
Amortisation of lease prepayments	22	711	-
Bad debts written off		216	188
Depreciation of property, plant and equipment	24	6,957	4,430
Development costs included in cost of sales		176,549	301,766
Employee benefits	6	90,392	75,523
Gain on disposal of property, plant and equipment, net of transaction cost		(1,424)	(100)
Hospitality supplies and services		45,314	38,508
Healthcare supplies and services		12,519	-
Operating lease expense		96,347	89,919
Professional and legal services		10,396	4,977
Property tax		29,273	31,929
Provision for legal and related expenses		46,000	-
Repair and maintenance expense		51,899	44,408
Utility charges		15,633	14,207
Others		51,656	37,865
Total cost of sales, marketing, administrative and other operating expenses		656,803	676,034

6. Employee benefits

	Group 2017 $'000	Group 2016 $'000
Salaries, bonuses and other costs	81,173	68,153
Contributions to defined contribution plans	9,219	7,370
	90,392	75,523

7. Finance expenses

	Group 2017 $'000	Group 2016 $'000
Borrowing costs on:		
-Borrowings	107,079	106,062
-Derivatives	10,578	8,582
	117,657	114,644
Net foreign exchange loss	10,104	-
Unwinding of discount of non-current rental deposits	125	-
Change in fair value of financial derivatives	2,326	-
Ineffective portion of changes in fair value of cash flow hedges	-	2,209
Hedging reserve reclassified from equity on discontinuation of hedge accounting	714	10,915
	130,926	127,768

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss amounting to $107,079,000 (2016: $106,062,000).

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8. Finance income

	Group 2017 $'000	Group 2016 $'000
Interest income	6,477	4,174
Net foreign exchange gain	-	798
Ineffective portion of changes in fair value of cash flow hedges	5,310	-
Net change in fair value of financial derivatives	-	6,001
Others	440	291
	12,227	11,264

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $6,477,000 (2016: $4,174,000).

9. Other gains – net

	Note	Group 2017 $'000	Group 2016 $'000
Reversal of impairment loss on a development property	16(b)	20,379	62,495
Net change in fair value of investment properties	23	112,155	(34,067)
Net change in fair value of investments designated at fair value through profit or loss		4,095	21,249
Gain on sale of available-for-sale financial asset		-	4,731
Gain on disposal of interests in an equity-accounted investee		9,672	-
		146,301	54,408

10. Tax expense

	Group	
	2017 $'000	2016 $'000
TAX RECOGNISED IN PROFIT OR LOSS		
CURRENT TAX EXPENSE		
Current year	24,977	21,511
Under/(Over) provision in respect of prior years	1,107	(2,930)
	26,084	18,581
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	22,330	16,882
Effect of reduction in tax rate in foreign jurisdictions	(17,833)	-
Underprovision in respect of prior years	1,905	-
	6,402	16,882
	32,486	35,463
RECONCILIATION OF EFFECTIVE TAX RATE		
Profit before tax	193,673	212,550
Less:		
Share of results of equity-accounted investees, net of tax	(68,762)	(66,439)
	124,911	146,111
Tax using the Singapore tax rate of 17% (2016: 17%)	21,235	24,839
Effect of tax rates in foreign jurisdictions	8,896	7,058
Effect of reduction in tax rates in foreign jurisdictions	(17,833)	-
Non-deductible expenses	17,108	28,687
Income not subject to tax	(12,659)	(19,362)
Effect of taxable distribution from subsidiary and associate	8,207	8,243
Singapore statutory stepped income exemption	(315)	(273)
Utilisation of previously unrecognised deferred tax assets	(9,618)	(6,896)
Current tax losses for which no deferred tax assets are recognised	9,756	8,685
Change in unrecognised deductible temporary differences	3,791	(12,629)
Effect of tax losses not available for carry forward	906	41
Under/(Over) provision in respect of prior years	3,012	(2,930)
	32,486	35,463

11. Earnings per share

	Group	
	2017	2016
Net profit attributable to owners of the Company ($'000)	98,866	144,366
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Issued ordinary shares at 1 January ('000)	901,816	981,602
Effect of own shares held ('000)	-	(78,814)
Weighted average number of ordinary shares during the year ('000)	901,816	902,788
Basic and diluted earnings per share ($ per share)	0.11	0.16

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and on hand	500,383	161,626	42,614	32,761
Time deposits with financial institutions	34,866	77,347	-	45,017
	535,249	238,973	42,614	77,778
Deposits pledged	(7,922)	(13,558)		
Cash and cash equivalents in the statement of cash flows	527,327	225,415		

Deposits pledged relate to bank balances of a subsidiary pledged as security to obtain credit facilities (note 28).

Bank balances of $14,712,000 (2016: Nil) are included as part of the floating charge for borrowings of the Group (note 28). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

13. Trade and other receivables

		Group		Company	
		2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Trade receivables					
-Associates		9,191	7,431	3,073	1,759
-Subsidiaries		-	-	42,672	34,140
-Third parties		19,067	13,021	7,525	6,690
Trade receivables		28,258	20,452	53,270	42,589
Less: Allowance for doubtful receivables					
-Third parties		(1,124)	(887)	(339)	(339)
Trade receivables–net		27,134	19,565	52,931	42,250
Non-trade receivables					
-Associates		96	55	89	55
-Joint venture		206	23	206	23
-Subsidiaries		-	-	1,186,034	784,609
-Third parties	(i)	38,015	-	-	-
Non-trade receivables		38,317	78	1,186,329	784,687
Less: Allowance for doubtful receivables					
-Subsidiaries		-	-	-	(3,631)
Non-trade receivables–net		38,317	78	1,186,329	781,056
		65,451	19,643	1,239,260	823,306

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

The exposure of the Group and Company to credit risk, market risk and impairment losses for trade and other receivables, are disclosed in note 40.

Impairment losses

The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group with references to historical payment trends, ageing analysis of the trade receivables and the amount claimable from the relevant government agency under medical insurance, adjusted for external factors such as changes in government policies and directives, and economic conditions. These factors may result in the actual losses to be greater or lesser than suggested by historical trends. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for impairment loss would increase the Group's recorded "Administrative expenses" in the consolidated statement of comprehensive income and decrease trade and other receivables.

(i) Non-trade receivables with third parties

Non-trade receivables with third parties mainly comprise of the amounts due from deconsolidated subsidiaries of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) ("OUELH"). OUELH became a subsidiary of the Group on 2 March 2017.

OUELH had in August 2016 derecognised its subsidiaries, IHC Management Pte. Ltd., IHC Management (Australia) Pty Ltd, IHC Medical RE Pte. Ltd., IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust (collectively, "Deconsolidated subsidiaries") as these Deconsolidated subsidiaries are currently under receivership and OUELH has no control over these subsidiaries (see note 37(a)).

13. Trade and other receivables (Cont'd)

(i) Non-trade receivables with third parties (Cont'd)

The recoverability of the amount due from the Deconsolidated subsidiaries is dependent on the outcome of three on-going legal suits that OUELH and the Deconsolidated subsidiaries have with certain lenders, and the possible course of actions the management might take in the future. The management is required to apply judgement in determining the potential outcome of these legal suits and the possible course of actions, based on the advice by external legal counsel. If the outcome differs, the level of allowance of these receivables may increase or decrease.

14. Inventories

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Food and beverage	872	1,124	222	254
Pharmacy supplies	1,057	-	-	-
Medical and surgical supplies	80	-	-	-
	2,009	1,124	222	254

The cost of inventories recognised as expense and included in "cost of sales" amounted to $28,559,000 (2016: $16,641,000).

15. Other investments

	Group	
	2017 $'000	**2016** $'000
CURRENT		
Financial assets designated at fair value through profit or loss		
-Equity securities	16,905	15,932
-Mutual fund	162,734	159,582
	179,639	175,514
NON-CURRENT		
Loans and receivables		
-Debt securities	13,741	14,990

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 $16,709,000 (2016: $15,932,000) are charged to a bank for credit facilities granted to the Group (note 28).

The debt securities are denominated in Indonesian Rupiah, bear interest at 25% and mature in 2023.

The exposure of the Group to credit risk, market risk and fair value measurement, are disclosed in note 40.

16. Development properties

	Note	Group 2017 $'000	Group 2016 $'000
COMPLETED PROPERTY HELD FOR SALE			
Completed property	(a)	466,625	719,567
Less: Impairment loss	(b)	(11,454)	(54,136)
		455,171	665,431
PROPERTIES FOR DEVELOPMENT			
Costs incurred	(c)	66,010	58,793
		521,181	724,224

The movement in allowance for impairment in respect of a development property is as follows:

	Note	Group 2017 $'000	Group 2016 $'000
At 1 January		54,136	153,684
Reversal of impairment loss	9	(20,379)	(62,495)
Utilised		(22,303)	(37,053)
At 31 December		11,454	54,136

(a) The balance relates to the development of OUE Twin Peaks. OUE Twin Peaks was pledged as security for a banking facility in 2016 (note 28). The security over OUE Twin Peaks had been discharged during the year upon full repayment of the bank loans. As at 31 December 2017, the balance relates to the units that were sold under deferred payment schemes.

(b) An impairment loss of $20,379,000 (2016: $62,495,000) was reversed in respect of certain units in OUE Twin Peaks, following the sale of such units at prices higher than the carrying amounts. The amounts are included in "Other gains – net" (note 9).

(c) The balance represents the costs incurred in relation to the land parcels located at 28 Nassim Road, Singapore.

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

Description and location	Purpose of development	Group's effective interest 2017 %	Group's effective interest 2016 %	Approximate site area (square metre)	Approximate gross floor area (square metre)
OUE TWIN PEAKS					
A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,163	40,521*
28 NASSIM ROAD					
Freehold land parcels at 28 Nassim Road, Singapore	Bungalows	100	100	3,378	3,312

** 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, market conditions, expected selling expenses 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 of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

Notes to the Financial Statements
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17. Other assets

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Sundry receivables	25,057	17,119	3,026	688
Less: Allowance for doubtful receivables	(113)	(110)	-	-
	24,944	17,009	3,026	688
Rental deposits				
-Subsidiary	-	-	796	976
Other deposits	53,139	13,855	264	284
	78,083	30,864	4,086	1,948
Prepayments	7,144	6,084	677	613
	85,227	36,948	4,763	2,561
Current	79,330	34,324	3,967	1,585
Non-current	5,897	2,624	796	976
	85,227	36,948	4,763	2,561

The exposure of the Group and the Company to credit and market risks, and impairment losses for other assets, are disclosed in note 40.

18. Available-for-sale financial assets

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Equity securities	171,271	143,805	171,271	143,805
Interests in limited partnerships	21,965	10,355	-	-
	193,236	154,160	171,271	143,805

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.

The exposure of the Group and the Company to market risk and fair value measurement are disclosed in note 40.

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 $171.3 million (2016: $143.8 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 was determined by an independent professional valuer based on assumptions and estimates that reflect their market values. The independent professional valuer has relied on widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. A discount rate of 30% (2016: 40%) was applied to take into consideration of the non-marketable nature of the investment. Further details on the valuation of the investment are set out in note 40.

19. Intangible assets and goodwill

	Note	Goodwill $'000	Medical distribution licences $'000	Total $'000
GROUP				
COST				
At 1 January 2017		-	-	-
Acquisition of subsidiaries	43	19,159	638	19,797
Effect of movements in exchange rates		-	4	4
At 31 December 2017		19,159	642	19,801
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
At 1 January 2017		-	-	-
Amortisation	5	-	(175)	(175)
Effect of movements in exchange rates		-	*	*
At 31 December 2017		-	(175)	(175)
CARRYING AMOUNTS				
At 1 January 2017		-	-	-
At 31 December 2017		19,159	467	19,626

** Amount less than $1,000*

Amortisation

The amortisation of medical distribution licences is allocated to the cost of inventory and is included in 'cost of sales' as inventory is sold.

The Group acquired equity interest in OUELH, a company listed on the Catalist of the Singapore Exchange Securities Trading Limited, in various tranches. OUELH became a subsidiary of the Group on 2 March 2017. The Group had recognised a goodwill amounting to $19.2 million (note 43) arising from the acquisition.

Notes to the Financial Statements
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20. Investments in equity-accounted investees

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Interests in associates	539,407	525,371	512,012	512,012
Interests in joint ventures	185,702	175,773	–	–
Less: Impairment loss	–	–	(44,947)	(44,947)
	725,109	701,144	467,065	467,065
Loans to associates and a joint venture	263,186	273,845	61,962	57,465
Less: Allowance for doubtful receivables	(33,282)	(32,613)	(33,282)	(32,613)
	229,904	241,232	28,680	24,852
	955,013	942,376	495,745	491,917

The loans to associates and a 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 an amount of $29,859,000 (2016: $26,111,000) to associates for which interest is charged at fixed rates of 1.00% and 4.00% (2016: 1.00% and 4.00%) per annum.

Movement in the allowance for doubtful receivables on loans to associates and a joint venture is as follows:

	Group and Company 2017 $'000	Group and Company 2016 $'000
At 1 January	32,613	33,015
Currency translation differences	669	(402)
At 31 December	33,282	32,613

ASSOCIATES

The Group has two associates that are material and a number of associates that are individually immaterial to the Group. The material associates own 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 Hospitality Trust ("OUE H-TRUST")	Aquamarina Hotel Private Limited ("AQHPL")
Principal place of business/ Country of incorporation	Singapore	Singapore
Ownership interest/voting rights held		
-2017	32.4%	25.0%
-2016	32.7%	25.0%
Fair value of ownership interest (if listed)		
-2017	$497.9 million[1]	N/A
-2016	$386.6 million[1]	N/A

[1] Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

20. Investments in equity-accounted investees (Cont'd)

ASSOCIATES (CONT'D)

OUE H-TRUST is a stapled group comprising OUE H-REIT and OUE Hospitality Business Trust. The Group has assessed that it has no control over OUE H-TRUST. OUE H-TRUST's activities are managed by OUE Hospitality REIT Management Pte. Ltd. ("REIT Manager") and OUE Hospitality Trust Management Pte. Ltd. ("Trustee-Manager") (REIT Manager and Trustee-Manager are collectively known as the "Managers"). Based on a deed of undertaking that was signed between the Company and the Managers, one of the responsibilities of the Nominating and Remuneration Committee is to review and recommend to the Board of the REIT Manager to 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. Accordingly, OUE H-TRUST is not consolidated and is accounted for as an associate.

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

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	OUE H-TRUST		AQHPL	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Revenue	131,063	122,494	85,488	82,817
Profit after tax	75,942	17,413	20,246	19,417
Other comprehensive income	1,183	(8,355)	–	–
Total comprehensive income	77,125	9,058	20,246	19,417
Dividends received	30,636	26,525	2,502	2,585

SUMMARISED STATEMENT OF FINANCIAL POSITION

	OUE H-TRUST		AQHPL	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Non-current assets	2,220,295	2,215,303	148,258	153,592
Current assets	36,576	41,067	73,829	56,248
Non-current liabilities	(869,434)	(860,084)	(3,439)	(3,623)
Current liabilities	(11,368)	(14,308)	(22,830)	(20,637)
Net assets	1,376,069	1,381,978	195,818	185,580
Attributable to investee's shareholders	1,376,069	1,381,978	195,818	185,580
Group's share of net assets/carrying amount of investment	445,276	450,843	48,955	46,395

Notes to the Financial Statements
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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:

	2017 $'000	**2016** $'000
Carrying amount of interests in immaterial associates	45,176	28,133
Group's share of:		
-Profit after tax	7,606	7,155
-Other comprehensive income	9,265	(941)
-Total comprehensive income	16,871	6,214

Unrecognised share of losses of associates is as follows:

	Group	
	2017 $'000	**2016** $'000
At beginning of the year	6,871	6,969
Movement during the year	(859)	(98)
At end of the year	6,012	6,871

Details of the significant associates are included in note 46.

FINANCIAL OR OTHER SUPPORT

The Group has undertaken to provide income support on CPCA, which is owned by OUE H-REIT, for 3 years from 1 August 2016, of up to $7.5 million. As at 31 December 2017, the income support had been fully utilised (note 31).

JOINT VENTURES

The Group has a joint venture that is material and a joint venture that is immaterial 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% (2016: 50%) ownership interest and voting rights. OUE Lippo was incorporated in the British Virgin Islands 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 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. At 31 December 2017, OUE Lippo has an effective equity interest of 29.7% (2016: 29.8%) in GPI.

In 2016, included in the Group's share of results of equity-accounted investees in the statement of comprehensive income for the year ended 31 December 2016 was the Group's share of the negative goodwill of $31,587,000 recognised by OUE Lippo on acquisition of additional interest in GPI in 2016.

20. Investments in equity-accounted investees (Cont'd)

JOINT VENTURES (CONT'D)

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

	2017 $'000	2016 $'000
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME		
Revenue	–	–
Profit after tax [a]	62,819	97,359
Other comprehensive income	15,882	(46,797)
Total comprehensive income	78,701	50,562
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Non-current assets	755,659	725,511
Current assets [b]	18,517	704
Current liabilities	(402,771)	(433,510)
NET ASSETS	371,405	292,705
Group's share of net assets/carrying amount of investment	185,702	146,353

[a] *In 2016, this includes the Group's share of negative goodwill of $31.6 million arising from acquisition of additional interest in GPI*
[b] *Includes cash and cash equivalents of $18,516,000 (2016: $704,000)*

IMMATERIAL JOINT VENTURE

As at 31 December 2016, the Group had interests in an immaterial joint venture. The Group disposed of the entire equity interests in the immaterial joint venture during the year.

The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of the joint venture that are accounted for using the equity method:

	2016 $'000
Carrying amount of interest in an immaterial joint venture	29,420
Group's share of loss after tax	(4)

Details of the significant joint venture are included in note 46.

21. Investments in subsidiaries and loans to/(from) subsidiaries

	Company	
	2017 $'000	2016 $'000
INVESTMENTS IN SUBSIDIARIES		
Equity investment at cost	334,712	334,792

Details of the significant subsidiaries are included in note 46.

	Company	
	2017 $'000	2016 $'000
LOANS TO SUBSIDIARIES		
Loans to subsidiaries	2,113,390	2,321,129
Less: Allowance for doubtful receivables	(59,314)	(87,037)
	2,054,076	2,234,092
Current	1,860,509	2,034,624
Non-current	193,567	199,468
	2,054,076	2,234,092

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,083,816,000 (2016: $1,196,099,000) for which interest is charged at interest rates ranging from 1.00% to 4.25% (2016: 1.00% to 6.50%) per annum.

The non-current portion of loans to subsidiaries are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. The balances are interest-free, except for an amount of $94,503,000 (2016: $72,010,000) for which interest is charged at interest rates ranging from 1.40% over the US LIBOR rate to 5.00% per annum (2016: 1.40% over the US LIBOR rate to 5.00% per annum). As the amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated losses.

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated by taking into consideration the estimated selling prices of the underlying property or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company reversed a net impairment loss of $27,723,000 (2016: $98,982,000) on the loans to its subsidiaries.

The exposure of the Group and the Company to credit and market risks, and impairment losses for loans to subsidiaries, are disclosed in note 40.

	Company	
	2017 $'000	2016 $'000
LOANS FROM SUBSIDIARIES		
Loans from subsidiaries	539,278	45,000

The loans from subsidiaries are unsecured, repayable on demand and bears interest ranging from 0.95% over the Singapore Dollar swap offer rate to 4.00% (2016: 0.95% over the Singapore Dollar swap offer rate).

22. Lease prepayments

	Note	Group 2017 $'000
COST		
At 1 January		–
Acquisition of subsidiaries	43	30,495
Effect of movements in exchange rates		37
At 31 December		30,532
ACCUMULATED AMORTISATION		
At 1 January		–
Amortisation	5	(711)
Effect of movements in exchange rates		*
At 31 December		(711)
CARRYING AMOUNT		29,821

** Amount less than $1,000*

Lease prepayments represent the land use rights of a subsidiary which expire in 2055.

23. Investment properties

	Note	Completed investment properties $'000	Investment properties under development $'000	Total $'000
GROUP				
At 1 January 2017		5,742,752	–	5,742,752
Acquisition of subsidiaries	43	298,410	120,153	418,563
Additions		126,775	311	127,086
Transfer from development properties		56,932	–	56,932
Net change in fair value (unrealised) recognised in "other gains—net"	9	111,898	257	112,155
Effect of movements in exchange rates		(74,673)	2,991	(71,682)
Lease incentives		4,242	–	4,242
At 31 December 2017		6,266,336	123,712	6,390,048
At 1 January 2016		5,627,266	–	5,627,266
Additions		147,992	–	147,992
Net change in fair value (unrealised) recognised in "other gains—net"	9	(34,067)	–	(34,067)
Effect of movements in exchange rates		(5,378)	–	(5,378)
Lease incentives		6,939	–	6,939
At 31 December 2016		5,742,752	–	5,742,752

During the year, management had assessed and reclassified 23 residential units in OUE Twin Peaks from development properties for sale to investment properties for capital appreciation purposes.

Changes in fair values are recognised as gains or losses in profit or loss and included within "Other gains—net" (note 9) in the consolidated statement of comprehensive income. All gains or losses are unrealised.

23. Investment properties (Cont'd)

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

	Group 2017 $'000	Group 2016 $'000
Rental income	270,961	264,674
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	89,906	85,052

(ii) Security

As at 31 December 2017, investment properties with a total carrying amount of $4,490,270,000 (2016: $4,004,452,000) were pledged as security for banking facilities (note 28).

(iii) The Group's completed investment properties as at 31 December 2017 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 OUE Downtown 1 & 2, Downtown Gallery and Oakwood Premier OUE Singapore)	A 50-storey Tower 1 and a 37-storey Tower 2 linked by a podium and accommodating office space, retail space, a 268-room serviced residences and car park.	99-year lease from 19 July 1967
US Bank Tower	A 75-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

23. Investment properties (Cont'd)

(iii) The Group's completed investment properties as at 31 December 2017 are (Cont'd):

	Description and Location	Tenure of Land
OUE Twin Peaks (comprising 23 units held as investment properties)	23 residential units in OUE Twin Peaks at Leonie Hill, Singapore.	99 year lease from 10 May 2010
Hikari Heights Varus Fujino	A nursing home consisting of 2 blocks (9-storey and 13-storey) with 144 rooms in total that can accommodate up to 187 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Ishiyama	A 9-storey nursing home with 119 one- and two-bedded rooms that can accommodate up to 149 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Kotoni	A 14-storey nursing home with 281 one- and two-bedded rooms that can accommodate up to 364 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Makomanai-Koen	A 10-storey nursing home with 157 rooms that can accommodate up to 196 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Tsukisamu-Koen	A 10-storey nursing home with 57 one- and two-bedded rooms that can accommodate up to 73 residents at Hokkaido, Japan.	Freehold
Varus Cuore Yamanote	A 4-storey nursing home with 59 rooms that can accommodate up to 60 residents at Hokkaido, Japan.	Freehold
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	Facility consists of two buildings: a 5-storey Varus Cuore Sapporo-Kita, with 126 rooms, and a 3-storey Varus Cuore Sapporo-Kita Annex, with 90 rooms, which can accommodate up to 231 residents in total at Hokkaido, Japan.	Freehold
Elysion Gakuenmae	A 5-storey nursing home with 92 rooms that can accommodate up to 92 residents at Nara, Japan.	Freehold
Elysion Mamigaoka/Elysion Mamigaoka Annex	A nursing home with 2 blocks (5-storey and 4-storey) with 160 one- and two-bedded rooms that can accommodate up to 165 residents at Nara, Japan.	Freehold

23. Investment properties (Cont'd)

(iii) The Group's completed investment properties as at 31 December 2017 are (Cont'd):

	Description and Location	Tenure of Land
Elysion Amanohashidate	A nursing home consisting of a daycare service centre and 2 blocks (3-storey and 2-storey) with 60 rooms in total that can accommodate up to 60 residents in Kyoto, Japan.	Freehold
Elysion Kaichi North	A 4-storey nursing home with 79 rooms that can accommodate up to 85 residents at Nagano, Japan.	Freehold
Elysion Kaichi West	A nursing home with 29 rooms that can accommodate up to 29 residents at Nagano, Japan.	Freehold

The Group's completed investment properties were appraised at the following open market values:

		Open Market Value	
	Date of appraisal	2017 $'000	2016 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,153,000	1,146,000
OUE Downtown	31 December	1,585,000	1,491,700
US Bank Tower	31 December	816,084	842,517
Lippo Plaza	31 December	588,948	524,235
One Raffles Place	31 December	1,773,200	1,738,300
OUE Twin Peaks (comprising 23 units held as investment properties)	31 December	62,320	–
Hikari Heights Varus Fujino	31 December	19,560	–
Hikari Heights Varus Ishiyama	31 December	11,327	–
Hikari Heights Varus Kotoni	31 December	72,360	–
Hikari Heights Varus Makomanai-Koen	31 December	51,000	–
Hikari Heights Varus Tsukisamu-Koen	31 December	8,856	–
Varus Cuore Yamanote	31 December	12,240	–
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	31 December	32,004	–
Elysion Gakuenmae	31 December	19,080	–
Elysion Mamigaoka/Elysion Mamigaoka Annex	31 December	28,560	–
Elysion Amanohashidate	31 December	11,364	–
Elysion Kaichi North	31 December	15,840	–
Elysion Kaichi West	31 December	5,592	–

23. Investment properties (Cont'd)

(iii) The Group's completed investment properties as at 31 December 2017 are (Cont'd):

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the rent growth rate, a discount rate, terminal yield rate and capitalisation rate 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 (2016: one to fifteen) years. Subsequent renewals are negotiated with the lessees.

(iv) The Group's investment properties under development as at 31 December 2017 are:

Description	**Unexpired term of leasehold land**
Land - Dujiangyan, Chengdu, The People's Republic of China ("Chengdu land")	46 years
Land - Wuxi, The People's Republic of China ("Wuxi land")	38 years
Land - Kuala Lumpur, Malaysia	90 years

Classification of investment properties under development

Judgement is required in determining the portion of land to be redeveloped for future rental purposes, and the portion redeveloped for own use based on the current proposed development plan. The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as lease prepayments. The relevant portion of the land continue to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the Group's future intentions and developments.

(v) Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined 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.

23. Investment properties (Cont'd)

(vi) Level 3 fair values

Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

		Country				
Valuation techniques	**Significant unobservable inputs**	**Singapore**	**United States of America**	**The People's Republic of China**	**Japan**	**Inter-relationship between key unobservable inputs and fair value measurement**
COMPLETED INVESTMENT PROPERTIES						
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Rent growth rate	0.90%—6.00% (2016: 0%—6.50%)	3.00% (2016: 3.00%)	4.50% (2016: 4.50%)	Not applicable	An increase in rent growth rate and price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield rate and capitalisation rate in isolation would result in a lower fair value measurement.
	Discount rate	6.50%—7.00% (2016: 7.00% —9.00%)	7.25% (2016: 7.25%)	6.90% (2016: 7.00% —7.25%)	4.40%—4.90%	
	Terminal yield rate	3.85%—4.90% (2016: 3.85% —5.50%)	5.50% (2016: 5.50%)	3.80%—4.30% (2016: 4.00% —4.25%)	4.70%—5.20%	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.60%—5.50% (2016: 3.60% —6.50%)	5.25% (2016: 5.25%)	Not applicable	4.60%—5.10%	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties	Price per square foot	$1,803—$2,892 (2016: $1,710 —$2,932)	—	$1,435 (2016: $1,309)	Not applicable	

23. Investment properties (Cont'd)

(vi) Level 3 fair values (Cont'd)

Valuation techniques	Significant unobservable inputs	Country: Malaysia	Country: The People's Republic of China	Inter-relationship between key unobservable inputs and fair value measurement
INVESTMENT PROPERTIES UNDER DEVELOPMENT				
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate	Not applicable	Wuxi: 15.00%	An increase in price per square metre and plot ratio in isolation would result in a higher fair value measurement. Conversely, an increase in capitalisation rate, entrepreneur profit and risk and construction costs per square metre in isolation would result in a lower fair value measurement.
	Terminal yield rate	Not applicable	Wuxi: 13.00%	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	Not applicable	Chengdu: 1.50% to 13.00% Wuxi: 4.25%	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties under development	Price per square metre	$12,585	Not applicable	
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit	Plot ratio	Not applicable	Chengdu: 2.94 Wuxi: 4.50	
	Entrepreneur profit and risk	Not applicable	Chengdu: 10.00% Wuxi: 20.00%	
	Construction costs per square metre	Not applicable	Chengdu: $920 Wuxi: $1,410	

23. Investment properties (Cont'd)

(vi) Level 3 fair values (Cont'd)

In addition to the above, the valuation of the investment properties under development in the People's Republic of China included critical assumptions made by management as follows:

(1) Plot ratio and class 3A hospital license

Plot ratio represents a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

The valuation of the Wuxi land as at 31 December 2017 was based on management's assessment that written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5 and a class 3A hospital license will be granted following discussions held between management and Wuxi City Planning Bureau. If the written approval is not granted or the plot ratio approved differs from current assumption, the valuation of Wuxi land will change significantly.

The valuation of the Chengdu land as at 31 December 2017 was based on management's assumption that a class 3A hospital license will be granted based on the drawing submitted to the Dujiangyan City Planning Bureau in December 2017. If the approval is not granted, the valuation of Chengdu land will change significantly.

(2) Gross development value and construction cost

Gross development value is the estimated value that a property or new development would derive on the open market if it were to be sold in the current economic climate and condition.

The valuation of Wuxi land and Chengdu land is based on current proposed development plan of the respective projects, with gross development values of $200,328,000 (equivalent to RMB982,000,000) and $117,912,000 (equivalent to RMB578,000,000) respectively.

It also includes management's estimates that the average estimated total construction cost for Wuxi land and Chengdu land will approximate $1,410 (equivalent to RMB6,900) and $920 (equivalent to RMB4,500) per square metre, respectively. In arriving at the average construction cost for Wuxi land and Chengdu land, management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

Any change in the proposed development plan will result in a change in the gross development value and construction costs, and consequently, a change in the valuation of Wuxi land and Chengdu land.

(3) Entrepreneur profit and risk

Entrepreneur profit and risk represents return required by a buyer of the partially completed investment property under development in the market place. This reflects the risks associated with the completion of the construction programme taken into consideration the anticipated income or capital value. It is presented as a percentage of total gross development value.

The value of Wuxi land and Chengdu land is derived by taking the total gross development value subtracting the entrepreneur profit and other costs, including construction costs, to be incurred to complete the Wuxi and Chengdu projects.

The valuations of Wuxi land and Chengdu land as at 31 December 2017 were based on an assumption of an entrepreneur profit and risk of 20.0% and 10.0% of the gross development value, respectively. Any change in the entrepreneur profit and risk will result in a change in the valuation of Wuxi land and Chengdu land.

24. Property, plant and equipment

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
GROUP								
COST								
At 1 January 2017	-	5,307	1,944	15,176	7,844	5,579	382	36,232
Exchange differences	1	(34)	-	(57)	(13)	19	-	(84)
Acquisition of subsidiaries (note 43)	4,756	-	-	2,367	394	143	-	7,660
Additions	-	4,103	-	5,277	1,462	593	944	12,379
Disposals/Written-off	-	(20)	(1,000)	(658)	(89)	-	-	(1,767)
Reclassification	-	61	-	321	-	-	(382)	-
At 31 December 2017	4,757	9,417	944	22,426	9,598	6,334	944	54,420
ACCUMULATED DEPRECIATION								
At 1 January 2017	-	4,079	449	5,213	3,464	3,589	-	16,794
Exchange differences	(24)	-	-	2	2	2	-	(18)
Depreciation (note 5)	832	1,298	28	2,745	1,213	841	-	6,957
Disposals/Written-off	-	(17)	(245)	(495)	(50)	-	-	(807)
At 31 December 2017	808	5,360	232	7,465	4,629	4,432	-	22,926
COST								
At 1 January 2016	-	5,272	1,944	13,783	7,678	5,636	-	34,313
Exchange differences	-	-	-	45	1	-	-	46
Additions	-	35	-	1,458	165	642	382	2,682
Disposals/Written-off	-	-	-	(110)	-	(699)	-	(809)
At 31 December 2016	-	5,307	1,944	15,176	7,844	5,579	382	36,232
ACCUMULATED DEPRECIATION								
At 1 January 2016	-	2,998	397	3,634	2,521	3,426	-	12,976
Exchange differences	-	-	-	5	-	-	-	5
Depreciation (note 5)	-	1,081	52	1,611	943	743	-	4,430
Disposals/Written-off	-	-	-	(37)	-	(580)	-	(617)
At 31 December 2016	-	4,079	449	5,213	3,464	3,589	-	16,794
CARRYING AMOUNTS								
At 1 January 2016	-	2,274	1,547	10,149	5,157	2,210	-	21,337
At 31 December 2016	-	1,228	1,495	9,963	4,380	1,990	382	19,438
At 31 December 2017	3,949	4,057	712	14,961	4,969	1,902	944	31,494

24. Property, plant and equipment (Cont'd)

	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
COMPANY						
COST						
At 1 January 2017	1,944	8,309	6,182	5,579	-	22,014
Additions	-	74	24	-	944	1,042
Disposals/Written-off	(1,000)	(218)	-	-	-	(1,218)
At 31 December 2017	944	8,165	6,206	5,579	944	21,838
ACCUMULATED DEPRECIATION						
At 1 January 2017	448	2,978	2,389	3,590	-	9,405
Depreciation	28	807	621	733	-	2,189
Disposals/Written-off	(245)	(78)	-	-	-	(323)
At 31 December 2017	231	3,707	3,010	4,323	-	11,271
COST						
At 1 January 2016	1,944	8,303	6,039	5,636	-	21,922
Additions	-	109	143	642	-	894
Disposals/Written-off	-	(103)	-	(699)	-	(802)
At 31 December 2016	1,944	8,309	6,182	5,579	-	22,014
ACCUMULATED DEPRECIATION						
At 1 January 2016	396	2,178	1,784	3,425	-	7,783
Depreciation	52	831	605	745	-	2,233
Disposals/Written-off	-	(31)	-	(580)	-	(611)
At 31 December 2016	448	2,978	2,389	3,590	-	9,405
CARRYING AMOUNTS						
At 1 January 2016	1,548	6,125	4,255	2,211	-	14,139
At 31 December 2016	1,496	5,331	3,793	1,989	-	12,609
At 31 December 2017	713	4,458	3,196	1,256	944	10,567

25. Deferred income

Deferred income relates to the non-refundable deposits received from units in the completed development property (note 16) sold under deferred payment schemes.

26. Derivatives

	Group	
	2017 $'000	**2016** $'000
CURRENT		
DERIVATIVE LIABILITIES		
Interest rate swaps used for hedging	(487)	(43)
NON-CURRENT		
DERIVATIVE ASSETS		
Interest rate swaps used for hedging	-	315
DERIVATIVE LIABILITIES		
Interest rate swaps used for hedging	(10,705)	(7,747)

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 2017, the Group has interest rate swap contracts with a total notional amount of $930.0 million (2016: $1,050.0 million), of which $50.0 million (2016: $50.0 million) relate to forward start interest rate swaps which will be effective in 2018 (2016: 2018). The interest rate swap contracts have tenors of between 4 months to 5 years (2016: 4 months to 5 years). Under the contracts, the Group pays fixed interest rates of 1.21% to 2.55% (2016: 0.85% to 2.55%) and receives interest at the three-month Singapore Dollar swap offer rate. Further details are set out in note 40.

27. Trade and other payables

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Trade payables				
-Subsidiaries	-	-	3,230	1,860
-Associates	8,825	10,153	6,863	6,569
-Third parties	29,312	38,476	3,514	2,586
	38,137	48,629	13,607	11,015
Non-trade payables				
-Subsidiaries	-	-	50,160	48,586
-Third parties	37,302	25,643	15,786	13,394
Interest payable	15,496	16,236	3,937	10,128
Accruals	136,261	99,579	17,632	19,364
Deposits	-	7,172	-	-
Retention sums payable	9,961	6,485	295	452
Rental deposits	17,886	14,983	474	264
	255,043	218,727	101,891	103,203

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

The exposure of the Group and the Company to liquidity risk are disclosed in note 40.

28. Borrowings

		Group		Company	
		2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
CURRENT					
Loans from third parties		519	-	-	-
Secured bank loans		768,927	356,109	-	-
Secured TMK bonds	(i)	805	-	-	-
Unsecured bank loans		305,723	-	35,000	-
Unsecured notes	(ii)	5,750	299,937	-	299,937
Finance lease liability		104	-	-	-
		1,081,828	656,046	35,000	299,937
NON-CURRENT					
Secured bank loans		1,219,881	1,748,408	-	-
Secured loans from a financial institution		18,646	-	-	-
Secured TMK bonds	(i)	117,575	-	-	-
Unsecured notes	(ii)	1,043,005	497,035	497,300	497,305
		2,399,107	2,245,443	497,300	497,035
TOTAL		3,480,935	2,901,489	532,300	796,972

The exposure of the Group and the Company to market and liquidity risks, are disclosed in note 40.

28. 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 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Unsecured bank loans						
-SGD	0.80% - 3.17% (2016: N/A)	2018 (2016: N/A)	304,499	-	35,000	-
-RMB	8.60% (2016: N/A)	2018 (2016: N/A)	1,224	-	-	-
Secured bank loans						
-USD	3.50% (2016: 2.79%)	2018 (2016: 2017 – 2018)	272,504	303,032	-	-
-HKD	1.86% (2016: 1.66%)	2018 (2016: 2017)	1,905	2,229	-	-
-MYR	5.66% (2016: N/A)	2021 (2016: N/A)	23,943	-	-	-
-SGD	1.83% – 2.62% (2016: 1.07% – 2.70%)	2018 – 2022 (2016: 2017 – 2019)	1,660,990	1,769,257	-	-
-RMB	4.90% (2016: 4.90%)	2024 (2016: 2024)	29,466	29,999	-	-
Secured loans from a financial institution						
-JPY	15.00% (2016: N/A)	2019 (2016: N/A)	18,646	-	-	-
Unsecured notes						
-SGD	3.03% – 6.00% (2016: 3.80% – 4.95%)	2018 – 2023 (2016: 2017 – 2020)	1,048,755	796,972	497,300	796,972
Secured TMK bonds						
-JPY	1.03% (2016: N/A)	2020 (2016: N/A)	118,380	-	-	-
Loans from third parties						
-SGD	N/A (2016: N/A)	2018 (2016: N/A)	519	-	-	-
Finance lease liability						
-SGD	5.70% (2016: N/A)	2018 (2016: N/A)	104	-	-	-
			3,480,935	2,901,489	532,300	796,972

28. Borrowings (Cont'd)

TERMS AND DEBTS REPAYMENT SCHEDULE (CONT'D)

The secured borrowings of the Group are secured on the following:

- bank deposits of $7,922,000 (2016: $13,558,000) (note 12);
- floating charge over bank deposits of $14,712,000 (2016: Nil) (note 12);
- investments with carrying amounts of $16,709,000 (2016: $15,932,000) (note 15);
- development property with a carrying amount of $665,431,000 in 2016 (note 16). The security over the development property had been discharged during the year upon the full repayment of the bank loan;
- investment properties with carrying amount of $4,490,270,000 (2016: $4,004,452,000) (note 23);
- first priority fixed charge over the shares of certain subsidiaries; and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, and investment properties.

(i) Tokutei Mokutei Kaisha ("TMK") Bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK Bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK Bonds the right to receive all payments due in relation to such TMK Bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation plan, such general security is automatically created by operation of law.

TMK bonds are subject to a strict legal framework which protects both the borrowers and lenders. TMK Bonds pertain to bonds issued by a subsidiary of OUELH.

The TMK Bonds are secured against:

- the total assets of a subsidiary of OUELH which mainly comprise investment properties in Japan (see note 23) and cash and cash equivalents (see note 12); and
- a corporate guarantee from OUELH.

(ii) Unsecured notes

The unsecured notes of the Group comprise the following:

- $497,300,000 (2016: $796,972,000) comprise 2 series (2016: 3 series) of notes issued by the Company at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in October 2019 and April 2020 (2016: from February 2017 to April 2020).

- $396,333,000 (2016: Nil) comprise 2 series (2016: Nil) of notes issued by a wholly-owned subsidiary of the Group at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in April 2022 and May 2023 (2016: Nil).

- $149,372,000 (2016: Nil) comprise 1 series (2016: Nil) of notes issued under a $1.5 billion Multicurrency Debt Issuance programme issued by a subsidiary of the Group at 3.03% per annum. The unsecured notes are redeemable at their principal amounts in September 2020 (2016: Nil).

- $5,750,000 (2016: Nil) comprise 1 series (2016: Nil) of notes issued under a $0.5 billion multicurrency MTN issued by a subsidiary of the Group at 6.00% per annum and has been redeemed on 6 February 2018.

28. 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 $282,383,000 (2016: $326,046,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

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

	2017 $'000	2016 $'000
Within one year	282,383	25,227
Between one and five years	-	300,819
	282,383	326,046

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Derivative (assets)/liabilities held to hedge long-term borrowings		
	Borrowings $'000	Interest payable $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2017	2,901,489	16,236	(315)	7,790	2,925,200
CHANGES FROM FINANCING CASH FLOWS					
Proceeds from borrowings	2,200,223	-	-	-	2,200,223
Repayment of borrowings	(1,894,776)	-	-	-	(1,894,776)
Transaction costs/finance costs paid	(20,104)	(104,552)	-	-	(124,656)
Total changes from financing cash flows	285,343	(104,552)	-	-	180,791
Acquisition of subsidiaries, net of intercompany borrowings	300,916	5,311	-	-	306,227
Effect of changes in foreign exchange rates	(24,016)	(1,953)	-	-	(25,969)
Change in fair value	-	-	315	3,402	3,717
OTHER CHANGES					
LIABILITY RELATED					
Amortisation of transaction costs	17,203	-	-	-	17,203
Interest expense	-	100,454	-	-	100,454
Total liability-related other changes	17,203	100,454	-	-	117,657
Balance at 31 December 2017	3,480,935	15,496	-	11,192	3,507,623

29. 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	Subsidiaries $'000	Others $'000	Total $'000
GROUP					
DEFERRED TAX LIABILITIES					
At 1 January 2017	5,896	134,816	-	1,929	142,641
Acquisition of subsidiaries (note 43)	91	10,963	21,735	6,193	38,982
Recognised in:					
-Profit or loss	2,274	(1,750)	5,018	1,143	6,685
-Other comprehensive income	-	-	-	(151)	(151)
Effects of movements in exchange rates	(95)	(5,059)	(939)	(22)	(6,115)
At 31 December 2017	8,166	138,970	25,814	9,092	182,042
At 1 January 2016	3,862	115,422	-	380	119,664
Recognised in:					
-Profit or loss	2,200	19,550	-	1,500	23,250
-Other comprehensive income	-	-	-	45	45
Effects of movements in exchange rates	(166)	(156)	-	4	(318)
At 31 December 2016	5,896	134,816	-	1,929	142,641

Tax charged to other comprehensive income is recognised in the fair value reserve for available-for-sale financial assets.

	Tax losses $'000
GROUP	
DEFERRED TAX ASSETS	
At 1 January 2017	12,948
Recognised in profit or loss	283
Effects of movements in exchange rates	(821)
At 31 December 2017	12,410
At 1 January 2016	6,189
Recognised in profit or loss	6,368
Effects of movements in exchange rates	391
At 31 December 2016	12,948

Unrecognised deferred tax assets

As at 31 December 2017, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $76,795,000 (2016: $75,986,000) and $105,976,000 (2016: $83,676,000), 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.

29. Deferred taxes (Cont'd)

Unrecognised deferred tax liabilities

At 31 December 2017, deferred tax liabilities of $58,758,000 (2016: $37,188,000) for temporary differences of $213,695,000 (2016: $134,005,000) 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 2016 $'000	Recognised in profit or loss $'000	At 31 December 2016 $'000	Recognised in profit or loss $'000	At 31 December 2017 $'000
COMPANY					
DEFERRED TAX LIABILITIES/(ASSETS)					
Property, plant and equipment	392	187	579	421	1,000
Distribution from an associate	(1,273)	(71)	(1,344)	80	(1,264)
Total	(881)	116	(765)	501	(264)

30. Other payables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Retention sums payable	1,372	9,663	-	-
Rental deposits	51,231	49,502	180	415
	52,603	59,165	180	415

The exposure of the Group and the Company to liquidity risk and fair value measurement is disclosed in note 40.

31. Provision

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
PROVISION				
At 1 January	4,187	-	8,971	13,060
Provision made/(reversed) during the year	46,000	7,500	(1,753)	(2,351)
Provision used during the year	(4,187)	(3,313)	(3,312)	(2,552)
Unwinding of discount	-	-	496	814
At 31 December	46,000	4,187	4,402	8,971
Current	46,000	4,187	4,115	4,969
Non-current	-	-	287	4,002
	46,000	4,187	4,402	8,971

Provision relates to legal and related expenses (note 37), and income support for OUE H-REIT and OUE C-REIT.

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31. Provision (Cont'd)

Income support for OUE H-REIT

The provision for income support of the Group relates to top-up payments to be made by the Group to OUE H-REIT, an associate, for any shortfall of guaranteed rental income amount in respect of CPCA. Pursuant to the terms of the deed of income support agreement entered into, the Group will provide income support on CPCA for 3 years from 1 August 2016, of up to $7.5 million. As at 31 December 2017, the income support had been fully utilised.

Income support for OUE Commercial Real Estate Investment Trust ("OUE C-REIT")

The provision for income support of the Company relates to top-up payments to be made by the Company to OUE C-REIT, a subsidiary, for any shortfall of guaranteed rental income amount in respect of OUE Bayfront. 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 provisions have 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 relevant property over the income support period.

32. Share capital

	Company			
	Number of shares		Amount	
	2017 '000	2016 '000	2017 $'000	2016 $'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.

In 2016, the Company acquired 1,481,000 of its own shares for a total consideration of $2,348,000.

At 31 December 2017, the Group held 79,786,000 (2016: 79,786,000) of the Company's shares as treasury shares (note 33).

33. Other reserves

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Asset revaluation reserve	9,028	9,993	-	965
Currency translation reserve	(90,269)	(38,137)	-	-
Hedging reserve	(3,642)	(806)	-	-
Fair value reserve	146,498	109,706	141,271	113,805
Reserve for own shares	(170,344)	(170,344)	(170,344)	(170,344)
Capital reserve	(10,853)	(10,853)	-	-
	(119,582)	(100,441)	(29,073)	(55,574)

33. Other reserves (Cont'd)

The movement of other reserves is as follows:

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserves $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2017	9,993	(38,137)	(806)	109,706	(170,344)	(10,853)	(100,441)
OTHER COMPREHENSIVE INCOME							
Currency translation differences relating to foreign operations	-	(39,813)	-	-	-	-	(39,813)
Share of currency translation differences of equity-accounted investees	-	(8,755)	-	-	-	-	(8,755)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal	-	(3,564)	-	-	-	-	(3,564)
Share of other reserves of equity-accounted investees	-	-	383	10,063	-	-	10,446
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	26,729	-	-	26,729
Cash flow hedges:							
-effective portion of changes in fair value of cash flow hedges	-	-	(3,590)	-	-	-	(3,590)
-hedging reserve reclassified to profit or loss	-	-	371	-	-	-	371
Total other comprehensive income, net of tax	-	(52,132)	(2,836)	36,792	-	-	(18,176)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	(52,132)	(2,836)	36,792	-	-	(18,176)
Transfer from asset revaluation reserve to accumulated profits	(965)	-	-	-	-	-	(965)
At 31 December 2017	9,028	(90,269)	(3,642)	146,498	(170,344)	(10,853)	(119,582)

33. Other reserves (Cont'd)

		Group						
	Note	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserves $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2016		9,993	(16,080)	6,482	124,354	(167,996)	(8,425)	(51,672)
OTHER COMPREHENSIVE INCOME								
Currency translation differences relating to foreign operations		-	(3,705)	-	-	-	-	(3,705)
Share of currency translation differences of equity-accounted investees		-	(18,352)	-	-	-	-	(18,352)
Share of other reserves of equity-accounted investees		-	-	(2,733)	(1,181)	-	-	(3,914)
Available-for-sale financial assets:								
-net change in fair value, net of tax		-	-	-	(8,736)	-	-	(8,736)
-fair value reserve reclassified to profit or loss on disposal, net of tax		-	-	-	(4,731)	-	-	(4,731)
Cash flow hedges:								
-effective portion of changes in fair value of cash flow hedges		-	-	(11,444)	-	-	-	(11,444)
-hedging reserve reclassified to profit or loss		-	-	6,889	-	-	-	6,889
Total other comprehensive income, net of tax		-	(22,057)	(7,288)	(14,648)	-	-	(43,993)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	(22,057)	(7,288)	(14,648)	-	-	(43,993)
TRANSACTIONS WITH OWNERS, RECOGNISED DIRECTLY IN EQUITY								
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS								
Own shares acquired	32	-	-	-	-	(2,348)	-	(2,348)
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS		-	-	-	-	(2,348)	-	(2,348)
TOTAL TRANSACTIONS WITH OWNERS		-	-	-	-	(2,348)	-	(2,348)
Share of reserves of an equity-accounted investee		-	-	-	-	-	(2,428)	(2,428)
At 31 December 2016		9,993	(38,137)	(806)	109,706	(170,344)	(10,853)	(100,441)

33. 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. In 2017, the Group's and Company's asset revaluation reserve of $965,000 was reclassified to accumulated profits following the sale of the 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 2017, the Group held 79,786,000 (2016: 79,786,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $170,344,000 (2016: $170,344,000).

CAPITAL RESERVE

The reserve mainly relates to the Group's share of unit issue costs of a subsidiary and an associate, amounting to $12,528,000 (2016: $12,528,000).

34. Accumulated profits

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

	Company	
	2017 $'000	2016 $'000
At 1 January	2,524,359	2,393,359
Net profit for the year	6,356	167,097
Dividends paid (note 36)	(27,054)	(36,097)
Transfer from asset revaluation reserve to accumulated profits	965	-
At 31 December	2,504,626	2,524,359

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

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35. Non-controlling interests

On 2 March 2017, OUELH became a subsidiary of the Group (note 43). Accordingly, the information relating to OUELH is only from the period from 2 March 2017 to 31 December 2017.

The following subsidiaries have non-controlling interests (NCI) that are material to the Group:

Name	Principal place of business/ Country of incorporation	Ownership interests held by NCI 2017	Ownership interests held by NCI 2016
OUE C-REIT	Singapore	44.35%	34.79%
OUELH	Singapore	13.84%	N/A

The following summarises the financial information of the Group's subsidiaries with material NCI, based on its (consolidated) financial statements prepared in accordance with FRS, including consolidation adjustments but before intercompany eliminations with other companies in the Group.

	OUE C-REIT $'000	OUELH $'000	Immaterial Subsidiary $'000	Total $'000
2017				
Revenue	176,297	33,810		
Profit after tax	148,823	(63,574)		
Other comprehensive income	(13,574)	(3,376)		
TOTAL COMPREHENSIVE INCOME	135,249	(66,950)		
Attributable to NCI:				
-Profit for the year	70,577	(8,256)	-	62,321
-Other comprehensive income	(6,132)	(460)	-	(6,592)
-TOTAL COMPREHENSIVE INCOME	64,445	(8,716)	-	55,729
Non-current assets	3,482,920	448,639		
Current assets	52,869	64,418		
Non-current liabilities	(881,665)	(206,258)		
Current liabilities	(689,805)	(246,108)		
NET ASSETS	1,964,319	60,691		
NET ASSETS ATTRIBUTABLE TO NCI	842,297	8,463	49	850,809
Cash flows from operating activities	122,022	(1,028)		
Cash flows used in investing activities	(19,431)	(1,985)		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $32,855,000)	(91,164)	8,926		
NET INCREASE IN CASH AND CASH EQUIVALENTS	**11,427**	**5,913**		

35. Non-controlling interests (Cont'd)

	OUE C-REIT $'000
2016	
Revenue	177,809
Profit after tax	72,164
Other comprehensive income	(26,105)
TOTAL COMPREHENSIVE INCOME	46,059
Attributable to NCI:	
-Profit for the year	32,721
-Other comprehensive income	(8,949)
-TOTAL COMPREHENSIVE INCOME	23,772
Non-current assets	3,371,281
Current assets	40,580
Non-current liabilities	(1,075,159)
Current liabilities	(418,660)
NET ASSETS	1,918,042
NET ASSETS ATTRIBUTABLE TO NCI	634,480
Cash flows from operating activities	131,828
Cash flows used in investing activities	(1,283)
Cash flows used in financing activities (Dividends to NCI: $37,683,000)	(124,720)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,825

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 unitholders of OUE C-REIT at a meeting of unitholders.

The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders. As at 31 December 2017, the carrying amounts of OUE C-REIT's consolidated assets and liabilities are $3,535,789,000 (2016: $3,411,861,000) and $1,571,470,000 (2016: $1,493,819,000), respectively.

36. 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	
	2017 $'000	2016 $'000
PAID BY THE COMPANY TO OWNERS OF THE COMPANY		
Interim dividend of 1 cent (2016: 1 cent) per ordinary share in respect of current year	9,018	9,021
Special dividend of Nil cent (2016: 2 cents) per ordinary share in respect of current year	-	18,043
Final dividend of 2 cents (2016: 1 cent) per ordinary share in respect of prior year	18,036	9,033
	27,054	36,097

	Group	
	2017 $'000	2016 $'000
PAID BY SUBSIDIARIES TO NCI		
Distribution of 2.38 cents (2016: 2.68 cents) per qualifying unit in respect of current year	13,966	12,101
Distribution of 2.50 cents (2016: 2.38 cents) per qualifying unit in respect of prior year	11,289	15,582
Final dividend of 19.0 cents (2016: 25.0 cents) per ordinary share in respect of prior year	7,600	10,000
	32,855	37,683

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	
	2017 $'000	2016 $'000
Final dividend of 2 cents (2016: 2 cents) per ordinary share	18,036*	18,036*

** The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 901,815,860 (2016: 901,815,860) as at 31 December 2017.*

37. Litigation cases

OUELH, a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2017.

(a) *Litigation cases with Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 (collectively, the "Funds")*

On 15 April 2016, the Funds appointed receivers ("Receivers") over the entire issued share capital of IHC Medical RE Pte. Ltd. ("IHC Medical"), IHC Management Pte. Ltd. ("IHC Management") and IHC Management (Australia) Pty Ltd ("IHC Australia"), which are wholly-owned subsidiaries of OUELH, in connection with the notices of default issued by the Funds alleging that OUELH together with IHC Medical, owe the Funds a certain sum of money (including outstanding interest).

OUELH commenced proceedings against, amongst other parties, the Funds to challenge the sum claimed under notices of default.

Separately, the Funds have counter-sued for damages, on the basis that OUELH and its subsidiaries ("OUELH Group") have deprived the Funds of the alleged security over the shares of IHC Medical, IHC Management and IHC Australia and had caused losses to the Funds as a result of the diminution in the value of the shares.

37. Litigation cases (Cont'd)

(a) *Litigation cases with Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 (collectively, the "Funds") (Cont'd)*

In 2017, OUELH commenced further proceedings for a declaration that it had validly avoided one of the loan facilities for contravention of Section 76 of the Companies Act. OUELH has also commenced proceedings against the Receivers and the Funds to set aside the purported sale of the entire issued share capital of IHC Medical by the Receivers to the Funds.

As at 31 December 2017, the proceedings are still on-going. The outcome of the proceedings remains uncertain.

(b) *Litigation cases with a non-controlling shareholder of certain subsidiaries of OUELH ("Individual A")*

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

In 2014, HKIS was subjected to legal proceedings by the previous shareholder of WNDH, Health Kind (Shanghai) Investment Management Co., Ltd. ("HKIM"). HKIM attempted to rescind several shareholding transfers of WNDH (a subsidiary directly held by HKIS) in 2010, and claimed that HKIM is still the controlling shareholder of WNDH instead of HKIS. In 2015, a judgment was made at the Shanghai Medium Court whereby a ruling was made that HKIS is obliged to transfer 100% shareholding in WNDH to HKIM. On 30 December 2016, the Shanghai High Court upheld the decision of the lower court in retrial proceedings.

In 2015, OUELH Group has through a subsidiary, Kang Hui (Wuxi) Investment Management Co., Ltd. ("KHWI") acquired 100% equity interest in Wuxi Yilin Health Management Co., Ltd., which holds 70.5% equity interest in HKIM, effectively controlling HKIM. In 2017, Individual A sought a court order to determine that he is the owner of 70.5% equity interest in HKIM. The first court hearing was completed in December 2017. As at 31 December 2017, the proceeding is still on-going. The outcome of the proceeding remains uncertain.

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("Weixin"), a company controlled by Individual A, had sought a court order for HKIM to transfer the shares in WNDH to Weixin. The Shanghai Courts had rendered a judgment in favour of Weixin. The Group has appealed to the Shanghai Pudong People's Court in December 2017. As at 31 December 2017, the proceeding is still on-going. The outcome of the proceeding remains uncertain.

In 2017, the Company has commenced arbitration proceedings in Singapore against Individual A. As at 31 December 2017, the arbitration proceedings are still on-going. The outcome of the arbitration proceedings remains uncertain.

In accordance to paragraph 92 of FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice OUELH Group's legal position in the proceedings.

38. Commitments

CAPITAL COMMITMENTS

At 31 December 2017, other than as disclosed elsewhere in the financial statements, the Group has the following capital commitments:

	Group	
	2017 $'000	**2016** $'000
Property, plant and equipment	397	778
Investment properties	3,462	79,698
Development properties	27,637	1,098

39. Operating leases

LEASES AS LESSEES

The Group has entered into master lease agreements with OUE H-REIT, an associate, to lease and operate Mandarin Orchard Singapore and CPCA, 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 agreements, the annual lease rental comprise fixed rent component and a variable rent component which is pegged to the underlying performance of the respective hotels.

The Group also leases office space from non-related parties under non-cancellable operating leases 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	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Within one year	67,828	67,500	48,181	48,124
Between one and five years	270,388	270,000	183,350	186,248
More than five years	372,036	439,536	250,403	295,403
	710,252	777,036	481,934	529,775

The operating lease rentals payable above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases by the Group and the Company amounted to $28,841,000 (2016: $28,252,000 and $26,659,000 respectively).

LEASES AS LESSORS

The Group leases out its investment properties (note 23) under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Within one year	240,023	216,964	1,244	1,914
Between one and five years	470,879	408,832	2,646	1,369
More than five years	152,762	203,634	-	-
	863,664	829,430	3,890	3,283

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 $898,000 (2016: $704,000) has been recognised as income by the Group in profit or loss during the year.

40. 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 28.

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 on-going 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.

40. Financial instruments (Cont'd)

RISK MANAGEMENT FRAMEWORK (CONT'D)

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables, other assets (excluding prepayments) and loans to subsidiaries at the reporting date by geographic region was:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
BY GEOGRAPHICAL AREAS				
Singapore	76,360	28,351	2,871,386	2,624,126
United States of America	2,913	3,505	2,698	11,929
Indonesia	58,047	3,253	1,067	941
The People's Republic of China	4,341	1,164	8	15
Others	1,873	14,234	422,263	422,335
	143,534	50,507	3,297,422	3,059,346

There is no concentration of customer risk at the Group and Company level, other than balances with related parties.

Impairment

The ageing of trade and other receivables and other assets (excluding prepayments) that were past due but not impaired at the reporting date was:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Past due 1 - 30 days	4,810	2,633	3,217	4,231
Past due 31 - 60 days	2,473	1,777	2,089	2,756
Past due over 60 days	45,149*	6,590	37,655	25,712
	52,432	11,000	42,961	32,699

** Included amounts due from Deconsolidated subsidiaries of OUELH (see note 13(i))*

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.

40. Financial instruments (Cont'd)

RISK MANAGEMENT FRAMEWORK (CONT'D)

Impairment (Cont'd)

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

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
At 1 January	887	691	339	156
Impairment loss recognised	425	224	-	183
Utilised	-	(21)	-	-
Effects of movements in exchange rates	(188)	(7)	-	-
At 31 December	1,124	887	339	339

Movement in the allowance for other receivables, other assets (excluding prepayments) and loans to subsidiaries are as follows:

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
At 1 January	110	1,777	90,668	198,775
Impairment loss reversed	-	-	(31,354)	(98,982)
Utilised	-	(1,670)	-	(9,125)
Effects of movements in exchange rates	3	3	-	-
At 31 December	113	110	59,314	90,668

Trade and other receivables, other assets (excluding prepayments) and loans to subsidiaries 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 $535,249,000 and $42,614,000 respectively at 31 December 2017 (2016: $238,973,000 and $77,778,000 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.

40. Financial instruments (Cont'd)

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 property, plant and equipment, investment properties, development properties and available-for-sale investments.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	**Carrying amount** $'000	**Contractual cash flows** $'000	**Within 1 year** $'000	**1–2 years** $'000	**2–5years** $'000	**More than 5 years** $'000
2017						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Trade and other payables*	307,646	(307,646)	(255,043)	(16,100)	(27,710)	(8,793)
Borrowings	3,480,935	(3,748,820)	(1,178,864)	(1,000,495)	(1,346,550)	(222,911)
	3,788,581	(4,056,466)	(1,433,907)	(1,016,595)	(1,374,260)	(231,704)
DERIVATIVE FINANCIAL INSTRUMENTS						
Interest rate swaps (net-settled)	11,192	(11,233)	(6,741)	(2,994)	(1,498)	-
	11,192	(11,233)	(6,741)	(2,994)	(1,498)	-
Capital commitments for available-for-sale investments	-	(20,611)	(20,611)	-	-	-
	3,799,773	(4,088,310)	(1,461,259)	(1,019,589)	(1,375,758)	(231,704)
2016						
NON-DERIVATIVE FINANCIAL LIABILITIES						
Trade and other payables*	270,720	(270,720)	(211,555)	(28,233)	(26,657)	(4,275)
Borrowings	2,901,489	(3,078,247)	(722,131)	(1,174,488)	(1,157,770)	(23,858)
	3,172,209	(3,348,967)	(933,686)	(1,202,721)	(1,184,427)	(28,133)
DERIVATIVE FINANCIAL INSTRUMENTS						
Interest rate swaps (net-settled)	7,790	(7,744)	(6,946)	(1,642)	844	-
Interest rate swaps (net-settled)	(315)	278	(603)	425	456	-
	7,475	(7,466)	(7,549)	(1,217)	1,300	-
Capital commitments for available-for-sale investments	-	(11,175)	(11,175)	-	-	-
	3,179,684	(3,367,608)	(952,410)	(1,203,938)	(1,183,127)	(28,133)

** Excluding deposits*

40. Financial instruments (Cont'd)

LIQUIDITY RISK (CONT'D)

Exposure to liquidity risk (Cont'd)

Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1–2 years $'000	2–5years $'000
2017					
Trade and other payables	102,071	(102,071)	(101,891)	(180)	-
Borrowings	532,300	(577,902)	(56,008)	(218,615)	(303,279)
Loans from subsidiaries	539,278	(550,624)	(550,624)	-	-
	1,173,649	(1,230,597)	(708,523)	(218,795)	(303,279)
2016					
Trade and other payables	103,618	(103,618)	(103,203)	(399)	(16)
Borrowings	796,972	(862,774)	(321,162)	(19,900)	(521,712)
Loans from subsidiaries	45,000	(45,000)	(45,000)	-	-
	945,590	(1,011,392)	(469,365)	(20,299)	(521,728)

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 and purchases 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") and Indonesia Rupiah ("IDR"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in the United States of America and Indonesia.

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

40. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Currency risk (Cont'd)

Exposure to currency risk

The Group's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Group	
	USD $'000	IDR $'000
2017		
Cash and cash equivalents	17,362	-
Other investments	162,734	13,741
Available-for-sale financial assets	19,267	-
	199,363	13,741
2016		
Cash and cash equivalents	23,989	-
Other assets*	12,744	-
Other investments	159,582	14,990
Available-for-sale financial assets	7,474	-
	203,789	14,990

** Excluding prepayments*

The Company's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Company	
	2017 USD $'000	2016 USD $'000
Cash and cash equivalents	9,856	10,239
Due from subsidiaries	6,803	8,392
Loans to subsidiaries	353,990	388,280
	370,649	406,911

40. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Currency risk (Cont'd)

Sensitivity analysis

A reasonably possible strengthening of the respective foreign currencies, as indicated below, against SGD at 31 December would have increased profit or loss and equity (excluding tax effects) by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2017				
USD (6% strengthening)	10,806	1,156	22,239	-
IDR (8% strengthening)	1,099	-	-	-
2016				
USD (2% strengthening)	3,926	150	8,138	-
IDR (10% strengthening)	1,499	-	-	-

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 balances, loans to subsidiaries and associates and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

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YEAR ENDED 31 DECEMBER 2017

40. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Interest rate risk (Cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group Notional amount		Company Notional amount	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
FIXED RATE INSTRUMENTS				
Cash and cash equivalents	30,179	15,052	-	-
Other investments	13,741	14,990	-	-
Loans to subsidiaries	-	-	1,106,828	1,198,979
Loans to associates	29,859	26,111	29,859	26,111
Borrowings	(1,074,950)	(800,000)	(500,000)	(800,000)
Loans from subsidiaries	-	-	(239,278)	-
Interest rate swaps	(880,000)	(1,000,000)	-	-
	(1,881,171)	(1,743,847)	397,409	425,090
VARIABLE RATE INSTRUMENTS				
Cash and cash equivalents	4,687	62,295	-	45,017
Loans to subsidiaries	-	-	71,492	69,130
Borrowings	(2,426,739)	(2,118,901)	(35,000)	-
Loan from subsidiary	-	-	(300,000)	(45,000)
Interest rate swaps	880,000	1,000,000	-	-
	(1,542,052)	(1,056,606)	(263,508)	69,147

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 (2016: 6 months or less).

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.

40. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2016: 20) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
2017				
GROUP				
Variable rate instruments	(12,110)	12,110	-	-
Interest rate swaps	4,400	(4,400)	508	(572)
	(7,710)	7,710	508	(572)
COMPANY				
Variable rate instruments	1,318	(1,318)	-	-

	Profit or loss		Equity	
	20 bp increase $'000	20 bp decrease $'000	20 bp increase $'000	20 bp decrease $'000
2016				
GROUP				
Variable rate instruments	(4,113)	4,113	-	-
Interest rate swaps	2,104	(2,220)	31	(151)
	(2,009)	1,893	31	(151)
COMPANY				
Variable rate instruments	138	(138)	-	-

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% (2016: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately $19.3 million (2016: $15.4 million) and $17.1 million (2016: $14.4 million) respectively.

40. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Other market price risk (Cont'd)

Risk management policy (Cont'd)

(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% (2016: 10%) at the reporting date, profit before tax would increase/decrease by approximately $18.0 million (2016: $17.6 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.

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 $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
GROUP						
2017						
FINANCIAL ASSETS						
Interest rate swaps used for hedging	26	-	-	-	-	-
FINANCIAL LIABILITIES						
Interest rate swaps used for hedging	26	(11,192)	-	(11,192)	-	(11,192)
2016						
FINANCIAL ASSETS						
Interest rate swaps used for hedging	26	315	-	315	(315)	-
FINANCIAL LIABILITIES						
Interest rate swaps used for hedging	26	(7,790)	-	(7,790)	315	(7,475)

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2017 and 31 December 2016.

40. Financial instruments (Cont'd)

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.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by net tangible assets. Net debt is calculated as borrowings less cash and cash equivalents. Net tangible assets is calculated as total equity less intangible assets and goodwill.

	Group		Company	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Borrowings	3,480,935	2,901,489	532,300	796,972
Less: Cash and cash equivalents	(535,249)	(238,973)	(42,614)	(77,778)
	2,945,686	2,662,516	489,686	719,194
Net tangible assets	4,856,101	4,643,811	3,168,868	3,162,100
Gearing ratio	60.7%	57.3%	15.5%	22.7%

The Group has income derived from its investments in The People's Republic of China. The conversion of these RMB denominated balances, into foreign currencies is subject to the rules and regulations of foreign exchange promulgated by the government of The People's Republic of China.

A subsidiary, OUE C-REIT and its subsidiaries ("OUE C-REIT Group"), is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property (as defined in the CIS Code). The Aggregate Leverage of OUE C-REIT Group as at 31 December 2017 was 33.7% (2016: 39.8%) of its Deposited Property. 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.

40. 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											
2017											
FINANCIAL ASSETS MEASURED AT FAIR VALUE											
Other investments	15	-	179,639	-	-	-	179,639	16,905	162,734	-	179,639
Available-for-sale financial assets	18	-	-	-	193,236	-	193,236	-	-	193,236	193,236
		-	179,639	-	193,236	-	372,875				
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE											
Cash and cash equivalents	12	535,249	-	-	-	-	535,249				
Trade and other receivables	13	65,451	-	-	-	-	65,451				
Other investments											
-debt securities	15	13,741	-	-	-	-	13,741	-	-	9,993	9,993
Other assets[1]	17	78,083	-	-	-	-	78,083				
		692,524	-	-	-	-	692,524				
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE											
Derivative liabilities	26	-	-	(11,192)	-	-	(11,192)	-	(11,192)	-	(11,192)
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE											
Trade and other payables	27	-	-	-	-	(255,043)	(255,043)				
Borrowings:											
-Loans and borrowings	28	-	-	-	-	(2,432,180)	(2,432,180)				
-Notes	28	-	-	-	-	(1,048,755)	(1,048,755)	-	(1,066,090)	-	(1,066,090)
Other payables	30	-	-	-	-	(52,603)	(52,603)	-	-	(48,909)	(48,909)
		-	-	-	-	(3,788,581)	(3,788,581)				

[1] *Excluding prepayments*

40. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

		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											
2016											
FINANCIAL ASSETS MEASURED AT FAIR VALUE											
Other investments	15	-	175,514	-	-	-	175,514	15,932	159,582	-	175,514
Available-for-sale financial assets	18	-	-	-	154,160	-	154,160	-	-	154,160	154,160
Derivative assets	26	-	-	315	-	-	315	-	315	-	315
		-	175,514	315	154,160	-	329,989				
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE											
Cash and cash equivalents	12	238,973	-	-	-	-	238,973				
Trade and other receivables	13	19,643	-	-	-	-	19,643				
Other investments											
-debt securities	15	14,990	-	-	-	-	14,990	-	-	14,701	14,701
Other assets[1]	17	30,864	-	-	-	-	30,864				
		304,470	-	-	-	-	304,470				
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE											
Deriviative liabilities	26	-	-	(7,790)	-	-	(7,790)	-	(7,790)	-	(7,790)
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE											
Trade and other payables[2]	27	-	-	-	-	(211,555)	(211,555)				
Borrowings:											
-Bank loans	28	-	-	-	-	(2,104,517)	(2,104,517)				
-Notes	28	-	-	-	-	(796,972)	(796,972)	-	(806,183)	-	(806,183)
Other payables	30	-	-	-	-	(59,165)	(59,165)	-	-	(55,065)	(55,065)
		-	-	-	-	(3,172,209)	(3,172,209)				

[1] *Excluding prepayments*
[2] *Excluding deposits*

40. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
COMPANY									
2017									
FINANCIAL ASSET MEASURED AT FAIR VALUE									
Available-for-sale financial assets	18	-	171,271	-	171,271	-	-	171,271	171,271
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE									
Cash and cash equivalents	12	42,614	-	-	42,614				
Trade and other receivables	13	1,239,260	-	-	1,239,260				
Other assets[1]	17	4,086	-	-	4,086				
Loans to subsidiaries	21	2,054,076	-	-	2,054,076				
		3,340,036	-	-	3,340,036				
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE									
Loans from subsidiaries	21	-	-	(539,278)	(539,278)				
Trade and other payables	27	-	-	(101,891)	(101,891)				
Borrowings:									
-Bank loans	28	-	-	(35,000)	(35,000)				
-Notes	28	-	-	(497,300)	(497,300)	-	(506,651)	-	(506,651)
Other payables	30	-	-	(180)	(180)	-	-	(176)	(176)
		-	-	(1,173,649)	(1,173,649)				

[1] *Excluding prepayments*

40. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
COMPANY									
2016									
FINANCIAL ASSET MEASURED AT FAIR VALUE									
Available-for-sale financial assets	18	-	143,805	-	143,805	-	-	143,805	143,805
FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE									
Cash and cash equivalents	12	77,778	-	-	77,778				
Trade and other receivables	13	823,306	-	-	823,306				
Other assets[1]	17	1,948	-	-	1,948				
Loans to subsidiaries	21	2,234,092	-	-	2,234,092				
		3,137,124	-	-	3,137,124				
FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE									
Loans from subsidiaries	21	-	-	(45,000)	(45,000)				
Trade and other payables	27	-	-	(103,203)	(103,203)				
Borrowings:									
-Notes	28	-	-	(796,972)	(796,972)	-	(806,183)	-	(806,183)
Other payables	30	-	-	(415)	(415)	-	-	(402)	(402)
		-	-	(945,590)	(945,590)				

[1] *Excluding prepayments*

40. 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% - 30% (2016: 0% - 40%)	An increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a 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 - Notes	Market quoted prices
Other investments - debt securities	Discounted cash flows
Other payables	Discounted cash flows

40. 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	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
AVAILABLE-FOR-SALE FINANCIAL ASSETS				
At 1 January	154,160	174,223	143,805	157,262
Purchases	12,681	7,749	-	-
Disposal	-	(18,889)	-	-
Fair value gains/(losses) recognised in other comprehensive income	26,577	(8,691)	27,466	(13,457)
Effect of movements in exchange rates	(182)	(232)	-	-
At 31 December	193,236	154,160	171,271	143,805

Sensitivity analysis

For the Group's and Company's available-for-sale financial assets, a 10% (2016: 10%) increase/(decrease) in the discount rate applied, where applicable, would have (decreased)/increased the Group's and the Company's other comprehensive income by $24,467,000 (2016: $23,968,000) after tax. A 10% (2016: 10%) decrease in the discount rate applied would have increased the Group's and the Company's other comprehensive income by $24,467,000 (2016: $23,968,000) after tax.

41. Related parties

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration comprised:

	Group	
	2017 $'000	**2016** $'000
Short-term employee benefits	3,692	3,602
Post-employment benefits (including contributions to defined contribution plans)	21	23
	3,713	3,625

41. Related parties (Cont'd)

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	
	2017 $'000	**2016** $'000
ASSOCIATES AND JOINT VENTURES		
Rental and rental related income	851	802
Management fees earned	5,794	5,404
Interest income from loans	991	791
Rental expense	96,353	92,607
Reimbursement of expenses paid on behalf	1,642	1,957
OTHER RELATED PARTIES		
Rental and rental related income	1,882	1,341
Hotel services income	403	342
Purchase of food and beverage products	213	263
Professional fees paid/payable	90	73

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.

42. Operating segments

The Group has the following six (2016: five) 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) Property investments (Singapore, United States of America and the People's Republic of China) - rental of investment properties owned by the Group.

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

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

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

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

(vi) 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 2016 and 2017.

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

42. Operating segments (Cont'd)

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.

	Property Investments			Hospitality									
	Singapore $'000	United States of America $'000	The People's Republic of China $'000	Singapore $'000	Others $'000	Property development $'000	Healthcare $'000	Fund management $'000	Investment holding $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
2017													
REVENUE													
External Revenue	182,833	55,110	33,018	217,300	2,787	209,533	33,810	1,546	-	17,790	753,727	385	754,112
Inter-segment revenue	9,971	8,723	-	114	-	-	-	11,980	-	7	30,795	(30,795)	-
SEGMENT REVENUE (INCLUDING INTER-SEGMENT REVENUE)	192,804	63,833	33,018	217,414	2,787	209,533	33,810	13,526	-	17,797	784,522	(30,410)	754,112
SEGMENT PROFIT/(LOSS)[1]	146,655	26,975	26,494	(5,703)	2,371	20,512	(47,751)	14,717	31,409	(15,886)	199,793	(33,722)	166,071
Depreciation	(427)	(14)	(19)	(410)	(4)	-	(1,575)	(157)	-	(2,253)	(4,859)	(2,098)	(6,957)
Finance expenses	(65,791)	(17,282)	(1,377)	(228)	48	(2,442)	(12,476)	(240)	-	(3,099)	(102,887)	(28,039)	(130,926)
Finance income	9,843	90	459	69	-	3	85	18	-	4,829	15,396	(3,169)	12,227
Share of results of equity-accounted investees, net of tax	24,686	-	-	5,062	22	-	-	7,584	31,409	-	68,763	(1)	68,762
OTHER MATERIAL ITEMS													
Net change in fair value of investment properties	36,710	2,677	71,923	-	-	-	845	-	-	-	112,155	-	112,155
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	4,095	4,095	-	4,095
Reversal of impairment loss on a development property	-	-	-	-	-	20,379	-	-	-	-	20,379	-	20,379
Reportable segment assets	4,622,739	835,998	607,440	42,279	4,582	533,925	532,223	3,841	-	404,140	7,587,167	491,965	8,079,132
Investment in equity-accounted investees	445,275	-	-	48,954	11,891	-	-	61,967	386,926	-	955,013	-	955,013
Reportable segment liabilities	1,965,102	305,932	58,172	46,094	3,229	112,542	238,729	1,328	-	406,939	3,138,067	1,020,351	4,158,418
Capital expenditure	105,709	36,822	1,188	2,245	29	-	1,117	-	193	8,180	155,483	-	155,483

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

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42. Operating segments (Cont'd)

	Property Investments			Hospitality								
	Singapore $'000	United States of America $'000	The People's Republic of China $'000	Singapore $'000	Others $'000	Property development $'000	Fund management $'000	Investment holding $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
2016												
REVENUE												
External Revenue	179,704	53,840	31,130	199,203	2,452	401,956	1,395	-	13,891	883,571	670	884,241
Inter-segment revenue	5,842	8,748	-	107	-	-	14,573	-	108	29,378	(29,378)	-
SEGMENT REVENUE (INCLUDING INTER-SEGMENT REVENUE)	185,546	62,588	31,130	199,310	2,452	401,956	15,968	-	13,999	912,949	(28,708)	884,241
SEGMENT PROFIT/(LOSS)[1]	142,418	24,793	25,125	3,132	2,024	76,131	17,034	48,679	(16,812)	322,524	(47,878)	274,646
Depreciation	(287)	(14)	(6)	(183)	-	-	(163)	-	(1,652)	(2,305)	(2,125)	(4,430)
Finance expenses	(75,738)	(14,075)	(1,961)	(1)	-	(9,338)	(203)	-	(12,993)	(114,309)	(13,459)	(127,768)
Finance income	6,907	85	29	147	(144)	-	4	-	(3,393)	3,635	7,629	11,264
Share of results of equity-accounted investees, net of tax	5,770	-	-	4,839	(32)	-	7,187	48,679	-	66,443	(4)	66,439
OTHER MATERIAL ITEMS												
Net change in fair value of investment properties	(85,019)	31,443	19,509	-	-	-	-	-	-	(34,067)	-	(34,067)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	21,249	21,249	-	21,249
Reversal of impairment loss on a development property	-	-	-	-	-	62,495	-	-	-	62,495	-	62,495
Reportable segment assets	4,402,334	870,021	547,670	38,698	6,531	775,089	3,278	-	362,876	7,006,497	134,532	7,141,029
Investment in equity-accounted investees	450,842	-	-	46,395	12,667	-	40,319	362,732	-	912,955	29,421	942,376
Reportable segment liabilities	1,736,755	330,909	58,076	51,506	220	253,283	1,332	-	8,151	2,440,232	999,362	3,439,594
Capital expenditure	105,112	41,096	1,972	20	3	-	-	-	1,575	149,778	896	150,674

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

42. Operating segments (Cont'd)

RECONCILIATION OF REPORTABLE SEGMENT REVENUE AND PROFIT/(LOSS) BEFORE INTEREST AND TAX

	2017 $'000	2016 $'000
REVENUE		
Total revenue for reportable segments	766,725	898,950
Revenue for other segment	17,797	13,999
Unallocated amounts	9,579	10,834
Elimination of inter-segment revenue	(39,989)	(39,542)
Consolidated total revenue	754,112	884,241
PROFIT OR LOSS		
Total profit or loss before interest, tax and other gains/(losses) for:		
-Reportable segments	215,679	339,336
-Other segment	(15,886)	(16,812)
Elimination of inter-segment profits	-	(10)
Finance expenses	(130,926)	(127,768)
Finance income	12,227	11,264
Other gains – net	146,301	54,408
Unallocated corporate expenses	(33,722)	(47,868)
Consolidated profit before tax	193,673	212,550

RECONCILIATIONS OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

	2017 $'000	2016 $'000
ASSETS		
Total assets for reportable segments	7,183,027	6,643,621
Assets for other segment	404,140	362,876
Investment in equity-accounted investees	955,013	912,955
	8,542,180	7,919,452
Elimination of inter-segment balances	(7,540)	(9,102)
Other unallocated amounts		
-Property, plant and equipment	9,747	12,660
-Investment in equity-accounted investees	-	29,421
-Cash and cash equivalents	397,393	82,129
-Trade and other receivables	3,318	2,038
-Available-for-sale financial assets	2,698	2,881
-Other investments	13,937	14,990
-Other assets	60,002	15,988
-Deferred tax assets	12,410	12,948
Consolidated total assets	9,034,145	8,083,405

42. Operating segments (Cont'd)

RECONCILIATIONS OF REPORTABLE SEGMENT ASSETS AND LIABILITIES (CONT'D)

	2017 $'000	2016 $'000
LIABILITIES		
Total liabilities for reportable segments	2,731,128	2,432,081
Liabilities for other segments	406,939	8,151
Other unallocated amounts		
-Borrowings	782,299	796,972
-Trade and other payables	20,872	25,936
-Current tax liabilities	34,913	33,718
-Deferred tax liabilities	182,042	142,641
-Other liabilities	225	95
Consolidated total liabilities	4,158,418	3,439,594

GEOGRAPHICAL INFORMATION

	Revenue		Non-current assets *	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	618,908	789,463	5,232,310	4,961,254
The People's Republic of China	53,836	31,130	637,181	536,926
United States of America	65,597	61,196	819,337	843,654
Japan	13,083	-	287,823	-
Others	2,688	2,452	449,351	362,732
	754,112	884,241	7,426,002	6,704,566

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

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2016 and 2017.

43. 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 2017

The Group acquired equity interests in OUELH, a company listed on the Catalist of the Singapore Exchange Securities Trading Limited, in various tranches and determined that the Group controls OUELH on 2 March 2017. The Group on 20 February 2017, made a mandatory unconditional cash offer to all the issued ordinary shares in OUELH at $0.106 per share (the "Offer"). The Offer closed on 13 April 2017. The effective equity interest as at 2 March 2017 and 13 April 2017 was 63.0% and 86.2% respectively.

OUELH's principal activities relate to investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services. The acquisition of OUELH would enable the Group to expand into the healthcare real estate sector.

43. Acquisition of subsidiaries (Cont'd)

Financial year ended 31 December 2017 (Cont'd)

OUELH was assessed to be a subsidiary of the Group on 2 March 2017 (the "acquisition date"). For the period from the acquisition date to 31 December 2017, OUELH contributed revenue of $33,810,000 and loss after tax of $59,282,000 to the Group's results. If the acquisition had occurred on 1 January 2017, the Group estimated that the consolidated revenue would have been $763,873,000 and the consolidated profit for the year would have been $151,358,000. In determining these amounts, the Group had 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 2017.

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
Cash and cash equivalents		16,644
Trade and other receivables		41,870
Inventories		871
Intangible assets	19	638
Lease prepayments	22	30,495
Investment properties	23	298,410
Investment properties under development	23	120,153
Property, plant and equipment	24	7,660
Trade and other payables		(31,075)
Borrowings		(317,518)
Current tax liabilities		(1,010)
Deferred tax liabilities	29	(38,982)
Net identifiable assets and liabilities acquired		128,156

The trade and other receivables is stated at net of adjustment for gross contractual amounts due of $81,041,000, of which $39,171,000 was not expected to be collectible at the date of acquisition (see note 13(i)).

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 properties	Income capitalisation method and discounted cash flow method
Investment properties under development	Direct comparison method, income capitalisation method and residual value method
Property, plant and equipment	Value-in-use method
Lease prepayments	Income capitalisation method, discounted cash flow method and residual land value method

The fair value of the investment properties, investment properties under development, property, plant and equipment, and lease prepayments were based on independent valuations undertaken by Colliers International Tokyo, Savills Real Estate Valuation (Guangzhou) Ltd and Raine & Horne International Zaki + Partners Sdn Bhd.

43. Acquisition of subsidiaries (Cont'd)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	$'000
Total consideration transferred		100,355
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree		46,960
Fair value of identifiable net assets and liabilities		(128,156)
Goodwill	19	19,159

Cash flows relating to the acquisition

	$'000
Purchase consideration	(100,355)
Less: Cash acquired	16,644
Net cash outflow	(83,711)

The Group incurred acquisition-related costs of $3,171,000 mainly related to external professional fees. These costs were included in "Administrative expenses" in the Group's statement of comprehensive income.

44. Changes in ownership interests in a subsidiary without a change in control

2017

OUE C-REIT

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. OUE C-REIT also completed the private placement of 233,281,400 new units for gross proceeds of approximately $150,000,000. The additional units received and private placement resulted in the Group's interest in OUE C-REIT being reduced from 65.2% to 55.6%.

OUELH

The Group acquired equity interests in OUELH in various tranches. On 20 February 2017, the Group had acquired a total of 57.6% equity interest in OUELH. The Group then made a mandatory unconditional cash offer for all the issued ordinary shares in OUELH (the "Offer"), which closed on 13 April 2017. The valid acceptances from the Offer and additional shares acquired by the Group resulted in the Group's interest in OUELH being increased from 57.6% to 86.2%.

2016

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The Group also acquired additional interest in OUE C-REIT for $165,970,000 in cash. The additional units received and acquisition resulted in the Group's interest in OUE C-REIT being increased from 49.1% to 65.2%.

44. Changes in ownership interests in a subsidiary without a change in control (Cont'd)

2016 (CONT'D)

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

	OUE C-REIT $'000	OUELH $'000	Total $'000
2017			
Consideration paid for acquisition of non-controlling interests	-	(40,669)	(40,669)
(Increase)/Decrease in equity attributable to non-controlling interests	(27,159)	29,779	2,620
Decrease in equity attributable to owners of the Company	(27,159)	(10,890)	(38,049)

	OUE C-REIT $'000
2016	
Consideration paid for acquisition of non-controlling interests	(165,970)
Decrease in equity attributable to non-controlling interests	185,329
Increase in equity attributable to owners of the Company	19,359

45. Subsequent events

There were the following events subsequent to the reporting date:

(i) On 2 January 2018, OUELH, a subsidiary of the Group, acquired 100% equity interests in Brainy World Holdings Limited ("BWH"), a limited company incorporated in the British Virgin Islands for a consideration of HKD14,578,000 (equivalent to S$2,544,000) for the purchase of the entire issued share capital of BWH and the assignment of the outstanding loan due from Lippo Investments Limited. Lippo Investments Limited is an affiliated corporation of the Group. The acquisition provides OUELH with the opportunity to grow its business in the People's Republic of China where the demand for specialised and quality healthcare services is expected to increase.

(ii) On 15 February 2018, OUELH completed the allotment and issuance of 562,500,000 shares to Browny Healthcare Pte. Ltd. with the aggregate placement consideration of $78,750,000. Browny Healthcare Pte. Ltd. is an indirect wholly-owned subsidiary of ITOCHU Corporation, a company listed on the Tokyo Stock Exchange. Arising therefrom, the Group's effective interest in OUELH decreased to 64.3%. OUELH remains as a subsidiary of the Group after the transaction. The Group expects to recognise an increase in non-controlling interests of $41,548,000* and increase in equity attributable to owners of the Company of $37,202,000*.

** Estimated based on OUELH's 31 December 2017 financial information.*

46. 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 2017 %	The Company 2016 %	Subsidiaries 2017 %	Subsidiaries 2016 %
SUBSIDIARIES						
Alkas Realty Pte. Ltd.	Property investment	Singapore	-	-	100	100
Beringia Central LLC[a]	Property holding	Delaware, The United States of America	-	-	100	100
Cove Development Pte. Ltd.	Property development	Singapore	-	-	100	100
OUB Centre Limited	Property investment	Singapore	-	-	83.3[c]	83.3[c]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	-	-	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	-	-	55.6	65.2
OUE Lippo Healthcare Limited and its subsidiaries	Investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services	Singapore	-	-	86.2	-
OUE Reef Development Pte. Ltd.	Property development	Singapore	-	-	100	100
ASSOCIATES						
Aquamarina Hotel Private Limited[b]	Hotel operation	Singapore	-	-	25.0	25.0
OUE Hospitality Trust	Real estate investment trust/ property business trust	Singapore	32.4	32.7	-	-
JOINT VENTURE						
OUE Lippo Limited	Investment holding	British Virgin Islands	-	-	50.0	50.0

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] As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 46.4% (2016: 54.3%) in the company.

47. Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards

APPLICABLE TO 2018 FINANCIAL STATEMENTS

In December 2017, the Accounting Standards Council ("ASC") issued the SFRS(I). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with the SFRS(I) and IFRS issued by the International Accounting Statutory Board. As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Transfers of Investment Property* (Amendments to IAS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to IAS 28);
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1.

SUMMARY OF QUANTITATIVE IMPACT

The Group is currently finalising the transition adjustments. The following reconciliations provide an estimate of the expected impacts on initial application of SFRS(I) 1 on the Group's financial position as at 31 December 2017 and 1 January 2018, the Group's profit or loss and other comprehensive income for the year ended 31 December 2017.

47. Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards (Cont'd)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2017		
	Note	Current framework $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
ASSETS				
Cash and cash equivalents		535,249	-	535,249
Trade and other receivables		65,451	-	65,451
Inventories		2,009	-	2,009
Other investments		179,639	-	179,639
Development properties		521,181	-	521,181
Other assets		79,330	-	79,330
CURRENT ASSETS		**1,382,859**	**-**	**1,382,859**
Available-for-sale financial assets		193,236	-	193,236
Intangible assets and goodwill		19,626	-	19,626
Investments in equity-accounted investees		955,013	-	955,013
Lease prepayments		29,821	-	29,821
Other investments		13,741	-	13,741
Other assets		5,897	-	5,897
Investment properties		6,390,048	-	6,390,048
Property, plant and equipment		31,494	-	31,494
Deferred tax assets		12,410	-	12,410
NON-CURRENT ASSETS		**7,651,286**	**-**	**7,651,286**
TOTAL ASSETS		**9,034,145**	**-**	**9,034,145**
LIABILITIES				
Trade and other payables		255,043	-	255,043
Borrowings		1,081,828	-	1,081,828
Provision		46,000	-	46,000
Current tax liabilities		34,913	-	34,913
Deferred income		12,579	-	12,579
Derivative liabilities		487	-	487
CURRENT LIABILITIES		**1,430,850**	**-**	**1,430,850**
Borrowings		2,399,107		2,399,107
Deferred income		83,111	-	83,111
Deferred tax liabilities		182,042	-	182,042
Other payables		52,603	-	52,603
Derivative liabilities		10,705	-	10,705
NON-CURRENT LIABILITIES		**2,727,568**	**-**	**2,727,568**
TOTAL LIABILITIES		**4,158,418**	**-**	**4,158,418**
NET ASSETS		**4,875,727**	**-**	**4,875,727**
EQUITY				
Share capital		693,315	-	693,315
Other reserves	(i)	(119,582)	42,443	(77,139)
Accumulated profits		3,451,185	(42,443)	3,408,742
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**4,024,918**	**-**	**4,024,918**
Non-controlling interests		850,809	-	850,809
TOTAL EQUITY		**4,875,727**	**-**	**4,875,727**

47. Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards (Cont'd)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2017		
	Current framework $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
Revenue	754,112	-	754,112
Cost of sales	(483,394)	-	(483,394)
GROSS PROFIT	**270,718**	**-**	**270,718**
Marketing expenses	(30,928)	-	(30,928)
Administrative expenses	(83,716)	-	(83,716)
Other operating expenses	(58,765)	-	(58,765)
Share of results of equity-accounted investees, net of tax	68,762	-	68,762
	166,071	-	166,071
Finance expenses	(130,926)	-	(130,926)
Finance income	12,227	-	12,227
	47,372	-	47,372
Other gains – net	146,301	(4,306)	141,995
PROFIT BEFORE TAX	**193,673**	**(4,306)**	**189,367**
Tax expense	(32,486)	-	(32,486)
PROFIT AFTER TAX	**161,187**	**(4,306)**	**156,881**
OTHER COMPREHENSIVE INCOME			
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Currency translation differences relating to foreign operations	(43,639)	-	(43,639)
Share of currency translation differences of equity-accounted investees	(8,755)	-	(8,755)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal	(3,564)	4,306	742
Share of other reserves of equity-accounted investees	10,446	-	10,446
Available-for-sale financial assets:			
-net change in fair value, net of tax	26,729	-	26,729
Cash flow hedges:			
-effective portion of changes in fair value of cash flow hedges	(6,699)	-	(6,699)
-hedging reserve reclassified to profit or loss	714	-	714
OTHER COMPREHENSIVE INCOME, NET OF TAX	**(24,768)**	**4,306**	**(20,462)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**136,419**	**-**	**136,419**
PROFIT ATTRIBUTABLE TO:			
Owners of the Company	98,866	(4,306)	94,560
Non-controlling interests	62,321	-	62,321
	161,187	**(4,306)**	**156,881**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	80,690	-	80,690
Non-controlling interests	55,729	-	55,729
	136,419	**-**	**136,419**

47. Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards (Cont'd)

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

(i) Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current IAS 21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of $38,137,000 as at 1 January 2017 determined in accordance with FRS at that date to accumulated profits. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects the cumulative FCTR to increase by $42,443,000 and accumulated profits to decrease by the same amount as at 31 December 2017. For the year ended 31 December 2017, the Group expects the share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal, recognised as "Other gains – net" in profit or loss to decrease by $4,306,000 and OCI to increase by the same amount.

APPLICABLE TO FINANCIAL STATEMENTS FOR THE YEAR 2019 AND THEREAFTER

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

APPLICABLE TO 2019 FINANCIAL STATEMENTS

SFRS(I) 16 *Leases*
IFRIC 23 *Uncertainty over Income Tax Treatments*
Long-term Interests in Associates and Joint-Ventures (Amendments to SFRS(I) (1-28))
Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)

The Group is still in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

47. Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and adoption of new standards (Cont'd)

SFRS(I) 16 (CONT'D)

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 39).

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 8% of the consolidated total assets and 17% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

Shareholding Statistics
AS AT 16 MARCH 2018

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 901,815,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 79,786,000
Total number of subsidiary holdings	: 0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	: 8.85%
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	31	0.27	788	0.00
100—1,000	882	7.71	812,583	0.09
1,001—10,000	7,874	68.88	40,481,378	4.49
10,001—1,000,000	2,626	22.97	98,875,652	10.96
1,000,001 and above	19	0.17	761,645,459	84.46
TOTAL	**11,432**	**100.00**	**901,815,860**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	Number of Shares	% of issued Share Capital*
1.	BANK OF CHINA NOMINEES PTE LTD	416,000,000	46.13
2.	RAFFLES NOMINEES (PTE) LTD	216,545,858	24.01
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	51,527,395	5.71
4.	DBS NOMINEES PTE LTD	27,665,273	3.07
5.	DBSN SERVICES PTE LTD	12,661,045	1.41
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,220,178	0.80
7.	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,928,730	0.66
8.	HENG SIEW ENG	3,067,300	0.34
9.	UOB KAY HIAN PTE LTD	2,969,000	0.33
10.	MAYBANK KIM ENG SECURITIES PTE LTD	2,711,315	0.30
11.	OCBC NOMINEES SINGAPORE PTE LTD	2,649,700	0.29
12.	PHILLIP SECURITIES PTE LTD	2,559,389	0.28
13.	OCBC SECURITIES PRIVATE LTD	2,105,837	0.23
14.	DB NOMINEES (SINGAPORE) PTE LTD	1,874,268	0.21
15.	SINGAPORE NOMINEES PTE LTD	1,500,000	0.17
16.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,363,371	0.15
17.	SUNSHINE VENTURES PTE LTD	1,158,000	0.13
18.	JACK INVESTMENT PTE LTD	1,098,900	0.12
19.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,039,900	0.12
20.	MERRILL LYNCH (SINGAPORE) PTE LTD	999,257	0.11
TOTAL		**762,644,716**	**84.57**

** 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 16 MARCH 2018

		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.72(23)	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.91(23)	502,513,060(1)	55.72(23)
3.	Fortune Code Limited ("**FCL**")	-	-	618,916,410(2)	68.63(23)
4.	Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410(3)	68.63(23)
5.	Pacific Landmark Holdings Limited ("**Pacific Landmark**")	-	-	618,916,410(4)	68.63(23)
6.	HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410(5)	68.63(23)
7.	Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410(6)	68.63(23)
8.	Hennessy Holdings Limited ("**HHL**")	-	-	618,916,410(7)	68.63(23)
9.	Prime Success Limited ("**PSL**")	-	-	618,916,410(8)	68.63(23)
10.	Lippo Limited ("**LL**")	-	-	618,916,410(9)	68.63(23)
11.	Lippo Capital Limited ("**LCL**")	-	-	618,916,410(10)	68.63(23)
12.	Lippo Capital Holdings Company Limited ("**LCH**")	-	-	618,916,410(11)	68.63(23)
13.	Lippo Capital Group Limited ("**LCG**")	-	-	618,916,410(12)	68.63(23)
14.	Stephen Riady	-	-	618,916,410(13)	68.63(23)
15.	PT Trijaya Utama Mandiri ("**PT Trijaya**")	-	-	618,916,410(14)	68.63(23)
16.	James Tjahaja Riady	-	-	618,916,410(15)	68.63(23)
17.	Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410(16)	68.63(23)
18.	ASM Asia Recovery (Master) Fund ("**AARMF**")	-	-	618,916,410(17)	68.63(23)
19.	ASM Asia Recovery Fund ("**AARF**")	-	-	618,916,410(18)	68.63(23)
20.	Argyle Street Management Limited ("**ASML**")	-	-	618,916,410(19)	68.63(23)
21.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410(20)	68.63(23)
22.	Kin Chan ("**KC**")	-	-	618,916,410(21)	68.63(23)
23.	V-Nee Yeh ("**VY**")	-	-	618,916,410(22)	68.63(23)

Substantial Shareholders

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2018

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 an intermediate 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) LCH is an intermediate holding company of Pacific Landmark. Accordingly, LCH is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(12) LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark. Accordingly, LCG is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(13) Dr. Stephen Riady holds all the shares in LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark. Accordingly, Dr. Stephen Riady is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest. 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.

(14) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark. Accordingly, PT Trijaya is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(15) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

(16) 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.

(17) 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.

(18) 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.

(19) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the shares in which AARF has a deemed interest.

(20) 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.

(21) 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.

(22) 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.

(23) The shareholding percentage is calculated based on 901,815,860 issued shares (excluding treasury shares) as at 16 March 2018.

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 16 March 2018, approximately 31.34% 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 2017

Name Of Interested Person	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920** (excluding transactions less than S$100,000) S$'000
AURIC PACIFIC GROUP LIMITED		
Purchase of food & beverage items	212	-
LIPPO CHINA RESOURCES LIMITED		
Hotel services	374	-
HEALTHWAY MEDICAL CORPORATION LIMITED		
Gross rental income	1,869	-

OUE LIMITED

COMPANY REGISTRATION NUMBER: 196400050E

NOTICE IS HEREBY GIVEN that the Fifty-Fifth 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, 26 April 2018 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 2017 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 2 cents per ordinary share for the year ended 31 December 2017.

3. To approve Directors' Fees of S$486,175 for the year ended 31 December 2017 (2016: S$468,750).

4. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Mr. Sin Boon Ann

   (b) Mr. Kin Chan

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass, with or without modifications the following resolutions as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be limited as follows:

   (A) without prejudice to sub-paragraph 1(B) below, the aggregate number of shares to be issued shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

   (B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a *pro rata* basis ("**Renounceable Rights Issues**") shall not exceed 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

   (C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

   (D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

   (E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

   (2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (4) below);

   (3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (4) below);

   (4) (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-paragraphs (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue or consolidation or sub-division of shares;

   and in sub-paragraphs (1), (2) and (3) above and this sub-paragraph (4), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

   (5) 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

   (6) (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.

7. That:

   (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (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 treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board
NG NGAI
Secretary
5 April 2018
Singapore

Explanatory Notes:

Resolution 4(a)

To re-elect Mr. Sin Boon Ann, who is the Lead Independent Director. Mr. Sin will, upon re-election, continue to serve as Chairman of the Nominating Committee and of the Remuneration Committee and a member of the Audit Committee respectively.

Resolution 4(b)

To re-elect Mr. Kin Chan, who is a non-executive non-independent Director. Mr. Chan will, upon re-election, continue to serve as a member of the Audit Committee.

Resolution 6

Resolution No. 6, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding the aggregate of (i) 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro rata* basis to shareholders (the "**General Limit**") and (ii) an additional 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) by way of renounceable rights issues on a *pro rata* basis (the "**Additional Limit**"), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution No. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 16 March 2018 (the "**Latest Practicable Date**"), the Company had 79,786,000 treasury shares and no subsidiary holdings.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) ("**the Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual of the SGX-ST on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The share issue mandate as set out in Resolution No. 6, if passed, will be implemented in accordance with SGX-ST Practice Note 8.3 and the Explanatory Note on Applying the Enhanced Rights Issue Limit for Mainboard Issuers dated 30 March 2017, a copy of which may be accessed at http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/listing_compliance_bulletin/listing_compliance_toolkit.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as the Enhanced Rights Issue Limit would widen the fund-raising avenues available to the Company for the development of its business or working capital purposes should the need arise and thereby increase the Company's ability to respond to market developments.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

Resolution 7

Resolution No. 7, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares, on the terms and subject to the conditions set out in the Resolution.

Notice of Annual General Meeting

The Company may use its internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the total number of issued and paid-up Shares as at the Latest Practicable Date and disregarding the 79,786,000 Shares held in treasury as at the Latest Practicable Date, and assuming that on or prior to the Annual General Meeting, no further Shares are issued, no further Shares are purchased or acquired by the Company, no Shares purchased or acquired by the Company are held as treasury shares and no Shares are held as subsidiary holdings, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 90,181,586 Shares. Assuming that the Company purchases or acquires 90,181,586 Shares at the Maximum Price, in the case of both market purchases and off-market purchases, of S$1.9929 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 90,181,586 Shares is approximately S$179,722,883.

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 2017, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 5 April 2018 (the "**Letter**").

Please refer to the Letter for more details.

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 NUMBER: 196400050E)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the 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 2018.

I/We ______________________(Name)______________(NRIC/Passport/Company Registration Number)
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-Fifth 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, 26 April 2018 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.	(a) Re-election of Mr. Sin Boon Ann as Director		
	(b) Re-election of Mr. Kin Chan as Director		
5.	Re-appointment of Auditors		
6.	Authority for Directors to issue shares		
7.	Proposed renewal of the Share Purchase Mandate		

Dated this ____________ day of ______________ 2018

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 shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all 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.*

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.*

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Affix Postage Stamp

The Company Secretary
OUE Limited
50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321

Please fold here

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 (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument 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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OUE

OUE LIMITED

Company Reg. No. 196400050E

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