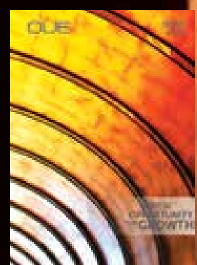
OUE

OUE LIMITED
ANNUAL REPORT
2019

A NEW OPPORTUNITY FOR GROWTH



A view of the elegantly arched high copper ceiling of VUE, a new rooftop dining and lifestyle destination by OUE Restaurants

Scan here to view our Annual Report online

CONTENTS

OUE's proven track record as a leading diversified real estate group is built on the ability to envision growth opportunities and unlock potential to create value. Even as it focuses on growing its Commercial, Hospitality, Retail, Residential and Healthcare businesses, the Group continuously explores new opportunities for revenue and value diversification. In 2019, the Group expanded into the Consumer business with its subsidiary OUE Restaurants. The new business represents an organic growth of the Hospitality Division by leveraging the Group's resources and experience in delivering distinctive dining and lifestyle concepts.

VUE's open-air terrace is an unparalleled spot for enjoying drinks and Singapore's iconic Marina Bay view

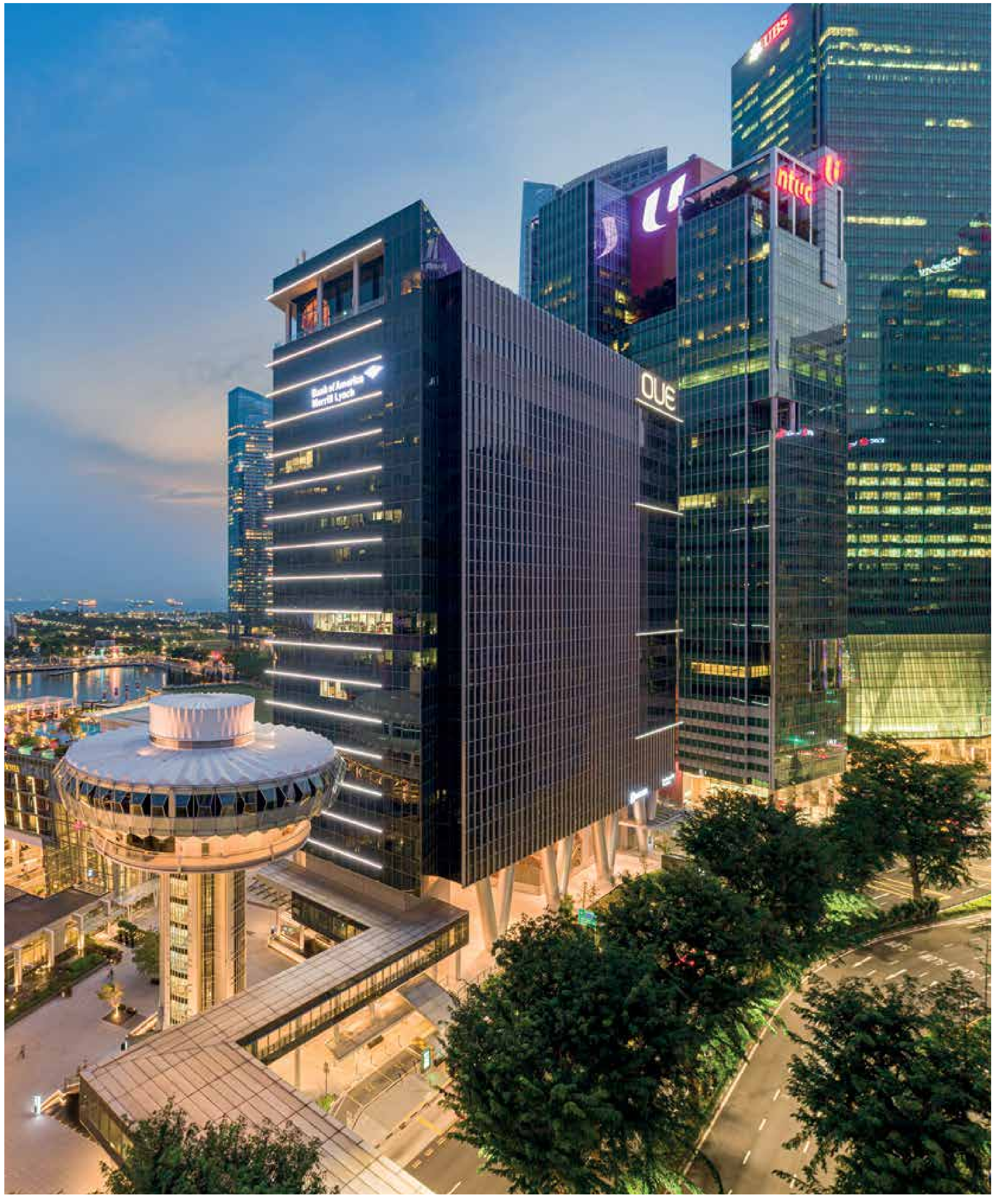
OVERVIEW

01 OUE Bayfront's 18-storey office tower against the backdrop of Marina Bay

02 OUE Bayfront alongside OUE Tower and OUE Link aerial bridge

01

02



OUE Bayfront

Including **OUE Tower** & **OUE Link**

OUE Bayfront is an 18-storey premium Grade-A office tower located along the waterfront at Collyer Quay in Singapore's Central Business District, advantageously positioned between Marina Bay downtown and the established financial hub of Raffles Place. It is adjoined by OUE Link, an overhead pedestrian bridge with double-frontage retail shops, and OUE Tower, a conserved building overlooking the Marina Bay landscape, and currently occupied by a fine dining restaurant.

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

Fair Value (S$ Million)

1,181.0

Gross Floor Area (Sq ft. Approx)

503,482

Tenure of Land

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

OUE Link
15-year lease from 26 March 2010

Underpass
99-year lease from 7 January 2002

01 A prime office and retail address in the heart of Singapore's financial district

01

OUE Downtown

OUE Downtown is the transformation of a high-rise skyscraper complex into a vibrant mixed-use work-live-play destination in Singapore's Central Business District.

The 37-storey OUE Downtown 2 and the high zone of the 50-storey OUE Downtown 1 (OUE Downtown Office) offer prime office space in the midst of an established business and commercial hub. The development's six-level retail mall, Downtown Gallery, is home to a unique mix of tenant offerings centred on lifestyle and wellness.

OUE Downtown Office is part of OUE Commercial REIT's portfolio.

Fair Value (S$ Million)

912.0

(Office components)

270.0

(Downtown Gallery)

Gross Floor Area (Sq ft. Approx)

752,634

(Office components)

226,895

(Downtown Gallery)

Tenure of Land

99-year lease from 19 July 1967

Fair Value (S$ Million)

1,862.0

(Fair value attributable to OUB Centre Limited's ownership interest in the property)

Gross Floor Area (Sq ft. Approx)

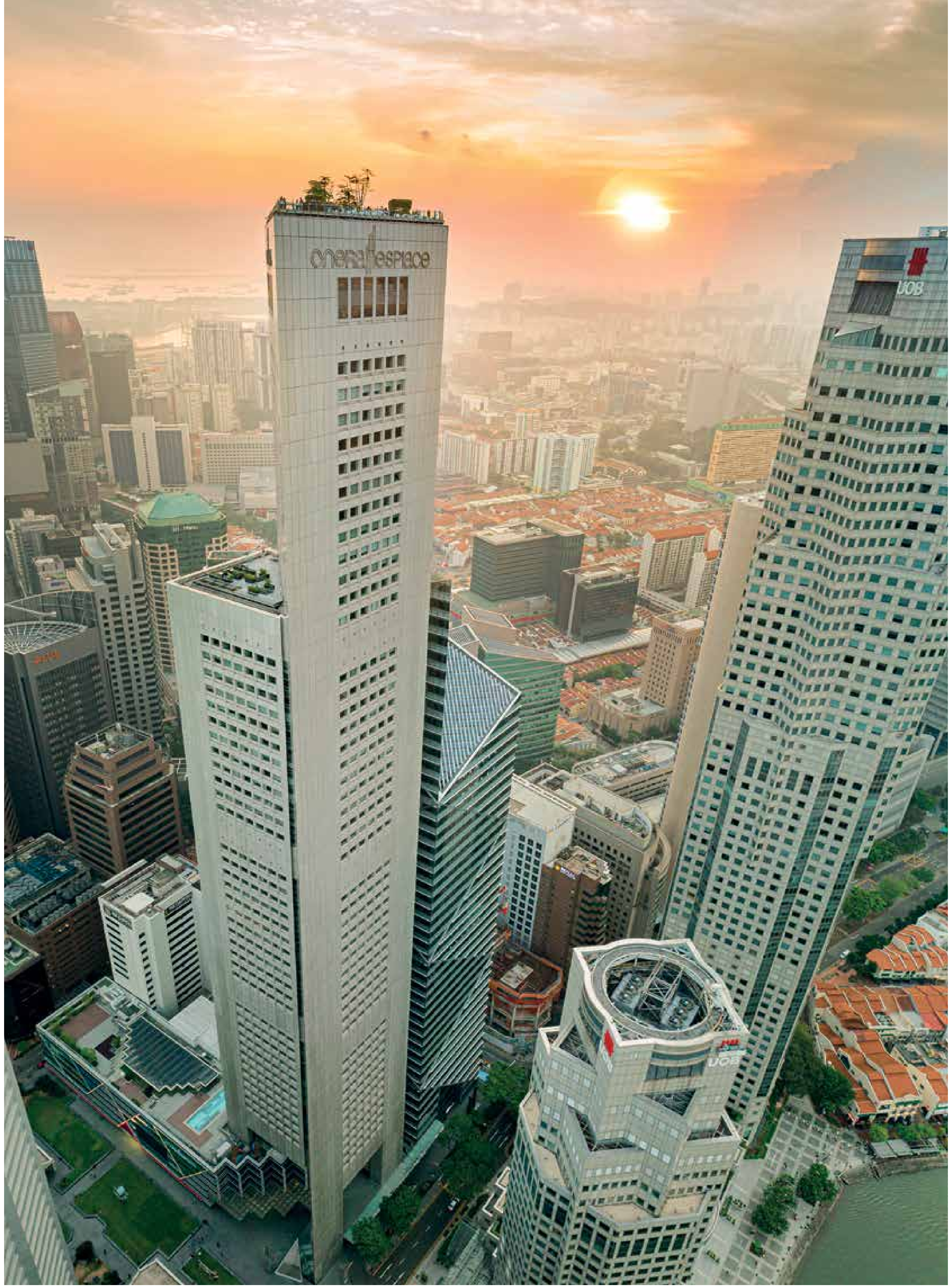
1,287,645

Tenure of Land

Office Tower 1
841-year lease from 1 November 1985

Office Tower 2
99-year lease from 26 May 1983

Shopping Mall
~75.0% of NLA is on 99-year lease from 1 November 1985, with the balance 25.0% on 841-year lease from 1 November 1985



01

One Raffles Place

One Raffles Place comprises two Grade-A office towers and a shopping mall, situated directly above Raffles Place Mass Rapid Transit station in the heart of Singapore's financial hub.

Certified Green Mark Gold by the Building and Construction Authority of Singapore, the 62-storey One Raffles Place Tower 1 is among the tallest buildings in Singapore's Central Business District, crowned by an observation deck. The 38-storey One Raffles Place Tower 2 has earned Green Mark Platinum certification for its energy-efficient and environmentally sustainable design. The six-storey mall is the largest purpose-built shopping mall in Raffles Place, connected via a direct underground link to Raffles Place Mass Rapid Transit station.

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

01 One of the tallest skyscrapers in the Singapore Central Business District

01

U.S. Bank Tower

Los Angeles

One of the tallest skyscrapers on the West Coast of the United States, the U.S. Bank Tower is a 72-storey Class A office tower prominently located in downtown Los Angeles. Besides offering a prime business address, its topmost floors are occupied by OUE Skyspace LA, a major tourist attraction featuring one of the highest open-air observation decks in the United States, offering unrivalled 360-degree city views, a first-of-its-kind Skyslide attraction, and an upscale restaurant.

U.S. Bank Tower has been part of OUE's investment property portfolio since June 2013.

Fair Value (US$ Million)

650.0

Gross Floor Area (Sq ft. Approx)

1,869,123

Tenure of Land

Freehold

01 U.S. Bank Tower's illuminated crown punctuates the night sky

Fair Value (RMB Million)

2,950.0

Gross Floor Area (Sq ft. Approx)

629,925

Tenure of Land

50-year lease from 2 July 1994

01

01 Lippo Plaza stands out in the commercial heart of downtown Shanghai

02 The main entrance of Lippo Plaza's modern office tower and three-storey retail podium

Lippo Plaza

Shanghai

Lippo Plaza is a 36-storey Grade-A commercial development with a diverse, high-profile tenant mix. It is adjoined by a three-storey retail mall with basement units housing a selection of international and local brands. This landmark building is located in the heart of downtown Shanghai's established Huangpu business district, an area populated by high-quality offices and high-end retail, residences and hotels, and enjoys excellent connectivity to the city's major expressway and metro transportation networks.

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

02

01

South Jakarta Development Project

The South Jakarta Development Project is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the most rapidly developing sites in South Jakarta's Central Business District, populated by commercial skyscrapers alongside financial, government and diplomatic establishments. This prime site is close to key commercial clusters such as Sudirman Central Business District, Mega Kuningan and Rasuna Epicentrum, as well as many retail and entertainment landmarks. The area enjoys good accessibility and is well served by road networks and the Jakarta Mass Rapid Transit system.

The project will transform the South Jakarta skyline with a high-rise mixed development featuring Grade-A offices and a lifestyle hotel, targeted for completion in 2026.

Estimated Valuation of the Land[1] (IDR Billion)

1,600.0

Land Area (Sq ft. Approx)

86,111

Tenure of Land

22 March 2038

(extendable and renewable)

01 Artist's impression of the mixed development envisaged as a new focal point in South Jakarta's Central Business District

[1] Valuation by Savills Valuation and Professional Services (S) Pte Ltd

01

01 An icon of gracious Asian hospitality for close to 50 years

Mandarin Orchard Singapore

For close to five decades, Mandarin Orchard Singapore has been welcoming business and leisure travellers with its signature brand of Asian Grace, Warmth and Care. Located in the heart of Orchard Road, the upscale hotel features 1,077 rooms across the 37-storey Main Tower and 39-storey Orchard Wing. Its extensive facilities include over 30,000 square feet of meeting and function space, and five food and beverage outlets popular with locals and tourists alike.

Among its many accolades, Mandarin Orchard Singapore has been awarded *Best City Hotel – Singapore* in the TTG Travel Awards (2010 & 2013-2019), *Best Upscale Hotel – Asia Pacific* in Travel Weekly Asia Readers' Choice Awards 2019, and two stars in the Michelin Guide Singapore (2016-2019) for its Shisen Hanten by Chen Kentaro restaurant.

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

Fair Value (S$ Million)

1,228.0

Tenure of Land

99-year lease from 1 July 1957

01

Crowne Plaza Changi Airport

Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group. The hotel comprises 320 rooms in the main building and 243 rooms in an adjacent extension joined via a covered linkway. It is directly connected to the arrival and departure levels of Changi Airport Terminal 3, and to the city centre by expressway and Mass Rapid Transit. Corporate travellers can also enjoy ease of access to Jewel Changi Airport, Changi Business Park and Singapore EXPO Convention & Exhibition Centre located a short distance away.

In 2019, the hotel was named *World's Best Airport Hotel* as well as *Best Airport Hotel in Asia* in the prestigious Skytrax World Airport Awards for the fifth consecutive year.

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

Fair Value (S$ Million)

497.0

Tenure of Land

74-year lease from 1 July 2009

01 Crowne Plaza Changi Airport offers comfort and convenience with direct access to Changi Airport

01

Meritus Pelangi Beach Resort & Spa, Langkawi

Hotel Under Management

Meritus Pelangi Beach Resort & Spa is a charming retreat sprawled along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia. Inspired by a traditional Malay village, its 355 guestrooms are housed in wooden chalets scattered across 35 acres of tropical gardens. Offering a beautiful beachfront setting and an array of dining, wellness and leisure facilities, the resort is an ideal destination for both family getaways and corporate retreats.

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

02

01 A blissful retreat on Langkawi's pristine Cenang Beach

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

01

Mandarin Gallery

Situated within four levels of Mandarin Orchard Singapore, Mandarin Gallery is a high-end retail mall set apart by a sophisticated mix of designer fashion, lifestyle boutiques and gastronomic experiences. Featuring unique retail spaces, including four duplexes, and a prominent 152-metre-wide frontage along Orchard Road, Mandarin Gallery is a choice location for international brand flagship stores, including the first flagship stores in Southeast Asia opened by fashion designer Michael Kors and American lingerie brand Victoria's Secret.

Mandarin Gallery is part of OUE Commercial REIT's portfolio.

Fair Value (S$ Million)

493.0

Gross Floor Area (Sq ft. Approx)

196,336

Tenure of Land

99 years from 1 July 1957

01 Mandarin Gallery's wide frontage attracts shoppers on Orchard Road

01

OUE Twin Peaks

OUE Twin Peaks offers luxury urban resort living in the tranquillity of Leonie Hill, a stone's throw away from Orchard Road, Singapore's iconic shopping haven. The development's two identical 35-storey towers house 462 well-appointed one-, two- and three-bedroom apartments, all within a lush setting of tropical gardens and water features designed by renowned landscape architect Bill Bensley. Facilities for residents in each tower include a triple-volume indoor and outdoor sky gym on the 13th floor and a Sky Loggia on the 36th floor surrounded by panoramic cityscape views.

Book Value (S$ Million)

152.4

Tenure of Land

99-year lease from 10 May 2010

02

01 The height of luxury living just minutes from Orchard Road

02 The designer-appointed apartments exude timeless sophistication

OUE LIPPO Healthcare Limited

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

OUELH's existing assets include 12 quality nursing homes located in cities across Japan, and a piece of land and building that houses a general hospital in China. It also holds a stake in the joint venture companies that operate and own three hospitals, one medical centre and two clinics in key cities of Myanmar, which were acquired in 2019. Additionally, OUELH took over the operations of another general hospital in Wuxi, Jiangsu in November 2019, and has renamed it Wuxi Lippo Xi Nan Hospital.

Tapping on growth opportunities in the Asia Pacific region, plans are also underway to build healthcare facilities in Chengdu and Shenzhen, and a mixed-use development in the heart of Kuala Lumpur, Malaysia.

JAPAN

01
Hikari Heights Varus Kotoni (Sapporo)

02
Orchard Kaichi North (Nagano)

03
Hikari Heights Varus Tsukisamu-Koen (Sapporo)

04
Elysion Mamigaoka & Elysion Mamigaoka Annex (Nara)

05
Elysion Gakuenmae (Nara)

06
Orchard Amanohashidate (Kyoto)

07
Hikari Heights Varus Fujino (Sapporo)

08
Hikari Heights Varus Makomanai-Koen (Sapporo)

09
Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex (Sapporo)

10
Orchard Kaichi West (Nagano)

11
Hikari Heights Varus Ishiyama (Sapporo)

12
Varus Cuore Yamanote (Sapporo)

CHINA

13
Artist's impression of Chengdu Integrated Hospital Development Project

14
Wuxi Phoenix Hospital

15
Wuxi Lippo Xi Nan Hospital

MYANMAR

16
PHSH Hlaing Tharyar (Yangon)

17
PHSH Mandalay

18
Sein Hospital (Taunggyi)

19
Pun Hlaing Clinic (Bogyoke Aung San Road)

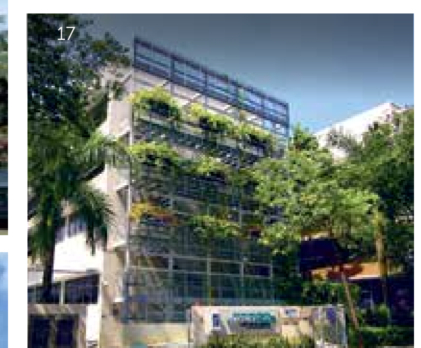
20
Pun Hlaing Clinic (Star City)

21
Pun Hlaing Clinic (Naung Shwe)

MALAYSIA

22
Artist's impression of KLCC Development Project

HEALTHCARE



First Real Estate Investment Trust

In October 2018, OUE Limited and OUE Lippo Healthcare Limited acquired Bowsprit Capital Corporation Limited, the manager of SGX Main Board-listed First Real Estate Investment Trust (First REIT).

First REIT is Singapore's first healthcare real estate investment trust with a diversified portfolio of healthcare and healthcare-related assets in Asia. First REIT's portfolio consists of 20 properties located in Indonesia, Singapore and South Korea.

GROUP AT A GLANCE

INDONESIA

01
Siloam Hospitals
Lippo Cikarang

02
Siloam Hospitals
Lippo Village

03
Siloam Hospitals
Surabaya

04
Siloam Hospitals Bali

05
Siloam Hospitals
Kebon Jeruk

06
Siloam Hospitals Manado
& Hotel Aryaduta Manado

07
Siloam Hospitals
Yogyakarta

08
Mochtar Riady
Comprehensive
Cancer Centre

09
Siloam Hospitals
TB Simatupang

10
Siloam Hospitals
Labuan Bajo

11
Siloam Hospitals
Purwakarta

12
Imperial Aryaduta Hotel
& Country Club

13
Siloam Sriwijaya

14
Siloam Hospitals
Kupang & Lippo
Plaza Kupang

15
Siloam Hospitals
Makassar

16
Siloam Hospitals
Buton & Lippo
Plaza Buton

SINGAPORE

17
Pacific Healthcare
Nursing Home II
@ Bukit Panjang

18
Pacific Healthcare
Nursing Home
@ Bukit Merah

19
The Lentor Residence

SOUTH KOREA

20
Sarang Hospital

OUE Restaurants

OUE Restaurants is a collection of diverse dining concepts. From simple eats to white tablecloth dining, its growing portfolio comprises a host of distinct cafes, restaurants, and bars centred around a mission to provide guests with inspired and genuine experiences.

OUE Restaurants' exciting concepts include VUE bar & grill, Singapore's first rooftop spritz bar; Maxx Coffee, a modern specialty coffee chain; Chen's Mapo Tofu, a sister concept of Michelin-starred Shisen Hanten by Chef Chen Kentaro; as well as Chatterbox Café and Chatterbox Express, aimed at bringing the legendary local flavours of Chatterbox by Mandarin Orchard Singapore to a wider audience.

01 Chatterbox Café elevates everyday local delights

02 OUE Skyspace Los Angeles offers an unparalleled rooftop venue for corporate and social gatherings

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

04 Takayama offers an immersive kappo-style dining experience of fine Japanese cuisine

03

02

01

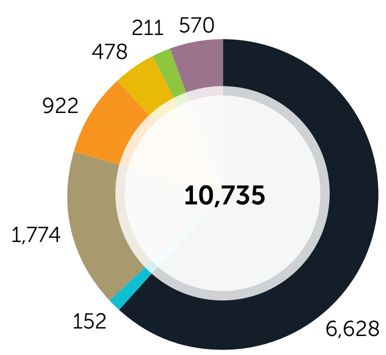
04

OUE Restaurants' brands

OVERVIEW OF GROUP FINANCIAL POSITION

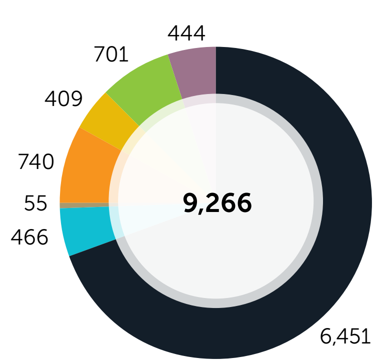
TOTAL ASSETS OWNED
(S$ MILLION)

2019



Investment properties	6,628
Development properties	152
Property, plant and equipment	1,774
Interests in equity-accounted investees	922
Cash and cash equivalents	478
Other investments	211
Others	570
Total Assets Owned	**10,735**

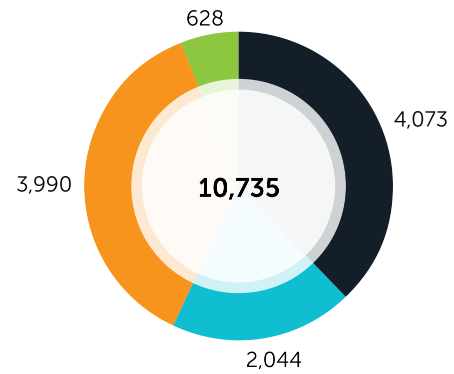
2018



Investment properties	6,451
Development properties	466
Property, plant and equipment	55
Interests in equity-accounted investees	740
Cash and cash equivalents	409
Other investments	701
Others	444
Total Assets Owned	**9,266**

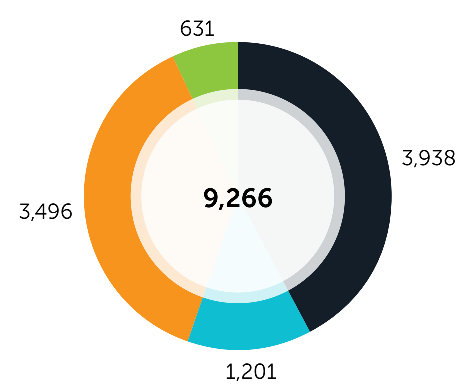
TOTAL LIABILITIES AND CAPITAL INVESTED
(S$ MILLION)

2019



Shareholders' funds	4,073
Non-controlling interests	2,044
Borrowings	3,990
Other Liabilities	628
Total Liabilities and Capital Invested	**10,735**

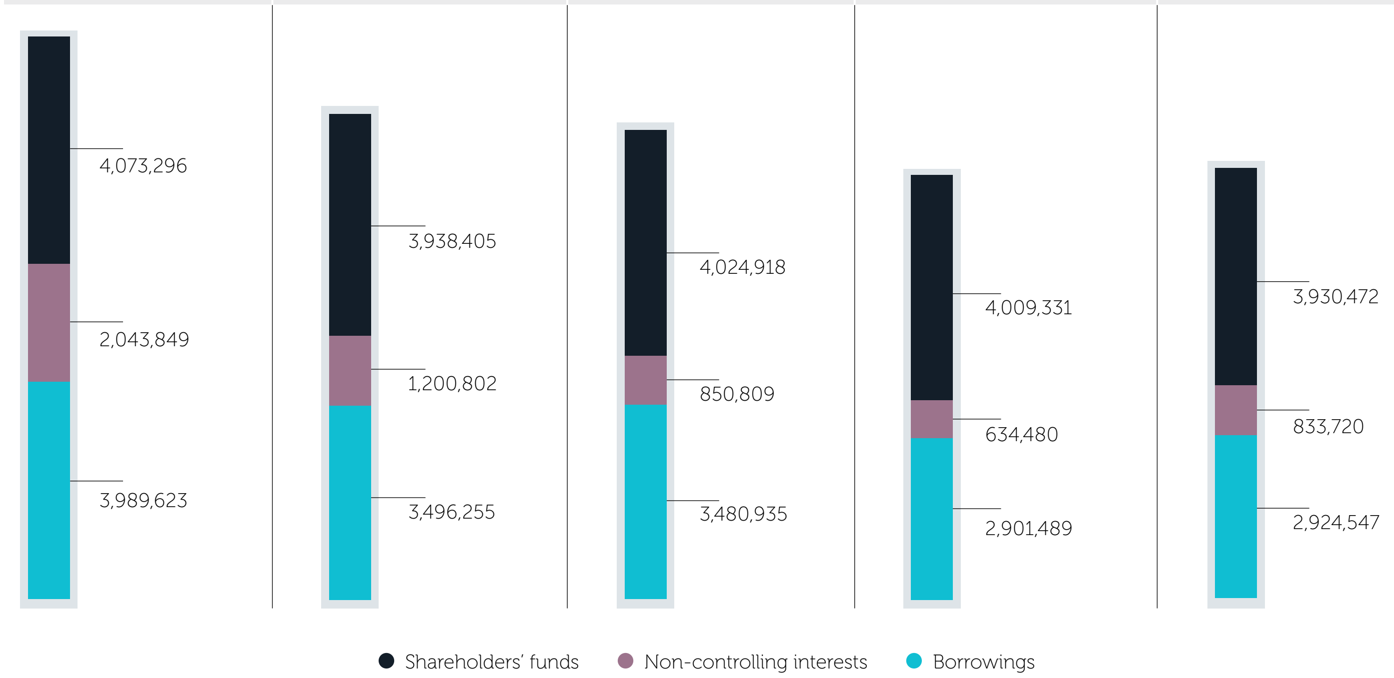
2018



Shareholders' funds	3,938
Non-controlling interests	1,201
Borrowings	3,496
Other Liabilities	631
Total Liabilities and Capital Invested	**9,266**

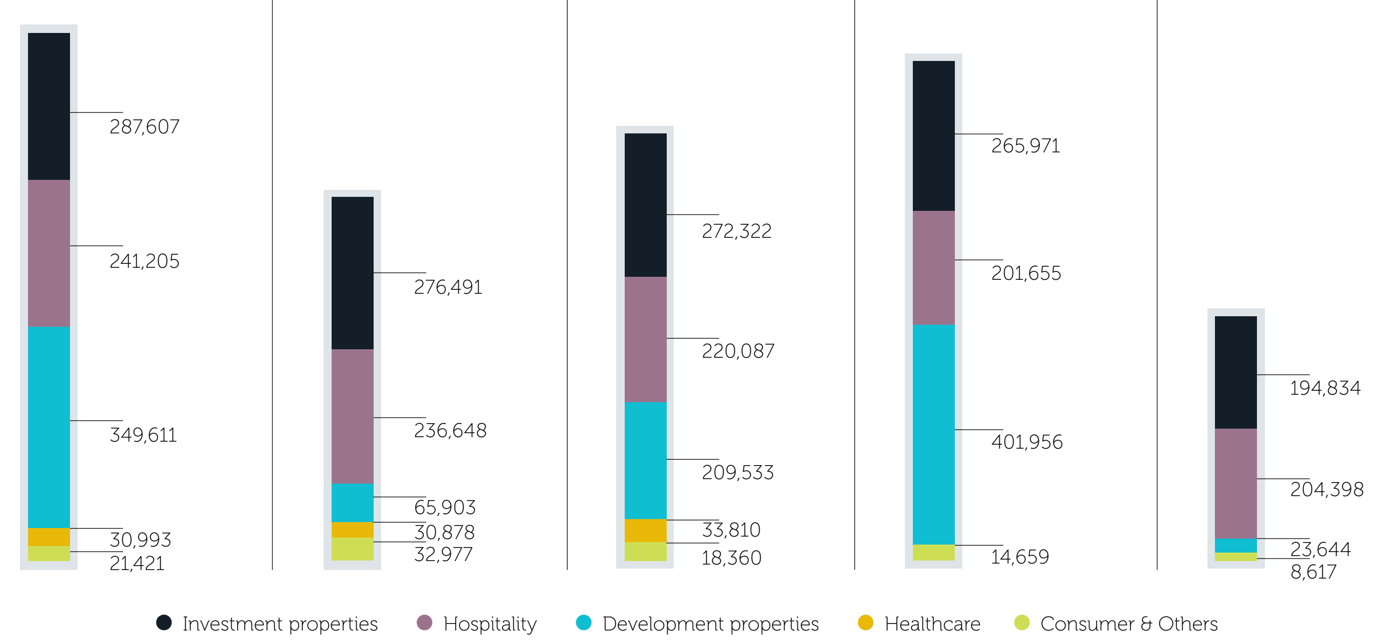
SOURCES OF FINANCE
(S$'000)

2019	2018	2017	2016	2015
10,106,768	8,635,462	8,356,662	7,545,300	7,688,739



GROUP TURNOVER
(S$'000)

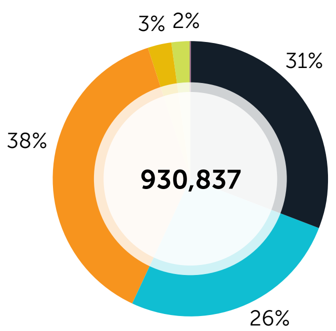
2019	2018	2017	2016	2015
930,837	642,897	754,112	884,241	431,493



SEGMENTAL PERFORMANCE ANALYSIS

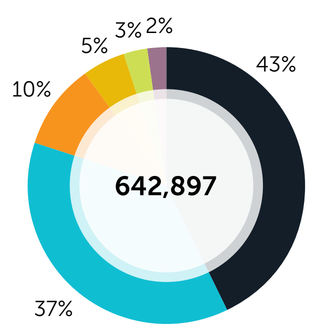
TOTAL TURNOVER BY BUSINESS SEGMENT
(S$'000)

2019



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

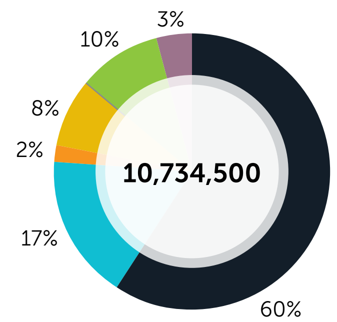
2018



Investment properties	276,491	43%
Hospitality	236,648	37%
Development properties	65,903	10%
Healthcare	30,878	5%
Consumer	17,190	3%
Others	15,787	2%
Total	**642,897**	**100%**

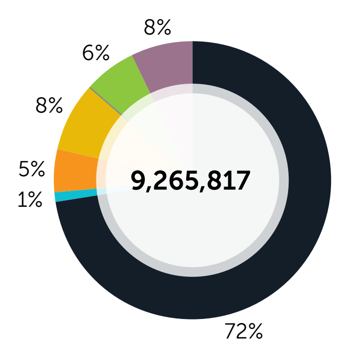
TOTAL ASSETS BY BUSINESS SEGMENT
(S$'000)

2019



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

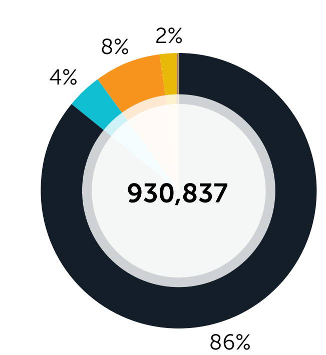
2018



Investment properties	6,654,774	72%
Hospitality	118,170	1%
Development properties	474,314	5%
Healthcare	773,046	8%
Consumer	19,135	0%
Investment holding	579,932	6%
Unallocated assets	646,446	8%
Total	**9,265,817**	**100%**

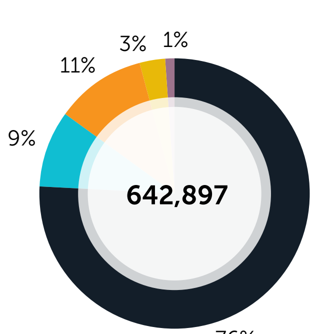
TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT
(S$'000)

2019



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

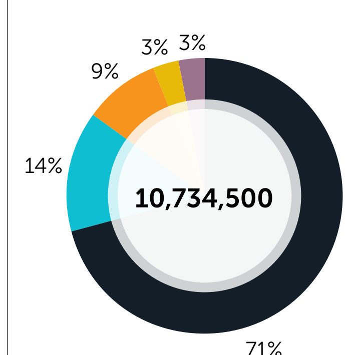
2018



Singapore	490,710	76%
The People's Republic of China	56,828	9%
United States of America	73,602	11%
Japan	16,575	3%
Others	5,182	1%
Total	**642,897**	**100%**

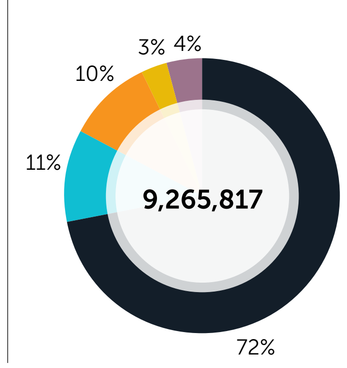
TOTAL ASSETS BY GEOGRAPHICAL SEGMENT
(S$'000)

2019



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

2018



Singapore	6,678,225	72%
The People's Republic of China	1,017,723	11%
United States of America	940,434	10%
Japan	312,097	3%
Others	317,338	4%
Total	**9,265,817**	**100%**

FIVE-YEAR FINANCIAL SUMMARY

	2019		2018		2017		2016		2015	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Group Turnover										
Investment properties	287,607	31	276,491	43	270,961	36	264,674	30	193,379	45
Hospitality	241,205	26	236,648	37	220,087	29	201,655	23	204,398	47
Development properties	349,611	38	65,903	10	209,533	28	401,956	45	23,644	5
Healthcare	30,993	3	30,878	5	33,810	4	-	-	-	-
Others	21,421	2	32,977	5	19,721	3	15,956	2	10,072	3
TOTAL	**930,837**	**100**	**642,897**	**100**	**754,112**	**100**	**884,241**	**100**	**431,493**	**100**
Group Profit and Loss										
Earnings before interest and tax	330,295		182,477		166,071		274,646		257,809	
Profit attributable to owners of the Company	255,217		10,022		94,560		144,366		156,370	
Group Balance Sheet										
Investment properties	6,628,427		6,451,029		6,390,048		5,742,752		5,627,266	
Development properties	152,380		466,498		521,181		724,224		859,269	
Interests in equity-accounted investees	921,614		740,396		955,013		942,376		812,695	
Property, plant and equipment	1,774,343		55,419		31,494		19,438		21,337	
Cash and cash equivalents	477,712		409,371		535,249		238,973		172,353	
Asset held for sale	100,001		-		-		-		-	
Other investments	211,220		700,967		386,616		344,664		545,622	
Other assets	468,803		442,137		214,544		70,978		91,296	
TOTAL ASSETS	**10,734,500**		**9,265,817**		**9,034,145**		**8,083,405**		**8,129,838**	
Equity attributable to owners of the Company	4,073,296		3,938,405		4,024,918		4,009,331		3,930,472	
Non-controlling interests	2,043,849		1,200,802		850,809		634,480		833,720	
Borrowings										
- Current	1,309,892		471,691		1,081,828		656,046		157,195	
- Non-current	2,679,731		3,024,564		2,399,107		2,245,443		2,767,352	
Other liabilities	627,732		630,355		677,483		538,105		441,099	
TOTAL EQUITY AND LIABILITIES	**10,734,500**		**9,265,817**		**9,034,145**		**8,083,405**		**8,129,838**	
Earnings per share (cents)	28.3		1.1		10.5		16.0		17.2	
Dividends per share (cents)										
- Interim dividend	1.0		1.0		1.0		1.0		1.0	
- Special dividend	4.0		11.0		-		2.0		3.0	
- Final dividend	1.0		1.0		2.0		2.0		1.0	
TOTAL DIVIDEND	**6.0**		**13.0**		**3.0**		**5.0**		**5.0**	
Net asset per share ($)	4.52		4.37		4.46		4.45		4.35	
Gearing ratio*	58%		61%		61%		57%		58%	

* Net Borrowings/Total Equity less Intangible Assets and Goodwill

VUE's private dining room features plush décor, cosy furnishing and muted lighting, creating an intimate venue for a memorable meal

STRATEGY & BUSINESS REVIEW

Dear Shareholders,

2019 was a year of strategic business and management transformation for OUE, focused on further strengthening its core businesses to pursue new avenues, maximising the Group's financial resources and generating new income streams to ignite long-term sustainable growth.

STRENGTH THROUGH CONSOLIDATION

The merger of OUE Commercial Real Estate Investment Trust (OUE C-REIT) and OUE Hospitality Trust (OUE H-Trust) (the Merger) in September 2019 marked a significant milestone for the Group. With a combined portfolio of seven properties across the office, hospitality and retail divisions, totalling approximately S$6.8 billion as at 31 December 2019, the enlarged OUE C-REIT is now one of the largest diversified REITs in the S-REIT space.

The increased scale of OUE C-REIT has improved its standing amidst the investment community and relevance to a wider investor base, providing a stronger platform upon which to potential re-rate. The larger capital base and broadened investment mandate enhance OUE C-REIT's long-term growth potential, with the increased capacity to undertake larger acquisitions and asset enhancement initiatives as well as improved flexibility in sources of funding.

UNLOCKING CAPITAL FOR GROWTH

As part of the Group's continuous move to rebalance its asset portfolio, unlock value gains and strengthen its financial resources, the Group executed several divestments during the year. In April 2019, the Group completed the divestment of its entire minority stakes in the companies that own Marina Mandarin Singapore and the Marina Square retail and commercial complex, for an aggregate consideration of S$390.0 million.

In the fourth quarter of the year, it divested the serviced apartments at OUE Downtown, together with the plant and equipment and the related serviced apartments business, for S$289.0 million, as well as the residential property development at 26A Nassim Road for S$95.0 million. The divestments were timely initiatives and enabled the Group to unlock cash resources for the pursuit of higher-growth opportunities that further enhance shareholder value.

NEW OPPORTUNITIES FOR GROWTH

As part of the Group's efforts to further scale up its businesses to achieve sustainable returns through economies of scale, OUE expanded its operations with a new Consumer Division in 2019, which comprises food and beverage (F&B) and lifestyle businesses. The expansion represents organic growth for the Group by leveraging on the Group's operational experience in delivering distinctive dining and lifestyle concepts.

The Consumer Division has a growing footprint stretching beyond Singapore to Indonesia, Hong Kong and the United States, encompassing a wide spectrum of dining and lifestyle concepts, from familiar favourites like the Chatterbox and Delifrance brands, to trendy rooftop dining experiences such as OUE Skyspace Los Angeles at U.S. Bank Tower, United States and VUE at OUE Bayfront, Singapore.

尊敬的各位股东，

2019年象征了华联企业一个重大战略性业务和管理的蜕变。这个转变将让我们能专注于进一步加强我们的核心业务，追求新领域，优化本集团的财务资源和发掘新收入流，以推动长期的可持续性增长。

通过整合增强实力

本集团于2019年9月见证了华联商业信托 (OUE Commercial Real Estate Investment Trust) 和华联酒店信托 (OUE Hospitality Trust) 的合并。这是一个重要的里程碑。由跨越办公楼、酒店和零售部门的七个产业组成的投资组合截止于2019年12月31日总值为大约68亿新元。扩大后的华联商业信托现为新加坡房地产投资信托中最大的多元化信托之一。

华联商业信托规模的扩大，提高了其在投资领域的地位、有利于吸引更广泛的投资者群体、提供了赖以重新评级的强化平台。扩大的资本金和投资委托也将提高扩大收购、提升资产的能力和改善资金来源灵活性，从而提高华联商业信托的长期增长潜力。

兑现增长资本

本集团在持续重新平衡资产投资组合、兑现价值收益和增强财务实力的过程中，已在本财务年度顺利实现多项撤资。本集团于2019年4月，以3亿9000万新元的价格落实了滨华大酒店 (Marina Mandarin Singapore) 和滨海广场 (Marina Square) 零售与商业大厦的业主公司的全部少数股权的出售。

本集团也在本财务年度的第四季度以2亿8900万新元的价格，连同机器、设备及其相关业务，出售了华联城 (OUE Downtown) 的服务式公寓。除此以外，本集团也以9500万新元的价格出售位于那森路26A的产业。上述出售都把握了最好的时机，为本集团取得了可观的现金资源，以便追求更高增长的机会、进一步提高股东价值。

新增长机遇

鉴于集团有意扩展业务规模，通过规模经济取得可持续的回报，华联企业于2019年扩展了经营，设立了全新的消费部门，即餐饮和生活方式业务。扩展后的业务将凭借集团独特的餐饮和生活方式概念的营运经验，带动集团的有机增长。

华联企业消费部门的业务足迹从新加坡扩展到印度尼西亚、香港和美国。从脍炙人口的 Chatterbox 和 Delifrance 到时尚的设在美国洛杉矶联邦银行大厦 (U.S. Bank Tower) 的华联洛城天台 (OUE Skyspace Los Angeles) 和设在新加坡华联海湾大厦 (OUE Bayfront) VUE的露台用餐体验，都是本集团多样化的餐饮和生活方式概念的标志。

CHAIRMAN AND GROUP CEO'S STATEMENT

During the year, the Group acquired a 49.7% stake in Superfood Retail Limited, which owns and operates cafes and restaurants in Singapore and Hong Kong. In February 2020, the Group entered into a share purchase agreement to acquire a majority stake of 88.4% in Indonesian coffee chain PT Maxx Coffee Prima, which operates the Maxx coffee chain in Indonesia and Singapore, for an aggregate consideration of IDR229 billion (approximately S$23.1 million). These acquisitions are a complementary fit with OUE's current F&B portfolio, providing an immediate footprint in these markets and access to an experienced F&B team.

Beyond its base in Singapore, the Group continues to grow its network of businesses in the Asia region, capitalising on the robust property markets and stable economic growth potential of countries like China, Myanmar and Indonesia, through strategic acquisitions and joint ventures. The Group's existing stake in Gemdale Properties and Investment Corporation Limited (Gemdale) will allow the Group to expand its existing access and exposure to the real estate market in China as the Group continues to explore its partnership and potential collaborations with Gemdale.

In October 2019, the Group's Healthcare Division, OUE Lippo Healthcare Limited (OUELH), completed the acquisition of a 70.0% stake in Wuxi Bohai Hospital Company Limited, which operates Wuxi Lippo Xi Nan Hospital—a general hospital located in Jiangsu Province. The acquisition is part of the Group's healthcare strategy to grow its pan-Asia healthcare network in order to meet the rising demand for quality healthcare.

OVERALL PERFORMANCE

For the financial year ending 31 December 2019 (FY2019), the Group recorded revenue of S$930.8 million, compared with S$642.9 million in the previous year (FY2018). The increase in revenue was due to higher contributions across the main business divisions of the Group.

Earnings before interest and tax (EBIT) increased to S$330.3 million in FY2019, up from S$182.5 million in the previous year, mainly due to higher contribution from equity-accounted investees, partially offset by higher administrative expenses.

Profit attributable to shareholders increased to S$255.2 million in FY2019, up from S$10.0 million in FY2018. The increase was largely due to higher EBIT and a one-off non-cash gain arising from the Merger; partially offset by higher finance expenses on higher borrowings of the Group.

The Group ended the year with a healthy balance sheet position with net assets at S$6.1 billion.

OUR BUSINESSES IN REVIEW

The Group's main business divisions registered higher year-on-year revenue. In FY2019, the Group's Investment Properties Division recorded a 4.0% increase in contribution to S$287.6 million, up from S$276.5 million in FY2018. The increase was mainly due to the inclusion of revenue from Mandarin Gallery, an investment property, subsequent to the Merger on 4 September 2019.

在本财务年度，本集团收购了于新加坡和香港拥有和经营咖啡厅与餐馆的Superfood Retail Limited 49.7%的股份。本集团于2020年2月签署了一份购股协议，以2290亿印度尼西亚盾（约2310万新元）的价格收购印度尼西亚咖啡连锁店PT Maxx Coffee Prima 88.4%的股份。PT Maxx Coffee Prima在印度尼西亚和新加坡经营Maxx咖啡连锁店。这些收购项目与华联企业目前的餐饮投资组合相辅相成，让我们能一举进军相关市场和拥有经验丰富的餐饮团队。

在新加坡以外，本集团借助于中国、缅甸和印度尼西亚等国家蓬勃的地产市场和稳定的经济增长潜力，通过战略性的收购和合资项目继续在亚洲区域扩展业务网络。本集团于金地商置集团有限公司(Gemdale Properties and Investment Corporation Limited)（金地）的现有股份将让集团有机会在继续探索其与金地的合伙关系与潜在合作的过程中，拓展中国的房地产市场份额。

2019年10月，集团的医疗部门，华联力宝医疗有限公司(OUE Lippo Healthcare Limited)（华联力宝医疗）完成收购经营无锡力宝锡南医院(Wuxi Lippo Xi Nan Hospital)的无锡渤海医院有限公司(Wuxi Bohai Hospital Company Limited) 70.0%的股份。无锡力宝锡南医院是一家位于江苏省的综合医院。这项收购符合本集团扩展泛亚医疗网络、满足优质医疗服务需求的策略。

整体业务表现

截至2019年12月31日的财务年度(2019财务年度)，集团的总营业收入为9亿3080万新元，而前一年(2018财务年度)则为6亿4290万新元。总营业收入的增加主要是因为集团各大业务部门的收入贡献全面增长。

2019财务年度的息税前收益从前一年的1亿8250万新元上升至3亿3030万新元。这主要是因为权益法核算投资对象所贡献的收入提高，但也被上升的行政费用部分抵消。

可归于股东的净利润从2018财务年度的1000万新元增长至2019财务年度的2亿5520万新元。这主要是因为息税前收益的提高和合并所得的一次性非现金收益，但被集团较高的银行贷款所导致的财务费用的增加部分抵消。

总结2019财务年度，集团以61亿新元的净资产呈交了稳健的资产负债表。

集团业务回顾

集团的主要业务部门都呈献了更高的年比营业收入。集团的产业投资部门于2019财务年度的贡献从2018财务年度的2亿7650万新元上升4.0%至2亿8760万新元。上升的主要原因是因为包括了投资产业文华购物廊(Mandarin Gallery)于2019年9月4日合并完成后的营业收入。

Revenue from the Development Properties Division increased to S$349.6 million in FY2019 from S$65.9 million in FY2018, largely due to higher revenue recognised on the sale of OUE Twin Peaks units sold under deferred payment schemes, as well as revenue recognised on the sale of the property development located at 26A Nassim Road.

The Group's Hospitality Division recorded a 1.9% growth in revenue to S$241.2 million in FY2019, mainly due to higher room occupancy at Crowne Plaza Changi Airport. Revenue from the Healthcare Division, which comprises contributions from OUELH and Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, edged up slightly by 0.4% to S$31.0 million in FY2019.

The Group's Others Division recorded S$21.4 million in revenue in FY2019 mainly due to contributions from the OUE Skyspace Los Angeles observation deck at U.S. Bank Tower, food and beverage operations of the Group, and dividend income. The decrease was mainly due to an absence of dividend income from investments recognised in FY2019.

MOVING FORWARD

On 31 December 2019, Mr. Thio Gim Hock retired from his role as OUE's Chief Executive Officer / Group Managing Director after serving in the position for more than 11 years. As part of the Group's succession planning strategy, I have assumed an expanded position as Executive Chairman and Group Chief Executive Officer as of 1 January 2020. Mr. Brian Riady, formerly Chief Executive Officer, Hospitality Division, has been promoted to Deputy Chief Executive Officer of OUE, and will assist in setting the Group's strategic direction. OUE has also appointed Mr. Lim Ming Rean as Chief Financial Officer. In October 2019, OUE appointed Mr. Chen Yi Chung, who has been with the Group since 2008 and was formerly Acting Chief Executive Officer of OUE H-Trust, as Chief Operating Officer.

Moving forward, amidst the challenges that the Group may face, and the fallout from the unfolding COVID-19 situation, we will continue to explore opportunities to boost and diversify our recurring income streams. We remain focused on maximising value for our shareholders while maintaining financial resilience as we navigate the uncertainties of the year ahead.

IN GRATITUDE

On behalf of the Board and management team, I would like to express our sincere thanks to Mr. Thio Gim Hock for his remarkable leadership and great contribution to the Group. I would also like to extend my heartfelt thanks to my fellow Board members, strategic partners, financial advisors, management team and staff of OUE for their commitment to advance OUE forward and embrace every new opportunity for growth.

In appreciation of our shareholders for their unwavering support, the Board of Directors is pleased to propose a final cash dividend of 1.0 Singapore cent per share and a special cash dividend of 4.0 Singapore cents per share. Together with the interim dividend of 1.0 Singapore cent per share paid in September 2019, the total cash dividend for FY2019 amounts to 6.0 Singapore cents per share.

Thank you for your continued support.

Stephen Riady
Executive Chairman and Group CEO
March 2020

产业发展部门的营业收入也从2018财务年度的6590万新元增加至2019财务年度的3亿4960万新元。这主要是因为以延迟付款计划售出的华联诗礼花园(OUE Twin Peaks)豪华公寓项目单位兑现了较高的营业收入，以及位于那森路26A的产业发展项目的销售营业收入贡献。

集团的酒店部门于2019财务年度实现1.9%的营业收入增长至2亿4120万新元，主要因为樟宜机场皇冠假日酒店(Crowne Plaza Changi Airport)入住率上升。由华联力宝医疗和Bowsprit Capital Corporation Limited，即先锋医疗产业信托(First Real Estate Investment Trust)的管理公司，所贡献的医疗部门营业收入也于2019财务年度微升了0.4%至3100万新元。

集团的其他部门于2019财务年度合计呈交2140万新元的营业收入。此收入主要包括设在联邦银行大厦的华联洛城天台观景台、集团的餐饮营运和股息收入。营业收入下滑的主要原因是因为缺少投资股息的收入。

前景展望

张清福先生(Mr. Thio Gim Hock)在担任华联企业首席执行总裁/集团董事经理一职超过11年之后于2019年12月31日卸下了该职务。鉴于集团的继任计划策略，我于2020年1月1日开始兼任董事主席兼集团首席执行总裁。前酒店部首席执行总裁李江先生(Mr. Brian Riady)已升职为华联企业副首席执行总裁，并将参与制定集团的战略方针。华联企业也同时委任林明倫先生(Mr. Lim Ming Rean)为首席财务总裁。2019年10月，华联企业委任2008年就加入本集团，并曾担任华联酒店信托代理首席执行总裁的陈一中先生(Mr. Chen Yi Chung)为首席运营官。

展望未来，我们将在面对重重挑战及不断演变的新冠疫情的环境下，继续探索机会以增加经常性收入流并使之多元化。我们将针对来年的不确定性，致力于维持集团财务的坚韧性，同时争取股东价值最大化。

致谢

我谨代表董事会和管理层在此向张清福先生致谢，感谢他对集团的杰出领导与贡献。我也要借此机会向各位董事会成员、战略伙伴、财务顾问、管理团队和华联企业的员工们深表感谢。因为有他（她）们的付出和努力，华联企业才能不断向前迈进，并把握每个崭新的发展机遇。

为了答谢股东们对华联企业的鼎力支持，董事会在此建议派发每股新元1分的期末现金股息，以及每股新元4分的特别现金股息。连同2019年9月所派发的每股新元1分的中期股息，2019财务年度总现金股息达到每股新元6分。

感谢您的持续支持。

李棕
董事主席兼集团首席执行总裁
2020年3月

BOARD OF DIRECTORS

From left to right
Mr. Kin Chan, Non-Executive Non-Independent Director
Mr. Christopher James Williams, Deputy Chairman and Non-Executive General Counsel
Dr. Stephen Riady[1], Executive Chairman
Mr. Sin Boon Ann, Lead Independent Director
Mr. Thio Gim Hock[2], Chief Executive Officer / Group Managing Director
Mr. Kelvin Lo Kee Wai, Independent Director

Notes:
[1] Dr. Stephen Riady was appointed as Group Chief Executive Officer (in an expansion of his role as Executive Chairman) on 1 January 2020
[2] Mr. Thio Gim Hock retired as Chief Executive Officer/Group Managing Director on 31 December 2019
Mr. Brian Riady was appointed as Deputy Chief Executive Officer and Non-Independent Executive Director on 1 January 2020

BOARD OF DIRECTORS

Dr. Stephen Riady
*Executive Chairman and Group Chief Executive Officer ("**CEO**")*

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 the "Substantial Shareholders" section of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2019. On 1 January 2020, Dr. Riady was appointed as Group Chief Executive Officer (in an expansion of his role as Executive Chairman).

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 Healthway Medical Corporation Limited in August 2017, which is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

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

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

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

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

Mr. Christopher James Williams
Deputy Chairman and Non-Executive General Counsel

Mr. Christopher James Williams was appointed as a Non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He was appointed as the Non-Executive General Counsel on 15 October 2019. 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, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr. Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

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

Mr. Williams is presently the deputy chairman and non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. He was appointed as chairman and non-independent non-executive director of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, in October 2018. He has been a director of OUB Centre Limited since January 2014. He was 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.

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

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

Mr. Brian Riady
Deputy Chief Executive Officer and Non-Independent Executive Director

Mr. Brian Riady was appointed as the Deputy Chief Executive Officer and Non-Independent Executive Director of OUE Limited on 1 January 2020. He assists the Executive Chairman and Group Chief Executive Officer in overseeing all business operations of the Group, setting the Group's strategic direction, and executing the Group's business strategies.

Mr. Riady was previously the Chief Executive Officer of the Hospitality Division of OUE Limited from October 2018 to December 2019. Prior to joining the OUE Group, Mr. Riady was vice president of strategy of Lippo Group Indonesia from 2013 to 2018. He also served as group chief executive officer of Lippo Group Indonesia's Lifestyle and Entertainment Division, conceptualising and growing multiple concepts, developing over 150 food and beverage and entertainment outlets and expanding into over 30 cities across Indonesia. Prior to joining Lippo Group Indonesia, Mr. Riady was an analyst at Credit Suisse's Real Estate, Gaming and Lodging investment banking group.

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

BOARD OF DIRECTORS

Mr. Kelvin Lo Kee Wai
Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an Independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 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 an independent director of Aveo Group Limited from 2017 to 2019, 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.

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 26 April 2018.

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

Mr Sin Boon Ann has been a lead independent director of HRnetGroup Limited since 2017, and an independent director of CSE Global Limited since 2002 and TIH Limited since 2018. He has been an independent director of Rex International Holding Limited since 2013 and was appointed as its lead independent director in 2014. He was appointed as an independent non-executive chairman of Healthway Medical Corporation Limited on 26 April 2019. He was also appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015.

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

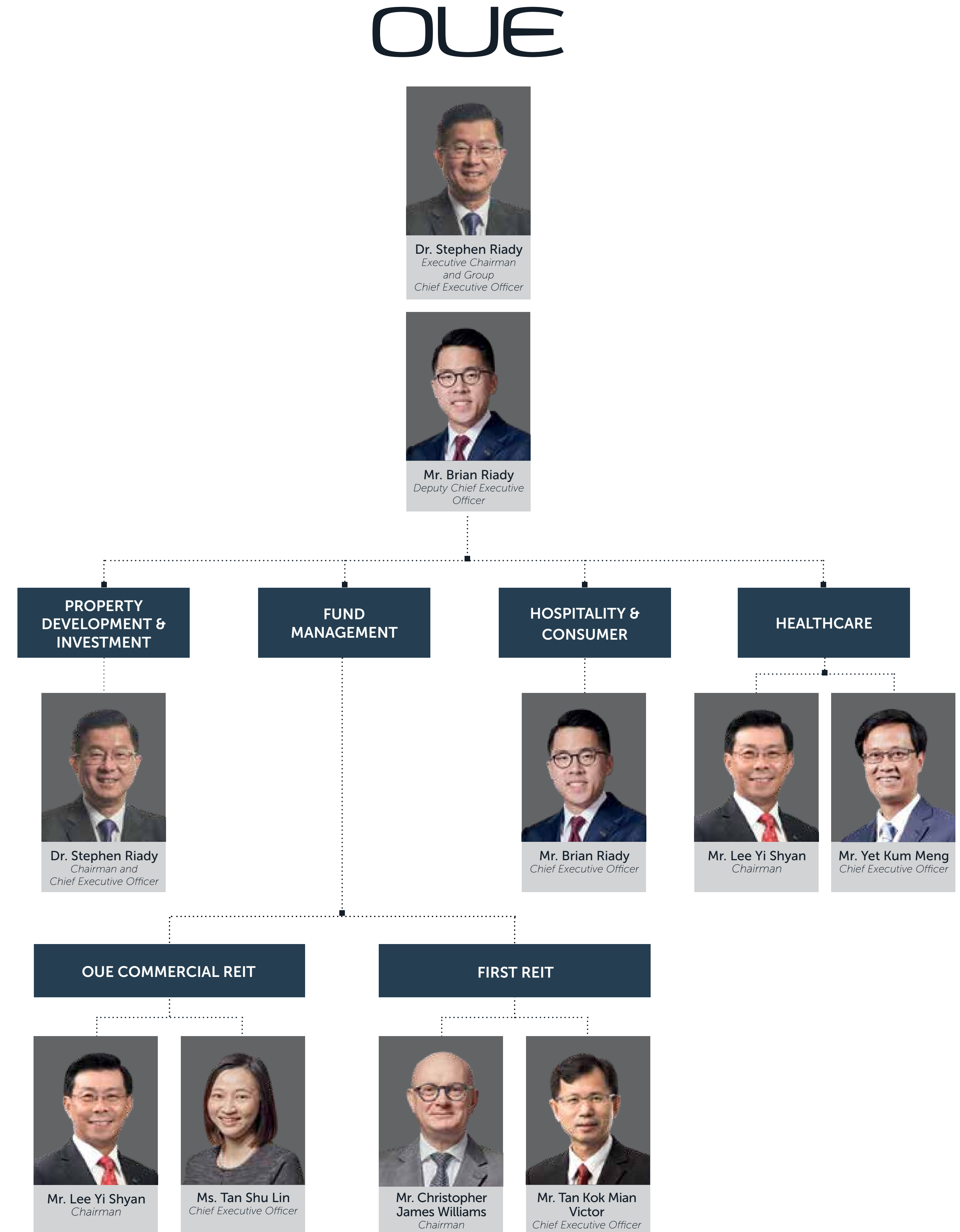
Mr. Kin Chan
Non-Executive Non-Independent Director

Mr. Kin Chan was appointed as a Non-Executive 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 the "Substantial Shareholders" section of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2018.

Mr. Chan has been the chairman of TIH Limited, a company listed 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 was appointed as a commissioner of PT Lippo Karawaci Tbk, a company listed in Indonesia, on 18 April 2019. He was a non-executive director of (i) The ONE Group Hospitality, Inc., a company listed in the United States of America, for the period from November 2017 to January 2019; and (ii) Mount Gibson Iron Limited, a company listed in Australia, for the period from September 2016 to January 2018.

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.

MANAGEMENT STRUCTURE



PROPERTY DEVELOPMENT & INVESTMENT

Dr. Stephen Riady
Chairman and Chief Executive Officer

For Dr. Stephen Riady's biography, please refer to page 44 – the "Board of Directors" section of this Annual Report.

FUND MANAGEMENT

OUE COMMERCIAL REIT

Mr. Lee Yi Shyan
Chairman

Mr. Lee Yi Shyan joined OUE Limited as an Executive Adviser to the Chairman of OUE Limited in January 2016. He was appointed as the chairman and non-independent non-executive director of the board of directors of OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust, listed on the Main Board of SGX-ST) on 17 September 2019.

Mr. Lee was appointed as the chairman and non-independent non-executive director of OUE Lippo Healthcare Limited on 17 July 2017. He is also the chairman and director of OUE USA Services Corp.

In addition, Mr. Lee is the chairman and director of ICE Futures Singapore Pte. Ltd.. He is currently the adviser of Keppel Corporation Limited, and director of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd..

Mr. Lee is the chairman of Business China in the non-profit organisation sector. Business China's mission is to nurture an inclusive bilingual and bicultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, so as to sustain our multi-cultural heritage, and to develop a cultural and economic bridge linking the world and China.

Mr. Lee was appointed as the deputy chairman and non-independent non-executive director of the board of directors of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd.. In January 2016 and subsequently assumed the role of chairman of the board of directors in November 2017 till September 2019.

Prior to joining OUE Limited, Mr. Lee was the senior minister of state for the Ministry of National Development, Ministry of Trade & Industry and Ministry of Manpower. Mr. Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia and oversaw urban planning, construction productivity development and town council management. Mr. Lee is currently an elected member of parliament for East Coast GRC.

Prior to his political career, Mr. Lee was the chief executive officer of International Enterprise Singapore, the deputy chief executive officer of SPRING Singapore and held senior operational and staff positions in the Economic Development Board.

Mr. Lee was honoured with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013. He was also honoured with the "Jiangsu Province Honorary Resident" title in 2018.

Ms. Tan Shu Lin
Chief Executive Officer

Ms. Tan Shu Lin was appointed as executive director of the board of OUE Commercial REIT Management Pte. Ltd. (the "**Manager**"), the manager of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**"), on 31 October 2013. As chief executive officer, she is responsible for the strategic management, growth and operation of OUE C-REIT. She works with the board of directors of the Manager to determine OUE C-REIT's business strategies and plans, and with the management team to ensure that such strategies are executed accordingly.

Ms. Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 18 years of experience in direct real estate investments and fund management. Prior to joining the Manager, she was with Ascendas Funds Management Pte Ltd, the manager of Ascendas REIT ("**A-REIT**"), where as head, Singapore Portfolio and head, Capital Markets and Transactions, she had overall strategic direction, as well as operational and capital structure responsibilities for A-REIT's portfolio. She was also responsible for formulating and executing appropriate strategies to meet A-REIT's funding requirements, as well as managing investor relations.

From 2007 to 2008, Ms. Tan was with the wealth management division of UBS as director, Real Estate Investment Management. Prior to that, she was with Ascendas Pte Ltd, where she held various positions engaged in sourcing and structuring potential investment opportunities, as well as exploring and evaluating property fund management opportunities. Ms. Tan started her career with various banks where her responsibilities included advising companies on capital market transactions and other fund-raising exercises.

Ms. Tan holds a Bachelor of Arts (First Class Honours) in Economics from the University of Portsmouth, United Kingdom, and is also a Chartered Financial Analyst.

FUND MANAGEMENT

FIRST REIT

Mr. Christopher James Williams
Chairman

For Mr. Christopher James Williams' biography, please refer to page 45 – the "Board of Directors" section of this Annual Report.

Mr. Tan Kok Mian Victor
Chief Executive Officer

Mr. Tan Kok Mian Victor is an executive director and chief executive officer of Bowsprit Capital Corporation Limited ("**Bowsprit**"), the manager of First Real Estate Investment Trust. As executive director and chief executive officer, he has full executive responsibilities over the business direction and operational decisions in the day-to-day management of Bowsprit.

Mr. Tan joined Bowsprit as senior finance manager in April 2008 and was responsible for the financial operations of Bowsprit. He was appointed as chief financial officer of Bowsprit in July 2008.

Prior to joining Bowsprit, Mr. Tan was with Parkway Holdings Limited ("**Parkway**") as an accountant in 1997. He was promoted to the position of group accountant and subsequently to financial controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies within the Parkway group. During his tenure, he also assisted Parkway's chief financial officer in the preparation of the consolidated accounts for the Parkway group.

Mr. Tan graduated in 1997 with professional qualifications from the Association of Chartered Certified Accountants ("**ACCA**"). He is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.

MANAGEMENT STRUCTURE

HOSPITALITY & CONSUMER

Mr. Brian Riady
Chief Executive Officer

For Mr. Brian Riady's biography, please refer to page 45 – the "Board of Directors" section of this Annual Report.

HEALTHCARE

OUE LIPPO HEALTHCARE LIMITED

Mr. Lee Yi Shyan
Chairman

For Mr. Lee Yi Shyan's biography, please refer to page 48 – the "Management Structure, Fund Management (OUE Commercial REIT)" section of this Annual Report.

HEALTHCARE

OUE LIPPO HEALTHCARE LIMITED

Mr. Yet Kum Meng
Chief Executive Officer

Mr. Yet Kum Meng was appointed as chief executive officer and executive director of OUE Lippo Healthcare Limited ("**OUELH**") on 28 February 2019. Mr. Yet was previously the chief financial officer of OUELH since May 2017. As chief executive officer and executive director, Mr. Yet manages and oversees the overall business and development matters of the OUELH group.

Mr. Yet has more than 20 years of experience in the airline and real estate sectors, both in Singapore and China, serving in various management roles.

Mr. Yet joined Lippo Group in 2008 and served as its chief executive officer/president, China Real Estate Division, as well as board member of the China project companies till 2015. During his tenure, Mr. Yet led the acquisition, development and/or management of projects in Beijing, Huai An and Taizhou in Jiangsu Province, Zhuhai in Guangdong Province and Putian in Fujian Province. He has also been on the board of directors of Lippo Group's retail businesses in China since 2010.

Prior to joining Lippo Group, Mr. Yet was with GuocoLand Limited ("**GuocoLand**") as group financial controller of China from 2005 to 2008, overseeing finance and accounting, taxation, business development, human resources and legal matters. During this period, GuocoLand's footprint in China expanded to new projects in Beijing, Shanghai, Tianjin and Nanjing in Jiangsu Province.

Mr. Yet was in the airline sector from 1996 to 2005, having served in various management roles with Singapore Airlines ("**SIA**") in Finance, Treasury, Sales and Marketing, North Asia Regional Office, as well as being staff assistant to SIA group chairman and deputy chairman/chief executive officer. His last held position was senior manager Corporate Accounts and Projects responsible for the SIA group's statutory and management reporting.

Mr. Yet holds a Bachelor of Accountancy (First Class Honours) degree and a Master of Business Administration (Hospitality and Tourism Management) degree from Nanyang Technological University, Singapore.

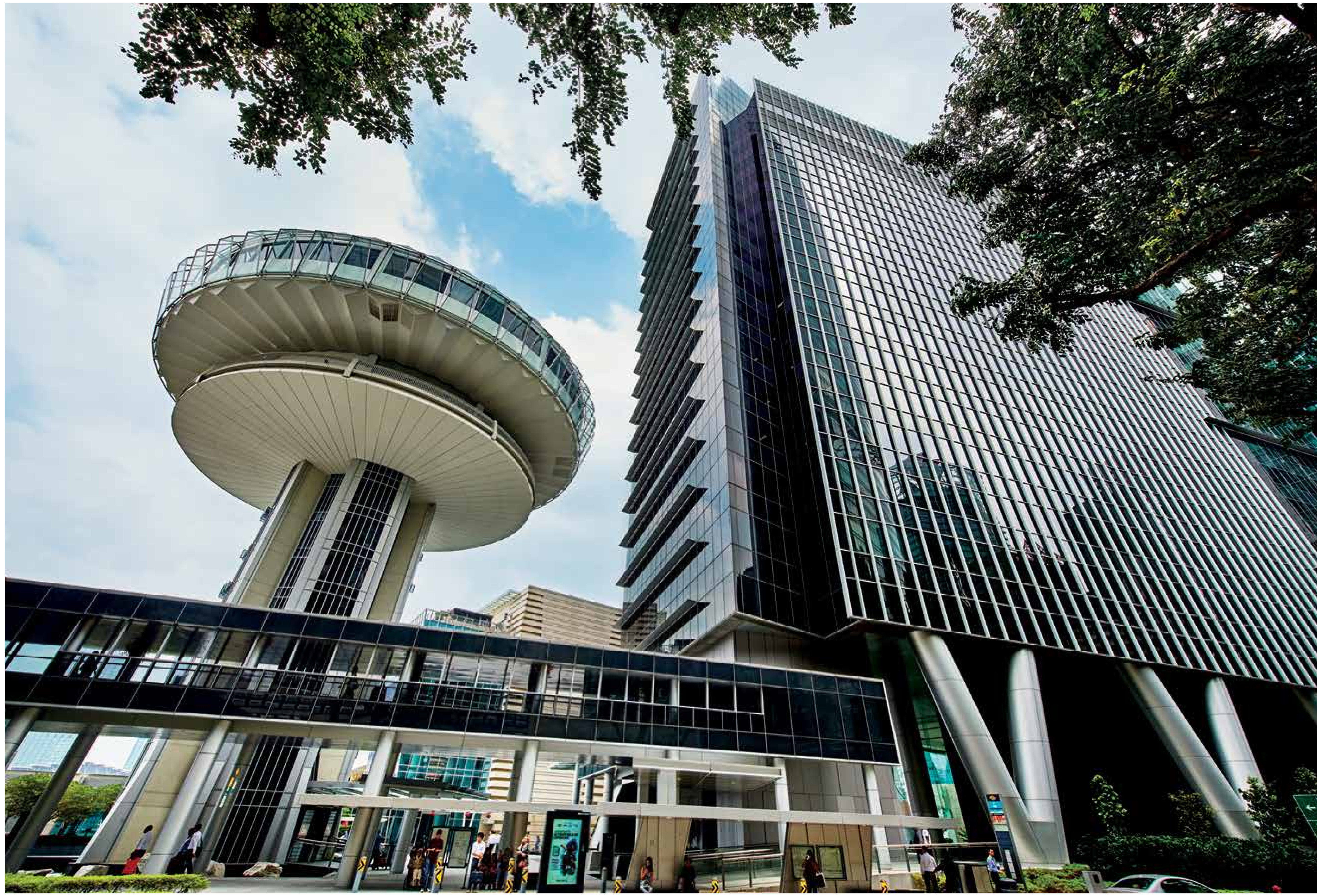
Singapore's first rooftop spritz bar is a 36-seater outdoor venue, where diners can start their VUE experience with lively pre-dinner cocktails and canapés

OPERATIONS REVIEW

OUE BAYFRONT

OUE LINK OUE TOWER

01



Strategically located between Marina Bay and Raffles Place

OUE Bayfront is a landmark commercial development situated along the shoreline of Collyer Quay, where it occupies a vantage position between downtown Marina Bay and the established financial hub of Raffles Place. Certified Green Mark Gold by Singapore's Building and Construction Authority, the building comprises 18 floors of premium Grade-A office space and a rooftop restaurant commanding panoramic views of Marina Bay. Its strategic location has drawn a notable list of tenants, including Bank of America Merrill Lynch, Allen & Overy LLP, and Aramco Asia Singapore Pte. Ltd.

OUE Bayfront is complemented by the retail and dining facilities of two adjoining ancillary properties: OUE Tower and OUE Link. Accorded heritage conservation status, OUE Tower houses two storeys of food and beverage space, including one of only two revolving restaurants in Singapore.

OUE Link is an air-conditioned overhead pedestrian bridge that provides sheltered access to Raffles Place across the nine-lane thoroughfare below, and is lined with double-frontage retail shops and food outlets. OUE Bayfront also provides convenient access to the Raffles Place and Downtown Mass Rapid Transit stations via an underground pedestrian linkway.

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

01 OUE Bayfront alongside OUE Tower and OUE Link

OUE DOWNTOWN

01

01 OUE Downtown is fronted by a 262-metre-wide pedestrian walkway along Shenton Way

02 Two towers of premium office space integrated with a vibrant retail mall

OPERATIONS REVIEW

A vibrant workplace and a destination to commune

Strategically located on Shenton Way within Singapore's Central Business District (CBD), *OUE Downtown* was formerly a high-rise office skyscraper complex. In line with the government's plans to develop the area into a work-live-play environment, OUE transformed the office complex into a vibrant mixed-use work-live-play destination, integrating premium offices and a six-storey retail mall.

The prime office components, comprising the 37-storey OUE Downtown 2 and the high zone of the 50-storey OUE Downtown 1 (OUE Downtown Office), offer efficiently designed office space in the midst of an established business and commercial hub. This premium address is well served by road and public transport networks, including the Tanjong Pagar, Downtown as well as the upcoming Shenton Way and Prince Edward Mass Rapid Transit stations.

The development's retail component, Downtown Gallery, is the place to commune in the CBD. Spanning approximately 150,000 square feet of premium retail space, it provides unique shopping, dining and lifestyle offerings to the area's ready catchment of office workers, residents and business travellers. Redefining the future of retail, the mall concept is based on three pillars – 'Keep Well, Look Well, Eat Well' – with a strong focus on the sharing economy, future trends and innovative, new-to-market concepts. Everything from its design to its carefully selected range of tenants and amenities makes Downtown Gallery a refreshing destination on Singapore's retail scene.

OUE Downtown Office is part of OUE Commercial REIT's portfolio.

02

oneRafflesPlace

01

02

01 One Raffles Place Tower 1 offers vantage views of Singapore's skyline and business landscape

02 A commanding presence in the Central Business District

A prominent presence on the CBD skyline

One Raffles Place comprises two towers of Grade-A office space and a six-storey retail mall, situated directly above and connected to the Raffles Place Mass Rapid Transit interchange station via a direct underground link through the basement, in the heart of Singapore's dynamic financial district.

The development's 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore. Designed by the late renowned Japanese architect Kenzo Tange, it offers regular column-free office space that is occupied by leading financial services and professional firms, as well as an observation deck offering panoramic views of the city skyline. The building was certified Green Mark Gold by Singapore's Building and Construction Authority (BCA) in 2016.

The 38-storey One Raffles Place Tower 2 was designed by Paul Noritaka Tange, Kenzo Tange's son, as a cutting-edge complement to Tower 1. It is also a prime example of environmentally sustainable design that has earned BCA Green Mark Platinum certification.

One Raffles Place shopping mall is a constant buzz of activity, catering to the needs of busy executives with a wide variety of shopping, dining, wellness and other services all in one convenient location.

Besides being directly connected to the Mass Rapid Transit network, One Raffles Place also provides easy access to other developments within Raffles Place and Marina Bay via an extensive underground network of pedestrian walkways.

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

U.S. BANK TOWER

U.S. Bank Tower is a 72-storey Class A property located in the financial core of downtown Los Angeles. One of the city's most famous landmarks, and one of the tallest buildings in the western United States, the building completed major enhancement works in 2016 that elevated its status as a prime business address and transformed it into a major tourist attraction.

The office lobby at ground level is enclosed by a transparent 30-foot-high glass curtain wall. This bright and inviting space features a large high-resolution video art wall that catches the eye of passers-by with a dynamic display of digital art content on the culture and history of Los Angeles.

At the top of the tower is the two-storey OUE Skyspace LA, a playground in the sky and a premier events venue. Here, visitors can enjoy spectacular 360-degree views of the city, stretching from the Hollywood Hills to the Pacific Ocean, from what is the United States' highest and only open-air observation deck.

For those who dare, a first-of-its-kind Skyslide, a 45-foot enclosed glass slide on the outside of the tower from the 70th floor to the 69th floor, offers an unforgettable thrill. Visitors can then also dine amidst the lively atmosphere of 71Above on the 71st floor, the highest restaurant and bar west of the Mississippi.

The revamped U.S. Bank Tower has been honoured with a number of awards, including the BOMA Visionary Award 2016, BOMA Renovated Building of the Year 2017, the BOMA Pueblo Award 2017 in recognition of its profound impact and outstanding contribution to the LA community, and the 2018 BOMA International Outstanding Building of the Year award in the Renovated Category.

02

01

Offering an elevated visitor experience at OUE Skyspace Los Angeles

03

01 OUE Skyspace Los Angeles is an unbeatable place to catch the sunset

02 As one of LA's highest landmarks, U.S. Bank Tower offers panoramic 360-degree views from the top

03 The open-air observation deck is an inspiring venue for wellness activities

01

02

01 Exterior of Lippo Plaza's retail podium

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

LIPPO PLAZA

Lippo Plaza is a 36-storey Grade-A office tower with a retail podium located near the eastern end of Huaihai Zhong Road, within the established Huangpu business district in the Puxi area of downtown Shanghai.

As one of the city's most established business districts, Huangpu is a prime area for multinational corporations, international financial institutions and Chinese enterprises. Lippo Plaza itself is occupied by a diverse mix of tenants spanning the retail, consultancy, financial services, manufacturing and pharmaceutical sectors.

Huaihai Zhong Road is also a major retail artery, home to well-known department stores, high-end shopping malls, global designer brand stores as well as upscale hotels and restaurants. Within this distinguished company, Lippo Plaza's three-storey podium with basement units offers an exclusive shopping experience with unique retail offerings and high-profile international brands. They include the first Victoria's Secret flagship store in China dedicated to the brand's entire range of products.

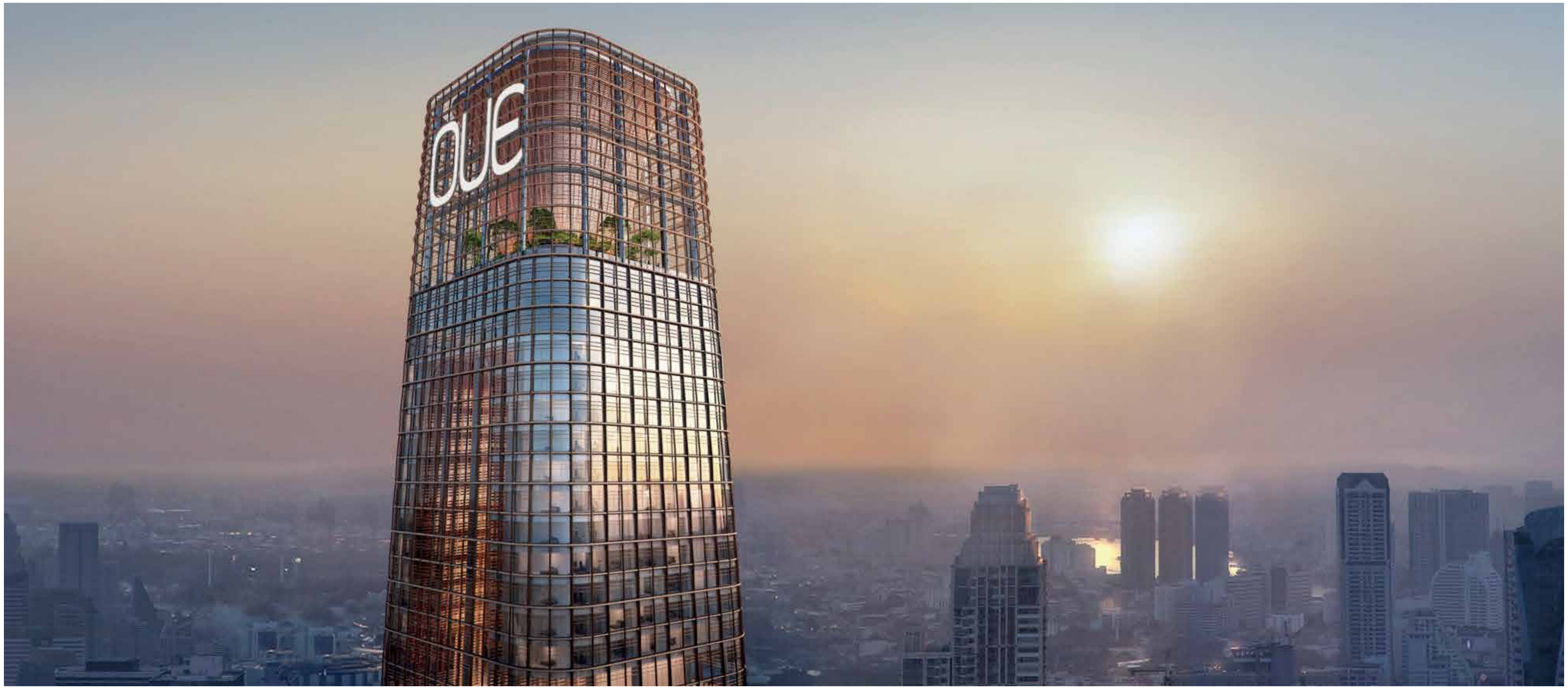
Lippo Plaza enjoys excellent citywide connectivity. It is located a short walk from the South Huangpi Road and Huaihai Zhong Road Metro Stations, which are served by Metro Line 1 and 13 respectively, while its close proximity to major expressways eases access to other key commercial areas of the city.

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

Well located in Shanghai's upscale commercial district

South Jakarta Development Project

01



01 Artist's impression of the South Jakarta Development's crown by Skidmore, Owings & Merill LLP/ATCHAIN

02 The South Jakarta Development's elegant, futuristic hotel drop-off, inspired by traditional Indonesian craft, ensures a spectacular arrival

A golden opportunity for growth in Jakarta's Golden Triangle

In September 2018, OUE expanded its growth portfolio with the opportunistic acquisition of prime land in South Jakarta zoned for commercial development. The prime site is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the most coveted addresses in South Jakarta's Central Business District.

As the main business centre, Jalan Sudirman and its immediate surroundings thrive with commercial developments, private buildings occupied by private companies, educational and government institutions. It is also home to major retail malls and entertainment centres, such as Plaza Semanggi Mall and Senayan City. Other nearby notable landmarks include the city's largest sports centre, Gelora Bung Karno Main Stadium, which hosted the 2018 ASEAN Games. Jalan Sudirman enjoys good accessibility, being well served by a comprehensive network of roads and other infrastructure.

Proposed for the site is a high-rise development featuring premium Grade-A offices and a lifestyle hotel. The development is set to become a striking landmark on the skyline with its elegant, futuristic design inspired by traditional Indonesian craft. It is also envisaged as a vibrant epicentre of activity, bridging the gap between two future Mass Rapid Transit stations. The development is targeted for completion in 2026.

02

01

02

04

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

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

The Orchard and Somerset Mass Rapid Transit stations are within walking distance of the hotel, with both stations being 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 within approximately a 10- to 15-minute driving distance. The hotel also benefits from its walking proximity to Singapore's top medical facilities such as Paragon Medical Centre and Mount Elizabeth Hospital.

Mandarin Orchard Singapore offers some 1,077 spacious guestrooms and suites distributed across two towers, with panoramic views of the city skyline from higher floors. All rooms are equipped with advanced in-room technologies—from unlimited high-speed Wi-Fi, to an Internet Protocol Television solution that connects guests to a host of conveniences at the touch of a button.

The hotel's stellar line-up of dining outlets includes the all-time favourite *Chatterbox*, home of the legendary Mandarin Chicken Rice; *Triple Three*, a Japanese-inspired international buffet restaurant; and *Shisen Hanten by Chen Kentaro*, which was first bestowed two Michelin stars in 2016 and has since prevailed as the highest Michelin-rated Chinese restaurant in Singapore.

For travellers looking to rediscover the pleasures of business travel, the Meritus Club offers guests

A proud heritage of hospitality excellence in Singapore since 1971

03

bespoke amenities and preferential services, including exclusive access to *Meritus Club Lounge at Top of the M*, an executive club lounge facility located at what was historically the hotel's iconic revolving rooftop restaurant.

Mandarin Orchard Singapore also features over 30,000 square feet of prime event spaces backed by efficient connectivity, advanced audio-visual equipment, and the dedicated expertise of Meeting and Event Specialists. Other facilities in the hotel include an outdoor swimming pool, a 24-hour fitness centre, a tennis court, and a medical clinic.

A stone's throw away from Mandarin Orchard Singapore are some of the city's most popular shopping malls—Paragon, Takashimaya, and ION Orchard, to name a few. Right within the hotel premises is Mandarin Gallery, an intimate shopping haven that is home to some of the biggest international fashion brands, as well as eclectic finds from independent, local designers. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery allows guests an all-encompassing retail, dining, and hospitality experience.

As part of ongoing asset enhancement initiatives at the hotel, improvement works were carried out at Grange Ballroom, Meritus Club Lounge at Top of the M, and Coffee & Crust. Updates to the Chatterbox interior were also completed to create a more contemporary and spacious dining environment.

In 2019, Mandarin Orchard Singapore scored its seventh consecutive win as *Best City Hotel—Singapore* at the 30th Annual TTG Travel Awards—Asia-Pacific's most prestigious annual travel industry awards honouring the best organisations and individuals in the industry for their outstanding achievements and contributions. The hotel was also named *Best Upscale Hotel–Singapore* for the third consecutive year at the Travel Weekly Asia 2019 Readers' Choice Awards.

01 Triple Three tantalises taste buds with Japanese-inspired buffet delights

02 Meritus Ambassadors embody the hotel's signature *Asian Grace, Warmth and Care*

03 The living room of the elegantly appointed Presidential Suite

04 The height of Asian hospitality experience in the heart of Orchard Road

01

Premier rooms with runway view

02

03

CROWNE PLAZA

AN **IHG**® HOTEL

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 main building and an adjacent 243-room extension, connected via a linkway on the second floor.

Positioned to meet the needs of international air travellers, the hotel is directly 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. Corporate travellers also benefit from its close proximity to Changi Business Park and Singapore EXPO Convention & Exhibition Centre, and easy access to downtown Singapore by expressway and the Mass Rapid Transit.

Designed to provide a restful stay just minutes from the airport, all of Crowne Plaza Changi Airport's guestrooms are insulated from the noise of the airport environment, while its facilities immerse guests in resort-like relaxation surrounded by lush gardens. Guests can refresh with a dip in the outdoor pool, unwind at the spa, host an event in one of six state-of-the-art meeting and function rooms, and enjoy the culinary delights of four food and beverage outlets. They include *Crystal Jade Pavilion*, home of authentic Cantonese cuisine; *bar '75*, a retro sports bar; the *Lobby Lounge*, offering light refreshments; and *Azur*, an East-Meets-West buffet restaurant, which was included in T.Dining Singapore's Best Restaurants Guide 2018/19.

Sustainability is also part of the hotel's eco-friendly design, which features the use of recycled timber, open-air walkways and floor-to-ceiling windows that allow in natural light and ventilation, and a distinctive three-dimensional lace-like façade that shades interior spaces from the tropical heat.

In 2019, Crowne Plaza Changi Airport was named *World's Best Airport Hotel* by Skytrax for the fifth year in a row, as well as *Best Airport Hotel in Asia* and a number of other accolades, including *Best Airport Hotel in Asia Pacific*–Business Traveller Asia-Pacific; *Best Airport Hotel in Asia Pacific*–Hotel Discovery Awards; the *Singapore Green Hotel Award*–Singapore Hotel Association; and *Best Airport Hotel*–TTG Travel Awards 2019.

01 Crowne Plaza Changi Airport hotel and its adjacent 243-room extension

02 Premier Rooms offer the ultimate comfort with spectacular runway views

03 The Lobby Lounge is the perfect place for a cocktail come sundown

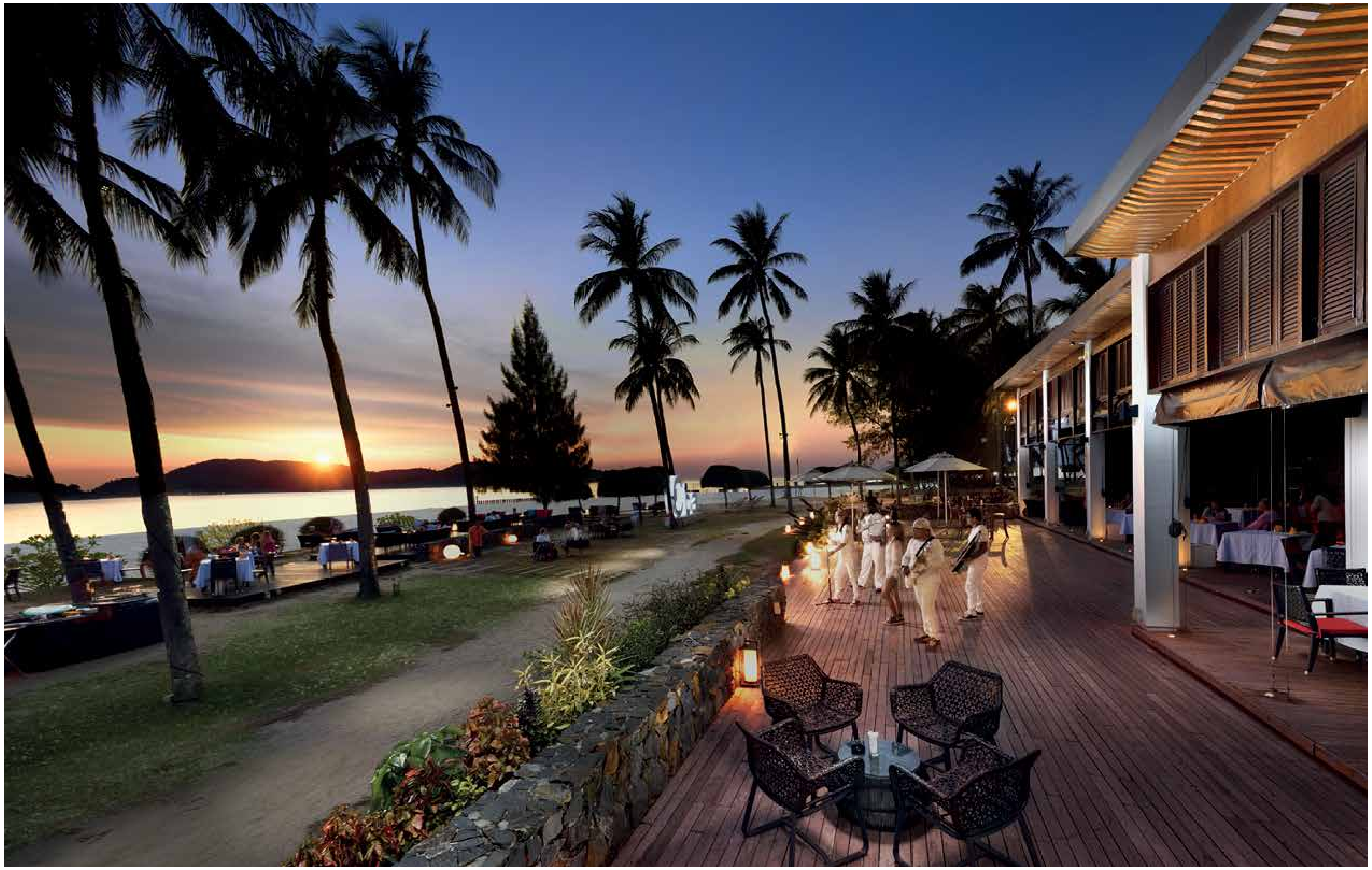
MERITUS PELANGI BEACH RESORT & SPA LANGKAWI

01 The resort environment offers a breathtaking setting for a memorable destination wedding

02 Cba restaurant livens up the beachfront as a tropical dining venue and a hip nightspot

01

02



An idyllic haven of ethnic charm and modern comforts

Be ushered into a haven of tropical tranquillity and ethnic charm at *Meritus Pelangi Beach Resort & Spa, Langkawi*, located along the white sandy beaches of the famous Cenang Beach and a mere 15-minute drive from Langkawi International Airport.

Depicting a traditional Malay village, the resort features 355 guestrooms housed in single- and double-storey wooden chalets built on stilts, with spacious verandas overlooking spectacular views of the ocean and the surrounding landscape. The villas are equipped with modern conveniences, with the interiors designed to pay homage to the local culture.

Dubbed "The Jewel of Langkawi", this 35-acre resort is surrounded by smaller islands, waterfalls, and golden sandy beaches, promising a rejuvenating experience for holidaymakers and business travellers alike.

Blending seamlessly with the resort's landscape are themed food and beverage outlets that include *Spice Market*, an all-day dining restaurant serving local Malaysian cuisine; *Cba*, a beachside restaurant and bar that transforms into a vibrant nightspot with live music entertainment; *Pelangi Lounge*, a lobby lounge serving an array of cocktails, single malts, and refreshments; and *Cascade Pool Bar*, a swim-up island bar serving signature thirst quenchers and light bites.

The versatile mix of water sports and outdoor activities offered at the resort is complemented by wellness facilities at *Pelangi Spa*, where guests can indulge in holistic beauty and massage treatments that rejuvenate the mind, body and soul in a Zen-inspired setting. Those in need of a workout can opt for the resort's state-of-the-art fitness centre that looks out to scenic views of the beach through floor-to-ceiling glass windows.

With its unique indoor and outdoor venues ideal for team-building activities and themed events, Meritus Pelangi Beach Resort & Spa, Langkawi continues to be a widely popular destination for weddings, as well as meetings, incentives, conferences, and exhibitions.

Meritus Pelangi Beach Resort & Spa, Langkawi has received the *TripAdvisor Certificate of Excellence* for nine consecutive years since 2011, and was named *Best Resort* on Ctrip Travellers' Top Spots 2017.

Mandarin/Gallery

A sophisticated retail, dining and lifestyle scene

Occupying four levels within the upscale Mandarin Orchard Singapore hotel, *Mandarin Gallery* is a high-end retail mall that offers a curated collection of distinctive retail, dining and lifestyle experiences. The mall's prominent 152-metre-wide frontage provides high visibility to its stores, including four duplex stores and six street-front shop units facing Orchard Road.

Among its eclectic mix of premium fashion offerings are Japanese cult streetwear brand *Bathing Ape*, Italian fashion house *Max Mara*, and *Victoria's Secret's* first Southeast Asia flagship store spanning 12,000 square feet.

The latest trends and timeless classics can be found at living and lifestyle stores such as *Rimowa*, purveyors of luxury travelware, and *Atomi*, home to Japanese furniture with Nordic style, while the finest in hair and beauty treatments await at the likes of *Leekaja Beauty Salon* and *Clé de Peau Beauté*.

Completing the line-up at Mandarin Gallery is a variety of casual and fine dining options. From perfectly cooked steaks at *Lawry's The Prime Rib*, to all-day breakfasts at *Wild Honey*, or traditional Japanese cuisine at *Suju* restaurant, Mandarin Gallery offers much to indulge in.

Mandarin Gallery is part of OUE Commercial REIT's portfolio of properties.

01

02

01 The mall's prominent frontage facing Orchard Road

02 Mandarin Gallery's high-profile fashion offerings include Michael Kors' first flagship store in Southeast Asia

DOWNTOWN Gallery

Designed as a destination for people to commune, *Downtown Gallery* features six levels of premium retail space, including one basement level, with a prominent 262-metre-wide frontage on Shenton Way.

Centred on the concept of Look Well, Keep Well, Eat Well, Downtown Gallery offers unique and innovative retail, dining, lifestyle and wellness experiences. Visitors can dine at *The Autobus*, a bicycle-themed café; step out in bespoke handcrafted footwear from *Septieme Largeur*; and get a beauty treatment at *Sugar K Organic Peel Bar*, Singapore's first-ever peel bar concept.

When it comes to keeping in shape, there are no less than eight different fitness and wellness options to choose from. Busy executives can enjoy indoor cycling at *Absolute Cycle*, go rock climbing at *Boulder Movement*, or burn off stress with a workout at *Haus Athletics*, *Platinum Fitness*, or *Still Boxing*, Asia's first aqua-bag boxing studio. For those seeking to balance mind, body and soul, *Sweatbox Yoga*, *Veda Yoga* and *Upside Motion* provide the perfect places to recharge.

Downtown Gallery's 21st century experiences also include *The Work Project*, a co-working space occupying one entire floor; *The Gallery Edit* featuring pop-up stores and retail counters showcasing future-defining trends; and two forward-thinking OUE concepts – *OUE Beauty Bar* and *OUE Social Kitchen*.

OUE Social Kitchen is a revolutionary communal cooking space conceived as everybody's kitchen in the city, to co-cook, co-create and connect with people over food. It is equipped with over 10 Smeg-styled kitchen spaces that are available for booking, and a free-to-use dining area where consumers can host meals for family and friends, and interact with other users. It is also an ideal venue for hosting corporate and private events.

01

02

01 A vibrant hub of life even after office hours

02 An all-in-one destination to shop, eat, and enhance your wellbeing

A nexus of unique experiences and community

A hotspot for shopping, dining and flexible work space

02

03

01

01 The illuminated façade of One Raffles Place shopping mall at night

02 The basement level offers a great variety of F&B options

03 The revamped mall exudes a refreshing sense of space and openness

One Raffles Place shopping mall is a six-storey retail podium offering a diverse array of shopping, dining, health and wellness services, and more. It is the largest purpose-built shopping mall in Raffles Place and has a direct underground link to the Raffles Place Mass Rapid Transit station.

In 2019, the mall completed asset enhancement works aimed at improving circulation on the first two levels of the mall and creating a more inviting environment that caters to the changing needs of those working in the Central Business District.

A highlight after the transformation is the addition of *Spaces*, a co-working concept by IWG, the world's leading provider of flexible workspace solutions. Opened in October 2019, this flagship co-working space occupies more than 30,000 square feet across four levels. It features three meeting rooms, 18 dedicated desks and over 500 workstations. Beyond an inspiring community for professionals, it also offers an exciting space to host corporate, retail and fashion-related events within a dynamic mall setting.

The mall has also revitalised its already wide selection of offerings with new dining and leisure options, enhancing its appeal as a lunch spot for the office crowd and a destination for shopping, dining and socialising after office hours.

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

01

A landmark of luxury urban resort living

OUE Twin Peaks is a sanctuary of serenity and sophistication located on Leonie Hill Road, a short walk from bustling Orchard Road, Singapore's premier shopping belt. The 99-year leasehold luxury development comprises two identical 35-storey towers. Each of its 462 ready-to-live-in apartments is fully furnished with timeless pieces by renowned designers such as Hans Wegner, Charles & Ray Eames and Matthew Hilton. The flexibility to combine one-bedroom apartments with two- or three-bedroom apartments offers the luxury of multi-generational living.

Life at OUE Twin Peaks is complemented by a thoughtful array of resort-inspired facilities including a swimming pool, jet spas and triple-volume sky gyms with panoramic city views. In addition, gourmet dining suites and open-air Sky Loggias on the 36th floor, together with a rooftop bar, provide residents with exceptional spaces to entertain in.

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

02

01 Luxurious living space furnished with impeccable taste and style

02 Master bedroom set against an incredible backdrop of the city skyline

Expanding into growing healthcare markets across Asia

03

02

01

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

02 Artist's impression of Chengdu Integrated Hospital Development

03 Wuxi Lippo Xi Nan Hospital – a general hospital located in Jiangsu Province, acquired by OUELH in October 2019 as part of the Group's pan-Asia healthcare growth strategy

04 Chairman of OUE Lippo Healthcare Mr. Lee Yi Shyan and Executive Chairman and Group CEO of OUE Dr. Stephen Riady joined representatives from China Merchants Group at the cornerstone laying ceremony in Prince Bay on 12 December 2018

SGX Catalist Board-listed *OUE Lippo Healthcare Limited* (OUELH) is an integrated healthcare services and facilities provider with a presence in Japan, the People's Republic of China, Malaysia, Indonesia and Myanmar. OUELH is pursuing its vision to become a leading healthcare company across the region by capitalising on growing healthcare opportunities in new pan-Asian markets, and through strategic partnerships and acquisitions that allow the company to expand while remaining asset-light.

In Japan, OUELH owns and manages a portfolio of 12 quality nursing homes in the cities of Sapporo, Nara, Kyoto and Nagano. OUELH is also leveraging on the extensive business networks of its strategic partner, Tokyo Stock Exchange-listed trading company ITOCHU Corporation, to expand the healthcare markets in Japan and Asia.

In China, OUELH has established a strategic partnership with China Merchants Group and will be co-developing a high-end international hospital in Prince Bay, Shekou, Shenzhen. In October 2019, it expanded its footprint in China further through the acquisition of Wuxi Lippo Xi Nan Hospital, a general hospital located in Wuxi, Jiangsu, where it also owns a piece of land and building that houses Wuxi Phoenix Hospital. OUELH is also in the midst of developing an integrated hospital project in Dujiangyan, Chengdu, to address a lack of high-quality medical services in the area.

In 2019, OUELH ventured into Myanmar, one of the fastest growing emerging economies, acquiring a 40.0% stake in Yoma Siloam Hospital Pun Hlaing Limited (YSHPH) and a 35.0% stake in Pun Hlaing International Hospital Limited (PHIH). YSHPH and PHIH are both joint venture companies, which between them own three hospitals located in Yangon, Mandalay and Taunggyi, as well as one medical centre and two clinics.

In 2018, OUELH acquired a stake in Bowsprit Capital Corporation Limited, the manager of SGX Main Board-listed First REIT, Singapore's first healthcare real estate investment trust, whose portfolio of healthcare assets has gained OUELH a strong presence in Indonesia.

In Malaysia, OUELH owns a piece of land planned for an integrated mixed-use development in the heart of the capital, Kuala Lumpur.

04

CONSUMER

In 2019, OUE expanded into the food and lifestyle business with the acquisition of a 49.7% stake in Superfood Retail Limited, which owns and operates cafes and restaurants under the Delifrance and Alfafa brands in Singapore and Hong Kong. The acquisition is a natural complement to OUE's current portfolio and has provided the Group with an immediate footprint in these two markets as well as access to an experienced F&B team.

The aspiration of OUE Restaurants is to create memorable dining experiences that cater to a diverse range of diners in Singapore and overseas. From simple eats of fast & casual concepts to bespoke, white tablecloth experiences, the growing portfolio comprises a host of distinct cafes, restaurants, and bars centred around providing inspired genuine experiences to guests.

At the fine dining end of the spectrum, its brands include VUE bar and grill, Singapore's first rooftop spritz bar perched at the top of OUE Bayfront with panoramic Marina Bay views, and Takayama, an authentic Japanese kappo-style restaurant at Downtown Gallery.

The signature flavours of Chatterbox and Shisen Hanten at Mandarin Orchard Singapore are also extended to a wider local and international audience through OUE Restaurants' collection of fast casual brands, namely Chatterbox Café, Chatterbox Express, and Chen's Mapo Tofu, which offers Szechwan classics served donburi-style.

Other fast casual and all-day dining brands include Maxx Coffee, a trailblazing contemporary lifestyle coffee chain hailing from Indonesia; French café Delifrance, which has been operating in Singapore for over 30 years; and newly rebranded Alfafa, offering simple, healthy European-style meals in Hong Kong.

01

02

03

04

05

06

07

08

09

01 Takayama – combining luxury, craft and theatre for an exceptional Japanese dining experience

02 OUE Skyspace Los Angeles – California's highest open-air observation terrace with a sky bar (affiliated concepts)

03 Delifrance – popular French café with 18 outlets and over 50 express counters in Singapore

04 Chen's Mapo Tofu - a fast & authentic rendition of affiliated concept Shisen Hanten, serving Szechwan favourites donburi-style

05 Chatterbox Express – bringing the signature flavours of the iconic Chatterbox by Mandarin Orchard Singapore to a wider local audience

06 VUE – a penthouse bar & grill with front row seats to an unparalleled view of Marina Bay

07 Chatterbox Café – dishing up authentic Singapore flavours to an international audience

08 Maxx Coffee – a trailblazing Indonesian lifestyle coffee chain

09 Newly rebranded Alfafa – a casual European café focused on simple, healthy meals

OUE COMMERCIAL REIT

01

02

03

04

05

06

07

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

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

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

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

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

06 Crowne Plaza Changi Airport – named World's Best Airport Hotel 2019 by Skytrax

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

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

In September 2019, OUE C-REIT completed the merger with OUE Hospitality Trust to become one of the largest diversified Singapore REITs with total assets of S$6.8 billion as at 31 December 2019. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's property portfolio comprises more than 2.0 million square feet of prime office and retail space, and 1,640 upscale hotel rooms.

OUE C-REIT has four Grade-A office properties, which consist of OUE Bayfront, One Raffles Place (67.95% effective interest), and OUE Downtown Office, strategically located in Singapore's Central Business District; as well as Lippo Plaza (91.2% strata interest), located within the prime commercial district of Huangpu in Puxi, Shanghai.

Its two hotels, comprising the 1,077-room upscale Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, are both in prime tourist catchments in Singapore – namely, the Orchard Road shopping belt and the world-renowned Changi Airport, respectively. OUE C-REIT also has one retail property, Mandarin Gallery, a high-end retail mall situated within four levels of Mandarin Orchard Singapore.

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

OUE C-REIT's net property income for FY2019 was S$205.0 million, an increase of 48.3% year-on-year (YoY) due primarily to the contribution from OUE Downtown Office (acquired on 1 November 2018) and contribution from the merger with OUE Hospitality Trust (from 4 September 2019). The increase in net property income was further augmented by organic growth from OUE C-REIT's existing commercial property portfolio.

The higher net property income and the drawdown of income support at OUE Downtown Office, partially offset by higher interest expenses as a result of higher borrowings, led to an amount to be distributed (after retention for working capital purposes) in FY2019 of S$123.2 million, 72.8% higher YoY. FY2019 DPU was 3.31 cents, 4.9% lower YoY due to the higher unit base, which increased by approximately 88.4% due to the consideration units issued pursuant to the merger.

Committed office occupancy for OUE C-REIT's Singapore properties was healthy at 95.7% as at 31 December 2019, with committed office rents achieved in FY2019 in line with or above the respective submarket rental rates. This resulted in positive rental reversions of between 8.0% and 17.8% for FY2019, leading to higher average passing rents YoY. Mandarin Gallery maintained a stable performance despite the challenging retail environment with committed occupancy of 98.3% as at 31 December 2019.

For the hospitality segment, Crowne Plaza Changi Airport delivered an exceptional performance in FY2019, surpassing its minimum rent of S$22.5 million per annum for the first time, driven by 9.0% increase in revenue per available room (RevPAR). With a competitive trading environment and absence of large-scale conferences and events, Mandarin Orchard Singapore's RevPAR declined 4.3%. Overall, the hospitality segment RevPAR registered a mild 0.4% decline YoY.

OUE C-REIT's aggregate leverage as at 31 December 2019 was 40.3%, with a weighted average cost of debt of 3.4% per annum. 75.0% of borrowings have been hedged into fixed rates to mitigate against interest rate fluctuations. As at 31 December 2019, OUE C-REIT's net asset value (NAV) per unit was S$0.62.

The Group's effective interest in OUE C-REIT as at 31 December 2019 was 47.61%.

FIRST REIT
FIRST REAL ESTATE INVESTMENT TRUST

First Real Estate Investment Trust (First REIT) is Singapore's first healthcare real estate investment trust listed in 2006. It was established with the principal investment strategy of investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. Managed by Bowsprit Capital Corporation Limited, First REIT's portfolio consists of 20 properties located in Indonesia, Singapore, and South Korea.

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

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

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

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

First REIT achieved gross revenue of S$115.3 million in FY2019, a 0.8% decrease compared to S$116.2 million in FY2018.

Net property income decreased 1.3% to S$112.9 million in FY2019 from S$114.4 million in FY2018 mainly due to higher property operating expenses.

Distributable income increased 1.2% in FY2019 to S$68.5 million from S$67.7 million in FY2018, while annualised distribution per unit (DPU) was 8.60 Singapore cents in FY2019 and FY2018. This translates to a trading yield of 8.6% based on First REIT's closing price of S$0.995 as at 31 December 2019.

In FY2019, First REIT remained prudent with its capital management and maintained its gearing at a stable 34.5% as at 31 December 2019, with 60.2% of its debt on a fixed rate basis to mitigate interest rate fluctuations.

Net Asset Value per unit as at 31 December 2019 lowered at 99.64 Singapore cents compared with 102.51 Singapore cents as at 31 December 2018. The Group's effective interest in First REIT was approximately 13.8% as at 31 December 2019. First REIT is well positioned to ride on the growing demand of quality and affordable healthcare in Asia Pacific.

01


03


04



02


05

06

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

02 Sarang Hospital – a 6-storey hospital with one basement level, one of the largest rehabilitative treatment and nursing healthcare services in Yeosu City, South Korea

03 Pacific Healthcare Nursing Home @ Bukit Merah – a 4-storey custom-built nursing home with basement carpark and roof terrace

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

05 Pacific Healthcare Nursing Home II @ Bukit Panjang – a 5-storey custom-built nursing home

06 Siloam Hospitals Bali – a 4-storey hospital with one basement level, strategically located in the fastest growing area in Bali

CORPORATE SOCIAL RESPONSIBILITY

We believe that our ongoing commitment to corporate accountability contributes to bringing about meaningful and sustainable impact on both the company's long-term interests and the welfare of the wider community.

01

At OUE, corporate social responsibility has always been embedded in our corporate culture and forms an integral part of our business strategy. Each year, we give back through community-based initiatives that promote education, the arts, and sports. As OUE continues to grow and evolve, we shall also continue to distinguish ourselves as an organisation driven by a commitment to nurturing and delivering meaningful and lasting impact to people, the environment, and the communities we are part of.

STARS OF CHRISTMAS 2019

Stars of Christmas, an annual community programme championed by OUE Limited (OUE) together with Meritus Hotels & Resorts and Mandarin Orchard Singapore, returned for its tenth 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.

Making up the cast of supporting partners for Stars of Christmas 2019 were *Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore—Sole Authorised Dealer)*; *Community Chest*, the fund-raising and engagement arm of the National Council of Social Service; *Downtown Gallery*; and *Takashimaya Singapore Ltd*.

Stars of Christmas 2019 was held in support of *Children's Cancer Foundation*, *Club Rainbow*, *KK Women's and Children's Hospital*, *Ronald McDonald House Charities Singapore*, *SPD*, *Rainbow Centre*, *HCSA Dayspring Residential Treatment Centre*, *Lutheran Community Care Services*, *Marymount Centre*, 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 on 21 November, led by OUE Executive Adviser Mr Lee Yi Shyan. Stars bearing beneficiaries' information such as age and gender adorned the Christmas trees at Mandarin Orchard Singapore and Downtown Gallery.

On 13 December, beneficiaries of Stars of Christmas 2019 along with their parents, siblings, and caregivers were guests of honour at a special Christmas luncheon hosted by OUE. The children were joined by employees of OUE and its affiliate companies for an afternoon of festive treats and entertainment at Mandarin Orchard Singapore, ending on a merry note with a visit from Santa who distributed Christmas presents.

Stars of Christmas 2019 culminated in a Toy Run activity on the morning of 14 December, with volunteer riders on a fleet of Harley-Davidson motorcycles making for a festive spectacle on the Orchard Road frontage of Mandarin Gallery as they set off to deliver Christmas presents to various locations.

A record 2,000 presents were distributed to beneficiaries of more than 20 non-profit children's welfare organisations, marking the largest gift distribution to date and bringing the total count to upwards of 10,000 presents distributed over the 10 years since the inception of Stars of Christmas.

COMMUNITY CHEST HEARTSTRINGS WALK 2019

Heartstrings Walk 2019 saw the participation of over 200 employees from OUE Limited and Mandarin Orchard Singapore. Organised by Community Chest, the walk brought together over 8,000 participants from all parts of the community—partners, volunteers, and beneficiaries—to signify a collective effort to build one community that shares, and a nation that cares.

02

03

04

01 OUE Executive Adviser, Mr Lee Yi Shyan, leads the ceremonial hanging of Christmas stars at Mandarin Orchard Singapore

02 Partners and volunteers gather on Orchard Road to kick off the much-awaited Stars of Christmas 2019 Toy Run

03 Teams across OUE unite for Community Chest Heartstrings Walk 2019 in support of a caring and inclusive nation

04 Volunteer Harley-Davidson riders prepare to deliver presents on the Stars of Christmas 2019 Toy Run

Proceeds of the event went towards helping 80 social service agencies across Singapore under Community Chest that care for the disadvantaged, such as those who are disabled and youths who are at risk.

Activities included a bi-centennial-themed 4km Fun Walk along the Waterfront Trail at Marina Bay; a Family Carnival; an annual Race to the Sky Vertical Marathon, which saw participants racing up 57 storeys; as well as interactive photo opportunities with persons dressed up as Mata Mata and Samsui women.

SOAP RECYCLING PROJECT

Mandarin Orchard Singapore partnered up with Ecolab Pte Ltd—a global leader in water, hygiene, and energy technologies and services within the food, hospitality, healthcare, and industrial sectors—to recycle and repurpose used soap bars from the hotel and distribute them to underprivileged families around Singapore.

Using Ecolab's expertise in chemical processing, the hotel was able to recycle over 40kg of used soaps that were collected from the guestrooms and made them into 616 bars of new soap. These were then donated to Filos Community Services—a not-for-profit social service organisation whose programmes and services focus on empowering individuals and families to live more fulfilling lives—where each beneficiary was given a hand hygiene pack which consisted of one repurposed soap and one hand sanitiser, or two repurposed soaps.

WORK EXPERIENCE PROGRAMME FOR SPECIAL NEEDS STUDENTS

Mandarin Orchard Singapore continues to work with Metta School and APSN Delta Senior School for the Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education. Offering on-the-job training opportunities for special needs students, the programme exposes them to real-life settings and assists them in developing into self-sufficient and productive 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.

The wine cellar at VUE boasts a carefully curated selection of over 1,000 bottles, from vintage wines to labels that follow world trends

GOVERNANCE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Stephen Riady
(Executive Chairman and
Group Chief Executive Officer)

Christopher James Williams
(Deputy Chairman and
Non-Executive General Counsel)

Brian Riady
(Deputy Chief Executive Officer and
Non-Independent Executive Director)

Kelvin Lo Kee Wai
(Independent Director)

Sin Boon Ann
(Lead Independent Director)

Kin Chan
(Non-Executive Non-Independent Director)

AUDIT COMMITTEE

Kelvin Lo Kee Wai
(Chairman)

Sin Boon Ann

Kin Chan

NOMINATING COMMITTEE

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

REMUNERATION COMMITTEE

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

SECRETARY

Thia Jackie

SHARE REGISTRAR

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

AUDITORS

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

REGISTERED OFFICE

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

INVESTOR RELATIONS/ CORPORATE COMMUNICATION

Ivan Lim/Lisa Sajoto
Telephone : (65) 6809 6064
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2019 ("**FY2019**") with specific reference to the principles of the Code of Corporate Governance 2018 (the "**Code**"). The Company is pleased to report that it has complied with the principles under the Code and, substantially, with the provisions set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

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

A. BOARD MATTERS

Principle 1 : The Board's Conduct of Affairs

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

The Company is headed by an effective board of directors (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 written terms of reference, which have been approved by the Board, and set out its compositions, duties (including reporting back to the Board) and authority.

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

Provision 1.1 of the Code requires the Board to put in place a code of conduct and ethics. The Company has not, however, adopted a Board charter or code of conduct, as 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 is of the view that despite its deviation from Provision 1.1 of the Code, it is headed by an effective Board which is collectively responsible for the long-term success of the Company. The Directors who are legal professionals will provide regular advice on directors' roles and responsibilities and good corporate governance practices, so as to ensure that an appropriate tone from the top and organisational culture is set and that there is proper accountability within the Company.

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

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

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required. In 2019, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board and/or Board Committee meetings may convey their views to the respective chairmen or the company secretary of the Company ("**Company Secretary**"). The Company's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings and the Annual General Meeting ("**AGM**")

Name of Director	Number of meetings attended in FY2019				
	Board	AC	NC	RC	AGM
Dr. Stephen Riady	3	-	-	-	1
Mr. Christopher James Williams	4	-	1	1	1
Mr. Thio Gim Hock[1]	4	-	-	-	1
Mr. Kelvin Lo Kee Wai	4	4	1	1	-[2]
Mr. Sin Boon Ann	4	4	1	1	1
Mr. Kin Chan	4	4	-	-	-[2]
Number of meetings held in FY2019	**4**	**4**	**1**	**1**	**1**

Notes:

[1] Mr. Thio Gim Hock retired as Chief Executive Officer / Group Managing Director on 31 December 2019.

[2] Mr. Kelvin Lo Kee Wai (who is the chairman of the Audit Committee) and Mr. Kin Chan were unable to attend the AGM in FY2019 as they were travelling for business.

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 FY2019.

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 (including their roles as executive, non-executive and independent directors), corporate governance, financial reporting, insider trading, the Companies Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"), real estate and hospitality industry-related matters and other areas to enhance their performance as Board and Board Committee members. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

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

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

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

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings and on an 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 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.

Principle 2 : Board Composition and Guidance

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

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

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

Although both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have served on the Board as Independent Directors for more than nine years, the Board is of the view that an individual's independence cannot be accurately determined based on an arbitrarily set period of time. Following a rigorous review during FY2019 by the NC, the Board has concluded that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have continued to demonstrate independence in conduct, character and judgment in the manner in which each of them has discharged his respective responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect each of their judgment and ability to discharge their respective responsibilities as an independent Director of the Board, and to contribute to the Board in such capacity.

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

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

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The current composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the Company, and other aspects of diversity such as age, so as to avoid groupthink and foster constructive debate, contributing to improved risk management and more robust decision making for the strategic future of the Company. The Board comprises Directors with diverse backgrounds who as a group, possess the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles to facilitate decision making that is in the best interest of the Company. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account.

Notwithstanding that the NC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition, in view of the Code which was introduced on 6 August 2018, the NC has implemented a board diversity policy which takes into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors. It will report to the Board on an annual basis on the progress made in achieving the objectives.

The NC has recommended to the Board that Mr. Brian Riady, Mr. Christopher James Williams and Mr. Kelvin Lo Kee Wai be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered each Director's overall contributions and performance.

Mr. Brian Riady will, upon re-election as a Director pursuant to Article 97 of the Company's Constitution, remain as the Deputy Chief Executive Officer and Non-Independent Executive Director of the Company.

Mr. Christopher James Williams will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as the Deputy Chairman of the Company. Mr. Kelvin Lo Kee Wai will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as an Independent Director of the Company, the chairman of the AC and a member of each of the NC and RC. Further information on each Director proposed to be re-elected at the AGM can be found on pages 241 to 247 of the Annual Report.

Principle 3 : Chairman and Chief Executive Officer

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

The Chairman is Dr. Stephen Riady, who is an executive Director. As at 31 December 2019, the Chairman and the Chief Executive Officer / Group Managing Director were not related to each other. While there was no written division of responsibilities between the Chairman and the Chief Executive Officer ("**CEO**") as required under Provision 3.2, there was nonetheless a clear separation of responsibilities between the Chairman and the Chief Executive Officer / Group Managing Director so as to maintain an appropriate balance of power and authority. Hence, the Company is of the view that there was a clear division of responsibilities between the leadership of the Board and Management. At the end of 31 December 2019, Mr. Thio Gim Hock retired as Chief Executive Officer / Group Managing Director.

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

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

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

The Board is of the opinion that it is in the best interests 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 also, led by the Lead Independent Director, set aside time to discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, especially where circumstances warrant such meetings. The chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate. The Company is therefore of the view that despite its deviation from Provision 3.1 of the Code, no one individual has unfettered powers of decision-making.

Principle 4 : Board Membership

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

The NC currently comprises three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann, the Lead Independent Director of the Company, is the chairman of the NC. The NC met once in FY2019.

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

- reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- reviewing and evaluating nominations of directors (including alternate directors, if any) for appointment to the Board;
- making recommendations on the process and criteria for evaluation of the performance of, and evaluating the performance of, the Directors and the Board as a whole and the Board Committees;
- reviewing and being mindful of the independence of the Directors at least annually, and as and when circumstances require; and
- making recommendations on and reviewing the training and professional development programmes for the Board, including ensuring that new Directors are aware of their duties and obligations, 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 AGM.

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

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

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

The selection and nomination process involves the following:

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

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

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

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

With regard to the re-appointment/re-election of existing Directors each year, the NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC evaluates the retiring Director's performance and contributions to the Board, taking into account factors such as attendance, preparedness and participation at meetings, the 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. The NC is satisfied that for FY2019, each of the Directors has given sufficient time and attention in discharging his responsibilities as Director by providing invaluable guidance, advice and support to the Group.

Key information on the Directors' particulars and background, and the listed company directorships and principal commitments of each Director, can be found on pages 42 to 46 of the Annual Report.

Principle 5 : Board Performance

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

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

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

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

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

B. REMUNERATION MATTERS

Principle 6 : Procedures for Developing Remuneration Policies

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

Principle 7 : Level and Mix of Remuneration

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

Principle 8 : Disclosure on Remuneration

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

Remuneration Committee

The RC currently comprises three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the RC. The RC met once in FY2019.

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

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

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

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and key management personnel in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The remuneration range is also benchmarked against a blended mix of industry peers, the list of which has remained unchanged for the last seven 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 AGM. The remuneration of the non-executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the key management personnel in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Directors or the key management personnel.

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

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

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

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

Provision 7.1 of the Code requires a significant and appropriate proportion of executive directors' remuneration to be structured so as to link rewards to corporate and individual performance. 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. Such performance-related executive remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel.

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

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2019 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2019

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
Below S$250,000					
Dr. Stephen Riady	100	-	-	-	100
Mr. Christopher James Williams	-	-	100	-	100
Mr. Kelvin Lo Kee Wai	-	-	100	-	100
Mr. Sin Boon Ann	-	-	100	-	100
Mr. Kin Chan	-	-	100	-	100
S$4,750,000 to S$4,999,999					
Mr. Thio Gim Hock	12.2443	40.8144	-	46.9413[1]	100

Note:

[1] This includes payment of an *ex gratia* sum paid to Mr Thio Gim Hock in connection with his retirement as Chief Executive Officer / Group Managing Director on 31 December 2019.

A breakdown of the Directors' fees payable to each Director for FY2019 is shown below:

Name of Director	Directors' Fees (S$)[1]
Dr. Stephen Riady	Nil[2]
Mr. Christopher James Williams	112,500[3]
Mr. Thio Gim Hock	Nil[4]
Mr. Kelvin Lo Kee Wai	118,125[5]
Mr. Sin Boon Ann	147,375[6]
Mr. Kin Chan	61,875[7]

Notes:

[1] The framework for determining the Directors' fees in FY2019 is as follows: (i) S$50,000 for Chairman; (ii) S$50,000 for Deputy Chairman; (iii) S$50,000 for a member of the Board; (iv) S$20,000 for Lead Independent Director; (v) S$37,500 for chairman of the AC; (vi) S$18,750 for a member of the AC; (vii) S$25,000 for chairman of the NC; (viii) S$12,500 for a member of the NC; (ix) S$25,000 for chairman of the RC; and (x) S$12,500 for a member of the RC.

[2] Dr. Stephen Riady waived payment of Directors' fees due to him in respect of his position as Chairman of the Board and a Director of the Company for FY2019.

[3] The accrued fees payable to Mr. Christopher James Williams for FY2019 comprise S$50,000 for being Deputy Chairman, S$50,000 for being a member of the Board, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$125,000. In view of the coronavirus (COVID-19) outbreak in 2020 and its potential economic impact to the Group, as a show of solidarity with the Group's stakeholders, Mr. Christopher James Williams will take a 10% reduction in the accrued FY2019 fees.

[4] Mr. Thio Gim Hock waived payment of Directors' fees due to him in respect of his position as a Director of the Company for FY2019.

[5] The accrued fees payable to Mr. Kelvin Lo Kee Wai for FY2019 comprise S$50,000 for being a member of the Board, S$37,500 for being the chairman of the AC, S$18,750 for being a member of the AC, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$131,250. In view of the coronavirus (COVID-19) outbreak in 2020 and its potential economic impact to the Group, as a show of solidarity with the Group's stakeholders, Mr. Kelvin Lo Kee Wai will take a 10% reduction in the accrued FY2019 fees.

[6] The accrued fees payable to Mr. Sin Boon Ann for FY2019 comprise S$50,000 for being a member of the Board, S$20,000 for being the Lead Independent Director, S$18,750 for being a member of the AC, S$25,000 for being the chairman of the NC, S$12,500 for being a member of the NC, S$25,000 for being the chairman of the RC and S$12,500 for being a member of the RC, being a total of S$163,750. In view of the coronavirus (COVID-19) outbreak in 2020 and its potential economic impact to the Group, as a show of solidarity with the Group's stakeholders, Mr. Sin Boon Ann will take a 10% reduction in the accrued FY2019 fees.

[7] The accrued fees payable to Mr. Kin Chan comprise S$50,000 for being a member of the Board and S$18,750 for being a member of the AC, being a total of S$68,750. In view of the coronavirus (COVID-19) outbreak in 2020 and its potential economic impact to the Group, as a show of solidarity with the Group's stakeholders, Mr. Kin Chan will take a 10% reduction in the accrued FY2019 fees.

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

Provision 8.1(b) of the Code requires companies to fully disclose the names, amounts and breakdown of remuneration of the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel. The Code defines "key management personnel" to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board takes the view that in FY2019, there are only two persons, being Dr. Stephen Riady and Mr. Thio Gim Hock (who are/were also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company. There are no persons who are not Directors of the Company that have the authority and responsibility for planning, directing and controlling the activities of the Company.

Save for Dr. Stephen Riady (who is a substantial shareholder of the Company) and Mr. Brian Riady (being the son of Dr. Stephen Riady), there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2019. The following table shows a breakdown (in percentage terms) of the remuneration of Dr. Stephen Riady and Mr. Brian Riady, in bands of S$100,000:

Name of Employee	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
S$100,000 to S$200,000					
Dr. Stephen Riady	100	-	-	-	100
S$700,000 to S$800,000					
Mr. Brian Riady	27.12	72.88	-	-	100

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

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. Save as disclosed above in relation to Mr Thio Gim Hock's remuneration, no termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2019.

C. ACCOUNTABILITY AND AUDIT

Principle 9 : Risk Management and Internal Controls

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

Principle 10 : Audit Committee

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

The AC currently comprises three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. Mr. Kelvin Lo Kee Wai is the chairman of the AC. All the members of the AC have many years of experience in senior management positions and have between them recent and relevant expertise in accounting, financial management, corporate finance and law. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the AC as listed below. The AC does not comprise former partners or directors of the Company's existing auditors: (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the Company's auditors and in any case, (b) for as long as they have any financial interest in the Company's auditors. The AC met four times in FY2019.

The principal responsibilities of the AC include the following:

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

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

For the financial year under review, the AC met with the external auditors and internal auditors to review the annual audit plans and the results of the audits performed by them. The AC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the external auditors. The AC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by them. For the financial year under review, the 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 FY2019 was S$743,000 for non-audit services and S$1,424,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming AGM to be convened.

The details of the remuneration of the auditors of the Company during FY2019 are as follows:

	2019 (S$'000)
Audit services:	
- Auditors of the Company	1,424
- Other auditors	125
Non-audit services:	
- Auditors of the Company	743
- Other auditors	23

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

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

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

Based on the Board's review (with the assistance of the AC) of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems established and managed by the Group, reviews performed by Management, and the assurance furnished by the CEO and CFO, 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 2019, and addresses financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations. For the year under review, no material weaknesses in the internal controls and risk management systems were identified by the Board or the AC.

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

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

For FY2019, the CEO and the CFO have provided written confirmation to the Board that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk 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. With respect to the financial year under review, in line with the Listing Manual, the Board provided negative assurance statements to shareholders in respect of the interim financial statements that nothing has come to their attention that would render the 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 107 to 108 of the Annual Report.

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, compliance and information technology risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Vice President, Internal Audit and approved by the AC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

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

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

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

D. SHAREHOLDER RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11 : Shareholder Rights and Conduct of General Meetings

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

Principle 12 : Engagement with Shareholders

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

Principle 13 : Engagement with Stakeholders

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

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its quarterly (in respect of FY2019) and full-year results on the SGXNET, in the Annual Report and on the Company's website. Shareholders are also regularly kept up-to-date on analyst coverage of the Company through the same channels. The Company also has an email alert service to which the public may subscribe (via the Company's website) to receive Company announcements and other SGXNET filings. The Company also conducts analysts' briefings and investor roadshows, facilitated by its dedicated investor relations team, to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders.

In addition, shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. Save as disclosed on page 94 of this Annual Report, all Directors attend general meetings of shareholders, and the respective chairmen of the AC, NC and RC, as well as the external auditors, are also present at shareholders' meetings to address questions raised by the shareholders about the conduct of audit and the preparation and content of the auditors' report. Shareholders and potential investors are encouraged to visit the Company's website at www.oue.com.sg for information on the Company. They are also encouraged to call or write to the Company's investor relations department if they have questions. The contact details of the investor relations representative are set out in the press releases issued by the Company.

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

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

Voting for all resolutions at shareholders' meetings held in FY2019 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 are tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced on the SGXNET and the Company's website on the same day of the event.

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

Minutes of the shareholders' meetings held in FY2019 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. Provision 11.5 of the Code requires an issuer to publish the minutes of general meetings of shareholders on its corporate website as soon as practicable after such meetings. The Company currently does not, however, have a practice of publishing such minutes on the Company's website. The Company is of the view that despite its deviation from Provision 11.5 of the Code, the Company treats all shareholders fairly and equitably to enable them to exercise their shareholders' rights, including shareholders who are unable to attend general meetings, as the minutes of shareholders' meetings are available to any shareholder upon request.

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.

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall strategy to ensure that the best interests of the Company are served. The Company considers emerging and existing sustainability-related trends to enable the Company to identify and manage any potential, current, or impending business risks that need to be managed, or to take advantage of any opportunities they may provide. The Company has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to the Company, either because their actions impact the Company's business or the Company's business impacts their actions. They comprise the Company's shareholders, tenants and guests, employees as well as regulators. The Company's various teams interact with these stakeholders on a regular basis and the Company maintains a corporate website to facilitate communication and engagement with stakeholders. For more information on the methods that the Company uses to engage its stakeholders and the key topics relevant to each stakeholder group, please see page 113 of the Annual Report.

E. ADDITIONAL INFORMATION

Interested Person Transactions Policy

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual related to IPTs. The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are set out in the Annual Report. Save as disclosed, there were no IPTs during FY2019 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. For FY2019, the Company sent out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

(a) two weeks before the announcement of the Company's 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 abovementioned periods may be amended or supplemented, in light of the changes to the best practices on dealings in securities in the Listing Manual with effect from 7 February 2020.

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 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 decision-making and 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 enables management at the various levels to identify and assess key operational exposures and report such risk issues to senior management as early as possible so that the appropriate risk response can be taken.

The internal audit function, which also 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. This seeks to ensure that the Group's investment portfolios create value for its stakeholders on a risk-adjusted basis.

FINANCIAL RISK

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

COMPLIANCE, LEGAL AND REGULATORY RISK

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

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

INFORMATION TECHNOLOGY (IT) RISK

IT risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information. The Group recognises its responsibility in establishing and maintaining adequate cyber risk governance over its information assets and its preparedness against cyber threats and risks.

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

SUSTAINABILITY REPORT

BOARD STATEMENT [GRI 102-14]

The Board of Directors (the "Board") for OUE Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to present our third Sustainability Report.

This sustainability report describes our activities in FY2019 and compares our performance against the targets set for FY2019. We tracked our performance for each material factor against the performance indicators and targets set in the previous years. The management team has determined that the material environmental, social and governance ("ESG") factors remain unchanged for FY2019 and this decision has been validated by the Board.

The Board oversees OUE's sustainability strategy and performance with the support of the Sustainability Steering Committee ("SSC"), which consists of cross-functional C-suite leaders. The SSC is responsible for developing sustainability policies and managing and monitoring sustainability risks, opportunities and performance regularly. We also have an internal audit team which independently monitors the data collection process.

Due to the recent changes in the portfolio of our properties and the refreshed management, OUE Limited will conduct a strategic review in FY2020 to ensure that the sustainability approach and disclosures remain relevant. A refresher of the materiality, performance indicators as well as targets will be included as part of this review.

This report is aligned to the SGX-ST Listing Rules – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative ("GRI") Standards (2018).

WHO WE ARE [GRI 102-2] [GRI 102-16]

OUE 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 across the Commercial, Hospitality, Retail, Residential and Healthcare Divisions. In FY2019, OUE expanded into the Consumer Division, representing an organic growth of our Hospitality business, leveraging on our experience in delivering distinctive dining and lifestyle concepts.

SUSTAINABILITY TRENDS, RISKS AND OPPORTUNITIES [GRI 102-18] [GRI 102-16]

OUE strives to continually create long-term value for all our key internal and external stakeholders. We believe in going beyond our business operations, to collaborate and partner with all stakeholders and mitigate potential ESG risks related to new trends. Some of the new trends that affect OUE include increasing investor demand for ESG integration in business operations, developing new guidelines and regulations around energy efficiency, and the changing needs of customers, tenants and employees.

Sustainability has shifted from being a niche approach to a mainstream approach where an increasing number of companies are developing sustainability strategies and integrating ESG factors into their decision-making and business operations. OUE aspires to adapt to the dynamic needs of different stakeholder groups and continually create long-term value for them.

OUE develops our sustainability processes and continues to improve our progress based on the development of our FY2017 and FY2018 reports. This includes defining how sustainability is conducted and appropriately managed. Sustainability performance data collection is performed by representatives from the key departments. The SSC reports to the Board on the status of sustainability performance on a regular basis. OUE has not sought external assurance for this reporting period and may consider it for the future.

OUE SUSTAINABILITY FOCUS AREA	RISKS TO OUE GROUP'S BUSINESS	OPPORTUNITIES FOR OUE'S BUSINESS
Eco-efficient buildings Trend – The building sector contributes 36% of global energy consumption and 40% of total carbon emissions. The Building Construction Authority ("BCA") aims for 80% of buildings in Singapore to be energy efficient by 2030 with sustainable building and energy consumption designs such as energy-saving features, double-skin facades, and improving the layout of pipes and equipment for lower recirculation of air.	There are new guidelines and regulations being developed resulting in more required resources to comply with, e.g. the Energy Market Authority ("EMA") will launch a new guideline for building energy efficiency in early 2020. Moreover, investors increasingly demand green buildings, and have started to adopt ESG factors into their financial performance evaluation of the investments. OUE needs to comply with the new guidelines and regulations and integrate ESG factors deeper into our business operations to continually create long-term value for all stakeholders.	OUE strives to ensure more eco-efficient buildings by improving our energy intensity, GHG emissions intensity and water intensity. This will be done by improving the building's design and the upskilling of employees in the areas of regulation compliance, planning and operations with customers' everchanging needs in mind. OUE aims to enhance our operation management and controls and improve our sustainability disclosures to remain competitive and relevant. OUE also strives to achieve a higher performance for the BCA Green Mark certification for both existing and new buildings.
Creating social ecosystems Trend – With greater internet access and e-commerce gaining traction, the number of brands on offer and the building furnishings can no longer be effective differentiating factors to continually attract customers. Customers are moving towards interactive experiences and having spaces and activities to relax and socialise.	OUE needs to stay relevant by designing buildings to meet the needs of our customers and tenants.	Understanding the needs of all customers allows us to respond to market demand and potentially enhance our buildings to better match their requirements. This increases the value proposition of our properties and their desirability.
People and resourcing Trend – 33% of millennials would apply for jobs in companies that provide robust training programmes for continuous career and skills development, and 31% of Singaporeans think about resigning when they are not fairly recognised or rewarded.	OUE needs to continually motivate employees to prevent the loss of key talent and improve work productivity levels. Recruiting new staff due to high turnover creates additional resourcing and training costs. OUE needs to enhance employee training plans to continue being an attractive and competitive employer in the market.	Providing our employees with the necessary tools and resources they need to further enhance their skills and knowledge, resulting in an improvement in the quality of work and delivery of services to customers, and retaining talent for a productive and efficient workforce.
Good Corporate Governance Trend – With effect from 1 January 2019, Singapore Exchange ("SGX") requires corporates to review and disclose more details on their Board and Senior Management's independence and activities. This is to increase transparency and enhance communication with key stakeholders.	Non-compliance with local and environmental laws and regulations will have serious consequences financially, operationally and reputationally for OUE.	OUE Group's stringent and robust compliance management strengthens stakeholders' trust in the Group and the way that the Group operates.

SUSTAINABILITY REPORT

ABOUT THIS REPORT [GRI 102-50]

This report has been prepared in accordance with the SGX-ST Listing Rules and is with reference to the GRI Standards (2018). OUE is committed to addressing material ESG risks to ensure long-term value creation for all our stakeholders. This report covers our practices, processes and performance around our ESG topics from 1 January to 31 December 2019. Our FY2020 targets for each of our material factors will be revised during our strategic review to be performed in FY2020 and will be communicated in our next reporting cycle. The report follows the GRI Reporting Principles of Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy and Reliability, Timeliness and Clarity. Please refer to pages 125 to 128 for our GRI Content Index and relevant references.

REPORTING SCOPE [GRI 102-46]

This report focuses on OUE's sustainability performance across our Commercial, Hospitality and Retail buildings in Singapore, including the performance of properties under OUE Commercial Real Estate Investment Trust ("OUE C-REIT"). The performance data disclosed in this report covers the daily operations under our direct control, and therefore does not include tenants in our environmental data. However, we still include our efforts to align with our key stakeholders, such as contractors and tenants, towards sustainability principles for activities that are within our direct control.

As per last year's report, we have excluded OUE Lippo Healthcare Limited and First REIT from this report due to the difference in business activities. Instead, they have their own sustainability report. Please refer to this for their sustainability performance.

This year we have excluded Oakwood Premier OUE Singapore due to its divestment on 18 November 2019. Marina Mandarin Singapore was also excluded as we ceased to be the hotel manager on 31 December 2019. For FY2019, energy consumption and greenhouse gas ("GHG") emissions and intensity include cooking gas from our hospitality operations. Furthermore, to better reflect our recycling and waste management efforts, we have revised our recycling rate methodology to follow the National Environment Agency ("NEA") methodology. In addition, our total waste recycled in FY2019 includes recycled food waste from Crowne Plaza Changi Airport's food digestor.

ADDRESSING THE GRI REPORTING PRINCIPLES [GRI 102-46]

GRI REPORTING PRINCIPLES	HOW WE HAVE ADDRESSED THE GRI REPORTING PRINCIPLES
Reporting principles for defining report content • Stakeholder Inclusiveness • Sustainability Context • Materiality • Completeness	Our materiality assessment and subsequent review allowed us to identify the most material list of ESG factors to include in our report. In the process, we have incorporated our stakeholders' concerns, megatrends and the global and local context of our business.
Reporting principles for defining report quality • Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness	We have an internal audit team that carefully controls the accuracy and reliability of information disclosed in our report through a rigorous reviewing process. The information disclosed is balanced and as this is our third report, we kept similar indicators to allow a clear comparison over time and with our peers.

FEEDBACK [GRI 102-53]

OUE welcomes any feedback that can help us reach greater heights in terms of our sustainability practices and reporting. Please send your feedback or questions 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] [GRI 102-44]

We value and integrate the views and feedback from our key stakeholders into our decision-making and business operations. We believe that this provides a more comprehensive view of our material ESG risks and market opportunities. The selected key stakeholders mentioned below are important to us as their actions can greatly affect our business and vice versa. We interact with our key stakeholders regularly through the methods highlighted in the table below:

STAKEHOLDERS	RELEVANT ESG TOPICS	ENGAGEMENT METHODS	FREQUENCY OF ENGAGEMENT
Shareholders and investors	• Sustainable and market comparable financial returns • Ethical business operations • Keeping up-to-date with customer and market trends • ESG integration into operations and building design	• Release of financial results, announcements, press releases, and other relevant disclosures through SGXNET, Annual Report 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 and investor roadshows	Throughout the year
Tenants and Guests	• Cost-efficient buildings • Modern, high quality facilities and features • Safe environments that safeguard their well-being and provide for their various needs	• Tenant engagement activities • Informal gatherings and networking sessions • Management circulars and notices	Throughout the year
Employees	• Productive working environments that have their safety and well-being in mind • Opportunities for career development and growth • Competitive salaries and benefits • Equal opportunities for promotion and reward	• Training and development programmes • Annual performance reviews • Recreational and team building activities • Employee townhall sessions and feedback channels	Throughout the year
Government and Regulators	• Compliance with laws and regulations • Ethical corporate business practices	• Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements	Throughout the year

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND (CONT'D)

MATERIALITY ASSESSMENT [GRI 102-47]

The Sustainability Steering Committee conducted a materiality review of our selected ESG factors considering the feedback from our stakeholders, evaluation of our processes and controls, and the latest sustainability trends which may either pose significant risks or present greater opportunities for OUE and our stakeholders.

SUSTAINABILITY FOCUS AREAS	MATERIAL ESG FACTORS[1]	DISCLOSURES
Economic (in Annual Report)	• Economic Performance (GRI 201)	• Direct economic value generated and distributed (GRI 201-1)
Eco-efficient Buildings	• Energy and Emissions (GRI 302, GRI 305) • Water (GRI 303[2]) • Effluents and Waste (GRI 306)	• Energy and Emissions (GRI 302-1, GRI 302-3, GRI 302-4, GRI 305-2, GRI 305-4, GRI 305-5) • Water (GRI 303-5) • Effluents and Waste (GRI 306-2)
Creating Social Ecosystems	• Customer Health and Safety (GRI 416)	• Customer Health and Safety (GRI 416-2)
People and Resourcing	• Occupational Health and Safety (GRI 403) • Talent Retention (GRI 401) • Career Development (GRI 404) • Diversity and Equal Opportunity (GRI 102, GRI 405)	• Occupational Health and Safety (GRI 403-1, GRI 403-2, GRI 403-5, GRI 403-8, GRI 403-9) • Talent Retention (GRI 102-8, GRI 401-2) • Career Development (GRI 404-1, GRI 404-3) • Diversity and Equal Opportunity (GRI 102-8, GRI 405-1)
Good Corporate Governance	• Compliance with Local Laws and Regulations (GRI 419) • Anti-corruption (GRI 205) • Compliance with Environmental Regulations (GRI 307)	• Compliance with Local Laws and Regulations (GRI 419-1) • Anti-corruption (GRI 205-1) • Compliance with Environmental Regulations (GRI 307-1)

ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE [GRI 201-1]

Please refer to the Financial Statements on page 129 for more information on OUE's economic performance for the financial year ended 31 December 2019.

[1]Material topic boundary describes where significant impacts occur for each material factor and where OUE has caused or contributed to the impacts through our business relationships.
[2]As per GRI 2018 Standards.

ECO-EFFICIENT BUILDINGS

ENERGY AND EMISSIONS [GRI 302-1] [GRI 302-3] [GRI 305-2] [GRI 305-4]

FY2019 Highlights

Indicator	Targets set for FY2019	Performance in FY2019
Building Energy Intensity	Maintain building energy intensity at equal or below the baseline year of FY2017 intensity	290.59 kWh/m^2
GHG Emissions Intensity from Buildings[3]	Maintain greenhouse gas emissions intensity at equal or below the baseline year of FY2017 intensity	0.12 tCO_2e/m^2

Building electricity usage and greenhouse gas ("GHG") emission contribute significantly to Singapore's total GHG emissions. Aligning ourselves with Singapore's agenda to cut energy consumption and carbon emissions, we have developed our own Energy Management Policy or Environmental, Health and Safety ("EHS") policy, depending on building, to closely monitor and manage the use of energy for the Group.

At OUE, our building management teams are required to continually find ways to reduce electricity demand and improve energy efficiency across the Group's properties. OUE provides a Green Guide for tenants which addresses energy, water, waste and indoor air quality management. We have also installed energy-efficient LED lighting for our interior corridors and for the underside of 12 escalators, activated sleep mode for all escalators, upgraded old chillers for greater optimisation of energy resources with regular monitoring, and reduced hot air ingress at main entrances. Furthermore, OUE hosts regular monthly forums with our engineers to strategise on continually achieving the BCA Green Mark gold award for all buildings.

At OUE, we actively manage our supply chain through our Green Procurement Policy. We regularly train our staff, contractors and tenants involved in purchasing to only engage with suppliers who produce energy-efficient products and services and have obtained sustainability certifications and standards. We aim to reduce our carbon footprint by changing our contractors and vendors to only those who are committed to environmental conservation.

Energy-efficiency measures are adopted by the property managers in the management of resource consumption. For example, the property managers abide by a Green Procurement policy which encourages the purchase of energy-efficient equipment and fixtures. Further, the property managers also regularly conduct monthly checks for irregularities to ensure that the existing energy-efficient features are in good operating condition. For instance, chiller plant efficiency is constantly monitored, and timely action is taken in the event of any unusual spikes or deviation from the targeted measure of efficiency. Other initiatives which have been implemented include:

Focus	Initiatives and Measures
Lighting & Electricity	• Installation of energy-efficient facade lighting/LED lights in common areas • Installation of eco-friendly building fittings such as motion-activated light controls in public areas (including restrooms, stairwells and carpark, where applicable) to conserve electricity when the facilities are not in use. • Revise time schedule for usage of lightings, air-conditioning and mechanical ventilation that are not necessary for early hours • Installation of photo sensors at linkways and plaza areas for better electricity management
Air Conditioning Management	• Installation of carbon dioxide sensors at air handling units (AHUs) to regulate the fresh air intake for improved efficiency • Installation of carbon dioxide sensors in the carpark to ensure sufficient fresh air • Installation of Variable Speed Drives for AHUs • Installation of high-efficiency particulate air (HEPA) filters to filter micro air particles • Use of refrigerants (R134a) to limit the increase in global warming through the release of ozone depleting substances and greenhouse gases • Upgraded or optimised chillers (together with building management system) to improve energy efficiency • Upgraded chiller optimisation system • Regular monitoring of chiller plant efficiency
Ventilation	• Installation of pre-cooled mechanical ventilation for maintenance due to hot air ingress
Tenant and Customer Engagement	• Requiring tenants to abide by Green Guidelines while carrying out fit-out and renovation works • Encouraging internal and external customers to practise energy-saving initiatives

[3]GHG emissions for FY2017 are based on Singapore's Grid Emission Factors published by the Energy Market Authority ("EMA") in early 2018. The GHG emissions factor used for FY2019 is as follows: Singapore (0.42 kgCO_2/kWh). Sources of grid emission factors: Singapore Energy Statistics 2019 by the EMA.

ECO-EFFICIENT BUILDINGS (CONT'D)

Purchased grid electricity contributes to the majority of the Group's energy consumption. In FY2019, energy consumption included cooking gas from Crowne Plaza Changi Airport and Mandarin Orchard Singapore. Total energy consumption[4] for FY2019 amounted to 65,918 megawatt hours (MWh), resulting in an overall building energy intensity of 290.59 kilowatt hours per square metre of floor area (kWh/m^2). FY2019 energy intensity decreased from 384.19 kWh/m^2 in FY2017 and 324.03 kWh/m^2 in FY2018 mainly due to the exclusion of data of Oakwood Premier OUE Singapore and Marina Mandarin Singapore.

	FY2017	FY2018	FY2019
Overall Total Energy Intensity	384.19 kWh/m^2	324.03 kWh/m^2	290.59 kWh/m^2

The Group's indirect GHG emissions and intensity also included cooking gas from Crowne Plaza Changi Airport and Mandarin Orchard Singapore. In FY2019, overall GHG emissions[5] and intensity was approximately 27,606 tonnes of carbon dioxide equivalent (tCO_2e) and 0.12 tCO_2e/m^2, respectively. FY2019 energy intensity decreased from 0.16 tCO_2e/m^2 in FY2017 and 0.14 tCO_2e/m^2 in FY2018 mainly due to the exclusion of data of Oakwood Premier OUE Singapore and Marina Mandarin Singapore.

	FY2017	FY2018	FY2019
Overall Total GHG intensity	0.16 tCO_2e/m^2	0.14 tCO_2e/m^2	0.12 tCO_2e/m^2

GREEN BUILDING RATING

OUE strives to meet the needs of our tenants, visitors and guests by using the latest and most suitable green technologies in all our properties. We adhere to the Building and Construction Authority ("BCA") Green Mark Scheme, a benchmark for green building standards. This criterion includes assessing the sustainability performance of energy, water and waste efficiency; environmental protection; indoor environmental quality; and green innovations.

Thus, we find innovative ways to make our properties more eco-efficient while maintaining high quality facilities for our tenants. In FY2019, we continued the retro-fitting and installing of green technologies to our builds and upgrading of major plants and equipment. Further, we are in consultation with Green Mark professionals to obtain a higher level of certification for our properties in the BCA Green Mark Scheme. We are proud to have achieved the BCA Green Mark award or an industry award for environmentally-friendly practices for the properties below.

PROPERTY	AWARD CATEGORY
OUE Bayfront	**Green Mark Gold**
One Raffles Place Tower 1	**Green Mark Gold**
One Raffles Place Tower 2	**Green Mark Platinum**
OUE Downtown Office	**Green Mark Gold**
OUE Downtown Gallery	**Green Mark Gold**
Mandarin Gallery	**Green Mark**
Mandarin Orchard Singapore	**Green Mark**
Crowne Plaza Changi Airport	**Green Hotel Award from Singapore Hotel Association**

[4]Energy consumption excludes tenanted areas that are not within the operational control of OUE. Mandarin Gallery's energy and intensity includes tenanted and common areas as chilled water for cooling is supplied to tenant and common areas.
[5]GHG emissions excludes tenanted areas that are not within the operational control of OUE. Mandarin Gallery GHG emissions and intensity includes tenanted and common areas as chilled water for cooling is supplied to tenant and common areas.

ECO-EFFICIENT BUILDINGS (CONT'D)

WATER [GRI 303-1] [GRI 303-5]

FY2019 Highlights

Indicator	Target set for FY2019	Performance in FY2019
Building Water Intensity	Maintain building water intensity at equal or below the baseline year of FY2017 intensity	2.95 m^3/m^2

Singapore's desalination plants and NEWater only meet 70% of the total demand. As such, it is important to manage our water usage efficiently on a national level to ensure Singapore's water security. We aim to play our part in monitoring and improving the water used in the buildings that we manage and operate in.

OUE's public utilities are the main source of water utilisation. We work together with our tenants, guests and employees to reduce our overall water consumption. As such, we have adopted the Public Utilities Board's ("PUB's") Water Efficient Building ("WEB") Certification Programme guidelines and WEB recommendations to enable the more efficient usage of water. We are pleased to report that OUE has received PUB's WEB Certification for all our buildings. Adopting WEB recommendations, OUE has installed water-efficient fittings, WEB-recommended flow rates and flush volumes, and uses non-potable water in cooling towers, for irrigation as well as flushing in lavatories. We also utilise NEWater at several of our properties. To add on, we have developed guides on water efficiency improvement plans and our water provisions in the Green Procurement policy and Green Guide for our tenants.

The total building water consumption[6] recorded in FY2019 was 670,288 cubic metres (m^3) and our water intensity was 2.95 m^3/m^2. FY2019 water intensity decreased from 2.96 m^3/m^2 in FY2017 and increased from 2.55 m^3/m^2 in FY2018 due to NEWater consumption from One Raffles Place, Downtown Gallery, OUE Bayfront, Crowne Plaza Changi Airport and Mandarin Orchard Singapore included in FY2019's total building water consumption.

	FY2017	FY2018	FY2019
Overall Total Water Intensity	2.96 m^3/m^2	2.55 m^3/m^2	2.95 m^3/m^2

EFFLUENTS AND WASTE [GRI 306-2]

FY2019 Highlights

Indicator	Target set for FY2019	Performance in FY2019
Percentage of Waste Sent for Recycling	Maintain waste recycling rate at equal or above the baseline year of FY2017 intensity	11.21%[7]

Aligning ourselves with Singapore's zero waste nation vision, OUE has initiated several waste management initiatives in our buildings. Our waste management initiatives generally revolve around recycling consumption materials to grant them a second lease of life. We strive to provide a clean, tidy and hygienic environment in all our buildings to improve the experience of our tenants, guests, visitors and employees. We have also taken into consideration the rise in demand for recycling facilities amongst our guests and have provided this service to assist them in reducing their environmental footprint.

Firstly, OUE has installed eco-waste collection equipment in our properties. These are rotary drum garbage storage and discharging systems, which compress and cut garbage into small pieces. With these in place, we have successfully reduced the volume of incinerated waste. Secondly, OUE provides recycling bins in common areas to recycle glass, paper, metal, plastic, electronics and food waste, which are then sorted and monitored before recycling. At Mandarin Gallery, cleaners have been scheduled to sort out items for recycling and deposit at the recycling point, resulting in an average of 8.8 tonnes of waste reduction per year. Our tenants play a role in contributing to our recycling efforts, with a major increase in paper recycling from a new tenant in the second quarter of FY2019. Thirdly, OUE adopts a Green Procurement policy which encourages the purchase of recycled content materials such as carpets and floor tiles, and bio-degradable or compostable products from sustainable suppliers. Crowne Plaza Changi Airport was also among the first few to adopt Eco-Wiz, a food digestor that reduces food waste going to landfills by recycling it into grey water. The grey water is then used for flushing toilets and washing floors. In addition to our current initiatives, we introduced electronic waste recycling for OUE Bayfront in July 2019.

[6]Water consumption excludes tenanted areas that are not within the operational control of OUE.
[7]Based on NEA methodology of total waste recycled as a percentage of total waste generated.

ECO-EFFICIENT BUILDINGS (CONT'D)

In FY2019, the total weight of non-hazardous waste generated was 4,198 tonnes and our total waste recycled amounted to 471 tonnes. Moreover, Crowne Plaza Changi Airport Eco-Wiz food digestor recycled 58 tonnes of food waste. Our FY2019 recycling rate was 11.21%, an increase from 9.95% in FY2017 and 7.47% in FY2018. The recycling rate adopted this year follows the NEA methodology of total waste recycled as a percentage of total waste generated. This improves our understanding and visibility of our recycling rates. The higher recycling rate is also due to including food waste in our total waste recycled, increased paper recycling by a new tenant, and introducing electronic waste recycling at OUE Bayfront.

	FY2017	FY2018	FY2019
Overall Total Waste Recycling Rate	9.95%	7.47%	11.21%[8]

OUE aims to further enhance our rate of recycling by adopting the latest sustainability initiatives and green technology, implementing further controls, monitoring our performance with external waste or recyclables vendors, and educating tenants, customers and staff on the importance of recycling.

CREATING SOCIAL ECOSYSTEMS

CUSTOMER HEALTH AND SAFETY [GRI 416-2]

FY2019 Highlights

Indicator	Target set for FY2019	Performance in FY2019
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 guests, tenants and building users resulting in a fine, penalty or warning	See commentary below

Providing a safe and comfortable environment is essential to sustain smooth business operations and encourage returning guests and customers. Failing to do so would lead to reputational and financial losses. As such, OUE carefully considers the way each building is designed and constructed with the needs of our tenants, visitors and guests in mind. The safety of all our buildings is our highest priority.

The safety of our buildings is managed through our property managers who implement comprehensive and stringent policies and procedures to assess, address and report safety risks within our buildings. Risk assessments and on-site checks are conducted fortnightly to warrant for the safe operating conditions of facilities in all common areas (such as lifts and escalators). The Environment, Health & Safety ("EHS") Policy, the Fire Emergency Plan ("FEP") and the Company Emergency Response Team ("CERT") are also put in place across the Group's properties. If any hazardous conditions or risks are identified, areas will be sufficiently signposted to caution tenants, guests and customers, to prevent unnecessary accidents or injuries. Moreover, we ensure that each building undergoes thorough maintenance and servicing of all equipment and machinery on a quarterly basis. Additionally, we have developed our very own tenant handbook which provides safety guidelines in our buildings for our tenants to adhere to. Upon any incident, property managers are required to submit monthly maintenance records and detailed incident reports.

We continuously prioritise the health and safety of our building users and guests. However, the Singapore Food Agency issued demerit points to, and imposed a composition fine on, a subsidiary which operates one of our food and beverage outlets, for stacking receptacles containing ready-to-eat food in such a way that is likely to contaminate food. We have put in place enhanced operating procedures and policies on food hygiene. The Group continues to enhance its efforts and enforce improved standards and sanitation procedures regarding the health and safety of guests, tenants and building users.

A health incident at Mandarin Orchard Singapore also occurred back in December 2018 when some guests were reported to have experienced symptoms of gastroenteritis after attending events held at the Grand Mandarin Ballroom. The temporary suspension of banquet operations at the Grand Mandarin Ballroom was officially lifted on 29 January 2019 after the authorities deemed that the hotel had satisfactorily implemented measures. Since the lifting of the suspension, the Group and the hotel management continue to step up efforts on enforcing stringent standards of cleanliness and sanitation set by the regulatory body across all the food and beverage premises in the hotel.

[8]Based on NEA methodology of total waste recycled as a percentage of total waste generated.

PEOPLE AND RESOURCING

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

FY2019 Highlights

Indicator	Target set for FY2019	Performance in FY2019
Monthly rate of employee turnover[9]	Maintain employee turnover rate below national industry average - 2.8%[10] in 2019	2.0%
Monthly rate of new employee hires		2.9%

At OUE, we pride ourselves on delivering the high-quality services expected by our stakeholders. To achieve this, we need the right talent in the right roles and an aligned vision. Moreover, retaining our talent can ensure the quality of our human capital and operational efficiency and prevent additional costs of hiring new talent. As such, we strive to continually invest in and attract our highly valuable employees.

OUE's Human Resources have put in place strategic policies that outline our recruitment, equal opportunities and fair employment practices. These policies are available and accessible to staff in our Employee Handbook. These policies shape the way we work, creating an inclusive, productive and nurturing culture that encourages employees to stay in the company for the long term.

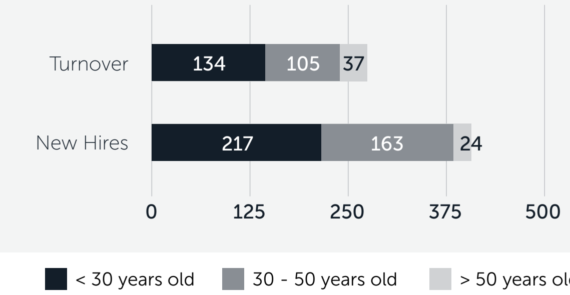
In FY2019, the Group's workforce[11], including permanent and temporary employees, totalled 1,149. During the period, the monthly rate of new employee hires was 2.9% while the employee turnover rate was 2.0%.

FY2019 Workforce

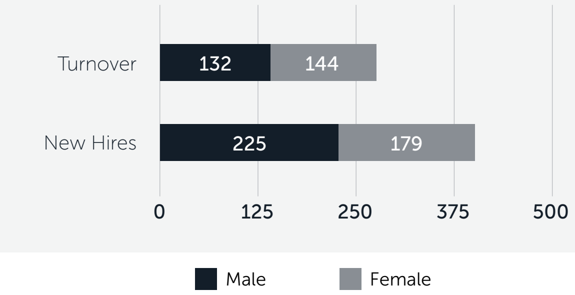
PERMANENT EMPLOYEES		TEMPORARY EMPLOYEES	
597 Male	512 Female	29 Male	11 Female

FULL-TIME EMPLOYEES		PART-TIME EMPLOYEES	
599 Male	508 Female	27 Male	15 Female

NEW HIRES AND TURNOVER - BY AGE GROUP



NEW HIRES AND TURNOVER - BY GENDER



[9]Total number of employee turnover in FY2019 divided by total number of employees as at 31 December 2019.
[10]The national average monthly turnover rate for real estate services was 2.8% in 2019 (based on 1Q to 3Q data) based on data published by the Ministry of Manpower of Singapore.
[11]The data excludes casual labour employed on an ad-hoc basis.

PEOPLE AND RESOURCING (CONT'D)

DIVERSITY AND EQUAL OPPORTUNITY [GRI 405-1]

FY2019 Highlights

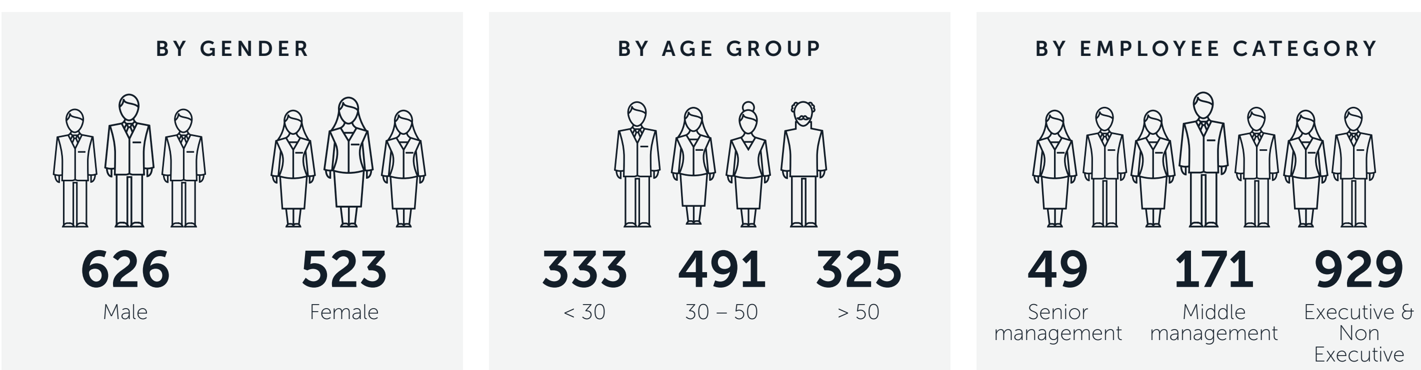
Indicator	Target set for FY2019	Performance in FY2019
Diversity within workforce and governance body	Continue to employ fair recruitment practices with no preference for any particular gender, ethnicity, religion or age	Staff base is 54% male and 46% female

We understand from our employees that having an inclusive work environment which makes our employees feel accepted and valued is important to them. This would mean having an environment which is open to ideas and feedback, and instilling meritocracy where employees will be fairly rewarded for their work. OUE works to create this environment for the benefit of both our employees and the Group through the following practices.

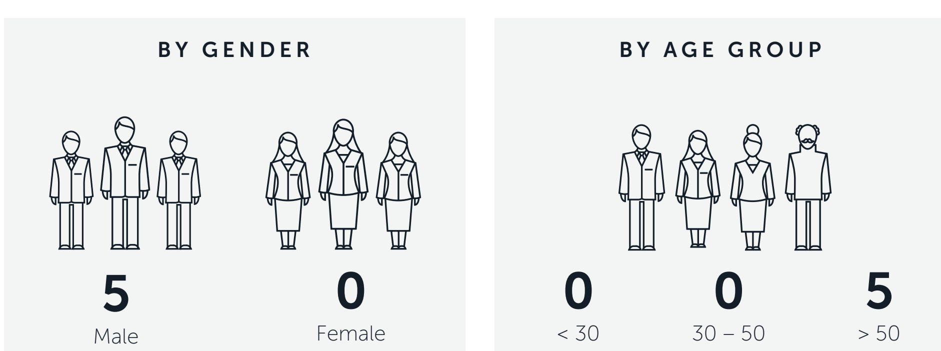
OUE employs qualified candidates without any discrimination against age, gender, race, marital status or religion. The Group adopts the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") guidelines and government employment legislation in all its recruitment and selection criteria.

The figures below provide an overview of OUE's diversity, at both the employee level and Board level. Although diversity within the workforce is relatively balanced, we are continuously working towards more diversified employment within OUE.

DIVERSITY WITHIN WORKFORCE (FOR ALL EMPLOYMENT CONTRACTS AND EMPLOYMENT TYPES)



Diversity within Board of Directors (As at 31st December 2019)[12]



[12]For current Board of Directors as at March 2020, please see Corporate Information, page 92

PEOPLE AND RESOURCING (CONT'D)

CAREER DEVELOPMENT [GRI 404-1] [GRI 404-3]

FY2019 Highlights

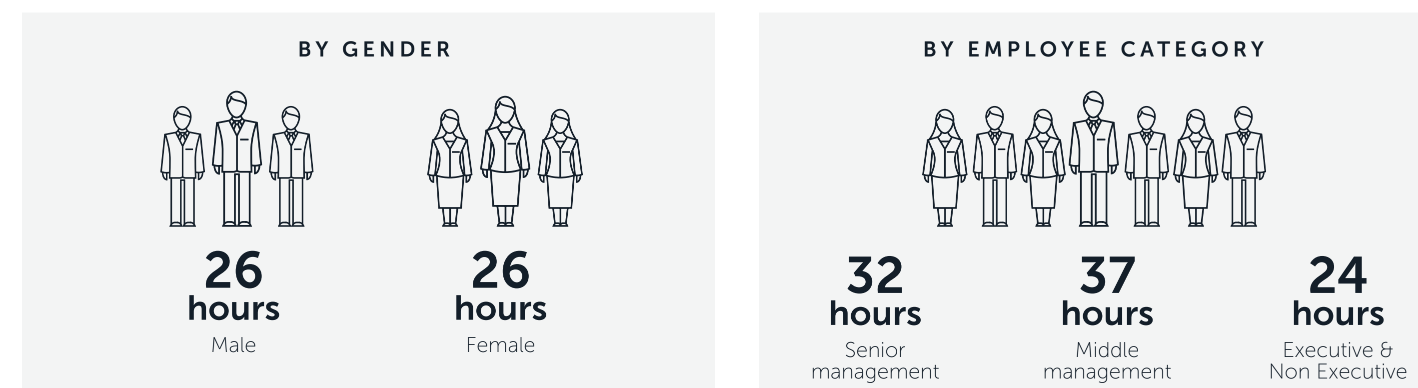
Indicator	Target set for FY2019	Performance in FY2019
Percentage of eligible employees receiving regular performance and career development reviews	Continue to conduct annual performance appraisals for 100% of eligible employees	100% of eligible employees received an annual performance appraisal

Given our fast-paced society and quick adoption of new trends such as a growing cashless society and the influx of technology, there is a need for OUE to ensure that our employees remain relevant and equipped. As such, we continually develop our employees' careers and skills and update the company and our stakeholders on our progress to effectively meet the everchanging demands of the market.

Furthermore, having a focus on career development at OUE can increase staff loyalty and job satisfaction, thus leading to a lower turnover rate. This translates to a lower risk of disruptions and reduced additional resourcing and training costs, resulting in an overall more positive work environment.

We have developed an Employee Handbook that includes our Group's training policy, which emphasises the importance of continuous learning and development throughout the employment cycle. The Head of Department also organises in-house training for all our employees and we encourage them to pursue further available development opportunities such as seminars, conferences, professional qualification courses and certification and scholarship programmes. Within OUE Limited, employees receive an average of 26 hours of training per employee per year. OUE also conducts programmes to improve our employees' professionalism, expertise and interpersonal skills.

AVERAGE TRAINING HOURS[13]



In FY2019, OUE revised our open performance evaluation process with new performance appraisal forms, where employees receive performance feedback from their supervisors at least once a year. This is used as one of the platforms for employees to indicate their training and development goals to their supervisors, agree on target setting and identify any training gaps. All eligible employees received a performance appraisal in FY2019 and we aim to continue to conduct annual performance appraisals for 100% of eligible employees.

[13]Numbers rounded up for clearer reporting.

PEOPLE AND RESOURCING (CONT'D)

OCCUPATIONAL HEALTH & SAFETY [GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-4] [GRI 403-5] [GRI 403-6] [GRI 403-7] [GRI 403-8] [GRI 403-9]

FY2019 Highlights[14]

Indicator	Target set for FY2019	Performance in FY2019
Number of incidents resulting in employee fatality or permanent disability	Maintain zero incidents resulting in employee fatality or permanent disability	0[15]
Accident Frequency Rate (AFR)[16]		7.99%

At OUE, we place great importance on the health and safety of our employees. We believe that having a healthy and happy workforce will increase the Group's efficiency, creativity and resilience in a dynamic working environment. The property manager maintains responsibility for the health and safety of employees within our properties and believes a safe working environment for employees is of utmost importance.

We have a range of employees with different job scopes and requirements where some could be office-based while others could be managing the operations of the buildings. Notably, those who are in the operations department may be exposed to a higher safety risk than others and it is important for us to ensure that all our employees are safe regardless of their job requirements. We have developed our own occupational health and safety management framework, which follows the Ministry of Manpower's Workplace Safety and Health ("WSH") Act. The Group also adopts the bizSAFE programme regulated by the Singapore WSH Council to increase OUE's abilities in ensuring our employees' health and safety.

Furthermore, OUE provides awareness and safety trainings for all employees, such as during the new joiner orientation programme, regular safety sessions throughout their employment and mandatory safety trainings catered to our technical and operational employees. We also have a work safety committee in several of our properties which consists of representatives from each department in the property. The work safety committee meets regularly to discuss work safety issues and work safety policy and procedures. In addition, we carry out regular risk assessments and checks on our buildings. This allows us to implement various policies and procedures to minimise hazards and gives us ample time to caution all our employees and carry out the relevant safety protocols.

We provide our employees with additional health benefits whereby employees have their medical expenses subsidised when they visit panel doctors under the Group's general practitioner clinical and outpatient specialists insurance scheme. Another benefit is that employees in managerial positions and above have a fully sponsored Executive Health Screening. Furthermore, we work very closely with our contractors and those of our tenants. We have agreed policies on workmen's compensation, third-party liability insurance, and contractor's all risk insurance. All third-party service providers are mandated to produce and maintain relevant safety certifications throughout the engagement.

Health and safety training is provided in the following:

Stakeholders	Training	
• Employees • Property managers	• Workforce Skills Qualifications ("WSQ") Respond to Fire Emergency in Buildings • Weekly risk assessment checklist • Fire safety training • Fire warden training • Monthly night drill (Company Emergency Response Team ("CERT") responses) • Biannual fire evacuation drill • Biannual table-top exercise	• Daily fire and life safety checks • Monthly fire and life safety meetings • Handling bomb threat call training • CERT First Aid with Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") • SGSecure @Workplace training • Psychological First Aid training
• Vendors • Contractors	• Customised Hazard Identification & Risk Assessment ("HIRA") is adopted for practices from the Environment, Health & Safety ("EHS") policy documents.	• Briefed on the house rules that depict the EHS policy. Acknowledgement is endorsed via a form

[14] The data excludes casual labour employed on an ad-hoc basis.
[15] Data excludes the workplace safety and health performance of contractors.
[16] Calculated using methodology from Ministry of Manpower Workplace Safety and Health Report 2018 = ((No. Of Workplace Accidents Reported/No. of Man-hours Worked) x 1,000,000).

PEOPLE AND RESOURCING (CONT'D)

OUE takes into account the protection of contractors who work in our premises but are not under our direct employment. We work with our business partners to increase the safety of our properties through building upgrades and procedures, as well as conduct regular meetings with third-party service providers to monitor their health and safety performance. Vendors and contractors are briefed on the house rules that depicts the EHS policy and throughout the course of their engagement, the service providers are also mandated to maintain relevant WSH certifications in their terms and conditions. In addition, they are required to abide by a workmen's compensation policy and take up WSH insurance prior to the commencement of the contracted work.

In FY2019, there were zero incidents resulting in employee fatality or permanent disability.

GOOD CORPORATE GOVERNANCE

ANTI-CORRUPTION [GRI 205-3]

FY2019 Highlights

Indicator	Target set for FY2019	Performance in FY2019
Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption	Zero confirmed incidents of corruption

Corruption and fraud can pose significant risk to OUE, resulting in devastating reputational losses, financial losses, operational risks and OUE losing trust with our various stakeholders. It is our priority to maintain good corporate governance with ethical business practices, including anti-corruption.

Using the Code of Business Conduct and Ethics, OUE ensures that all our employees are aware of the Group's commitment to anti-corruption and the Group's stand on fraud, bribery, segregation of duties and anti-competitive conduct. All employees are required to sign a certificate of compliance for the adherence to the Code.

OUE also has a whistle-blowing policy where employees are given a confidential platform to raise any concerns they have about possible fraudulent activities, improprieties in financial reporting and other suspicious matters. We have zero tolerance for any acts of retaliation or harassment within the Group. All complaints or concerns received will be flagged to the Group Ethical Officer, who advises the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, and reports to the Chairman of the Audit Committee. A thorough investigation will then be carried out regarding the matter.

To prevent any corruption amongst the Senior Management in making decisions for the Group, we have established well-defined Limits of Authority to confirm that all decisions are made based on the Group's best interests and are always consistent with the Group's objectives, principles, ethics and relevant legal and/or regulatory requirements.

GOOD CORPORATE GOVERNANCE (CONT'D)

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

FY2019 Highlights

Indicator	Targets set for FY2019	Performance in FY2019
Non-compliance with laws and/or regulations which resulted in significant fines[17] and non-monetary sanctions	Maintain zero incidents of non-compliance with laws and/or regulations resulting in significant fine and non-monetary sanctions	Zero incidents of non-compliance
Non-compliance with environmental laws and/or regulations which resulted in significant fines[17] and non-monetary sanctions	Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions	Zero incidents of non-compliance

We have seen a greater push towards mitigating climate change in Singapore, bringing about more stringent regulations and emerging trends in energy efficiency and a circular economy for building and system designs. OUE faces increasing expectations from stakeholders to comply with the nation's agendas, megatrends and legal requirements which are continually reviewed every quarter.

OUE's Board of Directors and management uphold strict standards of compliance with all laws and regulations relevant to the Group in all decision-making. Within each department, the head is responsible for the compliance of their department and is tasked to review the various real estate legal requirements on a quarterly basis and evaluate their performance annually. Our Internal Audit and legal teams also support and track these activities. This helps us to prevent any additional costs and create long-term value for our environment, society, employees and business operations.

In addition, our legal department oversees the entire Group's compliance with changing regulations. They are tasked to update the Group as they monitor changes to applicable laws and regulations through the media, press publishing, and advice and publications from legal counsels. The legal department regularly participates in sessions organised by law firms or audit firms to be kept abreast of the latest legislative changes which are relevant to OUE. Where necessary, OUE will consult external legal counsels to assist the team in implementing policies or frameworks for enhanced compliance with laws and regulations and to conduct trainings for the senior management and relevant departments within the Group.

Besides our means of monitoring and evaluating our performance, OUE carries out annual Group-wide training on countering the financing of terrorism and the prevention of money laundering.

OUE's property managers monitor and ensure adherence to the building regulations and regulate frequent checks within the buildings. These regulations include the Energy Conservation Act, the Environmental Protection and Management Act, certification of potable water for consumption by PUB, Legionella bacteria control for cooling towers by NEA, Lift Safety & Escalator Safety Tests by BCA and the Main Electrical Switchroom by EMA. Property managers are tasked to submit the required data on their building energy consumption, waste management and water efficiency every year. All our properties are further subjected to periodic audits by the local authorities. With any non-compliance identified, the legal and regulatory impacts will be assessed, and remedial plans will be carried out promptly.

We are pleased to report that there were zero incidents of non-compliance with laws and regulations, including environmental regulations, causing significant fines or sanctions in FY2019.

In the spirit of full transparency and good corporate governance, we would like to report an incident at Crowne Plaza Changi Airport. In January 2019, the Competition and Consumer Commission Singapore had viewed a subsidiary of the Group, OUE Airport Hotel Pte Ltd; and the hotel operator of Crowne Plaza Changi Airport to be a single economic entity which engaged in anti-competitive conduct. Sales representatives of Crowne Plaza Changi Airport were found to be involved in incidents of anti-competitive conduct from January 2014 to June 2015. The Competition and Consumer Commission of Singapore imposed a penalty in FY2019 which has been paid. Measures have been taken by OUE Airport Hotel Pte Ltd and the hotel operator to eliminate anti-competitive conduct. All employees are required to undergo stringent training and briefings on ethics and compliance, which includes educating staff on anti-competition laws and practical considerations to avoid engaging in such conduct.

[17] A significant fine is one that exceeds 5% of Group's profit.

GRI CONTENT INDEX

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2018)		Notes/Page number(s)
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	OUE Limited
102-2	Activities, brands, products, and services	Group at a Glance, page 04 Operations Review, page 54
102-3	Location of headquarters	Group at a Glance, page 04 Operations Review, page 54
102-4	Location of operations	Group at a Glance, page 04 Operations Review, page 54
102-5	Ownership and legal form	Financial Statements, page 129
102-6	Markets served	Group at a Glance, page 04 Operations Review, page 54
102-7	Scale of the organisation	Group at a Glance, page 04 Operations Review, page 54
102-8	Information on employees and other workers	People and Resourcing, Talent Retention, page 119 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 was no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE Limited 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 110
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, Sustainability Trends, Risks and Opportunities page 110
Governance		
102-18	Governance structure	Who We Are, Sustainability Trends, Risks and Opportunities, page 110
Stakeholder Engagement		
102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 113
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 113
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 113
102-44	Key topics and concerns raised	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 113

GRI Standards (2018)		Notes/Page number(s)
GENERAL DISCLOSURES		
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, page 129
102-46	Defining report content and topic boundaries	About this Report, Reporting Scope, page 112
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, page 114
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2019 – 31 December 2019
102-51	Date of most recent report	12 April 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 112
102-54	Claims of reporting in accordance with GRI Standards	Not applicable (This report is in reference to GRI Standards)
102-55	GRI content index	The GRI content index is laid out on pages 125 to 128.
102-56	External assurance	OUE has not sought external assurance on this report
MATERIAL TOPICS		
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Statements, page 129
Anti-corruption		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Anti-corruption, page 123
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	
Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Compliance with Local Laws and Environmental Laws and Regulations, page 124
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	
Employment		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Talent Retention, page 119
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
102-8	Information on employees and other workers	
401-1	Monthly rate of employee hires and employee turnover	

GRI Standards (2018)		Notes/Page number(s)
MATERIAL TOPICS		
Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Diversity and Equal Opportunity, page 120
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
405-1	Diversity within workforce and governance body	
Occupational Health and Safety (2018)		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Occupational Health & Safety, page 122
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-1	Occupational health and safety management system	
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational Health Services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries, types of injury and rates of injury	
Training and Education		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Career Development, page 121
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
404-1	Average hours of training per year per employee	
404-3	Percentage of employees receiving regular performance and career development reviews.	
Customer Health and Safety		
103-1	Explanation of the material topic and its boundary	Creating Social Ecosystems, Customer Health & Safety, page 118
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	

GRI Standards (2018)		Notes/Page number(s)
MATERIAL TOPICS		
Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Compliance with Local Laws and Environmental Laws and Regulations, page 124
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	
Energy		
103-1	Explanation of the material topic and its boundary	Eco-Efficient Buildings, Energy and Emissions, page 115
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
302-1	Energy consumption within the organisation	
302-3	Energy intensity	
Water		
103-1	Explanation of the material topic and its boundary	Eco-Efficient Buildings, Water, page 117
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
303-1	Water withdrawal by source	
303-5	Water consumption	
Emissions		
103-1	Explanation of the material topic and its boundary	Eco-Efficient Buildings, Energy and Emissions, page 115
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
305-2	Energy indirect (scope 2) GHG emissions	
305-4	Greenhouse gas emissions intensity from buildings	
Effluents and Waste		
103-1	Explanation of the material topic and its boundary	Eco-Efficient Buildings, Effluents and Waste, page 117
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
306-2	Waste by type and disposal method	

FINANCIAL STATEMENTS

OTHER INFORMATION

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 137 to 236 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 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

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

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

Directors

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

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

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the financial year /date of acquisition[1]		Holdings at end of the financial year	
	Dr. Stephen Riady	Kin Chan	Dr. Stephen Riady	Kin Chan
Deemed Interest				
The Company				
OUE Limited				
- ordinary shares	618,916,410	618,916,410	618,916,410	618,916,410
Deemed Interest				
Related Corporations				
Lippo ASM Asia Property Limited				
- Class A Shares	400	400	400	400
- Class B Shares	200	–	200	–
- Class C Shares	–	200	–	200
Fortune Code Limited				
- ordinary shares	45,932	45,932	45,932	45,932
Golden Concord Asia Limited				
- ordinary shares	1,000	1,000	1,000	1,000
OUE Realty Pte. Ltd.				
- ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
OUE Lippo Healthcare Limited				
- ordinary shares	2,859,029,000	2,859,029,000	2,859,029,000	2,859,029,000
Health Kind International Limited				
- ordinary shares	19,125,765	19,125,765	19,125,765	19,125,765

Name of director and corporation in which interests are held	Holdings at beginning of the financial year /date of acquisition[1]		Holdings at end of the financial year	
	Dr. Stephen Riady	Kin Chan	Dr. Stephen Riady	Kin Chan
Deemed Interest				
Related Corporations				
Health Kind International (Shanghai) Co., Ltd.				
- registered capital (USD)	2,000,000	2,000,000	2,000,000	2,000,000
Shanghai Yi Lin Medical Management Consulting Co., Ltd				
- registered capital (RMB)	1,200,000	1,200,000	1,200,000	1,200,000
Wuxi Lippo Xi Nan Hospital Company Limited ("WLXN") (formerly known as Wuxi Bohai Hospital Company Limited)[1]				
- registered capital (RMB)	5,600,000	5,600,000	7,476,714	7,476,714

[1] On 31 October 2019, the Group through its subsidiary, OUE Lippo Healthcare Limited ("OUELH"), acquired 70% equity interests in WLXN, a limited company incorporated in the People's Republic of China. As a result, WLXN became a subsidiary of the Group via the Group's interest in OUELH.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of acquisition if later, 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 2020.

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

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

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

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

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

DIRECTORS' STATEMENT
Year ended 31 December 2019

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

Auditors

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Brian Riady
Deputy Chief Executive Officer

31 March 2020

INDEPENDENT AUDITORS' REPORT
Year ended 31 December 2019

Members of the Company
OUE Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OUE Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, 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 137 to 236.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 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 22 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 $6.6 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 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 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 discount rates, terminal yield rates, capitalisation rates and price per square foot/metre, by benchmarking 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, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings

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

Litigations, claims and other contingencies
(Refer to notes 13, 22 and 38 to the financial statements)

Risk

The Group's subsidiary, OUE Lippo Healthcare Limited ("OUELH") and its subsidiaries ("OUELH Group") was involved in several on-going litigations cases, and provision relating to legal and related expenses of $29.7 million was made as at 31 December 2019. There are uncertainties as to the possible outcome of these on-going litigations cases, and the eventual outcome may be different from current assessment, which can potentially affect the amount of provision made by OUELH Group, the valuation of the investment property under development of $32.3 million and recoverability of the receivables due from the deconsolidated subsidiaries of OUELH.

Our response

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

Our findings

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

Accounting for acquisition of OUE Hospitality Trust ("OUE H-TRUST")
(Refer to note 43 to the financial statements)

Risk

During the year, the Group's subsidiary, OUE Commercial Real Estate Investment Trust ("OUE C-REIT") completed its merger with OUE H-TRUST, which has an investment property portfolio of $2.2 billion, by way of a trust scheme of arrangement. The acquisition is considered a significant non-routine transaction and management's judgement is required in determining whether the acquisition is a business combination or an acquisition of assets, which has different accounting implications. The Group has accounted for it as an acquisition of assets.

Our response

We assessed the basis of accounting by examining the transaction agreements, to understand the key terms of the acquisition, including the arrangement for asset management.

Our findings

We found the judgement applied by the Group in determining the basis of accounting as an asset acquisition to be appropriate.

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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
31 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	4	930,837	642,897
Cost of sales		(596,721)	(361,092)
Gross profit		334,116	281,805
Marketing expenses		(20,675)	(19,204)
Administrative expenses		(140,005)	(102,560)
Other operating expenses		(13,819)	(17,820)
Share of results of equity-accounted investees, net of tax		170,678	40,256
		330,295	182,477
Finance expenses	7	(170,051)	(139,406)
Finance income	8	12,177	18,192
		172,421	61,263
Other gains – net	9	197,279	42,381
Profit before tax		369,700	103,644
Tax expense	10	(47,900)	(47,016)
Profit after tax		321,800	56,628
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations:			
- currency translation differences		(19,944)	(21,010)
- currency translation differences reclassified to profit or loss on disposal		–	21,006
Share of other comprehensive income of equity-accounted investees:			
- currency translation differences		(21,932)	10,230
- currency translation differences reclassified to profit or loss on disposal		–	(5,047)
- other reserves		(7,406)	728
- other reserves reclassified to profit or loss on disposal		–	(1,674)
Cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		(9,898)	(13)
- hedging reserve reclassified to profit or loss		682	1,705
		(58,498)	5,925
Items that will not be reclassified subsequently to profit or loss:			
Share of other reserves of an equity-accounted investee		5,907	(11,488)
Net change in fair value of investments at fair value through other comprehensive income, net of tax		148,751	(108,804)
		154,658	(120,292)
Other comprehensive income, net of tax		96,160	(114,367)
Total comprehensive income for the year		417,960	(57,739)
Profit attributable to:			
Owners of the Company		255,217	10,022
Non-controlling interests		66,583	46,606
		321,800	56,628
Total comprehensive income attributable to:			
Owners of the Company		362,291	(98,414)
Non-controlling interests		55,669	40,675
		417,960	(57,739)
Earnings per share for profit attributable to the owners of the Company			
Basic earnings per share (cents)	11	28.31	1.11
Diluted earnings per share (cents)	11	26.51	0.20

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Assets					
Cash and cash equivalents	12	477,712	409,371	195,805	161,395
Trade and other receivables	13	292,381	303,523	1,098,183	1,088,521
Inventories	14	1,272	1,058	269	234
Other investments	15	76,755	35,889	–	–
Development properties	16	152,380	466,498	–	–
Other assets	17	64,836	42,787	2,876	5,692
Loans to subsidiaries	20	–	–	1,678,156	1,799,004
Derivative assets	30	–	247	–	–
Assets held for sale	32	100,001	–	–	–
Current assets		1,165,337	1,259,373	2,975,289	3,054,846
Intangible assets and goodwill	18	41,658	39,086	–	–
Interests in equity-accounted investees	19	921,614	740,396	–	497,794
Investments in subsidiaries	20	–	–	811,003	424,492
Loans to subsidiaries	20	–	–	227,097	218,593
Lease prepayments	21	–	28,221	–	–
Other investments	15	134,465	665,078	–	154,040
Other assets	17	4,178	9,552	1,019	1,019
Investment properties	22	6,628,427	6,451,029	–	–
Property, plant and equipment	23	1,774,343	55,419	7,801	9,136
Right-of-use assets	24	53,373	–	676,332	–
Deferred tax assets	25	11,105	17,663	–	–
Non-current assets		9,569,163	8,006,444	1,723,252	1,305,074
Total assets		10,734,500	9,265,817	4,698,541	4,359,920
Liabilities					
Trade and other payables	26	203,723	201,297	166,155	246,715
Borrowings	27	1,309,892	471,691	299,840	199,331
Provision	28	29,661	42,079	–	405
Loan from a subsidiary	20	–	–	283,763	226,341
Current tax liabilities		37,019	36,240	4,547	5,079
Deferred income	29	32,808	55,738	–	–
Lease liabilities	24	518	–	21,460	–
Derivative liabilities	30	2,751	714	–	–
Current liabilities		1,616,372	807,759	775,765	677,871
Borrowings	27	2,679,731	3,024,564	153,607	593,475
Deferred income	29	1,924	27,011	–	–
Deferred tax liabilities	25	222,517	208,763	131	841
Other payables	31	56,665	50,685	410	5
Lease liabilities	24	25,586	–	716,231	–
Derivative liabilities	30	14,560	7,828	–	–
Non-current liabilities		3,000,983	3,318,851	870,379	594,321
Total liabilities		4,617,355	4,126,610	1,646,144	1,272,192
Net assets		6,117,145	5,139,207	3,052,397	3,087,728
Equity					
Share capital	33	693,315	693,315	693,315	693,315
Other reserves	34	(250,270)	(186,155)	(166,023)	(41,983)
Accumulated profits	35	3,630,251	3,431,245	2,525,105	2,436,396
Equity attributable to owners of the Company		4,073,296	3,938,405	3,052,397	3,087,728
Non-controlling interests	36	2,043,849	1,200,802	–	–
Total equity		6,117,145	5,139,207	3,052,397	3,087,728

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Attributable to owners of the Company: Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 31 December 2018, as previously reported		693,315	(186,155)	3,431,245	3,938,405	1,200,802	5,139,207
Effect of adopting SFRS(I) 16	2.6	–	–	(67,673)	(67,673)	–	(67,673)
At 1 January 2019, as restated		693,315	(186,155)	3,363,572	3,870,732	1,200,802	5,071,534
Total comprehensive income for the year							
Profit for the year		–	–	255,217	255,217	66,583	321,800
Other comprehensive income							
Foreign operations:							
- currency translation differences		–	(14,109)	–	(14,109)	(5,835)	(19,944)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences		–	(21,932)	–	(21,932)	–	(21,932)
- other reserves		–	(1,499)	–	(1,499)	–	(1,499)
Net change in fair value of investments at fair value through other comprehensive income, net of tax		–	148,751	–	148,751	–	148,751
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		–	(4,445)	–	(4,445)	(5,453)	(9,898)
- hedging reserve reclassified to profit or loss		–	308	–	308	374	682
Total other comprehensive income, net of tax		–	107,074	–	107,074	(10,914)	96,160
Total comprehensive income for the year		–	107,074	255,217	362,291	55,669	417,960
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	37	–	–	(117,197)	(117,197)	(50,789)	(167,986)
Total contributions by and distributions to owners		–	–	(117,197)	(117,197)	(50,789)	(167,986)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	795,637	795,637
Changes in ownership interests in a subsidiary without a change in control	44	–	–	(42,530)	(42,530)	42,530	–
Total changes in ownership interests in subsidiaries		–	–	(42,530)	(42,530)	838,167	795,637
Total transactions with owners		–	–	(159,727)	(159,727)	787,378	627,651
Transfer from fair value reserve to accumulated profits	15	–	(171,189)	171,189	–	–	–
At 31 December 2019		693,315	(250,270)	3,630,251	4,073,296	2,043,849	6,117,145

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the Company					
	Share capital $'000	**Other reserves $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2018	693,315	(77,139)	3,408,742	4,024,918	850,809	4,875,727
Total comprehensive income for the year						
Profit for the year	–	–	10,022	10,022	46,606	56,628
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	(14,620)	–	(14,620)	(6,390)	(21,010)
- currency translation differences reclassified to profit or loss on disposal	–	21,187	–	21,187	(181)	21,006
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	10,230	–	10,230	–	10,230
- currency translation differences reclassified to profit or loss on disposal	–	(5,047)	–	(5,047)	–	(5,047)
- other reserves	–	(10,760)	–	(10,760)	–	(10,760)
- other reserves reclassified to profit or loss on disposal	–	(1,674)	–	(1,674)	–	(1,674)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	(108,804)	–	(108,804)	–	(108,804)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	78	–	78	(91)	(13)
- hedging reserve reclassified to profit or loss	–	974	–	974	731	1,705
Total other comprehensive income, net of tax	–	(108,436)	–	(108,436)	(5,931)	(114,367)
Total comprehensive income for the year	–	(108,436)	10,022	(98,414)	40,675	(57,739)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

		Attributable to owners of the Company					
	Note	**Share capital $'000**	**Other reserves $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		–	(476)	–	(476)	–	(476)
Dividends paid	37	–	–	(27,051)	(27,051)	(37,812)	(64,863)
Issue of convertible bonds, net of tax	27	–	4,797	–	4,797	–	4,797
Proceeds from issuance of shares by a subsidiary, net of issuance costs		–	(772)	–	(772)	53,035	52,263
Proceeds from issuance of units by a subsidiary, net of issuance costs		–	(3,968)	–	(3,968)	256,061	252,093
Total contributions by and distributions to owners		–	(419)	(27,051)	(27,470)	271,284	243,814
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries		–	–	–	–	(45)	(45)
Proceeds from issuance of shares by a subsidiary, net of issuance cost		–	–	–	–	77,450	77,450
Changes in ownership interests in subsidiaries without a change in control	44	–	–	39,371	39,371	(39,371)	–
Total changes in ownership interests in subsidiaries		–	–	39,371	39,371	38,034	77,405
Total transactions with owners		–	(419)	12,320	11,901	309,318	321,219
Transfer from fair value reserve to accumulated profits		–	(161)	161	–	–	–
At 31 December 2018		693,315	(186,155)	3,431,245	3,938,405	1,200,802	5,139,207

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit after tax	321,800	56,628
Adjustments for:		
Depreciation of property, plant and equipment	19,719	6,859
Depreciation of right-of-use assets	31,359	–
Dividend income	–	(13,017)
Amortisation of intangible assets	226	234
Amortisation of lease prepayments	–	720
Reversal of impairment loss on a development property	(315)	(895)
Net change in fair value of investment properties	15,797	(83,982)
Net change in fair value of investments designated at fair value through profit or loss	5,449	15,526
Impairment loss on interests in equity-accounted investees	9,024	1,818
Impairment loss on intangible assets and goodwill	–	19,159
Impairment loss on right-of-use assets	1,105	–
Impairment loss on trade and other receivables	9,462	647
Negative goodwill	(857)	(5,451)
(Gain)/Loss on disposal of interests in equity-accounted investees	(136,582)	10,384
Loss on disposal of interests in subsidiaries	–	1,060
Gain on derecognition of right-of-use assets and lease liabilities	(75,439)	–
Gain on derecognition of other liabilities	(15,461)	–
Gain on disposal of property, plant and equipment	(1,683)	(35)
Property, plant and equipment written off	–	2,519
Finance expenses	170,051	139,406
Finance income	(12,177)	(18,192)
Share of results of equity-accounted investees, net of tax	(170,678)	(40,256)
Tax expense	47,900	47,016
	218,700	140,148
Changes in:		
- trade and other receivables and other assets	(21,731)	(8,366)
- inventories	(214)	621
- development properties	314,433	55,578
- trade and other payables and provision	(37,769)	(28,932)
- deferred income	(48,017)	(12,941)
Cash generated from operations	425,402	146,108
Tax paid	(28,803)	(26,724)
Net cash from operating activities	396,599	119,384

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from investing activities			
Acquisition of interests in equity-accounted investees		(352,877)	(104,785)
Acquisition of subsidiaries, net of cash acquired		(15,703)	(101,067)
Acquisition of other investments		(125,686)	(595,991)
Additions to property, plant and equipment		(11,403)	(7,163)
Additions to investment properties		(26,102)	(40,635)
Deposits placed for investments		–	(159,408)
Dividends from:			
- equity-accounted investees, net of tax		61,923	35,021
- other investments, net of tax		1,101	13,862
Interest received		5,512	3,890
Loans to equity-accounted investees		(9,985)	(2,518)
Proceeds from repayment of loan from an equity-accounted investee		3,742	–
Proceeds from sale of other investments		370,570	524,037
Proceeds from sale of an investment property		287,094	–
Proceeds from disposal of interests in equity-accounted investees		191,361	8,970
Proceeds from disposal of interests in subsidiaries, net of cash		–	(25,179)
Proceeds from disposal of property, plant and equipment		2,330	202
Net cash from/(used in) investing activities		381,877	(450,764)
Cash flows from financing activities			
Dividends paid		(167,986)	(64,863)
Finance expense paid	27	(126,009)	(130,187)
Proceeds from borrowings	27	495,884	2,520,237
Repayment of borrowings	27	(888,620)	(2,500,863)
Principal repayment of leases	27	(22,477)	–
Proceeds from issuance of shares by a subsidiary		–	132,213
Proceeds from issuance of units by a subsidiary		–	259,193
Shares issue costs of a subsidiary		–	(2,500)
Units issue costs of a subsidiary		–	(7,031)
Repurchase of own shares		–	(476)
Changes in pledged deposits		(30,040)	(313)
Net cash (used in)/from financing activities		(739,248)	205,410
Net increase/(decrease) in cash and cash equivalents		39,228	(125,970)
Cash and cash equivalents at 1 January		401,136	527,327
Effect of exchange rate fluctuations on cash held		(927)	(221)
Cash and cash equivalents at 31 December	12	439,437	401,136

Significant non-cash transactions

Significant non-cash transactions in 2018 were as follows:

(i) disposal of PT Alpha Sentra Prima and its subsidiaries ("Alpha Group") together with the novation of shareholder's loan previously extended to Alpha Group for IDR2,473,746,000,000 (approximately $249,553,000), was satisfied by way of promissory notes maturing in May 2019 (note 43).

(ii) a 10% refundable deposit of IDR162,928,800,000 (approximately $16,560,000) was paid for land acquisition through the utilisation of promissory notes (note 17).

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2020.

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 45 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2019 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 Going concern

The Group has net current liabilities of $451,035,000 as at 31 December 2019.

Notwithstanding the above, management has prepared the financial statements on a going concern basis, having assessed the sources of liquidity and funding available to the Group. These include unutilised credit facilities, the ability to obtain refinancing of certain borrowings and available funds from operations and investing activities to the Group as at 31 December 2019. Management believes that the Group can continue as a going concern for the foreseeable future.

2.2 Statement of compliance

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

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.6.

2.3 Basis of measurement

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

2.4 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.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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 22 Classification of investment properties or property, plant and equipment
- Note 43 Recognition of acquisition as business combinations or asset acquisitions

2 BASIS OF PREPARATION (CONT'D)

2.5 Use of estimates and judgements (cont'd)

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 15 Determination of fair value of an unlisted equity investment
- Note 16 Measurement of net realisable values of development properties
- Note 18 Impairment testing of intangible assets: key assumptions underlying recoverable amounts
- Note 22 Determination of fair value of investment properties
- Notes 13 and 38 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Measurement of fair values

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

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

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

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

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

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

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

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

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

- Note 15 Other investments
- Note 22 Investment properties
- Note 40 Financial instruments
- Note 43 Acquisition of subsidiaries

2.6 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 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)

2 BASIS OF PREPARATION (CONT'D)

2.6 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated profits at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified hotel property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets were measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term.

2 BASIS OF PREPARATION (CONT'D)

2.6 Changes in accounting policies (cont'd)

As a lessor

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

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in accumulated profits. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – Hotel properties	1,012,407
Lease liabilities	(1,080,080)
Accumulated profits	(67,673)

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 24. For the impact of SFRS(I) 16 on segment information, see note 42. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.7.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.19%.

	1 January 2019 $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	642,424
Discounted using the incremental borrowing rate at 1 January 2019	546,363
Extension options reasonably certain to be exercised	533,717
Lease liabilities recognised at 1 January 2019	1,080,080

So far as the impact of the adoption of SFRS(I)16 on leases previously classified as lease prepayments is concerned, the Group is not required to make any adjustments at the date of initial application of SFRS(I) 16, other than changing the captions for the balances. Accordingly, instead of "Lease prepayments", these amounts are included within the depreciated carrying amount of the corresponding leased assets and identified as right-of-use assets. There is no impact on the opening balance of accumulated profits.

The following table summarises the impact of the adoption of SFRS(I) 16 on the Group's consolidated statement of financial position:

	1 January 2019		
	As previously reported $'000	Reclassification $'000	As reclassified $'000
Group			
Consolidated statement of financial position			
Right-of-use assets – Land use rights	–	28,221	28,221
Lease prepayments	28,221	(28,221)	–

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.6, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(iii) Acquisitions from entities under common control

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

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

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

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

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

(vi) Joint operations

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

(vii) Transactions eliminated on consolidation

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

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

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

3.2 Foreign currency

(i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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.

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

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

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

Leasehold land and buildings are depreciated evenly over the lease period ranging from 16 years to 64 years (2018: ranging from 16 years to 35 years). Construction and renovation in progress are not depreciated.

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

3.4 Lease prepayments

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

The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances as at 1 January 2019 to recognise the right-of-use assets relating to leases which were previously classified as lease prepayments (see note 2.6).

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, refer to note 3.1(i).

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

(ii) Medical distribution licences

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

(iii) Management rights

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

(iv) Subsequent expenditure

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (cont'd)

(v) Amortisation

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

Medical distribution licences	5 years

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

3.6 Investment properties

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

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

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

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

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

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 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

(i) As a lessee (cont'd)

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

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

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

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

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

The Group recognises lease payments received from investment property under operating leases as rental income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

Policy applicable before 1 January 2019 (cont'd)

(i) As a lessee

In the comparative period, as a lessee, the Group classified such leases as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

For the revenue recognition for rental income generated from operating lease on investment properties, refer to note 3.15(ii).

3.8 Development properties

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

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

3.9 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.

3.10 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

(ii) Classification, subsequent measurement and gain and losses

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

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

Debt investments at FVOCI

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

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

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

Equity investments at FVOCI

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

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

Financial assets at FVTPL

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

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

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses (cont'd)

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

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

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

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

The Group early adopted the amendments to SFRS(I) 9 and SFRS(I) 7 *Financial Instruments: Disclosures* issued in December 2019 in relation to the project on interest rate benchmark reform. The related disclosures for the comparative period are made under SFRS(I) 9 and SFRS(I) 7 before the amendments.

The Group applied the amendments retrospectively to hedging relationships that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the amounts accumulated in the cash flow hedging reserve that existed at 1 January 2019.

The details of the accounting policies are disclosed below and note 40 for related disclosures about risks and hedge accounting.

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offered rates ("IBOR") reform

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform.

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

Cash flow hedges

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

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

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

(vii) Convertible bonds

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

(vii) Convertible bonds (cont'd)

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

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

When the conversion option is exercised, the carrying amount of the liability and equity components will be transferred to the share capital. When the conversion option lapses, the carrying amount of the equity component will be transferred to accumulated profits.

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

(viii) Exchangeable bonds

Exchangeable bonds that can be exchangeable to the Group's investment in stapled securities of OUE Hospitality Trust at the option of the holder are accounted for as compound financial instruments.

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

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method and all changes in the fair value of derivative liability is recognised immediately in profit or loss. Interest related to the financial liability is recognised in profit or loss.

(ix) Share capital

Ordinary shares

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

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

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

Distribution of non-cash assets to owners of the Company

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

(x) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (cont'd)

(x) Intra-group financial guarantees in the separate financial statements (cont'd)

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

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

3.11 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (cont'd)

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

Credit-impaired financial assets (cont'd)

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

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

Write-off

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

(ii) Associates and joint ventures

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

(iii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs 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. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.13 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.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Provision for income support

A provision for income support is recognised when the Group enters into a contractual arrangement to make top-up payments for any shortfall of guaranteed rental amounts in respect of property disposed. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

(ii) Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met.

3.15 Revenue recognition

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue recognition (cont'd)

(i) Goods and services sold (cont'd)

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(iii) Hospitality revenue

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

(iv) Development properties for sale

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

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

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

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

(v) Property and fund management fee

Property management and fund administrative services are provided as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single PO. Accordingly the property and fund management fee from property management and fund administrative services is recognised as the service is performed over time.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Revenue recognition (cont'd)

(vi) Foods and beverages income

Revenue is recognised at a point in time following the timing of satisfaction of the PO, when food and beverages are delivered to customers. Revenue exclude service charges, goods and services taxes or other sales taxes and is arrived at after deductions of any discounts.

(vii) Healthcare income

i) Rental income

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

ii) Rendering services

Revenue from hospital and other healthcare services is recognised at the point when the services are rendered.

iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised at the point when the medicine and medical equipment are delivered to its customers.

(viii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

3.16 Finance expenses and finance income

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss;
- derivative gains or losses; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk for borrowings.

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

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

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

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), corporate expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and additions to investment properties.

3.21 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2019.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

The Group is in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements.

4 REVENUE

	Group	
	2019 $'000	**2018 $'000**
Investment properties income	287,607	276,491
Hospitality income	241,205	236,648
Development properties income	349,611	65,903
Healthcare income	30,993	30,878
Others	21,421	32,977
	930,837	642,897

4 REVENUE (CONT'D)

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

Timing of revenue recognition for products and services transferred*:

	2019		2018	
	At a point in time $'000	**Over time $'000**	**At a point in time $'000**	**Over time $'000**
Investment properties income	–	1,628	–	2,097
Hospitality income	241,205	–	236,648	–
Development properties income	349,611	–	65,903	–
Healthcare income	2,666	11,344	12,249	2,054
Others	21,421	–	19,960	–
	614,903	12,972	334,760	4,151

* Excluding rental income and dividend income

5 EXPENSES BY NATURE

		Group	
	Note	**2019 $'000**	**2018 $'000**
Advertising and promotion expense		11,360	11,087
Amortisation of intangible assets	18	226	234
Amortisation of lease prepayments	21	–	720
Bad debts written off		9	–
Impairment loss on trade and other receivables	40	9,462	647
Depreciation of property, plant and equipment	23	19,719	6,859
Depreciation of right-of-use assets	24	31,359	–
Development costs included in cost of sales		331,782	58,534
Employee benefits	6	107,578	97,537
Gain on disposal of property, plant and equipment		(1,683)	(35)
Property, plant and equipment written off		–	2,519
Hospitality supplies and services		47,172	45,421
Healthcare supplies and services		2,563	7,539
Operating lease expense		16,574	95,831
Professional and legal services		32,266	9,169
Property tax		33,584	31,772
Repair and maintenance expense		54,594	52,197
Utility charges		15,580	16,286
Others		59,075	64,359
Total cost of sales, marketing, administrative and other operating expenses		771,220	500,676

6 EMPLOYEE BENEFITS

	Group	
	2019 $'000	**2018 $'000**
Salaries, bonuses and other costs	98,113	87,756
Contributions to defined contribution plans	9,465	9,781
	107,578	97,537

7 FINANCE EXPENSES

	Group 2019 $'000	Group 2018 $'000
Interest expense	127,500	120,387
Amortisation of transaction costs	11,769	13,995
Borrowing costs	139,269	134,382
Net foreign exchange loss	6,629	4,206
Unwinding of discount of non-current rental deposits	165	165
Finance expenses on lease liabilities	23,541	–
Hedging reserve reclassified from equity	447	653
	170,051	139,406

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss amounting to $135,975,000 (2018: $128,464,000).

8 FINANCE INCOME

	Group 2019 $'000	Group 2018 $'000
Interest income:		
- bank deposits	4,586	4,227
- investments in debt securities	952	4,210
- loans to associates	774	1,126
- loan to a related company	143	–
	6,455	9,563
Ineffective portion of changes in fair value of cash flow hedges	2,726	2,874
Net change in fair value of financial derivatives	1,895	4,910
Others	1,101	845
	12,177	18,192

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $6,455,000 (2018: $9,563,000).

9 OTHER GAINS - NET

	Note	Group 2019 $'000	Group 2018 $'000
Reversal of impairment loss on a development property	16(b)	315	895
Net change in fair value of investment properties	22	(15,797)	83,982
Net change in fair value of investments designated at FVTPL		(5,449)	(15,526)
Impairment loss on interests in equity-accounted investees		(9,024)	(1,818)
Impairment loss on intangible assets and goodwill	18	–	(19,159)
Impairment loss on right-of-use assets	24	(1,105)	–
Negative goodwill	43	857	5,451
Gain/(Loss) on disposal of interests in equity-accounted investees	19	136,582	(10,384)
Loss on disposal of interests in subsidiaries*		–	(1,060)
Gain on derecognition of right-of-use assets and lease liabilities	24	75,439	–
Gain on derecognition of other liabilities	24	15,461	–
		197,279	42,381

* Comprised the loss from disposal of interest in Alpha Group and loss on deconsolidation of a subsidiary of OUE Lippo Healthcare Limited ("OUELH"), Wuxi New District Phoenix Hospital Co., Ltd ("Wuxi Co"), of $563,000 and $497,000 respectively.

10 TAX EXPENSE

	Group 2019 $'000	Group 2018 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	26,369	27,482
Underprovision in respect of prior years	2,096	447
	28,465	27,929
Deferred tax expense		
Origination and reversal of temporary differences	20,657	19,045
(Over)/Underprovision in respect of prior years	(1,222)	42
	19,435	19,087
	47,900	47,016

Reconciliation of effective tax rate

	Group 2019 $'000	Group 2018 $'000
Profit before tax	369,700	103,644
Less:		
Share of results of equity-accounted investees, net of tax	(170,678)	(40,256)
	199,022	63,388
Tax using the Singapore tax rate of 17% (2018: 17%)	33,834	10,776
Effect of tax rates in foreign jurisdictions	5,655	7,639
Non-deductible expenses	39,344	21,814
Income not subject to tax	(53,297)	(4,811)
Effect of taxable distribution from subsidiaries and associate	11,781	8,279
Singapore statutory stepped income exemption	(204)	(330)
Utilisation of previously unrecognised deferred tax assets	(147)	(2,768)
Current tax losses for which no deferred tax assets are recognised	15,559	9,032
Change in unrecognised deductible temporary differences	(7,868)	(4,061)
Effect of tax losses not available for carry forward	2,369	957
Underprovision in respect of prior years	874	489
	47,900	47,016

11 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	Group 2019 $'000	Group 2018 $'000
Profit attributable to owners of the Company	255,217	10,022

Weighted average number of ordinary shares

	Group 2019 '000	Group 2018 '000
Issued ordinary shares at 1 January	901,516	901,816
Effect of own shares held	–	(163)
Weighted average number of ordinary shares during the year	901,516	901,653
Basic earnings per share (cents per share)	28.31	1.11

11 EARNINGS PER SHARE (CONT'D)

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Profit attributable to owners of the Company (diluted)

	Group	
	2019 $'000	**2018 $'000**
Profit attributable to owners of the Company (basic)	255,217	10,022
Interest expense on convertible bonds	6,827	–
Interest expense on exchangeable bonds	–	4,794
Unamortised transaction costs	(2,303)	(2,963)
Reversal of deferred tax liabilities on convertible bonds	440	–
Change in fair value of derivative liability of exchangeable bonds	–	(3,487)
Adjustment to share of results of equity-accounted investee on exercise of exchangeable bonds	–	(6,481)
	260,181	1,885

In 2018, the financial impact of the convertible bonds was excluded from the calculation of the profit attributable to owners of the Company as their effect would have been anti-dilutive.

Weighted average number of ordinary shares (diluted)

	Group	
	2019 '000	**2018 '000**
Weighted average number of ordinary shares (basic)	901,516	901,653
Effect of conversion of convertible bonds	79,970	–
Weighted average number of ordinary shares during the year	981,486	901,653
Diluted earnings per share (cents per share)	26.51	0.20

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Cash at bank and on hand	360,207	222,979	155,805	66,899
Time deposits with financial institutions	117,505	186,392	40,000	94,496
	477,712	409,371	195,805	161,395
Deposits pledged	(38,275)	(8,235)		
Cash and cash equivalents in the statement of cash flows	439,437	401,136		

Deposits pledged relate to bank balances of subsidiaries (2018: a subsidiary) pledged as security to obtain credit facilities (note 27).

Bank balances of $15,237,000 (2018: $15,714,000) are included as part of the floating charge for borrowings of the Group (note 27). 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

	Note	Group		Company	
		2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Trade receivables					
- Associates		2,678	8,407	–	4,243
- Subsidiaries		–	–	32,864	24,415
- Third parties		28,257	25,250	4,854	6,129
Trade receivables		30,935	33,657	37,718	34,787
Less: impairment loss					
- Third parties		(822)	(1,045)	(773)	(770)
Trade receivables - net		30,113	32,612	36,945	34,017
Promissory notes	(i)	226,882	234,846	–	–
Non-trade receivables					
- Associates		–	584	–	80
- Subsidiaries		–	–	1,067,938	1,062,524
- Third parties	(ii)	35,386	35,481	–	–
Non-trade receivables		262,268	270,911	1,067,938	1,062,604
Less: impairment loss					
- Subsidiaries		–	–	(6,700)	(8,100)
Non-trade receivables - net		262,268	270,911	1,061,238	1,054,504
		292,381	303,523	1,098,183	1,088,521

The non-trade receivables due from associates and subsidiaries are unsecured, interest-free and repayable on demand. Apart from the impairment loss on receivables from third parties and subsidiaries, there is no impairment loss on the other outstanding balances as the ECLs are not material.

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

(i) Promissory notes

The Group completed the disposal of Alpha Group together with the novation of the shareholder's loan in September 2018. The aggregate of the sale consideration together with the novated shareholder's loan of IDR2,473,746,000,000 (approximately $242,686,000) (2018: $249,553,000) was satisfied by way of promissory notes maturing in May 2019 (note 43(b)).

The Group had through its wholly-owned subsidiary, PT OUE Pengembangan Properti entered into a conditional land sales and purchase agreement to acquire a land parcel located in South Jakarta for a total consideration of IDR1,629,288,000,000 (approximately $158,040,000) (2018: $165,560,000) with settlement by way of utilisation of a portion of the promissory notes in September 2018.

The remaining balance of the promissory note of IDR844,458,000,000 (approximately $84,646,000) is expected to be utilised by way of acquisition of additional land or properties.

(ii) Non-trade receivables from third parties

Non-trade receivables from third parties include amounts due from deconsolidated subsidiaries of OUELH.

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.

The recoverability of the amount due from the Deconsolidated subsidiaries is dependent on the outcome of five 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 advice by external legal counsel (note 38(a)). If the outcome differs, the level of impairment of these receivables may increase or decrease.

14 INVENTORIES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Food and beverage	946	797	269	234
Pharmacy supplies	317	260	–	–
Medical and surgical supplies	9	1	–	–
	1,272	1,058	269	234

The cost of inventories recognised as expense and included in "Cost of sales" amounted to $20,250,000 (2018: $25,064,000).

15 OTHER INVESTMENTS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current					
Financial assets designated at FVTPL:					
- Equity investments - quoted		32,526	23,490	–	–
- Mutual fund		44,229	12,399	–	–
		76,755	35,889	–	–
Non-current					
Financial assets designated at amortised cost:					
- Debt investments	(i)	33,294	32,826	–	–
Financial assets designated at FVOCI:	(ii)				
- Equity investments:					
- Quoted		35,539	441,062	–	–
- Unquoted		11,241	154,040	–	154,040
- Interests in limited partnerships		54,391	37,150	–	–
		134,465	665,078	–	154,040

(i) The debt investments at amortised costs are denominated in Singapore Dollar and Indonesian Rupiah, bear interest at 4.23% to 25.00% (2018: 4.32% to 25.00%) per annum and mature in 2022 and 2023 (2018: 2022 and 2023).

(ii) These are investments that the Group intends to hold for the long-term for strategic purposes. The fair values of these investments are estimated based on the quoted price of the investments; or adjusted net asset values of the investee entities which take into consideration the fair value of the underlying investments and properties held by these entities.

During the year, the Group and the Company disposed some of the equity investments and the relevant fair value gains and losses accumulated in fair value reserves, which amounted to $171,189,000 and $170,000,000 respectively, were transferred to accumulated profits upon derecognition (note 34).

In 2018, dividend income received from financial assets designated at FVOCI amounted to $13,017,000 and was included in "Revenue".

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

16 DEVELOPMENT PROPERTIES

	Note	Group 2019 $'000	Group 2018 $'000
Completed property held for sale			
Completed property	(a)	156,329	402,767
Less: Impairment loss	(b)	(3,949)	(9,983)
		152,380	392,784
Property under development			
Costs incurred	(c)	–	73,714
		152,380	466,498

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

	Note	Group 2019 $'000	Group 2018 $'000
At 1 January		9,983	11,454
Reversal of impairment loss	9	(315)	(895)
Utilised		(5,719)	(576)
At 31 December		3,949	9,983

(a) This relates to the OUE Twin Peaks development which was pledged as security for a banking facility (note 27).

(b) An impairment loss of $315,000 (2018: $895,000) 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 reversal of impairment loss is included in "Other gains – net" (note 9).

(c) The balance was related to costs incurred as at 31 December 2018 in relation to the land parcels located at 26A Nassim Road, Singapore which was sold during 2019 (note 41).

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

Description and location	Purpose of development	Group's effective interest 2019 %	Group's effective interest 2018 %	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*
26A Nassim Road Freehold land parcels at 26A Nassim Road, Singapore	Bungalows	–	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.

17 OTHER ASSETS

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Sundry receivables	34,973	23,969	1,912	2,679
Less: impairment loss	(9,457)	(1)	–	–
	25,516	23,968	1,912	2,679
Rental deposits				
- Subsidiaries	–	–	1,019	1,019
Loan to a related company	10,000	–	–	–
Other deposits	24,484	18,348	191	238
	60,000	42,316	3,122	3,936
Prepayments	9,014	10,023	773	2,775
	69,014	52,339	3,895	6,711
Current	64,836	42,787	2,876	5,692
Non-current	4,178	9,552	1,019	1,019
	69,014	52,339	3,895	6,711

Loan to a related company is unsecured, bears interest rate at 5.44% per annum and is repayable in March 2020.

Other deposits includes the 10% refundable deposit paid for the land acquisition located in South Jakarta of IDR162,928,800,000 (approximately $15,804,000) (2018: $16,560,000) through the utilisation of promissory notes (note 13).

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

18 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Intangible asset $'000	Total $'000
Group					
Cost					
At 1 January 2019		22,240	627	35,776	58,643
Acquisition of subsidiaries		1,804	–	1,032	2,836
Effect of movements in exchange rates		(35)	(20)	–	(55)
At 31 December 2019		24,009	607	36,808	61,424
Accumulated amortisation and impairment losses					
At 1 January 2019		19,159	398	–	19,557
Amortisation	5	–	226	–	226
Effect of movements in exchange rates		–	(17)	–	(17)
At 31 December 2019		19,159	607	–	19,766

18 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

	Note	Goodwill $'000	Medical distribution licences $'000	Intangible asset $'000	Total $'000
Group					
Cost					
At 1 January 2018		19,159	642	–	19,801
Acquisition of subsidiaries		3,057	–	35,776	38,833
Effect of movements in exchange rates		24	(15)	–	9
At 31 December 2018		22,240	627	35,776	58,643
Accumulated amortisation and impairment losses					
At 1 January 2018		–	175	–	175
Amortisation	5	–	234	–	234
Impairment loss	9	19,159	–	–	19,159
Effect of movements in exchange rates		–	(11)	–	(11)
At 31 December 2018		19,159	398	–	19,557
Carrying amounts					
At 31 December 2018		3,081	229	35,776	39,086
At 31 December 2019		4,850	–	36,808	41,658

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.

Impairment test for goodwill

The Group had acquired equity interest in OUELH, a company listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), in various tranches. OUELH became a subsidiary of the Group on 2 March 2017.

For the annual impairment test in 2018, the Group determined the recoverable amount of the CGU based on fair value less costs of disposal, calculated based on the quoted market price of OUELH as at 31 December 2018. The fair value measurement was categorised as a Level 1 fair value based on the inputs in the valuation technique used (note 2.5).

The estimated recoverable amount of the CGU was lower than its carrying amount. As a result, a full impairment loss on the goodwill on acquisition of OUELH amounting to $19,159,000 was recognised and included within "Other gains – net" (note 9) in 2018.

Impairment test for intangible asset

Intangible asset comprises management rights acquired. The recoverable amount of the management rights is determined based on value-in-use calculation using a cash flow projection from the provision of asset management services. The estimated recoverable amount of the management rights approximates its carrying amount as at 31 December 2019. The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

	2019 %
Key assumptions used for value-in-use calculations:	
Discount rate	18.6
Terminal value growth rate	0.0
Budgeted earnings before interest and tax growth rate (average of next five years)	(4.6)

The discount rate was a pre-tax measure based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 44.0% at a market interest rate of 5.3%.

The cash flow projection included specific estimates for five years and a terminal growth rate thereafter.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Interests in associates	884,306	708,547	44,947	512,012
Interests in joint ventures	26,805	1,217	–	–
Less: Impairment loss	–	(1,818)	(44,947)	(44,947)
	911,111	707,946	–	467,065
Loans to associates and joint ventures	42,324	64,407	31,821	63,888
Less: Impairment loss	(31,821)	(31,957)	(31,821)	(33,159)
	10,503	32,450	–	30,729
	921,614	740,396	–	497,794

Details of the significant equity-accounted investees are included in note 45.

An associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The loans to associates and joint ventures are unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current. These loans are interest-free (2018: interest free except for a loan of $31,931,000 to associates for which interest was charged at fixed rates of 1.00% and 4.00% per annum).

Movement in the impairment loss for loans to associates and joint ventures is as follows:

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
At 1 January	31,957	32,103	33,159	33,282
Write-back	–	–	(1,185)	–
Currency translation differences	(136)	(146)	(153)	(123)
At 31 December	31,821	31,957	31,821	33,159

Associates

As at 31 December 2019, the Group has one (2018: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

	Gemdale Properties and Investment Corporation Limited ("GPI")	OUE Hospitality Trust[1] ("OUE H-TRUST")
Nature of relationship with the Group	Property development, property investment, and property management	Hospitality related real estate assets
Principal place of business/Country of incorporation	Hong Kong/Bermuda	Singapore
Ownership interest/voting rights held		
- 2019	23.8%	*
- 2018	14.8%#	32.2%
Fair value of ownership interest (if listed)		
- 2019	$678.7 million[2]	*
- 2018	–#	$392.5 million[2]

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

(1) OUE H-TRUST is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and OUE Hospitality Business Trust.
(2) Based on quoted market price at 31 December (Level 1 in the fair value hierarchy).
* On 4 September 2019, the Group's subsidiary, OUE Commercial Real Estate Investment Trust ("OUE C-REIT") completed the merger with OUE H-TRUST (the "Merger") by way of a trust scheme of arrangement. As a result, OUE H-TRUST ceased to be an associate and became a subsidiary of the Group via the Group's interest in OUE C-REIT.
# During the year, the Group acquired additional equity interests in GPI of approximately 7.0% and 6.0% in May 2019 and August 2019 respectively. GPI was considered to be an associate of the Group on 31 May 2019 when the Group's equity interests in GPI increased from 14.8% to 21.8%. Prior to the additional acquisition, the Group's investment in GPI was accounted as an investment held at FVOCI. As at 31 December 2019, the Group has an effective equity interest of 23.8% in GPI, excluding the 4.0% equity interest classified under "Assets held for sale" (note 32).

Included in the share of results of equity-accounted investees, net of tax in the statement of comprehensive income is the provisional negative goodwill arising from the acquisition of additional equity interest in GPI of HK$25,607,000 (approximately $4,492,000), which is based on provisional fair value of the identifiable assets and liabilities of GPI. The results of the purchase price allocation ("PPA") have not been finalised as at the date these financial statements were authorised for issue. The provisional negative goodwill will be adjusted accordingly when the PPA is finalised.

The following table summarises the consideration paid and the proportionate share of the provisional fair value of net assets of GPI as at the date of acquisition:

	Group 2019 $'000
Total consideration paid	706,043
Less: Proportionate share of provisional fair value of net assets	(710,535)
Provisional negative goodwill	(4,492)

As at 31 December 2019, the Group's share of its associate's contingent liabilities and capital commitments amounted to $95,107,000 and $563,195,000, respectively.

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

Summarised statement of comprehensive income

	GPI 2019 $'000	OUE H-TRUST 2019 $'000[1]	OUE H-TRUST 2018 $'000
Revenue	2,312,725	83,585	129,734
Profit after tax	889,471	43,279	72,995
Other comprehensive income	(412)	(3,074)	2,261
Total comprehensive income	889,059	40,205	75,256
Dividends received	18,841	23,431	29,171

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Summarised statement of financial position

	GPI 2019 $'000	OUE H-TRUST 2018 $'000
Non-current assets	6,114,122	2,223,041
Current assets	6,102,887[2]	32,423
Non-current liabilities	(1,804,731)	(871,326)
Current liabilities	(6,950,913)	(12,012)
Net assets	3,461,365	1,372,126
Attributable to investee's shareholders	2,910,135	1,372,126
Attributable to non-controlling interests ("NCI")	551,230	–
Group's share of net assets/carrying amount of investment	697,058	440,380

[1] On 4 September 2019, the Group's subsidiary, OUE C-REIT completed the merger with OUE H-TRUST by way of a trust scheme of arrangement. As a result, OUE H-TRUST ceased to be an associate and became a subsidiary of the Group via the Group's interest in OUE C-REIT. Accordingly, the information presented in the above table includes the results of OUE H-TRUST only for the period from 1 January 2019 to 3 September 2019.

[2] Includes cash and cash equivalents of $962,097,000.

Immaterial associates

As at 31 December 2019, 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:

	2019 $'000	2018 $'000
Carrying amount of interests in immaterial associates	187,248	266,349
Group's share of:		
- Profit after tax	26,003	17,676
- Other comprehensive income	4,733	(11,246)
- Total comprehensive income	30,736	6,430

The Group's unrecognised share of losses of associates is as follows:

	Group 2019 $'000	2018 $'000
At beginning of the year	6,033	6,012
Movement during the year	(26)	21
At end of the year	6,007	6,033

During the year, the Group disposed its entire equity interest in the associates, Aquamarina Hotel Private Limited and Nuvest Capital Pte. Ltd., for a total consideration of $190,000,000 and $1,361,000 respectively. A total net gain on disposal of interests in equity-accounted investees of $136,582,000 was recognised in "Other gains – net" (note 9).

On 26 October 2018, the Group through its subsidiary, OUELH, acquired 10.6% equity interest in First Real Estate Investment Trust ("First REIT") for a total consideration of approximately $102,653,000. Together with the interest held by Bowsprit Capital Corporation Limited ("Bowsprit" or the "First REIT Manager"), which became a subsidiary of the Group on 26 October 2018 (note 43), the Group has an effective equity interest of 13.8% (2018: 13.0%) in First REIT as at 31 December 2019. First REIT's activities are managed by Bowsprit.

First REIT, constituted as a real estate investment trust, is listed on the Mainboard of SGX-ST. The principal activity of First REIT and its subsidiaries is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare-related purposes.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Although the Group owns less than 20% of effective equity interest in First REIT, management concluded that the Group has significant influence over First REIT taking into consideration the Group's representation on the board of First REIT Manager, which has decision making authority over First REIT. Accordingly, First REIT is accounted for as an associate.

During the year, the Group completed the PPA exercise for the acquisition of First REIT. Goodwill of $18,268,000 (2018: provisional goodwill of $19,905,000) related to First REIT has been included in the carrying amount of interests in equity-accounted investees in the statement of financial position of the Group as at 31 December 2019. The goodwill was attributable to the synergies expected to be achieved from integrating First REIT into OUELH's existing healthcare business.

Joint ventures

As at 31 December 2019, the Group has four (2018: two) joint ventures that are immaterial to the Group. All are equity accounted for.

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

	2019 $'000	2018 $'000
Carrying amount of interests in immaterial joint ventures	26,805	1,217
Group's share of:		
- Loss after tax	(2,418)	(966)
- Other comprehensive income	50	9,988
- Total comprehensive income	(2,368)	9,022

OUE Baytown Pte. Ltd. ("OUE Baytown"), a subsidiary of the Group, completed the disposal of its entire interests in OUE Lippo Limited ("OUE Lippo") to Epoch Thrive Limited (the "JV Partner") in May 2018. OUE Lippo was an unlisted joint arrangement in which the Group had joint control via a shareholders' agreement and a 50% ownership interest and voting rights. OUE Lippo was structured as a separate vehicle and the Group had a residual interest in its net assets.

OUE Baytown and the JV Partner had entered into a joint venture agreement in 2014 ("Joint Venture Agreement"). In 2018, OUE Baytown and the JV Partner agreed to terminate the Joint Venture Agreement and in connection with the termination, OUE Baytown and the JV Partner agreed that: (a) the aggregate outstanding balance of the shareholders' loans extended by OUE Baytown to OUE Lippo would be repaid in full by the transfer of 2,353,226,397 shares of GPI, representing approximately 14.8% of the total number of issued shares in the capital of GPI, by OUE Lippo to a wholly-owned subsidiary of the Group; and (b) OUE Baytown would sell its interest in OUE Lippo to the JV Partner for an aggregate consideration of HK$52,669,000 (approximately $8,970,000) less related transaction cost, payable wholly in cash. As a result, OUE Lippo ceased to be a joint venture of the Group and the Group recorded a net loss of $10,384,000 on the disposal in "Other gains – net" (note 9) in 2018.

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

	Company 2019 $'000	2018 $'000
Investments in subsidiaries		
Equity investment at cost	841,503	424,492
Less: Impairment loss	(30,500)	–
	811,003	424,492
Loans to subsidiaries		
Loans to subsidiaries	2,088,353	2,144,974
Less: Impairment loss	(183,100)	(127,377)
	1,905,253	2,017,597
Current	1,678,156	1,799,004
Non-current	227,097	218,593
	1,905,253	2,017,597

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

Details of the significant subsidiaries are included in note 45.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,253,962,000 (2018: $1,263,695,000) for which interest is charged at interest rates ranging from 1.00% to 4.00% (2018: 1.00% to 4.25%) per annum.

The non-current portion of loans to subsidiaries are unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current. The balances are interest-free, except for an amount of $107,108,000 (2018: $130,001,000) for which interest is charged at interest rates ranging from 1.40% over the US LIBOR rate to 5.00% per annum (2018: 1.40% over the US LIBOR rate to 5.00% per annum).

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated by taking into consideration the estimated selling prices of the underlying property or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company recorded an impairment loss of $30,500,000 (2018: Nil) on its investments in subsidiaries and additional impairment loss of $55,723,000 (2018: $67,673,000) on the loans to its subsidiaries.

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

	Company	
	2019 $'000	2018 $'000
Loan from a subsidiary		
Loan from a subsidiary	283,763	226,341

The loan from a subsidiary is unsecured, repayable on demand and bears interest at 4.00% (2018: ranging from 3.60% to 3.80%) per annum.

21 LEASE PREPAYMENTS

	Note	Group	
		2019 $'000	2018 $'000
Cost			
At 1 January		29,624	30,532
Recognition of right-of-use assets on initial application of SFRS(I) 16		(29,624)	–
Adjusted balance at 1 January		–	30,532
Disposal of a subsidiary		–	(764)
Effect of movements in exchange rates		–	(144)
At 31 December		–	29,624
Accumulated amortisation and impairment losses			
At 1 January		(1,403)	(711)
Recognition of right-of-use assets on initial application of SFRS(I) 16		1,403	–
Adjusted balance at 1 January		–	(711)
Amortisation	5	–	(720)
Effect of movements in exchange rates		–	28
At 31 December		–	(1,403)
Carrying amount		–	28,221

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

The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances as at 1 January 2019 to recognise the right-of-use assets relating to leases which were previously classified as lease prepayments (note 2.6).

22 INVESTMENT PROPERTIES

	Note	Completed investment properties $'000	Investment properties under development $'000	Total $'000
Group				
At 1 January 2019		6,357,367	93,662	6,451,029
Acquisition of a subsidiary[1]		494,067	–	494,067
Additions		11,231	–	11,231
Reversal		(5,570)	–	(5,570)
Disposal[2]		(287,094)	–	(287,094)
Net change in fair value	9	(14,612)	(1,185)	(15,797)
Effect of movements in exchange rates		(22,549)	(1,240)	(23,789)
Lease incentives		4,350	–	4,350
At 31 December 2019		6,537,190	91,237	6,628,427
At 1 January 2018		6,266,336	123,712	6,390,048
Additions		21,374	593	21,967
Reversal		(22,213)	–	(22,213)
Transfer to property, plant and equipment[3]	23	–	(28,899)	(28,899)
Net change in fair value	9	83,975	7	83,982
Effect of movements in exchange rates		5,164	(1,751)	3,413
Lease incentives		2,731	–	2,731
At 31 December 2018		6,357,367	93,662	6,451,029

[1] Mandarin Gallery was acquired as part of the Merger (note 43).
[2] During the year, the Group disposed Oakwood Premier OUE Singapore for a consideration of $287,094,000.
[3] In 2018, OUELH Group commenced the development of its land in Chengdu for its own use and the corresponding value of the Chengdu land was transferred to property, plant and equipment. The fair value of the Chengdu land at the date of transfer was deemed to be the cost for its subsequent accounting in property, plant and equipment.

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

	Group	
	2019 $'000	2018 $'000
Rental income	285,979	274,394
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	102,274	91,498

(ii) Security

As at 31 December 2019, investment properties with a total carrying amount of $3,484,503,000 (2018: $3,004,071,000) were pledged as security for banking facilities (note 27).

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's completed investment properties as at 31 December 2019 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 and Downtown Gallery) (2018: comprised 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 and car park. (2018: 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
Mandarin Gallery*	High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore.	99-year lease from 1 July 1957
US Bank Tower	A 72-storey commercial tower at Los Angeles, United States.	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots.	50-year land use right commencing from 2 July 1994
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall.	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - Approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - The balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985
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

* Mandarin Gallery was acquired as part of the Merger (note 43).

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's completed investment properties as at 31 December 2019 are: (cont'd)

	Description and Location	Tenure of Land
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 with 126 rooms, and a 3-storey 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
Orchard Amanohashidate	A nursing home consisting of a daycare service centre and 2 blocks (3-storey and 2-storey) with 60 rooms in total that can accommodate up to 60 residents in Kyoto, Japan.	Freehold
Orchard Kaichi North	A 4-storey nursing home with 79 rooms that can accommodate up to 85 residents at Nagano, Japan.	Freehold
Orchard Kaichi West	A nursing home with 29 rooms that can accommodate up to 29 residents at Nagano, Japan.	Freehold

22 INVESTMENT PROPERTIES (CONT'D)

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

	Date of appraisal	Open Market Value	
		2019 $'000	2018 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,181,000	1,173,100
OUE Downtown	31 December	1,182,000	1,530,000
Mandarin Gallery	31 December	493,000	-*
US Bank Tower	31 December	881,270	893,621
Lippo Plaza	31 December	570,530	587,935
One Raffles Place	31 December	1,862,000	1,813,500
OUE Twin Peaks (comprising 23 units held as investment properties)	31 December	67,620	68,980
Hikari Heights Varus Fujino	31 December	20,113	19,495
Hikari Heights Varus Ishiyama	31 December	11,520	11,156
Hikari Heights Varus Kotoni	31 December	75,293	73,362
Hikari Heights Varus Makomanai-Koen	31 December	53,531	51,764
Hikari Heights Varus Tsukisamu-Koen	31 December	9,263	8,978
Varus Cuore Yamanote	31 December	12,735	12,390
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	31 December	33,641	32,464
Elysion Gakuenmae	31 December	19,555	18,912
Elysion Mamigaoka & Elysion Mamigaoka Annex	31 December	29,337	28,520
Orchard Amanohashidate	31 December	11,916	11,519
Orchard Kaichi North	31 December	17,038	16,093
Orchard Kaichi West	31 December	5,828	5,578

* Mandarin Gallery was acquired as part of the Merger (note 43).

22 INVESTMENT PROPERTIES (CONT'D)

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the discount rate, terminal yield rate and capitalisation rate applicable to the nature and type of asset in question, and selling price of comparable properties.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to fifteen (2018: one to fifteen) years. Subsequent renewals are negotiated with the lessees.

(iv) The Group's investment properties under development are:

Description	Unexpired term of leasehold land
Land - Wuxi, The People's Republic of China ("Wuxi land")	36 years
Land - Kuala Lumpur, Malaysia	88 years

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as right-of-use assets – land use rights (note 24) (2018: lease prepayments (note 21)). 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 annually by independent valuers having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

22 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values

Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Country: Singapore	Country: United States of America	Country: The People's Republic of China	Country: Japan	Inter-relationship between key unobservable inputs and fair value measurement
Completed investment properties						
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate	6.50% – 7.00% (2018: 6.50% – 7.00%)	6.50% (2018: 6.50%)	6.75% (2018: 7.00%)	4.20% – 4.60% (2018: 4.20% – 4.60%)	An increase in price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield rate and capitalisation rate in isolation would result in a lower fair value measurement.
	Terminal yield rate	3.80% – 5.25% (2018: 3.50% – 5.00%)	5.25% (2018: 5.25%)	4.00% (2018: 4.00%)	4.60% – 5.10% (2018: 4.70% – 5.10%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.50% – 6.50% (2018: 3.50% – 5.50%)	5.00% (2018: 5.00%)	Not applicable	4.40% – 4.80% (2018: 4.40% – 4.80%)	
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	$1,746 – $3,928 (2018: $1,811 – $3,021)	Not applicable	$1,363 (2018: $1,403)	Not applicable	

22 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% (2018: 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 discount rate, capitalisation rate, terminal yield rate, entrepreneur profit and risk and construction costs per square metre in isolation would result in a lower fair value measurement.
	Terminal yield rate	Not applicable	Wuxi: 13.00% (2018: 13.00%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	Not applicable	Wuxi: 4.25% (2018: 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	$12,475 (2018: $12,528)	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	Wuxi: 4.50 (2018: 4.50)	
	Entrepreneur profit and risk	Not applicable	Wuxi: 20.00% (2018: 20.00%)	
	Construction costs per square metre	Not applicable	Wuxi: $1,341 (2018: $1,381)	

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 OUELH's 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 2018 and 31 December 2019 was based on OUELH's management assessment that:

- written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5; and
- a class 3A hospital license is expected to be granted.

If the written approval is not granted or the plot ratio approved differs from current assumption, the valuation of the Wuxi land will change significantly. Also, OUELH Group is in litigation with David Lin, a non-controlling shareholder of certain subsidiaries of OUELH (note 38(b)). The valuation of the Wuxi land will be significantly affected should there be an adverse outcome from the litigations.

22 INVESTMENT PROPERTIES (CONT'D)

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

(2) Gross development value and construction cost

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

The valuation of the Wuxi land is based on the current proposed development plan, with gross development value of:

	2019		2018	
	RMB'000	$'000	RMB'000	$'000
Wuxi land				
Gross development value	983,000	190,112	995,000	198,304

It also includes the following OUELH's management's estimates of the average estimated total construction cost for Wuxi land:

	2019		2018	
	RMB'000	$'000	RMB'000	$'000
Wuxi land				
Estimated construction cost per square metre	6.9	1.3	6.9	1.4

In arriving at the average construction cost for the Wuxi land, OUELH's management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

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

(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 taking into consideration the anticipated income or capital value. It is presented as a percentage of total gross development value.

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

The valuation of the Wuxi land as at 31 December 2019 was based on an assumption of an entrepreneur profit and risk of 20.0% (2018: 20.0%) of the gross development value. Any change in the entrepreneur profit and risk will result in a change in the valuation of the Wuxi land.

23 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Total $'000
Group								
Cost								
At 1 January 2019	2,343	7,877	944	18,098	9,624	6,254	29,503	74,643
Exchange differences	(66)	(91)	–	(144)	(36)	(9)	(882)	(1,228)
Acquisition of subsidiaries	1,724,505	–	–	68	–	–	–	1,724,573
Additions	24	5,423	–	3,956	800	247	7,654	18,104
Disposals	–	(23)	–	(2,461)	(2,376)	(2,587)	–	(7,447)
Reclassification	233	2,925	–	139	2	–	(3,299)	–
At 31 December 2019	1,727,039	16,111	944	19,656	8,014	3,905	32,976	1,808,645
Accumulated depreciation								
At 1 January 2019	318	818	251	7,740	5,212	4,885	–	19,224
Exchange differences	(24)	231	–	(103)	(26)	(9)	–	69
Depreciation (note 5)	13,864	1,218	19	2,660	1,346	612	–	19,719
Disposals	–	(1)	–	(1,274)	(1,247)	(2,188)	–	(4,710)
At 31 December 2019	14,158	2,266	270	9,023	5,285	3,300	–	34,302
Cost								
At 1 January 2018	4,757	9,417	944	22,426	9,598	6,334	944	54,420
Exchange differences	(142)	(100)	–	(109)	(16)	(4)	(2)	(373)
Acquisition of a subsidiary (note 43)	–	35	–	33	9	–	–	77
Additions	–	4,182	–	916	827	467	594	6,986
Disposals/Written-off	–	(6,471)	–	(3,675)	(552)	(455)	–	(11,153)
Disposal of subsidiaries	(2,272)	–	–	(1,611)	(242)	(88)	–	(4,213)
Reclassification from investment properties* (note 22)	–	–	–	–	–	–	28,899	28,899
Reclassification	–	814	–	118	–	–	(932)	–
At 31 December 2018	2,343	7,877	944	18,098	9,624	6,254	29,503	74,643
Accumulated depreciation								
At 1 January 2018	808	5,360	232	7,465	4,629	4,432	–	22,926
Exchange differences	(60)	(14)	–	(127)	(17)	(7)	–	(225)
Depreciation (note 5)	865	944	19	2,968	1,256	807	–	6,859
Disposals/Written-off	–	(5,472)	–	(2,125)	(552)	(318)	–	(8,467)
Disposal of subsidiaries	(1,295)	–	–	(441)	(104)	(29)	–	(1,869)
At 31 December 2018	318	818	251	7,740	5,212	4,885	–	19,224
Carrying amounts								
At 31 December 2018	2,025	7,059	693	10,358	4,412	1,369	29,503	55,419
At 31 December 2019	1,712,881	13,845	674	10,633	2,729	605	32,976	1,774,343

* In 2018, Chengdu land was reclassified from investment properties under development to property, plant and equipment.

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
Company							
Cost							
At 1 January 2019	822	944	8,523	6,465	5,591	–	22,345
Additions	3	–	792	21	245	728	1,789
Disposals	–	–	(184)	(1,756)	(2,045)	–	(3,985)
At 31 December 2019	825	944	9,131	4,730	3,791	728	20,149
Accumulated depreciation							
At 1 January 2019	157	250	4,514	3,644	4,644	–	13,209
Depreciation	165	19	882	631	477	–	2,174
Disposals	–	–	(78)	(1,031)	(1,926)	–	(3,035)
At 31 December 2019	322	269	5,318	3,244	3,195	–	12,348
Cost							
At 1 January 2018	–	944	8,165	6,206	5,579	944	21,838
Additions	8	–	298	259	467	–	1,032
Disposals/Written-off	–	–	(58)	–	(455)	(12)	(525)
Reclassification	814	–	118	–	–	(932)	–
At 31 December 2018	822	944	8,523	6,465	5,591	–	22,345
Accumulated depreciation							
At 1 January 2018	–	231	3,707	3,010	4,323	–	11,271
Depreciation	157	19	842	634	639	–	2,291
Disposals/Written-off	–	–	(35)	–	(318)	–	(353)
At 31 December 2018	157	250	4,514	3,644	4,644	–	13,209
Carrying amounts							
At 31 December 2018	665	694	4,009	2,821	947	–	9,136
At 31 December 2019	503	675	3,813	1,486	596	728	7,801

As at 31 December 2019, the Group's major leasehold land and buildings are:

	Description and Location	Tenure of Land
Mandarin Orchard Singapore ("MOS")	a 37-storey Main Tower with a 39-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from 1 July 1957
Crowne Plaza Changi Airport ("CPCA") and its extension	a 563-room hotel located within Singapore Changi Airport with a direct link to Terminal 3	74-year lease from 1 July 2009

During the year, the Group acquired OUE H-TRUST (note 43) and recognised MOS, CPCA and its extension in property, plant and equipment.

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2019, MOS was appraised by professional valuer at an open market value of $1,228,000,000. The carrying amount of MOS as at 31 December 2019 was $1,220,523,000. The valuation surplus of $7,477,000 had not been incorporated in the financial statements.

As at 31 December 2019, CPCA and its extension was appraised by professional valuer at an open market value of $497,000,000. The carrying amount of the hotel property as at 31 December 2019 was $495,287,000. The valuation surplus of $1,713,000 had not been incorporated in the financial statements.

Property, plant and equipment of the Group with total carrying value of $1,220,523,000 (2018: Nil) are mortgaged to financial institutions to secure credit facilities (note 27).

24 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases as lessees (SFRS(I) 16)

The Group had previously entered into master lease agreements with OUE H-REIT, a subsidiary of OUE H-TRUST (now known as OUE Hospitality Sub-Trust), to lease and operate MOS and CPCA. Previously, these leases were classified as operating leases under SFRS(I) 1-17. The Company leases a hotel property and retail space under non-cancellable operating lease agreements.

On the adoption of SFRS(I) 16, the minimum lease payments under the master lease agreements were recognised as right-of-use assets, with the corresponding lease liabilities based on the modified retrospective approach. The cumulative effect of adoption of SFRS(I) 16 was recognised as an adjustment to the opening balance of accumulated profits as at 1 January 2019, with no restatement of comparative information (note 2.6).

Subsequent to the Merger, OUE H-TRUST ceased to be an associate and was consolidated via the Group's interest in OUE C-REIT. The master lease agreements with OUE Hospitality Sub-Trust have ceased to exist for accounting purpose in the consolidated financial statements as these master lease agreements represent intra-group transactions. As a result, the right-of-use assets, lease liabilities and related other liabilities were derecognised with effect from the date of the Merger and a corresponding one-off non-cash gains on derecognition of right-of-use assets and lease liabilities, and other liabilities, of $75,439,000 and $15,461,000 respectively, were recognised and included within "Other gains – net" (note 9) during the year.

Information about leases for which the Group and the Company are lessees are presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented in the statement of financial position.

	Land use rights $'000	Hotel properties[3] $'000	Retail space[4] $'000	Office space[5] $'000	Total $'000
2019					
Group					
Recognition of right-of-use assets on initial application of SFRS(I) 16	28,221[1]	1,012,407	–	–	1,040,628
Acquisition of a subsidiary[2]	26,774	–	–	–	26,774
Additions to right-of-use assets	–	–	355	533	888
Depreciation charge for the year (note 5)	(832)	(30,071)	(129)	(327)	(31,359)
Impairment loss	(1,105)	–	–	–	(1,105)
Exchange differences	(118)	–	–	1	(117)
Derecognition of right-of-use assets	–	(982,336)	–	–	(982,336)
Balance at 31 December	52,940	–	226	207	53,373

24 RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (cont'd)

	Hotel properties[3] $'000	Retail space[4] $'000	Total $'000
2019			
Company			
Recognition of right-of-use assets on initial application of SFRS(I) 16	704,870	212	705,082
Depreciation charge for the year	(28,698)	(52)	(28,750)
Balance at 31 December	676,172	160	676,332

(1) Represent land leases of a subsidiary which expire in 2055. The Group has initially applied SFRS(I) 16 using the modified retrospective method and adjusted the opening balances as at 1 January 2019 to recognise the right-of-use assets relating to these leases which were previously classified as lease prepayments (refer to notes 2.6 and 21).
(2) Represent land leases in relation to the CPCA site which runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.
(3) Hotel properties leases typically run for a period of twelve to fifteen years, with options to renew after lease expiry dates.
(4) Retail space lease runs for two to five years.
(5) Office space leases typically run for a period of two to three years.

Lease liabilities

	Group 2019 $'000	Company 2019 $'000
Lease liabilities:		
Current	518	21,460
Non-current	25,586	716,231
	26,104	737,961

During the year, the incremental borrowing rates of the Group's and the Company's lease liabilities range from 0.89% to 3.43% and 2.85% to 3.19% per annum, respectively.

Amounts recognised in profit or loss

	Group $'000
2019 – Leases under SFRS(I) 16	
Finance expenses on lease liabilities	23,541
2018 – Operating leases under SFRS(I) 1-17	
Operating lease expenses:	
– Fixed rental expenses	67,500
– Contingent rent expense	28,331
	95,831

Amounts recognised in statement of cash flows

	Group 2019 $'000
Total cash outflow for leases	22,477

24 RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Leases as lessors (SFRS(I) 16)

Operating lease

The Group leases out its investment properties (note 22) under non-cancellable leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.7 sets out information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group $'000	Company $'000
2019 – Operating leases under SFRS(I) 16		
Less than one year	273,919	1,301
One to two years	206,298	200
Two to three years	134,638	8
Three to four years	74,019	–
Four to five years	53,211	–
More than five years	138,033	–
Total	880,118	1,509
2018 – Operating leases under SFRS(I) 1-17		
Less than one year	243,998	1,293
Between one and five years	453,003	1,412
More than five years	180,634	–
Total	877,635	2,705

25 DEFERRED TAXES

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the year is as follows:

	Property, plant and equipment $'000	Investment properties $'000	Subsidiaries $'000	Compound financial instruments $'000	Others $'000	Total $'000
Group						
Deferred tax liabilities						
At 1 January 2019	9,756	156,285	26,402	762	15,558	208,763
Acquisition of a subsidiary (note 43)	–	–	–	–	175	175
Recognised in:						
- Profit or loss	302	12,516	2,942	(322)	(995)	14,443
- Other comprehensive income	–	–	–	–	1,949	1,949
Effects of movements in exchange rates	(268)	(3,147)	641	–	(39)	(2,813)
At 31 December 2019	9,790	165,654	29,985	440	16,648	222,517

25 DEFERRED TAXES (CONT'D)

	Property, plant and equipment $'000	Investment properties $'000	Subsidiaries $'000	Compound financial instruments $'000	Others $'000	Total $'000
Group						
Deferred tax liabilities						
At 1 January 2018	8,166	138,970	25,814	–	9,092	182,042
Acquisition of a subsidiary (note 43)	–	–	–	–	6,081	6,081
Recognised in:						
- Profit or loss	1,786	17,822	377	(221)	312	20,076
- Other comprehensive income	–	–	–	–	106	106
- Other reserves	–	–	–	983	–	983
Effects of movements in exchange rates	(196)	(507)	211	–	(33)	(525)
At 31 December 2018	9,756	156,285	26,402	762	15,558	208,763

Tax charged/(credited) to other comprehensive income is recognised in the fair value reserve for equity investments at FVOCI.

	Tax losses $'000	Others $'000	Total $'000
Group			
Deferred tax assets			
At 1 January 2019	13,655	4,008	17,663
Recognised in:			
- Profit or loss	(4,992)	–	(4,992)
- Other comprehensive income	–	(1,391)	(1,391)
Effects of movements in exchange rates	(175)	–	(175)
At 31 December 2019	8,488	2,617	11,105
At 1 January 2018	12,410	–	12,410
Recognised in:			
- Profit or loss	989	–	989
- Other comprehensive income	–	4,008	4,008
Effects of movements in exchange rates	256	–	256
At 31 December 2018	13,655	4,008	17,663

Unrecognised deferred tax assets

As at 31 December 2019, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $105,769,000 (2018: $15,113,000) and $43,106,000 (2018: $89,391,000), 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.

25 DEFERRED TAXES (CONT'D)

Unrecognised deferred tax liabilities

At 31 December 2019, deferred tax liabilities of $8,369,000 (2018: $7,117,000) for temporary differences of $49,231,000 (2018: $41,865,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

As at 31 December 2019, deferred tax liabilities of $58,732,000 (2018: $61,484,000) for temporary differences of $204,143,000 (2018: $214,535,000) related to withholding taxes that would be payable on the unremitted earnings of the Group's investment in certain subsidiaries were not recognised as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

	Property, plant and equipment $'000	Distribution from a subsidiary $'000	Distribution from an associate $'000	Compound financial instruments $'000	Total $'000
Company					
Deferred tax liabilities/(assets)					
At 1 January 2019	1,353	–	(1,274)	762	841
Recognised in:					
- Profit or loss	(458)	(1,204)	1,274	(322)	(710)
At 31 December 2019	895	(1,204)	–	440	131
At 1 January 2018	1,000	–	(1,264)	–	(264)
Recognised in:					
- Profit or loss	353	–	–	(221)	132
- Other reserves	–	–	(10)	983	973
At 31 December 2018	1,353	–	(1,274)	762	841

26 TRADE AND OTHER PAYABLES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade payables				
- Subsidiaries	–	–	18,599	8,003
- Associates	23	8,061	–	6,000
- Third parties	44,589	18,176	3,432	2,441
	44,612	26,237	22,031	16,444
Non-trade payables				
- Subsidiaries	–	–	100,076	190,233
- Associates	156	–	156	–
- Third parties	31,415	44,118	17,449	17,584
Interest payable	17,320	18,453	2,951	5,417
Accruals	93,447	88,163	23,099	16,109
Retention sums payable	1,018	8,210	159	292
Rental deposits	15,755	16,116	234	636
	203,723	201,297	166,155	246,715

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

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

27 BORROWINGS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current					
Loans from third parties		189	189	–	–
Secured bank loans		739,328	270,964	–	–
Secured Tokutei Mokutei Kaisha ("TMK") bonds	(i)	120,691	1,207	–	–
Unsecured notes	(ii)	449,684	199,331	299,840	199,331
		1,309,892	471,691	299,840	199,331
Non-current					
Secured bank loans		1,156,158	848,197	–	–
Secured TMK bonds	(i)	–	117,364	–	–
Unsecured bank loans		972,077	918,805	–	–
Unsecured notes	(ii)	397,889	846,009	–	299,286
Convertible bonds	(iii)	153,607	149,100	153,607	149,100
Exchangeable bonds	(iii)	–	145,089	–	145,089
		2,679,731	3,024,564	153,607	593,475
Total		3,989,623	3,496,255	453,447	792,806

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

(i) Secured TMK bonds

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

TMK Bonds pertain to bond issued by a subsidiary of OUELH. The TMK Bonds are secured against:

(i) the total assets of a subsidiary of OUELH which mainly comprise investment properties in Japan (note 22) and cash and cash equivalents (note 12); and

(ii) a corporate guarantee from OUELH.

(ii) Unsecured notes

The unsecured notes of the Group comprise the following:

- $299,840,000 (2018: $498,617,000) comprising 1 series (2018: 2 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 in April 2020 (2018: October 2019 and April 2020).
- $397,889,000 (2018: $397,109,000) comprising 2 series of notes issued by a wholly-owned subsidiary of the Group at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in April 2022 and May 2023.
- $149,844,000 (2018: $149,614,000) comprising 1 series 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.

27 BORROWINGS (CONT'D)

(iii) Convertible and exchangeable bonds

	2019 Convertible bonds $'000	2019 Exchangeable bonds $'000	2018 Convertible bonds $'000	2018 Exchangeable bonds $'000
At Group and Company				
At 1 January	149,100	145,089	–	–
Proceeds from issuance	–	–	154,750	150,000
Transaction costs	–	–	(3,061)	(2,963)
Net proceeds	–	–	151,689	147,037
Amount classified as equity	–	–	(5,780)	–
Amount classified as derivative liabilities	–	–	–	(3,487)
Accreted interest	4,507	4,911	3,191	1,539
Redemption	–	(150,000)	–	–
At 31 December	153,607	–	149,100	145,089

The convertible bonds are convertible into new ordinary shares at the conversion price of $1.9351 (2018: $2.112) per share on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or bondholders on specified dates. Any unconverted bonds become repayable on demand. The convertible bonds are due in April 2023 and are listed on the SGX-ST.

The exchangeable bonds were exchangeable into the Company's investment in stapled securities of OUE H-TRUST at an exchangeable price of $0.9256 per stapled security on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or the bondholders on specified dates. Any outstanding exchangeable bonds become repayable on demand. On 18 July 2019, the Group fully redeemed all of its outstanding exchangeable bonds.

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

- bank deposits of $38,275,000 (2018: $8,235,000) (note 12);
- floating charge over bank deposits of $15,237,000 (2018: $15,714,000) (note 12);
- development property with carrying amount of $152,380,000 (2018: $392,784,000) (note 16);
- investment properties with carrying amount of $3,484,503,000 (2018: $3,004,071,000) (note 22);
- property, plant and equipment with carrying amount of $1,220,523,000 (2018: Nil) (note 23); and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, and investment properties.

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to a wholly-owned subsidiary. The maximum exposure of the Company is $255,338,000 (2018: $278,424,000). 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:

	2019 $'000	2018 $'000
Within one year	255,338	278,424

27 BORROWINGS (CONT'D)

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Unsecured bank loans						
- SGD	2.68% – 3.42% (2018: 2.75% – 3.42%)	2021 – 2024 (2018: 2020 – 2024)	972,077	918,805	–	–
Secured bank loans						
- USD	3.99% (2018: 4.71%)	2020 (2018: 2019)	250,399	265,815	–	–
- MYR	5.74% (2018: 5.94%)	2020 – 2021 (2018: 2019 – 2021)	20,525	23,835	–	–
- SGD	2.68% – 3.42% (2018: 2.72 – 3.02%)	2020 – 2022 (2018: 2020 – 2022)	1,600,009	802,716	–	–
- RMB	4.90 – 5.22% (2018: 4.90%)	2020 – 2024 (2018: 2024)	24,553	26,795	–	–
Unsecured notes						
- SGD	3.03% – 3.80% (2018: 3.03% – 4.25%)	2020 – 2023 (2018: 2020 – 2023)	847,573	1,045,340	299,840	498,617
Secured TMK bonds						
- JPY	1.06% (2018: 1.03%)	2020 (2018: 2020)	120,691	118,571	–	–
Loans from third parties						
- SGD	N/A (2018: N/A)	2020 (2018: 2019)	189	189	–	–
Convertible bonds						
- SGD	1.50% (2018: 1.50%)	2023 (2018: 2023)	153,607	149,100	153,607	149,100
Exchangeable bonds						
- SGD	– (2018: 3.00%)	– (2018: 2023)	–	145,089	–	145,089
			3,989,623	3,496,255	453,447	792,806

27 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities					Derivative (assets)/ liabilities held to hedge long-term borrowings			
	Borrowings $'000	Convertible bonds $'000	Exchangeable bonds $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Equity component of convertible bonds $'000	Total $'000
Balance at 1 January 2019	3,202,066	149,100	145,089	18,453	–	(116)	7,960	4,797	3,527,349
Recognition of lease liabilities on initial application of SFRS(I) 16	–	–	–	–	1,080,080	–	–	–	1,080,080
As at 1 January 2019, as restated	3,202,066	149,100	145,089	18,453	1,080,080	(116)	7,960	4,797	4,607,429
Changes from financing cash flows									
Proceeds from borrowings	495,884	–	–	–	–	–	–	–	495,884
Repayment of borrowings*	(738,620)	–	–	–	–	–	–	–	(738,620)
Redemption of exchangeable bonds	–	–	(150,000)	–	–	–	–	–	(150,000)
Principal repayment of leases	–	–	–	–	(22,477)	–	–	–	(22,477)
Transaction costs/finance costs paid	(225)	–	–	(125,784)	–	–	–	–	(126,009)
Total changes from financing cash flows	(242,961)	–	(150,000)	(125,784)	(22,477)	–	–	–	(541,222)
Changes from acquisition of subsidiaries	870,018	–	–	3,380	(1,032,289)	–	–	–	(158,891)
Effect of changes in foreign exchange rates	(1,627)	–	–	(60)	–	–	–	–	(1,687)
Change in fair value	–	–	–	–	–	116	9,351	–	9,467
Other changes									
Liability related									
Amortisation of transaction costs	8,520	1,022	2,227	–	–	–	–	–	11,769
Additions to lease liabilities	–	–	–	–	790	–	–	–	790
Interest expense	–	3,485	2,684	121,331	–	–	–	–	127,500
Total liability-related other changes	8,520	4,507	4,911	121,331	790	–	–	–	140,059
Balance at 31 December 2019	3,836,016	153,607	–	17,320	26,104	–	17,311	4,797	4,055,155

* Excluding convertible and exchangeable bonds

27 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities				Derivative (assets)/ liabilities held to hedge long-term borrowings				
	Borrowings $'000	Convertible bonds $'000	Exchangeable bonds $'000	Interest payable $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Equity component of convertible bonds $'000	Derivative liability component of exchangeable bonds $'000	Total $'000
Balance at 1 January 2018	3,480,935	–	–	15,496	–	11,192	–	–	3,507,623
Changes from financing cash flows									
Proceeds from issuance of convertible bonds	–	148,970	–	–	–	–	5,780	–	154,750
Proceeds from issuance of exchangeable bonds	–	–	146,513	–	–	–	–	3,487	150,000
Proceeds from borrowings*	2,215,487	–	–	–	–	–	–	–	2,215,487
Repayment of borrowings	(2,500,863)	–	–	–	–	–	–	–	(2,500,863)
Transaction costs/finance costs paid	(9,788)	(3,061)	(2,963)	(114,375)	–	–	–	–	(130,187)
Total changes from financing cash flows	(295,164)	145,909	143,550	(114,375)	–	–	5,780	3,487	(110,813)
Effect of changes in foreign exchange rates	3,792	–	–	183	–	–	–	–	3,975
Change in fair value	–	–	–	–	(116)	(3,232)	–	(3,487)	(6,835)
Other changes									
Liability related									
Amortisation of transaction costs	12,503	756	736	–	–	–	–	–	13,995
Interest expense	–	2,435	803	117,149	–	–	–	–	120,387
Total liability-related other changes	12,503	3,191	1,539	117,149	–	–	–	–	134,382
Total equity-related other changes	–	–	–	–	–	–	(983)	–	(983)
Balance at 31 December 2018	3,202,066	149,100	145,089	18,453	(116)	7,960	4,797	–	3,527,349

* Excluding convertible and exchangeable bonds

28 PROVISION

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Current				
At 1 January	42,079	46,000	405	4,402
(Reversal)/Provision made during the year	(9,750)	–	7	–
Provision used during the year	(2,668)	(3,921)	(414)	(4,234)
Unwinding of discount	–	–	2	237
At 31 December	29,661	42,079	–	405

Provision relates to legal and related expenses made (note 38), and income support for OUE C-REIT.

Income support for 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. The income support arrangement expired on 26 January 2019.

29 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.

30 DERIVATIVES

	Group 2019 $'000	Group 2018 $'000
Current		
Derivative assets		
Interest rate swaps used for hedging	–	116
Forward exchange contracts	–	131
	–	247
Derivative liabilities		
Interest rate swaps used for hedging	(2,751)	(132)
Forward exchange contracts	–	(9)
Call options	–	(573)
	(2,751)	(714)
Non-current		
Derivative liabilities		
Interest rate swaps used for hedging	(14,560)	(7,828)

The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. Further details are set out in note 40.

31 OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Retention sums payable	968	354	–	–
Rental deposits	55,697	50,331	410	5
	56,665	50,685	410	5

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

32 ASSETS HELD FOR SALE

In 2019, management committed to a plan to sell a total of 635,522,473 ordinary shares (the "sale shares") in GPI, representing approximately 4.0% of the Group's equity interest in GPI. Accordingly, the sale shares are presented as assets held for sale as at 31 December 2019.

Prior to the transfer from "Interests in equity-accounted investees" (note 19) to "Assets held for sale", management has determined the recoverable amount of the sale shares based on fair value less cost of disposal, calculated based on the expected selling price which is approximate to the quoted market price. The fair value measurement was categorised as Level 1 fair value based on the inputs in the valuation technique used (note 2.5).

The estimated recoverable amount of the sale shares was lower than its carrying amount. As a result, an impairment loss of $9,024,000 was recognised and included within "Other gains – net" (note 9).

The sale was completed on 14 January 2020.

33 SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2019 '000	2018 '000	2019 $'000	2018 $'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 2018, the Company acquired 300,000 of its own shares for a total consideration of $476,000.

At 31 December 2019, the Group held 80,086,000 (2018: 80,086,000) of the Company's shares as treasury shares (note 34).

34 OTHER RESERVES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Asset revaluation reserve	9,028	9,028	–	–
Currency translation reserve	(72,117)	(36,076)	–	–
Hedging reserve	(6,981)	(1,862)	–	–
Fair value reserve	9,514	26,045	–	124,040
Reserve for own shares	(170,820)	(170,820)	(170,820)	(170,820)
Capital reserve	(18,894)	(12,470)	4,797	4,797
	(250,270)	(186,155)	(166,023)	(41,983)

34 OTHER RESERVES (CONT'D)

The movement of other reserves of the Group is as follows:

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2019	9,028	(36,076)	(1,862)	26,045	(170,820)	(12,470)	(186,155)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	(14,109)	–	–	–	–	(14,109)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	(21,932)	–	–	–	–	(21,932)
- other reserves	–	–	(982)	5,907	–	(6,424)	(1,499)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	–	148,751	–	–	148,751
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	(4,445)	–	–	–	(4,445)
- hedging reserve reclassified to profit or loss	–	–	308	–	–	–	308
Total other comprehensive income, net of tax	–	(36,041)	(5,119)	154,658	–	(6,424)	107,074
Total other comprehensive income for the year	–	(36,041)	(5,119)	154,658	–	(6,424)	107,074
Transfer from fair value reserve to accumulated profits[1] (note 15)	–	–	–	(171,189)	–	–	(171,189)
At 31 December 2019	9,028	(72,117)	(6,981)	9,514	(170,820)	(18,894)	(250,270)

[1] During the year, the Group disposed some of the equity investments designated at FVOCI (note 15) and the relevant fair value gains and losses accumulated in fair value reserve which amounted to $171,189,000 was transferred to accumulated profits upon derecognition.

34 OTHER RESERVES (CONT'D)

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2018	9,028	(47,826)	(3,642)	146,498	(170,344)	(10,853)	(77,139)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	(14,620)	–	–	–	–	(14,620)
- currency translation differences reclassified to profit or loss on disposal	–	21,187	–	–	–	–	21,187
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	10,230	–	–	–	–	10,230
- currency translation differences reclassified to profit or loss on disposal	–	(5,047)	–	–	–	–	(5,047)
- other reserves	–	–	728	(11,488)	–	–	(10,760)
- other reserves reclassified to profit or loss on disposal	–	–	–	–	–	(1,674)	(1,674)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	–	(108,804)	–	–	(108,804)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	78	–	–	–	78
- hedging reserve reclassified to profit or loss	–	–	974	–	–	–	974
Total other comprehensive income, net of tax	–	11,750	1,780	(120,292)	–	(1,674)	(108,436)
Total other comprehensive income for the year	–	11,750	1,780	(120,292)	–	(1,674)	(108,436)
Transactions with owners recognised directly in equity							
Contributions by and distribution to owners							
Own shares acquired	–	–	–	–	(476)	–	(476)
Issue of convertible bonds, net of tax	–	–	–	–	–	4,797	4,797
Shares issue costs of a subsidiary	–	–	–	–	–	(772)	(772)
Units issue costs of a subsidiary	–	–	–	–	–	(3,968)	(3,968)
Total contributions by and distributions to owners	–	–	–	–	(476)	57	(419)
Total transactions with owners	–	–	–	–	(476)	57	(419)
Transfer from fair value reserve to accumulated profits	–	–	–	(161)	–	–	(161)
At 31 December 2018	9,028	(36,076)	(1,862)	26,045	(170,820)	(12,470)	(186,155)

34 OTHER RESERVES (CONT'D)

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain land and building.

Currency translation reserve

The currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserves of foreign equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the financial assets designated at FVOCI until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2019, the Group held 80,086,000 (2018: 80,086,000) of the Company's shares as treasury shares.

Capital reserve

The reserve mainly relates to the Group's share of units/shares issue costs of subsidiaries and an associate, and the equity component of the convertible bonds.

35 ACCUMULATED PROFITS

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

	Company	
	2019 $'000	2018 $'000
At 1 January	2,436,396	2,504,626
Effect of adopting SFRS(I) 16	(53,468)	–
Net profit/(loss) for the year	89,374	(41,179)
Dividends paid (note 37)	(117,197)	(27,051)
Transfer from fair value reserves[1] (note 15)	170,000	–
At 31 December	2,525,105	2,436,396

[1] During the year, the Company disposed some of the equity investments designated at FVOCI (note 15) and the relevant fair value gains and losses accumulated in fair value reserve which amounted to $170,000,000 was transferred to accumulated profits upon derecognition.

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

36 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2019	2018
OUE C-REIT	Singapore	52.39%	43.88%
OUELH	Singapore	35.65%	35.65%

The following summarises the financial information of the Group's subsidiaries with material NCI, based on consolidated financial statements prepared in accordance with SFRS(I), including consolidation adjustments but before intercompany eliminations with other companies in the Group.

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2019				
Revenue	257,329	19,649		
Profit/(Loss) after tax	108,460	(5,824)		
Other comprehensive income	(23,541)	4,686		
Total comprehensive income	84,919	(1,138)		
Attributable to NCI:				
- Profit for the year	66,498	(1,564)	1,649	66,583
- Other comprehensive income	(12,584)	1,670	–	(10,914)
- **Total comprehensive income**	53,914	106	1,649	55,669
Non-current assets	6,711,261	631,429		
Current assets	94,430	101,138		
Non-current liabilities	(2,287,041)	(69,229)		
Current liabilities	(672,950)	(391,359)		
Net assets	3,845,700	271,979		
Net assets attributable to NCI	1,944,311	97,543	1,995	2,043,849
Cash flows from/(used in) operating activities	160,856	(4,512)		
Cash flows used in investing activities	(58,050)	(30,730)		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $50,789,000)	(79,446)	27,253		
Net increase/(decrease) in cash and cash equivalents	23,360	(7,989)		

36 NON-CONTROLLING INTERESTS (CONT'D)

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2018				
Revenue	176,396	28,824		
Profit/(Loss) after tax	91,810	(10,351)		
Other comprehensive income	(9,549)	(4,598)		
Total comprehensive income	82,261	(14,949)		
Attributable to NCI:				
- Profit for the year	49,365	(3,105)	346	46,606
- Other comprehensive income	(4,292)	(1,639)	–	(5,931)
- **Total comprehensive income**	45,073	(4,744)	346	40,675
Non-current assets	4,446,707	596,598		
Current assets	51,574	102,266		
Non-current liabilities	(1,849,284)	(184,549)		
Current liabilities	(83,715)	(242,132)		
Net assets	2,565,282	272,183		
Net assets attributable to NCI	1,103,364	97,092	346	1,200,802
Cash flows from/(used in) operating activities	132,656	(8,610)		
Cash flows used in investing activities	(938,815)	(146,404)		
Cash flows from financing activities (Dividends to NCI of OUE C-REIT: $37,812,000)	803,456	193,849		
Net (decrease)/increase in cash and cash equivalents	(2,703)	38,835		

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT.

OUE C-REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the SGX-ST for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT are either subject to review by OUE C-REIT's trustee or must be approved by a majority of votes by the minority unitholders of OUE C-REIT at a meeting of unitholders. The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders.

37 DIVIDENDS

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

For the year ended 31 December

	Note	Group and Company 2019 $'000	2018 $'000
Paid by the Company to owners of the Company			
Interim dividend of 1 cent (2018: 1 cent) per ordinary share in respect of current year		9,015	9,015
Final dividend of 1 cent (2018: 2 cents) per ordinary share in respect of prior year		9,015	18,036
Special dividend of 11 cents (2018: Nil) per ordinary share in respect of prior year		99,167	–
	35	117,197	27,051

37 DIVIDENDS (CONT'D)

	Group	
	2019	2018
	$'000	$'000
Paid by subsidiaries to NCI		
Distribution of 2.21 cents (2018: 2.18 cents) per qualifying unit in respect of current year	27,696	14,929
Distribution of 1.30 cents (2018: 2.29 cents) per qualifying unit in respect of prior year	16,293	15,683
Final dividend of 17.0 cents (2018: 18.0 cents) per ordinary share in respect of prior year	6,800	7,200
	50,789	37,812

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	
	2019	2018
	$'000	$'000
Final dividend of 1 cent (2018: 1 cent) per ordinary share	9,015	9,015
Special dividend of 4 cents (2018: 11 cents) per ordinary share	36,061	99,167
	45,076*	108,182*

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 901,515,860 (2018: 901,515,860) as at 31 December 2019.

38 LITIGATION CASES

OUELH Group, a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2019.

(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 were 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 the notices of default.

Separately, the Funds have counter-sued for damages, on the basis that OUELH 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. The Funds have since withdrawn this action in July 2019, and paid costs to OUELH.

In 2017, OUELH commenced further proceedings for a declaration that it had validly avoided the standby facility extended to OUELH for contravention of Section 76 of the Companies Act. OUELH 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.

In July 2018, the High Court declared that OUELH had validly avoided the standby facility and its related contracts and transactions. Following upon the High Court's decision, OUELH commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided standby facility. OUELH also took out court applications for the release of part of the net proceeds of sale of the underlying assets of IHC Medical (the "Release Applications") which are held by the Funds pursuant to an Order of Court.

The Funds' appeal against the High Court's decision on the avoidance of the standby facility was dismissed in September 2019. The Funds have commenced proceedings against OUELH for statutory relief under the Companies Act arising from the avoidance of the standby facility.

As at 31 December 2019, the proceedings and the Release Applications are still on-going. The outcome of the proceedings remains uncertain.

38 LITIGATION CASES (CONT'D)

(b) *Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries of OUELH*

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. ("Health Kind Shanghai") and Wuxi Co.

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

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

In 2019, OUELH commenced further recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 31 December 2019, OUELH has obtained permission to enforce the award in Hong Kong and Taiwan. The enforcement proceeding in Shanghai is still on-going.

In 2018, Wuxi Yilin Health Management Co Ltd ("Wuxi Yilin Health"), a subsidiary of OUELH commenced proceedings against David Lin for damages for breaches of his duties to Wuxi Yilin Health.

In 2019, the Wuxi Intermediate Court dismissed Wuxi Yilin Health's claim against David Lin. Wuxi Yilin Health has appealed against the Wuxi Intermediate Court's decision. As at 31 December 2019, the appeal proceedings are still on-going.

In 2018, Health Kind Shanghai commenced proceedings against David Lin for breaches of his duties to Health Kind Shanghai, and for the return of 100% of the shares in Wuxi Co.

In 2019, the Shanghai No. 1 Intermediate Court dismissed the application filed by Health Kind Shanghai. Health Kind Shanghai has appealed against the decision. As at 31 December 2019, the appeal proceedings are still on-going.

In 2018, Weixin, a company controlled by David Lin, commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate") for the return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital sits on).

In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin has appealed against the judgement to the Wuxi Intermediate District Court. As at 31 December 2019, a hearing has not been fixed for the appeal.

In 2018, Wuxi Yilin Real Estate commenced legal proceedings against Wuxi Co for outstanding rental under a tenancy agreement dated 7 February 2015 in relation to the property at 20 Chang Jiang North Road and an equipment rental agreement dated 15 January 2015. As at 31 December 2019, the proceedings are stayed pending the outcome of the land litigation.

In accordance to paragraph 92 of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice OUELH Group's legal position in the proceedings.

39 COMMITMENTS

Capital commitments

Other than as disclosed elsewhere in the financial statements, the Group has the following capital commitments:

	Group	
	2019	2018
	$'000	$'000
Property, plant and equipment	1,575	2,399
Investment properties	9,144	6,251
Development property	–	20,756

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.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's and the Company's receivables from customers, debt investments, and the Company's loans and non-trade amounts due from subsidiaries. Rental deposits are received, where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk.

Trade receivables and other receivables, other assets, and loans to subsidiaries

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries at the reporting date by geographic region was:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
By geographical areas				
Singapore	102,449	76,277	2,366,790	2,489,736
United States of America	2,542	3,041	18,310	9,875
Indonesia	16,215	25,291	420	579
The People's Republic of China	2,605	2,750	7	26
Others	1,688	3,634	621,031	609,838
	125,499	110,993	3,006,558	3,110,054

There is no concentration of customer risk at the Group and Company level, other than balances with related parties.

40 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs for trade receivables. In measuring the ECLs, trade receivables are grouped based on similar credit risk characteristics and days past due. Loss rates are based on actual credit loss experience over the past 3 – 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECLs for trade receivables as at 31 December 2019 and 31 December 2018 is insignificant.

For other receivables, other assets and loan to subsidiaries, the Group and the Company assess on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Not past due	92,422	59,453	3,170,448	3,220,853
Past due 1 – 30 days	5,115	4,006	4,558	5,088
Past due 31 – 60 days	1,089	2,052	2,668	4,126
Past due over 60 days	37,152*	46,528*	19,457	16,234
	135,778	112,039	3,197,131	3,246,301
Less: Impairment loss	(10,279)	(1,046)	(190,573)(1)	(136,247)(1)
	125,499	110,993	3,006,558	3,110,054

* Included amounts due from Deconsolidated subsidiaries of OUELH (note 13(ii) and 38(a)).

(1) The Company has non-trade receivables from its subsidiaries of $1,067,938,000 (2018: $1,062,524,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the impairment on these balances has been measured on the 12 month ECLs basis; the impairment loss amounted to $6,700,000 (2018: $8,100,000) as at 31 December 2019.

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries

The movement in the impairment loss in respect of trade receivables was as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January	1,045	1,124	770	339
Impairment loss recognised	6	647	11	431
Utilised	(128)	(387)	(8)	–
Effects of movements in exchange rates	(101)	(339)	–	–
At 31 December	822	1,045	773	770

40 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries (cont'd)

The movement in the impairment loss in respect of other receivables and other assets (excluding promissory notes and prepayments) was as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
At 1 January	1	113	8,100	–
Impairment loss recognised/(reversed)	9,456	–	(1,400)	8,100
Utilised	–	(112)	–	–
At 31 December	9,457	1	6,700	8,100

The movement in the impairment loss in respect of loans to subsidiaries was as follows:

	Company	
	2019 $'000	2018 $'000
At 1 January	127,377	59,314
Impairment loss recognised	56,274	67,673
Effects of movements in exchange rates	(551)	390
At 31 December	183,100	127,377

Derivatives

Derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Group	
	2019 $'000	2018 $'000
Singapore	19,830	19,779
Indonesia	13,464	13,047
	33,294	32,826

There is no impairment recognised on the debt investments as at 31 December 2019 and the ECLs is not material.

Cash and cash equivalents

Cash and cash equivalents held by the Group and Company of $477,712,000 and $195,805,000 respectively as at 31 December 2019 (2018: $409,371,000 and $161,395,000) represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance of impairment on cash and cash equivalents was negligible.

40 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Guarantees

The Company provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees is disclosed in note 27.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its liquidity management, the Group maintains sufficient level of cash and cash equivalents, and instruments that are readily convertible into cash. The Group also strives to maintain available credit facilities at a reasonable level to its overall debt position.

The Group has contractual commitments to incur capital expenditure with regard to its property, plant and equipment, investment properties and development property, and capital commitments for financial assets designated at FVOCI.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Group						
31 December 2019						
Non-derivative financial liabilities						
Trade and other payables	260,388	(260,388)	(203,723)	(22,407)	(25,804)	(8,454)
Lease liabilities	26,104	(63,123)	(1,405)	(1,051)	(3,000)	(57,667)
Borrowings*	3,836,016	(4,015,305)	(1,691,432)	(731,317)	(1,592,556)	–
Convertible bonds	153,607	(170,548)	(2,321)	(2,321)	(165,906)	–
	4,276,115	(4,509,364)	(1,898,881)	(757,096)	(1,787,266)	(66,121)
Derivative financial instruments						
Derivative liabilities						
Interest rate swaps (net-settled)	17,311	(17,224)	(9,400)	(7,824)	–	–
Capital commitments for financial assets designated at FVOCI	–	(12,322)	(12,322)	–	–	–
	4,293,426	(4,538,910)	(1,920,603)	(764,920)	(1,787,266)	(66,121)

* Excluding convertible bonds (2018: convertible and exchangeable bonds)

40 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Group						
31 December 2018						
Non-derivative financial liabilities						
Trade and other payables	251,982	(251,982)	(201,297)	(15,641)	(27,107)	(7,937)
Borrowings*	3,202,066	(3,495,155)	(795,461)	(829,182)	(1,772,758)	(97,754)
Convertible bonds	149,100	(172,878)	(2,321)	(2,328)	(168,229)	–
Exchangeable bonds	145,089	(169,270)	(4,500)	(4,512)	(160,258)	–
	3,748,237	(4,089,285)	(1,003,579)	(851,663)	(2,128,352)	(105,691)
Derivative financial instruments						
Derivative assets						
Forward exchange contracts (gross-settled):	(131)					
- Inflow		14,325	14,325	–	–	–
- Outflow		(14,198)	(14,198)	–	–	–
Interest rate swaps (net-settled)	(116)	121	121	–	–	–
	(247)	248	248	–	–	–
Derivative liabilities						
Forward exchange contracts (gross-settled):						
- Inflow	9	2,604	2,604	–	–	–
- Outflow	–	(2,609)	(2,609)	–	–	–
Interest rate swaps (net-settled)	7,960	(8,160)	(3,699)	(3,285)	(1,176)	–
	7,969	(8,165)	(3,704)	(3,285)	(1,176)	–
Capital commitments for financial assets designated at FVOCI	–	(11,296)	(11,296)	–	–	–
	3,755,959	(4,108,498)	(1,018,331)	(854,948)	(2,129,528)	(105,691)
Company						
31 December 2019						
Non-derivative financial liabilities						
Trade and other payables	166,565	(166,565)	(166,155)	(410)	–	–
Lease liabilities	737,691	(1,060,629)	(45,057)	(45,057)	(135,112)	(835,403)
Borrowings*	299,840	(303,270)	(303,270)	–	–	–
Convertible bonds	153,607	(170,548)	(2,321)	(2,321)	(165,906)	–
Loan from a subsidiary	283,763	(295,114)	(295,114)	–	–	–
	1,641,466	(1,996,126)	(811,917)	(47,788)	(301,018)	(835,403)
31 December 2018						
Non-derivative financial liabilities						
Trade and other payables	246,720	(246,720)	(246,715)	(5)	–	–
Borrowings*	498,617	(521,712)	(218,433)	(303,279)	–	–
Convertible bonds	149,100	(172,878)	(2,321)	(2,328)	(168,229)	–
Exchangeable bonds	145,089	(169,270)	(4,500)	(4,512)	(160,258)	–
Loan from a subsidiary	226,341	(234,663)	(234,663)	–	–	–
	1,265,867	(1,345,243)	(706,632)	(310,124)	(328,487)	–

* Excluding convertible bonds (2018: convertible and exchangeable bonds)

40 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact profit or loss.

Market risk

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

Currency risk

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

The Group is exposed to foreign currency risk mainly arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk includes United States Dollars ("USD"), Indonesia Rupiah ("IDR") and Hong Kong Dollar ("HKD"). Currency exposure to the net assets of the Group's subsidiaries are mainly to those in the United States of America, and Indonesia (2018: United States of America, Indonesia and Hong Kong).

The Group management monitors the Group's foreign currency risk exposure and when appropriate, uses financial derivatives such as currency forward contracts and cross currency swaps to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

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	HKD $'000
31 December 2019			
Cash and cash equivalents	9,469	–	378
Trade and other receivables	73,635	–	–
Other investments	105,177	57,093	–
Other assets	13,447	–	–
	201,728	57,093	378
31 December 2018			
Cash and cash equivalents	137,862	–	3,261
Trade and other receivables	235,452	–	–
Other investments	52,423	13,047	445,226
Other assets	16,560	–	–
	442,297	13,047	448,487

40 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Exposure to currency risk (cont'd)

The Company's exposure to currency risk (expressed in SGD equivalent) is as follows:

	Company 2019 USD $'000	Company 2018 USD $'000
Cash and cash equivalents	221	82,945
Trade and other receivables	–	532
Due from subsidiaries	4,691	10,029
Loans to subsidiaries	329,493	485,220
Due to subsidiaries	–	(3,992)
	334,405	574,734

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
2019				
USD (1% strengthening)	1,523	494	3,344	–
IDR (3% strengthening)	647	1,066	–	–
HKD (1% strengthening)	4	–	–	–
2018				
USD (2% strengthening)	8,158	688	11,495	–
IDR (5% strengthening)	652	–	–	–
HKD (2% strengthening)	65	8,905	–	–

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark IBOR with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates ("SIBOR") and Singapore swap offer rates ("SOR"), and the transition from SOR to the Singapore Overnight Rate Average ("SORA"), is also ongoing.

The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rate. However, the Group's cash flow hedging relationships extend beyond the anticipated cessation dates for SOR. The Group expects that SOR will be replaced by other benchmark rates, but there is uncertainty over the timing and amount of the replacement rate cash flows.

The Group applies the principles of the amendments to these hedging relationships directly affected by IBOR reform, namely the hedges of SOR, and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of IBOR reform.

40 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash balances, loans to/from subsidiaries and associates and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed rate instruments				
Cash and cash equivalents*	39,622	29,293	–	–
Other investments	13,464	13,047	–	–
Loans to subsidiaries	–	–	1,268,198	1,299,522
Loans to associates	–	31,931	–	31,931
Borrowings	(1,004,750)	(1,354,750)	(454,750)	(804,750)
Loan from a subsidiary	–	–	(283,763)	(226,341)
Interest rate swaps	(1,855,000)	(1,155,000)	–	–
	(2,806,664)	(2,435,479)	529,685	300,362
Variable rate instruments				
Cash and cash equivalents*	77,883	157,099	40,000	94,496
Other investments	19,830	19,779	–	–
Loans to subsidiaries	–	–	92,872	94,174
Borrowings	(3,002,990)	(2,172,229)	–	–
Interest rate swaps	1,855,000	1,155,000	–	–
	(1,050,277)	(840,351)	132,872	188,670

* Excluding cash at bank and on hand

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less.

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)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2018: 50) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
2019				
Group				
Variable rate instruments	(14,526)	14,526	–	–
Interest rate swaps	9,091	(9,073)	1,227	(1,212)
	(5,435)	5,453	1,227	(1,212)
Company				
Variable rate instruments	664	(664)	–	–
2018				
Group				
Variable rate instruments	(9,977)	9,977	–	–
Interest rate swaps	7,309	(7,337)	492	(644)
	(2,668)	2,640	492	(644)
Company				
Variable rate instruments	943	(943)	–	–

Other market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk arises from equity instruments at FVOCI as well as investments measured at FVTPL.

(a) The Group and the Company have investments in equity securities and interests in limited partnerships designated at FVOCI. The fair values of these investments are estimated based on the quoted market price of the investments; or adjusted net asset values of the investee entities.

If the quoted market price/adjusted net asset value of the investee entities were to increase/decrease by 10% (2018: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately $8,397,000 (2018: $63,225,000) and Nil (2018: $15,404,000) respectively.

(b) The Group is exposed to price changes from its quoted equity investments and investment in mutual funds. If the fair value of these investments were to increase/decrease by 10% (2018: 10%) at the reporting date, profit before tax and OCI (net of tax) would increase/decrease by approximately $7,676,000 (2018: $3,589,000) and $2,950,000 (2018: $44,106,000) respectively.

For the Group's and Company's unquoted equity investments and interest in limited partnerships, a 10% (2018: 10%) increase/decrease in the discount rate applied, where applicable, would have decreased/increased the Group's and the Company's OCI by approximately $5,447,000 (2018: $29,390,000) and Nil (2018: $25,675,000) respectively.

40 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow and interest rate hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity		
	1-6 months	6-12 months	More than one year
2019			
Interest rate risk			
Interest rate swaps			
Net exposure ($'000)	–	470,000	1,385,000
Average fixed interest rate	–	1.59% - 1.93%	1.46% - 2.17%
2018			
Interest rate risk			
Interest rate swaps			
Net exposure ($'000)	390,000	50,000	715,000
Average fixed interest rate	1.93%	1.75%	2.08%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000
31 December 2019			
Interest rate risk			
Variable-rate instruments	8,310	(12,355)	–
31 December 2018			
Interest rate risk			
Variable-rate instruments	(763)	(3,322)	–

40 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December				During the period				
Group	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffective-ness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffective-ness	Amount reclassified from hedging reserve to profit or loss $'000	Line item in profit or loss affected by the reclassifica-tion
2019									
Interest rate risk									
Interest rate swaps	1,855,000	–	(17,311)	Derivative assets/ liabilities	(9,898)	2,726	Finance income	682	Finance cost
2018									
Interest rate risk									
Interest rate swaps	1,155,000	116	(7,960)	Derivative assets/ liabilities	(13)	2,874	Finance income	1,705	Finance cost

Master netting or similar agreements

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						
31 December 2019						
Financial liabilities						
Interest rate swaps used for hedging	30	(17,311)	–	(17,311)	–	(17,311)
31 December 2018						
Financial assets						
Interest rate swaps used for hedging	30	116	–	116	(105)	11
Financial liabilities						
Interest rate swaps used for hedging	30	(7,960)	–	(7,960)	105	(7,855)

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2019 and 31 December 2018.

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 NCIs.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by net tangible assets. Net debt is calculated as borrowings less cash and cash equivalents. Net tangible assets is calculated as total equity less intangible assets and goodwill.

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Borrowings	3,989,623	3,496,255	453,447	792,806
Less: Cash and cash equivalents	(477,712)	(409,371)	(195,805)	(161,395)
	3,511,911	3,086,884	257,642	631,411
Net tangible assets	6,075,487	5,100,121	3,052,397	3,087,728
Net gearing ratio	57.8%	60.5%	8.4%	20.4%

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 Code on Collective Investment Schemes (the "CIS Code") issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property (as defined in the CIS Code). The Aggregate Leverage of OUE C-REIT Group as at 31 December 2019 was 40.3% (2018: 39.3%) 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. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2019											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	76,755	–	–	–	76,755	32,526	44,229	–	76,755
Equity investments - FVOCI	15	–	–	46,780	–	–	46,780	35,539	–	11,241	46,780
Interests in limited partnerships - FVOCI	15	–	–	54,391	–	–	54,391	–	–	54,391	54,391
		–	76,755	101,171	–	–	177,926				
Financial assets not measured at fair value											
Cash and cash equivalents	12	477,712	–	–	–	–	477,712				
Trade and other receivables[1]	13	65,499	–	–	–	–	65,499				
Debt investments – at amortised costs	15	33,294	–	–	–	–	33,294	–	–	32,904	32,904
Other assets[2]	17	60,000	–	–	–	–	60,000				
		636,505	–	–	–	–	636,505				
Financial liabilities measured at fair value											
Derivative liabilities	30	–	–	–	(17,311)	–	(17,311)	–	(17,311)	–	(17,311)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(203,723)	(203,723)				
Borrowings:											
- Loans and other borrowings	27	–	–	–	–	(2,988,443)	(2,988,443)				
- Bonds and notes	27	–	–	–	–	(1,001,180)	(1,001,180)	–	(1,008,480)	–	(1,008,480)
Other payables:											
- Rental deposits	31	–	–	–	–	(55,697)	(55,697)	–	–	(52,984)	(52,984)
- Retention sums payable	31	–	–	–	–	(968)	(968)	–	–	(968)	(968)
		–	–	–	–	(4,250,011)	(4,250,011)				

(1) Excluding promissory notes
(2) Excluding prepayments

40 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2018											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	35,889	–	–	–	35,889	23,490	12,399	–	35,889
Equity investments - FVOCI	15	–	–	595,102	–	–	595,102	441,062	–	154,040	595,102
Interests in limited partnerships - FVOCI	15	–	–	37,150	–	–	37,150	–	–	37,150	37,150
Derivative assets	30	–	131	–	116	–	247	–	247	–	247
		–	36,020	632,252	116	–	668,388				
Financial assets not measured at fair value											
Cash and cash equivalents	12	409,371	–	–	–	–	409,371				
Trade and other receivables[1]	13	68,677	–	–	–	–	68,677				
Debt investments – at amortised costs	15	32,826	–	–	–	–	32,826	–	–	32,370	32,370
Other assets[2]	17	42,316	–	–	–	–	42,316				
		553,190	–	–	–	–	553,190				
Financial liabilities measured at fair value											
Derivative liabilities	30	–	(582)	–	(7,960)	–	(8,542)	–	(8,542)	–	(8,542)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(201,297)	(201,297)				
Borrowings:											
- Loans and other borrowings	27	–	–	–	–	(2,156,726)	(2,156,726)				
- Bonds and notes	27	–	–	–	–	(1,339,529)	(1,339,529)	–	(1,284,356)	–	(1,284,356)
Other payables:											
- Rental deposits	31	–	–	–	–	(50,331)	(50,331)	–	–	(46,926)	(46,926)
- Retention sums payable	31	–	–	–	–	(354)	(354)				
		–	–	–	–	(3,748,237)	(3,748,237)				

(1) Excluding promissory notes
(2) Excluding prepayments

40 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value			
		Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2019								
Financial assets not measured at fair value								
Cash and cash equivalents	12	195,805	–	195,805				
Trade and other receivables	13	1,098,183	–	1,098,183				
Other assets[1]	17	3,122	–	3,122				
Loans to subsidiaries	20	1,905,253	–	1,905,253				
		3,202,363	–	3,202,363				
Financial assets not measured at fair value								
Loan from a subsidiary	20	–	(283,763)	(283,763)				
Trade and other payables	26	–	(166,155)	(166,155)				
Borrowings:								
- Bonds and notes	27	–	(453,447)	(453,447)	–	(455,095)	–	(455,095)
Other payables	31	–	(410)	(410)	–	–	(396)	(396)
		–	(903,775)	(903,775)				

	Note	Carrying amount				Fair value			
		Amortised cost $'000	Designated at FVOCI $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2018									
Financial asset measured at fair value									
Equity investments - FVOCI	15	–	154,040	–	154,040	–	–	154,040	154,040
Financial assets not measured at fair value									
Cash and cash equivalents	12	161,395	–	–	161,395				
Trade and other receivables	13	1,088,521	–	–	1,088,521				
Other assets[1]	17	3,936	–	–	3,936				
Loans to subsidiaries	20	2,017,597	–	–	2,017,597				
		3,271,449	–	–	3,271,449				
Financial liabilities not measured at fair value									
Loan from a subsidiary	20	–	–	(226,341)	(226,341)				
Trade and other payables	26	–	–	(246,715)	(246,715)				
Borrowings:									
- Bonds and notes	27	–	–	(792,806)	(792,806)	–	(761,271)	–	(761,271)
Other payables	31	–	–	(5)	(5)	–	–	(4)	(4)
		–	–	(1,265,867)	(1,265,867)				

(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			
Equity investments – FVOCI Interests in limited partnerships – FVOCI	The fair value is calculated using the quoted market price; or adjusted net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the lack of marketability of the investment, where appropriate.	Discount rate of 0% (2018: 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 - FVTPL	The fair value is calculated using the adjusted net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
Borrowings - bonds and notes	Market quoted prices
Other investments - debt investments	Discounted cash flows
Other payables – rental deposits	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 in respect of financial assets measured at fair value:

	Group $'000	Company $'000
Equity investments and interests in limited partnerships - FVOCI		
At 1 January 2019	191,190	154,040
Purchases	23,781	–
Disposals	(200,000)	(200,000)
Net changes in fair values recognised in other comprehensive income	50,713	45,960
Effect of movements in exchange rates	(52)	–
At 31 December 2019	65,632	–
At 1 January 2018	193,236	171,271
Purchases	9,511	–
Net changes in fair values recognised in other comprehensive income	(11,609)	(17,231)
Effect of movements in exchange rates	52	–
At 31 December 2018	191,190	154,040

41 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group 2019 $'000	Group 2018 $'000
Short-term employee benefits	5,692	3,641
Post-employment benefits (including contributions to defined contribution plans)	21	21
	5,713	3,662

Key management personnel and director transactions

The aggregate value of transactions with key management personnel and entities over which they have control or joint control were as follows:

	Group Transaction value for the year 2019 $'000	Group Transaction value for the year 2018 $'000
Sale of a property	95,000	–

During the year, the Group sold a residential property at on 26A Nassim Road to Dr. Stephen Riady. The sale price was arrived at after taking into account various factors, including independent valuation reports and was fully paid as at 31 December 2019.

The terms and conditions of the transaction with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related entities on an arm's length basis

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

	Group Transaction value for the year 2019 $'000	Group Transaction value for the year 2018 $'000
Associates and joint ventures		
Rental and rental related income	530	849
Management fees earned	16,854	6,074
Lease payments	15,391	95,832
Reimbursement of expenses paid on behalf	–	1,516
Other related parties		
Rental and rental related income	1,584	1,608
Hotel services income	384	442
Purchase of food and beverage products	81	196
Professional fees paid/payable	100	141
Rental expense	–	245
Reimbursement of expenses paid on behalf	61	753
Acquisition of a subsidiary from related party	–	98,884
Acquisition of interests in an equity-accounted investee from a related party	–	102,653

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 19 and 20 of the financial statements. None of the outstanding balances with the related parties is secured.

42 OPERATING SEGMENTS

The Group has six (2018: six) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's executive committee (the chief operating decision makers) review internal management reports of each division at least quarterly. The executive committee comprises the Chief Executive Officer, the Chief 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 and management of real estate investment trusts.

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

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

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

(v) Consumer – operation of food and beverage outlets.

(vi) Investment holding

Other operations include mainly investment trading operations and do not meet any of the quantitative thresholds for determining reportable segments in 2019 and 2018.

42 OPERATING SEGMENTS (CONT'D)

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

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

	Property investments			Hospitality		Property development						
2019	Singapore $'000	United States of America $'000	The People's Republic of China $'000	Singapore $'000	Others $'000	Singapore $'000	Healthcare $'000	Consumer $'000	Investment holding $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue												
External revenue	199,663	57,323	30,621	238,600	2,605	349,611	30,993	20,983	–	930,399	438	930,837
Inter-segment revenue	47,292	4,060	–	708	–	–	–	41	–	52,101	(52,101)	–
Segment revenue (including inter-segment revenue)	246,955	61,383	30,621	239,308	2,605	349,611	30,993	21,024	–	982,500	(51,663)	930,837
Segment profit/(loss)[1]	192,855	22,182	25,273	38,090	2,224	16,674	18,628	(6,669)	136,061	445,318	(115,023)	330,295
Depreciation of property, plant and equipment	(536)	(12)	(41)	(14,334)	(6)	–	(967)	(1,944)	–	(17,840)	(1,879)	(19,719)
Depreciation of right-of-use assets	(136)	–	–	(30,071)	–	–	(1,023)	(129)	–	(31,359)	–	(31,359)
Finance expenses	(71,252)	(23,127)	(1,280)	(23,633)	(18)	(4,271)	(10,311)	(1,140)	(34,761)	(169,793)	(258)	(170,051)
Finance income	2,529	155	813	141	–	173	232	2,170	15,863	22,076	(9,899)	12,177
Share of results of equity-accounted investees, net of tax	18,939	–	–	1,384	(34)	–	3,403	155	146,803	170,650	28	170,678
Other material items												
Net change in fair value of investment properties	(16,969)	1,751	(100)	–	–	–	(479)	–	–	(15,797)	–	(15,797)
Gain on disposal of interests in equity-accounted investees	–	–	–	–	–	–	–	–	–	–	136,582	136,582
Impairment loss on interests in equity-accounted investees	–	–	–	–	–	–	–	–	(9,024)	(9,024)	–	(9,024)
Gain on derecognition of right-of-use assets and lease liabilities	–	–	–	75,439	–	–	–	–	–	75,439	–	75,439
Gain on derecognition of other liabilities	–	–	–	15,461	–	–	–	–	–	15,461	–	15,461
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	–	(5,449)	(5,449)
Reversal of impairment loss on a development property	–	–	–	–	–	315	–	–	–	315	–	315
31 December 2019												
Reportable segment assets[2]	4,898,645	901,535	609,731	1,775,109	1,997	174,310	604,956	24,101	404,750	9,395,134	417,752	9,812,886
Interests in equity-accounted investees	–	–	–	–	1,089	–	208,302	8,677	703,546	921,614	–	921,614
Reportable segment liabilities	2,831,292	267,095	48,574	26,410	182	76,433	226,869	6,748	261	3,483,864	1,133,491	4,617,355
Capital expenditure	9,598	–	197	5,240	–	–	3,464	8,546	16	27,061	2,274	29,335

1 Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
2 Excluding interests in equity-accounted investees

42 OPERATING SEGMENTS (CONT'D)

	Property investments			Hospitality		Property development						
2018	Singapore $'000	United States of America $'000	The People's Republic of China $'000	Singapore $'000	Others $'000	Singapore $'000	Healthcare $'000	Consumer $'000	Investment holding $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue												
External revenue	184,609	59,964	31,918	234,001	2,647	65,903	30,878	17,190	15,646	642,756	141	642,897
Inter-segment revenue	13,708	2,965	–	155	–	–	–	–	–	16,828	(16,828)	–
Segment revenue (including inter-segment revenue)	198,317	62,929	31,918	234,156	2,647	65,903	30,878	17,190	15,646	659,584	(16,687)	642,897
Segment profit/(loss)[1]	148,367	25,886	25,958	4,324	2,354	6,391	2,129	(11,822)	13,864	217,451	(34,974)	182,477
Depreciation	(695)	(22)	(39)	(624)	(6)	–	(1,654)	(1,787)	(29)	(4,856)	(2,003)	(6,859)
Finance expenses	(68,044)	(21,665)	(1,487)	(371)	(14)	(4,612)	(10,671)	(2,140)	(26,174)	(135,178)	(4,228)	(139,406)
Finance income	6,960	158	591	113	–	81	431	7	19,764	28,105	(9,913)	18,192
Share of results of equity-accounted investees, net of tax	30,694	–	–	5,869	5	–	3,759	–	(373)	39,954	302	40,256
Other material items												
Net change in fair value of investment properties	27,106	43,774	13,046	–	–	–	56	–	–	83,982	–	83,982
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	–	(15,526)	(15,526)
Loss on disposal of interests in equity-accounted investees	–	–	–	–	–	–	–	–	(10,384)	(10,384)	–	(10,384)
Impairment loss on goodwill	–	–	–	–	–	–	(19,159)	–	–	(19,159)	–	(19,159)
Reversal of impairment loss on a development property	–	–	–	–	–	895	–	–	–	895	–	895
31 December 2018												
Reportable segment assets[2]	4,631,683	914,891	611,086	50,314	3,757	484,295	595,755	18,617	579,932	7,890,330	635,091	8,525,421
Interests in equity-accounted investees	497,114	–	–	51,993	12,106	–	177,291	518	–	739,022	1,374	740,396
Reportable segment liabilities	1,788,854	288,077	54,104	49,595	198	277,016	209,167	7,049	251	2,674,311	1,452,299	4,126,610
Capital expenditure	8,330	13,036	109	162	–	–	885	5,240	301	28,063	890	28,953

1 Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
2 Excluding interests in equity-accounted investees

42 OPERATING SEGMENTS (CONT'D)

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

	2019 $'000	2018 $'000
Revenue		
Total revenue for reportable segments	982,500	659,584
Unallocated amounts	438	141
Elimination of inter-segment revenue	(52,101)	(16,828)
Consolidated total revenue	930,837	642,897
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for reportable segments	445,318	217,451
Elimination of inter-segment profits	(32,412)	(453)
Finance expenses	(170,051)	(139,406)
Finance income	12,177	18,192
Other gains – net	197,279	42,381
Unallocated corporate expenses	(82,611)	(34,521)
Consolidated profit before tax	369,700	103,644

Reconciliations of reportable segment assets and liabilities

	2019 $'000	2018 $'000
Assets		
Total assets for reportable segments	9,395,134	7,890,330
Interests in equity-accounted investees	921,614	740,396
	10,316,748	8,630,726
Elimination of inter-segment balances	(1,792)	(9,981)
Other unallocated amounts		
- Property, plant and equipment	7,711	8,376
- Cash and cash equivalents	193,330	226,578
- Trade and other receivables	26	3,890
- Other investments	181,544	382,941
- Other assets	25,828	5,493
- Derivative assets	–	131
- Deferred tax assets	11,105	17,663
Consolidated total assets	10,734,500	9,265,817
Liabilities		
Total liabilities for reportable segments	3,483,864	2,674,311
Other unallocated amounts		
- Borrowings	851,337	1,189,916
- Trade and other payables	22,618	16,796
- Current tax liabilities	37,019	36,240
- Deferred tax liabilities	222,517	208,763
- Other liabilities	–	3
- Derivative liabilities	–	581
Consolidated total liabilities	4,617,355	4,126,610

42 OPERATING SEGMENTS (CONT'D)

Geographical information

	Revenue 2019 $'000	Revenue 2018 $'000	Non-current assets * 2019 $'000	Non-current assets * 2018 $'000
Singapore	803,736	490,710	6,749,989	5,365,682
The People's Republic of China	33,551	56,828	1,337,500	695,984
United States of America	74,226	73,602	889,819	900,936
Japan	16,983	16,575	299,892	290,263
Others	2,341	5,182	88,842	61,286
	930,837	642,897	9,366,042	7,314,151

* 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 2019 and 2018.

43 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

At the time of acquisition of subsidiaries that own real estate, 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 2019

Acquisition of OUE H-TRUST

On 4 September 2019, the Group's subsidiary, OUE C-REIT completed the merger with OUE H-TRUST by way of a trust scheme of arrangement. OUE H-TRUST owns a portfolio of three properties.

The purchase consideration of $1,342,426,000 was settled by a cash consideration of $74,754,000 and issuance of 2,491,774,895 new units in OUE C-REIT, amounting to $1,267,672,000, which was the fair value of the net assets of OUE H-TRUST at the date of acquisition less the cash consideration. The Merger was accounted for as an asset acquisition.

Following the completion of the merger on 4 September 2019, OUE H-TRUST ceased to be an associate and was consolidated as a subsidiary of the Group via the Group's interest in OUE C-REIT.

The fair value of identifiable assets and liabilities of OUE H-TRUST as at 3 September 2019 (the Merger date) and the cashflow effect of the Merger were:

	Note	2019 $'000
Investment property	22	494,067
Property, plant and equipment - Leashold, land and building	23	1,724,505
Rights-of-use assets	24	26,774
Trade and other receivables		17,383
Cash and cash equivalents		31,674
Borrowings		(870,018)
Trade and other payables		(52,926)
Lease liability		(26,373)
Current tax liabilities		(800)
Derivatives		(1,860)
Total identifiable net assets at fair value		1,342,426

43 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

	2019 $'000
Effect of the acquisition on cash flows	
Purchase consideration	1,342,426
Less:	
- Cash at bank of subsidiaries acquired	(31,674)
- NCI based on their proportionate interest in the recognised amount of the assets and liabilities	(861,723)
- Carrying amount of interest in OUE H-TRUST on 3 September 2019	(429,819)
Net cash outflow on the Merger, net of cash acquired	19,210

Acquisition of Bowsprit

On 26 October 2018 (the "acquisition date"), the Company together with its subsidiary, OUELH, completed the acquisition of 100% equity interests and voting rights in Bowsprit for a total cash consideration of $98,884,000. Bowsprit's principal activities relate to the provision of asset management and related advisory services, as well as business and management consultancy services. Bowsprit is the manager of First REIT, a real estate investment trust that is listed on the mainboard of SGX-ST. The acquisition provides the Group with the opportunity to enhance its asset management platform.

In 2018, a provisional negative goodwill of $5,451,000 was recognised on the acquisition based on the difference between the consideration and the provisional fair value of the identifiable assets and liabilities at the date of the acquisition.

In accordance with SFRS(I) 3 *Business Combinations*, the fair value of the identifiable assets and liabilities was determined provisionally for the acquisition in 2018. The Group engaged an external expert to perform a PPA exercise for the acquisition of equity interest in Bowsprit and additional information was obtained as part of the process of finalising the PPA during the twelve month period allowed under SFRS(I) 3. This has resulted in certain aspects of the PPA being revised to reflect the finalisation of the allocation process.

The impact of these revisions on identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	Note	As previously reported $'000	Adjustments $'000	Revised $'000
Cash and cash equivalents		937	–	937
Trade and other receivables		6,542	–	6,542
Other assets		144	–	144
Intangible assets	18	35,776	1,032	36,808
Property, plant and equipment	23	77	–	77
Other investments		69,922	–	69,922
Trade and other payables		(733)	–	(733)
Current tax liabilities		(1,249)	–	(1,249)
Deferred tax liabilities	25	(6,081)	(175)	(6,256)
Total identifiable net assets acquired		105,335	857	106,192
Negative goodwill arising from acquisition		(5,451)	(857)	(6,308)
Transaction costs		(1,000)	–	(1,000)
Purchase consideration		98,884	–	98,884
Transaction costs paid		1,000	–	1,000
Less: Cash acquired		(937)	–	(937)
Net cash outflow		98,947	–	98,947

The PPA exercise was finalised in 2019 and all the above fair value adjustments have been recognised in the statement of comprehensive income and statement of financial position during the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

FINANCIAL STATEMENTS

43 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

Financial year ended 31 December 2018

Acquisition of Brainy World Holdings Limited ("BWH")

On 2 January 2018, OUELH acquired 100% equity interests in BWH, a limited company incorporated in the British Virgin Islands for a consideration of HKD14,578,000 (equivalent to $2,544,000) for the purchase of the entire issued share capital of BWH and the assignment of an outstanding loan due from Lippo Investments Limited. Lippo Investments Limited is an affiliated corporation of the Group.

BWH is an investment holding company which owns 50% equity interest in a joint venture company that is authorised to provide healthcare related services. The acquisition provides OUELH with the opportunity to grow its business in the People's Republic of China.

From the acquisition date, 2 January 2018 to 31 December 2018, BWH and its subsidiaries contributed loss of $534,000 to the Group's result. There was no material impact to the Group's consolidated profit for the year if the acquisition had occurred on 1 January 2018.

Identifiable assets acquired and liabilities assumed

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

	$'000
Cash and cash equivalents	424
Interests in equity-accounted investee	1,780
Trade and other payables	(5,261)
Net identifiable assets and liabilities acquired	(3,057)

Cash flows relating to the acquisition

	$'000
Purchase consideration	*
Less: Cash acquired	424
Add: Payment for loan assigned	(2,544)
Net cash outflow	(2,120)

* Less than $1,000

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred	*
Fair value of identifiable net assets and liabilities	3,057
Goodwill	3,057

* Less than $1,000

The goodwill was attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business. None of the goodwill recognised was expected to be deductible for tax purposes.

(b) Disposal of subsidiaries

Financial year ended 31 December 2018

The Group completed the disposal of Alpha Group together with the novation of the shareholder's loan on 25 September 2018. The aggregate of the sales consideration together with the novated shareholder's loan of IDR2,473,746,000,000 (approximately $249,553,000) was satisfied by way of promissory notes maturing in May 2019 (note 13).

Alpha Group previously contributed net profit of $2,941,000 from 1 January 2018 to the date of disposal.

43 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

Financial year ended 31 December 2018 (cont'd)

Effect of disposal

The cash flow and net assets of Alpha Group disposed were as follows:

	Note	$'000
Property, plant and equipment		133
Cash and cash equivalents		24,885
Trade and other receivables		203,784
Trade and other payables		(221,245)
Non-controlling interests		(49)
		7,508
Shareholder's loan		221,095
Net assets disposed		228,603
Realisation of foreign currency translation reserves		21,513
Loss on disposal of subsidiaries (including transaction costs)	9	(563)
		249,553
Less: Consideration in promissory notes	13	(249,553)
Less: Cash and cash equivalents disposed		(24,885)
Net cash outflow		(24,885)

44 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT A CHANGE IN CONTROL

2019

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 issued additional units arising from the Merger (note 43). Arising therefrom, the Group's interest in OUE C-REIT decreased from 56.1% to 47.6%.

2018

OUE C-REIT

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The additional units received resulted in the Group's interest in OUE C-REIT being increased from 55.6% to 56.1%.

OUELH

On 15 February 2018, OUELH completed the allotment and issuance of 562,500,000 ordinary 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 from 86.2% to 64.3%.

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
2019			
Increase in equity attributable to non-controlling interests	(42,530)	–	(42,530)
Decrease in equity attributable to owners of the Company	(42,530)	–	(42,530)
2018			
Decrease in equity attributable to non-controlling interests	2,254	37,117	39,371
Increase in equity attributable to owners of the Company	2,254	37,117	39,371

45 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries and equity-accounted investees:

			% of paid-up capital held by			
			The Company		Subsidiaries	
Name of company	Principal activities	Country of incorporation	2019 %	2018 %	2019 %	2018 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	–	–	100	100
Beringia Central LLC[a]	Property holding	Delaware, The United States of America	–	–	100	100
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUB Centre Limited	Property investment	Singapore	–	–	83.3[b]	83.3[b]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	14.8	–	32.8	56.1
OUE Lippo Healthcare Limited and its subsidiaries	Investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services	Singapore	–	–	64.3	64.3
OUE Reef Development Pte. Ltd.	Property development	Singapore	–	–	100	100
Associates						
Aquamarina Hotel Private Limited[c]	Hotel operation	Singapore	–	–	–	25.0
OUE Hospitality Trust[d]	Real estate investment trust/ property business trust	Singapore	–	32.2	–	–
Gemdale Properties and Investments Corporation[e]	Property development, property investment, property management and micro-financing	Bermuda	–	–	27.8	14.8
First Real Estate Investment Trust[f]	Real estate investment trust	Singapore	–	–	18.8[g]	17.8[g]

45 LISTING OF ENTITIES IN THE GROUP (CONT'D)

All significant subsidiaries and equity-accounted investees are audited by KPMG LLP, Singapore except as indicated below.

[a] Audited by member firms of KPMG International.
[b] As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 39.7% (2018: 46.8%) in the company.
[c] Audited by PricewaterhouseCoopers LLP, Singapore. The associate was disposed during the year.
[d] On 4 September 2019, the Group's subsidiary, OUE C-REIT completed the merger with OUE H-TRUST by way of a trust scheme of arrangement. As a result, OUE H-TRUST ceased to be an associate and became a subsidiary of the Group via the Group's interest in OUE C-REIT.
[e] Audited by Ernst & Young, Hong Kong.
[f] Audited by RSM Chio Lim LLP, Singapore.
[g] The Group owns an effective equity interest of 13.8% (2018: 13.0%) in First Real Estate Investment Trust.

46 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

(i) On 14 January 2020, the Group has through its wholly-owned subsidiary, Beacon Limited, completed the disposal of 635,522,473 ordinary shares in GPI for a total consideration of HKD577,371,000 (approximately $100,001,000).

(ii) On 10 February 2020, the Group has through its wholly-owned subsidiary, Oddish Ventures Pte. Ltd. entered into a share purchase agreement to acquire 229,400,000 ordinary shares of PT Maxx Coffee Prima, representing 88.43% of equity interest in PT Maxx Coffee Prima for a total consideration of IDR229,000,000,000 (approximately $23,100,000). Following completion, PT Maxx Coffee Prima will become a subsidiary of the Group.

(iii) On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus ("Covid-19") outbreak a pandemic. The spread of Covid-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. The Group is taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the authorities in the respective countries the Group operates in.

The Covid-19 outbreak is expected to have a negative impact on the Group's operations and trading results, the extent of which will depend on how long the outbreak lasts. Management is proactively managing the Group's businesses, maintaining vigilance and will take the necessary actions to ensure their long-term sustainability.

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 901,071,660
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 80,530,200
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	: 8.94%
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	36	0.32	845	0.00
100 - 1,000	854	7.50	758,812	0.08
1,001 - 10,000	7,602	66.74	39,464,408	4.38
10,001 - 1,000,000	2,878	25.26	108,924,451	12.09
1,000,001 and above	21	0.18	751,923,144	83.45
TOTAL	**11,391**	**100.00**	**901,071,660**	**100.00**

Twenty largest shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital*
1	BANK OF CHINA NOMINEES PTE LTD	618,916,410	68.69
2	CITIBANK NOMINEES SINGAPORE PTE LTD	34,258,242	3.80
3	DBS NOMINEES PTE LTD	27,215,622	3.02
4	OCBC SECURITIES PRIVATE LTD	13,598,937	1.51
5	RAFFLES NOMINEES (PTE) LIMITED	10,868,081	1.21
6	DBSN SERVICES PTE LTD	9,826,262	1.09
7	DB NOMINEES (SINGAPORE) PTE LTD	5,925,068	0.66
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,493,200	0.50
9	OCBC NOMINEES SINGAPORE PTE LTD	3,459,400	0.38
10	HSBC (SINGAPORE) NOMINEES PTE LTD	3,413,933	0.38
11	HENG SIEW ENG	3,258,100	0.36
12	PHILLIP SECURITIES PTE LTD	3,083,221	0.34
13	UOB KAY HIAN PTE LTD	1,971,000	0.22
14	MORPH INVESTMENTS LTD	1,790,000	0.20
15	JACK INVESTMENT PTE LTD	1,624,800	0.18
16	SINGAPORE NOMINEES PTE LTD	1,606,000	0.18
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,559,868	0.17
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,516,000	0.17
19	NG POH CHENG	1,222,100	0.14
20	ANG JWEE HERNG	1,215,600	0.13
	TOTAL	750,821,844	83.33

** 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 30 March 2020

		Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.77[20]	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.92[20]	502,513,060[1]	55.77[20]
3.	Fortune Crane Limited ("**FCL**", formerly known as Fortune Code Limited)	-	-	618,916,410[2]	68.69[20]
4.	Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410[3]	68.69[20]
5.	HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410[4]	68.69[20]
6.	Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410[5]	68.69[20]
7.	Hennessy Holdings Limited ("**HHL**")	-	-	618,916,410[6]	68.69[20]
8.	Prime Success Limited ("**PSL**")	-	-	618,916,410[7]	68.69[20]
9.	Lippo Limited ("**LL**")	-	-	618,916,410[8]	68.69[20]
10.	Lippo Capital Limited ("**LCL**")	-	-	618,916,410[9]	68.69[20]
11.	Lippo Capital Holdings Company Limited ("**LCH**")	-	-	618,916,410[10]	68.69[20]
12.	Lippo Capital Group Limited ("**LCG**")	-	-	618,916,410[11]	68.69[20]
13.	Stephen Riady	-	-	618,916,410[12]	68.69[20]
14.	PT Trijaya Utama Mandiri ("**PT Trijaya**")	-	-	618,916,410[13]	68.69[20]
15.	James Tjahaja Riady	-	-	618,916,410[14]	68.69[20]
16.	Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410[15]	68.69[20]
17.	Argyle Street Management Limited ("**ASML**")	-	-	618,916,410[16]	68.69[20]
18.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410[17]	68.69[20]
19.	Kin Chan ("**KC**")	-	-	618,916,410[18]	68.69[20]
20.	V-Nee Yeh ("**VY**")	-	-	618,916,410[19]	68.69[20]

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 30 March 2020

Notes:

(1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.

(2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(4) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(5) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(6) HHL is an intermediate holding company of HKC Property. Accordingly, HHL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(7) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(8) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(9) LCL is an intermediate holding company of HKC Property. Accordingly, LCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(10) LCH is an intermediate holding company of HKC Property. Accordingly, LCH is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(11) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property. Accordingly, LCG is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(12) Dr. Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest. Dr. Stephen Riady is the Executive Chairman and Group Chief Executive Officer of the Company. Dr. Stephen Riady is also the chairman of LL and HCL, both of which have a deemed interest in the Shares.

(13) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(14) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(15) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(16) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(17) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(18) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(19) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(20) The shareholding percentage is calculated based on 901,071,660 issued Shares (excluding treasury shares) as at 30 March 2020.

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 30 March 2020, approximately 30.43% of its Shares listed on the SGX-ST were held in the hands of the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

Pursuant to Rule 720(6) of the Listing Manual, information relating to Mr. Christopher James Williams, Mr. Kelvin Lo Kee Wai and Mr. Brian Riady (in the form set out in Appendix 7.4.1 of the Listing Manual) is provided below. The following additional information on Mr. Christopher James Williams, Mr. Kelvin Lo Kee Wai and Mr. Brian Riady, all of whom are seeking re-election as Directors at the Annual General Meeting, is to be read in conjunction with their respective biographies in the "Board of Directors" section on pages 45 to 46 of this Annual Report.

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	**MR. KELVIN LO KEE WAI** *Independent Director*	**MR. BRIAN RIADY** *Deputy Chief Executive Officer and Non-Independent Executive Director*
Date of appointment	19 July 2006	19 July 2006	1 January 2020
Date of last re-appointment (if applicable)	28 April 2017	28 April 2017	Not applicable
Age	60	59	29
Country of principal residence	Hong Kong Special Administrative Region of the People's Republic of China	Australia	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Christopher James Williams after assessing his contributions and performance as a director. The Board has endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Kelvin Lo Kee Wai after assessing his contribution and performance as a director. The Board has endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Brian Riady after assessing his contribution and performance as a director. The Board has endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.	Executive. Assists the Executive Chairman and Group Chief Executive Officer in overseeing all business operations of the Group, setting the Group's strategic direction, and executing the Group's business strategies.
Professional qualifications	1. Solicitor in England and Wales 2. Solicitor in Hong Kong 3. Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom	1. Fellow of the Association of Chartered Certified Accountants of England 2. Associate of the Hong Kong Institute of Certified Public Accountants 3. Associate of the Chartered Professional Accountants Canada 4. Chartered Financial Analyst of the CFA Institute of United States 5. Associate of the Chartered Secretaries Australia 6. Associate member of the Law Society of New South Wales, Australia 7. Master of Laws from the University of Sydney, Australia 8. Notary Public, New South Wales, Australia	1. Bachelor of Science in Political Communication from the University of Texas at Austin, United States of America 2. Bachelor of Arts in Economics from the University of Texas at Austin, United States of America

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	**MR. KELVIN LO KEE WAI** *Independent Director*	**MR. BRIAN RIADY** *Deputy Chief Executive Officer and Non-Independent Executive Director*
Working experience and occupation(s) during the past 10 years	From May 1994 to December 2012: Partner, Richards Butler, Hong Kong From Jaunary 2012 to present: Founding Partner, Howse Williams, Hong Kong	From March 2007 to present: Notary Public, Solicitor and Director, Alliance Law Group Pty Ltd, New South Wales, Australia	From October 2018 to December 2019: Chief Executive Officer, Hospitality Division, OUE Limited From December 2013 to October 2018: 1. Vice President – Strategy, Lippo Group, Indonesia 2. Chief Executive Officer, Lifestyle & Entertainment, Lippo Group, Indonesia From July 2012 to August 2013: Analyst, Credit Suisse, United States of America
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 982,041 units in OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") Note: OUE C-REIT is not regarded as a subsidiary of the Company under the Companies Act, Chapter 50. Notwithstanding the foregoing, since OUE C-REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Mr. Christopher James Williams' deemed interest in OUE C-REIT units.	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Mr. Brian Riady is the son of Dr. Stephen Riady, the Executive Chairman and Group Chief Executive Officer of the Company and a substantial shareholder of the Company. He is also the nephew of Mr. James Tjahaja Riady, a substantial shareholder of the Company.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	**MR. KELVIN LO KEE WAI** *Independent Director*	**MR. BRIAN RIADY** *Deputy Chief Executive Officer and Non-Independent Executive Director*
Other Principal Commitments including Directorships			
Past (for the last 5 years)	Chairman of the Board of Directors: 1. OUE Commercial REIT Management Pte. Ltd. 2. OUE Hospitality REIT Management Pte. Ltd. 3. OUE Hospitality Trust Management Pte. Ltd. Non-Independent Non-Executive Director: OUE Hospitality REIT Management Pte. Ltd. Director: OUE Lippo Limited	Director: 1. Aveo Group Limited 2. Aveo Funds Management Limited	Director: 1. Plainfield Creek Pte. Ltd. (voluntarily struck off) 2. Raven Platinum Pte. Ltd.
Present	Chairman and Non-Independent Non-Executive Director: Bowsprit Capital Corporation Limited Deputy Chairman and Non-Independent Non-Executive Director: OUE Commercial REIT Management Pte. Ltd. Director: 1. HWB (Corporate Services) Limited 2. HWB (Property) Limited 3. HWB (Services) Limited 4. OUB Centre Limited 5. OUE Hospitality Trust Management Pte. Ltd. 6. Staraward Limited 7. Jadespeed Limited	Director: Alliance Law Group Pty Ltd	Director: 1. All Around Limited 2. Beringia Singapore Pte. Ltd. 3. Beringia Properties Corp. 4. Chatexpress Pte. Ltd. 5. Chenexpress Pte. Ltd. 6. Clovis Singapore Pte. Ltd. 7. Cuisine Continental Group (HK) Ltd 8. Cuisine Continental (HK) Limited 9. Cuisine Creations Pte. Ltd. 10. Encore Dining Pte. Ltd. 11. Gainmate Hong Kong Limited (in the process of deregistration) 12. LCR Catering Services Limited 13. Mandarin Hotel (Singapore) Private Limited 14. Maxx Coffee Singapore Pte. Ltd. 15. Meritus Hotels Pte. Ltd. 16. Meritus Hotels & Resorts Limited (in the process of liquidation) 17. Meritus Hotels & Resorts Sdn Bhd 18. Meritus International Pte. Ltd. 19. Oddish Ventures Pte. Ltd. 20. OUE Airport Hotel Pte. Ltd. 21. OUE Dining Pte. Ltd. 22. OUE International Holdings Pte. Ltd. 23. OUE Restaurants Pte. Ltd. 24. OUE Skyspace Holdings Corp. 25. OUE Trademarks Pte. Ltd. 26. OUE USA Services Corp. 27. Singapore Mandarin International Hotels Pte Ltd 28. Singapore Meritus International Hotels Pte Ltd 29.Superfood Retail Limited

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	MR. KELVIN LO KEE WAI *Independent Director*	MR. BRIAN RIADY *Deputy Chief Executive Officer and Non-Independent Executive Director*
Present			Commissioner: 1. PT MHPL Indonesia (in the process of liquidation) 2. PT Cinemaxx Global Pasifik
Information Required Pursuant to Appendix 7.4.1 of the Listing Manual			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	MR. KELVIN LO KEE WAI *Independent Director*	MR. BRIAN RIADY *Deputy Chief Executive Officer and Non-Independent Executive Director*
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	MR. KELVIN LO KEE WAI *Independent Director*	MR. BRIAN RIADY *Deputy Chief Executive Officer and Non-Independent Executive Director*
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive General Counsel*	MR. KELVIN LO KEE WAI *Independent Director*	MR. BRIAN RIADY *Deputy Chief Executive Officer and Non-Independent Executive Director*
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

INTERESTED PERSON TRANSACTION

Entered into during the financial year 2019

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Lippo China Resources Limited	Associate of a director and controlling shareholders of the Company		
- Hotel services		244	-
- Acquisition of shares in Superfood Retail Limited		7,532	-
- Provision of loan to Superfood Retail Limited		2,485	-
PT Lippo Karawaci Tbk	Associate of a director and controlling shareholders of the Company		
- Purchase of rights and subsequent subscription of PT Lippo Karawaci Tbk's rights issue		33,826	-
PT Maxx Coffee Prima	Associate of a director and controlling shareholders of the Company		
- Provision of loan		10,242	-
PT Lippo Cikarang Tbk	Associate of a director and controlling shareholders of the Company		
- Acquisition of shares in PT Bangun Bina Bersama		10,893	-
Lippo Assets (International) Limited	Associate of a director and controlling shareholders of the Company		
- Hotel services		135	-
Healthway Medical Corporation Limited	Associate of a director and controlling shareholders of the Company		
- Rental related income		2,063	-
Stephen Riady	Dr. Stephen Riady is the Executive Chairman and Group Chief Executive Officer of the Company		
- Sale of residential property development		95,000	-
TSMP Law Corporation	Associate of a director of the Company who retired on 31 December 2019		
- Legal and professional fees		100	-
Thio Gim Hock	Mr. Thio Gim Hock was the Chief Executive Officer / Group Managing Director of the Company. He retired on 31 December 2019.		
- One-time ex-gratia payment		2,000	-

This page is intentionally left blank

OUE LIMITED
COMPANY REG. NO. 196400050E

www.oue.com.sg

MIX
Paper from responsible sources
FSC™ C124277

This annual report is printed on FSC™ certified paper. By purchasing FSC™ products, we foster forest management, which is controlled according to the strict social, ecological and economic criteria of the Forest Stewardship Council™