THINK BIG

OVERSEAS UNION ENTERPRISE LIMITED
ANNUAL REPORT 2012

OUE IN FOCUS

Overseas Union Enterprise Limited (SGX-ST: "**OUE**"), a diversified real estate owner, developer and operator with a complete portfolio of prime assets in key locations in Singapore, and hotels in Malaysia and the People's Republic of China.

OUE consistently grows its businesses by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors primarily in Singapore.

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

CONTENTS

COVER

Settling in at OUE Bayfront and reflective of OUE's core strengths is one of the world's most celebrated sculptures, Auguste Rodin's **The Thinker**.

Depicting a man deep in contemplation and of great physique, **The Thinker** symbolises not only OUE's astute investment mindset but also its value on humanity, immense internal strength and capacity for action.

GROUP AT A GLANCE
COMMERCIAL

THE BIG PLAN

OUE BAYFRONT (INCLUDING OUE TOWER AND OUE LINK)

A contemporary 18-storey, Grade-A office development located at 50 Collyer Quay, OUE Bayfront is flanked by its ancillary properties – OUE Tower and OUE Link.

The development is the new frontier in prime business space solutions and overlooks the spectacular Marina Bay panorama

Fair Value ($m)

1,081.0

Tenure of Land

99-year lease from 12 November 2007
(15-year lease from 26 March 2010 for OUE Link)

Approximate Gross Floor Area (sq ft)

503,502

COMMERCIAL

GROUP AT A GLANCE
COMMERCIAL

Artist's impression of proposed retail space facing Shenton Way

6 SHENTON WAY TOWERS ONE AND TWO

A landmark office development located on Shenton Way, at the heart of Singapore's Central Business District (CBD).

The development comprises 49-storey Tower One and 37-storey Tower Two

Fair Value ($m)

1,400.0

Tenure of Land

99-year lease from 19 July 1967

Approximate Gross Floor Area (sq ft)

1,244,814

COMMERCIAL

GROUP AT A GLANCE
COMMERCIAL

ONE RAFFLES PLACE

An integrated development located in the heart of the Singapore CBD, One Raffles Place comprises two office towers and a retail podium. 62-storey Tower One and 38-storey Tower Two are both Grade-A office buildings. The 5-storey retail podium includes a basement level that directly connects the development to the Raffles Place MRT station

(This property is held through OUE's 50% shareholding interest in OUB Centre Limited, an associated company of OUE)

Fair Value ($m)

1,608.8

(Fair value attributable to OUB Centre Limited)

Tenure of Land

841-year & 99-year lease from
1 November 1985

99-year lease from 26 May 1983

Approximate Gross Floor Area (sq ft)

1,288,589

Artist's impression of proposed One Raffles Place retail mall

COMMERCIAL

GROUP AT A GLANCE
HOSPITALITY

MANDARIN ORCHARD SINGAPORE

Located in the heart of renowned shopping belt Orchard Road, Mandarin Orchard Singapore houses 1,051 rooms within a complex comprising a 37-storey Main Tower and a 39-storey Orchard Wing

Fair Value ($m)

1,230.0

Tenure of Land

99-year lease from 1 July 1957

Approximate Gross Floor Area (sq ft)

990,286

HOSPITALITY

GROUP AT A GLANCE
HOSPITALITY

CROWNE PLAZA CHANGI AIRPORT SINGAPORE

A 9-storey Hotel with 320 well-appointed rooms, including 27 suites, directly connected to Changi Airport Terminal 3 and within short distance to Changi Business Park and Singapore Expo

Fair Value ($m)

291.0

Tenure of Land

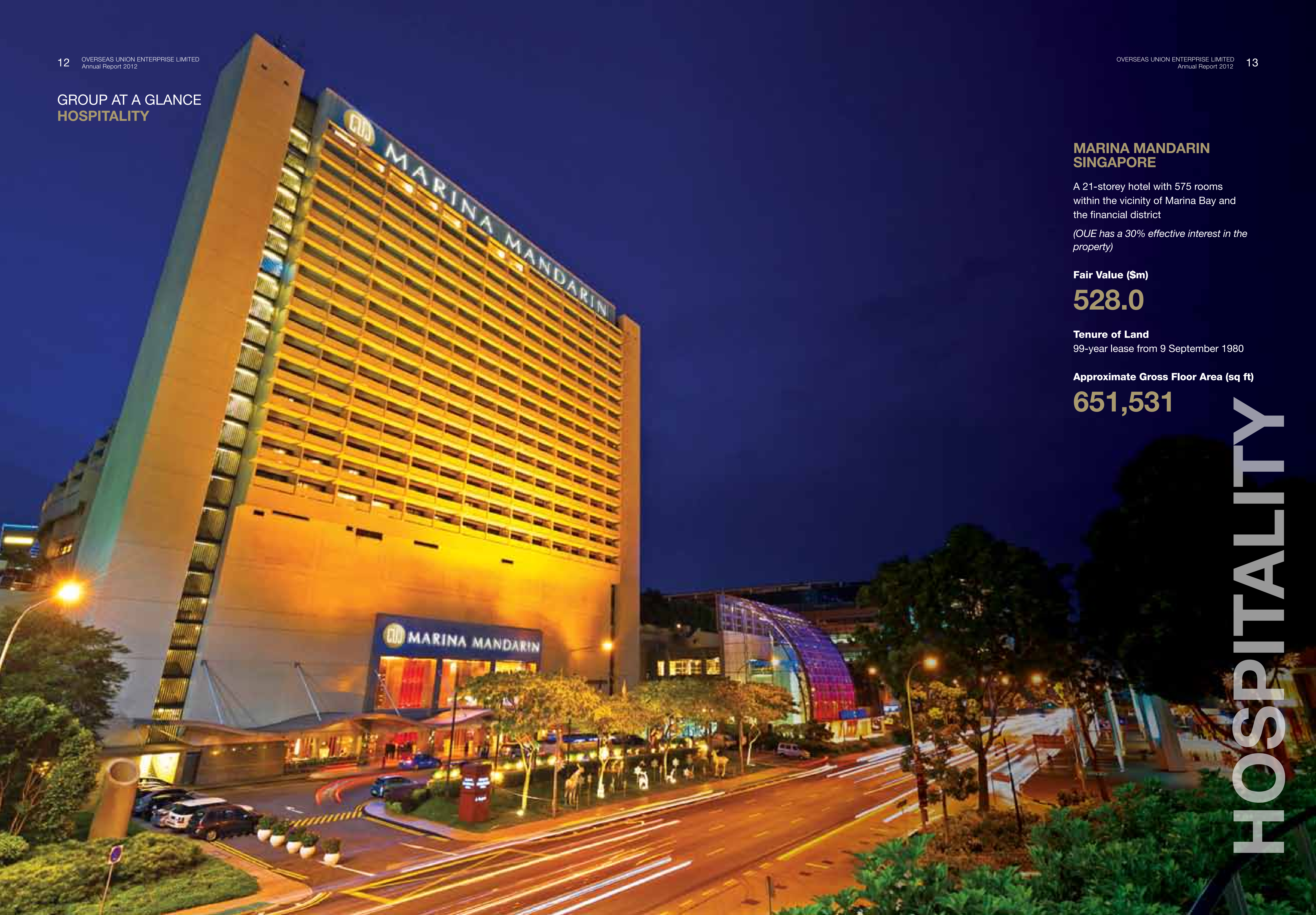
77-year lease from 12 December 2006

Approximate Gross Floor Area (sq ft)

336,945

HOSPITALITY

GROUP AT A GLANCE
HOSPITALITY



MARINA MANDARIN SINGAPORE

A 21-storey hotel with 575 rooms within the vicinity of Marina Bay and the financial district

(OUE has a 30% effective interest in the property)

Fair Value ($m)

528.0

Tenure of Land
99-year lease from 9 September 1980

Approximate Gross Floor Area (sq ft)

651,531

HOSPITALITY

GROUP AT A GLANCE
HOSPITALITY

MERITUS SHANTOU CHINA

A 21-storey hotel with 318 rooms located at Jin Sha East Road, the heart of the financial district of Shantou, Guangdong, the People's Republic of China

Fair Value (RMB million)

313.0

Tenure of Land

50-year lease from 24 September 1997

Approximate Gross Floor Area (sq ft)

711,845

HOSPITALITY

GROUP AT A GLANCE
HOSPITALITY

MERITUS MANDARIN HAIKOU

A 23-storey hotel with 318 rooms at Wenhua Road, Longhua District, Central Haikou City, the People's Republic of China

Fair Value (RMB million)

298.0

Tenure of Land
70-year lease from 31 March 1989

Approximate Gross Floor Area (sq ft)

578,748

HOSPITALITY

GROUP AT A GLANCE
HOSPITALITY

Hotels Under Management

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

A newly refurbished resort with 331 rooms and suites housed in single and double-storey wooden chalets, scattered across 35 acres of beachfront setting in famed Langkawi island, Malaysia

HOSPITALITY

GROUP AT A GLANCE
RETAIL

MANDARIN GALLERY

Mandarin Gallery is a prime retail landmark in the heart of Orchard Road; comprising four levels and six duplexes of luxury fashion and lifestyle brands

Fair Value ($m)

540.0

Tenure of Land
99-year lease from 1 July 1957

Approximate Gross Floor Area (sq ft)

196,337

RETAIL

GROUP AT A GLANCE
RESIDENTIAL

TWIN PEAKS

A luxurious residential development comprising two identical 35-storey towers situated close to the heart of Orchard Road

Fair Value ($m)

679.0

(Residual land value)

Tenure of Land

99-year lease from 10 May 2010

Approximate Gross Floor Area (sq ft)

436,172

(includes balcony)

RESIDENTIAL

OUR BIG ASPIRATIONS

Tolla Inbar's **Circle of Life** is an abstract representation of a success circle that is achievable through co-operation. This symbolises OUE's team approach to achieving its shared aspirations

CHAIRMAN'S STATEMENT

"OUE's overall strategy remains intact, and we will continue to invest in our core businesses as we also explore and pursue other suitable opportunities for investment and acquisition."

Dear Shareholders,

2012 was another year of global economic uncertainties that moderated Singapore's growth. In the face of such challenges, OUE continues steadfastly in growing its businesses and delivering value to shareholders. I am gratified that our people have kept their focus and fortitude to maintain OUE's position in the marketplace.

THINKING BIG

In today's rapidly evolving landscape, we must be quick and nimble to seize business opportunities that are bound to arise even amidst a tough operating environment. As an organisation with a passion for excellence, we must be ever ready to take our Group to greater levels of achievement – whether it is growing through acquisitions or by being more astute in developing and enhancing distinctive, ground-breaking assets. **OUE THINKS BIG**.

SEIZING OPPORTUNITIES

We believe in thinking boldly, moving strategically and striking decisively to capture attractive opportunities. This was our motivation behind leading a consortium in November last year to make a voluntary conditional cash offer for all of the issued and paid-up ordinary shares of Fraser and Neave, Limited ("F&N").

After two months of tussling with another offeror, we decided that to secure more than 50.0% acceptances to turn the Offer unconditional, we would need to significantly increase the Offer Price to a level that would be no longer as attractive to OUE in particular, given the potential impact of the latest round of measures taken by the Singapore Government in relation to the property market. Hence, on 21 January 2013, we made the decision not to revise the Offer Price.

As a disciplined investor, we need to always act in the best interests of OUE and our shareholders. Whilst the acquisition of a controlling stake in F&N would have strengthened OUE's portfolio within a short space of period, we are confident that other opportunities with greater value creation potential will arise and at price levels that are more attractive.

OUE's overall strategy remains intact, and we will continue to invest in our core businesses as we also explore and pursue other suitable opportunities for investment and acquisition.

CONTINUED GROWTH

In FY2012, OUE achieved revenue and profitability improvements quarter-on-quarter, led by a strong showing from our Hospitality, Commercial, Retail, and Residential businesses. The strong visitor arrivals to Singapore translates into healthy occupancy levels at our hotels, whilst demand in the office space market continued to stay robust. Average retail rents remained stable, whilst the private residential property sector faced another round of Government cooling measures.

We delivered our commitment to becoming a leading player in the Singapore real estate sector with the value of our assets reaching S$5.9 billion, growing our net asset value per share from S$3.47 in FY2011 to S$3.49 in FY2012.

As a gesture of our appreciation for OUE shareholders, the Directors are proposing a final dividend of S$0.03 per share and special dividend of S$0.05 per share. This is in addition to the interim dividend of S$0.03 per share distributed in September 2012.

IN GRATITUDE

In conclusion, I would like to convey my appreciation to the Board of Directors, strategic partners and financial advisors for their hard work, guidance and support, in particular during the recent cash offer exercise for F&N.

I also wish to express my sincere gratitude to the rest of OUE's management team, employees and shareholders who collectively share our vision to steer OUE to a bigger, brighter future, we look forward to more opportunities and advances ahead as together we mark more milestones for OUE's growth.

STEPHEN RIADY
Executive Chairman
March 2013

董事主席致词

> “华联企业的整体策略没有受到任何影响，将继续投资于现有的核心业务，并继续把握更为合适的扩张和收购机会。”

尊敬的各位股东,

充满变数的全球经济环境在2012年这一年里再度放缓了新加坡经济成长的脚步。面对挑战，华联企业的业务却稳步成长，继续为股东创造价值。华联企业目前所取得的成就离不开集体的专注和耐力。

放宽视野

当今的世界瞬息万变， 即使生存环境不甚理想， 经营者也必须更加思路敏捷、动作迅速才能抓住稍纵既逝的商机。无论是通过并购来扩张生意，还是通过开发和优化与众不同的、震撼人心的大项目，华联企业精益求精，不断攀登新高峰。因为华联企业不断放宽视野，敢于梦想。

把握商机

敢于梦想、讲求战术、有的放矢来把握商机的信念驱使以华联为首的财团于2012年11月果断出手，献议全面收购市面上流通的星狮集团("F&N")全部普通股。

在与另一家竞争对手激烈周旋了两个月后， 我们发现，如果要争取半数以上的星狮集团股东同意接受我们的献议，将不得不把收购价格显著提高至对集团而言已经是不具吸引力的水平，特别是考虑到近期政府降温措施对房地产市场的潜在影响。因此华联企业在2013年1月21日宣布不提高献议收购价格。

作为一个谨慎自律的投资公司，我们必须随时把集团和股东的利益放在首位。即使收购星狮集团后能够令华联企业的业务规模迅速膨胀，但此次收购并不是唯一的机会，因为我们相信今后会有其他更具吸引力、价格更实惠的类似个案出现。

华联企业的整体策略没有受到任何影响，将继续投资于现有的核心业务，并继续把握更为合适的扩张和收购机会。

持续的成长

在2012财务年度， 包括集团的酒店产业、商用产业、零售产业和住宅产业在内的各大业务组合均表现不俗，营业额与利润一个季度比一个季度好。游客到访新加坡人次的增加反映在我们旗下酒店的客房率随之增加； 办公等商用空间的需求维持强劲；零售产业的平均租金也保持稳定； 唯独我们的住宅项目不得不面对政府新一轮的房地产降温措施的冲击。

在2012财务年度，我们在新加坡房地产界独占鳌头，集团总资产达到59亿新元， 带动了每股净资产从2011财务年度的3.47新元提高到本年度的3.49新元。

为了回报股东， 董事会建议在已于2012年9月所派发的每股新元3分中期股息的基础上，本财务年度派发每股新元3分的年终股息以及每股新元5分的特别股息。

致谢

我在此向董事会成员、战略伙伴和财务顾问团表达谢意，感谢他们的辛勤工作、引导和支持，特别是他们在近期星狮集团收购案中的辛劳付出。

同时我也要感谢华联企业的管理层、全体员工和股东，感谢你们与我们齐心协力迈向更好的未来，为华联企业竖立更多的里程碑、共创辉煌。

李棕
董事主席
2013年3月

CEO'S STATEMENT

"We are steadfastly focused on our strategies to grow organically via asset enhancements and active lease management, as well as inorganically through strategic acquisitions and investment opportunities."

COMMENDABLE PERFORMANCE

The Group achieved a commendable set of results for FY2012, supported by the strong recurring income from our diversified portfolio of prime assets. With our focus on active lease management, our commercial and retail properties continued to enjoy healthy occupancy, whilst our hotels in Singapore maintained high occupancy rates on the back of a robust tourism sector.

Reflecting the broad-based growth across all our divisions, the Group's revenue grew 25.7% to S$417.9 million in FY2012. Profit before finance expenses and share of results of associates rose in tandem by 30.5% to S$182.9 million. Overall, the Group registered a net profit of S$90.8 million in FY2012.

SEGMENTAL PERFORMANCE REVIEW

The Group's Property Investment Division – comprising Mandarin Gallery, OUE Bayfront (including OUE Tower and OUE Link) and 6 Shenton Way Towers One and Two (formerly known as DBS Building Towers One and Two) – posted an impressive 35.3% increase in revenue to S$144.6 million in FY2012.

Rental contributions from our flagship commercial development, OUE Bayfront, increased year-on-year as its committed occupancy rate grew to 93.3% as at 31 December 2012. We are also pleased that OUE Tower, OUE Link and Mandarin Gallery remain fully leased. Since the relocation of a major tenant in the second half of last year, we have been actively leasing 6 Shenton Way Towers One and Two which have attracted strong interest from international firms.

Through OUE's 50.0% shareholding interest in OUB Centre Limited, an associated company of OUE, the Group has an indirect interest in One Raffles Place. One Raffles Place Tower Two was officially launched last September and has achieved a good take-up rate. This 38-storey prime Grade-A commercial property, comprising 360,000 sq ft of office space, brings the total office, retail and entertainment space offered by One Raffles Place to 860,000 sq ft.

With the improved performance of all our hotels, coupled with full-year contributions from Crowne Plaza Changi Airport Hotel, the Group's Hospitality Division registered a 11.1% increase in revenue in FY2012. Last year was another stellar year for Singapore's tourism sector, which saw visitor arrivals hitting 14.4 million, up from over 13.2 million in 2011. The average hotel occupancy rate in Singapore also soared to a high of 86.0%.

Our Meritus Hotels and Resorts brand continued to entrench its position in the hospitality sector, scoring numerous wins in international awards in FY2012. Crowne Plaza Changi Airport Hotel has also exceeded its target, garnering a significant market share of business travellers.

On the residential front, in spite of the several rounds of cooling measures introduced by the Singapore government to curb speculation, the Group's Property Development arm sold more units at our luxurious condominium project – Twin Peaks, located at Leonie Hill Road. Income contribution from the Property Development segment more than four times to S$31.4 million in FY2012.

LOOKING AHEAD

We are steadfastly focused on our strategies to grow organically via asset enhancements and active lease management, as well as inorganically through strategic acquisitions and investment opportunities.

As part of our asset enhancement strategy to create greater synergies between our commercial and retail spaces, the Group collaborated with Singapore broadcaster MediaCorp earlier this year, to launch a fine dining restaurant – ME@OUE – at the rooftop of OUE Bayfront. Offering authentic Japanese, French and Chinese cuisines by Michelin-star and celebrity chefs, the restaurant boasts a gastronomic dining experience under the stars, a spectacular view of the Marina Bay area, and the chance to rub shoulders with Mediacorp celebrities. ME@OUE is one of our innovative ways of boosting the appeal of OUE Bayfront to existing and potential tenants alike.

Moving forward, we will also forge ahead with our plans to re-develop the retail podium between 6 Shenton Way Towers One and Two and retail space at One Raffles Place, as well as to develop more hotel rooms on the adjoining site of Crowne Plaza Changi Airport Hotel. These asset enhancements, when completed, will further augment and diversify our income.

Notwithstanding our decision to withdraw from the bid for Fraser and Neave, we believe opportunities abound in the marketplace, and will continue to actively explore and pursue them to create and maximise shareholder value.

NOTE OF APPRECIATION

FY2012 has been another outstanding year, which could not have been possible without the hard work and dedication of our management and staff. We would also like to thank our shareholders who have been faithfully supporting OUE. With your continued support, we look forward to growing the Group further in the many years to come and delivering long-term value to all our shareholders.

THIO GIM HOCK
CEO/Group Managing Director
March 2013

首席执行总裁致词

"集团将坚定不移地通过优化资产组合以及灵活的租赁管理等措施来增强业务。同时不遗余力地把握商机通过兼并和收购扩大投资规模。"

令人满意的业绩

源源不断地从分布在黄金地段多元化资产取得优厚的营运收入，因此集团在2012财务年度取得令人满意的业绩。对租赁管理的重视使得集团的商用产业和零售产业的出租率持续稳健，同时本地旅游业的繁荣令集团在新加坡的各个酒店客房率一直保持在高水平。

依靠多个领域综合业务的成长，集团2012 财务年度的总营业收入达到4亿1790万新元，增幅达25.7%。经营利润达到1亿8290万新元，增幅达30.5%。总体而言，2012财务年度集团净利总额为9080万新元。

各领域业务回顾

包括文华购物廊 (Mandarin Gallery)、华联海湾大厦 (OUE Bayfront) [包括华联圆楼 (OUE Tower)和华联廊桥 (OUE Link)] 以及原名为星展大厦现名为珊顿六号大厦一栋及二栋 (6 Shenton Way Towers One and Two) 在内，集团投资物业所产生的营业收入在2012财务年度显著提高了35.3%，达到1亿4460万新元。

截至2012年底，集团商用产业的旗舰店 – 华联海湾大厦出租率提高到93.3%，所贡献的租金收入高过上一年度。我们高兴地看到华联圆楼、华联廊桥和文华购物廊都保持在百分之百出租率。集团正积极招纳租客，以填补因珊顿六号大厦一栋及二栋的一个主要租户于2012年下半年迁出该大厦后所腾出来的办公空间，不少跨国公司已表现出浓厚的兴趣。

集团通过其控股50.0%的关联公司OUB Centre Limited间接持有第壹莱佛士坊 (One Raffles Place) 的部分利益。新盖好的第壹莱佛士坊之2号楼自2012年9月正式营业后获得众多租户的青睐，已取得不错的出租率。这栋全新的38层高的甲级办公楼可出租面积达36万平方英尺，由于2号楼的加入，第壹莱佛士坊整体目前可提供包括写字楼、零售商场和休闲空间在内高达86万平方英尺的综合可租让面积。

归功于集团原有酒店业绩的改善和位于樟宜机场皇冠假日酒店 (Crowne Plaza Changi Airport) 全年的贡献。2012财务年度集团来自酒店业务的营业收入增长了11.1%。2012年新加坡旅游业的蓬勃发展令人瞩目，到访新加坡的游客达到1440万人次的新高，刷新了2011年所创下1320万人次的历史纪录。新加坡整体酒店业平均客房率则攀上86.0%的高水平。

君华品牌继续保持它在酒店业的市场定位，在2012财务年度屡获国际奖项。位于樟宜机场的皇冠假日酒店在商务客的市场份额中独占鳌头， 成绩比预期的目标还要理想。

虽然政府为了遏制投机行为而连续推出了几轮房地产降温措施，但集团位于利安尼山路的豪华住宅公寓 Twin Peaks 还是售出了更多的单位。2012 财务年度售出公寓单位所得的收入翻了4倍达到3140万新元。

未来展望

集团将坚定不移地通过优化资产组合以及灵活的租赁管理等措施来增强业务。同时不遗余力地把握商机通过兼并和收购扩大投资规模。

集团优化商用和零售资产组合的措施之一是创造机会，让旗下不同的业务组合发挥绝佳的互助效应，相辅相成。因此华联企业与新传媒在2013年年初联手合作，为座落于华联海湾大厦顶楼的高级餐馆ME@OUE举办了开幕典礼。该餐馆综合了法国料理、中餐、日本料理的精髓，通过三个厨房的米其林星级名厨之手演绎各自的精湛厨艺，搭配呈献给食客。食客不但能够在同一屋檐下享受到三味一体的绝佳体验，饱览滨海湾醉人的夜景，更有可能与新传媒影视明星幸会。ME@OUE正以其独创的新奇就餐方式为华联海湾大厦租客带来惊喜，提升该栋办公大楼的魅力的同时也吸引着更多在潜在租客。

接下来，集团还在酝酿并逐步推行的计划有：

将珊顿六号大厦的底座改造成购物商场；翻新第壹莱佛士坊的零售店面以及在地处樟宜机场皇冠假日酒店旁边的空地加盖新客房等。这些资产增值工程一旦实施完成，将令集团的收入来源更加丰富多元。

华联企业已经决定撤出收购星狮集团的角逐，是因为我们坚信市场上依然会有更多好机会。我们将不遗余力抓住商机，为股东创造最高价值。

结语

对于华联企业而言，2012财务年度是集团又一个成功之年。集团的成功离不开我们的管理人员和全体员工的辛勤付出与奉献。我们也要特别感谢那些忠实的股东一直以来默默支持华联企业，谢谢你们不断的支持，让我们有信心把生意做得更好，我们将全力以赴，持之以恒为全体利益相关者打造更长远的企业价值和回报。

张清福
首席执行总裁/集团董事经理
2013年3月

LEADERS OF OUE


Dr. Stephen Riady
Executive Chairman


Mr. Christopher James Williams
Deputy Chairman


Mr. Sin Boon Ann
Independent Director


Mag Rainer Silhavy
Non-executive
non-independent Director


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


Mr. Kelvin Lo Kee Wai
Independent Director


Mr. Kin Chan
Non-executive
non-independent Director


Mr. Rudi Chuan Hwee Hiow
Chief Financial Officer, OUE

BOARD OF DIRECTORS

Dr. Stephen Riady
Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of OUE on 9 March 2010. He had served as Executive Director since 30 November 2006. He was last re-elected as a Director at the Annual General Meeting held on 28 April 2011.

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. On 25 March 2011, he resigned as Deputy Chairman, Managing Director and Chief Executive Officer of Lippo China Resources Limited and has been appointed as its Chairman. He has been an Executive Director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he resigned as its Chief Executive Officer and has been appointed as its Chairman. Dr. Riady is also a member of the Remuneration Committee and Nomination Committee of each of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a Director of Auric Pacific Group Limited, a company listed in Singapore, in 1997. He assumed the role of Group Managing Director of Auric Pacific Group Limited with effect from May 1999 to February 2006 and has since served as Executive Director of Auric Pacific Group Limited since 2006. He is a member of the Nomination Committee.

On public service, Dr. Riady was an Hong Kong Affairs Advisor from April 1995 to June 1997 appointed by the Hong Kong and Macao Office, the People's Republic of China's State Council and Xinhua News Agency, Hong Kong Branch. 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.

His service to society includes such civic engagements as Founding Honorary Advisor of the University of Hong Kong Foundation for Education Development and Research, Patron and Trustee of the Incorporated Trustees of Volunteer Service Trust, member of the Board of Trustees of The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, Fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. He was member of the Council and the Court of Hong Kong Baptist University.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He is an Honorary Citizen of Shenzhen, PRC.

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

Mr. Christopher James Williams
Deputy Chairman

Mr. Christopher James Williams was appointed a non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 27 April 2012.

Mr. Williams is a founding Partner of Howse Williams Bowers, Hong Kong and was previously a Partner of Reed Smith Richards Butler, Hong Kong and of Reed Smith LLP (a Delaware U.S. limited liability partnership) from where he resigned in December 2011. He has been the non-Executive Chairman of Food Junction Holdings Limited since 2009.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. His areas of specialisation include mergers and acquisitions, cross border transactions, growth capital, joint ventures and corporate finance. He has been named one of the world's leading mergers and acquisitions lawyers in recent editions of the *Guide to the World's Leading Merger and Acquisitions Lawyers,* published by Euromoney Publications plc, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research.

Mr. Williams holds a BA (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

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

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was re-appointed a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 at the Annual General Meeting held on 27 April 2012.

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

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

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 2011.

Mr. Lo has been engaged in the fund management business and practicing law in New South Wales, Australia at Alliance Law Group since 2007. He previously served as Chief Investment Officer of Value Creation Inc from 2002 to 2007, Chief Executive Officer of Mreferral Corporation Ltd from 2000 to 2001, Chief Financial Officer of Midland Realty Ltd from 1999 to 2001, and Financial Controller of Lippo Ltd from 1992 to 1999. Mr. Lo was 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 General Accountants Association of Canada, a Chartered Financial Analyst of the CFA Institute of United States, and an Associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Masters of Law at University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

Mr. Sin Boon Ann
Independent Director

Mr. Sin Boon Ann was appointed an independent Director on 25 May 2009. He serves as the 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 27 April 2012.

Mr. Sin has been the Deputy Managing Director of the Corporate & Finance Department at Drew & Napier LLC, since 2009. Mr. Sin is principally engaged in corporate finance and mergers and acquisitions. He was a Member of Parliament for Tampines GRC from 1996 to 2011. Mr. Sin was a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011. Mr. Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992.

Mr. Sin has held directorships in Courage Marine Group Limited since 2005, Transview Holdings Limited and CSE Global Ltd since 2002, MFS Technology Ltd since 2001 and OSIM International Ltd since 2010. He has been the Chairman of SE Hub Ltd since 2011. Mr Sin was a Board Member of Singapore Totalisator Board from 2007 to 2010.

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

Mag Rainer Silhavy
Non-executive non-independent Director

Mag Rainer Silhavy has been a non-Executive Director since 9 March 2010. He was last re-appointed as a Director at the Annual General Meeting held on 28 April 2010.

Mr. Silhavy was a non-Executive Director of Bowsprit Capital Corporation Limited from 2006 to 2012.

Mr. Silhavy graduated from the University of World Trade Vienna, Austria in 1984 with a B.A. degree in Social Science and Economics. In 1985, he was a Correspondent Banking Officer in charge of Europe at RZB-Austria in Vienna, and was subsequently promoted, in 1986, to Senior Correspondent Banking Officer in charge of the Far East. He served as RZB's representative in Singapore from 1987 to 1990 where he oversaw operations in Southeast Asia and the Indian sub-continent. During the same period, he served as a Director at Bravona Singapore. In 1990, Mr. Silhavy was appointed as Chief Representative for Asia, Australia and New Zealand at RZB-Austria's representative office in Singapore, where he oversaw RZB's offices in the region. He has been serving as a Director and Member of the Supervisory Board at Centrotrade Singapore Pte Ltd since 2002.

Mr. Silhavy is currently the Chairman & Chief Executive Officer of the Asia Pacific Regional Office of Raiffeisen Bank International AG in Singapore, which has the responsibility of strategic and supervisory oversight of the regional operations.

Mr. Kin Chan
Non-executive non-independent Director

Mr. Kin Chan was appointed as a non-Executive Director on 17 March 2010. He serves 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 a deemed substantial shareholder of OUE. Details of his deemed shareholdings can be found on page 172 of the Annual Report. He was last re-appointed as a Director at the Annual General Meeting held on 28 April 2010.

Mr. Chan has been the Chairman of Transpac Industrial Holdings Limited, a company listed in Singapore since 2005 and the Chairman of United Fiber System Limited, a company listed in Singapore since 2011. Mr. Chan has been a non-Executive Director of Japan Residential Assets Manager Limited, the investment manager of Saizen REIT, a company listed in Singapore since 2010. He was a non-Executive Director of BTS Group Holdings Public Company Limited, a company listed in Thailand from 2010 to 2012 and a non-Executive Director of Grand Ocean Retail Group Limited, a company listed in Taiwan from 2011 to 2012.

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

KEY EXECUTIVES

Dr. Stephen Riady

Executive Chairman
Overseas Union Enterprise Limited

For Dr. Stephen Riady's biography, please refer to Page 36 - the "Board of Directors" section of this Report.

Mr. Thio Gim Hock

Chief Executive Officer/Group Managing Director
Overseas Union Enterprise Limited

For Mr. Thio Gim Hock's biography, please refer to Page 37 - the "Board of Directors" section of this Report.

Mr. Rudi Chuan Hwee Hiow

Chief Financial Officer
Overseas Union Enterprise Limited

Mr. Chuan joined OUE Group in July 2009, bringing with him more than 20 years of experience in financial management and hospitality management. He is responsible for the Group's corporate finance and planning.

He was formerly the Chief Financial Officer at Lippo-Mapletree Indonesia Retail Trust Management Ltd.

Mr. Chuan holds a Bachelor of Commerce degree from the University of Otago, New Zealand, and a Master's degree in Business Administration from the State University of New York. He is a member of the Institute of Certified Public Accountants of Singapore.

FIVE-YEAR FINANCIAL SUMMARY

	2012		2011 (Restated)		2010		2009		2008	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Group Turnover										
Hospitality	**239,405**	**57**	215,455	65	172,321	80	130,451	95	148,716	97
Property investments	**144,620**	**35**	106,884	32	38,476	18	1,476	1	702	0
Property development	**31,383**	**7**	7,596	2	2,149	1	2,487	2	149	0
Others	**2,449**	**1**	2,447	1	2,655	1	3,090	2	3,642	3
Total	**417,857**	**100**	332,382	100	215,601	100	137,504	100	153,209	100
Group Profit and Loss										
Operating profit	**182,855**		140,067		78,110		22,327		39,021	
Finance expenses	**(88,355)**		(50,149)		(8,126)		(18)		(7,043)	
Share of results of associates and jointly controlled entity, net of tax	**(24,135)**		40,533		62,962		(75,944)		114,707	
Other gains/(losses) - net	**32,487**		265,526		771,680		(44,350)		(102,115)	
Profit/(Loss) before tax	**102,852**		395,977		904,626		(97,985)		44,570	
Tax (expense)/credit	**(12,101)**		(15,516)		(127,449)		4,584		(3,810)	
Profit/(Loss) after tax	**90,751**		380,461		777,177		(93,401)		40,760	
Non-controlling interests	**(695)**		(1,727)		(4,704)		1,192		144	
Profit attributable to owners of the Company	**90,056**		378,734		772,473		(92,209)		40,904	
Group Balance Sheet										
Available-for-sale financial assets	**162,470**		128,350		128,350		108,000		108,000	
Property, plant and equipment	**495,183**		508,164		243,097		214,347**		219,697	
Investments in associates and jointly controlled entity	**721,417**		721,120		670,392		613,101		693,287	
Investment properties	**3,021,000**		2,993,000		2,703,680		1,052,513**		825,549	
Development property	**793,734**		742,891		715,376		570,162		830,334	
Cash and cash equivalents	**604,637**		367,856		226,407		198,030		182,838*	
Other assets	**89,066**		86,065		34,076		15,819		16,583	
Total assets	**5,887,507**		5,547,446		4,721,378		2,771,972		2,876,288	
Share capital	**693,315**		693,315		693,315		693,315		693,315	
Other reserves	**(10,948)**		51,207		124,717		107,213		112,514	
Accumulated profits	**2,490,265**		2,527,597		1,986,821		1,235,240		1,327,449	
Interests of the shareholders	**3,172,632**		3,272,119		2,804,853		2,035,768		2,133,278	
Non-controlling interests	**873**		483		(2,061)		(6,622)		(5,704)	
Loans from minority shareholder of a subsidiary	**14,966**		14,966		14,966		14,966		15,300	
Borrowings	**2,559,441**		2,106,314		1,581,413		558,380		549,623	
Other liabilities	**139,595**		153,564		322,207		169,480		183,791	
Total equity and liabilities	**5,887,507**		5,547,446		4,721,378		2,771,972		2,876,288	
Earnings/(Loss) per share (cents) ***	**9.9**		38.8		78.7		(9.4)		4.2	
Gross dividends paid per share (cents)***	**14.0**		4.0		2.0		–		3.2	
Dividend cover (times)	**0.7**		9.7		39.4		–		1.3	
Net asset per share ($)***	**3.49**		3.47		2.86		2.07		2.17	
Ratio										
Debt equity ratio	**1:1**		1:2		1:2		1:4		1:4	

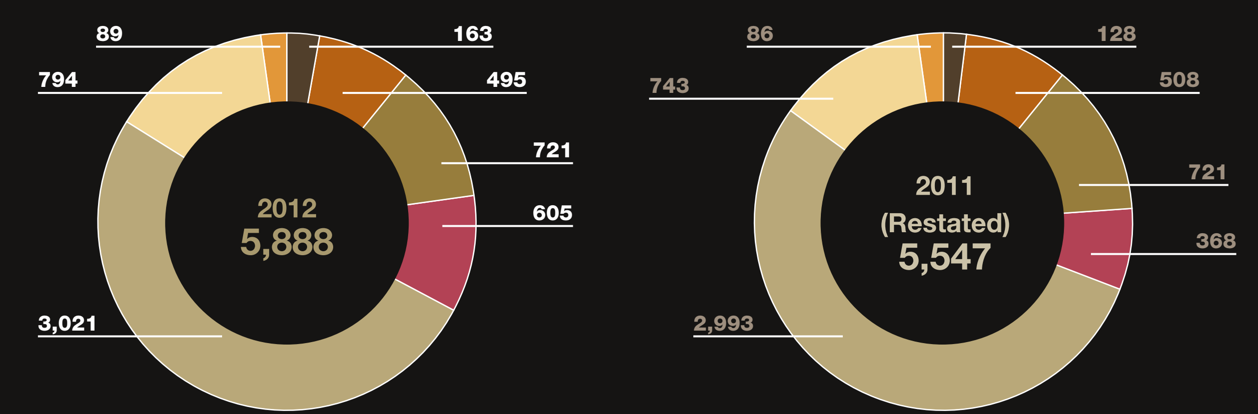
*** *The number of ordinary shares issued for Yr 2008 - Yr 2009 have been adjusted to 981,601,860 to take into account the 5-for-1 stock split approved in June 2010.*

** *Including non-current asset classified as held-for-sale of $1.7 million in Property, Plant & Equipment and $1.9 million in Investment Properties.*

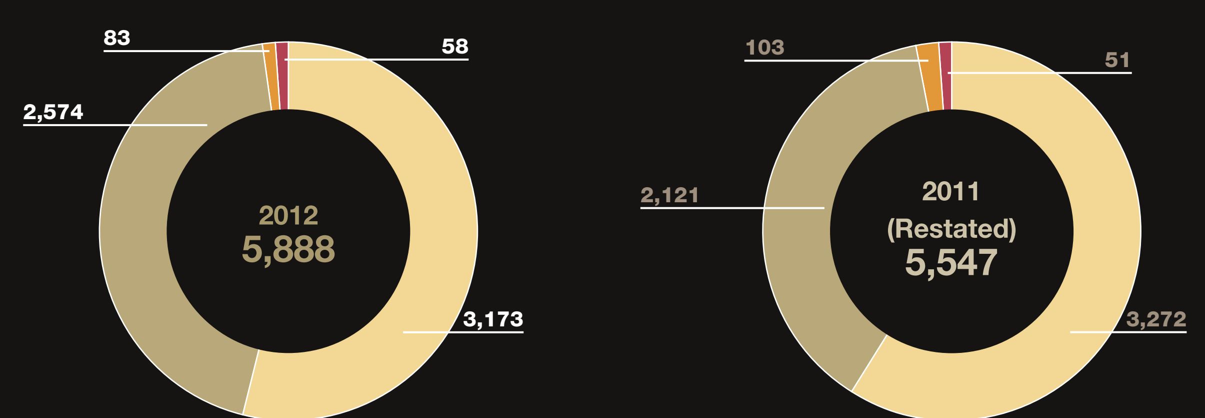
* *Net proceeds from share placement of $204.4 million in December 2006 has been utilised in 2007 and 2008, $30.0m and $174.4m respectively.*

OVERVIEW OF GROUP FINANCIAL POSITION

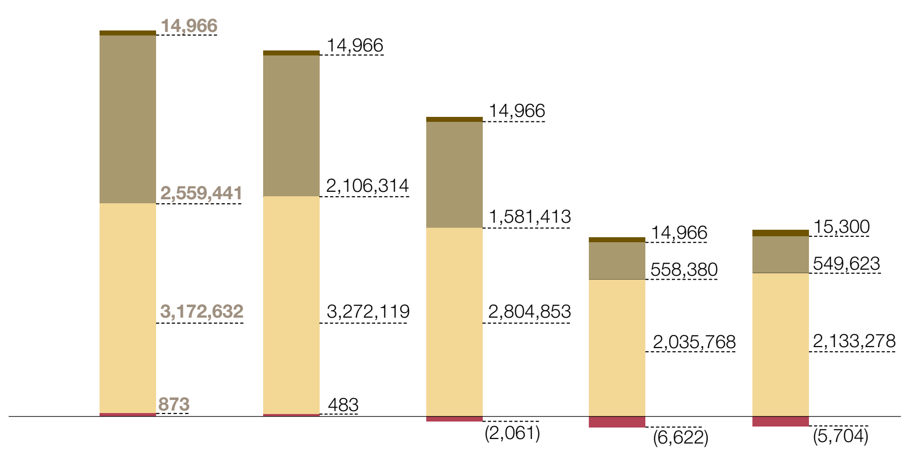
Total Assets Owned ($ Million)



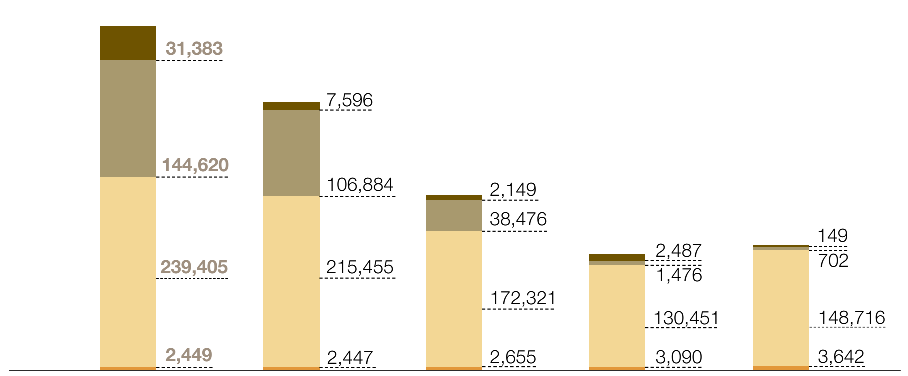
Total Liabilities Owned and Capital Invested ($ Million)



Sources of Finance ($'000)



Group Turnover ($'000)

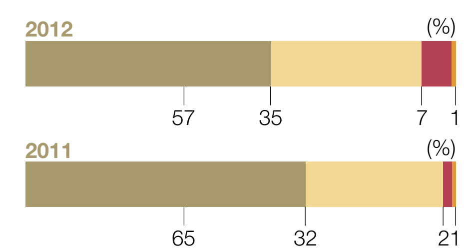


QUARTERLY RESULTS

	1st Quarter $'000	2nd Quarter $'000	3rd Quarter $'000	4th Quarter $'000	Total $'000
Turnover					
2012	**97,195**	**96,664**	**102,049**	**121,949**	**417,857**
2011	68,244	72,266	86,372	105,500	332,382
Profit/(Loss) Before Tax					
2012	**27,760**	**28,567**	**29,504**	**17,021**	**102,852**
2011 (Restated)	274,259	24,490	23,889	73,339	395,977
Profit/(Loss) After Tax					
2012	**21,718**	**22,811**	**23,781**	**22,441**	**90,751**
2011 (Restated)	269,925	20,088	19,873	70,575	380,461
Profit/(Loss) Attributable to Owners of the Company					
2012	**21,780**	**22,765**	**23,857**	**21,654**	**90,056**
2011 (Restated)	269,972	20,097	19,791	68,874	378,734
Basic and Diluted Earnings Per Ordinary Share (in cents)					
2012	**2.4**	**2.5**	**2.6**	**2.4**	**9.9**
2011 (Restated)	27.5	2.0	2.0	7.2	38.8

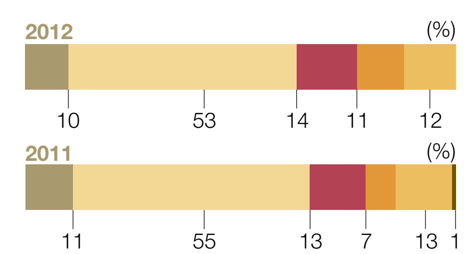
SEGMENTAL PERFORMANCE ANALYSIS

TOTAL TURNOVER BY BUSINESS SEGMENT



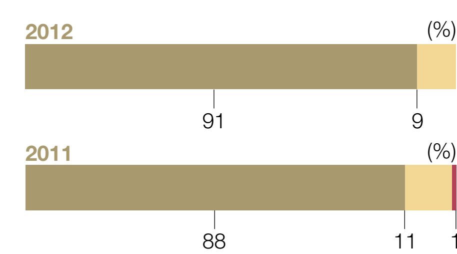
	2012 $'000	2012 %	2011 $'000	2011 %
Hospitality	239,405	57	215,455	65
Property investments	144,620	35	106,884	32
Property development	31,383	7	7,596	2
Others	2,449	1	2,447	1
	417,857	100	332,382	100

TOTAL ASSETS BY BUSINESS SEGMENT



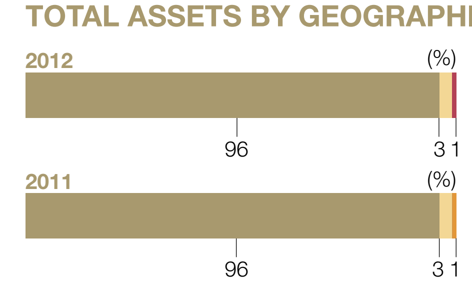
	2012 $'000	2012 %	2011 (Restated) $'000	2011 (Restated) %
Hospitality	597,071	10	616,778	11
Property investments	3,097,917	53	3,044,789	55
Property development	813,009	14	747,921	13
Others	636,896	11	402,767	7
Investment in associates	721,417	12	721,120	13
& jointly controlled entity				
Unallocated assets	21,197	0	14,071	1
	5,887,507	100	5,547,446	100

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT



	2012 $'000	2012 %	2011 $'000	2011 %
Singapore	378,665	91	291,762	88
PRC	38,085	9	38,900	11
Others	1,107	0	1,720	1
	417,857	100	332,382	100

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT



	2012 $'000	2012 %	2011 (Restated) $'000	2011 (Restated) %
Singapore	5,664,860	96	5,351,942	96
PRC	168,615	3	177,040	3
Others	32,835	1	4,393	0
Unallocated assets	21,197	0	14,071	1
	5,887,507	100	5,547,446	100

MANAGING RISKS

Risk management is an integral element of the Group's decisions and business processes. The management structure, the planning and control mechanism, and the monitoring and reporting systems constitute the basis for the integration of risk management into business processes across the Group. These processes require management to identify, evaluate, control and mitigate risks.

OPERATIONAL RISK

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

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

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

The Internal Audit function also provides independent checks on operational issues and risk controls and 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 modeling and sensitivity analysis on key investment assumptions and variables.

FINANCIAL RISK

In the normal course of business activities, the Group is exposed to a variety of financial risks, including interest rate volatility, foreign exchange rate changes, liquidity and credit risks. The Group's overall objectives and policies focus on managing financial risks by using financial instruments, where appropriate.

Interest Rate and Foreign Exchange Risks

Interest rate and foreign exchange risks are the risks that the Group's earnings and capital or its ability to meet its business objectives, will be adversely affected by movements in interest rates and foreign exchange rates. 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. The Group's exposure to interest rate volatility is reduced, and thereby funding costs are managed, by matching maturities of loans and term deposits and maintaining an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows. The Group Finance Department establishes cash flow statements and carries out periodic cash flow forecasts on a rolling twelve-month basis.

Credit Risk

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors its exposure to credit risk arising from trade consumers and corporate customers on an on-going basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are of 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 affects the Group's ability to meet its business objectives. The responsibility of compliance with laws and regulations lies with the heads of business units and oversight of the discharge of their responsibilities is provided by Group Legal Department. Legal risk arises from the potential failure of the Group to meet the legal requirements that 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 the support from external legal advisors.

HUMAN RESOURCE RISK

The Group recognises the importance of recruiting and retaining skilled employees with particular expertise in order to develop and market the products and services offered by the Group and to expand the Group's businesses. The achievement of the Group's business objectives can be undermined by the failure to recruit or retain skilled employees, or the loss of key senior executives. In this respect, the Group places great emphasis on ensuring a rigorous hiring process is in place to hire the right person for the right job, and to develop and compensate the employees with the objective of nurturing and retaining the Group's human assets.

Esther Werthelmer's **Grace** captures the balance, strength and dynamism that underpin OUE's commitment to achieving its full potential

THE BIG POTENTIAL

OPERATIONS REVIEW
COMMERCIAL

OUE Bayfront offers unrivalled and breath-taking views of Marina Bay and has fine restaurants and hotels nearby

Iconic. Prime Location.

Close to **3,000,000**

sq ft GFA of prime office, retail and entertainment space

OUE BAYFRONT

Prominently situated along the shoreline of Collyer Quay, OUE's flagship commercial property – **OUE Bayfront** – is a Grade-A 18-storey office building overlooking the spectacular Marina Bay. It is linked via an aerial mall OUE Link and an underpass to Raffles Place MRT station which is just a 5-minute walk away.

Owing to its vantage location between the new Marina Bay downtown and the Raffles Place financial hub, OUE Bayfront has drawn a notable tenant base comprising multinational companies such as *Allen & Overy LLP, Bain & Company SE Asia, Inc., Citrix Systems Singapore Pte Ltd, Hogan Lovells International LLP, Merrill Lynch International Bank Limited (Merchard Bank), Skandinaviska Enskilda Banken AB (PUBL), Singapore Branch, Union Bancaire Privee (Singapore) Ltd,* amongst others.

Completed in January 2011, OUE Bayfront has a total gross floor area of 503,502 sq ft, with a net lettable area of about 402,039 sq ft. As at 31 December 2012, it has garnered a committed occupancy rate of 93.3% and continues to attract strong interest from prospective tenants.

OUE Bayfront reception lobby, manned by a professional concierge team, features a 12-metre high ceiling

OPERATIONS REVIEW
COMMERCIAL

Awarded the Green Mark Gold certification by Singapore's Building and Construction Authority (BCA), this state-of-the-art office building offers spacious and column-free space with floor plate sizes of 26,000 and 30,000 sq ft, all equipped with raised floor system. OUE Bayfront also features two levels of dedicated trading floors and a generous floor-to-ceiling height of 2.9 metres on all levels. The building has four levels of basement car park, a professional concierge team and also provides round-the-clock security service.

Marking a first-of-its-kind collaboration with Singapore's leading media company, MediaCorp, OUE unveiled a new co-branded restaurant at OUE Bayfront's top level. The restaurant, ME@OUE, offers a unique dining concept featuring three highly acclaimed international chefs, allowing diners to indulge in the triple delight of French, Chinese and Japanese cuisines.

Restaurant patrons are also treated to an unrivalled dining experience under the stars as they take in the stunning panoramic views of Marina Bay.

OUE Tower is a heritage site renowned for its revolving platform

Tóng Lè Private Dining offers a premium Chinese dining experience at OUE Tower

ME@OUE interior design is the brainchild of award-winning architectural firm, Super Potato

OUE TOWER

Adjoining OUE Bayfront, OUE Tower has a net lettable area of 11,800 sq ft spread over two levels. It is currently occupied by Tung Lok Group's Tóng Lè Private Dining, offering Chinese fine dining. Complementing the luxurious dining ambience, a section of the restaurant is dedicated to a special collaboration with SHINJI By Kanesaka – a premium Japanese restaurant by Chef Shinji Kanesaka of the 2-Michelin-starred Sushi Kanesaka in Tokyo, Japan. This exclusive "restaurant-within-a-restaurant" concept allows diners to enjoy the best of both Chinese and Japanese cuisines, whilst enjoying the splendid waterfront views of the Marina Bay.

OUE LINK

OUE Link connects the Raffles Place MRT station and the new Marina Bay financial district. The aerial mall linkway, with a net lettable area of 2,854 sq ft, is fully leased to an exciting line-up of retail and food and beverage options including popular brands such as *Coffee Smith, Delifrance, Dress Bar, mybagspa and Whitedevine.*

Exciting retail and food and beverage choices at OUE Link

OPERATIONS REVIEW
COMMERCIAL

6 SHENTON WAY TOWERS ONE AND TWO

Formerly known as DBS Building Towers One and Two, 6 Shenton Way Towers One and Two is a landmark situated along the financial artery of Singapore in between Raffles Place and Tanjong Pagar. The 49-storey Tower One and 37-storey Tower Two have a combined total gross floor area of about 1.24 million sq ft and a net lettable area of about 867,000 sq ft. These prime office assets continue to see strong interest from prospective tenants and have impressive tenant base that includes *Aviva Ltd, Daiwa Capital Markets Singapore Limited, Deloitte & Touche LLP, Global Blue Singapore Pte Ltd.*

A unique feature of this development is its 262-metre wide street frontage and pedestrian walkway. To capitalise on its strategic location and leverage the Urban Redevelopment Authority's long-term plans to develop Tanjong Pagar into a vibrant work-play-live environment, plans are underway to convert the existing podium in between the two towers into an eminently sophisticated retail space. The mall will have a wide range of retail and food and beverage options, as well as a supermarket, to cater to the needs of the rising number of residents and global business visitors in the vicinity.

6 Shenton Way Tower One

6 Shenton Way Tower Two

OPERATIONS REVIEW
COMMERCIAL

ONE RAFFLES PLACE

One Raffles Place is strategically located in the heart of Singapore's Central Business District and is well-served by Raffles Place MRT station. From the station, pedestrians have a direct connection to the sheltered basement of One Raffles Place.

The distinctive One Raffles Place encompasses two magnificent Grade-A office towers and a retail mall with a total lettable area of over 860,000 sq ft of office, retail and entertainment space.

Tower One, a landmark 62-storey Grade-A office building, is the tallest building in Singapore at 282 metres high. The skyscraper's tenants include leading financial, banking and other professional firms. The observation deck on the rooftop and the restaurants on 61st and 62nd levels offer panoramic views of the city and are very popular entertainment and tourism spots in Singapore.

Newly-completed Tower Two, a 38-storey Grade-A office building, has drawn keen interest from international companies and professional firms, following the success of Tower One. The new tower has a Green Mark Platinum certification for its energy efficiency and environmentally sustainable design, awarded by the Building & Construction Authority (BCA).

Tower Two is also one of only a few commercial buildings in the financial district to capitalise on both lighting and art incentives provided by Urban Redevelopment Authority (URA), incorporating special lighting on its façade and showcasing artworks by world-renowned artists Tony Cragg, Hiroshi Senju, Anna Chiara Spellini and Han Sai Por at the lobby and outdoor space.

The five-storey retail mall, which includes a basement level, is currently under refurbishment. Upon completion in early 2014, the new mall will offer almost 100,000 sq ft of unrivalled retail, dining and lifestyle space at Raffles Place.


One Raffles Place Towers One and Two


High ceiling hallway leading to the lifts at One Raffles Place Tower Two


Anthony Cragg's totem-like Points of View series accentuates the exterior of One Raffles Place Tower Two


One Raffles Place Tower Two's main lobby features Han Sai Por's Seed and Hiroshi Senju's Waterfall

OPERATIONS REVIEW
HOSPITALITY

Distinctive. Dynamic.

2,913 rooms **24** F&B establishments

The continued resilience of international tourism on the back of economic volatility around the globe was once again demonstrated in 2012. According to the latest World Tourism Barometer by the UN World Tourism Organisation (UNWTO), international tourist arrivals grew by 4.0% in 2012 to surpass the 1-billion mark for the first time in history.

By region, Asia and the Pacific showed the strongest results at 7.0% growth, with South East Asia emerging as the best performing sub-region at 9.0% growth owing largely to the implementation of policies that foster intraregional cooperation and coordination in tourism. Meanwhile, North East Asia registered a 6.0% growth as Japanese inbound and outbound tourism recovered.

In Singapore, 2012 was another stellar year for the tourism sector, with visitor arrivals reaching 14.4 million, up from over 13.2 million in 2011. Average room rate finished at S$261.2, a 5.7% increase from the previous year, at the average occupancy rate that mirrored that in 2011 at 86.0%.

In a yearend report released by the World Travel and Tourism Council on the sector's economic impact in Singapore, the direct contribution of Travel and Tourism to GDP in 2012 reached S$17.8 billion, comprising 5.2% of the Republic's overall GDP. Jobs directly generated totalled 141,500, representing 4.5% of Singapore's total employment. S$24.1 billion was generated in visitor exports, with Travel & Tourism expected to have attracted capital investment of S$16.6 billion.

Whilst further challenges are expected to face the industry in 2013, the robust outlook for Travel & Tourism's sustainable growth underscores its importance to the wider economy in the longer term. The industry is expected to continue its momentum, growing faster than other notable industries including manufacturing, financial services and retail.

Capitalising on the dynamism and growth potential of the industry, the roadmap for OUE's hospitality division, particularly that of its iconic hospitality brand, Meritus Hotels & Resorts, remains very much focused on the expansion of its footprint in emerging markets where demand for international travel is expected to continue to rise in significance.

Leading the pack is the Group's flagship hotel, Mandarin Orchard Singapore, which closed the year at 86.5% average occupancy rate and an average room rate of S$281.5. Crowne Plaza Changi Airport registered an average occupancy rate of 87.2% and average room rate of S$269.4.

Overall, in 2012, income from the Group's hospitality division accounted for close to 57.3% of OUE's overall revenue, representing a year-on-year increase of 11.1% to S$239.4 million.

Asian Grace, Warmth and Care defines the hospitality experience at Meritus

Heartfelt service perfected by the iconic Meritus Ambassador

The Meritus Difference at every turn

OPERATIONS REVIEW
HOSPITALITY

MANDARIN ORCHARD SINGAPORE

Standing tall in the heart of vibrant Orchard Road, award-winning Mandarin Orchard Singapore is Meritus Hotels & Resorts' flagship hotel and an icon of world-class hospitality since opening its doors in 1971. Its prominent location in the renowned shopping belt of Orchard Road, a mere five minutes from both the Orchard and Somerset train stations, makes it the hotel of choice for international travellers.

Boasting some 1,051 keys, each a harmonious blend of comfort and elegance, the guestrooms are equipped with comprehensive amenities and offer panoramic views of the city skyline.

A smorgasbord of food and beverage offerings is available throughout the hotel, featuring *Chatterbox*, home of the legendary Mandarin Chicken Rice and the acclaimed Chatterbox Lobster Laksa; *Mandarin Court*, offering authentic Cantonese cuisine high up on level 35; *Triple Three*, an international buffet restaurant; *Coffee & Crust*, a café serving a premium selection of coffee and tea paired with signature desserts; and *Bar on 5*, a chill-out bar located five levels above vibrant Orchard Road.

Mandarin Orchard Singapore offers more than 20,000 sq ft of meetings and banquet space, including the pillar-less Grand Mandarin Ballroom, with advanced audio-visual equipment supported by a dedicated Conference Services team to ensure the success of every event.

Forming part of the hotel is Mandarin Gallery, a unique and intimate shopping destination with over 100 luxury and cult brands that makes for an all-encompassing retail and hospitality experience for guests of the Mandarin Orchard Singapore.

Mandarin Orchard Singapore was named *Best Hotel in Singapore* at the International Hotel Awards 2012/2013. It was also conferred a *Luxury Hotel Award* at the World Luxury Hotel Awards 2012.

A warm, attentive welcome greets guests of Mandarin Orchard Singapore

The plush living room of the Presidential Suite in Orchard Wing

Meeting facilities are backed by the dedicated service of a professional Meetings and Events Team

Exclusive privileges at the Meritus Club Lounge

The pillar-less Grand Mandarin Ballroom

OPERATIONS REVIEW
HOSPITALITY

CROWNE PLAZA CHANGI AIRPORT SINGAPORE

Crowne Plaza Changi Airport is an upscale business and the first global brand name hotel situated within the immediate vicinity of the passenger terminals of Singapore Changi Airport. The hotel is seamlessly connected to Terminal 3 via an air-conditioned sheltered link bridge and is easily accessible from Terminals 1 and 2 by the airport SkyTrain. The hotel is a mere 25 minutes drive to the city.

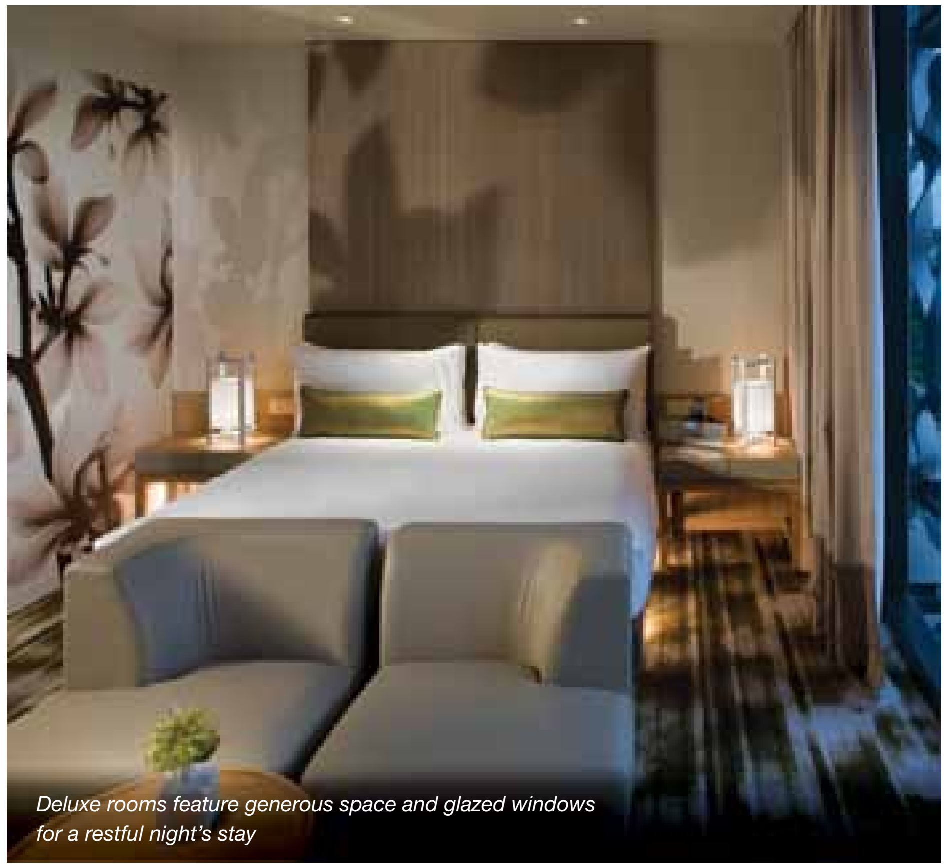
Designed by multi award-winning architects, WOHA, Crowne Plaza Changi Airport's dramatic exterior consists of a metallic latticework of tropical flowers, a motif that permeates the hotel's modern interior. The hotel encapsulates elements of both a city and resort hotel with sleek modern architecture with a contemporary Asian theme.

Crowne Plaza Changi Airport's 320 well-appointed guest rooms, including 27 spacious suites, provide guests with a soothing respite from the strains of travelling. All rooms are sound-proofed and complete with indulgent en-suite bathrooms. Intelligent and innovative design helps effectively maximise the room space for both rest and work.

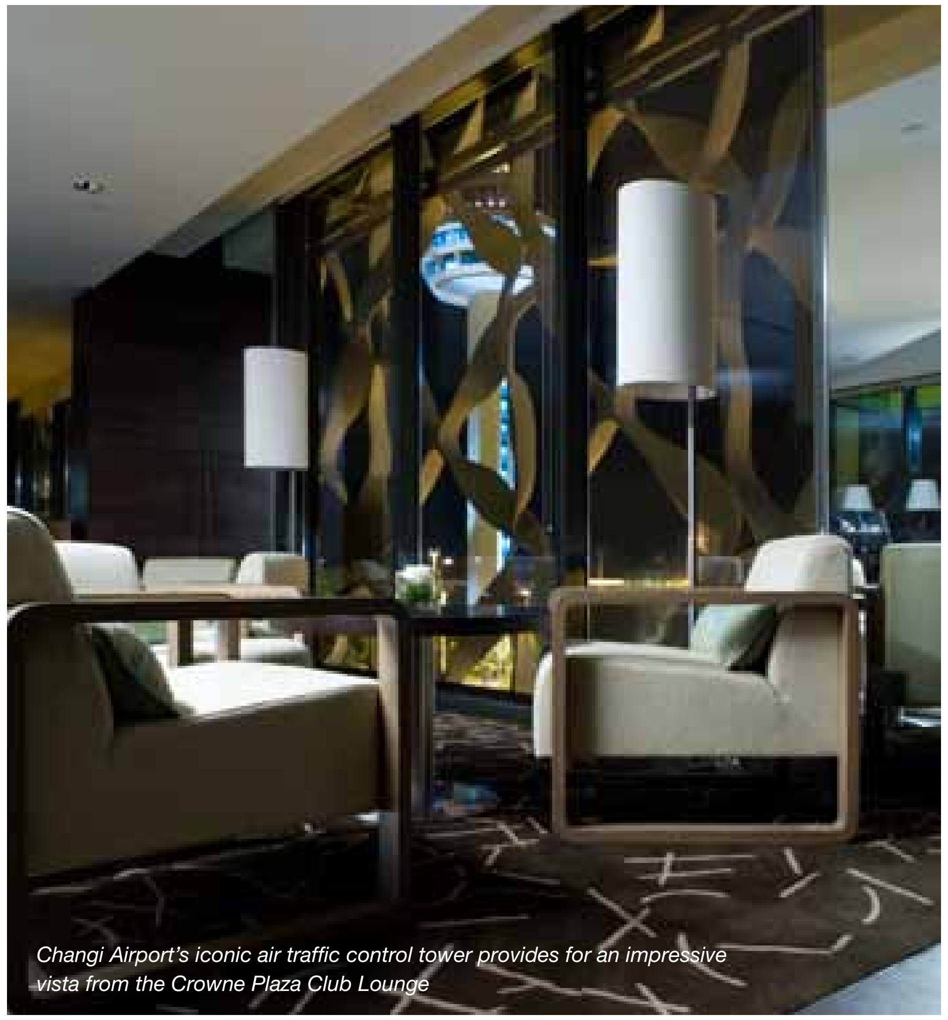
Take pleasure in the cosmopolitan dining experience at Crowne Plaza Changi Airport with its selection of bars and restaurants. Relax, unwind or hold informal corporate cocktail events at *bar'75*, Meet and Eat at the *Lobby Lounge*, indulge in the best of Asian and Western cuisine at *Azur*.

An ideal location for business travellers, Crowne Plaza Changi Airport is strategically located near the Singapore Expo and Changi Business Park. Meet against the stunning backdrop of a tropical rainforest in our 8 meeting rooms or Chengal ballroom equipped with state-of-the-art audio visual technology. In addition, the hotel goes the extra mile with its dedicated Crowne Meetings Team and Meet & Greet Service.

The hotel was voted one of the *World's Best Airport Hotels* in the Skytrax World Airport Awards 2012, *Luxury Airport Hotel* in the World Luxury Hotel Awards 2012 and also one of the *Best Airport Hotels* at the Business Traveller Asia-Pacific Awards 2012.



Deluxe rooms feature generous space and glazed windows for a restful night's stay



Changi Airport's iconic air traffic control tower provides for an impressive vista from the Crowne Plaza Club Lounge

The outdoor landscaped pool lends the contemporary environment a uniquely tropical touch

OPERATIONS REVIEW
HOSPITALITY

The hotel's versatile meeting spaces are supported by state-of-the-art audiovisual equipment and intelligent lighting system

MARINA MANDARIN SINGAPORE

Strategically located Marina Mandarin Singapore enjoys an excellent location in the heart of the city, offering breathtaking views of the Marina Bay and the financial district, as well as direct access to the Marina Square shopping mall. The hotel is directly opposite the Suntec Convention & Exhibition Centre and The Esplanade – Singapore's Performing Arts Centre.

Marina Mandarin Singapore is the preferred hotel for avid Formula One fans as it is perfectly situated right on the trackside of the annual Singapore Grand Prix Formula One race.

Featuring a distinctively majestic atrium soaring through 21 levels of the hotel, Marina Mandarin Singapore exudes an atmosphere of relaxed elegance and oriental charm. With an exciting selection of dining options uniquely housed in one the largest atriums in Southeast Asia, the hotel's restaurants and bars include *Peach Blossoms*, renowned for its authentic Cantonese fare; *AquaMarine*, a Halal-certified, all-day dining restaurant; *Atrium Lounge* and *Senses Patisserie* for cosy tête-à-têtes; and the latest addition to its stable, the renowned *Ruth's Chris Steak House*.

Boasting over 20,000 sq ft of extensive meeting facilities that spell stylish versatility and welcomed convenience, a team of Convention Services experts are always on hand to ensure that attention is paid to even the finest detail whether it is for a large-scale forum or a private cocktail function.

In 2012, Marina Mandarin Singapore made the list of *Top 20 Luxury Hotels in Singapore* at the TripAdvisor Traveller's Choice Hotel Awards. It was also named *Luxury Business Hotel* at the World Luxury Hotel Awards 2012.

A majestic atrium soars through 21 storeys of Marina Mandarin Singapore

Each of the hotel's rooms and suites features a private balcony overlooking breathtaking views of Marina Bay

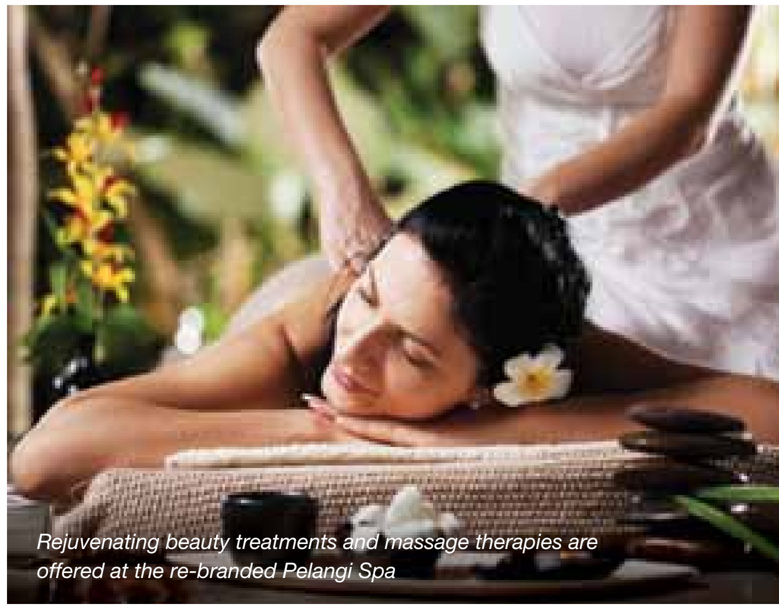
OPERATIONS REVIEW
HOSPITALITY

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

Be ushered into a world of ethnic charm and tropical tranquility at Meritus Hotels & Resorts' flagship resort. Set along a kilometre stretch of white sandy shores on Langkawi's popular Cenang Beach, award-winning Meritus Pelangi Beach Resort & Spa is designed to depict a traditional Malay village, with clusters of single- and double-storey wooden chalets each with private balconies overlooking stunning sea views and lush green landscapes.

Having just completed a multi-million dollar refurbishment programme, the 35-acre resort redefines tropical luxury with a host of exciting new features starting with plush rooms and suites outfitted with stylish furnishings and modern conveniences.

Open verandahs feature in every chalet



Rejuvenating beauty treatments and massage therapies are offered at the re-branded Pelangi Spa

The resort's Meritus Club is set in a tropical environment that is exclusive yet cosy

The brand new club lounge features indoor and outdoor areas where guests may enjoy personalised business services in an exclusive yet cosy environment. Vibrant food and beverage outlets include *Spice Market*, an all-day dining restaurant serving exotic local favourites; the newly launched *CBA*, a lounge bar overlooking the pristine Cenang Beach; *Pelangi Lounge*, a lobby lounge serving signature cocktails and pastry selections; and *Cascade Pool Bar*, the all-time popular island bar serving refreshments poolside.

In addition to a line-up of water sports and outdoor activities, the resort also offers a new wellness and rejuvenation facility that includes a spacious, state-of-the-art Fitness Centre equipped with the latest range of techno-gym equipment and Precor machines; and the re-branded *Pelangi Spa* with its signature offerings of holistic, Asian-inspired beauty and massage therapies in a revitalised setting.

Dubbed 'The Jewel of Langkawi', the resort continues to be a widely popular destination with MICE organisers because of its distinctively refreshing and inspiring indoor and outdoor venues for meetings and incentive gatherings.

The resort recently made the 2012 list of the *Top 25 Relaxation & Spa Hotels in Malaysia* at the TripAdvisor Traveller's Choice Hotel Awards. Its new interior design was given a distinction at the Malaysian Interior Design Awards 2012.

OPERATIONS REVIEW
HOSPITALITY

The Grand Lobby at Meritus Shantou China

The Meritus Club Lounge, reserved for the discerning business traveller

The pre-function area of Ying Chow Grand Ballroom

The Presidential Suite exudes luxury and elegance

MERITUS SHANTOU CHINA

Meritus Shantou China is located in the heart of the central business district of Shantou, Eastern Guangdong's economic hub. The hotel is within walking distance to shopping and entertainment districts and within a 20-minute drive from the airport.

Boasting 318 well-appointed guestrooms, the hotel facilities are designed with the business traveller in mind, epitomising classic elegance and an interior that evokes a warm Asian welcome.

Four exciting restaurants and bars featuring authentic Chinese and international cuisines are complemented by top-notch meeting and banquet facilities. The hotel is considered a landmark in Shantou, symbolising the city's economic prosperity.

OPERATIONS REVIEW
HOSPITALITY

MERITUS MANDARIN HAIKOU

Boasting a prestigious business address in Haikou, Meritus Mandarin Haikou is ideally located in the financial hub of Hainan's Special Economic Zone.

Dubbed as the first international hotel to be established in Haikou, the hotel is a mere 45-minute drive from Meilan International Airport and offers 318 well-appointed guestrooms and suites complemented by facilities especially designed for the business traveller.

Meritus Mandarin Haikou features four restaurants and bars, and more than 8,000 sq ft of high-ceiling, column-free ballroom space that can be partitioned into smaller function rooms to cater for small to mid-scale meetings and events.

To cater to the rapidly growing demand in the corporate sector in China, a series of exciting new enhancements to the hotel facilities will take place in 2013. Upon completion, guests can look forward to new rooms with modern and contemporary furnishings, executive lounge, brand new wellness facilities including indoor and outdoor pool, well-equipped fitness centre and a spa.

The boardroom at Meritus Mandarin Haikou

Efficient business services are available in the exclusive environment of the Meritus Club Lounge

The hotel's Meritus Suite features a spacious lounge area

Recreational facilities of Haikou's first international hotel include an outdoor swimming pool

DINING & ENTERTAINMENT


Chatterbox


Coffee & Crust


Café Mocha


Atrium Lounge & Senses Patisserie

MARINA MANDARIN SINGAPORE

- AquaMarine
- Peach Blossoms
- Atrium Lounge & Senses Patisserie
- Café Mocha

MANDARIN ORCHARD SINGAPORE

- Chatterbox
- Triple Three
- Mandarin Court
- Bar On 5
- Coffee & Crust


Mandarin Court


AquaMarine


Peach Blossoms


Triple Three

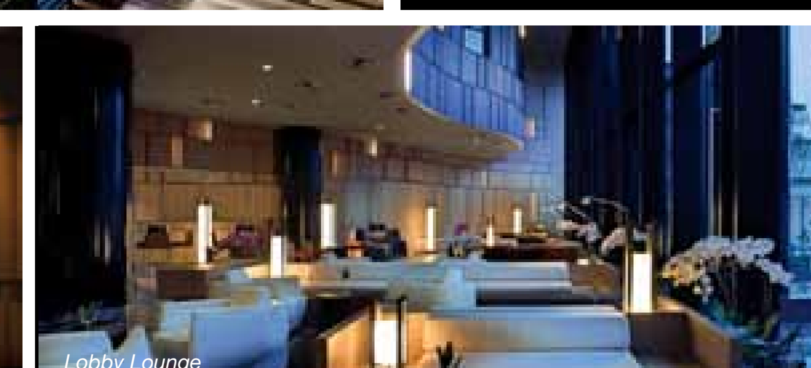

Bar on 5


Azur

CROWNE PLAZA CHANGI AIRPORT

- Azur
- bar'75
- Lobby Lounge


bar'75


Lobby Lounge

DINING & ENTERTAINMENT


Cascade Pool Bar

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

- Cascade Pool Bar
- Spice Market
- Pelangi Lounge
- CBA


Spice Market


Pelangi Lounge


CBA


Tatler Bar

MERITUS SHANTOU CHINA

- Tatler Bar
- Pool Garden Cafe
- Brasserie Tatler
- Peach Garden


Pool Garden Cafe


Brasserie Tatler


Peach Garden


Pine Court

MERITUS MANDARIN HAIKOU

- The Chatterbox
- The Promenade
- Pine Court


The Chatterbox


The Promenade

AWARDS & ACCOLADES

MERITUS HOTELS & RESORTS

- **2012 World Luxury Hotel Awards**
  Global Winner – Luxury Brand
- **Singapore Brand Prestige Award 2012**
  Meritus Hotels & Resorts – Heritage Brand
- **2012 ASEAN Business Awards**
  Most Admired ASEAN Enterprise for the category of 'Growth'
- **2012 ASEAN Business Awards**
  Most Admired ASEAN Enterprise for the category of 'Innovation'

MANDARIN ORCHARD SINGAPORE

- **ASEAN Green Hotel Recognition Award 2012**
- **International Hotel Awards 2012 – Asia Pacific**
  Best Hotel for Singapore
- **2012 World Luxury Hotel Awards**
  Country Winner (Singapore) – Luxury Hotel
- **Singapore Brand Prestige Award 2012**
  Chatterbox – Heritage Brand
- **Hotel Security Excellence Award 2012**
  Singapore Hotel Association
- **Meritorious Defence Partner Award**
  Ministry of Defence (Singapore)
- **Singapore Service Class**
  Standards, Productivity and Innovation Board (SPRING)
- **Wine & Dine Singapore's Top Restaurants 2011/2012**
  Mandarin Court, Triple Three, Chatterbox
- **Singapore Tatler: Singapore Best Restaurant Series 2012**
  Mandarin Court, Triple Three

MARINA MANDARIN SINGAPORE

- **2012 TripAdvisor Travellers' Choice Hotel Awards**
  Top 20 Luxury Hotels in Singapore
- **TripAdvisor Certificate of Excellence 2012**
- **2012 World Luxury Hotel Awards**
  Country Winner (Singapore) – Luxury Business Hotel
- **Food & Hotel Asia 2012 Culinary Challenge**
  Best Culinary Establishment – Marina Mandarin Singapore
- **2012 Top 3 "Halal Restaurants in Hotels in Singapore"**
  AquaMarine
- **Singapore's Best Restaurant Guide 2012**
  International – AquaMarine
  Chinese – Peach Blossoms
  Italian – Ristorante Bologna
- **Top Restaurant Guide 2012**
  International/Buffet – AquaMarine
  Asian/Chinese – Peach Blossoms
  European/Italian – Ristorante Bologna
  Special Awards – Best Ambience (Asia): Peach Blossoms
- **SHA/Police/NCPC Hotel Security Awards 2012**
  Certificate of Excellence – Marina Mandarin Singapore

CROWNE PLAZA CHANGI AIRPORT

- **Business Traveller Asia-Pacific Awards 2012**
  Best Airport Hotel Finalist
- **World Luxury Hotel Awards 2012**
  Best Luxury Airport Hotel
- **Skytrax World Airport Awards 2012**
  World's Top 10 Airport Hotels Finalist, Asia's Top 10 Airport Hotels Finalist
- **Skytrax World Airport Awards 2012**
  World's Top 10 Airport Hotels Finalist, Asia's Top 10 Airport Hotels Finalist

MERITUS SHANTOU CHINA

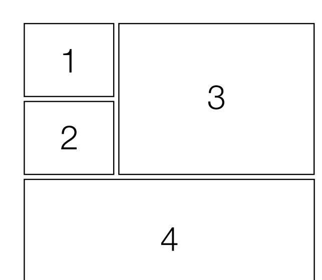
- **China Hotel Industry Association**
  Most Effective Service Hotel in China 2012

MERITUS MANDARIN HAIKOU

- **TripAdviser Certificate of Excellence 2012**

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

- **2012 TripAdvisor Travellers' Choice Hotel Awards**
  Top 25 Relaxation & Spa Hotels in Malaysia
- **Malaysia Interior Design Awards (MIDA) 2012**
  Highly Acclaimed Resort



1. *Mr. Kurt Wehinger, General Manager of Marina Mandarin Singapore (MMS), pictured with Mr. Chua Tian Chu, Meritus Hotels & Resorts (MHR) Deputy CEO, at the 2012 World Luxury Hotel Awards*
2. *Mr. Chua Tian Chu (far right) pictured with Mr. Danny Wong, Hotel Manager of Mandarin Orchard Singapore (MOS); MOS Executive Sous Chef Liew Tian Heong; and OUE Head of Culinary Consulting Services, Mr. Shigeru Akashi; at the Singapore Prestige Brand Award 2012*
3. *Mr. Chua Tian Chu accepting the Most Admired ASEAN Enterprise accolade in the categories of 'Growth' and 'Innovation' at the 2012 ASEAN Business Awards held in Pnom Penh, Cambodia*
4. *MMS General Manager Mr. Kurt Wehinger with Executive Chef Tony Khoo and the hotel culinary team, recipient of numerous awards at the Food & Hotel Asia (FHA) 2012*

OPERATIONS REVIEW
RETAIL

Luxurious. Sophisticated.

196,337 sq ft GFA of luxe retail space

HOME TO THE ULTIMATE RETAIL EXPERIENCE

Mandarin Gallery is set in the centre of Singapore's most popular shopping belt, Orchard Road. It is the Group's flagship retail mall. It distinguishes itself from other malls in the vicinity with its carefully curated list of sophisticated tenants. Comprising four levels spread over a total gross floor area of more than 196,000 sq ft, Mandarin Gallery brings together a unique blend of shopping and dining experience under one roof.

Designed for the discerning and cosmopolitan fashionistas, Mandarin Gallery is a retail haven offering fashion must-haves and international brands such as *Emporio Armani, Paul Smith, Mulberry, Bathing Ape, Y-3, Vanessa Bruno, Hugo Boss* and *Marc by Marc Jacobs* as well as an amazing spread of one-of-a-kind local boutiques like *Inhabit – The Other Store, TEZZO & trioon, The Denim Store, Hansel and Scarlet & Ebony*.

For those looking for nothing but the best for their personal living space, Mandarin Gallery is the place to go, with its excellent selection of modern lifestyle stores such as *atomi x furniture, Design 9.1, M.A.D. – Museum of Art & Design and Platform*.

For food connoisseurs looking for culinary adventures – be it ramen at *Ippudo* that has garnered raving reviews, or barbeque savouries at *Ito-Kacho*; all-day breakfast at *Wild Honey*, or a hefty protein load at *Lawry's The Prime Rib*; a cup of tea at *Arteastiq Tea Lounge*, or a slice of cake at French patisserie *Antoinette* – Mandarin Gallery offers an exquisite range of boutique eateries that cater for every taste.

Complementing its luxurious retail therapy and unique dining options, Mandarin Gallery is also the place to go for exclusive hair, beauty, and personal care services. Head to *Toni & Guy* or *Salon Elite* for hairstyling needs or stock up on personal care products at *Bud Cosmetics*. For the full works, schedule a pampering manicure or pedicure at *Snails* and indulge in the relaxing spa treats at *Chinois Spa*.

Mandarin Gallery's 152-metre prominent frontage along Orchard Road

OPERATIONS REVIEW
RETAIL

Vibrant Mix of Tenants


Lawry's The Prime Rib


Bathing Ape

Paul Smith

ck Calvin Klein Accessories

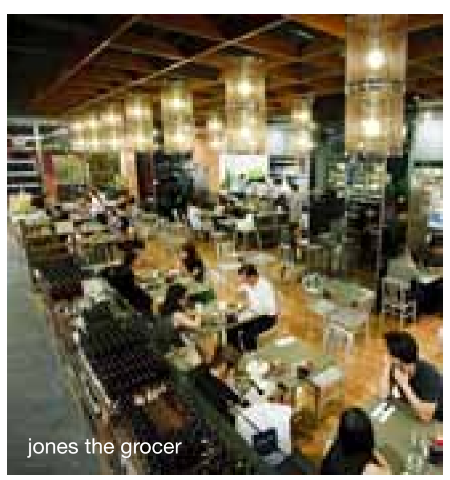
Mulberry


Ippudo

ambush

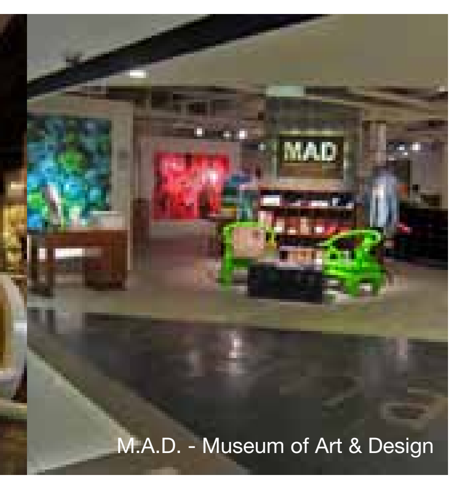

Bud Cosmetics

Marc by Marc Jacobs

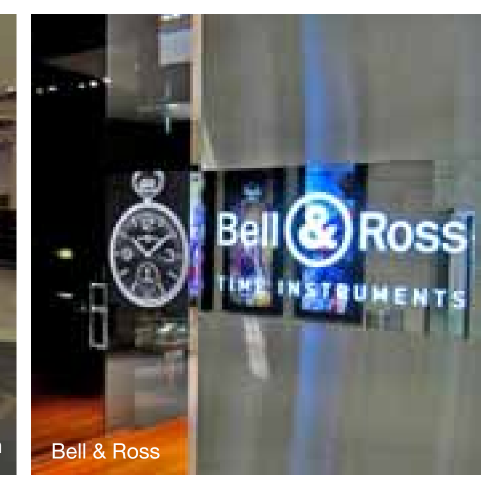

jones the grocer

BOSS Shop


Arteastiq Tea Lounge



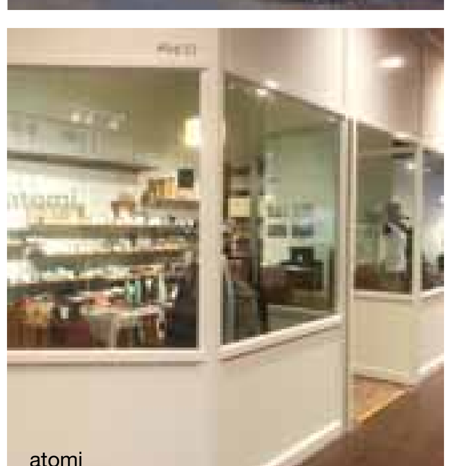
M.A.D. - Museum of Art & Design



Bell & Ross

Emporio Armani

Vertu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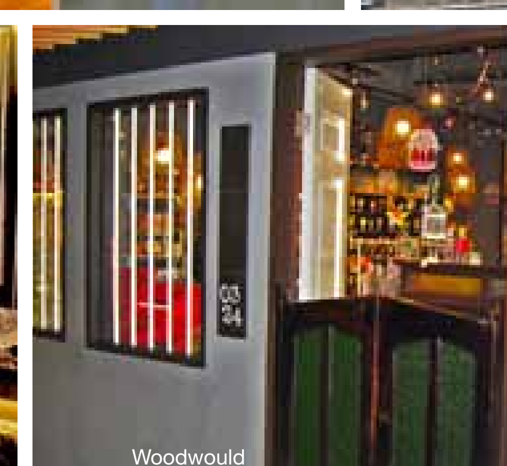
Montblanc

Salon Elite


Woodwould

A Lifestyle Haven for the Quintessential Shopper

OPERATIONS REVIEW
RESIDENTIAL

Pulse of Urban Orchard Living

Rich Visual Palette

Pulsating Vibrance

Prestigious. Exclusive.

462 stylish homes for Urban Orchard Living

STYLISH URBAN ORCHARD LIVING

Twin Peaks is OUE's flagship residential development situated in the tranquil surroundings of Leonie Hill, one of Singapore's most exclusive residential enclaves. Centrally located and close to the heart of Orchard Road, Twin Peaks is a coveted residential address that allows one to live the cosmopolitan lifestyle with utmost convenience and in luxury style.

Located at 33 Leonie Hill Road, the 99-year leasehold development comprises two identical 35-storey residential towers built on a land area of 130,983 sq ft, one of the largest prime land parcels and offers a total gross floor area of 436,172 sq ft.

Each of the 462 ready-to-live-in apartments are exclusively and fully furnished with sophisticated pieces by renowned designers such as Hans Wegner, Gerrit T. Rietveld, Charles & Ray Eames, Tom Dixon and Matthew Hilton. Multi-generation living is facilitated by the flexibility of combining one-bedroom apartments with two- or three-bedroom apartments.

Twin Peaks' luxurious facilities include lush lawns, a swimming pool with stylish cabanas, a tennis court, dining suites featuring Western and Asian gourmet kitchens, as well as state-of-the-art sky gyms on the 13th level with panoramic views of the city. Open-air sky walkways on the 36th level, coupled with a rooftop bar and shaded pavilions, form the perfect setting for private parties against the backdrop of a glittering skyline.

OPERATIONS REVIEW
RESIDENTIAL

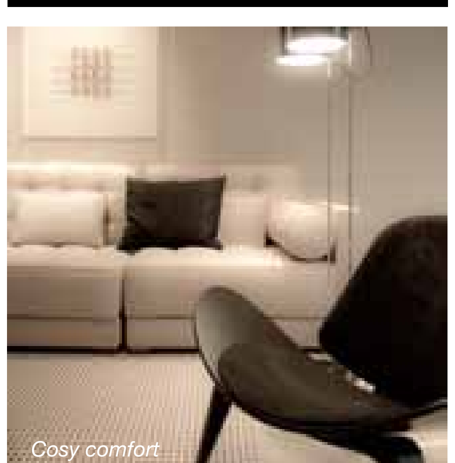

Epitome of elegance


Luxe comfort


Lifestyle of luxury


Sweeping cityscape

Furnished by Iconic Designers


Cosy comfort


Kitchen fully-equipped


Sanctuary in the heart of the city

CORPORATE SOCIAL RESPONSIBILITY

Annual 'Stars of Christmas' community project culminates with a 'Toy Run' in collaboration with Harley-Davidson of Singapore, Harley Owners Group Singapore Chapter, Power 98FM and The Helping Hand

Mandarin Orchard Singapore team pictured with members of Harley-Davidson Singapore, Harley Owners Group Singapore Chapter and The Helping Hand at the 'Chatterbox Gives Back' community project

'Takidashi Day' presented by Viva Japan and Mandarin Orchard Singapore in commemoration of the Tohoku earthquake and tsunami's first anniversary

OUE CEO Mr. Thio Gim Hock and MHR Deputy CEO Mr. Chua Tian Chu pose with children from TOUCH Community Services at the kick-off event for 'Stars of Christmas' 2012

OUE AND CORPORATE SOCIAL RESPONSIBILITY

OUE remains committed to corporate citizenship values and taking the lead in contributing positively to the local community that is home to our customers, our associates and our business partners. We are proud of the role we have played in, supporting programmes that bring tangible results. We support the welfare of underprivileged children and the elderly, especially in the areas of health and education and ecological sustainability programmes.

We believe that strong, progressive communities are essential in the lasting success of any major business organisation. As OUE continues to grow and evolve, we become more dedicated to a personal, unified approach in caring for other members of our society and bringing about sustainable improvement where we can.

FOCUS ON THE FAMILY

Focus on the Family Singapore is a local charity dedicated to helping families thrive by providing affordable and quality family life education through talks and workshops, resources on an array of important issues, personal counseling and much more.

Impressed by the good work that Focus on the Family has undertaken, the OUE Group Foundation donated S$500,000 and pledged S$200,000 annually to the charity for the next five years. The funds will be directed to programmes that raise awareness for family life issues and encourage youth to take a more active participation in various causes.

HOTELIERS WITH A HEART

Stars of Christmas

For the third year running, OUE collaborated with Mandarin Orchard Singapore on the annual *Stars of Christmas* community project that benefits various children's aid societies, including *Club Rainbow (Singapore), VIVA Foundation for Children with Cancer, TOUCH Community Services, Beyond Social Services and the Children's Cancer Foundation*.

In 2012, volunteers from *Harley-Davidson* of Singapore, Harley Owners Groups Singapore Chapter, Power 98FM and The Helping Hand all lent their generous support for the success of the project.

'Stars of Christmas' is aimed at raising funds and soliciting Christmas gifts in an effort to grant the wishes of children who are underprivileged or suffering from life-threatening illnesses. Stars bearing the name, age and gender of each beneficiary adorned the Christmas tree at the main lobby of Mandarin Orchard Singapore. Hotel guests, visitors and employees selected the stars and bought gifts that were placed under the tree and delivered to the children just before Christmas Day.

The 3-part programme started with the ceremonial hanging of stars on 3rd December, led by OUE Chief Executive Officer and Group Managing Director, Mr. Thio Gim Hock. On 14th December, a special lunch was hosted by OUE for almost 200 beneficiaries, including the children, their siblings, parents and caregivers. Following the scrumptious feast and themed festivities was a visit from Santa and his helpers who handed gifts to children.

Stars of Christmas 2012 culminated in a 'Toy Run' on 15th December 2012. A fleet of Santas and Santarinas on Harley-Davidson bikes lined the frontage of Mandarin Gallery and were flagged off by Mr. Thio at 9.30 in the morning, when they set out to deliver over 500 Christmas gifts to children at hospitals and homes.

Takidashi Day

To mark the first anniversary of the Tōhoku earthquake and tsunami, VIVA Japan, in collaboration with Mandarin Orchard Singapore and several celebrity chefs presented Takidashi Day. Loosely translated as "cook & give", an act of love and public service through the giving of home-cooked food to people in need was held at One on the Bund on 11th March 2012.

The team from Mandarin Orchard Singapore served Japanese expatriates and locals alike by giving out hearty servings of the legendary Chatterbox chicken rice. The 'Takidashi' food service was also a social and cultural educational experience for everyone who wished to understand it would be like to queue for food relief during a disaster or crisis. The event was televised across Japan.

On 12th September, Mandarin Orchard Singapore together with a fleet of Harley Davidson riders and with the help of The Helping Hand, roared off in style to deliver some 2,000 Chatterbox chicken rice boxes to the elderly residents from various welfare organisations across Singapore.

Work Experience Programme for Special Needs Students

Supported by the Ministry of Education, National Council of Social Service and Metta Welfare Association, Metta School was founded in January 2001 to offer special education to students with mild intellectual disability and mild autism spectrum disorder with IQ ranging from 50 to 70 and aged between 6 and 21 from all races and religions.

Mandarin Orchard Singapore partnered with Metta School to be part of a Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education to offer on-the-job training opportunities for special needs students. The objective is to expose them in a real-life setting and assist them in developing into self-sufficient and productive members of society.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Stephen Riady (*Executive Chairman*)
Christopher James Williams (*Deputy Chairman*)
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Mag Rainer Silhavy
Kin Chan

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Sin Boon Ann (*Chairman*)
Christopher James Williams
Kelvin Lo Kee Wai

REMUNERATION COMMITTEE

Sin Boon Ann (*Chairman*)
Christopher James Williams
Kelvin Lo Kee Wai

SECRETARY

Ng Ngai

SHARE REGISTRAR

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

AUDITORS

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge: Mr. Tan Huay Lim
Date of appointment: With effect from financial year ended 31 December 2010

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

Rudi Chuan
TL Woo
Telephone : (65) 6809 6051
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

Overseas Union Enterprise Limited (the "**Company**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2012 ("**FY2012**") with specific reference to the principles of the Code of Corporate Governance 2005 (the "**Code**"). The Company is pleased to confirm that it has adhered to the principles and guidelines of the Code. The Annual Report should be read in totality for the Company's full compliance.

A. BOARD MATTERS

Principle 1 : Board's Conduct of Affairs

The Company is headed by an effective Board comprising a majority of non-executive Directors independent of Management. The Board is supported by three Board committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**").

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic aims 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 risk to be assessed and managed;
- reviewing Management performance; and
- setting the Company's values and standards, and ensuring that obligations to shareholders and others are understood and met.

The Company has adopted internal guidelines that require Board approval for investments, divestments and bank borrowings.

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened when circumstances warrant. In 2012, the Board met five times. The report on the Directors' attendance for Board and Board committee meetings is set out below. Directors who are unable to attend Board or Board committee meetings may convey their views to the Chairmen or the Company Secretary. The Company's Articles of Association provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2012, certain Directors participated in Board and Board committees meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings

	Number of meetings attended in FY2012			
Name of Director	**Board**	**AC**	**NC**	**RC**
Stephen Riady	4	-	-	-
Christopher James Williams	5	-	1	1
Thio Gim Hock	5	-	-	-
Kelvin Lo Kee Wai	5	4	1	1
Sin Boon Ann	4	4	1	1
Mag Rainer Silhavy	4	-	-	-
Kin Chan	4	4	-	-
Number of meetings held in FY2012	5	4	1	1

CORPORATE GOVERNANCE REPORT

Principle 2 : Board Composition and Guidance
Principle 3 : Chairman and Chief Executive Officer

The Board comprises seven Directors with five non-executive Directors who are independent of Management. Of the five non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.1 of the Code. Even though the independent Directors form less than one-third of the Board (and there is therefore a departure from the recommendation under Guideline 2.1 of the Code), the Board nevertheless believes that the present number of independent Directors does not diminish the ability of the independent Directors to constructively assist the Board in its deliberations. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. No individual or small group of individuals dominate the Board's decision making. In addition, there are three non-executive Directors who also contribute constructively to recommendations from the Management.

The integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of the Management.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles. Key information on the Directors' particulars and background can be found on pages 36 to 39 of the Annual Report.

The Board is chaired by Dr. Stephen Riady, who is an executive Director. The Chairman, in consultation with Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Company.

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

Principle 6 : Access to Information

In order to facilitate the Directors in discharging their responsibilities, the Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings. The Directors also have separate and independent access to the key executive officers and the Company Secretary. The function of the Company Secretary and other key executive officers of the Company is to ensure that all Board procedures are followed and that applicable rules and regulations prescribed by the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and all other applicable regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its committees and between senior management and non-executive Directors.

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

CORPORATE GOVERNANCE REPORT

B. BOARD COMMITTEES

Nominating Committee

Principle 4 : Board Membership
Principle 5 : Board Performance

The NC currently comprises three non-executive members, of whom two of them, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The NC met once in FY2012.

The principal responsibilities of the NC include reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole, assessing and being mindful of the independence of the Directors and reviewing the retirement and re-election of Directors. Pursuant to the Company's Articles of Association, one-third of the Directors will retire from office at the Company's forthcoming Annual General Meeting.

In making its recommendations to the Board on the appointment of Directors, the NC will consider, *inter alia*, the nominee's track record, experience, financial literacy, core competencies and ability to commit time and effort to carry out duties and responsibilities effectively.

The NC assesses the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. In evaluating each Director's performance and that of the Board, the NC considers, *inter alia*, the Directors' attendance, contribution and participation at Board and Board Committee meetings, Directors' individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Company's businesses.

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

Remuneration Committee

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

The RC comprises three members, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The RC met once in 2012.

The principal functions of the RC are to *inter alia*:

- recommend to the Board a framework of remuneration for Board members and also for key executives; and
- develop policies for fixing of, and recommending to, the Board the remuneration packages of individual Directors.

To enable the RC to carry out its duties, the RC has access to expert advice in the field of executive compensation inside and/or outside the Company, when necessary. The RC has access to external consultants in connection with its review of the compensation of the key executives.

The RC sets compensation to ensure that the Company is competitive and can attract, retain and motivate Directors and key executives of the required experience and expertise to run the Company successfully. In setting remuneration packages for Directors and key executives, the remuneration and other conditions within the industry and in comparable companies are taken into consideration. While structured to attract and retain highly qualified people, the overall goal is to encourage sustained value-oriented management.

Fees payable to the Directors are proposed as a lump sum. The lump sum, subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting, will be divided among the Directors, as the Board deems appropriate. The amount for each Director will take into account the level of responsibilities held. The compensation framework is made up of fixed pay and incentives. The Company links executive remuneration to corporate and individual performance, based on appraisal, performance assessment, competencies and potential of individuals. Incentives are put in place to motivate and reward executive Directors and key executives to compensate them and encourage them to maximise long-term shareholder value. The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities, including attendance, time and effort at Board meeting and Board committee meetings.

CORPORATE GOVERNANCE REPORT

A breakdown (in percentage terms) showing the level and mix of each Director's remuneration payable for FY2012 is shown below:

Disclosure on Directors' Remuneration for FY2012

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total Remuneration %
Below $250,000					
Stephen Riady	100	-	-	-	100
Christopher James Williams	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann	-	-	100	-	100
Mag Rainer Silhavy	-	-	100	-	100
Kin Chan	-	-	100	-	100
$250,000 to $499,999					
-	-	-	-	-	-
$500,000 to $749,999					
-	-	-	-	-	-
$750,000 to $999,999					
-	-	-	-	-	-
$1,000,000 to $1,249,999					
-	-	-	-	-	-
$1,250,000 to $1,499,999					
-	-	-	-	-	-
$1,500,000 to $1,749,999					
-	-	-	-	-	-
$1,750,000 to $1,999,999					
-	-	-	-	-	-
$2,000,000 to $2,249,999					
Thio Gim Hock	26.83	71.56	-	1.61	100

Directors' and Key Executives' Remuneration
Number of Directors and key executives of the Company in each remuneration band:

Remuneration Bands	Number of Directors		Number of Key Executives (who are not also Directors)	
	2012	2011	2012	2011
Below $250,000	6	6	-	-
$250,000 to $499,999	-	-	-	-
$500,000 to $749,999	-	-	-	1
$750,000 to $999,999	-	-	1	-
$1,000,000 to $1,249,999	-	-	-	-
$1,250,000 to $1,499,999	-	-	-	-
$1,500,000 to $1,749,999	-	-	-	-
$1,750,000 to $1,999,999	-	-	-	-
$2,000,000 to $2,249,999	1	1	-	1
$2,250,000 to $2,499,999	-	-	-	-
$2,500,000 to $2,749,999	-	-	-	-
$2,750,000 to $2,999,999	-	-	1	-
Total	7	7	2	2

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $150,000 during FY2012. The Company does not have any employee share scheme.

CORPORATE GOVERNANCE REPORT

Principle 10 : Accountability

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators. The Management of the Company is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

Principle 11 : Audit Committee

The AC consists of three non-executive Directors, namely the Chairman, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. All members of the AC have many years of experience in senior management positions. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities. The AC met four times in 2012.

The principal functions of the AC include:

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- reviewing the adequacy of the Company's internal controls, as set out in Guidelines 12.1 and 13.4 of the Code;
- reviewing the effectiveness of the Company's internal audit and control functions;
- reviewing interested party transactions; and
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

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

The AC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors in respect of FY2012 was $432,000. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 26 April 2013. The AC has met the external auditors and with the internal auditors without the presence of the Management.

The details of the remuneration of the auditors of the Company during FY2012 are as follows:

	2012 ($'000)	2011 ($'000)
Auditors' remuneration paid/payable to:		
- Auditors of the Company	543	443
- Other auditors	148	136
Other fees paid/payable to:		
- Auditors of the Company	432	329
- Other auditors	90	551

The Company has in place an arrangement whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. 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.

CORPORATE GOVERNANCE REPORT

Principle 12 : Internal Controls
Principle 13 : Internal Audit

Based on the AC's review of the effectiveness of the Group's internal financial, operational and compliance controls, the Board with the concurrence of the AC is satisfied that the Group's system of internal controls is adequate and effective, and addresses financial, operational and compliance risks.

The Internal Audit department is headed by the Vice President, Internal Audit who reports directly to the Chairman of the AC and administratively to the CEO. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls to address financial, operational and compliance risks. It also audits the operations, regulatory compliance and risk management processes of the 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.

In carrying out its functions, the Internal Audit department has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC is satisfied with the adequacy and effectiveness of the internal audit function and its resources.

C. COMMUNICATION WITH SHAREHOLDERS

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

Shareholders are informed of the Company's performance and developments through press releases and the publication of its quarterly and full-year results on the SGXNET and Annual Report. Shareholders are also regularly kept up-to-date on significant events and happenings through the same channels.

In addition, shareholders are given the opportunity to communicate their views and encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The respective Chairmen of the Audit Committee, Nominating Committee and Remuneration Committee, as well as the external auditors are also present at shareholders' meetings to address relevant questions raised by the shareholders. Shareholders and potential investors are encouraged to visit the Company's website at www.oue.com.sg for information on the Company. They are also encouraged to call or write to the Company's investor relations department if they have questions.

D. INTERESTED PERSON TRANSACTIONS POLICY

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual related to IPTs (as defined therein). The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. There were no IPTs during FY2012 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

E. DEALINGS IN COMPANY'S SECURITIES

The Company has issued guidelines on dealing in the Company's securities. These point to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company's securities by its Directors and officers. The Company sends out memoranda and emails to its Directors and officers of the Company 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; and

b. one month before the announcement of the Company's half-year and full-year results.

In addition, the Company also discourages the Directors and officers from dealing in the Company's securities on short-term considerations.

FINANCIAL STATEMENTS

Tolla Inbar's **Write & Read**, at the 18th level reception of OUE's head office, poetically conveys the importance of harmony, enumeration and assessment

DIRECTORS' REPORT

Year ended 31 December 2012

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 2012.

Directors

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

Stephen Riady
Christopher James Williams
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Mag Rainer Silhavy
Kin Chan

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
Overseas Union Enterprise Limited		
Kin Chan		
- ordinary shares		
- deemed interest	619,549,410	618,916,410

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

Except as disclosed in this report, there was no change in the directors' interest in the shares or debentures of the Company between the end of the financial year and 21 January 2013.

DIRECTORS' REPORT

Year ended 31 December 2012

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 36 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance 2005.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee has met with the Company's external and internal auditors.

The Audit Committee also reviewed the following:

- annual 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 provided by the Company's officers to the internal and external auditors, where applicable;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' REPORT

Year ended 31 December 2012

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

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

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

In appointing our auditors of the Company, subsidiaries and significant associates, we have 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

Thio Gim Hock
Chief Executive Officer/Group Managing Director

28 March 2013

STATEMENT BY DIRECTORS

Year ended 31 December 2012

In our opinion:

(a) the financial statements set out on pages 102 to 170 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Thio Gim Hock
Chief Executive Officer/Group Managing Director

28 March 2013

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2012

Members of the Company
Overseas Union Enterprise Limited

Report on the financial statements

We have audited the accompanying financial statements of Overseas Union Enterprise 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 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 102 to 170.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2012

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore

28 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000 (Restated)
Revenue	5	417,857	332,382
Cost of sales		(163,455)	(128,888)
Gross profit		254,402	203,494
Other income	6	1,992	1,086
Marketing expenses		(12,530)	(15,165)
Administrative expenses		(41,493)	(30,632)
Other operating expenses		(19,516)	(18,716)
		182,855	140,067
Finance expenses	9	(88,355)	(50,149)
Share of results of associates and jointly controlled entity, net of tax	20	(24,135)	40,533
		70,365	130,451
Other gains - net	10	32,487	265,526
Profit before tax		102,852	395,977
Tax expense	11	(12,101)	(15,516)
Profit after tax		90,751	380,461
Other comprehensive income:			
Currency translation differences relating to foreign operations		(14,113)	8,975
Fair value gain on available-for-sale financial assets		25,806	–
Share of effective portion of changes in fair value of cash flow hedges of an associate		1,152	840
Share of foreign currency translation differences of associates		(1,984)	215
Other comprehensive income, net of tax		10,861	10,030
Total comprehensive income		101,612	390,491
Profit attributable to:			
Owners of the Company		90,056	378,734
Non-controlling interests		695	1,727
		90,751	380,461
Total comprehensive income attributable to:			
Owners of the Company		101,222	387,947
Non-controlling interests		390	2,544
		101,612	390,491
Earnings per share for profit attributable to the owners of the Company (expressed in $ per share)			
Basic and diluted	12	0.10	0.39

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

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2012

		Group			Company		
	Note	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)
ASSETS							
Current assets							
Cash and cash equivalents	13	604,637	367,856	226,407	430,682	194,187	83,142
Trade and other receivables	14	35,470	25,054	26,774	978,820	457,491	441,788
Inventories	15	1,013	1,135	675	179	205	118
Other investments	16	–	7,632	–	–	–	–
Development property	17	793,734	742,891	715,376	–	–	–
Other assets	18	7,446	7,252	6,627	3,962	3,470	2,172
Loans to subsidiaries	21	–	–	–	775,799	1,206,771	875,085
		1,442,300	1,151,820	975,859	2,189,442	1,862,124	1,402,305
Non-current assets							
Available-for-sale financial assets	19	162,470	128,350	128,350	154,156	128,350	128,350
Investments in associates and jointly controlled entity	20	721,417	721,120	683,272	157,666	125,734	125,727
Investments in subsidiaries	21	–	–	–	317,433	355,553	352,542
Loans to subsidiaries	21	–	–	–	130,767	130,248	110,379
Other receivables	14	–	–	–	–	–	558
Other assets	18	1,000	1,000	–	663	663	–
Investment properties	22	3,021,000	2,993,000	2,703,680	540,000	520,000	520,000
Property, plant and equipment	23	495,183	508,164	243,097	130,700	126,279	122,885
Intangible asset	24	43,200	43,200	–	–	–	–
Deferred tax assets	27	937	792	–	–	–	–
		4,445,207	4,395,626	3,758,399	1,431,385	1,386,827	1,360,441
Total assets		5,887,507	5,547,446	4,734,258	3,620,827	3,248,951	2,762,746
LIABILITIES							
Current liabilities							
Trade and other payables	25	83,197	102,807	69,940	194,970	188,870	188,471
Current tax liabilities		23,013	23,320	25,490	10,687	17,542	17,406
Borrowings	26	846,207	55,581	481,114	746,448	50,000	50,000
		952,417	181,708	576,544	952,105	256,412	255,877
Non-current liabilities							
Borrowings	26	1,728,200	2,065,699	1,115,265	991,631	1,237,163	736,144
Deferred tax liabilities	27	6,334	10,198	9,434	5,597	6,142	7,136
Other liabilities	28	27,051	17,239	28,917	4,729	2,779	4,829
		1,761,585	2,093,136	1,153,616	1,001,957	1,246,084	748,109
Total liabilities		2,714,002	2,274,844	1,730,160	1,954,062	1,502,496	1,003,986
NET ASSETS		3,173,505	3,272,602	3,004,098	1,666,765	1,746,455	1,758,760
EQUITY							
Capital and reserves attributable to the owners of the Company							
Share capital	29	693,315	693,315	693,315	693,315	693,315	693,315
Other reserves	30	(10,948)	51,207	124,717	5,219	52,734	135,457
Accumulated profits	31	2,490,265	2,527,597	2,188,127	968,231	1,000,406	929,988
		3,172,632	3,272,119	3,006,159	1,666,765	1,746,455	1,758,760
Non-controlling interests		873	483	(2,061)	–	–	–
Total equity		3,173,505	3,272,602	3,004,098	1,666,765	1,746,455	1,758,760

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

		Attributable to owners of the Company					
	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012, as previously reported		693,315	51,207	2,283,241	3,027,763	483	3,028,246
Effect of adopting the amendments to FRS 12	2.5	–	–	244,356	244,356	–	244,356
At 1 January 2012, as restated		693,315	51,207	2,527,597	3,272,119	483	3,272,602
Total comprehensive income for the year							
Profit for the year		–	–	90,056	90,056	695	90,751
Other comprehensive income							
Currency translation differences relating to foreign operations		–	(13,808)	–	(13,808)	(305)	(14,113)
Fair value gain on available-for-sale financial assets		–	25,806	–	25,806	–	25,806
Share of effective portion of changes in fair value of cash flow hedges of an associate		–	1,152	–	1,152	–	1,152
Share of foreign currency translation differences of associates		–	(1,984)	–	(1,984)	–	(1,984)
Total other comprehensive income, net of tax		–	11,166	–	11,166	(305)	10,861
Total comprehensive income for the year		–	11,166	90,056	101,222	390	101,612
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Own shares acquired	30	–	(73,321)	–	(73,321)	–	(73,321)
Dividends paid	32	–	–	(127,388)	(127,388)	–	(127,388)
Total transactions with owners of the Company		–	(73,321)	(127,388)	(200,709)	–	(200,709)
At 31 December 2012		693,315	(10,948)	2,490,265	3,172,632	873	3,173,505

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2012

		Attributable to owners of the Company					
	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011, as previously reported		693,315	124,717	1,986,821	2,804,853	(2,061)	2,802,792
Effect of adopting the amendments to FRS 12	2.5	–	–	201,306	201,306	–	201,306
At 1 January 2011, as restated		693,315	124,717	2,188,127	3,006,159	(2,061)	3,004,098
Total comprehensive income for the year							
Profit for the year, restated		–	–	378,734	378,734	1,727	380,461
Other comprehensive income							
Currency translation differences relating to foreign operations		–	8,158	–	8,158	817	8,975
Share of effective portion of changes in fair value of cash flow hedges of an associate		–	840	–	840	–	840
Share of foreign currency translation differences of associates		–	215	–	215	–	215
Total other comprehensive income, net of tax		–	9,213	–	9,213	817	10,030
Total comprehensive income for the year		–	9,213	378,734	387,947	2,544	390,491
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Own shares acquired	30	–	(82,723)	–	(82,723)	–	(82,723)
Dividends paid	32	–	–	(39,264)	(39,264)	–	(39,264)
Total transactions with owners of the Company		–	(82,723)	(39,264)	(121,987)	–	(121,987)
At 31 December 2011, as restated		693,315	51,207	2,527,597	3,272,119	483	3,272,602

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000 (Restated)
Cash flows from operating activities			
Profit after tax		90,751	380,461
Adjustments for:			
Depreciation of property, plant and equipment		24,753	19,918
Dividend income		(2,108)	(2,137)
Fair value gain on investment properties		(24,452)	(253,086)
Net change in fair value of other investments		(3,549)	397
Loss on sale of a subsidiary		1	–
Reversal of impairment losses on property, plant and equipment		(4,487)	(12,837)
Finance expense		88,355	50,149
Interest income		(2,670)	(561)
(Gain)/Loss on sale of property, plant and equipment		(51)	1,587
Share of results of associates and jointly controlled entity, net of tax		24,135	(40,533)
Tax expense		12,101	15,516
		202,779	158,874
Changes in trade and other receivables and other assets		(7,475)	4,924
Changes in inventories		124	(352)
Changes in development property		(23,695)	(14,447)
Changes in trade and other payables and other liabilities		(15,041)	9,849
Cash generated from operating activities		156,692	158,848
Tax paid		(16,443)	(17,717)
Net cash from operating activities		140,249	141,131
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	38	–	(289,572)
Additions to investment properties		(21,392)	(36,673)
Dividends received from:			
- associates, net of tax		6,870	3,740
- available-for-sale financial assets, net of tax		2,100	2,100
- other investments, net of tax		8	37
Interest received		1,886	349
Loan to jointly controlled entity		(32,134)	–
Proceeds from sale of other investments		28,788	10,757
Proceeds from sale of property, plant and equipment		152	151
Purchase of available-for-sale financial asset		(8,314)	–
Purchase of other investments		(17,607)	(18,786)
Purchase of property, plant and equipment		(14,673)	(15,341)
Net cash used in investing activities		(54,316)	(343,238)
Net cash from/(used in) operating and investing activities carried forward		85,933	(202,107)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000 (Restated)
Net cash from/(used in) operating and investing activities brought forward		85,933	(202,107)
Cash flows from financing activities			
Repurchase of own shares		(73,321)	(82,723)
Dividends paid		(127,388)	(39,264)
Finance expense paid (including amounts capitalised in investment properties and development property)		(90,219)	(69,774)
Proceeds from borrowings		969,676	974,311
Repayment of borrowings		(525,257)	(439,844)
Net cash from financing activities		153,491	342,706
Net increase in cash and cash equivalents		239,424	140,599
Cash and cash equivalents at the beginning of financial year		367,856	226,407
Effect of exchange rate fluctuations on cash held		(2,643)	850
Cash and cash equivalents at the end of financial year	13	604,637	367,856

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2013.

1 DOMICILE AND ACTIVITIES

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

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its subsidiaries are set out in note 39 to the financial statements.

The consolidated financial statements for the year ended 31 December 2012 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities") and the Group's interests in associates.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

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

2.3 Functional and measurement currency

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

2.4 Use of estimates and judgements

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

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

Information about critical judgmements in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in note 4 to the financial statements.

2.5 Changes in accounting policies

Deferred tax on investment properties measured at fair value

From 1 January 2012, the Group adopted Amendments to FRS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* and changed its accounting policy on measurement of deferred tax arising from investment properties that are measured using the fair value model in FRS 40 *Investment Property*.

As a result of the change, the Group now measures any deferred tax arising from investment properties measured at fair value using a rebuttable presumption that the carrying amount of the properties will be recovered entirely through sale. This presumption has not been rebutted because, based on a review of the Group's portfolio of investment properties, none of the investment properties are depreciable and held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Deferred tax on investment properties measured at fair value (cont'd)

The change in accounting policy has been applied retrospectively. The effects of adopting the Amendments to FRS 12 are as follows:

	Group		
	Investments in associates $'000	Deferred tax liabilities $'000	Accumulated profits $'000
Balance as reported at 1 January 2011	670,392	(197,860)	(1,986,821)
Effect of adopting the amendments to FRS 12	12,880	188,426	(201,306)
Restated balance at 1 January 2011	683,272	(9,434)	(2,188,127)
Balance as reported at 31 December 2011	707,142	(240,576)	(2,283,241)
Effect of adopting the amendments to FRS 12	13,978	230,378	(244,356)
Restated balance at 31 December 2011	721,120	(10,198)	(2,527,597)
Effect of adopting the amendments to FRS 12 as at 31 December 2012	(6,908)	4,157	2,751

The effect on the statement of comprehensive income was as follows:

	Group	
	2012 $'000	2011 $'000
Decrease in tax expense	4,157	41,952
(Decrease)/Increase in share of results of associates, net of tax	(6,908)	1,098
(Decrease)/Increase in net profit attributable to owners of the Company	(2,751)	43,050
(Decrease)/Increase in basic and diluted earnings per share (cents)	(0.30)	4.41

	Company	
	Deferred tax liabilities $'000	Accumulated profits $'000
Balance as reported at 1 January 2011	(64,435)	(872,689)
Effect of adopting the amendments to FRS 12	57,299	(57,299)
Restated balance at 1 January 2011	(7,136)	(929,988)
Balance as reported at 31 December 2011	(63,427)	(943,121)
Effect of adopting the amendments to FRS 12	57,285	(57,285)
Restated balance at 31 December 2011	(6,142)	(1,000,406)
Effect of adopting the amendments to FRS 12 as at 31 December 2012	3,284	(3,284)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

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

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 acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. 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 the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies of the associates with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, 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) 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 associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the differences arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions).

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. 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 non-controlling interests.

When the Group disposes of only part of its investment in an associate or jointly controlled entity 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 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 other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(ii) Depreciation

Depreciation is calculated so as to allocate the depreciable amounts of the cost of property, plant and equipment, other than leasehold land and buildings and construction in progress, on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Leasehold improvements	$3^{1/2}$ - 5
Freehold premises	2
Plant, machinery and office equipment	5 - $33^{1/3}$
Furniture and fittings	10 - 20
Motor vehicles	10 - 25

Leasehold land and buildings are amortised evenly over the lease period ranging from 20 years to 80 years. Construction in progress is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

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

3.4 Intangible assets

(i) Measurement

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

(ii) Amortisation

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

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers. Changes in fair values are recognised in profit or loss.

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

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

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

3.6 Leases

When the Group is the lessee of an operating lease

The Group leases certain property, plant and equipment from third parties.

Leases of property, plant and equipment where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessor of an operating lease

The Group leases out certain investment properties to third parties.

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

3.7 Development properties

Development properties include properties under development.

(i) Unsold properties under development

Properties under development that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Development properties (cont'd)

(ii) Sold properties under development

Revenue and cost on properties under development in Singapore that have been sold are recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably. The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

The aggregated cost incurred and the profit/loss recognised in each property under development that has been sold are compared against progress billings up to the financial year end. The cost of properties comprise specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure, less any allowance for foreseeable losses on the property considered necessary by management. Where costs incurred and recognised profits (less recognised losses) exceed the progress billings, the balance is shown as due from customers, under "trade and other receivables". Where progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as due to customers, under "trade and other payables".

3.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity and debt securities that otherwise would have been classified as available for sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

Loans and receivables

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

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

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

Available-for-sale financial assets

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

Available-for-sale financial assets comprise equity securities and interest in a limited partnership.

(ii) Non-derivative financial liabilities

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

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The financial liabilities comprise borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(iii) Share capital (cont'd)

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

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

3.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

Loans and receivables

The Group considers evidence of impairment for loans and receivables at specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such evidence or indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

In assessing the 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. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

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

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.11 Intra-group financial guarantees in the separate financial statements

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

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

3.12 Employee compensation

Employee compensation expense is recognised in profit or loss in the periods during which related services are rendered by employees, unless they can be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee compensation (cont'd)

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iii) 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 the 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 measured reliably.

3.13 Provisions for other liabilities or charges

Provisions for other liabilities or charges are recognised if, as a result of past events, 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.

3.14 Revenue recognition

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

(i) Hospitality services

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

(ii) Rendering of services

Revenue from the rendering of services is recognised when the service is rendered.

(iii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivables on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

- temporary differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 Dividends to Company's shareholders

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

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS 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 EPS 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.

3.19 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 to make 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

- FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities. As FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard in 2013. The Group is currently collating the information of the additional disclosures required.

- FRS 113 *Fair Value Measurement*, which replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements.

  The adoption of this standard will require the Group to re-assess the bases used for determining the fair values computed for both measurement and disclosures purposes and would result in more extensive disclosures on fair value measurements. On initial application of the standard, the Group does not expect substantial changes to the bases used for determining fair values of its assets.

4 CRITICAL ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value estimation of unlisted security

The Group has an available-for-sale investment in an unlisted security with an original cost of $30.0 million (2011: $30.0 million) and estimated fair value of $154.2 million (2011: $128.4 million). In estimating the fair value, the Group had estimated the net asset value as at 31 December 2012 of the investee entity, and adjusted for the fair value of the properties held by the investee as at that date.

A discount of approximately 25% (2011: 25%) was applied to take into consideration the illiquid nature of the unlisted security.

If the discount rate used in estimating the fair value is to increase/decrease by 500 basis points from the management's estimates, the Group's fair value gain will decrease/increase by approximately $10.3 million (2011: $8.4 million). Correspondingly, the Group's carrying amount of the unlisted security will be decreased/increased by the same amount.

Fair value assessment of investment and development properties

The fair value of each investment and development property is individually determined at the reporting date by independent professional valuers based on assumptions and estimates to reflect its current market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the current market conditions. In this aspect, the management has relied on the valuation reports for the fair values of the investment properties (note 22) and assessment of impairment of the development property (note 17).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

4 CRITICAL ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Estimation of tax liabilities

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. 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 multifaceted judgments about future events. New information may become available that causes the Group to change its judgment 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.

Revenue recognised on development property

The Group uses the percentage-of-completion method to recognise revenue on its development property. The stage of completion is measured by reference to the development costs incurred to date compared to the estimated total costs of the property.

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

If the estimated total contract costs of uncompleted contracts is to increase/decrease by 5% (2011: 5%) from management's estimates, the Group's profit will decrease/increase by $1,735,000 (2011: $339,000).

5 REVENUE

	Group	
	2012 $'000	2011 $'000
Hospitality income	239,405	215,455
Investment properties income	144,620	106,884
Development property income	31,383	7,596
Dividend income	2,100	2,100
Others	349	347
	417,857	332,382

6 OTHER INCOME

	Group	
	2012 $'000	2011 $'000
Loss on foreign exchange	(792)	(31)
Interest income	2,670	561
Others	114	556
	1,992	1,086

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

7 EXPENSES BY NATURE

	Note	Group	
		2012 $'000	2011 $'000
Advertising and promotion expenses		7,162	7,836
Depreciation of property, plant and equipment	23	24,753	19,918
Employee compensation	8	63,232	53,942
Hospitality supplies and services		43,630	37,779
Development costs included in cost of sales		25,466	6,442
(Gain)/Loss on sale of property, plant and equipment		(51)	1,587
Professional and legal services		2,166	3,522
Property tax		17,766	16,930
Bad debts written off		76	220
Repair and maintenance expenses		10,018	10,104
(Reversal of allowance)/Allowance for impairment of trade receivables		(8)	31
Utility charges		23,563	20,721
Others		19,221	14,369
Total cost of sales, marketing, administrative and other operating expenses		236,994	193,401

8 EMPLOYEE COMPENSATION

	Group	
	2012 $'000	2011 $'000
Wages, salaries and other benefits-in-kind	57,732	49,237
Employer's contribution to defined contribution plans including Central Provident Fund	5,500	4,705
	63,232	53,942

9 FINANCE EXPENSES

	Note	Group	
		2012 $'000	2011 $'000
Finance expenses		104,706	66,206
Less:			
Finance expense capitalised in development property	17	(16,351)	(15,833)
Finance expense capitalised in investment properties	22	–	(224)
		(16,351)	(16,057)
		88,355	50,149

10 OTHER GAINS – NET

	Note	Group	
		2012 $'000	2011 $'000
Fair value gain on investment properties	22	24,452	253,086
Net change in fair value of other investments designated at fair value through profit or loss		3,549	(397)
Loss on sale of subsidiary		(1)	–
Reversal of impairment losses on property, plant and equipment	23	4,487	12,837
		32,487	265,526

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

11 TAX EXPENSE

	Group	
	2012 $'000	2011 $'000 (Restated)
Current tax expense		
Current year	22,314	15,725
Overprovision in respect of prior years	(6,204)	(181)
	16,110	15,544
Deferred tax expense		
Origination and reversal of temporary differences	(4,009)	(28)
Total tax expense	12,101	15,516

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2012 $'000	2011 $'000 (Restated)
Profit before tax	102,852	395,977
Share of results of associates and jointly controlled entity, net of tax	24,135	(40,533)
	126,987	355,444
Tax using the Singapore tax rate of 17%	21,588	60,425
Effects of different tax rates on foreign-sourced income	129	52
Effects of expenses not deductible for tax purposes	1,544	3,882
Effects of income not subject to tax	(7,045)	(48,691)
Effects of Singapore statutory stepped income exemption	(181)	(142)
Effects of tax losses of certain subsidiaries not recognised	2,419	2,277
Effects of recognition of previously unrecognised tax losses	(149)	(2,106)
Effects of overprovision in respect of prior years	(6,204)	(181)
Total tax expense	12,101	15,516

12 EARNINGS PER SHARE

	Group	
	2012	2011 (Restated)
Net profit attributable to owners of the Company ($'000)	90,056	378,734
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	943,069	981,602
Effect of own shares held ('000)	(32,317)	(5,788)
Weighted average number of ordinary shares during the year ('000)	910,752	975,814
Basic earnings per share ($ per share)	0.10	0.39

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	9,697	422	–	–
Cash at bank and on hand	330,296	195,586	208,004	57,868
Fixed deposits with financial institutions	264,644	171,848	222,678	136,319
Cash and cash equivalents	604,637	367,856	430,682	194,187

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade receivables				
- Associates	3,556	3,199	–	–
- Subsidiaries	–	–	221	185
- Third parties	23,530	21,763	13,600	13,629
	27,086	24,962	13,821	13,814
Less: Allowance for impairment of receivables				
- Third parties	(286)	(372)	(44)	(44)
Trade receivables - net	26,800	24,590	13,777	13,770
Non-trade receivables				
- Associates	8,598	310	8,598	310
- Subsidiaries	–	–	956,445	443,236
- Related parties	72	154	–	175
Current non-trade receivables	8,670	464	965,043	443,721
	35,470	25,054	978,820	457,491

The non-trade receivables due from associates, subsidiaries and related parties are unsecured and repayable on demand. The receivables are interest-free except for an amount $461,710,000 (2011: nil) receivable from a subsidiary for which interest is charged at 2.51% (2011: nil) per annum.

The ageing analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Past due 1 to 30 days	6,134	4,377	4,532	2,231
Past due 31 to 60 days	699	2,390	589	297
Past due over 60 days	1,906	1,164	1,315	1,029
	8,739	7,931	6,436	3,557

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for impairment of trade receivables is as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Beginning of financial year	372	342	44	4
Allowance (reversed)/made	(8)	31	–	40
Allowance utilised	(74)	–	–	–
Currency translation differences	(4)	(1)	–	–
End of financial year	286	372	44	44

15 INVENTORIES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Food and beverage	781	820	179	205
General supplies	187	212	–	–
Others	45	103	–	–
	1,013	1,135	179	205

The cost of inventories recognised as expense and included in "cost of sales" amounted to $18,564,000 (2011: $17,660,000).

16 OTHER INVESTMENTS

	Group	
	2012 $'000	2011 $'000
Financial assets designated at fair value through profit or loss		
- Equity securities	–	5,779
- Debt securities	–	1,853
	–	7,632

The financial assets designated at fair value through profit or loss are equity and debt securities. The performance of those equity and debt securities designated at fair value through profit or loss upon recognition was actively monitored and they were managed on a fair value basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17 DEVELOPMENT PROPERTY

		Group	
		2012 $'000	2011 $'000
(a)	Land and related costs	725,291	725,291
	Other development expenditure	67,893	19,066
	Property tax and other overheads	6,538	3,743
	Finance expense	57,241	40,890
		856,963	788,990
	Add: Development profits	7,072	1,154
	Less: Progress billings	(43,342)	(20,294)
	Less: Impairment losses	(26,959)	(26,959)
		793,734	742,891

(b) Finance expense capitalised during the year was $16,351,000 (2011: $15,833,000).

(c) The development property is pledged as security for a banking facility.

(d) The amount of revenue recognised on development property sold using the percentage of completion method was $31,383,000 (2011: $7,596,000) for the current year.

(e) Advances received from these contracts amounted to $43,342,000 (2011: $20,294,000).

(f) The impairment losses are estimated taking into consideration the fair value of the underlying land which is determined using the market comparison method and the residual approach. These valuation methods take into consideration the recent selling prices of the development project or comparable projects, prevailing market conditions and the estimated total construction costs for the project.

(g) Details of the development property of the Group are as follows:

Description and location	Purpose of development	Group's effective interest		Site area (square meter)	Gross floor area* (square meter)
		2012 %	2011 %		
Leasehold residential land at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521

* Includes balcony

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

18 OTHER ASSETS

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Sundry receivables	4,276	5,280	3,523	3,976
Less: Allowance for impairment of receivables	(1,775)	(1,785)	(1,670)	(1,670)
	2,501	3,495	1,853	2,306
Deposits				
- Third parties	3,839	2,055	1,537	745
- Subsidiary	–	–	663	663
Staff loans and advances	4	13	–	2
Loans and receivables	6,344	5,563	4,053	3,716
Prepayments	2,102	2,689	572	417
	8,446	8,252	4,625	4,133
Less: Non-current portion	(1,000)	(1,000)	(663)	(663)
Current portion	7,446	7,252	3,962	3,470

Included in the sundry receivables of the Group and the Company is $1,670,000 (2011: $1,670,000) from the sale of the Group's 20% interest in an associate to its joint venture partner in 2006. An impairment loss of $1,670,000 was recognised in prior years against this receivable due to uncertainty of receipt.

Movement in the allowance for impairment is as follows:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Beginning of financial year	1,785	1,789	1,670	1,670
Currency translation differences	(10)	(4)	–	–
End of financial year	1,775	1,785	1,670	1,670

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Unlisted financial assets				
- Equity security in Singapore	154,156	128,350	154,156	128,350
- Interest in a limited partnership in United States of America	8,314	–	–	–
	162,470	128,350	154,156	128,350

The fair value of the unlisted financial assets in Singapore was based on an internal estimation. In determining the fair value of the unlisted equity security, the Group had estimated the net asset value as at 31 December 2012 of the investee entity, and adjusted for the fair value of the properties held by the investee entity as at that date. The fair values of the properties were determined based on independent professional valuation and were based on market value determined using the profits method, comparable sales method and investment method, where appropriate. A discount of approximately 25% (2011: 25%) was applied to take into consideration the illiquid nature of the unlisted security.

The directors of the Company are of the view that the fair value of the investment in the unlisted investment in United States of America closely approximates the cost of the Group's investment in the investee entity, having considered that the investment was made close to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

20 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY

	Company 2012 $'000	Company 2011 $'000
Equity investment at cost	168,192	168,192
Less: Allowance for impairment of investments	(44,947)	(44,947)
	123,245	123,245
Loans to associates	42,182	44,315
Loans to jointly controlled entity	32,134	–
Less: Allowance for impairment of loans to associates	(39,895)	(41,826)
	34,421	2,489
	157,666	125,734

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

These loans are interest-free except for a loan of $3,354,000 (2011: $3,649,000) to an associate for which interest is charged at a fixed rate of 1.00% (2011: 1.00%) per annum.

Movement in the allowance for impairment of loans to associates and jointly controlled entity is as follows:

	Company 2012 $'000	Company 2011 $'000
Beginning of financial year	41,826	42,550
Currency translation differences	(1,931)	(724)
End of financial year	39,895	41,826

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

20 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY (CONT'D)

	Group		
	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)
Beginning of financial year	721,120	683,272	621,367
Loan to jointly controlled entity	32,134	–	–
Share of currency translation differences	(1,984)	215	(404)
Share of hedging reserve	1,152	840	(1,992)
Share of results	(24,135)	40,533	67,576
Dividends received	(6,870)	(3,740)	(3,275)
End of financial year	721,417	721,120	683,272

The summarised financial information of associates, not adjusted for the percentage of ownership held by the Group, is as follows:

Associates

	Group		
	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)
Assets	1,920,826	2,012,416	1,868,046
Liabilities	550,472	612,632	531,759
Revenue	146,588	125,069	149,901
Net (loss)/profit	(36,425)	92,295	142,177
Share of associates' contingent liabilities incurred jointly with other investors	2,517	2,404	2,404

The summarised financial information of jointly controlled entity, adjusted for the percentage of ownership held by the Group, is as follows:

Jointly controlled entity

	Group 2012 $'000
Current assets	24,160
Current liabilities	8,100
Non-current liabilities	16,067
Expenses	7
Net loss	(7)

Unrecognised share of losses of associates is as follows:

	Group	
	2012 $'000	2011 $'000 (Restated)
Beginning of financial year	8,009	4,764
Movement in the year	(1,508)	3,245
End of financial year	6,501	8,009

Details of associates and jointly controlled entity are included in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO SUBSIDIARIES

	Company	
	2012 $'000	2011 $'000
Investments in subsidiaries		
Equity investment at cost	408,194	448,194
Less: Allowance for impairment of investments	(90,761)	(92,641)
	317,433	355,553

Movement in the allowance for impairment of investments is as follows:

	Company	
	2012 $'000	2011 $'000
Beginning of financial year	92,641	95,802
Allowance reversed	(1,880)	(3,161)
End of financial year	90,761	92,641

Details of subsidiaries are included in note 39.

	Company	
	2012 $'000	2011 $'000
Loans to subsidiaries		
Loans to subsidiaries	960,859	1,394,244
Less: Allowance for impairment of loans	(54,293)	(57,225)
	906,566	1,337,019
Less: Current portion	(775,799)	(1,206,771)
Non-current portion	130,767	130,248

The non-current portion of loans to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount $582,263,000 (2011: $1,033,949,000) for which interest is charged at 3.54% (2011: 3.23%) per annum on a weighted average basis.

Movement in the allowance for impairment of loans is as follows:

	Company	
	2012 $'000	2011 $'000
Beginning of financial year	57,225	77,004
Allowance reversed	(1,008)	(19,851)
Currency translation differences	(1,924)	72
End of financial year	54,293	57,225

The Company assessed the carrying amount of its loans to subsidiaries. Based on its assessment, the Company reversed impairment losses of $1,008,000 (2011: $19,851,000) on certain loans to subsidiaries, to reflect the value of the underlying properties held by these subsidiaries. The recoverable amounts of the properties were estimated using the fair value less costs to sell approach.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

22 INVESTMENT PROPERTIES

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Beginning of financial year		2,993,000	2,703,680	520,000	520,000
Additions		9,511	36,010	684	81
Adjustment [(1)]		(5,963)	–	–	–
Interest capitalised	9	–	224	–	–
Fair value gain/(loss) recognised in profit or loss	10	24,452	253,086	19,316	(81)
End of financial year		3,021,000	2,993,000	540,000	520,000

[(1)] Arising from finalisation of construction cost.

As at 31 December 2012, investment properties with a total carrying amount of $3,021,000,000 (2011: $1,593,000,000) were pledged as security for banking facilities (note 26).

The Group's investment properties 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	99-year lease from 12 November 2007 (OUE Bayfront and OUE Tower) 15-year lease from 26 March 2010 (for OUE Link)
Mandarin Gallery	A 4-storey retail mall at Orchard Road, Singapore	99-year lease from 1 July 1957
6 Shenton Way Towers One and Two	A 49-storey and a 37-storey commercial tower at Shenton Way, Singapore	99-year lease from 19 July 1967

The fair values of the investment properties are based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

22 INVESTMENT PROPERTIES (CONT'D)

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value 2012 $'000	Open Market Value 2011 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) [(1)]	31 December	1,081,000	1,073,000
Mandarin Gallery [(2)]	31 December	540,000	520,000
6 Shenton Way Towers One and Two [(3)]	31 December	1,400,000	1,400,000

(1) The open market value as at 31 December 2012 and 31 December 2011 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(2) Mandarin Gallery is a high-end luxury shopping mall. The open market value as at 31 December 2012 and 31 December 2011 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(3) The open market value as at 31 December 2012 and 31 December 2011 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

The valuation methods take into consideration the estimated net rent (using current and projected average rental rate and occupancy), and a capitalisation rate applicable to the nature and type of asset in question.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of two to five years. Subsequent renewals are negotiated with the lessees.

The following amounts are recognised in profit or loss:

	Group 2012 $'000	Group 2011 $'000
Rental income	144,620	106,884
Direct operating expenses arising from an investment property that generate rental income	32,272	34,969

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Leasehold improve-ments $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group								
2012								
Cost								
Beginning of financial year	545,387	71,018	1,944	131,803	64,914	5,735	11,950	832,751
Exchange differences	(19,101)	–	–	(6,404)	(2,243)	(142)	(37)	(27,927)
Additions	101	6,487	–	2,616	89	483	10,156	19,932
Disposals	(32)	–	–	(1,002)	(699)	(331)	–	(2,064)
Reclassifications	–	8,588	–	1,182	3,278	–	(13,048)	–
End of financial year	526,355	86,093	1,944	128,195	65,339	5,745	9,021	822,692
Accumulated depreciation and impairment losses								
Beginning of financial year	136,237	39,938	232	93,521	51,333	3,326	–	324,587
Exchange differences	(8,125)	–	–	(4,961)	(2,187)	(136)	–	(15,409)
Depreciation charge	10,003	3,430	38	7,081	3,402	799	–	24,753
Disposals	(24)	–	–	(925)	(661)	(325)	–	(1,935)
Reversal of impairment losses	(4,487)	–	–	–	–	–	–	(4,487)
End of financial year	133,604	43,368	270	94,716	51,887	3,664	–	327,509

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $'000	Leasehold improve-ments $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group								
2011								
Cost								
Beginning of financial year	300,322	74,880	1,944	114,175	61,790	5,237	5	558,353
Exchange differences	11,799	–	–	3,922	1,402	94	–	17,217
Acquisition of a subsidiary (note 38)	232,237	–	–	13,063	3,544	–	–	248,844
Additions	1,239	633	–	2,670	483	338	11,945	17,308
Disposals	(34)	(4,497)	–	(2,238)	(2,202)	–	–	(8,971)
Reclassifications	(176)	2	–	211	(103)	66	–	–
End of financial year	545,387	71,018	1,944	131,803	64,914	5,735	11,950	832,751
Accumulated depreciation and impairment losses								
Beginning of financial year	139,942	39,695	193	83,363	49,649	2,414	–	315,256
Exchange differences	5,159	–	–	2,845	1,390	89	–	9,483
Depreciation charge	6,533	3,394	39	5,981	3,240	731	–	19,918
Disposals	(12)	(3,151)	–	(2,018)	(2,052)	–	–	(7,233)
Reversal of impairment losses	(12,837)	–	–	–	–	–	–	(12,837)
Reclassifications	(2,548)	–	–	3,350	(894)	92	–	–
End of financial year	136,237	39,938	232	93,521	51,333	3,326	–	324,587
Carrying amounts								
At 1 January 2011	160,380	35,185	1,751	30,812	12,141	2,823	5	243,097
At 31 December 2011	409,150	31,080	1,712	38,282	13,581	2,409	11,950	508,164
At 31 December 2012	392,751	42,725	1,674	33,479	13,452	2,081	9,021	495,183

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Company								
2012								
Cost								
Beginning of financial year	104,059	70,833	1,944	48,430	36,458	4,192	11,847	277,763
Additions	–	6,487	–	1,725	32	446	5,387	14,077
Disposals	–	–	–	(394)	(109)	(331)	–	(834)
Reclassifications	–	8,588	–	1,182	3,278	–	(13,048)	–
End of financial year	104,059	85,908	1,944	50,943	39,659	4,307	4,186	291,006
Accumulated depreciation								
Beginning of financial year	45,041	39,753	231	38,280	26,333	1,846	–	151,484
Depreciation charge	1,319	3,430	38	2,621	1,446	775	–	9,629
Disposals	–	–	–	(378)	(103)	(326)	–	(807)
End of financial year	46,360	43,183	269	40,523	27,676	2,295	–	160,306

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Company								
2011								
Cost								
Beginning of financial year	104,059	74,697	1,944	47,217	37,157	3,854	–	268,928
Additions	–	633	–	2,355	317	338	11,847	15,490
Disposals	–	(4,497)	–	(1,142)	(1,016)	–	–	(6,655)
End of financial year	104,059	70,833	1,944	48,430	36,458	4,192	11,847	277,763
Accumulated depreciation								
Beginning of financial year	43,722	39,511	192	36,163	25,312	1,143	–	146,043
Depreciation charge	1,319	3,393	39	2,920	1,986	703	–	10,360
Disposals	–	(3,151)	–	(803)	(965)	–	–	(4,919)
End of financial year	45,041	39,753	231	38,280	26,333	1,846	–	151,484
Carrying amounts								
At 1 January 2011	60,337	35,186	1,752	11,054	11,845	2,711	–	122,885
At 31 December 2011	59,018	31,080	1,713	10,150	10,125	2,346	11,847	126,279
At 31 December 2012	57,699	42,725	1,675	10,420	11,983	2,012	4,186	130,700

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's major leasehold land and buildings are:

	Description and Location	Tenure of Land
Mandarin Orchard Singapore	a 37-storey Main Tower with a 38-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from 1 July 1957
Crowne Plaza Changi Airport Singapore	a 320-room hotel located within Singapore Changi Airport with a direct link to Terminal 3	77-year lease from 12 December 2006
Meritus Mandarin Haikou	a 23-storey building known as the "Meritus Mandarin Haikou" in Haikou, Hainan, The People's Republic of China	70-year lease from 31 March 1989
Meritus Shantou China	a 21-storey building known as the "Meritus Shantou China" in Shantou, Guangdong, The People's Republic of China	50-year lease from 24 September 1997

As at 31 December 2012, the Company's hotel property, Mandarin Orchard Singapore, was appraised by professional valuers at an open market value of $1,230,000,000 (2011: $1,180,000,000). The carrying amount of Mandarin Orchard Singapore as at 31 December 2012 is $115,510,000 (2011: $119,331,000). This valuation surplus of $1,114,490,000 (2011: $1,060,669,000) has not been incorporated in the financial statements.

As at 31 December 2012, one of the Group's hotel properties, Crowne Plaza Changi Airport was appraised by professional valuers at an open market value of $291,000,000 (2011: $268,800,000). The carrying amount of the hotel property as at 31 December 2012 is $236,130,000 (2011: $244,937,000). This valuation surplus of $54,870,000 (2011: $23,863,000) has not been incorporated in the financial statements.

The Group assessed the carrying amounts of its property, plant and equipment during the year. Based on this assessment, impairment losses of $4,487,000 (2011: $12,837,000) relating to Meritus Mandarin Haikou and Meritus Shantou China were reversed. The recoverable amounts of Meritus Mandarin Haikou and Meritus Shantou China were based on market values determined by an independent professional valuer. The market values were based on the income capitalisation approach and discounted cash flow analysis. The discount rate applied to the future cash flows was approximately 14% (2011: 14%).

The total carrying amount of the hotel properties and plant and equipment of Meritus Mandarin Haikou and Meritus Shantou China as at 31 December 2012 was $119,634,000 (2011: $131,671,000).

Property, plant and equipment of the Group and the Company with total carrying value of $115,510,000 (2011: $119,331,000) are mortgaged to financial institutions to secure credit facilities (see note 26).

NOTES TO THE FINANCIAL STATEMENTS

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24 INTANGIBLE ASSET

	Note	Group 2012 $'000	Group 2011 $'000
Cost and carrying amount			
At 1 January		43,200	–
Acquisition through business combination	38	–	43,200
At 31 December		43,200	43,200

The intangible asset represents the amount paid to the vendors of Crowne Plaza Changi Airport (the "Hotel") for the potential development of the site adjacent to the Hotel, which is subject to a conditional sub-lease to be granted.

As the intangible asset is not yet available for use, it is not subject to amortisation as at the reporting date.

25 TRADE AND OTHER PAYABLES

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade payables				
- Subsidiaries	–	–	2,016	2,157
- Associates	9	–	–	–
- Third parties	9,590	12,027	2,833	3,558
	9,599	12,027	4,849	5,715
Non-trade payables				
- Subsidiaries	–	–	151,901	146,783
Accruals and sundry creditors	61,823	72,452	36,194	33,403
Retention sum payables	4,896	7,005	345	95
Rental deposits	6,879	11,323	1,681	2,874
	83,197	102,807	194,970	188,870

Payables to subsidiaries are unsecured, repayable on demand and interest-free except for an amount $143,356,000 (2011: $143,356,000) for which interest is charged at 2.60% (2011: 2.60%) per annum over the bank's swap rate.

NOTES TO THE FINANCIAL STATEMENTS

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26 BORROWINGS

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Current					
Revolving credit facility	(a)	–	50,000	–	50,000
Revolving credit facility	(b)	–	5,581	–	–
Secured bank loan	(c)	446,465	–	446,465	–
Secured bank loan	(d)	99,759	–	–	–
Secured bonds	(e)	299,983	–	299,983	–
		846,207	55,581	746,448	50,000
Non-current					
Secured bank loan	(f)	365,856	365,005	–	–
Secured bank loan	(c)	–	441,287	–	441,287
Secured bank loan	(g)	–	448,565	–	–
Secured bank loan	(d)	355,747	–	–	–
Secured bonds	(e)	–	299,979	–	299,979
Unsecured notes	(h)	991,631	495,897	991,631	495,897
Loan from a minority shareholder of a subsidiary	(i)	14,966	14,966	–	–
		1,728,200	2,065,699	991,631	1,237,163
Total borrowings		2,574,407	2,121,280	1,738,079	1,287,163

(a) The revolving credit facility was fully paid in July 2012. As at 31 December 2011, this facility had a negative pledge over all of the Company's assets. Interest was charged at 2.90% per annum over the bank's swap rate.

(b) The US$15 million credit facility was cancelled in January 2012. As at 31 December 2011, this facility was extended to a subsidiary on an uncommitted basis, and is secured by a charge on the subsidiary's assets. Interest was charged at 1.00% per annum above cost of funds of the bank.

(c) The secured bank loan is repayable in September 2013. Interest on the bank loan is calculated at 2.30% per annum over the bank's swap rate.

The loan is secured by:

(i) a first legal mortgage over the Company's investment property with carrying amount of $540,000,000 (2011: $520,000,000);

(ii) a first legal mortgage over the Company's hotel property with carrying amount of $115,510,000 (2011: $119,331,000); and

(iii) fixed and floating charge over all the assets in relation to the charged properties at the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

26 BORROWINGS (CONT'D)

(d) The secured bank loan is repayable from November 2013 to November 2015. Interest on the bank loan is calculated at 2.30% per annum over the bank's USD LIBOR rate.

The loan is secured by:

(i) a first legal mortgage over the Group's investment properties with a total carrying amount of $2,481,000,000 (2011: $2,473,000,000);

(ii) fixed and floating charge over all the assets in relation to the charged properties at the Group.

(e) This relates to $300 million secured bonds ("Bonds") issued by the Company. The Bonds bear a fixed interest at 3.36% per annum and will mature in September 2013. The Bonds are secured and share the same security as the facility under note (c) above.

(f) The secured bank loan is repayable in July 2014. Interest on bank loan is calculated at 2.68% per annum over the bank's swap rate.

The bank loan is secured by:

(i) a first legal mortgage over a subsidiary's development property with carrying amount of $793,734,000 (2011: $742,891,000); and

(ii) a fixed and floating charge over all the assets of the subsidiary.

(g) The secured bank loan was fully repaid in December 2012. Interest was calculated at 2.60% per annum over the bank's swap rate.

As at 31 December 2011, the bank loan was secured by:

(i) a first legal mortgage over a subsidiary's investment property with carrying amount of $1,081,000,000 (2011: $1,073,000,000);

(ii) fixed and floating charge over all the assets of the subsidiary; and

(iii) assignment of all rights to and benefits from the sale and purchase agreements, rental proceeds, lease tenancies, building contracts, licenses and insurance policies in respect of the investment property.

(h) Under the $1 billion medium term note programme established in 2010, the Group and the Company has issued 4 (2011: 2) series of notes ("Notes") amounting to $1 billion (2011: $500 million) as at the reporting date. The notes are unsecured and bear fixed interest ranging from 3.95% to 4.95% per annum. The maturity of the Notes ranges from April 2014 to October 2019.

(i) The loan is unsecured and interest free. Settlement of this loan is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the minority shareholder's net investment in an entity, it is stated at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

26 BORROWINGS (CONT'D)

Undrawn borrowing facilities

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Expiring:				
Not later than one year	50,000	14,324	50,000	–
Later than one year	50,000	50,000	–	–
	100,000	64,324	50,000	–

Intra-group financial guarantee

Intra-group financial guarantee comprises guarantees given by the Company to banks in respect of banking facilities granted to wholly-owned subsidiaries. The maximum exposure of the Company is $501,015,000 (2011: $85,283,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee. The periods in which the financial guarantee will expire are as follows:

	2012 $'000	2011 $'000
Within one year	123,056	24,460
After one year but within five years	377,959	60,823
	501,015	85,283

27 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the financial year is as follows:

	Property, plant and equipment $'000	Investment properties $'000	Others $'000	Total $'000
Group				
Deferred tax liabilities				
2012				
Beginning of financial year, as previously reported	9,877	230,378	321	240,576
Effect of adoption of the amendments to FRS 12	–	(230,378)	–	(230,378)
Beginning of financial year, as restated	9,877	–	321	10,198
Recognised in profit or loss	(4,122)	–	258	(3,864)
End of financial year	5,755	–	579	6,334

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

27 DEFERRED TAXES (CONT'D)

	Property, plant and equipment $'000	Investment properties $'000	Others $'000	Total $'000
Group				
Deferred tax liabilities				
2011				
Beginning of financial year, as previously reported	9,341	188,426	93	197,860
Effect of adoption of the amendments to FRS 12	–	(188,426)	–	(188,426)
Beginning of financial year, as restated	9,341	–	93	9,434
Recognised in profit or loss, as previously reported	536	41,952	228	42,716
Effect of adoption of the amendments to FRS 12	–	(41,952)	–	(41,952)
Recognised in profit or loss, as restated	536	–	228	764
End of financial year	9,877	–	321	10,198

	Property, plant and equipment $'000	Provision $'000	Total $'000
Group			
Deferred tax assets			
2012			
Beginning financial year	761	31	792
Recognised in profit or loss	176	(31)	145
End of financial year	937	–	937
2011			
Beginning financial year	–	–	–
Recognised in profit or loss	761	31	792
End of financial year	761	31	792

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

27 DEFERRED TAXES (CONT'D)

	Property, plant and equipment $'000	Investment properties $'000	Others $'000	Total $'000
Company				
Deferred tax liabilities				
2012				
Beginning of financial year, as previously reported	5,961	57,285	181	63,427
Effect of adoption of the amendments to FRS 12	–	(57,285)	–	(57,285)
Beginning of financial year, as restated	5,961	–	181	6,142
Recognised in profit or loss	(206)	–	(339)	(545)
End of financial year	5,755	–	(158)	5,597
2011				
Beginning of financial year, as previously reported	6,640	57,299	496	64,435
Effect of adoption of the amendments to FRS 12	–	(57,299)	–	(57,299)
Beginning of financial year, as restated	6,640	–	496	7,136
Recognised in profit or loss, as previously reported	(679)	(14)	(315)	(1,008)
Effect of adoption of the amendments to FRS 12	–	14	–	14
Recognised in profit or loss, as restated	(679)	–	(315)	(994)
End of financial year	5,961	–	181	6,142

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

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $7,264,000 (2011: $4,535,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Tax losses of $7,264,000 (2011: $4,535,000) will expire within one to five years. Deferred tax assets of $1,816,000 (2011: $1,134,000) arising from the tax losses have not been recognised.

28 OTHER LIABILITIES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Retention sum payables	6,759	1,437	–	195
Rental deposits	20,292	15,802	4,729	2,584
	27,051	17,239	4,729	2,779

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

29 SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2012 '000	2011 '000	2012 $'000	2011 $'000
Beginning and end of financial year	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.

At 31 December 2012, the Group held 71,716,000 (2011: 38,533,000) of the Company's shares as treasury shares (note 30).

30 OTHER RESERVES

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Asset revaluation reserve	46,135	46,135	37,107	37,107
Currency translation reserve	(50,993)	(35,201)	–	–
Hedging reserve	–	(1,152)	–	–
Fair value reserve	124,156	98,350	124,156	98,350
Reserve for own shares	(156,044)	(82,723)	(156,044)	(82,723)
Other capital reserve	25,798	25,798	–	–
	(10,948)	51,207	5,219	52,734

The movement of other reserves is as follows:

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own share $'000	Other capital reserve $'000	Total $'000
At 1 January 2012	46,135	(35,201)	(1,152)	98,350	(82,723)	25,798	51,207
Other comprehensive income							
Currency translation differences relating to foreign operations	–	(13,808)	–	–	–	–	(13,808)
Fair value gain on available - for-sale financial assets	–	–	–	25,806	–	–	25,806
Share of effective portion of changes in fair value of cash flow hedges of an associate	–	–	1,152	–	–	–	1,152
Share of foreign currency translation differences of associates	–	(1,984)	–	–	–	–	(1,984)
Total other comprehensive income, net of tax	–	(15,792)	1,152	25,806	–	–	11,166
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Own shares acquired	–	–	–	–	(73,321)	–	(73,321)
Total transactions with owners of the Company	–	–	–	–	(73,321)	–	(73,321)
At 31 December 2012	46,135	(50,993)	–	124,156	(156,044)	25,798	(10,948)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

30 OTHER RESERVES (CONT'D)

	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Group Fair value reserve $'000	Reserve for own share $'000	Other capital reserve $'000	Total $'000
At 1 January 2011	46,135	(43,574)	(1,992)	98,350	–	25,798	124,717
Other comprehensive income							
Currency translation differences relating to foreign operations	–	8,158	–	–	–	–	8,158
Share of effective portion of changes in fair value of cash flow hedges of an associate	–	–	840	–	–	–	840
Share of foreign currency translation differences of associates	–	215	–	–	–	–	215
Total other comprehensive income, net of tax	–	8,373	840	–	–	–	9,213
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Own shares acquired	–	–	–	–	(82,723)	–	(82,723)
Total transactions with owners of the Company	–	–	–	–	(82,723)	–	(82,723)
At 31 December 2011	46,135	(35,201)	(1,152)	98,350	(82,723)	25,798	51,207

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain leasehold land and building made by the directors on 31 December 1975.

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 associates; 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

This relates to the Group's share of the hedging reserve of an associate which was fully reversed in 2012.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the available-for-sale financial assets until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2012, the Group held 71,716,000 (2011: 38,533,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $156,044,000 (2011: $82,723,000).

Other capital reserve

The reserve relates to the Group's share of share premium in one of the associates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

31 ACCUMULATED PROFITS

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

	Company 2012 $'000	Company 2011 $'000 (Restated)
Beginning of financial year	1,000,406	929,988
Net profit for the financial year	95,213	109,682
Dividend paid	(127,388)	(39,264)
End of financial year	968,231	1,000,406

Movements in the retained earnings of the Group are shown in the Consolidated Statement of Changes in Equity.

32 DIVIDENDS

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

For the year ended 31 December	Group and Company 2012 $'000	Group and Company 2011 $'000
Interim dividend of 3 cents (2011: 2 cents) per ordinary share in respect of current year	27,297	19,632
Final dividend of 3 cents (2011: 2 cents) per ordinary share in respect of prior year	27,298	19,632
Special dividend of 8 cents (2011: nil) per ordinary share in respect of prior year	72,793	–
	127,388	39,264

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 2012 $'000	Group and Company 2011 $'000
Final dividend of 3 cents (2011: 3 cents) per ordinary share	27,297*	28,292*
Special dividend of 5 cents (2011: 8 cents) per ordinary share	45,494*	75,446*
	72,791	103,738

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 909,885,860 (2011: 943,068,860) as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

33 COMMITMENTS

Capital commitments

As at 31 December 2012, the Group and the Company have the following capital commitments:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Property, plant and equipment	6,952	8,173	4,196	6,103
Investment properties	7,787	16,419	–	–
Development property	127,730	174,241	–	–
Available-for-sale financial asset	3,881	–	–	–

Operating lease commitments - where the Group and the Company are lessees

The Group and Company lease office equipment, office and a site at Terminal 3 of Changi International Airport under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not later than one year	88	67	2,405	2,405
Between two and five years	1,000	1,003	801	3,206
Later than five years	16,416	16,667	–	–
	17,504	17,737	3,206	5,611

Contingent rent recognised as an expense amounted to $1,253,000 (2011: $553,000).

Operating lease commitments - where the Group and the Company are lessors

The Group and Company lease out their investment properties under non-cancellable leases. The lessees are required to pay absolute fixed annual increases to the lease payments and contingent rents computed based on their sales achieved during the lease period. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Not later than one year	103,456	111,010	34,983	31,803
Between two and five years	187,389	147,750	62,468	13,480
Later than five years	49,683	64,879	–	–
	340,528	323,639	97,451	45,283

Contingent rents, generally determined based on a percentage of tenants' revenue, of $932,000 and $870,000 (2011: $582,000 and $564,000) have been recognised as income by the Group and the Company respectively in profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS

Overview

The Group is exposed to financial risks arising from its operations. When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings for the purposes of managing certain financial risks and does not engage in speculation. The key financial risks of the Group include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price 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.

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.

Foreign currency risk

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

The Group is exposed to foreign currency risk arising mainly from United States Dollars ("USD"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in The People's Republic of China and Malaysia.

The Group management monitors the Group's foreign currency risk exposure and, when appropriate, uses plain vanilla financial instruments (such as forward contracts) to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

The Group's currency exposure (expressed in Singapore Dollar ("SGD") equivalent) based on the information provided to key management is as follows:

		Currency Exposure		
SGD equivalent	SGD $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2012				
Cash and cash equivalents	556,188	5,132	43,317	604,637
Trade and other receivables	34,348	–	1,122	35,470
Other assets *	6,089	8	247	6,344
Available-for-sale financial assets	154,156	8,314	–	162,470
Trade and other payables	(76,896)	(975)	(5,326)	(83,197)
Borrowings	(2,118,901)	(455,506)	–	(2,574,407)
Other liabilities	(27,051)	–	–	(27,051)
Net financial (liabilities)/assets	(1,472,067)	(443,027)	39,360	(1,875,734)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,472,067	(8,249)	(27,424)	1,436,394
Net currency exposure	–	(451,276)	11,936	(439,340)
As at 31 December 2011				
Cash and cash equivalents	334,888	3,948	29,020	367,856
Trade and other receivables	23,001	52	2,001	25,054
Other investments	4,445	3,187	–	7,632
Other assets *	4,963	–	600	5,563
Available-for-sale financial assets	128,350	–	–	128,350
Trade and other payables	(97,117)	(134)	(5,556)	(102,807)
Borrowings	(2,115,699)	(5,581)	–	(2,121,280)
Other liabilities	(17,239)	–	–	(17,239)
Net financial (liabilities)/assets	(1,734,408)	1,472	26,065	(1,706,871)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,734,408	–	(26,051)	1,708,357
Net currency exposure	–	1,472	14	1,486

* Excluding prepayments

The Company is not exposed to significant currency risk in 2012 and 2011.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant, of the Group's profit before tax.

	Increase/(Decrease)	
	2012 $'000	2011 $'000
Group		
USD against SGD		
- strengthened 8% (2011: 1%)	(36,102)	15
- weakened 8% (2011: 1%)	36,102	(15)

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 at bank, fixed deposits with financial institutions, investment in debt securities, non-trade receivables from associates and subsidiaries and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fixed rate instruments				
Loans to subsidiaries	–	–	324,263	775,949
Investments in debt securities	–	1,853	–	–
Borrowings	(1,291,614)	(795,876)	(1,291,614)	(795,876)
	(1,291,614)	(794,023)	(967,351)	(19,927)
Variable rate instruments				
Cash and cash equivalents	264,644	171,848	222,678	136,319
Trade and other receivables	–	–	461,710	–
Loans to subsidiaries	–	–	258,000	258,000
Trade and other payables	–	–	(143,356)	(143,356)
Borrowings	(1,267,827)	(1,310,438)	(446,465)	(491,287)
	(1,003,183)	(1,138,590)	352,567	(240,324)

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 (2011: 6 months).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for interest rate risk

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 rate at the reporting date would not affect profit or loss.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on variable rate instruments).

	2012		2011	
	Increase/ Decrease in basis points	Effect on profit before tax $'000	Increase/ Decrease in basis points	Effect on profit before tax $'000
Group	+40	(4,013)	+ 70	(7,970)
	- 40	4,013	- 70	7,970
Company	+40	1,410	+ 70	(1,682)
	- 40	(1,410)	- 70	1,682

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from loans and receivables. For investments in debt and equity securities and cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The credit risk for loans and receivables based on the information provided to key management is as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
By geographical areas				
Singapore	38,514	25,099	1,329,184	1,244,509
Indonesia	1,055	1,140	1,021	1,140
The People's Republic of China	1,080	2,274	16	22
Malaysia	255	557	33	42
Others	910	1,547	428,418	422,265
	41,814	30,617	1,758,672	1,667,978

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
By types of customers				
Related parties	3,569	3,726	1,741,752	1,651,364
Non-related parties				
- Multi-national companies	5,560	6,223	4,301	4,621
- Other companies	30,528	20,260	12,617	11,986
- Individuals	2,157	408	2	7
	41,814	30,617	1,758,672	1,667,978

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Loans and receivables that are neither past due nor impaired are substantially companies with a good payment track record with the Group.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 26) at the end of the reporting period is $501,015,000 (2011: $85,283,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group has contractual commitments to purchase property, plant and equipment and to incur capital expenditure with regard to its investment properties, development property and available-for-sale financial assets (note 33).

The table below highlights the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows, including the interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	More than 5 years $'000
Group						
At 31 December 2012						
Trade and other payables and other liabilities	110,248	(110,248)	(83,197)	(13,536)	(10,134)	(3,381)
Borrowings	2,574,407	(2,791,952)	(933,516)	(817,749)	(826,520)	(214,167)
	2,684,655	(2,902,200)	(1,016,713)	(831,285)	(836,654)	(217,548)
At 31 December 2011						
Trade and other payables and other liabilities	120,046	(120,046)	(102,807)	(4,783)	(8,967)	(3,489)
Borrowings	2,121,280	(2,305,870)	(113,322)	(811,791)	(1,380,757)	–
	2,241,326	(2,425,916)	(216,129)	(816,574)	(1,389,724)	(3,489)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	More than 5 years $'000
Company						
At 31 December 2012						
Trade and other payables and other liabilities	199,699	(199,699)	(194,970)	(1,292)	(3,437)	–
Borrowings	1,738,079	(1,923,778)	(810,461)	(335,550)	(563,600)	(214,167)
	1,937,778	(2,123,477)	(1,005,431)	(336,842)	(567,037)	(214,167)
At 31 December 2011						
Trade and other payables and other liabilities	191,649	(191,649)	(188,870)	(1,578)	(1,089)	(112)
Borrowings	1,287,163	(1,399,899)	(94,443)	(787,331)	(518,125)	–
	1,478,812	(1,591,548)	(283,313)	(788,909)	(519,214)	(112)

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.

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

Equity price risk arises from available-for-sale financial assets as well as investments at fair value through profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on its fair value.

(a) The Group has an investment in an unlisted security. The fair value of this investment is estimated based on the net asset value of the investee entity adjusted for the fair value of the underlying properties as at the reporting date. The fair values of the underlying properties are subject to market risk.

If the adjusted net asset value of the investee entity is to increase/decrease by 10%, the Group's fair value reserve will increase/decrease by approximately $15.4 million (2011: $12.8 million).

The Group also has an investment in a limited partnership in United States of America. The fair value of the investment closely approximates the Group's cost of the investment (note 19). A 10% increase/decrease in the carrying value of the investment would result in an increase in the Group's fair value reserve of $8.3 million and a decrease in the Group's profit before taxation of $8.3 million.

(b) In 2011, the Group was also exposed to price changes arising from its quoted investment in equity and debt securities. If the underlying prices of the investment increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately $763,200.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

Fair value versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group						
2012						
Assets						
Cash and cash equivalents	13	604,637	–	–	604,637	604,637
Trade and other receivables	14	35,470	–	–	35,470	35,470
Other assets *	18	6,344	–	–	6,344	6,344
Available-for-sale financial assets	19	–	162,470	–	162,470	162,470
		646,451	162,470	–	808,921	808,921
Liabilities						
Trade and other payables	25	–	–	(83,197)	(83,197)	(83,197)
Borrowings	26	–	–	(2,559,441)	(2,559,441)	(2,597,783)
Other liabilities	28	–	–	(27,051)	(27,051)	(24,772)
		–	–	(2,669,689)	(2,669,689)	(2,705,752)

* Excluding prepayments

	Note	Loans and receivables $'000	Financial assets designated at fair value $'000	Available-for-sale financial assets $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group							
2011							
Assets							
Cash and cash equivalents	13	367,856	–	–	–	367,856	367,856
Trade and other receivables	14	25,054	–	–	–	25,054	25,054
Other investments	16	–	7,632	–	–	7,632	7,632
Other assets *	18	5,563	–	–	–	5,563	5,563
Available-for-sale financial assets	19	–	–	128,350	–	128,350	128,350
		398,473	7,632	128,350	–	534,455	534,455
Liabilities							
Trade and other payables	25	–	–	–	(102,807)	(102,807)	(102,807)
Borrowings	26	–	–	–	(2,106,314)	(2,106,314)	(2,118,778)
Other liabilities	28	–	–	–	(17,239)	(17,239)	(15,440)
		–	–	–	(2,226,360)	(2,226,360)	(2,237,025)

* Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company						
2012						
Assets						
Cash and cash equivalents	13	430,682	–	–	430,682	430,682
Trade and other receivables	14	978,820	–	–	978,820	978,820
Other assets *	18	4,053	–	–	4,053	4,053
Loans to other subsidiaries	21	775,799	–	–	775,799	775,799
Available-for-sale financial assets	19	–	154,156	–	154,156	154,156
		2,189,354	154,156	–	2,343,510	2,343,510
Liabilities						
Trade and other payables	25	–	–	(194,970)	(194,970)	(194,970)
Borrowings	26	–	–	(1,738,079)	(1,738,079)	(1,776,421)
Other liabilities	28	–	–	(4,729)	(4,729)	(4,283)
		–	–	(1,937,778)	(1,937,778)	(1,975,674)

*Excluding prepayments

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company						
2011						
Assets						
Cash and cash equivalents	13	194,187	–	–	194,187	194,187
Trade and other receivables	14	457,491	–	–	457,491	457,491
Other assets *	18	3,716	–	–	3,716	3,716
Loans to other subsidiaries	21	1,206,771	–	–	1,206,771	1,206,771
Available-for-sale financial assets	19	–	128,350	–	128,350	128,350
		1,862,165	128,350	–	1,990,515	1,990,515
Liabilities						
Trade and other payables	25	–	–	(188,870)	(188,870)	(188,870)
Borrowings	26	–	–	(1,287,163)	(1,287,163)	(1,299,627)
Other liabilities	28	–	–	(2,779)	(2,779)	(2,621)
		–	–	(1,478,812)	(1,478,812)	(1,491,118)

*Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

Estimation of fair values

Fair values have been determined for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other investments at fair value through profit or loss

The fair value of equity and debt investments is determined by reference to their quoted closing bid prices at the reporting date.

Debt security

The fair value of the debt security is its quoted asking price at the reporting date.

Available-for-sale financial assets

The fair value of the Group's investments in the unlisted security is estimated based on the net asset values of the investee entity, which takes into consideration the fair value of the underlying properties held by this entity. The fair value of the investment in the limited partnership closely approximates the cost of the Group's investment in the fund, having considered that the investment was made close to the reporting date. Further details are set out in note 19.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of expected future principal and interest cash flows, where the discount rate is computed from the market interest rates at the reporting date, or the quoted price of the debt instrument at the reporting date, where applicable.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings which reprice within six months from the statement of financial position date) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted in arriving at their fair values.

Interest rate used for determining fair values

The interest rates used to discount estimated cash flows were as follows:

	2012 %	2011 %
Borrowings	2.51 – 4.95	2.66 – 4.30
Other liabilities	3.44	3.02

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

34 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group					
31 December 2012					
Available-for-sale financial assets	19	–	–	162,470	162,470
31 December 2011					
Other investments	16	7,632	–	–	7,632
Available-for-sale financial assets	19	–	–	128,350	128,350
		7,632	–	128,350	135,982
Company					
31 December 2012					
Available-for-sale financial assets	19	–	–	154,156	154,156
31 December 2011					
Available-for-sale financial assets	19	–	–	128,350	128,350

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Available-for-sale financial assets				
At 1 January	128,350	128,350	128,350	128,350
Purchases	8,314	–	–	–
Fair value gain recognised in fair value reserve	25,806	–	25,806	–
At 31 December	162,470	128,350	154,156	128,350

During the year, the Group invested $8,314,000 in a limited partnership that has an investment in a property in the United States of America.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Details on the fair value of the investment in the unlisted entities are set out in note 19.

There was no transfer into or out of Level 3 of the fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

35 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 share capital, other reserves, accumulated profits and non-controlling interest.

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 Company'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 Group's and the Company's strategies, which remain relatively unchanged from 2011, are to maintain a gearing ratio of within 40% to 50% and 60% to 70%, respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2012 $'000	2011 $'000 (Restated)	2012 $'000	2011 $'000 (Restated)
Net debt	2,080,018	1,873,470	1,507,096	1,284,625
Total equity	3,173,505	3,272,602	1,666,765	1,746,455
Total capital	5,253,523	5,146,072	3,173,861	3,031,080
Gearing ratio	39.6%	36.4%	47.5%	42.4%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2012 and 2011.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

36 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 financial year on terms agreed between the parties concerned:

	Group	
	2012 $'000	2011 $'000
With associates		
Management fees earned	5,102	4,735
Interest income from loans	34	36
Purchase of food and beverage products	–	54
With other related parties		
Purchase of food and beverage products	414	491
Rental income	2,104	1,136
Hotel services income	130	214
Professional fees	394	46
Purchase of property, plant and equipment	327	258

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

The Company made loans and advances to subsidiaries, associates and jointly controlled entity as disclosed in notes 14, 20 and 21 of the financial statements.

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2012 $'000	2011 $'000
Short-term employee benefits	6,765	5,152
Post-employment benefits (including Central Provident Fund)	74	143
	6,839	5,295

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

37 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. The Management comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business segment.

The Group has the following reportable segments:

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

(ii) Property investments - rental income from investment properties owned by the Group.

(iii) Property development - sale of residential properties.

Other operations include mainly investment holding and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 and 2012.

Sales between segments are carried out at arm's length. The revenue from external parties reported to Management 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. Management assesses the performance of the operating segments based on a measure of profit before tax. This measurement basis is consistent with that in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

37 SEGMENT INFORMATION (CONT'D)

Reportable business segments

Financial year ended 31 December 2012

	Hospitality								
	Singapore $'000	China $'000	Others $'000	Property investments $'000	Property development $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue									
External revenue	200,213	38,085	1,107	144,620	31,383	2,449	417,857	–	417,857
Inter-segment revenue	109	–	–	2,469	–	2,650	5,228	(5,228)	–
Segment revenue (including inter-segment revenue)	200,322	38,085	1,107	147,089	31,383	5,099	423,085	(5,228)	417,857
Segment profit/(loss) before interest and tax	83,539	8,724	991	108,207	4,722	(16,897)	189,286	(749)	188,537
Depreciation	(17,906)	(5,707)	–	(30)	–	(1,110)	(24,753)	–	(24,753)
Finance expenses	(2,901)	–	–	(41,841)	–	(70,799)	(115,541)	27,186	(88,355)
Interest income	66	589	54	4,323	–	28,223	33,255	(30,585)	2,670
Share of results of associates and jointly controlled entity, net of tax	6,317	(70)	–	(30,375)	–	(7)	(24,135)	–	(24,135)
Other material items									
Fair value gain on investment properties	–	–	–	24,452	–	–	24,452	–	24,452
Reversal of impairment losses on property, plant and equipment	–	4,487	–	–	–	–	4,487	–	4,487
Segment assets	438,766	157,597	708	3,097,917	813,009	636,896	5,144,893	21,197	5,166,090
Investment in associates and jointly controlled entity	35,735	11,018	–	642,537	–	32,127	721,417	–	721,417
Segment liabilities	9,614	5,243	84	490,846	378,706	1,754,379	2,638,872	75,130	2,714,002
Capital expenditure	5,423	1,655	–	9,511	–	12,854	29,443	–	29,443

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

37 SEGMENT INFORMATION (CONT'D)

Reportable business segments (cont'd)

Financial year ended 31 December 2011

	Hospitality								
	Singapore $'000	China $'000	Others $'000	Property investments $'000	Property development $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total (Restated) $'000
Revenue									
External revenue	174,835	38,900	1,720	106,884	7,596	2,447	332,382	–	332,382
Inter-segment revenue	106	–	–	1,523	–	2,740	4,369	(4,369)	–
Segment revenue (including inter-segment revenue)	174,941	38,900	1,720	108,407	7,596	5,187	336,751	(4,369)	332,382
Segment profit/(loss) before interest and tax	79,442	19,658	1,572	361,139	(3,267)	(12,371)	446,173	(608)	445,565
Depreciation	(13,601)	(5,511)	–	(21)	–	(785)	(19,918)	–	(19,918)
Finance expense	(1,276)	–	–	(28,976)	–	(44,191)	(74,443)	24,294	(50,149)
Interest income	5	256	59	3,512	–	23,821	27,653	(27,092)	561
Share of results of associates, net of tax	5,790	(35)	–	34,778	–	–	40,533	–	40,533
Other material items									
Fair value gain on investment properties	–	–	–	253,086	–	–	253,086	–	253,086
Reversal of impairment losses on property, plant and equipment	–	12,837	–	–	–	–	12,837	–	12,837
Segment assets	447,347	165,038	4,393	3,044,789	747,921	402,767	4,812,255	14,071	4,826,326
Investment in associates and jointly controlled entity	32,688	12,002	–	676,430	–	–	721,120	–	721,120
Segment liabilities	10,365	5,485	66	503,530	371,322	1,307,848	2,198,616	76,228	2,274,844
Capital expenditure	12,066	1,618	–	36,083	–	3,551	53,318	–	53,318

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

37 SEGMENT INFORMATION (CONT'D)

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

	2012 $'000	2011 $'000 (Restated)
Revenue		
Total revenue for reportable segments	417,985	331,564
Others	5,100	5,187
Elimination of inter-segment revenue	(5,228)	(4,369)
Consolidated total revenue	417,857	332,382
Profit or loss		
Total profit or loss before interest and tax for reportable segments	206,183	458,544
Elimination of inter-segment profits	(749)	(608)
Finance expense	(88,355)	(50,149)
Interest income	2,670	561
Others	(16,897)	(12,371)
Consolidated profit before tax	102,852	395,977

Reconciliations of reportable segment assets and liabilities

	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)
Assets			
Total assets for reportable segments	4,507,997	4,409,488	3,776,979
Assets for other segments	636,896	402,767	257,161
Investment in associates and jointly controlled entity	721,417	721,120	683,272
	5,866,310	5,533,375	4,717,412
Elimination of inter-segment profit	(5,928)	(4,240)	(1,176)
Other unallocated amounts			
- Trade and other receivables	22,226	14,048	15,850
- Other assets	3,962	3,471	2,172
- Deferred tax assets	937	792	–
Consolidated total assets	5,887,507	5,547,446	4,734,258
Liabilities			
Total liabilities for reportable segments	884,493	890,768	851,494
Other liabilities	1,754,379	1,307,848	801,263
	2,638,872	2,198,616	1,652,757
Other unallocated amounts			
- Trade and other payables	41,054	39,931	37,650
- Current tax liabilities	23,013	23,320	25,490
- Deferred tax liabilities	6,334	10,198	9,434
- Other liabilities	4,729	2,779	4,829
Consolidated total liabilities	2,714,002	2,274,844	1,730,160

NOTES TO THE FINANCIAL STATEMENTS

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37 SEGMENT INFORMATION (CONT'D)

Geographical information

	Revenue		Non-current assets*		
	2012 $'000	2011 $'000	2012 $'000	2011 $'000 (Restated)	2010 $'000 (Restated)
Singapore	378,665	291,762	4,113,013	4,116,657	3,497,801
The People's Republic of China	38,085	38,900	135,660	148,827	132,248
Others	1,107	1,720	32,127	–	–
	417,857	332,382	4,280,800	4,265,484	3,630,049

* Non-current assets relate to the carrying amounts of investments in associates, investment properties, property, plant and equipment and intangible asset.

There is no single external customer who attributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2011 and 2012.

38 Acquisition of subsidiary and non-controlling interests

Acquisition of subsidiary

2011

On 25 July 2011, the Group acquired a 100% equity interest in OUE Airport Hotel Pte. Ltd. ("OUE Airport"), which owns Crowne Plaza Changi Airport.

The acquisition would significantly enhance the Group's hospitality portfolio.

From 25 July 2011 to 31 December 2011, OUE Airport contributed revenue of $18,498,000 and profit of $3,173,000 to the Group's results. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been $354,709,000 and consolidated profit after tax would have been $338,522,000.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date, and the consideration transferred:

	Note	$'000
Property, plant and equipment	23	248,844
Intangible asset	24	43,200
Other assets		2,343
Cash and cash equivalents		10,914
Trade and other receivables		2,135
Inventories		97
Trade and other payables		(7,047)
Total identifiable net assets		300,486

Identifiable assets acquired and liabilities assumed

	$'000
Consideration paid, satisfied in cash	300,486
Cash acquired	(10,914)
Net cash outflow	289,572

Acquisition-related costs

The Group incurred acquisition-related costs of $840,000 related to external legal and due diligence costs. The legal and due diligence costs have been included in administrative expenses in the Group's statement of comprehensive income.

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39 Listing of companies in the Group

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2012 %	The Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %
Subsidiaries						
Singapore Mandarin International Hotels Pte Ltd	Hotel management	Singapore	–	–	100	100
Meritus Hotels & Resorts Sdn. Bhd. [(a)]	Hotel management	Malaysia	–	–	100	100
Meritus Hotels & Resorts Marketing Services Sdn. Bhd. [(a)]	Hotel promoters	Malaysia	–	–	100	100
Clifford Development Pte. Ltd.	Property investment	Singapore	100	100	–	–
Singapore Meritus International Hotels Pte Ltd	Hotel management	Singapore	–	–	100	100
Meritus Hotels & Resorts Limited [(f)]	Dormant	Hong Kong	–	–	100	100
Meritus Hospitality Services (Thailand) Co., Ltd. [(c)]	Managers and operators of service apartments	Thailand	–	–	49 [(h)]	49 [(h)]
SMI Services (Thailand) Co., Ltd. [(c)]	Managers and operators of food & beverage outlets	Thailand	–	–	49 [(h)]	49 [(h)]
Meritus Hospitality Services Pte Ltd [(f)]	Dormant	Singapore	100	100	–	–
OUE Trading Private Limited	Trading and commission agent and commercial laundry operator	Singapore	100	100	–	–
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
Imperial Development Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–

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Year ended 31 December 2012

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2012 %	The Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %
Subsidiaries						
Imperial Development Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Reef Development Holdings Pte. Ltd. [(f)]	Investment holding	Singapore	100	100	–	–
OUE Reef Development Pte. Ltd. [(f)]	Investment holding	Singapore	–	–	100	100
e-magination.com Pte Ltd [(f)]	Dormant	Singapore	–	–	100	100
Hotel Investment (Marina) Private Limited	Investment holding	Singapore	100	100	–	–
Mandarin Hotel (Singapore) Private Limited [(f)]	Dormant	Singapore	100	100	–	–
Hotel Investment (Hainan) Private Limited	Investment holding	Singapore	100	100	–	–
Hainan Mandarin Hotel Limited [(b)]	Hotel operation	The People's Republic of China	–	–	100	100
Hotel Investment (Shantou) Private Limited	Investment holding	Singapore	80	80	–	–
Meritus Shantou Hotel Co., Ltd. [(b)]	Hotel operation	The People's Republic of China	–	–	100	100
Meritus Hotels & Resorts (Hainan) Company Limited [(b)]	Hotel management	The People's Republic of China	–	–	100	100
Seaview Property Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUE Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
OUE Hotels (Asia) Pte. Ltd.	Hotel Management	Singapore	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2012 %	The Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %
Subsidiaries						
OUE Property Services Pte. Ltd.	Property management	Singapore	100	100	–	–
Total Apex Limited (f)	Investment holding	British Virgin Islands	100	100	–	–
Alkas Realty Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Meritus International Pte. Ltd.	Hotel management	Singapore	100	100	–	–
Meritus Hotels Pte. Ltd.	Investment holding	Singapore	–	–	100	100
OUE Hotels (Japan) Pte. Ltd.	Hotel management	Singapore	–	–	100	100
Meritus Trademarks Pte. Ltd.	Receive royalties/ licensing fee for the use of trademarks/ service marks	Singapore	–	–	100	100
OUE Hotel Properties (Narita) Pte. Ltd.	Investment holding	Singapore	–	–	100	100
OUE Hotel (Narita) Co., Ltd (f)	Hotel management and operation	Japan	–	–	–	100
OUE Hotel (Narita) TMK (f)	Investment holding	Japan	–	–	–	100
OUE Hotel Services (Narita) Pte. Ltd.	Investment holding	Singapore	–	–	100	100
OUE Global Pte. Ltd (formerly known as LOC Holdings Pte. Ltd.)	Investment holding	Singapore	100	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2012 %	The Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %
Subsidiaries						
LOC Korea Investment Pte. Ltd.	Investment holding	Singapore	–	–	100	–
OUE International Holdings Pte. Ltd. (formerly known as OUE Arirang Holdings Pte. Ltd.)	Investment holding	Singapore	100	–	–	–
OUE Worldwide Pte. Ltd. (formerly known as CO Holdings Pte. Ltd.)	Investment holding	Singapore	–	–	100	–
Madison Central Co., Ltd.	Investment holding	Delaware, The United States of America	–	–	100	–
OCZ Holdings Pte. Ltd.	Investment holding	Singapore	–	–	100	–
LOCZ Holdings Pte. Ltd.	Investment holding	Singapore	–	–	100	–
LOCZ Korea Investment Pte. Ltd.	Investment holding	Singapore	–	–	100	–
LOCZ Korea Corporation	Investment holding	Korea	–	–	100	–
OUE Retail Management Services Pte. Ltd.	Restaurants, cafes and bars	Singapore	100	–	–	–
Shantou Tianyi Management Co., Ltd. (b)	KTV operation	The People's Republic China	–	–	99	–
Overseas Union (Tianjin) Investment Management Co., Ltd (e)	Investment holding	The People's Republic China	–	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2012 %	The Company 2011 %	Subsidiaries 2012 %	Subsidiaries 2011 %
Associates						
Chung Sing Development (H.K.) Limited [(d)]	Investment holding	Hong Kong	50	50	–	–
OUB Centre Limited	Property investment	Singapore	50	50	–	–
TCB OUE Sdn. Bhd. [(g)]	Investment holding	Malaysia	30	30	–	–
Aquamarina Hotel Private Limited	Hotel operation	Singapore	–	–	25	25
Jointly controlled entity						
Arbon Holdings Ltd [(f)]	Investment holding	Cayman Islands	50	–	–	–

All subsidiaries are audited by KPMG LLP, Singapore and associates are audited by PricewaterhouseCoopers LLP, Singapore except as indicated below:

(a) Audited by KPMG Malaysia.

(b) Audited by KPMG China.

(c) Audited by KPMG Phoomchai Audit Limited.

(d) Audited by Deloitte Touche, Hong Kong.

(e) Audited by Tianjin Jinhua CPA Ltd.

(f) Not required to be audited under the laws of the country of incorporation.

(g) Audited by BDO, Malaysia.

(h) The Group holds more than half of the voting rights in these companies and consequently, it has the power to govern the financial and operating policies of these companies.

SHAREHOLDING STATISTICS

As at 12 March 2013

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 909,885,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 71,716,000
Percentage of treasury shares held against the total number of issued ordinary shares excluding treasury shares	: 7.88%
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. On a show of hands every member present in person or by proxy shall have one vote, provided that if a member is represented by two proxies only one of the proxies shall be entitled to vote and on a poll, every member present in person or by proxy shall have one vote for each share he holds.

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 - 999	43	0.62	9,143	0.00
1,000 - 10,000	5,607	81.10	25,363,134	2.79
10,001 - 1,000,000	1,243	17.98	49,256,643	5.41
1,000,001 and above	21	0.30	835,256,940	91.80
TOTAL	**6,914**	**100.00**	**909,885,860**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	Number of Shares	% of Issued Share Capital*
1.	DBS NOMINEES PTE LTD	541,114,147	59.47
2.	HSBC (SINGAPORE) NOMINEES PTE LTD	123,626,718	13.59
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	71,151,358	7.82
4.	DBSN SERVICES PTE LTD	26,250,926	2.89
5.	RAFFLES NOMINEES (PTE) LTD	14,613,910	1.61
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	14,395,440	1.58
7.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	9,250,000	1.02
8.	GOLDEN RAINBOW INTERNATIONAL LIMITED	6,321,000	0.69
9.	LEE PINEAPPLE COMPANY PTE LTD	5,000,000	0.55
10.	BNP PARIBAS SECURITIES SERVICES	3,288,670	0.36
11.	BANK OF SINGAPORE NOMINEES PTE LTD	3,002,463	0.33
12.	PHILLIP SECURITIES PTE LTD	2,302,649	0.25
13.	HENG SIEW ENG	2,200,000	0.24
14.	UOB KAY HIAN PTE LTD	2,092,000	0.23
15.	TAN BOY TEE	2,000,000	0.22
16.	OCBC SECURITIES PRIVATE LTD	1,925,005	0.21
17.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,900,001	0.21
18.	TERRY TAN SOON LEE @ HUIRI AMITA	1,354,000	0.15
19.	MAYBANK KIM ENG SECURITIES PTE LTD	1,192,000	0.13
20.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,179,653	0.13
	TOTAL	**834,159,940**	**91.68**

* *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

		Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.14[10]	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.79[11]	502,513,060[1]	55.23[11]
3.	Fortune Code Limited ("**FCL**")	-	-	618,916,410[2]	68.02[11]
4.	Lippo ASM Asia Property LP ("**LAAP**")	-	-	618,916,410[3]	68.02[11]
5.	LAAP General Partner Limited ("**LGP**")	-	-	618,916,410[4]	68.02[11]
6.	LAAP General Partner Holdings Limited ("**LGPH**")	-	-	618,916,410[5]	68.02[11]
7.	Argyle Street Management Limited ("**ASML**")	-	-	619,549,410[6]	68.09[12]
8.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	619,549,410[7]	68.09[12]
9.	Kin Chan ("**KC**")	-	-	618,916,410[8]	68.02[11]
10.	V-Nee Yeh ("**VY**")	-	-	619,549,410[9]	68.09[12]

Notes:

(1) GCAL is deemed to be interested 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) LAAP has a deemed interest in the shares through the direct and deemed interests of its indirect subsidiary, GCAL.

(4) LGP has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP.

(5) LGPH has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. LGPH is the immediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP.

(6) ASML is the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, ASML:

(i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and

(ii) is deemed to be interested in the shares held by funds it manages, which includes ASM Asia Recovery (Master) Fund ("**ASMARMF**") and ASM Co-Investment Opportunity Trust I LP ("**COPT**").

(7) ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, ASMHL:

(i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and

(ii) is deemed to be interested in the shares held by funds managed by ASML, which includes ASMARMF and COPT.

(8) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, KC has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP.

(9) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, VY:

(i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and

(ii) is deemed to be interested in the shares held by funds managed by ASML, which includes ASMARMF and COPT.

(10) The shareholding percentage is calculated based on 911,367,860 issued shares (excluding treasury shares) as at the date of notice of change of substantial shareholder's interest received by the Company from OUER.

(11) The shareholding percentage is calculated based on 909,885,860 issued shares (excluding treasury shares) as at the date of notice of change of substantial shareholder's interest received by the Company from each of GCAL, FCL, LAAP, LGP, LGPH and KC.

(12) The shareholding percentage is calculated based on 909,917,860 issued shares (excluding treasury shares) as at the date of notice of change of substantial shareholder's interest received by the Company from each of ASML, ASMHL and VY.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**the Exchange**") 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 12 March 2013, approximately 31.98% of its Shares listed on the Exchange were held in the hands of the public.

INTERESTED PERSON TRANSACTION

entered into during the financial year 2012

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Auric Pacific Marketing Pte Ltd	$186,783	–
Delifrance Singapore Wholesale Pte. Ltd.	$173,259	–
LMIRT Management Ltd.	$524,571	–
Auric Pacific Group Limited	$1,004,285	–
Lippo Realty (Singapore) Pte. Limited	$618,427	–
Bowsprit Capital Corporation Limited	$328,428	–
TSMP Law Corporation	$394,109	–

NOTICE OF ANNUAL GENERAL MEETING

OVERSEAS UNION ENTERPRISE LIMITED
Company Registration No.: 196400050E

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Overseas Union Enterprise Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Friday, 26 April 2013 at 10:00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 December 2012 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 3 cents per ordinary share and a tax exempt (one-tier) special dividend of 5 cents per ordinary share for the year ended 31 December 2012.

3. To approve Directors' Fees of $518,750 for the year ended 31 December 2012 (2011: $518,750).

4. To re-appoint Mr. Thio Gim Hock as a Director under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting.

5. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mag Rainer Silhavy

   (b) Mr. Kin Chan

6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or;

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

OVERSEAS UNION ENTERPRISE LIMITED
Company Registration No.: 196400050E

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. To transact any other business of an Annual General Meeting.

By Order of the Board

NG NGAI
Secretary
9 April 2013
Singapore

NOTICE OF ANNUAL GENERAL MEETING

OVERSEAS UNION ENTERPRISE LIMITED
Company Registration No.: 196400050E

Explanatory Notes:

Resolution 4

To re-appoint Mr. Thio Gim Hock, who is the Chief Executive Officer/Group Managing Director.

Resolution 5(a)

To re-elect Mag Rainer Silhavy, who is a non-executive non-independent Director.

Resolution 5(b)

To re-elect Mr. Kin Chan, who is non-executive non-independent Director. Mr. Chan will, upon re-election, continue to serve as member of the Audit Committee.

Resolution 7

Resolution No. 7, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares, of which up to 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution No. 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Collyer Quay, #18-01/02 OUE Bayfront, Singapore 049321, not less than 48 hours before the time set for the meeting.

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PROXY FORM

Annual General Meeting

OVERSEAS UNION ENTERPRISE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196400050E)

IMPORTANT:

1. For investors who have used their CPF monies to buy Overseas Union Enterprise Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of OVERSEAS UNION ENTERPRISE LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the **Fiftieth Annual General Meeting** of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on **Friday, 26 April 2013 at 10:00 a.m.** and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. If you do not indicate your voting intentions below, the proxy may vote or abstain as he/she thinks fit.)

No.	Ordinary Resolutions	For	Against
1.	Directors' Report and Financial Statements		
2.	Final dividend and Special dividend		
3.	Directors' fees		
4.	Re-appointment of Mr. Thio Gim Hock as Director		
5.	(a) Re-appointment of Mag Rainer Silhavy as Director		
	(b) Re-appointment of Mr. Kin Chan as Director		
6.	Re-appointment of Auditors		
7.	Authority for Directors to issue shares		

Dated this ________ day of ___________ 2013

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read notes on the reverse

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100% of the shareholding and the second named proxy shall be deemed as an alternate to the first named.

3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

OVERSEAS UNION ENTERPRISE LIMITED

COMPANY REG. NO.: 196400050E

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