OUE LIMITED
ANNUAL REPORT 2013

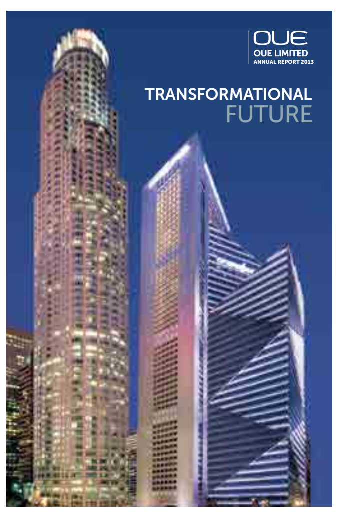
# TRANSFORMATIONAL FUTURE

## NEW IDENTITY

# OUE

In 2013, OUE unveiled a new corporate identity that reflects the direction and dynamism of the Group. The new corporate identity communicates what OUE is today and what the company aspires to be.

As a diversified real estate owner, developer and operator with a proven track record in active value creation, OUE looks at every development as an opportunity to transform the function, practicality, effectiveness, perception and value of a place. Every project is developed around visionary thinking and practical application. We call this 'Transformational Thinking'.




*World's Tallest Buildings (Design Intelligence)*
*Almanac of Architecture & Design 2013, 14th Edition*

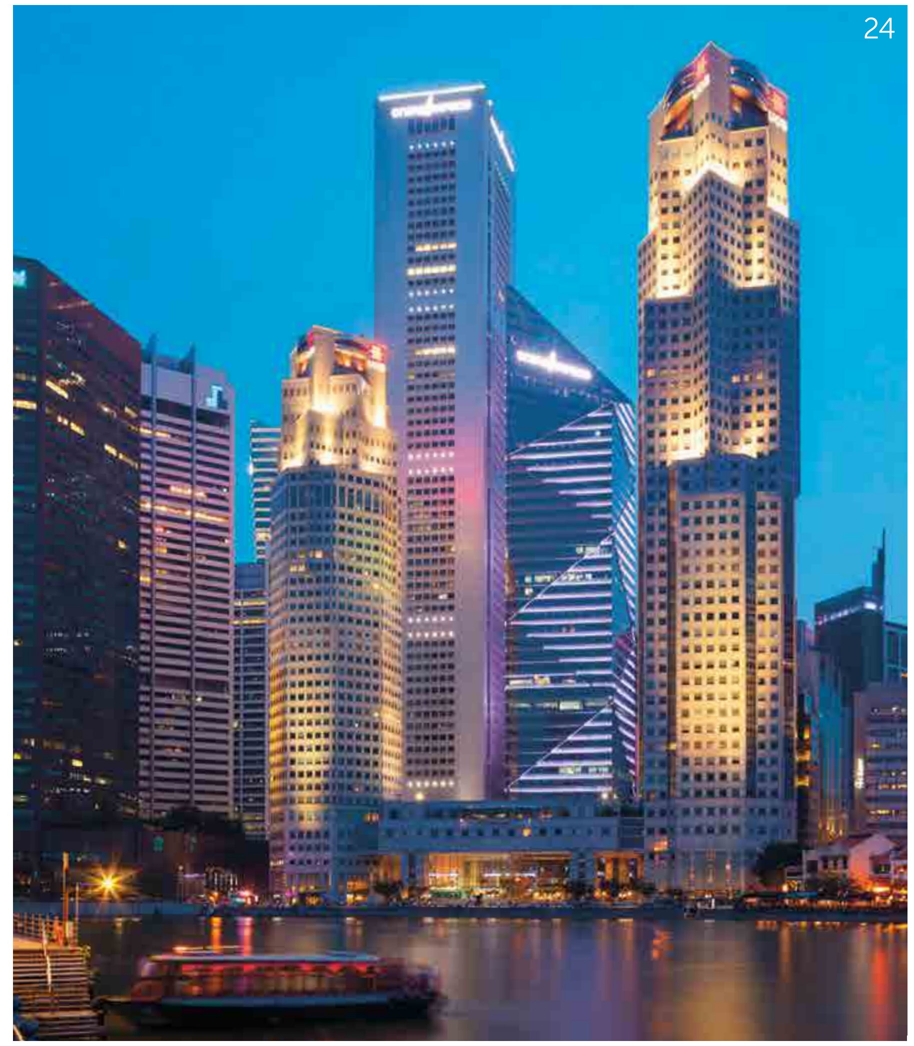
| U.S. BANK TOWER | ONE RAFFLES PLACE |
|---|---|
| HEIGHT (m) | HEIGHT (m) |
| **310** | **280** |

### COVER

Two of OUE's properties – U.S. Bank Tower in Los Angeles *(left)* and One Raffles Place in Singapore *(right)* – are amongst the world's 100 tallest buildings.

To build a Transformation Future, OUE is focused on acquiring strategic and iconic properties to achieve portfolio growth and value creation through asset redevelopment and enhancement.

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GROUP AT A GLANCE
## COMMERCIAL

The transformation of the former Overseas Union House into a contemporary 18-storey prime Grade A office building has helped reshape the skyline of Singapore's Central Business District.

Named **OUE Bayfront**, its prime office space is highly sought after in the rejuvenated Marina Bay area.

The vast array of retail and F&B offerings at the adjoining OUE Tower and OUE Link have added much dynamism to the retail and dining scene in the area.

OUE Bayfront (including OUE Tower and OUE Link) is one of the properties in the portfolio of OUE Commercial REIT, which was listed on the Main Board of the Singapore Exchange on 27 January 2014.

### OUE BAYFRONT
***(Including OUE Tower and OUE Link)***

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| **1,010.0** | **503,482** sq ft |

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

Artist's impression of proposed retail mall facing Shenton Way.



# COMMERCIAL

Armed with a proven track record in active value creation, OUE is carrying out works aimed at unlocking the value of **OUE Downtown**. This involves enhancing its functionality, vibrancy and effectiveness in generating returns.

## OUE DOWNTOWN

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| 1,361.0 | 1,244,814 sq ft |

**TENURE OF LAND**
99-year lease from 19 July 1967

GROUP AT A GLANCE

## COMMERCIAL

As part of its efforts to realise the full potential of **One Raffles Place**, OUE will be unveiling the revamped retail mall.

The revitalised mall looks set to become the unrivalled choice for shopping and dining at Raffles Place.

### ONE RAFFLES PLACE

*(This property is held through OUE's 50.0% shareholding interest in OUB Centre Limited, an associated company of OUE)*

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| **1,639.0** *(Fair Value attributable to OUB Centre Limited)* | **1,288,717** sq ft |

**TENURE OF LAND**

**841-year & 99-year lease from 1 November 1985**
**99-year lease from 26 May 1983**

Artist's impression of proposed One Raffles Place retail mall.

GROUP AT A GLANCE

# COMMERCIAL

With an eye to strategically accumulate assets in prime locations, OUE acquired the **U.S. Bank Tower** in June 2013.

Prominently located in downtown Los Angeles, this new acquisition is part of its efforts to steadily grow its portfolio of good quality assets, leading to long term value creation.

## U.S. BANK TOWER

| FAIR VALUE (US$m) | GROSS FLOOR AREA (approx) |
|---|---|
| 431.0 | 1,869,123 sq ft |

TENURE OF LAND

Freehold

GROUP AT A GLANCE

## COMMERCIAL

**Lippo Plaza** is a Grade A, 36-storey integrated office and retail complex. Strategically located in the Huangpu district, Lippo Plaza is a proud landmark in one of Shanghai's core commercial districts.

Lippo Plaza and OUE Bayfront comprise the initial portfolio of OUE Commercial REIT, which was listed on the Main Board of the Singapore Exchange on 27 January 2014.

### LIPPO PLAZA

| FAIR VALUE (RMB million) | GROSS FLOOR AREA (approx) |
|---|---|
| 2,337.0 | 629,925 sq ft |

TENURE OF LAND

50-year lease from 2 July 1994


GROUP AT A GLANCE

## HOSPITALITY

An icon of Asian hospitality in Singapore since 1971, **Mandarin Orchard Singapore** remains one of the top accommodation choices in Singapore amongst international leisure and business travellers, consistently offering guests the brand's signature Asian Grace, Warmth and Care.

The hotel was divested to OUE Hospitality Trust (OUE H-Trust), which was listed on 25 July 2013.

### MANDARIN ORCHARD SINGAPORE

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| **1,220.0** | **990,277** sq ft |

TENURE OF LAND

99-year lease from 1 July 1957

GROUP AT A GLANCE

# HOSPITALITY

In line with OUE's strategy of acquiring iconic assets to boost its income stream and grow its portfolio, the Group acquired the **Crowne Plaza Changi Airport** and adjacent plot of land in 2011. OUE recognises the potential for asset enhancement on the adjacent plot of land and plans to expand the hotel by 243 rooms as Singapore Changi Airport continues to be the region's aviation hub.

## CROWNE PLAZA CHANGI AIRPORT

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
| --- | --- |
| 291.0 | 336,945 sq ft |

TENURE OF LAND

77-year lease from 12 December 2006


Artist's impression of proposed hotel expansion.

GROUP AT A GLANCE
# HOSPITALITY

Through its 30.0% effective interest in **Marina Mandarin Singapore**, which is located within the Marina Bay vicinity and the financial district, OUE is able to ride on Singapore's popularity as a destination for both tourists and business travellers.

## MARINA MANDARIN SINGAPORE

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| **552.0** | **651,531** sq ft |

TENURE OF LAND

**99-year lease from 9 September 1980**

GROUP AT A GLANCE

# HOSPITALITY

HOTEL UNDER MANAGEMENT

## MERITUS PELANGI BEACH RESORT & SPA

A newly refurbished resort with 352 rooms and suites housed in single and double-storey wooden chalets, scattered across 35 acres of beachfront setting on the famed Langkawi island in Malaysia.


GROUP AT A GLANCE

# RETAIL

Located in the heart of Singapore's iconic shopping belt, Orchard Road, **Mandarin Gallery** is a sleek, sophisticated mall that is home to some of the world's most elegant designer labels, lifestyle boutiques and tantalising eateries.

Mandarin Gallery was divested to OUE H-Trust in July 2013, forming part of its initial portfolio.

## MANDARIN GALLERY

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| 536.0 | 196,336 sq ft |

TENURE OF LAND

99-year lease from 1 July 1957

GROUP AT A GLANCE

# RESIDENTIAL

**Twin Peaks** is a luxurious residential development situated in the tranquil surrounding of Leonie Hill, one of Singapore's most exclusive residential enclaves. The property development comprises two identical 35-storey towers with 462 well-appointed one, two and three-bedroom apartments for multi-generation living.

## TWIN PEAKS

| FAIR VALUE ($m) | GROSS FLOOR AREA (approx) |
|---|---|
| **679.0** *(Residual land value)* | **436,172** sq ft *(Includes balcony)* |

**TENURE OF LAND**

**99-year lease from 10 May 2010**

Artist's impression of proposed Twin Peaks

# TRANSFORMATIONAL THINKING


"We remain committed to maximising shareholder value through astute acquisitions and unlocking the value of our key assets."

Dear Shareholders,

2013 was a pivotal and exciting year for OUE. Despite uncertainties over the global economic recovery, Singapore's economy proved resilient. OUE continued to deliver stable earnings. We diversified and grew our businesses yet remained focused on building our core competencies to capture new growth opportunities with the view to enhancing shareholder value. I am heartened by the efforts of our dedicated team that has enabled OUE to attain new milestones and strengthen our position in the real estate marketplace.

## TRANSFORMATIONAL FUTURE

In 2013, OUE unveiled a new corporate identity that reflects the current direction and dynamism of the group. The new corporate identity communicates what OUE is today and what the company aspires to be. This is aptly summarised in the theme for this annual report, TRANSFORMATIONAL FUTURE.

OUE consistently looks to create and add value to our developments through innovative asset repositioning and enhancement. Behind all our developments is OUE's vision and proven ability to transform the function, perception and value of an existing asset to deliver added value to our investors, businesses and the community. Our people are at the heart of this transformation. They remain focused on what they do and are always finding creative and innovative ways to add value. They are the driving force behind our projects, including the transformation of Overseas Union House to OUE Bayfront, the redevelopment of Mandarin Orchard Singapore and Mandarin Gallery and many more to come.

## VENTURING ABROAD

In March 2013, we seized an opportunity to acquire the U.S. Bank Tower, an iconic office tower in downtown Los Angeles. The landmark skyscraper was designed by the renowned architect Pei Cob Freed & Partners and is featured in the Almanac of Architecture and Design 2013 as one of the tallest buildings in the world. OUE closed this deal as it was an attractively priced, quality asset in the office sector with good potential. We are thrilled to have this prime asset in OUE's portfolio. We will leverage on our strengths in leasing and asset repositioning to increase occupancy and introduce new ideas to enhance the value of this property.

## NEW OPPORTUNITIES FOR GROWTH

We remain committed to maximising shareholder value through astute acquisitions and unlocking the value of our key assets.

2013 marked the successful listing of our first stapled securities group, OUE Hospitality Trust. Two prime assets on Orchard Road, Mandarin Orchard Singapore and Mandarin Gallery, were divested to the OUE Hospitality Trust in July 2013 at S$1.7 billion. The launch of this stapled securities group allows OUE to realise the value of its stabilised assets while retaining an indirect interest in these assets. The initial public offering was over 19 times subscribed by retail investors and fully subscribed by institutional investors.

Singapore's housing market continued to be challenging in 2013 as the Government introduced additional measures to cool the residential market. However, OUE's strengths across the office, hospitality and retail sectors provided stable revenue streams and we remained relatively unaffected. At the start of the year on 27 January 2014, about six months after the listing of OUE Hospitality Trust, OUE Commercial REIT was successfully listed. With the establishment of the two REITS, OUE is now well-placed to seize opportunities that will be value-enhancing and drive OUE's continuous growth.

## GRATITUDE

It has been a tremendously busy and fulfilling year for OUE and I wish to express my sincere gratitude to my fellow Board Members, strategic partners, financial advisors, the management team and staff for their dedication and assistance.

As a gesture of appreciation to our shareholders for your continued loyalty through the transformation process, the Directors have proposed a final cash dividend of S$0.02 per share for the end of the year. Together with a special cash dividend of S$0.20 from the listing of OUE Hospitality Trust and interim cash dividend of S$0.01 per share, this amounts to a total cash dividend of S$0.23 for the year 2013.

My heartfelt thanks for your support in helping us take OUE to even greater heights.

**STEPHEN RIADY**
Executive Chairman
MARCH 2014

“华联企业继续通过并购重组以释放核心资产价值，致力于将股东价值极大化。”

尊敬的各位股东，

对华联企业而言，2013年是令人振奋的一年，也是集团史册上非常关键的一个基准点。尽管全球经济的复苏过程充满了变数，新加坡的经济却展示了很强的弹性。华联企业继续取得稳定的收入。以增强股东价值为宗旨，在保持业务多元化的同时拓展业务，致力于打造核心竞争力来抓住新的拓展商机。令人鼓舞的是，我们的团队群策群力为华联企业树立了新的里程碑，并进一步巩固了我们企业在房地产市场上的地位。

## 蜕变转型的未来

2013年华联企业所揭开的企业新形象也充分反映出集团走向和力量源泉。新的企业形象传达出华联企业当今面貌和夙愿，恰当地勾勒出我们今年年报的主题 – 蜕变转型的未来。

华联企业坚持不懈地努力创新，通过重新定位和优化资产来为项目创造和增添价值。优化资产、先知先觉、发掘资产的内在潜能为投资者、经济伙伴和社会创造价值的所有项目都得益于华联企业的视野、久经考验的判断力。我们的团队才是令企业得以蜕变转型的重心，是每个成功个案的推动者，无论是把华联商业大厦 (Overseas Union House) 改造成华联海湾大厦 (OUE Bayfront)，还是文华大酒店 (Mandarin Orchard Singapore) 与文华购物廊 (Mandarin Gallery) 的重建改造工程，以及更多未来的项目都离不开他们的努力。

## 开拓海外业务

2013年3月， 我们抓住机会收购了一栋位于美国洛杉矶城市中心地段的标志性办公大楼 – 联邦银行大厦 (U.S. Bank Tower), 该栋摩天大厦由著名的贝聿铭建筑事务所 (Pei Cob Freed & Partners) 设计, 荣登《2013年建筑设计年鉴》并被誉为全世界最高建筑物之一。交易的成功源于管理层认为这栋办公大楼不但价格合理、物超所值，而且增长潜力巨大。能够把这栋优质的办公楼纳入华联企业的业务组合是令人梦寐以求的交易。我们将尽力发挥集团的优势通过租赁管理以及资产重新定位来提高租用率，并导入新概念来优化资产为该物业增值。

## 把握成长新商机

华联企业继续通过并购重组以释放核心资产价值，致力于将股东价值极大化。

集团的第一个合订证券，即华联酒店信托 (OUE Hospitality Trust) 于2013年成功挂牌交易。2013年7月，集团位于乌节路黄金地段的文华大酒店与文华购物廊以17亿新元的交易价从华联企业的核心资产中剥离，出售给该信托作为其初始资产。该合订证券公司的上市对华联企业非常有利，因为它能够允许华联企业脱售资产取得直接收益的同时也能够作为保荐人得以保住对资产的间接权益，可谓一举两得。该信托公开发售截止时，其供散户认购的单位获得19倍以上的超额认购，供机构投资者认购的单位也全部售罄。

2013年政府引入了更多的降温措施，致使住宅房地产市场形势更加严峻。但值得庆幸的是华联企业除了住宅产业以外还有其他多元业务组合如商用产业、酒店产业以及零售产业等均表现良好令集团收入非常稳定，相对而言几乎未受太大影响。在2014年1月27日，距离华联酒店信托上市仅仅半年的时间里，华联企业又隆重推出华联商业信托 (OUE Commercial REIT) 挂牌上市。该两大信托令华联企业如虎添翼，在巩固了华联企业地位的同时也打开了更多新商机的大门，令集团进一步增强核心资产价值并持续发展。

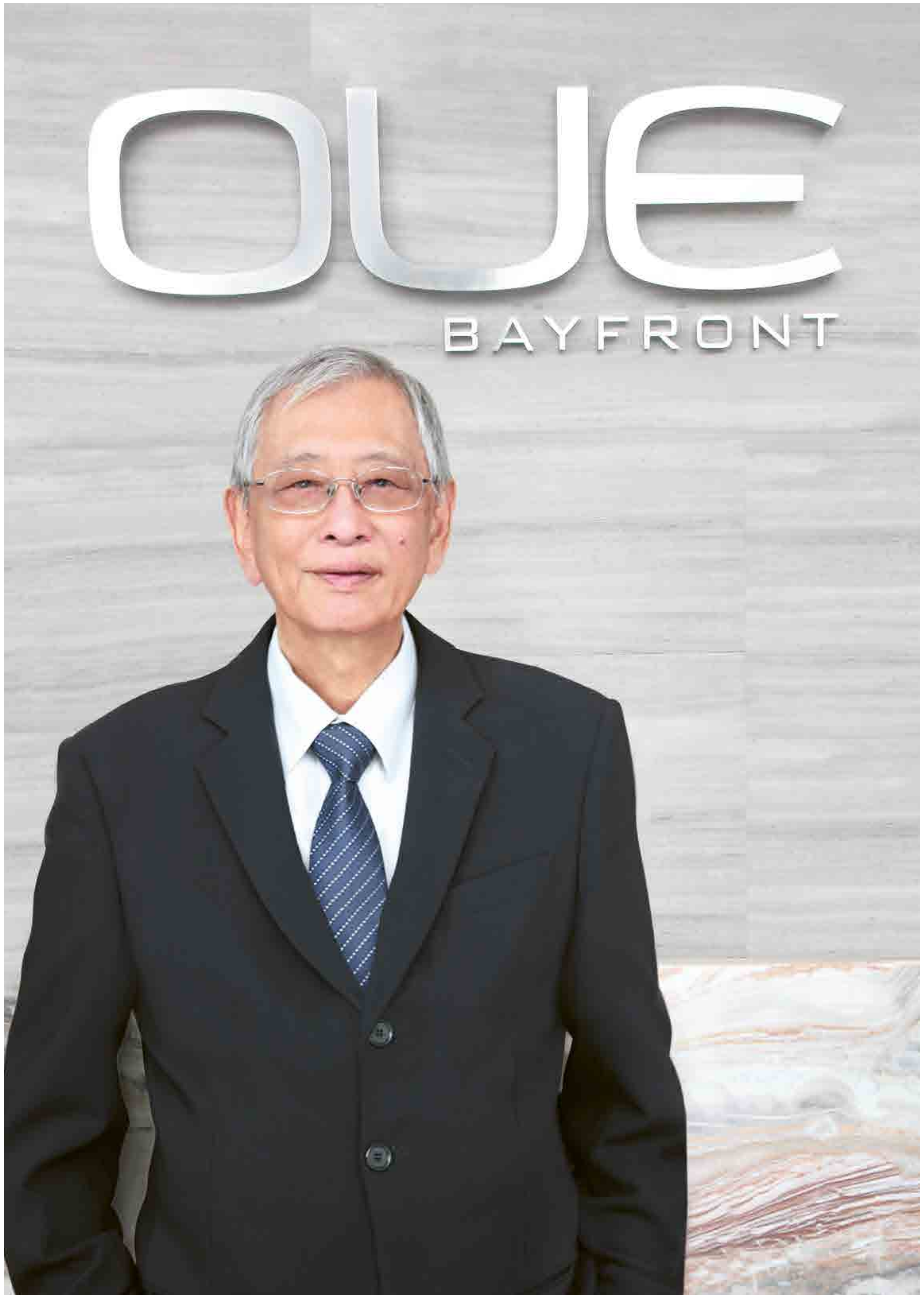
## 致谢

这是既非常忙碌又令人心满意足的一个年度，我在此向董事会成员、战略伙伴、财务顾问团、管理团队和员工们表达诚挚的谢意，感谢他们的全力支持。

为了回报股东，董事会建议本财务年度派发每股新元2分的现金年终股息。加上之前华联酒店信托上市时所派发的现金特别股息新元20分和之前的新元1分现金中期股息，本年度派发的现金股息总额达到每股新元23分。

衷心感谢你们的支持，让我们齐心协力带领华联企业再攀新高峰。

**李棕**
董事主席
2014年3月




"Our focus very much remains on asset optimisation through enhancement work, active lease management, as well as strategic acquisitions and investments."

## OVERALL PERFORMANCE

The Group achieved positive contributions across its business and operating divisions in 2013, reflecting the strength of our core businesses and the quality of our portfolio. Not only did we continue to achieve solid and broad-based growth, we also clearly demonstrated our unique ability to unlock the value of key assets with the successful listing of OUE Hospitality Trust.

For the year ended 2013, the Group's revenue grew to S$436.6 million from S$418.0 million in FY2012.

A net attributable loss of S$36.6 million was recorded, largely due to net fair value losses on the Group's investment properties of S$76.8 million. Excluding these non-cash items, the Group made attributable pre-tax profit of S$57.5 million.

Cash and cash equivalents of the Group stood at S$730.6 million as at 31 December 2013, an increase of S$126.0 million from the previous year, due largely to proceeds received from the listing of OUE Hospitality Trust.

Delivering tangible levels of transformation requires commitment and perseverance. I am both encouraged and sincerely grateful to the OUE team for their tireless contribution in accelerating our journey of growth despite a challenging economic environment.

## SEGMENTAL PERFORMANCE REVIEW

Opening up new growth opportunities by leveraging on our prime hospitality and retail assets, OUE Hospitality Trust was successfully listed on 25 July 2013. The initial public offering was over 19 times subscribed by retail investors and fully subscribed by institutional investors. Mandarin Orchard Singapore and Mandarin Gallery make up the initial portfolio of the OUE Hospitality Trust. The launch of this stapled securities group allows OUE to maximise shareholder return from the realised value of its stabilised assets while retaining an indirect interest. The Group's Hospitality Division achieved S$229.6 million in revenue, a slight dip from S$239.4 million in FY2012, primarily stemming from the disposal of Meritus Shantou China and Meritus Mandarin Haikou during the year. The occupancy rates and revenue of the remaining hotels in OUE's hospitality portfolio remained healthy in 2013.

Revenue from the Group's property investment division – comprising contribution from OUE Bayfront, OUE Downtown and U.S. Bank Tower – was at S$138.1 million, a slight decrease from FY2012, due to lower occupancy at OUE Downtown as it is undergoing asset enhancement works. The work at OUE Downtown is well on track and an existing podium will be converted into a five-storey retail mall named Downtown Gallery. When completed in 2016, Downtown Gallery will feature retail and an array of F&B options as well as a supermarket to cater to the needs of those living and working in the vicinity.

Through OUE's 50.0% shareholding interest in OUB Centre Limited, an associated company of OUE, the Group maintains an indirect interest in One Raffles Place. A five-storey retail mall at One Raffles Place is currently under refurbishment and is expected to be completed in the second quarter of 2014. The mall will be linked to One Raffles Place Tower 2 and is slated to offer exciting retail and dining options for the enjoyment of the working population at Raffles Place.

OUE Commercial REIT ("C-REIT") was listed on 27 January 2014, about six months after the successful listing of OUE Hospitality Trust. OUE Bayfront and Lippo Plaza comprise the initial portfolio of the C-REIT. Establishment of C-REIT is in-line with our strategy to grow by leveraging on our prime commercial assets to diversify and expand into new geographical areas.

On the residential front, Twin Peaks generated S$62.7 million in revenue as compared to S$31.4 million in FY2012.

## LOOKING TOWARDS THE FUTURE

Our focus very much remains on asset optimisation through enhancement work, active lease management, as well as strategic acquisitions and investments.

With the completion of the refurbishment of the retail mall at One Raffles Place in the second quarter of 2014, enhancement works at OUE Downtown and plans for the development of the adjoining site at Crowne Plaza Changi Airport to expand the hotel, we are well-positioned to benefit from strong recurrent income streams and optimised values from our asset portfolio.

## NOTE OF APPRECIATION

I would like to express my sincerest appreciation to our management and staff for yet another stellar year, and to our shareholders and stakeholders who continue to place their faith and support in OUE. We look forward to working together in growing the business and achieving even greater success for OUE.

**THIO GIM HOCK**
CEO/Group Managing Director
MARCH 2014

"我们非常注重于通过提升资产、灵活的租赁管理以及策略性的并购和投资来优化业务组合。"

## 整体业绩表现

得益于集团核心业务和拥有优质资产的优势，华联企业在2013财务年度取得丰硕的业绩。集团不但继续获得稳固和更加广种博收的收益，并通过华联酒店信托 (OUE Hospitality Trust) 的上市成功展现了我们释放核心资产的特殊本领。

集团总营业收入从上一个财务年度的4亿1800万新元提高到2013财务年度的4亿3660万新元。

全年净亏损为3660万新元，造成亏损的主要原因是该年度集团所开发的投资物业的公平值损失了7680万新元。倘若扣除这些非现金项目，集团税前净利则为5750万新元。

截至2013年12月31日，集团的现金及现金等价物保持为7亿3060万新元，比上一个财务年度增加了1亿2600万新元。主要来源于华联酒店信托上市后的单位出售所得。

让企业成功转型并取得看得见、摸得着的收益，想达到这样的高度需要奉献精神和意志力。集团管理团队不屈不挠的精神以及在严峻的宏观经济环境下勇往直前推动集团发展进程令我感到骄傲和自豪。

## 各领域业务回顾

通过集团的主要酒店物业与零售物业之间的平衡及相辅相成，华联酒店信托于2013年7月25日成功挂牌上市为集团打开了新商机的大门。该信托公开发售截止时，其供散户认购的单位获得19倍以上的超额认购，供机构投资者认购的单位也全部售罄。文华大酒店 (Mandarin Orchard Singapore) 与文华购物廊 (Mandarin Gallery) 构成该信托的初始资产。该合订证券公司的上市能够允许华联企业通过出售所得取得股东收益极大化的同时也能够作为保荐人得以保住对资产的间接权益，可谓一举两得。

集团来自于酒店业务的营业收入达到2亿2960万新元，比上一个财务年度的2亿3940万新元略有下滑，下滑的原因是由于本年度汕头君华大酒店与海南文华大酒店的资产处置。华联企业酒店产业组合下的其余酒店的客房入住率和营业收入在本财务年度都保持了平稳良好水平。

集团来自于商用投资包括华联海湾大厦 (OUE Bayfront)、华联城 (OUE Downtown) 以及洛杉矶联邦银行大厦 (U.S. Bank Tower) 在内的营业收入为1亿3810万新元，比2012财务年度略低，因华联城正在进行的翻新改造工程影响了出租率。该大厦的底座将改造成一个五层楼高的购物廊 Downtown Gallery，该工程于2016年完工后将提供零售店面、各种餐饮店以及超市来满足周边居民和工作人士的日常购物及餐饮需求。

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。第壹莱佛士坊除了两栋办公大楼之外还有五层高的商场，商场正在装修并预计将于2014年第二季度完工。该商场将会与新建的第壹莱佛士坊2号楼衔接，届时将为身在莱佛士坊的工作人士提供更新颖的购物和餐饮体验。

2014年1月27日，距离华联酒店信托成功上市仅仅半年的时间，华联企业又隆重推出华联商业信托 (OUE Commercial REIT) (简称"C-REIT") 挂牌上市。华联海湾大厦和上海力宝广场 (Lippo Plaza) 构成该商业信托的初始资产。该商业信托的推出与集团决心将主要商用资产多元化发展、并向新区域拓展的策略不谋而合。

集团的住宅产业组合 Twin Peaks 在本年度取得了6270万新元的营业收入，而上一个财务年度的营业收入则为3140万新元。

## 展望未来

我们非常注重于通过提升资产、灵活的租赁管理以及策略性的并购和投资来优化业务组合。随着第壹莱佛士坊商场装修工程在2014年第二季度的完工、华联城改造工程以及位于樟宜机场的皇冠假日大酒店 (Crowne Plaza Changi Airport) 毗邻地块增盖酒店计划等各大工程计划的相继完成与落实，届时华联企业集团的生意会更加兴旺，不但能够从相关经营取得更多稳定的营业收入，也能够从资产优化后的物业价值提升中受益。

## 致谢

我感谢所有的管理人员、员工为集团过去一年再次取得的亮眼业绩所作出的贡献。同时也要感谢全体股东和利益相关者对华联企业的忠诚支持。我们将齐心协力发展壮大华联企业，并取得更加辉煌的成就。

**张清福**
首席执行总裁/集团董事经理
2014年3月

## 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 and was appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China (PRC). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

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 which he resigned in December 2011. He has been the non-Executive Chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the Chairman and non-Executive Director of the Board of Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. on 19 April 2013 as well as the Chairman and non-Executive Director of OUE Commercial REIT Management Pte. Ltd. in October 2013.

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

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

# BOARD OF DIRECTORS

**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 at the Annual General Meeting held on 26 April 2013.

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.

**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 Master 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 as an independent Director on 25 May 2009 and has since also been serving as the Chairman of the Nominating Committee and the Remuneration Committee. Mr. Sin is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 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 Transview Holdings Limited and CSE Global Ltd since 2002, Courage Marine Group Limited since 2005, OSIM International Ltd since 2010 and was appointed as a Director of Rex International Holdings Limited and Swee Hong Limited on 26 June 2013 and 13 December 2013 respectively.

Mr. Sin has been serving as the Chairman of the Nomination Committee for Courage Marine Group Limited since 2005 and as the Chairman of the Remuneration Committee of Swee Hong Limited starting 13 December 2013. Mr. Sin also serves as the Chairman of both the Nominating Committee and the Remuneration Committee for OSIM International Ltd since 2010 and Rex International Holding Limited starting 26 June 2013. Mr. Sin was a board member of Singapore Totalisator Board from 2007 to 2010 and a Director of MFS Technology Ltd from 2001 to 2013, serving as the Chairman of the Nominating Committee from 2007 to 2010, and the Chairman of the Remuneration Committee from 2010 to 2013.

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.

**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 is a deemed substantial shareholder of OUE. Details of his deemed shareholdings can be found on pages 167 and 168 of the Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2013.

Mr. Chan has been the Chairman of 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. He was a non-Executive Director of Japan Residential Assets Manager Limited, the investment manager of Saizen REIT, a company listed in Singapore from 2010 to 2013, a non-Executive Director of BTS Group Holdings Public Company Limited, a company listed in Thailand from 2010 to 2012 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 University of Pennsylvania where he was a Palmer Scholar.

# KEY EXECUTIVES

**DR. STEPHEN RIADY**
EXECUTIVE CHAIRMAN
OUE LIMITED

For Dr. Stephen Riady's biography, please refer to Page 34 – the "Board of Directors" section of this Report.

**MR. THIO GIM HOCK**
CHIEF EXECUTIVE OFFICER/GROUP MANAGING DIRECTOR
OUE LIMITED

For Mr. Thio Gim Hock's biography, please refer to page 36 – the "Board of Directors" section of this Report.

# FIVE-YEAR FINANCIAL SUMMARY

| | 2013 | | 2012 | | 2011 (Restated) | | 2010 | | 2009 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | % | $'000 | % | $'000 | % | $'000 | % | $'000 | % |
| **Group Turnover** | | | | | | | | | | |
| Hospitality | **229,571** | **53** | 239,410 | 57 | 215,455 | 65 | 172,321 | 80 | 130,451 | 95 |
| Property investments | **138,114** | **32** | 144,657 | 35 | 106,884 | 32 | 38,476 | 18 | 1,476 | 1 |
| Property development | **62,743** | **14** | 31,387 | 7 | 7,596 | 2 | 2,149 | 1 | 2,487 | 2 |
| Others | **6,136** | **1** | 2,509 | 1 | 2,447 | 1 | 2,655 | 1 | 3,090 | 2 |
| **Total** | **436,564** | **100** | 417,963 | 100 | 332,382 | 100 | 215,601 | 100 | 137,504 | 100 |
| **Group Profit and Loss** | | | | | | | | | | |
| Operating profit* | **158,725** | | 197,471 | | 158,752 | | 100,006 | | 44,383 | |
| Attributable pre-tax profit/(losses) | | | | | | | | | | |
| – Before fair value gain/(loss) on investment properties | **54,261** | | 118,342 | | 119,846 | | 196,400 | | 26,899 | |
| – After fair value gain/(loss) on investment properties | **(22,510)** | | 102,157 | | 394,250 | | 883,310 | | (111,123) | |
| Net attributable (losses)/profit | **(36,555)** | | 90,056 | | 378,734 | | 772,473 | | (92,209) | |
| **Group Balance Sheet** | | | | | | | | | | |
| Investment properties | **3,467,003** | | 3,021,000 | | 2,993,000 | | 2,703,680 | | 1,052,513** | |
| Development property | **846,806** | | 793,734 | | 742,891 | | 715,376 | | 570,162 | |
| Investments in associates and jointly controlled entity | **720,474** | | 721,417 | | 721,120 | | 670,392 | | 613,101 | |
| Property, plant and equipment | **366,795** | | 495,183 | | 508,164 | | 243,097 | | 214,347** | |
| Cash and cash equivalents | **730,613** | | 604,637 | | 367,856 | | 226,407 | | 198,030 | |
| Available-for-sale financial assets | **193,304** | | 162,470 | | 128,350 | | 128,350 | | 108,000 | |
| Other assets | **93,202** | | 89,066 | | 86,065 | | 34,076 | | 15,819 | |
| **Total assets** | **6,418,197** | | 5,887,507 | | 5,547,446 | | 4,721,378 | | 2,771,972 | |
| Shareholders' equity | **2,891,540** | | 3,172,632 | | 3,272,119 | | 2,804,853 | | 2,035,768 | |
| Non-controlling interests | **623,484** | | 873 | | 483 | | (2,061) | | (6,622) | |
| Borrowings | | | | | | | | | | |
| – Current | **349,747** | | 846,207 | | 55,581 | | 481,114 | | 114,966 | |
| – Non-current | **2,392,273** | | 1,728,200 | | 2,065,699 | | 1,115,265 | | 458,380 | |
| Other liabilities | **161,153** | | 139,595 | | 153,564 | | 322,207 | | 169,480 | |
| **Total equity and liabilities** | **6,418,197** | | 5,887,507 | | 5,547,446 | | 4,721,378 | | 2,771,972 | |
| Earnings/(Loss) per share (cents)*** | | | | | | | | | | |
| – Before fair value gain/(loss) on investment properties | **4.4** | | 11.7 | | 10.7 | | 8.7 | | 4.7 | |
| – After fair value gain/(loss) on investment properties | **(4.0)** | | 9.9 | | 38.8 | | 78.7 | | (9.4) | |
| Dividends per share (cents)*** | | | | | | | | | | |
| – Interim dividend | **1.0** | | 3.0 | | 2.0 | | 2.0 | | – | |
| – Special dividend | **20.0** | | 5.0 | | 8.0 | | – | | – | |
| – Final dividend | **2.0** | | 3.0 | | 3.0 | | 2.0 | | – | |
| **Total dividend** | **23.0** | | 11.0 | | 13.0 | | 4.0 | | – | |
| Net asset per share ($)*** | **3.18** | | 3.49 | | 3.47 | | 2.86 | | 2.07 | |
| Gearing ratio**** | **57%** | | 62% | | 54% | | 49% | | 18% | |

**** Net Borrowings/Total Equity.

*** The number of ordinary shares issued for Yr 2009 have been adjusted to 981,601,860 to take into account the 5-for-1 stock split approved in June 2010. Final dividend of 2.0 cents proposed for the financial year ended 31 December 2013 will be subject to the approval of the shareholders at the next Annual General Meeting.

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

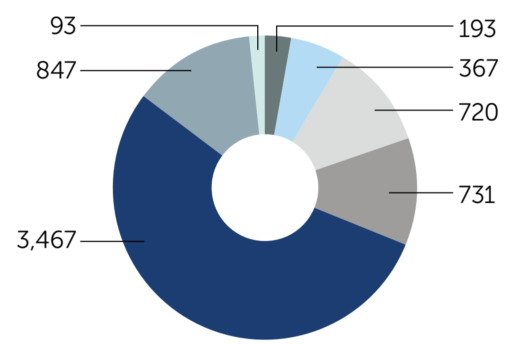
* Includes share of results of associates and jointly controlled entity (excluding fair value gain/(loss) on investment property).

# OVERVIEW OF GROUP FINANCIAL POSITION

## TOTAL ASSETS OWNED ($ MILLION)

**2013**

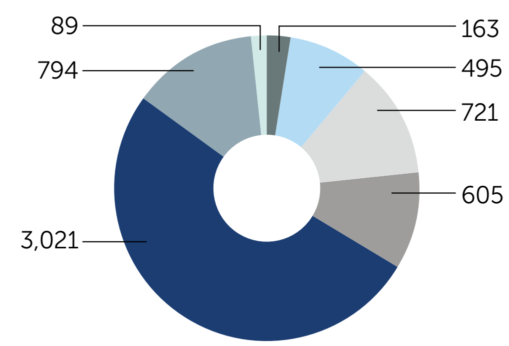
# 6,418




- Available-for-sale financial assets
- Property, plant and equipment
- Investments in associates and jointly controlled entity
- Cash and cash equivalents

**2012**

# 5,888

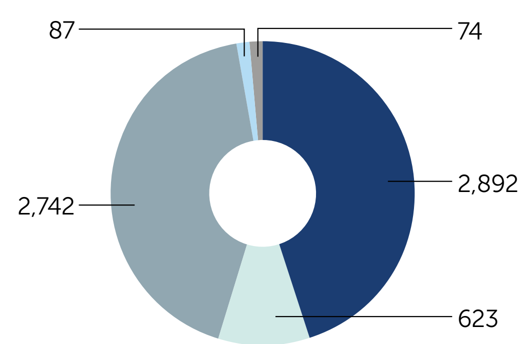



- Investment properties
- Development property
- Others

## TOTAL LIABILITIES OWNED AND CAPITAL INVESTED ($ MILLION)

**2013**

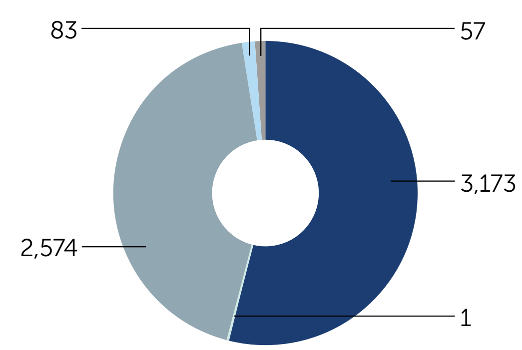
# 6,418




- Shareholders' funds
- Non-controlling interests
- Borrowings

**2012**

# 5,888

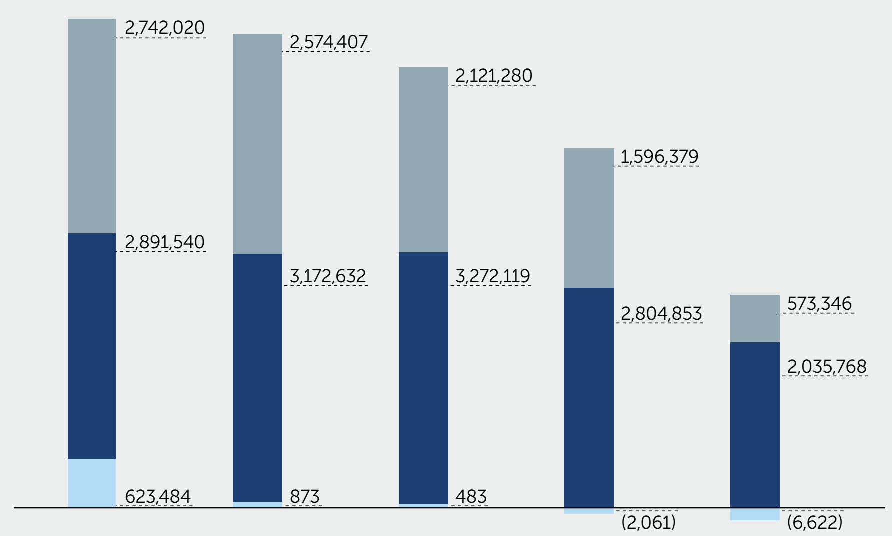



- Trade and other payables
- Other liabilities

## SOURCES OF FINANCE ($'000)

| 2013 | 2012 | 2011 (Restated) | 2010 | 2009 |
|---|---|---|---|---|
| 6,257,044 | 5,747,912 | 5,393,882 | 4,399,171 | 2,602,492 |

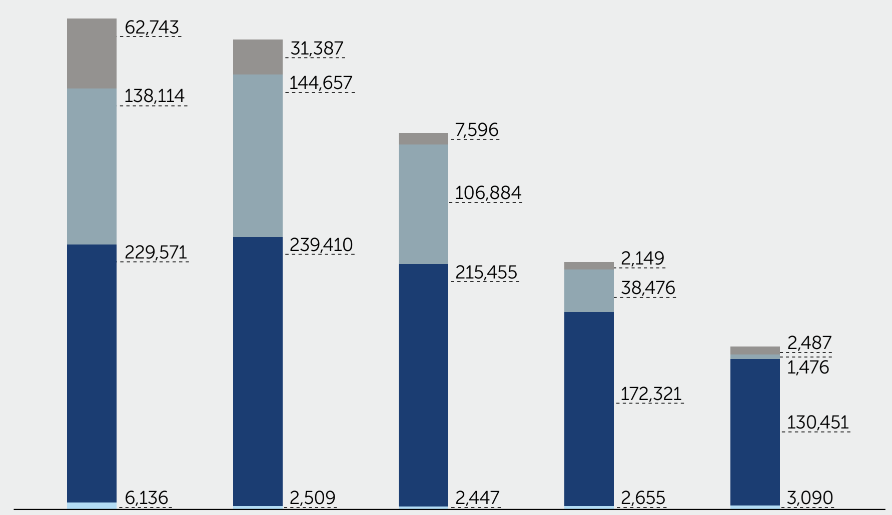
- Borrowings
- Shareholders' funds
- Non-controlling interests




## GROUP TURNOVER ($'000)

| 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|
| 436,564 | 417,963 | 332,382 | 215,601 | 137,504 |

- Property development
- Property investments
- Hospitality
- Others

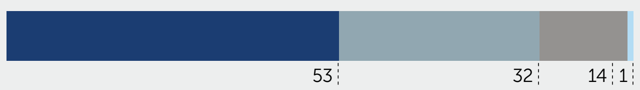


# SEGMENTAL PERFORMANCE ANALYSIS

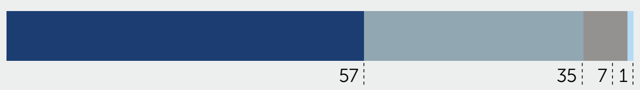
### TOTAL TURNOVER BY BUSINESS SEGMENT

| | 2013 $'000 | 2013 % | 2012 $'000 | 2012 % |
|---|---|---|---|---|
| Hospitality | 229,571 | 53 | 239,410 | 57 |
| Property investments | 138,114 | 32 | 144,657 | 35 |
| Property development | 62,743 | 14 | 31,387 | 7 |
| Others | 6,136 | 1 | 2,509 | 1 |
| | 436,564 | 100 | 417,963 | 100 |

**2013** (%)




**2012** (%)




### TOTAL ASSETS BY BUSINESS SEGMENT

| | 2013 $'000 | 2013 % | 2012 $'000 | 2012 % |
|---|---|---|---|---|
| Hospitality | 480,469 | 7 | 658,194 | 11 |
| Property investments | 4,253,981 | 66 | 3,740,454 | 64 |
| Property development | 857,726 | 13 | 813,009 | 14 |
| Fund Management | 1,985 | 0 | – | 0 |
| Others | 221,695 | 4 | 188,911 | 3 |
| Unallocated assets | 602,341 | 10 | 486,939 | 8 |
| | 6,418,197 | 100 | 5,887,507 | 100 |

**2013** (%)


**2012** (%)


### TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT

| | 2013 $'000 | 2013 % | 2012 $'000 | 2012 % |
|---|---|---|---|---|
| Singapore | 384,684 | 88 | 378,771 | 91 |
| PRC | 25,632 | 6 | 38,085 | 9 |
| United States of America | 24,122 | 6 | – | 0 |
| Others | 2,126 | 0 | 1,107 | 0 |
| | 436,564 | 100 | 417,963 | 100 |

**2013** (%)


**2012** (%)


### TOTAL ASSETS BY GEOGRAPHICAL SEGMENT

| | 2013 $'000 | 2013 % | 2012 $'000 | 2012 % |
|---|---|---|---|---|
| Singapore | 5,813,452 | 91 | 5,677,743 | 96 |
| PRC | 11,939 | 0 | 168,615 | 3 |
| United States of America | 591,302 | 9 | 8,314 | 0 |
| Others | 1,504 | 0 | 32,835 | 1 |
| | 6,418,197 | 100 | 5,887,507 | 100 |

**2013** (%)


**2012** (%)


# CORPORATE INFORMATION

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

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

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

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

### SECRETARY
Ng Ngai

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

### AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge: 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
TL Woo
Telephone : (65) 6809 6052
Email : investorrelations@oue.com.sg

# 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 modelling and sensitivity analysis on key investment assumptions and variables.

## FINANCIAL RISK

In the normal course of business activities, the Group is exposed to a variety of financial risks, including 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 movement 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 ability 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 that 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.

# TRANSFORMATIONAL BUSINESS


A contemporary 18-storey prime Grade A office building, **OUE Bayfront** is a transformation of the historic Overseas Union House and the multi-storey parking complex.

## OUE BAYFRONT

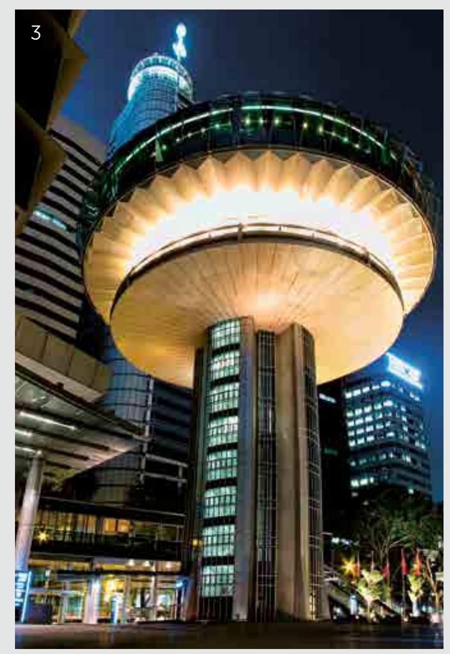
OUE Bayfront is strategically located at Collyer Quay, straddling the financial hubs of Raffles Place and Marina Bay. It offers convenient access to the Raffles Place Mass Rapid Transport (MRT) station, and is within walking distance from the recently-opened Downtown MRT station, which is served by the new Downtown line.

OUE Bayfront is a prime Grade A office building in the Singapore Central Business District and has been certified "Green Mark Gold" by the Building and Construction Authority (BCA) for its environmentally sustainable design. OUE Bayfront has a 12-metre high reception lobby and a public plaza fronting the bay, enabling easy access and maximum visibility from street level. In addition, a significant proportion of OUE Bayfront's office space overlooks the Marina Bay waterfront. This makes it one of the few commercial buildings in the area with direct panoramic views of Marina Bay, thus commanding a rental premium for its office space.

OUE Bayfront is well-complemented by its ancillary properties, OUE Tower and OUE Link. Accorded heritage conservation status for its historic significance, OUE Tower offers an experiential and unique attraction for patrons to its revolving restaurant – one of only two waterfront revolving restaurants in Singapore. OUE Link is an aerial mall connecting Raffles Place to the Marina Bay Financial District and Fullerton heritage areas. As the only overhead pedestrian link connecting these areas, it enjoys a high volume of shopper and commuter traffic.

OUE Bayfront is one of the properties in the portfolio of OUE Commercial REIT, which was listed on the Main Board of the Singapore Exchange on 27 January 2014.

1. OUE Bayfront offers unrivalled views of the Marina Bay area.
2. Located at the top of OUE Bayfront, ME@OUE offers French, Chinese and Japanese cuisine.
3. Formerly the historic Change Alley Aerial Plaza Tower, OUE Tower features a revolving platform and panoramic view of Marina Bay.



## OUE DOWNTOWN

OUE Downtown at 6 Shenton Way comprises two tower blocks, OUE Downtown 1 and OUE Downtown 2, a podium and multi-storey car park. OUE Downtown 1 is a 50-storey building and comprises three vertical zones, while OUE Downtown 2 is a 37-storey building. It is a landmark development situated along the financial corridor between Raffles Place and Tanjong Pagar.

There are plans to convert the low and mid zones of OUE Downtown 1 to serviced apartments and the existing podium will be converted to a retail mall named Downtown Gallery. This conversion is expected to be completed in 2016. Once completed, this will transform the development with its 262-metre street frontage and pedestrian walkway into a vibrant work-play-live environment.

1. Artist's impression of linkway between OUE Downtown 1 and OUE Downtown 2.
2. Artist's impression of proposed serviced apartment.
3. OUE Downtown 1 and OUE Downtown 2 located at 6 Shenton Way.

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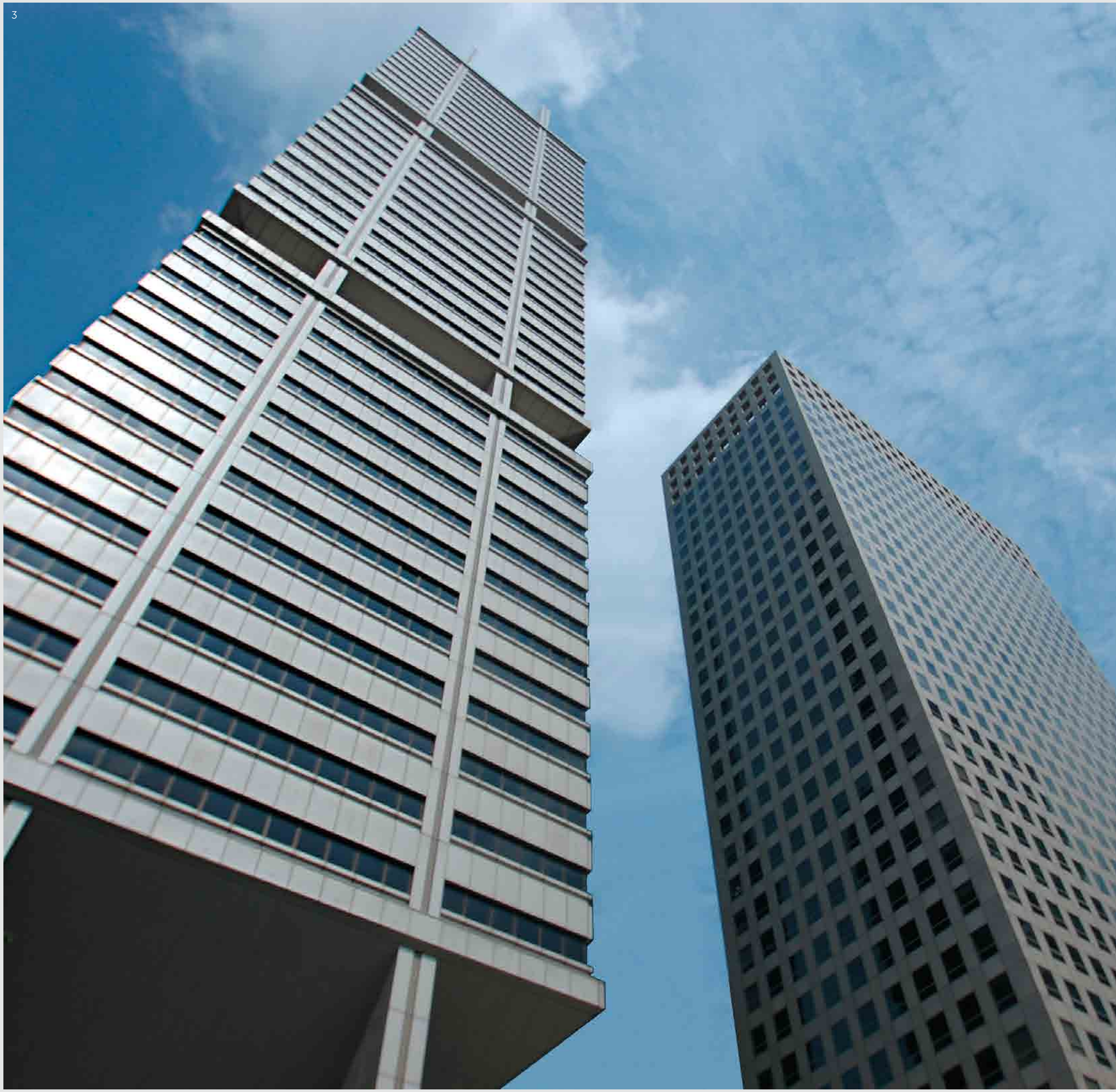


## ONE RAFFLES PLACE

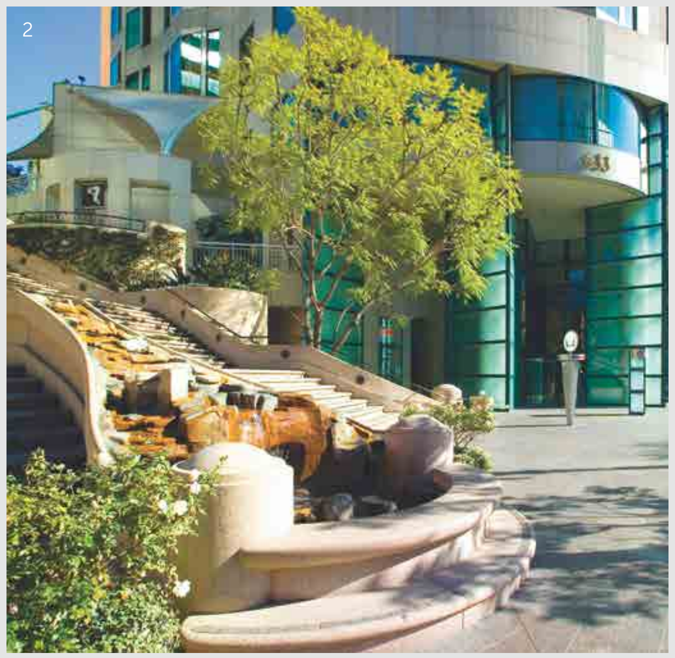
One Raffles Place encompasses two Grade A office towers and a retail podium with an aggregate NLA of approximately 860,000 sq ft of office, retail and entertainment space.

The newly-completed One Raffles Place Tower Two, a 38-storey office building, has been certified Green Mark Platinum by the BCA for its energy efficiency and environmentally sustainable design. Since its completion, it has received strong support from international companies and professional firms.

The 5-storey retail mall at One Raffles Place is currently being refurbished and it is expected to be completed in the second quarter of 2014.




1. One Raffles Place is among the world's tallest buildings.
2. A magnificent skyscraper, One Raffles Place transforms Singapore's cityscape.
3. One Raffles Place Tower Two's main lobby features Han Sai Por's Seed and Hiroshi Senju's Waterfall.



## U.S. BANK TOWER

The U.S. Bank Tower was successfully acquired in June 2013. The 72-storey (excluding 3 storeys used for mechanical and other purposes) U.S. Bank Tower is a Class A property with NLA of approximately 1.4 million sq ft located in the upscale Bunker Hill district in downtown Los Angeles. Designed by renowned architect Pei Cob Freed & Partners, the U.S. Bank Tower is the tallest and most recognisable office building on the West Coast of the U.S.. A Los Angeles icon, the building features an interlocking set of granite planes and curves that step down in a series of terraces and ledges, to columns of glass at the base. The glass crown on top of the building illuminates the Los Angeles skyline at night.

The U.S. Bank Tower is surrounded by various amenities ranging from landscaped gardens, to dining, shopping and entertainment options. The adjacent Maguire Gardens are one of Los Angeles' most beautiful downtown spaces and include a series of terraced pools, fountains, public art, a restaurant and outdoor dining terrace. The Gardens are linked to the Bunker Hill Steps, a Los Angeles landmark with high-traffic thoroughfare that is often compared to Rome's famous Spanish Steps. The location is also close to premier shopping and dining destinations. A short walk away is the arts and cultural epicenter of downtown Los Angeles, which includes the Walt Disney Concert Hall, Museum of Contemporary Art, Colburn School and Music Center.

The U.S. Bank Tower is strategically located in the core of downtown Los Angeles, with exceptional access to motorways connecting Beverly Hills, Century City, Pasadena and the South Bay. An interconnected transportation network allows for easy access to nearby popular destinations such as Little Tokyo, Chinatown, Arts District and the Staples Center.

1. Aerial view of the U.S. Bank Tower.
2. Adjacent to the U.S. Bank Tower is the beautiful Maguire Gardens and Bunker Hill Steps.
3. The U.S. Bank Tower is the tallest building in California and a Los Angeles icon.

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## LIPPO PLAZA

Lippo Plaza was acquired by OUE Eastern Limited, a wholly-owned subsidiary of OUE Commercial REIT in January 2014.

Lippo Plaza is a 36-storey Grade A commercial building spanning over 600,000 sq ft and is used for office and retail purposes. It also has three basement levels consisting of retail space and a car park.

Located in one of Shanghai's established core commercial districts, Lippo Plaza is situated near the eastern end of Huaihai Zhong Road in the Huangpu district of Shanghai. This is also the traditional downtown area of Shanghai.

Lippo Plaza is located within a five minutes' walk from the South Huangpi Road Metro station, which serves the Metro Line 1, the main north-south line of the Shanghai Metro network. It is in close proximity to two major expressways which connect Lippo Plaza to other key commercial areas and major transportation lines in Shanghai.

Lippo Plaza is one of the properties in the portfolio of OUE Commercial REIT, which listed on the Main Board of the Singapore Exchange on 27 January 2014.

1. Lippo Plaza is located within one of Shanghai's established core commercial districts.
2. A proud landmark, Lippo Plaza is an integral office and retail complex.
3. Luxury retail and dining options are available at Lippo Plaza.

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# HOSPITALITY

With the global economic climate still recovering from residual challenges of the financial downturn, the **Travel & Tourism sector** has remained remarkably resilient. Long-term growth prospects for the industry remain optimistic, with forecasts of about 3.8% to 4.0% year-on-year growth through to 2023 as demand continues to shift significantly towards emerging markets.

Preliminary full year results released in a recent issue of the *UNWTO World Tourism Barometer* estimates international tourist arrivals to have reached a record 1,087 million in 2013, up by 5.0% from 2012. Demand was strongest for destinations in Asia and the Pacific, where the number of international tourists grew by 6.0%. South East Asia led the top performing sub-regions at 10.0% growth.

On the home front, Singapore scored a new record of 15.5 million in tourist arrivals in 2013, a 7.2% rise from 2012 and consistent with the Singapore Tourism Board's (STB) projected range of 14.8 to 15.5 million. Its growth remains strongly driven by key source markets of Indonesia, China, and Malaysia. Due in part to tighter corporate spending amidst a subdued global economy, the industry closed the year with slightly lower operating indicators – average occupancy rate was one percentage point lower at 86.0% while average room rate closed at S$258 from S$262 the year prior.

Still and all, Singapore ranked 1st in Asia Pacific on the *Travel & Tourism Competitiveness Report 2013* published by the *World Economic Forum*. The lion city emerged top in the region for, amongst others, its safety, excellent transport infrastructure, high quality of available human resources, and policy environment that prove extremely conducive to the development of its Travel & Tourism industry. New infrastructure coming on stream, such as the Singapore Sports Hub, and a growing calendar of quality MICE events, are expected to bolster corporate budgets for travel and accommodation.

July 2013 saw the successful listing of OUE Hospitality Trust (OUE H-Trust), a stapled security comprising of OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust.

OUE H-Trust was established with the principal strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

Forming part of OUE H-Trust's initial asset portfolio is Mandarin Orchard Singapore, the flagship hotel of Meritus Hotels & Resorts, OUE's iconic hospitality brand. The Trust seeks to grow through yield-accretive acquisitions from OUE as the Sponsor, as well as from third parties. Asset enhancement initiatives to achieve organic growth for Mandarin Orchard Singapore commenced in 2013, including the renovation of 430 guestrooms expected to be completed in phases throughout 2014 and 2015, and funded by the sponsor.

OUE's Hospitality Division is the Group's biggest business segment by revenue, achieving S$229.6 million in revenue, a slight dip from S$239.4 million in FY2012 primarily stemming from the disposal of Meritus Shantou China and Meritus Mandarin Haikou. The disposals were completed in the third quarter of the financial year. The occupancy rates and revenue of the remaining hotels in OUE's hospitality portfolio remained healthy in 2013.

Mandarin Orchard Singapore finished off 2013 with a stellar 92.3% average occupancy rate and average room rate of S$274.4, higher than industry by 6.3% and 6.4%, respectively. RevPAR was 13.5% higher than industry at S$253.1. Crowne Plaza Changi Airport notched an average occupancy rate of 88.4% and average room rate of S$265.4, outperforming industry by 2.4% and 2.9%, respectively. RevPAR was 5.2% higher at S$234.7.

## MANDARIN ORCHARD SINGAPORE

Mandarin Orchard Singapore is ideally situated at the crossroads of the city's most prominent shopping district – Orchard Road. The hotel is easily accessible via public transport, located a mere five minutes' walk from both Orchard and Somerset train stations. It is also within walking proximity to world-class medical facilities such as Paragon Medical Centre and Mount Elizabeth Hospital.

An icon of Asian hospitality in Singapore since 1971, the hotel remains one of the top accommodation choices in Singapore amongst international leisure and business travellers, consistently offering guests the brand's signature Asian Grace, Warmth and Care.

As at end 2013, Mandarin Orchard Singapore completed the conversion of 26 guestrooms, bringing the total inventory up to 1,077 keys. In addition, 32 guestrooms have been refurbished, commanding room rates that are about 15.0% higher than the non-refurbished rooms. Each guestroom is designed in contemporary chic and oriental touches, and with superb views of the city skyline on higher floors.

The hotel houses *Chatterbox*, home of the legendary Mandarin Chicken Rice; *Triple Three*, a Japanese-inspired international buffet restaurant; *Coffee & Crust*, a cosy café serving a wide variety of cakes and pastries paired with the finest teas and coffees; and *Bar on 5*, a chill-out bar.

Mandarin Orchard Singapore also unveiled a new Sichuan restaurant, *Shisen Hanten by Chen Kentaro*, located on level 35 of the hotel's Orchard Wing. Featuring a multi-million dollar interior that showcases modern oriental design, the new restaurant is a franchise collaboration between OUE and *Shisen Hanten* – Japan's highly acclaimed chain of Sichuan restaurants. *Shisen Hanten by Chen Kentaro* is the chain's first foray outside of Japan, setting the stage for celebrity chef Chen Kentaro to introduce Japan's best loved Sichuan restaurant to audiences in Singapore.

Complementing Mandarin Orchard Singapore's food and beverage offerings are conference and banquet facilities spread over 25,000 sq ft of versatile spaces, including the column-free Grand Mandarin Ballroom. With capacities for up to 1,840 people, the hotel's conference and banquet spaces are all fully equipped with state-of-the-art visual and audio systems, and supported by a dedicated Meetings and Events team.

The newly refurbished Meritus Club Lounge at *Top of the M* was unveiled in the third quarter, adding to the appeal of the hotel to discerning travellers. Situated on levels 38 and 39 of the hotel's Orchard Wing, the club lounge facility is the only one of its kind on Orchard Road. Meritus Club guests can enjoy exclusive privileges and personalised service, while enjoying 360-degree panoramic views of the city skyline and Marina Bay from the lounge's floor-to-ceiling glass panels.

Forming part of the hotel is Mandarin Gallery, an intimate shopping destination comprising four storeys of high-end boutique shops and restaurants, making for an all-encompassing retail and hospitality experience to all guests of Mandarin Orchard Singapore.

Mandarin Orchard Singapore was named *Best Hotel – Singapore* and *Best Hotel – Asia Pacific* at the Asia Pacific Hotel Awards 2013-2014; and *Best City Hotel – Singapore* at the 24th Annual TTG Travel Awards 2013.

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1. Asian grace, warmth and care personified by a Meritus Ambassador.
2. A newly refurbished, elegantly appointed room at Mandarin Orchard Singapore.
3. Newly refurbished Meritus Club Lounge at *Top of the M.*
4. Sumptuous international buffet at *Triple Three.*
5. The grand interior of *Shisen Hanten by Chen Kentaro.*
6. Delicious local cuisine at *Chatterbox.*
7. *Coffee and Crust* has a variety of cakes and pastries.

## CROWNE PLAZA CHANGI AIRPORT

The first and only global brand name hotel with direct access to the passenger terminals, Crowne Plaza Changi Airport boasts unmatched accessibility to Terminal 3 via an air-conditioned link bridge, and seamless accessibility to Terminals 1 and 2 by the airport SkyTrain. It is a five-minute drive to the bustling Changi Business Park and Singapore EXPO, and a 25-minute drive to the city.

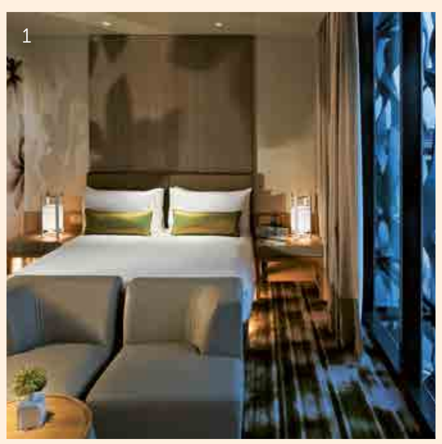
Designed by acclaimed architects, WOHA, Crowne Plaza Changi Airport catches the eye with its dramatic exterior of metallic latticework in the form of floral motifs that permeate the hotel's modern interior. Voted one of the *World's Best Airport Hotels* in the Skytrax World Airport Awards 2013 and *Best Airport Hotel (Singapore)* in the Asia Pacific Hotel Awards 2013, it is an airport hotel like no other, boasting sleek modern architecture woven with contemporary Asian influences.

Intelligently-designed rooms and intuitive facilities provide guests with a soothing respite from the strains of travelling. Rejuvenation awaits guests in 320 well-appointed guestrooms, including 27 spacious suites that are complete with amenities suited for business travellers. All rooms are innovatively designed to maximise room space for both rest and work, which also include a relaxing en-suite bathroom with separate bath and soothing rain shower.

There are a range of cosmopolitan dining options: *Azur*, a themed buffet restaurant featuring the best of East meets West; *Imperial Treasure*, renowned for excellent Cantonese cuisine; *Lobby Lounge* for quick meetings over meals, cakes and tea; *bar '75*, a retro sports bar inspired by Asia in the 70's; and the newly opened *REFLECTIFF*, an al fresco gastrobar serving tapas and cocktails.

There are also eight meeting rooms set against the stunning backdrop of a tropical rainforest, including the regal 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.

1. Sound-proofed rooms and glazed windows for a restful night's stay.
2. *Lobby Lounge* is ideal for quick meetings over cake and tea.
3. Indulge in themed buffets featuring the best of East meets West at *Azur*.
4. Crowne Plaza Changi Airport's facade consists of an intricate floral latticework.



## MARINA MANDARIN SINGAPORE

Highly acclaimed Marina Mandarin Singapore is an upscale business hotel that enjoys an excellent location right in the heart of Singapore's financial district, offering breath-taking views of Marina Bay as well as direct access to the Marina Square shopping mall. The hotel is opposite the Suntec Convention & Exhibition Centre and The Esplanade – Theatres on the Bay.

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

Choose from 575 elegantly appointed guestrooms and suites, each with floor-to-ceiling windows as well as a private balcony that overlooks stunning views of the famous city skyline.

Featuring a distinctively majestic atrium soaring through 21 storeys of the hotel, Marina Mandarin Singapore exudes an atmosphere of relaxed elegance and oriental charm. With vibrant food and beverage options uniquely housed in one of the highest hotel atriums in South East Asia, Marina Mandarin Singapore offers unparalleled dining at *AquaMarine*, a Halal-certified, all-day dining restaurant featuring a buffet spread of Asian and international cuisines; *Peach Blossoms*, renowned for its authentic Cantonese fare; *Atrium Lounge* and *Café Mocha* for cosy tête-à-têtes; and the world-famous *Ruth's Chris Steak House*. The newest addition is *Tsukiji Sushidai*, serving authentic Japanese cuisine using the freshest ingredients regularly flown in all the way from Japan's Tsukiji market.

Offering a respite from the hustle and bustle of the city is *Amarin Spa*, a newly opened spa facility located on level 4 of the hotel. Amarin Spa offers holistic beauty and massage therapies, as well as access to the hotel's mineral pool.

Marina Mandarin Singapore boasts over 20,000 sq ft of extensive meeting facilities that spell stylish versatility and welcomed convenience. Conference delegates and banquet guests enjoy bespoke service by a team of Convention Services experts to ensure that attention is paid to every detail, from start to finish.

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

Marina Mandarin Singapore was named *Country Winner (Singapore) – Luxury Business Hotel* at the 2013 World Luxury Hotel Awards.

1. The majestic atrium soaring through 21 levels of the Marina Mandarin Singapore.
2. Rooms are specially designed to cater to the business travellers' essential needs.
3. *AquaMarine* is a Halal-certified all-day dining restaurant.
4. Beautiful surroundings and drink selection at *Atrium Lounge*.

HOTEL UNDER MANAGEMENT

## MERITUS PELANGI BEACH RESORT & SPA

Designed in the style of a traditional Malay village, Meritus Pelangi Beach Resort & Spa sits along white sandy beaches of the famous Cenang Beach in Langkawi, Malaysia.

The 35-acre beach resort and spa offers a relaxing atmosphere amidst a lush tropical environment. 352 guestrooms and suites are housed in clusters of single and double-storey wooden chalets built on stilts, and each with spacious verandahs overlooking stunning views of the ocean or the surrounding gardens. The villas feature plush rooms and suites outfitted with stylish furnishings and modern conveniences.

Food and beverage outlets include *Spice Market*, an all-day dining restaurant serving an array of Asian favourites alongside a comprehensive Western menu; *Cba*, a beachside restaurant and bar; *Pelangi Lounge*, a lobby lounge serving refreshing juices, cocktails and pastry selections; and *Cascade Pool Bar*, a poolside refreshment bar serving favourite thirst quenchers and light bites.

In addition to a versatile line-up of water sports and outdoor activities, Meritus Pelangi Beach Resort & Spa also features a wellness and rejuvenation facility that includes a spacious, state-of-the-art Fitness Centre and *Pelangi Spa*, where guests can indulge in signature beauty and massage therapies in a Zen-inspired setting.

The resort continues to be a widely popular destination with MICE organisers because of its unique indoor and outdoor venues, as well as the availability of customised team building activities and themed events.

Guests can also enjoy personalised business services in the exclusive yet tropical environment of the resort's Meritus Club Lounge.

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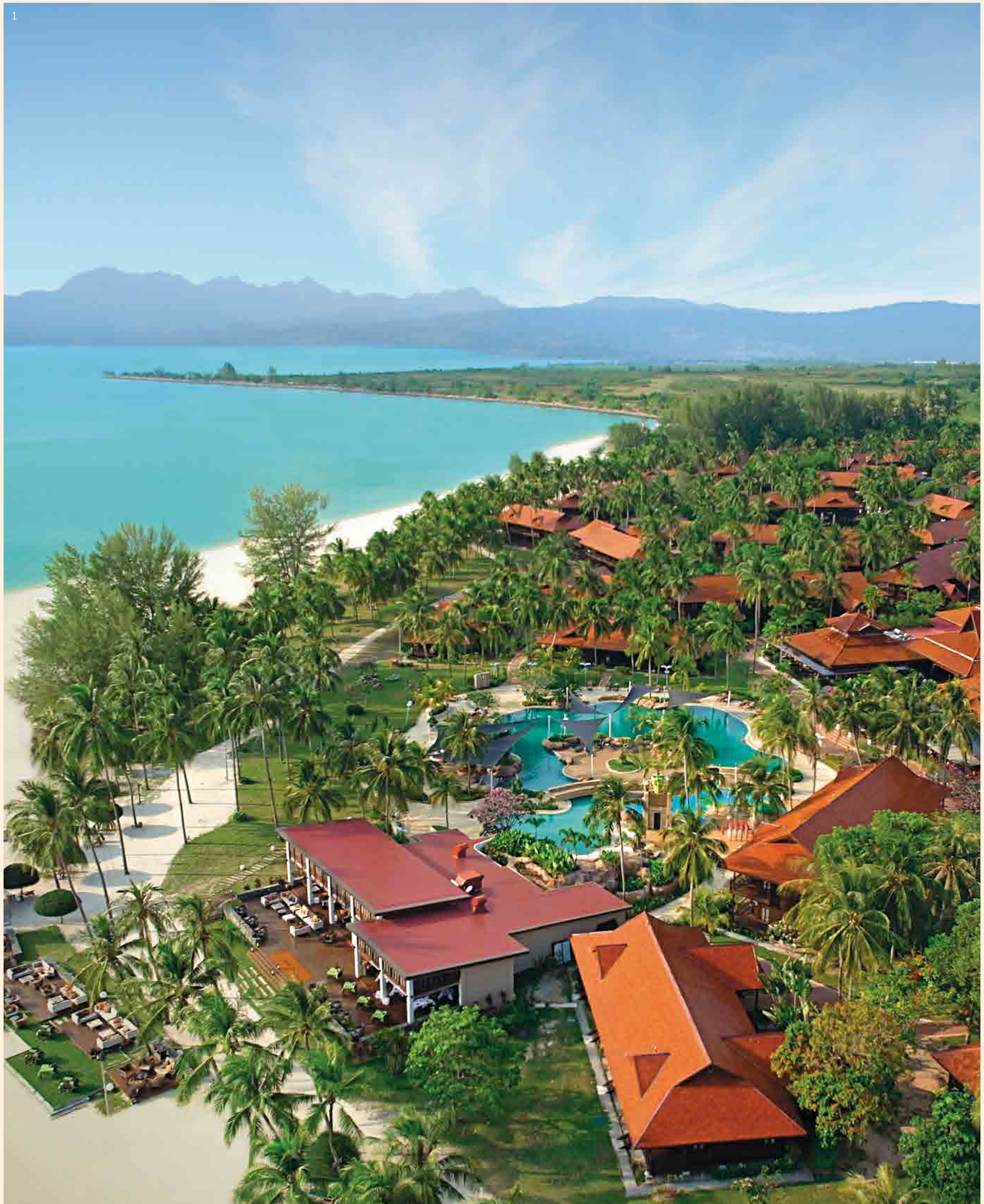

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1. Meritus Pelangi Beach Resort & Spa is set along white sandy shores of Langkawi's Cenang Beach.
2. *Cba* offers guests a beachside restaurant and bar with breathtaking views.
3. *Cascade Pool Bar* serves all-time favourite thirst quenchers and light bites.
4. All-day dining with Asian favourites at *Spice Market*.
5. The resort-style with rustic interiors inspired the rooms of Meritus Pelangi Beach Resort and Spa.

# OUE HOSPITALITY TRUST


OUE Hospitality Trust (OUE H-Trust) was listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 25 July 2013 following a successful S$1.15 billion initial public offering (IPO). There was strong support from cornerstone investors, and the public offer tranche was 19.1 times subscribed. In total, OUE H-Trust raised gross proceeds of S$600 million from institutional and retail investors at an offering price of S$0.88 per stapled security.

OUE H-Trust's portfolio comprises the upscale 1,077-room Mandarin Orchard Singapore hotel and the high-end Mandarin Gallery mall with a gross floor area of 196,336 sq ft which OUE H-Trust acquired from Sponsor, OUE Limited. Both assets are located in the heart of Orchard Road, Singapore's prime shopping district.

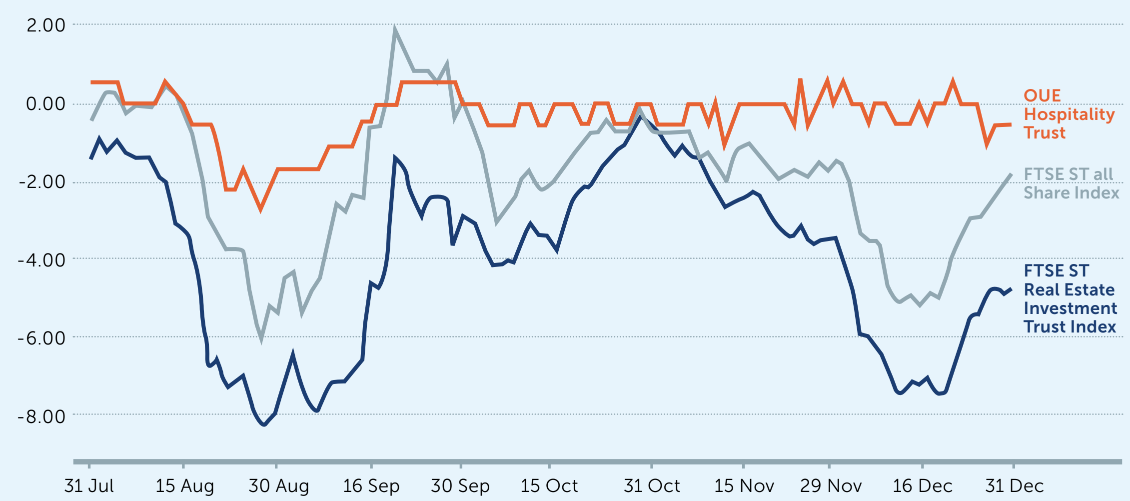
For the financial period from 25 July 2013 to 31 December 2013, OUE H-Trust achieved a Distributable Income (DI) of S$38.2 million and distribution per stapled security (DPS) of 2.90 cents. Both DI and DPS are higher than the forecast by 2.4% and 2.1% respectively. This is a result of the strong underlying performance of Mandarin Orchard Singapore and the stable rentals from Mandarin Gallery mall.

On an annualised basis, DPS was 6.62 cents, translating into an annualised yield of 7.52% based on the listing price of S$0.88.

As at 31 December 2013, OUE H-Trust's net asset value (NAV) per stapled security was S$0.92.

As at 31 December 2013, the Group's effective interest in OUE H-Trust was approximately 45.3%.

### Comparative Price Trends
### 25 July 2013 to 31 December 2013




OUE Hospitality Trust (OUE H-Trust) is a stapled group comprising OUE Hospitality REIT (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT). OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate related assets. As at 31 December 2013, OUE H-BT was dormant.

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

*www.oueht.com*

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Located in the heart of Singapore's iconic shopping belt, Orchard Road, **Mandarin Gallery** is a sleek, sophisticated mall that is home to some of the world's most elegant designer labels, lifestyle boutiques and tantalising eateries. Connected to Mandarin Orchard Singapore, Mandarin Gallery has four levels spread over a total gross floor area of more than 196,000 sq ft.

## MANDARIN GALLERY

Designed for the discerning and cosmopolitan clientele, Mandarin Gallery is a retail haven featuring a range of international high-end brands such as *HUGO BOSS, Emporio Armani, Montblanc, Paul Smith* and *Rimowa* as well as uniquely local boutiques including *Hansel, Inhabit-The Other Store* and *Ambush*. It also features the first flagship boutique in Southeast Asia of *Zero Halliburton*, the world's premium luggage brand renowned for its aluminium attaché cases.

Mandarin Gallery is also a place for great fine dining. From the quintessential Parisian patisserie *Antoinette* to modern ramen brasserie *Ippudo*, highly-acclaimed Japanese "omakase" restaurant *Hashida Sushi* and award-winning American restaurant *Lawry's The Prime Rib*, Mandarin Gallery has something to cater for every taste. Complementing its retail and dining options, Mandarin Gallery also offers the best in hair and beauty with *Toni & Guy*, organic skincare products at *Bud Cosmetics*, and for the full works, a manicure or pedicure at *Snails* and stress-relieving treatments at *L'Espace Sante*.

To maximise returns for its shareholders, Mandarin Orchard Singapore and Mandarin Gallery were divested to the OUE Hospitality Trust in July 2013 at S$1.7 billion.

1. Mandarin Gallery is located in the heart of Singapore's iconic Orchard Road.
2. Complementing the retail options at Mandarin Gallery are popular café and dining outlets.
3. Mandarin Gallery is a retail haven featuring a range of international high-end designer brands.

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## DOWNTOWN GALLERY

To optimise OUE Downtown's 262-metre wide street frontage and leverage the Urban Redevelopment Authority's long-term plans to develop Tanjong Pagar into an enviable work-play-live environment, plans are underway to transform the existing podium into a five-storey retail mall.

The new retail space, named Downtown Gallery, will comprise retail shops and F&B outlets as well as a supermarket at the basement level. The existing office lobbies on the first level serving OUE Downtown 1 and OUE Downtown 2 will be relocated to the fourth level, clearing the first three levels for an uninterrupted mall stretching the entire length of the building.

The first level and basement of the multi-storey car park, as well as part of the third level, will be converted into retail space, with a link on the third level connecting Downtown Gallery to the neighbouring residential and offices.



1. Downtown Gallery will be located along Shenton Way in the heart of Singapore's financial district.
2. Artist's impression of Downtown Gallery's entrance.
3. Artist's impression of Downtown Gallery's concierge.
4. Downtown Gallery will comprise retail shops, F&B outlets and a supermarket.


## ONE RAFFLES PLACE – RETAIL PODIUM

The five-storey retail mall at One Raffles Place, which also has a basement level, is currently under refurbishment. The mall is expected to be completed in the second quarter of 2014, with an increase in NLA from approximately 89,300 sq ft to approximately 98,500 sq ft after refurbishment.

Strategically located above the Raffles Place MRT station, the retail podium will be a one-stop shopping destination to meet the needs of consumers in the Central Business District. Spanning five levels and a basement, it features a wide array of shopping, dining, entertainment and services.

There will be a new building façade to showcase retailing activities and the interior will be refurbished to elevate the shopping ambience.

1. Artist's impression of One Raffles Place – Retail Podium.
2. The retail podium will be a one-stop shopping destination in the heart of the CBD.

**Twin Peaks** is OUE's flagship residential development situated in the tranquil surroundings of Leonie Hill, one of Singapore's most exclusive residential districts and minutes away from the heart of Orchard Road. A coveted residential address, Twin Peaks offers the discerning and high-performance individual with the utmost in convenience and luxury living in a cosmopolitan environment.

PRESTIGIOUS. EXCLUSIVE.
**462**
stylish homes for Urban Orchard Living

## TWIN PEAKS

The 99-year leasehold development comprises two identical 35-storey towers which comprise total GFA of 436,172 sq ft and built on a land area of 130,983 sq ft. Each of the 462 one, two and three-bedroom apartments are fully furnished with furniture pieces and light fittings from renowned designers such as Hans Wegner, Gerrit T. Rietveld, Charles & Ray Eames, Tom Dixon and Matthew Hilton.

Twin Peaks features luxurious amenities such as a swimming pool with stylish jet spas, tennis court, dining suites with Western and Asian gourmet kitchens as well as state-of-the-art triple-volume sky gyms on the 13th storey offering panoramic views of the city. Open-air sky walkways on the 36th storey, coupled with a rooftop bar, form the ideal setting for private parties against the backdrop of a glittering skyline. A world renowned landscape architect has been appointed for proposed design enhancements to the common facilities.

1. Flexible space for multi-generation living at Twin Peaks.
2. Twin Peaks features luxurious amenities and bespoke one, two and three-bedroom apartments.
3. The magnificent Twin Peaks is situated in exclusive Leonie Hill.

1


2


3


# CORPORATE SOCIAL RESPONSIBILITY

OUE remains committed to corporate citizenship and community development through supporting various programmes and initiatives that bring about improvement to the welfare of underprivileged children and families in Singapore. We believe that strong and progressive communities are essential to the continued success of any major business organisation. As OUE continues to grow and evolve, we remain dedicated towards caring for other members of our society and bringing about sustainable improvement where we can.

This year, OUE gave back to the community by supporting various worthy causes relating to education, youth, social development as well as social entrepreneurship. These initiatives are some of the ways that OUE cares and supports the local communities.

## CREATING OPPORTUNITIES FOR TALENT GROWTH

OUE believes in creating opportunities for aspiring youth, enabling them to realise their potential, so as to make a positive difference to their lives and the lives of others around them. With the aim to motivate and nurture the next generation of leaders in Singapore's hospitality industry, OUE has committed to supporting bonded scholarships, totalling S$2 million, to benefit outstanding hospitality students from the Singapore Institute of Technology ("SIT") since 2011. Under this scholarship programme, OUE contributes up to S$200,000 per annum towards this scholarship for hospitality students enrolled at SIT.

To further raise awareness for the social services sector in Singapore, OUE contributed S$200,000 towards the establishment of the S. R. Nathan Professorship in Social Work, launched by the National University of Singapore's Department of Social Work.

In support of entrepreneurship in Singapore, the Group also funded S$100,000 to the Global Social Innovators Forum 2013, spearheaded by non-profit organisation, Social Innovation Park. The Forum aims to build a support network for budding entrepreneurs in Singapore by bringing together leading social entrepreneurs from around the world to exchange ideas and knowledge on social innovation with the local entrepreneur community.

## SUPPORTING LOCAL COMMUNITIES

As a company that has been around for over 40 years, OUE is a strong supporter of community and social development in Singapore. In 2013, OUE contributed over S$100,000 to various social development charities, such as the Community Chest, Singapore Association for the Visually Handicapped and the PAP Community Foundation. OUE is committed to helping various needy social organisations meet their targets and build a more equitable and inclusive community in Singapore.

## STARS OF CHRISTMAS

OUE continued its tradition of holding the annual Stars of Christmas community project in 2013. For the fourth consecutive year, OUE teamed up with Meritus Hotels & Resorts and Mandarin Orchard Singapore to hold the annual Stars of Christmas community project in collaboration with children's aid societies, Club Rainbow, Children's Cancer Foundation and the VIVA Foundation. Stars of Christmas is aimed at soliciting Christmas gifts for children who are suffering from life-threatening illnesses. A massive array of stars each bearing the name, age and gender of the beneficiaries adorned the Christmas tree at the lobby of Mandarin Orchard Singapore. Hotel guests, visitors and employees did their part by picking up the stars and buying the desired gifts indicated on the star which were then placed under the Christmas tree.

The three-part programme, led by OUE's Chief Executive Officer and Group Managing Director Mr. Thio Gim Hock, commenced with the ceremonial hanging of Christmas stars on 4 December 2013. On 17 December 2013, a special lunch was hosted by OUE's Executive Chairman, Dr. Stephen Riady, for the beneficiaries along with their siblings, parents and caregivers. The children were treated to an afternoon of entertainment and scrumptious feast, including a visit from Santa and his helpers. The Stars of Christmas culminated in a "Toy Run" on 21 December 2013, during which Chrysler Jeep and a fleet of Santas and Santarinas on Harley-Davidson motorbikes lined the street frontage of Mandarin Gallery, to deliver hundreds of donated Christmas gifts to the various aid organisations. This year, additional stars were hung on the Christmas tree for some of the children in the Philippines affected by Typhoon Haiyan. The additional gifts were collected and sent to devastated communities so that these children could experience the joys and blessings of Christmas.

1. Guest of Honour and then Minister of State, Ministry of Defence and Ministry of Education, Mr. Lawrence Wong witnessing the SIT-OUE Signing Ceremony in July 2011 between CEO and Group Managing Director Mr. Thio Gim Hock and SIT Founding President Professor Tan Chin Tiong.
2. CEO and Group Managing Director Mr. Thio Gim Hock with participants from Chrysler Jeep and Harley Davidson Singapore at the flag off the OUE Stars of Christmas "Toy Run".


OUE Limited (the "**Company**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2013 ("**FY2013**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Company is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code. Deviations from the Code, if any, are explained under the respective sections.

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

## A. BOARD MATTERS

***Principle 1 : Board's Conduct of Affairs***

The Company is headed by an effective Board comprising a majority of non-executive Directors. The Board is supported by three Board committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference setting out the duties and authority which have been approved by the Board.

The principal roles and responsibilities of the Board include:

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

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

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened when circumstances warrant. In 2013, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out on page 81. 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 FY2013, 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 Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings

| | Number of meetings attended in FY2013 | | | |
|---|---|---|---|---|
| Name of Director | Board | AC | NC | RC |
| Stephen Riady | 3 | – | – | – |
| Christopher James Williams | 4 | – | 1 | 1 |
| Thio Gim Hock | 4 | – | – | – |
| Kelvin Lo Kee Wai | 4 | 4 | 1 | 1 |
| Sin Boon Ann | 4 | 4 | 1 | 1 |
| Mag Rainer Silhavy[1] | 2 | – | – | – |
| Kin Chan | 4 | 4 | – | – |
| Number of meetings held in FY2013 | 4 | 4 | 1 | 1 |

Note:
(1) Mag Rainer Silhavy resigned as director of the Company with effect from 31 December 2013.

Board Orientation and Training

The Company conducts an orientation programme for newly appointed directors to familiarise them with the businesses, operations and financial performance of the Group. They are also briefed on the governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information. No new directors were appointed in FY2013.

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

The Company also arranges for its Directors to be kept abreast of developments in the real estate and hospitality industries on a regular basis. To keep pace with the fast-changing laws, regulations and commercial risks, Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as directors. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

During the year, the Board was briefed and updated on directors' duties and responsibilities and corporate governance matters, so as to enable them to discharge their duties effectively as Board and where applicable, as Board Committee members. The Directors may also attend other appropriate courses, conferences and seminars, at the Company's expense. These include programmes run by the Singapore Institute of Directors.

The Nominating Committee is responsible for reviewing and recommending training programmes for the Board.

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

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

The Board currently comprises six Directors with four non-executive Directors. Of the four non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. No individual or small group of individuals dominate the Board's decision making. In addition to the annual review by the NC of the Directors' independence, each independent Director also submits an annual declaration regarding his independence. There are two non-executive non-independent Directors who also contribute constructively to recommendations from Management.

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

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

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

Dr. Stephen Riady will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr. Kelvin Lo Kee Wai will, upon re-election as a Director, remain as an independent Director of the Company.

Section 153 of the Companies Act, Cap. 50, provides that the office of a director of a public company or of a subsidiary of a public company shall become vacant at the conclusion of the annual general meeting commencing next after he attains the age of 70 years. However, a person of or over the age of 70 years may, by an ordinary resolution passed at an annual general meeting of a company be appointed or re-appointed as a director of the company to hold office until the next annual general meeting of the company. The NC recommended to the Board that Mr. Thio Gim Hock, who is over the age of 70, be re-appointed at the forthcoming AGM. In making the recommendation, the NC has considered the said Director's overall contributions and performance.

Key information on the Directors' particulars and background can be found on pages 34 to 37 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.

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

The Board is of the opinion that it is in the best interest of the Company to continue to have Dr. Riady serving as Executive Chairman so that the Board, and in particular the non-executive Directors, can have the benefit of a Chairman who is a visionary with strong commercial acumen, and is knowledgeable about the businesses of the Company. For this reason, Dr. Riady is therefore better able to guide discussions and ensure that the Board is properly briefed in a timely manner on pertinent issues and developments. At the same time, the Board benefits from the objective and independent views from the independent Directors. The Board is also of the view that the current Board composition is effective in steering the Company's strategies. The Board therefore believes that it is the person who fills the role that matters, as opposed to separating or combining the roles *per se*. Further, shareholders may approach any Director for assistance. For the above reasons, the Board opines that a lead independent director is not required at this juncture. The Board will review and assess the situation jointly with the NC from time to time to consider whether a lead independent director is required.

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

*Principle 6 : Access to Information*

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

## B. BOARD COMMITTEES

### Nominating Committee

*Principle 4 : Board Membership*
*Principle 5 : Board Performance*

The NC currently comprises three non-executive directors, 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 FY2013.

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 and its Board Committees, assessing and being mindful of the independence of the Directors, reviewing the training and professional development programs for the Board 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.

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's guidance on what constitutes an "independent" director, and as to relationships the existence of which would deem a director not to be independent. A Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interest of the Company, is considered to be independent.

In relation to Mr. Sin Boon Ann, the NC noted that notwithstanding that the fees invoiced by Drew & Napier LLC (of which Mr. Sin is Deputy Managing Director of the Corporate & Finance Department) to the Group for legal fees in FY 2013 exceeded $200,000, Mr. Sin would still be regarded as an independent Director on the basis that he was not involved in the decision-making processes in respect of these transactions, and that he would be able to exercise independent judgment and demonstrate objectivity in his deliberations in the interest of the Company.

In its search and selection process, the NC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

The selection and nomination process involves the following:

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

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

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

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

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

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, and as part of its review process, the NC decides whether or not a director is able to do so and whether he has been adequately carrying out his duties as a director of the Company. The NC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

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

**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 2013.

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

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

The RC sets compensation to ensure that the Company is competitive and can attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully. In setting remuneration packages for Directors and key management personnel, 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. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel. The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities, including attendance, time and effort at Board meetings and Board Committee meetings.

A breakdown (in percentage terms) showing the level and mix of each Director's remuneration payable for FY2013 is shown below.

Disclosure on Directors' Remuneration for FY2013

| 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[1] | – | – | 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 | | | | | |
| – | – | – | – | – | – |
| $2,250,000 to $2,499,999 | | | | | |
| Thio Gim Hock | 25.68 | 72.77 | – | 1.54 | 100 |
| $2,500,000 to $2,749,999 | | | | | |
| – | – | – | – | – | – |
| $2,750,000 to $2,999,999 | | | | | |
| – | – | – | – | – | – |

Note:
(1) Mag Rainer Silhavy resigned as director of the Company with effect from 31 December 2013.

The Code encourages companies to fully disclose the remuneration of each individual director and the CEO on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders. In arriving at this decision, the Board took into consideration, *inter alia*, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group.

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

| Remuneration Bands | Number of Directors 2013 | Number of Directors 2012 | Number of Key Management Personnel[1] (who are not also Directors or the CEO) 2013 | Number of Key Management Personnel[1] (who are not also Directors or the CEO) 2012 |
|---|---|---|---|---|
| Below $250,000 | 6 | 6 | – | – |
| $250,000 to $499,999 | – | – | – | – |
| $500,000 to $749,999 | – | – | – | – |
| $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 | – | – |
| $2,250,000 to $2,499,999 | 1 | – | – | – |
| $2,500,000 to $2,749,999 | – | – | – | – |
| $2,750,000 to $2,999,999 | – | – | – | 1 |
| Total | 7 | 7 | 0 | 2 |

Note:

[1] The Company takes the view that only two persons (who are not also Directors) have the authority and responsibility for planning, directing and controlling the activities of the Company.

The Code encourages companies to fully disclose the names and remuneration of the top five key management personnel (who are not directors or the CEO). The Company takes the view that only two persons (who are not also Directors) have the authority and responsibility for planning, directing and controlling the activities of the Company. After careful deliberation, the Company has decided not to disclose the names and remuneration of its top two key management personnel, as the disadvantages to the Group's business interests would far outweigh the benefits of such disclosure, in view of the confidentiality of and commercial sensitivity attached to executive remuneration matters.

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 during FY2013. The Company does not have any employee share scheme.

No termination, retirement or post-employment benefits were granted to directors, the CEO or key management personnel of the Company during FY2013.

***Principle 10 : Accountability***

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

***Principle 12 : Audit Committee***

The AC consists of three non-executive Directors, namely 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 2013.

The principal functions of the AC include:

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

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

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 FY2013 was $700,000. 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 29 April 2014. The AC has met the external auditors and with the internal auditors without the presence of Management.

The details of the remuneration of the auditors of the Company during FY2013 are as follows:

| | 2013 ($'000) | 2012 ($'000) |
|---|---|---|
| Auditors' remuneration paid/payable to: | | |
| – Auditors of the Company | 653 | 543 |
| – Other auditors | 39 | 148 |
| Other fees paid/payable to: | | |
| – Auditors of the Company | 700 | 432 |
| – Other auditors | 56 | 90 |

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

In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, conducted a briefing on changes in financial reporting standards and updated the AC members on recent developments in accounting and governance standards.

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

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

Based on the AC's review of the effectiveness of the Group's internal financial, operational, and compliance controls, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls is adequate and effective as at 31 December 2013, and addresses financial, operational and compliance risks, which the Group considers relevant and material to its operations.

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

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

For FY2013, the CEO and Senior Vice President, Finance have provided written confirmation to the Board on the integrity of the Company's financial statements and on the Company's risk management, compliance and internal control systems. This certification covers the Company and subsidiaries which are under the Company's management control. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the CEO and Senior Vice President, Finance, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come their attention that would render the quarterly financial results to be false or misleading.

Further details on the Group's risk management philosophy and approach can be found in the "Managing Risks" section on pages 44 to 45.

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. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

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

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

## C. COMMUNICATION WITH SHAREHOLDERS

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

Shareholders are informed of the Company's performance and developments through press releases and the publication of its quarterly and full-year results on the SGXNET and Annual Report. Shareholders are also regularly kept up-to-date on significant events and happenings through the same channels. The Company also conducts analysts' briefings and investor roadshows to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders.

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

Voting at shareholders' meetings held in FY2013 were conducted by show of hands. At all such shareholders' meetings, the Company had in place the relevant administrative procedures to facilitate poll voting in the event that shareholders demand for resolutions to be voted upon by poll. The power to demand a poll by shareholders is, in any case, conferred under the Company's Articles of Association, which in turn, is consistent with the statutory position under the Companies Act.

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

## 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 FY2013 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 e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

(a) two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year; 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.



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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 2013.

### 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
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 |
|---|---|---|
| **OUE Limited** | | |
| Kin Chan | | |
| – ordinary shares | | |
| – deemed interest | 618,916,410 | 618,916,410 |
| **OUE Hospitality Trust, Comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust** | | |
| Stephen Riady | | |
| – stapled security units | | |
| – deemed interest | – | 16,622,000 |
| Christopher James Williams | | |
| – stapled security units | | |
| – deemed interest | – | 360,000 |
| Thio Gim Hock | | |
| – stapled security units | | |
| – direct interest | – | 3,000,000 |
| Sin Boon Ann | | |
| – stapled security units | | |
| – deemed interest | – | 300,000 |

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.

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 2014.

DIRECTORS' REPORT

### Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 38 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 2012.

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

# DIRECTORS' REPORT

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 and re-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*

20 March 2014

# STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 96 to 165 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 2013 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*

20 March 2014

INDEPENDENT AUDITORS' REPORT

Members of the Company
OUE Limited
(formerly known as Overseas Union Enterprise Limited)

## Report on the financial statements

We have audited the accompanying financial statements of OUE Limited (formerly known as 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 2013, 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 96 to 165.

### *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 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

## Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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*
*Chartered Accountants*

**Singapore**
20 March 2014

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

| | Note | 2013 $'000 | 2012 $'000 |
|---|---|---|---|
| Revenue | 5 | 436,564 | 417,963 |
| Cost of sales | | (210,561) | (163,455) |
| **Gross profit** | | 226,003 | 254,508 |
| Marketing expenses | | (14,365) | (12,530) |
| Administrative expenses | | (50,965) | (41,493) |
| Other operating expenses | | (21,079) | (19,516) |
| | | 139,594 | 180,969 |
| Finance expenses | 8 | (95,546) | (89,147) |
| Finance income | 9 | 2,945 | 2,678 |
| Share of results of associates and jointly controlled entity, net of tax | 20 | 17,360 | (24,135) |
| | | 64,353 | 70,365 |
| Other (losses)/gains – net | 10 | (50,218) | 32,487 |
| Profit before tax | | 14,135 | 102,852 |
| Tax expense | 11 | (44,254) | (12,101) |
| **(Loss)/Profit after tax** | | (30,119) | 90,751 |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Currency translation differences relating to foreign operations | | 10,333 | (14,113) |
| Currency translation differences transferred to profit or loss arising from disposal of subsidiaries | | (8,666) | – |
| Fair value gain on available-for-sale financial assets | | 28,499 | 25,806 |
| Effective portion of changes in fair value of cash flow hedges of a subsidiary | | (2,298) | – |
| Share of effective portion of changes in fair value of cash flow hedges of an associate | | – | 1,152 |
| Share of foreign currency translation differences of associates and jointly controlled entity | | 1,151 | (1,984) |
| **Other comprehensive income, net of tax** | | 29,019 | 10,861 |
| **Total comprehensive income** | | (1,100) | 101,612 |
| **(Loss)/Profit attributable to:** | | | |
| Owners of the Company | | (36,555) | 90,056 |
| Non-controlling interests | | 6,436 | 695 |
| | | (30,119) | 90,751 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | (7,007) | 101,222 |
| Non-controlling interests | | 5,907 | 390 |
| | | (1,100) | 101,612 |
| **(Loss)/Earnings per share for profit attributable to the owners of the Company (expressed in $ per share)** | | | |
| Basic and diluted | 12 | (0.04) | 0.10 |

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 13 | 730,613 | 604,637 | 551,331 | 430,682 |
| Trade and other receivables | 14 | 22,250 | 35,470 | 568,559 | 978,820 |
| Inventories | 15 | 790 | 1,013 | 163 | 179 |
| Other investments | 16 | 9,478 | – | – | – |
| Development property | 17 | 846,806 | 793,734 | – | – |
| Other assets | 18 | 11,444 | 7,446 | 27,161 | 3,962 |
| Loans to subsidiaries | 21 | – | – | 1,415,146 | 775,799 |
| | | 1,621,381 | 1,442,300 | 2,562,360 | 2,189,442 |
| **Non-current assets** | | | | | |
| Available-for-sale financial assets | 19 | 193,304 | 162,470 | 182,716 | 154,156 |
| Investments in associates and jointly controlled entity | 20 | 720,474 | 721,417 | 125,621 | 157,666 |
| Investments in subsidiaries | 21 | – | – | 834,920 | 317,433 |
| Loans to subsidiaries | 21 | – | – | 72,847 | 130,767 |
| Other assets | 18 | 1,533 | 1,000 | 1,704 | 663 |
| Investment properties | 22 | 3,467,003 | 3,021,000 | – | 540,000 |
| Property, plant and equipment | 23 | 366,795 | 495,183 | 15,841 | 130,700 |
| Intangible asset | 24 | 43,200 | 43,200 | – | – |
| Deferred tax assets | 28 | – | 937 | – | – |
| Derivative assets | 25 | 4,507 | – | – | – |
| | | 4,796,816 | 4,445,207 | 1,233,649 | 1,431,385 |
| **Total assets** | | 6,418,197 | 5,887,507 | 3,796,009 | 3,620,827 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 26 | 86,848 | 83,197 | 300,098 | 194,970 |
| Current tax liabilities | | 10,724 | 23,013 | 3,304 | 10,687 |
| Borrowings | 27 | 349,747 | 846,207 | 349,747 | 746,448 |
| | | 447,319 | 952,417 | 653,149 | 952,105 |
| **Non-current liabilities** | | | | | |
| Borrowings | 27 | 2,392,273 | 1,728,200 | 694,544 | 991,631 |
| Deferred tax liabilities | 28 | 38,322 | 6,334 | 113 | 5,597 |
| Other liabilities | 29 | 19,531 | 27,051 | 646 | 4,729 |
| Derivative liabilities | 25 | 5,728 | – | – | – |
| | | 2,455,854 | 1,761,585 | 695,303 | 1,001,957 |
| **Total liabilities** | | 2,903,173 | 2,714,002 | 1,348,452 | 1,954,062 |
| **NET ASSETS** | | 3,515,024 | 3,173,505 | 2,447,557 | 1,666,765 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to the owners of the Company** | | | | | |
| Share capital | 30 | 693,315 | 693,315 | 693,315 | 693,315 |
| Other reserves | 31 | 7,917 | (10,948) | (2,363) | 5,219 |
| Accumulated profits | 32 | 2,190,308 | 2,490,265 | 1,756,605 | 968,231 |
| | | 2,891,540 | 3,172,632 | 2,447,557 | 1,666,765 |
| **Non-controlling interests** | | 623,484 | 873 | – | – |
| **TOTAL EQUITY** | | 3,515,024 | 3,173,505 | 2,447,557 | 1,666,765 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

| | Note | Attributable to owners of the Company Share capital $'000 | Other reserves $'000 | Accumulated profits $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2013 | | 693,315 | (10,948) | 2,490,265 | 3,172,632 | 873 | 3,173,505 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | | – | – | (36,555) | (36,555) | 6,436 | (30,119) |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences relating to foreign operations | | – | 9,606 | – | 9,606 | 727 | 10,333 |
| Currency translation differences transferred to profit or loss on disposal of subsidiaries | | – | (8,666) | – | (8,666) | – | (8,666) |
| Fair value gain on available-for-sale financial assets | | – | 28,499 | – | 28,499 | – | 28,499 |
| Share of effective portion of changes in fair value of cash flow hedges of a subsidiary | | – | (1,042) | – | (1,042) | (1,256) | (2,298) |
| Share of foreign currency translation differences of associates and jointly controlled entity | | – | 1,151 | – | 1,151 | – | 1,151 |
| Total other comprehensive income, net of tax | | – | 29,548 | – | 29,548 | (529) | 29,019 |
| **Total comprehensive income for the year** | | – | 29,548 | (36,555) | (7,007) | 5,907 | (1,100) |
| **Transactions with owners of the Company, recognised directly in equity** | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | |
| Dividends paid | 33 | – | – | (263,867) | (263,867) | – | (263,867) |
| Share of unit issue costs of a subsidiary | | – | (10,683) | – | (10,683) | (11,620) | (22,303) |
| **Changes in ownership interests in subsidiaries** | | | | | | | |
| Disposal of interest in subsidiaries | | – | – | – | – | (1,752) | (1,752) |
| Proceeds from issuance of units by a subsidiary | | – | – | – | – | 600,000 | 600,000 |
| Changes in ownership interests in a subsidiary without loss of control | | – | – | 465 | 465 | 30,076 | 30,541 |
| **Total transactions with owners of the Company** | | – | (10,683) | (263,402) | (274,085) | 616,704 | 342,619 |
| At 31 December 2013 | | 693,315 | 7,917 | 2,190,308 | 2,891,540 | 623,484 | 3,515,024 |

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

| | Note | Attributable to owners of the Company Share capital $'000 | Other reserves $'000 | Accumulated profits $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2012 | | 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 | 31 | – | (73,321) | – | (73,321) | – | (73,321) |
| Dividends paid | 33 | – | – | (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 CASH FLOWS

Year ended 31 December 2013

| | Note | 2013 $'000 | 2012 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| (Loss)/Profit after tax | | (30,119) | 90,751 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 22,218 | 24,753 |
| Dividend income | | (1,460) | (2,100) |
| Net fair value (losses)/gains on investment properties | | 46,987 | (24,452) |
| Net change in fair value of other investments | | (262) | (3,549) |
| Finance expense | | 95,546 | 88,355 |
| Finance income | | (2,945) | (2,678) |
| Loss on disposal of subsidiaries | | 3,493 | 1 |
| Loss/(Gain) on disposal of property, plant and equipment | | 2,991 | (51) |
| Reversal of impairment losses on property, plant and equipment | | – | (4,487) |
| Share of results of associates and jointly controlled entity, net of tax | | (17,360) | 24,135 |
| Tax expense | | 44,254 | 12,101 |
| | | 163,343 | 202,779 |
| Changes in trade and other receivables and other assets | | 12,125 | (7,475) |
| Changes in inventories | | (349) | 124 |
| Changes in development property | | (38,919) | (23,695) |
| Changes in trade and other payables and other liabilities | | (9,094) | (15,041) |
| **Cash generated from operating activities** | | 127,106 | 156,692 |
| Tax paid | | (23,269) | (16,443) |
| **Net cash from operating activities** | | 103,837 | 140,249 |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of jointly controlled entity | | (25,131) | – |
| Additions to investment properties | | (493,023) | (21,392) |
| Dividends received from: | | | |
| – associates, net of tax | | 12,458 | 6,870 |
| – available-for-sale financial assets, net of tax | | 1,460 | 2,100 |
| – other investments, net of tax | | 17 | 8 |
| Interest received | | 2,532 | 1,886 |
| Loan to jointly controlled entity | | – | (32,134) |
| Loan repayment from jointly controlled entity | | 32,134 | – |
| Proceeds from sale of other investments | | 16,733 | 28,788 |
| Proceeds from disposal of property, plant and equipment | | 1,146 | 152 |
| Proceeds from disposal of subsidiaries, net of cash disposed | 40 | 97,316 | – |
| Proceeds from dilution of interest in a subsidiary | | 30,541 | – |
| Purchase of available-for-sale financial asset | | (2,013) | (8,314) |
| Purchase of other investments | | (25,949) | (17,607) |
| Purchase of property, plant and equipment | | (8,038) | (14,673) |
| **Net cash used in investing activities** | | (359,817) | (54,316) |
| **Net cash (used in)/from operating and investing activities carried forward** | | (255,980) | 85,933 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

| | Note | 2013 $'000 | 2012 $'000 |
|---|---|---|---|
| **Net cash (used in)/from operating and investing activities brought forward** | | (255,980) | 85,933 |
| | | | |
| **Cash flows from financing activities** | | | |
| Repurchase of own shares | | – | (73,321) |
| Dividends paid | | (263,867) | (127,388) |
| Finance expense paid (including amounts capitalised in development property) | | (98,626) | (90,219) |
| Proceeds from borrowings | | 915,718 | 969,676 |
| Repayment of borrowings | | (750,000) | (525,257) |
| Proceeds from issuance of units by a subsidiary | | 600,000 | – |
| Unit issue costs of a subsidiary | | (21,586) | – |
| **Net cash from financing activities** | | 381,639 | 153,491 |
| | | | |
| **Net increase in cash and cash equivalents** | | 125,659 | 239,424 |
| Cash and cash equivalents at the beginning of financial year | | 604,637 | 367,856 |
| Effect of exchange rate fluctuations on cash held | | 317 | (2,643) |
| **Cash and cash equivalents at the end of financial year** | 13 | 730,613 | 604,637 |

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2014.

## 1 DOMICILE AND ACTIVITIES

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

The Company has changed its name from Overseas Union Enterprise Limited to OUE Limited with effect from 21 August 2013.

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 42 to the financial statements.

The consolidated financial statements for the year ended 31 December 2013 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly controlled entity.

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

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

***(i) Fair value measurement***

FRS 113 *Fair value measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 36.



## 2 BASIS OF PREPARATION (CONT'D)

### 2.5 Changes in accounting policies (cont'd)

***(ii) Presentation of items of other comprehensive income***

From 1 January 2013, as a result of the amendments to FRS 1 *Presentation of financial statements*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

## 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.

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

(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) 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.

(iv) Investment in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and acquiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities 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 equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an 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.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries, associates and jointly controlled entities in the separate financial statements

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





## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Foreign currency

(i) Foreign currency transactions

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

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

## 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.

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## 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.

## 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 securities that otherwise would have been classified as available for sale.



## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Financial instruments (cont'd)

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

***Loans and receivables***

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

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

***Cash and cash equivalents***

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

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

Financial 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.

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

Other financial liabilities comprise borrowings and trade and other payables.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Financial instruments (cont'd)

(iii) Share capital

***Ordinary shares***

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

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

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

(iv) Derivative financial instruments, including hedge accounting

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

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

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

***Cash flow hedges***

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

The amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively, the balance in equity is reclassified to profit or loss.

***Other non-trading derivatives***

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

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.10 Impairment

(i) Non-derivative financial assets

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

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

***Loans and receivables***

The Group considers evidence of impairment for loans and receivables at 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 reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.10 Impairment (cont'd)

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

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.

(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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries and associates and jointly controlled entities 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.16 Tax (cont'd)

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. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. 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 for making decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

### 3.20 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 2013, 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.





## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.20 New standards and interpretations not adopted (cont'd)

***Applicable for the Group's 2014 financial statements***

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

  In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees. Based on the re-assessment as at 31 December 2013, there are no changes in the control conclusion for its investees.

  Subsequent to the reporting date, the Company declared a distribution *in specie* of the stapled securities it holds in a subsidiary, OUE Hospitality Trust ("OUE H-Trust"), to the shareholders of the Company. After the distribution *in specie* exercise, the Group's interest in OUE H-Trust would be reduced from 45.3% to approximately 33.9% (note 41). The Group is currently assessing the effect of the reduction in its interest in OUE H-Trust under FRS 110 and the impact on its financial statements.

- FRS 111 *Joint Arrangements* establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

  The Group has re-evaluated its involvement in its only joint arrangement and has determined that the parties in this joint arrangement have rights to the net assets of the arrangement. Accordingly, this joint arrangement will be classified as a joint venture under FRS 111 and will be accounted for using the equity method. Currently, the joint arrangement is accounted for as a jointly-controlled entity under FRS 31 *Interests in Joint Ventures* using the equity method. As the Group is already applying the equity method of accounting, there will be no impact to the Group's financial statements when the Group adopts FRS 111 in 2014.

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

FRS 110, FRS 111 and FRS 112 are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- Amendments to FRS 32 *Financial Instruments*: *Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The Group currently offsets intercompany receivables and payables due from/to the same counterparty if the Group has the legal right to set off the amounts when it is due and payable based on the contractual terms of the arrangement with the counterparty, and the Group intends to settle the amounts on a net basis.

  The amendments will be applied retrospectively and prior periods in the Company's 2014 financial statements will be restated. As at 31 December 2013, if the amendments were effective, the Company's total assets and total assets and total liabilities would have increased by $14,005,000 respectively.

## 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 securities***

The Group has available-for-sale investments in an unlisted security and unlisted partnership with an estimated fair value of $193.3 million (2012: $162.5 million). In estimating the fair value, the Group had estimated the net asset value of the investee entities as at 31 December 2013, taking into consideration the fair value of the properties held by the investee entities. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

***Fair value assessment of investment and development properties***

The fair value of each investment property and net realisable value of each development property is individually determined at the reporting date by independent professional valuers based on assumptions and estimates that 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).

***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% (2012:.5%) from management's estimates, the Group's profit will decrease/increase by $4,814,000 (2012: $1,735,000).

## 5 REVENUE

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Hospitality income | 229,571 | 239,410 |
| Investment properties income | 138,114 | 144,657 |
| Development property income | 62,743 | 31,387 |
| Dividend income | 1,460 | 2,100 |
| Others | 4,676 | 409 |
| | 436,564 | 417,963 |

## 6 EXPENSES BY NATURE

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| Advertising and promotion expenses | | 8,369 | 7,162 |
| Depreciation of property, plant and equipment | 23 | 22,218 | 24,753 |
| Employee compensation | 7 | 69,979 | 63,232 |
| Hospitality supplies and services | | 47,255 | 43,630 |
| Development costs included in cost of sales | | 56,997 | 25,466 |
| Loss/(Gain) on disposal of property, plant and equipment | | 2,991 | (51) |
| Professional and legal services | | 9,110 | 2,166 |
| Property tax | | 18,912 | 17,766 |
| Bad debts written off | | 65 | 76 |
| Repair and maintenance expenses | | 18,060 | 10,018 |
| Allowance/(Reversal of allowance) for impairment of trade receivables | 14 | 66 | (8) |
| Utility charges | | 21,651 | 23,563 |
| Others | | 21,297 | 19,221 |
| Total cost of sales, marketing, administrative and other operating expenses | | 296,970 | 236,994 |

## 7 EMPLOYEE COMPENSATION

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Wages, salaries and other benefits-in-kind | 64,116 | 57,732 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 5,863 | 5,500 |
| | 69,979 | 63,232 |

## 8 FINANCE EXPENSES

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| Finance expenses | | 95,631 | 104,706 |
| Less: | | | |
| Finance expense capitalised in development property | 17 | (16,026) | (16,351) |
| | | 79,605 | 88,355 |
| Net foreign exchange loss | | 15,941 | 792 |
| | | 95,546 | 89,147 |

## 9 FINANCE INCOME

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Interest income | 1,850 | 2,670 |
| Net change in fair value of derivatives | 1,078 | – |
| Others | 17 | 8 |
| | 2,945 | 2,678 |

Included in the change in fair value of derivatives is a loss of $3,429,000 (2012: Nil) relating to ineffective portion of change in fair value of cash flow hedge.

## 10 OTHER (LOSSES)/GAINS – NET

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| Fair value (losses)/gains on investment properties | 22 | (46,987) | 24,452 |
| Net change in fair value of other investments designated at fair value through profit or loss | | 262 | 3,549 |
| Net loss on disposal of subsidiaries | | (3,493) | (1) |
| Reversal of impairment losses on property, plant and equipment | 23 | – | 4,487 |
| | | (50,218) | 32,487 |

Arising from the net loss of disposal of subsidiaries is a loss of $3,497,000 relating to the disposal of subsidiaries relating to hotel properties in China (see note 40).

## 11 TAX EXPENSE

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 12,247 | 22,314 |
| Overprovision in respect of prior years | (560) | (6,204) |
| | 11,687 | 16,110 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 32,567 | (4,009) |
| **Total tax expense** | 44,254 | 12,101 |

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 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Profit before tax | 14,135 | 102,852 |
| Share of results of associates and jointly controlled entity, net of tax | (17,360) | 24,135 |
| | (3,225) | 126,987 |
| Tax using the Singapore tax rate of 17% | (548) | 21,588 |
| Effects of different tax rates in foreign jurisdiction | 20,233 | 129 |
| Effects of expenses not deductible for tax purposes | 26,258 | 1,544 |
| Effects of income not subject to tax | (6,899) | (7,045) |
| Effects of taxable distribution from subsidiary | 2,943 | – |
| Effects of Singapore statutory stepped income exemption | (213) | (181) |
| Effects of tax losses of certain subsidiaries not recognised | 3,073 | 2,419 |
| Effects of recognition of previously unrecognised tax losses | (33) | (149) |
| Effects of overprovision in respect of prior years | (560) | (6,204) |
| **Total tax expense** | 44,254 | 12,101 |



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

## 12 (LOSS)/EARNINGS PER SHARE

| | Group 2013 | Group 2012 |
|---|---|---|
| Net (loss)/profit attributable to owners of the Company ($'000) | (36,555) | 90,056 |
| Weighted average number of ordinary shares | | |
| Issued ordinary shares at 1 January ('000) | 981,602 | 943,069 |
| Effect of own shares held ('000) | (71,716) | (32,317) |
| Weighted average number of ordinary shares during the year ('000) | 909,886 | 910,752 |
| Basic (loss)/earnings per share ($ per share) | (0.04) | 0.10 |

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

## 13 CASH AND CASH EQUIVALENTS

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects | 24,824 | 9,697 | – | – |
| Cash at bank and on hand | 422,327 | 330,296 | 300,238 | 208,004 |
| Fixed deposits with financial institutions | 283,462 | 264,644 | 251,093 | 222,678 |
| Cash and cash equivalents | 730,613 | 604,637 | 551,331 | 430,682 |

## 14 TRADE AND OTHER RECEIVABLES

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Trade receivables | | | | |
| – Associates | 3,099 | 3,556 | – | – |
| – Subsidiaries | – | – | 134 | 221 |
| – Third parties | 19,065 | 23,530 | 9,945 | 13,600 |
| | 22,164 | 27,086 | 10,079 | 13,821 |
| Less: Allowance for impairment of receivables | | | | |
| – Third parties | (347) | (286) | (44) | (44) |
| Trade receivables – net | 21,817 | 26,800 | 10,035 | 13,777 |
| Non-trade receivables | | | | |
| – Associates and jointly controlled entity | 372 | 8,598 | 372 | 8,598 |
| – Subsidiaries | – | – | 558,152 | 956,445 |
| – Others | 61 | 72 | – | – |
| Non-trade receivables | 433 | 8,670 | 558,524 | 965,043 |
| | 22,250 | 35,470 | 568,559 | 978,820 |

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 of $461,710,000 receivable by the Company from a subsidiary in the prior year for which interest is charged at 2.51% per annum.

## 14 TRADE AND OTHER RECEIVABLES (CONT'D)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Past due 1 to 30 days | 3,172 | 6,134 | 1,974 | 4,532 |
| Past due 31 to 60 days | 1,075 | 699 | 105 | 589 |
| Past due over 60 days | 2,888 | 1,906 | 436 | 1,315 |
| | 7,135 | 8,739 | 2,515 | 6,436 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 286 | 372 | 44 | 44 |
| Allowance made/(reversed) | 66 | (8) | – | – |
| Allowance utilised | (4) | (74) | – | – |
| Currency translation differences | (1) | (4) | – | – |
| End of financial year | 347 | 286 | 44 | 44 |

*Offsetting financial assets and financial liabilities*

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Company's statement of financial position:

**Company**

| | Gross amounts of recognised financial assets $'000 | Gross amounts of recognised financial liabilities offset in the statement of financial position $'000 | Net amounts of financial assets and financial liabilities presented in the statement of financial position $'000 | Related amounts not offset in the position statement of financial position – Financial instruments $'000 | Net amount $'000 |
|---|---|---|---|---|---|
| **31 December 2013** | | | | | |
| Amounts due from subsidiaries, non-trade | 21,638 | (14,005) | 7,633 | – | 7,633 |
| Amounts due to subsidiaries, non-trade | 14,005 | (14,005) | – | – | – |
| **31 December 2012** | | | | | |
| Amounts due from subsidiaries, non-trade | 3,256 | (300) | 2,956 | – | 2,956 |
| Amounts due to subsidiaries, non-trade | 300 | (300) | – | – | – |

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

## 14 TRADE AND OTHER RECEIVABLES (CONT'D)

The table below reconciles the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position', as set out above, to the line items presented in the statement of financial position.

**Company**

| Types of financial assets/liabilities | Net amounts $'000 | Line item in statement of financial position | Carrying amount in statement of financial position $'000 | Financial assets not in scope of offsetting disclosures $'000 | Note |
|---|---|---|---|---|---|
| **31 December 2013** | | | | | |
| Amounts due from subsidiaries, non-trade | 7,633 | Trade and other receivables | 568,559 | 560,926 | 14 |
| **31 December 2012** | | | | | |
| Amounts due from subsidiaries, non-trade | 2,956 | Trade and other receivables | 978,820 | 975,864 | 14 |

## 15 INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Food and beverage | 790 | 781 | 163 | 179 |
| General supplies | – | 187 | – | – |
| Others | – | 45 | – | – |
| | 790 | 1,013 | 163 | 179 |

The cost of inventories recognised as expense and included in "cost of sales" amounted to $18,824,000 (2012: $18,564,000).

## 16 OTHER INVESTMENTS

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Financial assets designated at fair value through profit or loss | | |
| – Equity securities | 9,478 | – |

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

## 17 DEVELOPMENT PROPERTY

| | | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| (a) | Land and related costs | 725,291 | 725,291 |
| | Other development expenditure | 135,710 | 67,893 |
| | Property tax and other overheads | 9,157 | 6,538 |
| | Finance expense | 73,267 | 57,241 |
| | | 943,425 | 856,963 |
| | Add: Development profits | 12,755 | 7,072 |
| | Less: Progress billings | (82,415) | (43,342) |
| | Less: Impairment losses | (26,959) | (26,959) |
| | | 846,806 | 793,734 |

(b) Finance expense capitalised during the year was $16,026,000 (2012: $16,351,000).

(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 $62,743,000 (2012: $31,387,000) for the current year.

(e) Advances received from these contracts amounted to $82,415,000 (2012: $43,342,000).

(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 2013 % | Group's effective interest 2012 % | Site area (square meter) | Gross floor area* (square meter) |
|---|---|---|---|---|---|
| Leasehold residential land at Leonie Hill, Singapore | Condominium | 100 | 100 | 12,169 | 40,521 |

* Includes balcony

## 18 OTHER ASSETS

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Sundry receivables | 6,595 | 4,276 | 4,115 | 3,523 |
| Less: Allowance for impairment of receivables | (1,772) | (1,775) | (1,670) | (1,670) |
| | 4,823 | 2,501 | 2,445 | 1,853 |
| Rental deposits | | | | |
| – Subsidiary | – | – | 24,204 | 663 |
| Other deposits | | | | |
| – Third parties | 4,526 | 3,839 | 1,535 | 1,537 |
| Staff loans and advances | – | 4 | – | – |
| Loans and receivables | 9,349 | 6,344 | 28,184 | 4,053 |
| Prepayments | 3,628 | 2,102 | 681 | 572 |
| | 12,977 | 8,446 | 28,865 | 4,625 |
| Less: Non-current portion | (1,533) | (1,000) | (1,704) | (663) |
| Current portion | 11,444 | 7,446 | 27,161 | 3,962 |

Included in the sundry receivables of the Group and the Company is $1,670,000 (2012: $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 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Beginning of financial year | 1,775 | 1,785 | 1,670 | 1,670 |
| Currency translation differences | (3) | (10) | – | – |
| End of financial year | 1,772 | 1,775 | 1,670 | 1,670 |

## 19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Unlisted financial assets | | | | |
| – Equity security in Singapore | 182,716 | 154,156 | 182,716 | 154,156 |
| – Interest in a limited partnership in United States of America | 10,588 | 8,314 | – | – |
| | 193,304 | 162,470 | 182,716 | 154,156 |

The fair value of the Group's investments in the unlisted security and investment in the limited partnership are estimated based on the net asset values of the investee entities, which takes into consideration the fair value of the underlying properties held by these entities. Further details are set out in note 36.

## 20 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Equity investment at cost | 168,192 | 168,192 |
| Less: Allowance for impairment of investments | (44,947) | (44,947) |
| | 123,245 | 123,245 |
| Loan to associates | 41,010 | 42,182 |
| Loan to jointly controlled entity | – | 32,134 |
| Less: Allowance for impairment of loans to associates | (38,634) | (39,895) |
| | 2,376 | 34,421 |
| | 125,621 | 157,666 |

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 $3,484,000 (2012: $3,354,000) to an associate for which interest is charged at a fixed rate of 1.00% (2012: 1.00%) per annum.

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

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 39,895 | 41,826 |
| Currency translation differences | (1,261) | (1,931) |
| End of financial year | 38,634 | 39,895 |

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 721,417 | 721,120 |
| Investment in jointly controlled entity | 25,138 | – |
| (Repayment from)/Loan to jointly controlled entity | (32,134) | 32,134 |
| Share of currency translation differences | 1,151 | (1,984) |
| Share of hedging reserve | – | 1,152 |
| Share of results | 17,360 | (24,135) |
| Dividends received | (12,458) | (6,870) |
| End of financial year | 720,474 | 721,417 |



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

### Associates

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

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Assets | 1,932,289 | 1,920,826 |
| Liabilities | 549,507 | 550,472 |
| Revenue | 136,506 | 146,588 |
| Net profit/(loss) | 45,801 | (36,425) |
| Share of associates' contingent liabilities incurred jointly with other investors | 1,791 | 2,517 |

Unrecognised share of losses of associates is as follows:

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 6,501 | 8,009 |
| Movement in the year | 1,571 | (1,508) |
| End of financial year | 8,072 | 6,501 |

Details of associates and jointly controlled entity are included in note 42.

### Jointly controlled entity

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

| | Group | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Current assets | 51 | – |
| Non-current assets | 25,444 | 24,160 |
| Current liabilities | 2 | 8,100 |
| Non-current liabilities | – | 16,067 |
| Expenses | (398) | (7) |
| Net loss | (398) | (7) |

On 1 October 2013, the Group's equity interest in Arbon Holdings Ltd increased from 50% to 100% and Arbon Holdings Ltd became a subsidiary from that date. Accordingly, the expenses and net loss relating to Arbon Holdings Ltd presented in the above table is only for the period from 1 January 2013 to 30 September 2013.

## 21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| ***Investments in subsidiaries*** | | |
| Equity investment at cost | 835,020 | 408,194 |
| Less: Allowance for impairment of investments | (100) | (90,761) |
| | 834,920 | 317,433 |

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

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 90,761 | 92,641 |
| Allowance utilised | (90,661) | – |
| Allowance reversed | – | (1,880) |
| End of financial year | 100 | 90,761 |

Details of subsidiaries are included in note 42.

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| ***Loans to subsidiaries*** | | |
| Loans to subsidiaries | 1,495,584 | 960,859 |
| Less: Allowance for impairment of loans | (7,591) | (54,293) |
| | 1,487,993 | 906,566 |
| Less: Current portion | (1,415,146) | (775,799) |
| Non-current portion | 72,847 | 130,767 |

As at 31 December 2013, the non-current loan to subsidiary is unsecured and bears interest at 1.40% over the US LIBOR rate. The amount is not expected to be repaid within the next twelve months.

As at 31 December 2012, the settlement of the loans to subsidiaries of $130,767,000 was neither planned nor likely to occur in the foreseeable future. As the amounts were, in substance, a part of the Company's net investment in the subsidiaries, they were stated at cost less accumulated impairment loss. The loans were unsecured and interest-free.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount $1,044,296,000 (2012: $582,263,000) for which interest is charged at 3.47% (2012: 3.54%) per annum on a weighted average basis.

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

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 54,293 | 57,225 |
| Allowance utilised | (47,819) | – |
| Allowance reversed | – | (1,008) |
| Currency translation differences | 1,117 | (1,924) |
| End of financial year | 7,591 | 54,293 |

The Company assessed the carrying amount of its loans to subsidiaries. Based on its assessment, the Company reversed impairment losses on certain loans to subsidiaries of $1,008,000 in 2012 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.

## 22 INVESTMENT PROPERTIES

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | | 3,021,000 | 2,993,000 | 540,000 | 520,000 |
| Additions | | 492,164 | 9,511 | 76 | 684 |
| Disposal | | – | – | (540,016) | – |
| Adjustment [1] | | – | (5,963) | – | – |
| Fair value (loss)/gain recognised in profit or loss | 10 | (46,987) | 24,452 | (60) | 19,316 |
| Currency translation differences | | 826 | – | – | – |
| End of financial year | | 3,467,003 | 3,021,000 | – | 540,000 |

[1] Arising from finalisation of construction cost.

On 25 July 2013, the Company disposed of its investment property, Mandarin Gallery, with a carrying value of $540,016,000 to its subsidiary, OUE Hospitality Real Estate Investment Trust.

The Group acquired US Bank Tower in the United States of America during the year.

As at 31 December 2013, investment properties with a total carrying amount of $2,092,034,000 (2012: $3,021,000,000) were pledged as security for banking facilities (note 27).

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)<br>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 |
| OUE Downtown (comprising of OUE Downtown 1 & 2 and Downtown Gallery) (Formerly known as 6 Shenton Way Towers One and Two) | A 49-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore | 99-year lease from 19 July 1967 |
| US Bank Tower | A 72-storey commercial tower at Los Angeles, United States | Freehold |

The fair values of the investment properties as at the reporting date 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.

## 22 INVESTMENT PROPERTIES (CONT'D)

The properties were appraised at the following open market values:

| | Date of appraisal | Open Market Value 2013 $'000 | 2012 $'000 |
|---|---|---|---|
| OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) [(1)] | 31 December | 1,010,000 | 1,081,000 |
| Mandarin Gallery [(2)] | 31 December | 536,000 | 540,000 |
| OUE Downtown [(3)] | 31 December | 1,361,000 | 1,400,000 |
| US Bank Tower [(4)] | 31 December | 546,034 | – |

(1) The open market value as at 31 December 2013 and 31 December 2012 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(2) The open market value as at 31 December 2013 and 31 December 2012 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(3) OUE Downtown will be redeveloped to convert the podium to a retail mall and part of office space to serviced apartments. The income capitalisation method, discounted cash flow analysis and market comparison method were used to derive the open market value of the redevelopment property as at 31 December 2013 and 31 December 2012.

(4) The open market value as at 31 December 2013 was based on the income capitalisation method 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 and discount 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 | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Rental income | 138,114 | 144,620 |
| Direct operating expenses arising from an investment property that generate rental income | 43,483 | 32,272 |



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## 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** | | | | | | | | |
| **2013** | | | | | | | | |
| **Cost** | | | | | | | | |
| Beginning of financial year | 526,355 | 86,093 | 1,944 | 128,195 | 65,339 | 5,745 | 9,021 | 822,692 |
| Exchange differences | 8,365 | – | – | 2,863 | 978 | 64 | 213 | 12,483 |
| Additions | 178 | 8,158 | – | 2,120 | 2,318 | 1,603 | 4,902 | 19,279 |
| Disposals | (198,598) | (5,701) | – | (69,084) | (25,413) | (2,936) | (1,732) | (303,464) |
| Reclassifications | – | (8,107) | – | 6,504 | 11,358 | – | (9,755) | – |
| End of financial year | 336,300 | 80,443 | 1,944 | 70,598 | 54,580 | 4,476 | 2,649 | 550,990 |
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| Beginning of financial year | 133,604 | 43,368 | 270 | 94,716 | 51,887 | 3,664 | – | 327,509 |
| Exchange differences | 3,622 | – | – | 2,260 | 960 | 61 | – | 6,903 |
| Depreciation charge | 9,153 | 3,436 | 39 | 5,646 | 3,111 | 833 | – | 22,218 |
| Disposals | (86,735) | (3,333) | – | (55,454) | (24,681) | (2,232) | – | (172,435) |
| Reclassifications | – | (4,028) | – | 349 | 3,679 | – | – | – |
| End of financial year | 59,644 | 39,443 | 309 | 47,517 | 34,956 | 2,326 | – | 184,195 |

## 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** | | | | | | | | |
| **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 |
| **Carrying amounts** | | | | | | | | |
| At 1 January 2012 | 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 |
| At 31 December 2013 | 276,656 | 41,000 | 1,635 | 23,081 | 19,624 | 2,150 | 2,649 | 366,795 |

On 30 September 2013, the Group disposed of its hotel properties in China, Meritus Mandarin Haikou and Meritus Shantou China, with carrying amount of $128,604,000 to a third party.

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## 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 |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| **2013** | | | | | | | | |
| **Cost** | | | | | | | | |
| Beginning of financial year | 104,059 | 85,908 | 1,944 | 50,943 | 39,659 | 4,307 | 4,186 | 291,006 |
| Additions | – | 1,280 | – | 446 | 39 | 1,440 | 1,516 | 4,721 |
| Disposals | (104,059) | (78,295) | – | (43,973) | (35,899) | (1,272) | (1,672) | (265,170) |
| Reclassifications | – | (8,893) | – | 6,482 | 6,441 | – | (4,030) | – |
| End of financial year | – | – | 1,944 | 13,898 | 10,240 | 4,475 | – | 30,557 |
| **Accumulated depreciation** | | | | | | | | |
| Beginning of financial year | 46,360 | 43,183 | 269 | 40,523 | 27,676 | 2,295 | – | 160,306 |
| Depreciation charge | 744 | 2,318 | 39 | 1,277 | 763 | 804 | – | 5,945 |
| Disposals | (47,104) | (41,473) | – | (35,247) | (26,938) | (773) | – | (151,535) |
| Reclassifications | – | (4,028) | – | 349 | 3,679 | – | – | – |
| End of financial year | – | – | 308 | 6,902 | 5,180 | 2,326 | – | 14,716 |

## 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 |
|---|---|---|---|---|---|---|---|---|
| **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 |
| **Carrying amounts** | | | | | | | | |
| At 1 January 2012 | 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 |
| At 31 December 2013 | – | – | 1,636 | 6,996 | 5,060 | 2,149 | – | 15,841 |

On 25 July 2013, the Company disposed of its hotel property, Mandarin Orchard Singapore, with a carrying value of $110,738,000 to its subsidiary, OUE Hospitality Real Estate Investment Trust.

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## 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 |

As at 31 December 2013, the Group's hotel property, Mandarin Orchard Singapore, was appraised by professional valuers at an open market value of $1,220,000,000 (2012: $1,230,000,000). The carrying amount of Mandarin Orchard Singapore as at 31 December 2013 is $115,398,000 (2012: $115,510,000). This valuation surplus of $1,104,602,000 (2012: $1,114,490,000) has not been incorporated in the financial statements.

As at 31 December 2013, 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 (2012: $291,000,000). The carrying amount of the hotel property as at 31 December 2013 is $229,873,000 (2012: $236,130,000). This valuation surplus of $61,127,000 (2012: $54,870,000) has not been incorporated in the financial statements.

Property, plant and equipment of the Group and the Company with total carrying value of $115,398,000 (2012: $115,510,000) and $Nil (2012: $115,510,000) respectively are mortgaged to financial institutions to secure credit facilities (see note 27).

## 24 INTANGIBLE ASSET

| | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Cost and carrying amount | | |
| At 1 January and 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 DERIVATIVES

| | Note | Group 2013 $'000 | Group 2012 $'000 |
|---|---|---|---|
| **Derivative assets** | | | |
| Cross currency swaps | (a) | 4,507 | – |
| **Derivative liabilities** | | | |
| Interest rate swaps | (b) | 5,728 | – |

(a) The Group uses cross currency swaps to manage its exposure to United States Dollar on certain bank loans. As at 31 December 2013, the Group has cross currency swaps with a total notional amount of $470.3 million (2012: Nil).

(b) The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. As at 31 December 2013, the Group has interest rate swap contracts with a total notional amount of $587.0 million (2012: Nil).

## 26 TRADE AND OTHER PAYABLES

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Trade payables | | | | |
| – Subsidiaries | – | – | 1,054 | 2,016 |
| – Associates | – | 9 | – | – |
| – Third parties | 12,464 | 9,590 | 3,250 | 2,833 |
| | 12,464 | 9,599 | 4,304 | 4,849 |
| Non-trade payables | | | | |
| – Subsidiaries | – | – | 228,378 | 151,901 |
| Accruals and sundry creditors | 67,130 | 61,823 | 66,624 | 36,194 |
| Retention sum payables | 812 | 4,896 | 594 | 345 |
| Rental deposits | 6,442 | 6,879 | 198 | 1,681 |
| | 86,848 | 83,197 | 300,098 | 194,970 |

Non-trade payables to subsidiaries are unsecured, repayable on demand and interest-free except for an amount $143,356,000 (2012: $143,356,000) for which interest is charged at 2.30% (2012: 2.60%) per annum over the bank's swap rate.

## 27 BORROWINGS

| | Note | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Secured bank loan | (a) | – | 446,465 | – | 446,465 |
| Secured bank loan | (b) | – | 99,759 | – | – |
| Secured bonds | (c) | – | 299,983 | – | 299,983 |
| Revolving credit facility | (d) | 50,000 | – | 50,000 | – |
| Unsecured notes | (e) | 299,747 | – | 299,747 | – |
| | | 349,747 | 846,207 | 349,747 | 746,448 |
| **Non-current** | | | | | |
| Secured bank loan | (f) | 366,546 | 365,856 | – | – |
| Secured bank loan | (b) | 473,518 | 355,747 | – | – |
| Secured bank loan | (g) | 290,220 | – | – | – |
| Secured bank loan | (h) | 291,211 | – | – | – |
| Secured bank loan | (i) | 276,234 | – | – | – |
| Unsecured notes | (e) | 694,544 | 991,631 | 694,544 | 991,631 |
| Loan from a minority shareholder of a subsidiary | (j) | – | 14,966 | – | – |
| | | 2,392,273 | 1,728,200 | 694,544 | 991,631 |
| **Total borrowings** | | 2,742,020 | 2,574,407 | 1,044,291 | 1,738,079 |

(a) The secured bank loan was fully repaid on its maturity date in September 2013. Interest on the bank loan was calculated at 2.30% per annum over the bank's swap rate.

As at 31 December 2012, the bank loan was secured by:

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

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

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





## 27 BORROWINGS (CONT'D)

(b) The secured bank loan is repayable in November 2015 (2012: 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 certain of the Group's investment properties with a total carrying amount of $1,010,000,000 (2012: $2,481,000,000);

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

(c) This relates to $300 million secured bonds (the "Bonds") issued by the Company. The Bonds bore a fixed interest at 3.36% per annum and would mature in September 2013. The bonds were fully repaid in July 2013. As at 31 December 2012, the Bonds were secured and shared the same security as the facility under note (a) above.

(d) The Group has an unsecured $50 million revolving credit facility. Interest on the amounts drawn down under the credit facility is calculated at 1.75% per annum over bank's swap rate. As at 31 December 2013, the facility is fully drawn down.

(e) Under the $1 billion medium term note programme established in 2010, the Group and the Company has issued 4 (2012: 4) series of notes ("Notes") amounting to $1 billion (2012: $1 billion) as at the reporting date. The Notes are unsecured and bear fixed interest ranging from 3.95% to 4.95% (2012: 3.95% to 4.95%) per annum. The maturity of the Notes ranges from April 2014 to October 2019.

(f) The secured bank loan is repayable in February 2015. 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 a carrying amount of $846,806,000 (2012: $793,734,000); and

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

(g) The secured bank loan is repayable in July 2016. Interest on the bank loan is calculated at 0.9% per annum over the bank's swap rate.

The bank loan is secured by:

(i) A first legal mortgage over the properties held by the Group's investment property with carrying amount of $536,000,000;

(ii) A first legal mortgage of the Group's hotel property with carrying amount of $115,398,000;

(iii) A legal assignment of all insurance taken in respect of the properties except public liability insurance;

(iv) An assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by a subsidiary and lease or tenancy deposits/proceeds in connection with such master lease in respect of the investment and hotel properties; and

(v) A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the properties.

(h) The secured bank loan is repayable in July 2018. Interest on the bank loan is calculated at 1.25% per annum over the bank's swap rate. The bank loan is secured and shares the same security as the facility under note (g) above.

(i) The secured bank loan is repayable from January 2016 to December 2018. Interest on bank loan is calculated at 2.25% per annum over the bank's USD LIBOR rate.

The bank loan is secured by:

(i) a first legal mortgage over a subsidiary's investment property with a carrying amount of $546,034,000; and

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

## 27 BORROWINGS (CONT'D)

(j) The loan was fully repaid during the current financial year. As at 31 December 2012, settlement of the loan was neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, a part of the minority shareholder's net investment in an entity, it was stated at cost less accumulated impairment losses.

**Undrawn borrowing facilities**

| | Group | | Company | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Expiring: | | | | |
| Within one year | – | 50,000 | – | 50,000 |
| After one year but within five years | 93,000 | 50,000 | – | – |
| | 93,000 | 100,000 | – | 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 $324,352,000 (2012: $501,015,000). 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:

| | 2013 $'000 | 2012 $'000 |
|---|---|---|
| Within one year | 17,867 | 123,056 |
| After one year but within five years | 306,485 | 377,959 |
| | 324,352 | 501,015 |

## 28 DEFERRED TAXES

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

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

| | Property, plant and equipment $'000 | Investment properties $'000 | Development property $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Deferred tax liabilities** | | | | | |
| **2013** | | | | | |
| Beginning of financial year | 5,755 | – | 366 | 213 | 6,334 |
| Currency translation differences | – | 331 | – | 27 | 358 |
| Recognised in profit or loss | (4,233) | 30,209 | 192 | 5,462 | 31,630 |
| End of financial year | 1,522 | 30,540 | 558 | 5,702 | 38,322 |
| **2012** | | | | | |
| Beginning of financial year | 9,877 | – | – | 321 | 10,198 |
| Recognised in profit or loss | (4,122) | – | 366 | (108) | (3,864) |
| End of financial year | 5,755 | – | 366 | 213 | 6,334 |





## 28 DEFERRED TAXES (CONT'D)

| | Property, plant and equipment $'000 | Others $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| **Deferred tax assets** | | | |
| **2013** | | | |
| Beginning of financial year | 937 | – | 937 |
| Recognised in profit or loss | (937) | – | (937) |
| End of financial year | – | – | – |
| **2012** | | | |
| Beginning of financial year | 761 | 31 | 792 |
| Recognised in profit or loss | 176 | (31) | 145 |
| End of financial year | 937 | – | 937 |
| **Company** | | | |
| **Deferred tax liabilities** | | | |
| **2013** | | | |
| Beginning of financial year | 5,755 | (158) | 5,597 |
| Recognised in profit or loss | (5,484) | – | (5,484) |
| End of financial year | 271 | (158) | 113 |
| **2012** | | | |
| Beginning of financial year | 5,961 | 181 | 6,142 |
| Recognised in profit or loss | (206) | (339) | (545) |
| End of financial year | 5,755 | (158) | 5,597 |

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. As at 31 December 2012, the Group had unrecognised tax losses of $7,264,000 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. These tax losses from prior year expire within one to five years. Deferred tax assets of $1,816,000 arising from these tax losses had not been recognised.

As at 31 December 2013, the Group did not have unrecognised tax losses as such losses relate to subsidiaries which were disposed in the current year.

## 29 OTHER LIABILITIES

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Retention sums payable | 889 | 6,759 | – | – |
| Rental deposits | 18,642 | 20,292 | 646 | 4,729 |
| | 19,531 | 27,051 | 646 | 4,729 |

## 30 SHARE CAPITAL

| | Group and Company Number of shares 2013 '000 | Number of shares 2012 '000 | Amount 2013 $'000 | Amount 2012 $'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 2013, the Group held 71,716,000 (2012: 71,716,000) of the Company's shares as treasury shares (note 31).

## 31 OTHER RESERVES

| | Group 2013 $'000 | Group 2012 $'000 | Company 2013 $'000 | Company 2012 $'000 |
|---|---|---|---|---|
| Asset revaluation reserve | 46,135 | 46,135 | 965 | 37,107 |
| Currency translation reserve | (48,902) | (50,993) | – | – |
| Hedging reserve | (1,042) | – | – | – |
| Fair value reserve | 152,655 | 124,156 | 152,716 | 124,156 |
| Reserve for own shares | (156,044) | (156,044) | (156,044) | (156,044) |
| Other capital reserves | 15,115 | 25,798 | – | – |
| | 7,917 | (10,948) | (2,363) | 5,219 |



## 31 OTHER RESERVES (CONT'D)

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 shares $'000 | Other capital reserves $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| At 1 January 2013 | 46,135 | (50,993) | – | 124,156 | (156,044) | 25,798 | (10,948) |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences relating to foreign operations | – | 9,606 | – | – | – | – | 9,606 |
| Currency translation differences on disposal of subsidiaries transferred to profit or loss | – | (8,666) | – | – | – | – | (8,666) |
| Fair value gain on available-for-sale financial assets | – | – | – | 28,499 | – | – | 28,499 |
| Share of effective portion of changes in fair value of cash flow hedges of a subsidiary | – | – | (1,042) | – | – | – | (1,042) |
| Share of foreign currency translation differences of associates | – | 1,151 | – | – | – | – | 1,151 |
| Total other comprehensive income, net of tax | – | 2,091 | (1,042) | 28,499 | – | – | 29,548 |
| **Transactions with owners of the Company, recognised directly in equity** | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | |
| Share of unit costs of a subsidiary | – | – | – | – | – | (10,683) | (10,683) |
| **Total transactions with owners of the Company** | – | – | – | – | – | (10,683) | (10,683) |
| At 31 December 2013 | 46,135 | (48,902) | (1,042) | 152,655 | (156,044) | 15,115 | 7,917 |

## 31 OTHER RESERVES (CONT'D)

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | Asset revaluation reserve $'000 | Currency translation reserve $'000 | Hedging reserve $'000 | Fair value reserve $'000 | Reserve for own shares $'000 | Other capital reserves $'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) |

### 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 a subsidiary.

### 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.



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## 31 OTHER RESERVES (CONT'D)

### 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 2013, the Group held 71,716,000 (2012: 71,716,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $156,044,000 (2012: $156,044,000).

### Other capital reserve

The reserves relate to the Group's share of share premium in one of the associates and share of unit issue costs of a subsidiary.

## 32 ACCUMULATED PROFITS

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

| | Company | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Beginning of financial year | 968,231 | 1,000,406 |
| Net profit for the financial year | 1,016,099 | 95,213 |
| Transfer of asset revaluation reserve to accumulated profits on disposal of a property | 36,142 | – |
| Dividend paid | (263,867) | (127,388) |
| End of financial year | 1,756,605 | 968,231 |

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

## 33 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 | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Interim dividend of 1 cents (2012: 3 cents) per ordinary share in respect of current year | 9,099 | 27,297 |
| Special dividend of 20 cents (2012: Nil) per ordinary share in respect of current year | 181,977 | – |
| Final dividend of 3 cents (2012: 3 cents) per ordinary share in respect of prior year | 27,297 | 27,298 |
| Special dividend of 5 cents (2012: 8 cents) per ordinary share in respect of prior year | 45,494 | 72,793 |
| | 263,867 | 127,388 |

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 | |
|---|---|---|
| | 2013 $'000 | 2012 $'000 |
| Final dividend of 2 cents (2012: 3 cents) per ordinary share | 18,198* | 27,297* |
| Special dividend of 5 cents per ordinary share in 2012 | – | 45,494* |
| | 18,198 | 72,791 |

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 909,885,860 (2012: 909,885,860) as at 31 December 2013.

In addition, the Group has declared a distribution *in specie* of part of the stapled securities it holds in OUE Hospitality Trust ("OUE H-Trust"), to all the shareholders of the Company in proportion to their shareholdings in the Company. Further details are set out in Note 41.

## 34 COMMITMENTS

### *Capital commitments*

As at 31 December 2013, the Group and the Company have the following capital commitments:

| | Group | | Company | |
|---|---|---|---|---|
| | 2013<br>$'000 | 2012<br>$'000 | 2013<br>$'000 | 2012<br>$'000 |
| Property, plant and equipment | 12,048 | 6,952 | 8,905 | 4,196 |
| Investment properties | 142,170 | 7,787 | – | – |
| Development property | 58,149 | 127,730 | – | – |
| Available-for-sale financial assets | 2,019 | 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 | |
|---|---|---|---|---|
| | 2013<br>$'000 | 2012<br>$'000 | 2013<br>$'000 | 2012<br>$'000 |
| Not later than one year | 13 | 88 | 49,185 | 2,405 |
| Between two and five years | 1,000 | 1,000 | 195,052 | 801 |
| Later than five years | 16,166 | 16,416 | 433,744 | – |
| | 17,179 | 17,504 | 677,981 | 3,206 |

Contingent rent recognised as an expense amounted to $1,144,000 and $14,909,000 (2012: $1,253,000 and $Nil) by the Group and the Company respectively.

### *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 | |
|---|---|---|---|---|
| | 2013<br>$'000 | 2012<br>$'000 | 2013<br>$'000 | 2012<br>$'000 |
| Not later than one year | 108,176 | 103,456 | 3,219 | 34,983 |
| Between two and five years | 170,213 | 187,389 | 4,561 | 62,468 |
| Later than five years | 54,904 | 49,683 | – | – |
| | 333,293 | 340,528 | 7,780 | 97,451 |

Contingent rents, generally determined based on a percentage of tenants' revenue, of $838,000 and $424,000 (2012: $932,000 and $870,000) have been recognised as income by the Group and the Company respectively in profit or loss during the year.



## 35 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, borrowings and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from borrowings denominated in the United States Dollars ("USD"). The other currencies giving rise to this risk include Great Britain Pound ("GBP") and Indonesian Rupiah ("IDR"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in the United States of America, The People's Republic of China and Malaysia.

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

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<br>$'000 | USD<br>$'000 | IDR<br>$'000 | GBP<br>$'000 | Others<br>$'000 | Total<br>$'000 |
| **As at 31 December 2013** | | | | | | |
| Cash and cash equivalents | 691,497 | 35,722 | 404 | – | 2,990 | 730,613 |
| Trade and other receivables | 20,492 | 746 | – | – | 1,012 | 22,250 |
| Other assets * | 7,546 | 1,659 | – | – | 144 | 9,349 |
| Other investments | – | 2,561 | 3,648 | 3,269 | – | 9,478 |
| Available-for-sale financial assets | 182,716 | 10,588 | – | – | – | 193,304 |
| Trade and other payables | (79,035) | (7,464) | – | – | (349) | (86,848) |
| Borrowings | (2,004,160) | (755,113) | – | – | – | (2,759,273) |
| Other liabilities | (18,427) | (1,104) | – | – | – | (19,531) |
| **Net financial (liabilities)/assets** | (1,199,371) | (712,405) | 4,052 | 3,269 | 3,797 | (1,900,658) |
| Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies | 1,199,371 | 242,616 | – | – | (1,556) | 1,440,431 |
| | – | (469,789) | 4,052 | 3,269 | 2,241 | (460,227) |
| Less: Cross currency swaps | – | 470,276 | – | – | – | 470,276 |
| Net exposure | – | 487 | 4,052 | 3,269 | 2,241 | 10,049 |

## 35 FINANCIAL INSTRUMENTS (CONT'D)

| | 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 | (2,132,126) | (459,260) | – | (2,591,386) |
| Other liabilities | (27,051) | – | – | (27,051) |
| **Net financial (liabilities)/assets** | (1,485,292) | (446,781) | 39,360 | (1,892,713) |
| Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies | 1,485,292 | (8,249) | (27,424) | 1,449,619 |
| Net exposure | – | (455,030) | 11,936 | (443,094) |

* Excluding prepayments

The Company is exposed to currency risk on its USD loans provided to subsidiaries amounting to $220,843,000. There was no significant currency risk exposure in the prior year.

*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.

| | Group Increase/(Decrease) | | Company Increase/(Decrease) | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| USD against SGD | | | | |
| – strengthened 4% (2012: 8%) | 1,609 | (36,402) | 8,834 | – |
| – weakened 4% (2012: 8%) | (1,609) | 36,402 | (8,834) | – |
| IDR against SGD | | | | |
| – strengthened 17% (2012: Nil) | 689 | – | – | – |
| – weakened 17% (2012: Nil) | (689) | – | – | – |
| GBP against SGD | | | | |
| – strengthened 4% (2012: Nil) | 131 | – | – | – |
| – weakened 4% (2012: Nil) | (131) | – | – | – |

### 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, 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.





## 35 FINANCIAL INSTRUMENTS (CONT'D)

***Profile***

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

| | Group Notional amount | | Company Notional amount | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| **Fixed rate instruments** | | | | |
| Loans to subsidiaries | – | – | 786,296 | 324,263 |
| Loan to associate | 3,484 | 3,354 | 3,484 | 3,354 |
| Borrowings | (1,000,000) | (1,300,000) | (1,000,000) | (1,300,000) |
| Interest rate swaps | (587,000) | – | – | – |
| | (1,583,516) | (1,296,646) | (210,220) | (972,383) |
| **Variable rate instruments** | | | | |
| Cash and cash equivalents | 283,462 | 264,644 | 251,093 | 222,678 |
| Trade and other receivables | – | – | – | 461,710 |
| Loans to subsidiaries | – | – | 330,847 | 258,000 |
| Trade and other payables | – | – | (143,356) | (143,356) |
| Borrowings | (1,759,273) | (1,276,420) | (50,000) | (450,000) |
| Interest rate swaps | 587,000 | – | – | – |
| | (888,811) | (1,011,776) | 388,584 | 349,032 |

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 (2012: 6 months or less).

*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 and equity (through the impact on variable rate instruments).

| | Profit or loss | | Equity |
|---|---|---|---|
| | Increase/ Decrease in basis points | Effect on profit before tax $'000 | Effect on equity $'000 |
| **Group** | | | |
| **31 December 2013** | +10 | (1,196) | 17 |
| | -10 | 1,242 | (15) |
| **31 December 2012** | +40 | (4,047) | – |
| | -40 | 4,047 | – |
| **Company** | | | |
| **31 December 2013** | +10 | 389 | – |
| | -10 | (389) | – |
| **31 December 2012** | +40 | 1,396 | – |
| | -40 | (1,396) | – |

## 35 FINANCIAL INSTRUMENTS (CONT'D)

### 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 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 | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| **By geographical areas** | | | | |
| Singapore | 25,464 | 38,514 | 1,651,335 | 1,329,184 |
| Indonesia | 876 | 1,055 | 801 | 1,021 |
| The People's Republic of China | 1,245 | 1,080 | 28 | 16 |
| Malaysia | 868 | 255 | 47 | 33 |
| United States of America | 2,420 | – | 10,343 | – |
| Others | 726 | 910 | 422,182 | 428,418 |
| | 31,599 | 41,814 | 2,084,736 | 1,758,672 |
| **By types of customers** | | | | |
| Related parties | 3,542 | 3,569 | 2,070,919 | 1,741,752 |
| Non-related parties | | | | |
| – Multi-national companies | 5,495 | 5,560 | 3,838 | 4,301 |
| – Other companies | 22,024 | 30,528 | 9,979 | 12,617 |
| – Individuals | 538 | 2,157 | – | 2 |
| | 31,599 | 41,814 | 2,084,736 | 1,758,672 |

*Financial assets that are neither past due nor impaired*

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

*Cash and cash equivalents*

The Group and Company held cash and cash equivalents of $730,613,000 and $551,331,000 respectively at 31 December 2013 (2012: $604,637,000 and $430,682,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings assigned by international credit rating agencies.

*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 27) at the end of the reporting period is $324,352,000 (2012:$501,015,000). 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.





## 35 FINANCIAL INSTRUMENTS (CONT'D)

### 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 incur capital expenditure with regard to its property, plant and equipment, investment properties, development property and available-for-sale financial assets (note 34).

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 2013** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade and other payables and other liabilities | 106,379 | (106,379) | (86,848) | (11,334) | (4,479) | (3,718) |
| Borrowings | 2,742,020 | (2,989,690) | (424,412) | (1,088,007) | (1,270,215) | (207,056) |
| | 2,848,399 | (3,096,069) | (511,260) | (1,099,341) | (1,274,694) | (210,774) |
| **Derivative financial instruments** | | | | | | |
| Interest rate swaps (net-settled) | 5,728 | 5,387 | 4,971 | 2,466 | (2,050) | – |
| Cross currency swaps (net-settled) | (4,507) | (4,540) | (97) | (4,443) | – | – |
| | 1,221 | 847 | 4,874 | (1,977) | (2,050) | – |
| | 2,849,620 | (3,095,222) | (506,386) | (1,101,318) | (1,276,744) | (210,774) |
| **At 31 December 2012** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| 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) |

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact profit or loss.

## 35 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 2013** | | | | | | |
| Trade and other payables and other liabilities | 300,744 | (300,744) | (300,098) | (245) | (401) | – |
| Borrowings | 1,044,291 | (1,163,730) | (385,785) | (229,237) | (341,652) | (207,056) |
| | 1,345,035 | (1,464,474) | (685,883) | (229,482) | (342,053) | (207,056) |
| **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) |

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's borrowings.

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 and limited partnership. The fair value of these investments is estimated based on the net asset value of the investee entities adjusted for the fair value of the underlying properties as at the reporting date. When appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments. The fair values of the underlying properties are subject to market risk.

If the adjusted net asset value of the investee entities is to increase/decrease by 10%, the Group's fair value reserve will increase/decrease by approximately $19.6 million (2012: $16.2 million).

(b) The Group is exposed to price changes from its quoted equity investments. If the underlying prices of the investments increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately $0.9 million. There were no such quoted investments in prior year.



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## 35 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 | Designated at fair value $'000 | Fair value – hedging instruments $'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** | | | | | | | | |
| **2013** | | | | | | | | |
| **Assets** | | | | | | | | |
| Cash and cash equivalents | 13 | 730,613 | – | – | – | – | 730,613 | 730,613 |
| Trade and other receivables | 14 | 22,250 | – | – | – | – | 22,250 | 22,250 |
| Other investments | 16 | – | 9,478 | – | – | – | 9,478 | 9,478 |
| Other assets * | 18 | 9,349 | – | – | – | – | 9,349 | 9,349 |
| Available-for-sale financial assets | 19 | – | – | – | 193,304 | – | 193,304 | 193,304 |
| Cross currency swaps | 25 | – | – | 4,507 | – | – | 4,507 | 4,507 |
| | | 762,212 | 9,478 | 4,507 | 193,304 | – | 969,501 | 969,501 |
| **Liabilities** | | | | | | | | |
| Trade and other payables | 26 | – | – | – | – | (86,848) | (86,848) | (86,848) |
| Borrowings | 27 | – | – | – | – | (2,742,020) | (2,742,020) | (2,774,105) |
| Other liabilities | 29 | – | – | – | – | (19,531) | (19,531) | (17,748) |
| Interest rate swaps | 25 | – | – | (5,728) | – | – | (5,728) | (5,728) |
| | | – | – | (5,728) | – | (2,848,399) | (2,854,127) | (2,884,429) |

| | 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 | 26 | – | – | (83,197) | (83,197) | (83,197) |
| Borrowings | 27 | – | – | (2,559,441) | (2,559,441) | (2,597,783) |
| Other liabilities | 29 | – | – | (27,051) | (27,051) | (24,772) |
| | | – | – | (2,669,689) | (2,669,689) | (2,705,752) |

* Excluding prepayments

## 35 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** | | | | | | |
| **2013** | | | | | | |
| **Assets** | | | | | | |
| Cash and cash equivalents | 13 | 551,331 | – | – | 551,331 | 551,331 |
| Trade and other receivables | 14 | 568,559 | – | – | 568,559 | 568,559 |
| Other assets * | 18 | 28,184 | – | – | 28,184 | 28,184 |
| Loans to other subsidiaries | 21 | 1,487,993 | – | – | 1,487,993 | 1,487,993 |
| Available-for-sale financial assets | 19 | – | 182,716 | – | 182,716 | 182,716 |
| | | 2,636,067 | 182,716 | – | 2,818,783 | 2,818,783 |
| **Liabilities** | | | | | | |
| Trade and other payables | 26 | – | – | (300,098) | (300,098) | (300,098) |
| Borrowings | 27 | – | – | (1,044,291) | (1,044,291) | (1,076,376) |
| Other liabilities | 29 | – | – | (646) | (646) | (600) |
| | | – | – | (1,345,035) | (1,345,035) | (1,377,074) |
| **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 | 26 | – | – | (194,970) | (194,970) | (194,970) |
| Borrowings | 27 | – | – | (1,738,079) | (1,738,079) | (1,776,421) |
| Other liabilities | 29 | – | – | (4,729) | (4,729) | (4,283) |
| | | – | – | (1,937,778) | (1,937,778) | (1,975,674) |

* Excluding prepayments



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## 35 FINANCIAL INSTRUMENTS (CONT'D)

### Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

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

### Interest rate used for determining fair values

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

| | 2013 % | 2012 % |
|---|---|---|
| Borrowings | 2.20 – 4.95 | 2.51 – 4.95 |
| Other liabilities | 3.36 | 3.44 |

### 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).
- **Level 3:** unobservable inputs for the asset or liability.

| | Note | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| *Financial assets and financial liabilities carried at fair value* | | | | | |
| **Group** | | | | | |
| **31 December 2013** | | | | | |
| Other investments | 16 | 9,478 | – | – | 9,478 |
| Available-for-sale financial assets | 19 | – | – | 193,304 | 193,304 |
| Cross currency swaps | 25 | – | 4,507 | – | 4,507 |
| Interest rate swaps | 25 | – | (5,728) | – | (5,728) |
| | | 9,478 | (1,221) | 193,304 | 201,561 |
| **31 December 2012** | | | | | |
| Available-for-sale financial assets | 19 | – | – | 162,470 | 162,470 |
| **Company** | | | | | |
| **31 December 2013** | | | | | |
| Available-for-sale financial assets | 19 | – | – | 182,716 | 182,716 |
| **31 December 2012** | | | | | |
| Available-for-sale financial assets | 19 | – | – | 154,156 | 154,156 |

## 35 FINANCIAL INSTRUMENTS (CONT'D)

| | Note | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| *Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed** | | | | | |
| **Group** | | | | | |
| **31 December 2013** | | | | | |
| Borrowings | 27 | – | (2,774,105) | – | (2,774,105) |
| Other liabilities | 29 | – | – | (17,748) | (17,748) |
| | | – | (2,774,105) | (17,748) | (2,791,853) |
| **31 December 2012** | | | | | |
| Borrowings | 27 | – | (2,597,783) | – | (2,597,783) |
| Other liabilities | 29 | – | – | (24,772) | (24,772) |
| | | – | (2,597,783) | (24,772) | (2,622,555) |
| **Company** | | | | | |
| **31 December 2013** | | | | | |
| Borrowings | 27 | – | (1,076,376) | – | (1,076,376) |
| Other liabilities | 29 | – | – | (600) | (600) |
| | | – | (1,076,376) | (600) | (1,076,976) |
| **31 December 2012** | | | | | |
| Borrowings | 27 | – | (1,776,421) | – | (1,776,421) |
| Other liabilities | 29 | – | – | (4,283) | (4,283) |
| | | – | (1,776,421) | (4,283) | (1,780,704) |

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

Further details on the valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 36.

### Level 3 fair values

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 | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| At 1 January | 162,470 | 128,350 | 154,156 | 128,350 |
| Additional investment | 2,013 | 8,314 | – | – |
| Fair value gain recognised in fair value reserve | 28,499 | 25,806 | 28,560 | 25,806 |
| Currency translation differences | 322 | – | – | – |
| At 31 December | 193,304 | 162,470 | 182,716 | 154,156 |

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## 35 FINANCIAL INSTRUMENTS (CONT'D)

The following table shows the key unobservable inputs used in the determination of fair value of the available-for-sale equity securities.

| Valuation techniques | Unobservable input | Inter-relationship between significant unobservable input and fair value measurement |
|---|---|---|
| The fair value is calculated using the net assets values of the investee entities adjusted for the fair value of the underlying properties. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments. | Discount rate (0% – 20%) | A significant increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a significant decrease in the discount rate would result in a significantly higher fair value measurement. |

Where a discount rate is applied and 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 $11.4 million (2012: $10.3 million). Correspondingly, the Group's carrying amount of the unlisted investments will be decreased/increased by the amount.

## 36 DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Investment properties*

The fair values of investment properties are based on independent valuations undertaken. Further information is set out below and in note 22.

*Other investments at fair value through profit or loss*

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

*Available-for-sale financial assets*

The fair value of the Group's investments in an unlisted security and a limited partnership are estimated based on the net asset values of the investee entities, which take into consideration the fair value of the underlying properties held by these entities. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

*Financial derivatives*

The fair values of the cross currency and interest rate swaps (Level 2 fair values) are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the entities and counterparty when appropriate.

*Non-derivative financial liabilities*

Other non-derivative financial liabilities are measured at fair rate at initial recognition and for disclosure purposes, at each reporting date. Fair value of interest-bearing borrowings with a maturity of less than one year or which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing.

Fair value of other non-derivative financial liabilities, 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*

The carrying amounts of financial assets with a maturity of less than one year (including trade and other receivables and cash and cash equivalents) are assumed to approximate their fair values because of the short period to maturity.

## 36 DETERMINATION OF FAIR VALUE (CONT'D)

### Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 35.

The table below analyses non-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 that the Group can access at the measurement date.
- **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).
- **Level 3:** unobservable inputs for the asset or liability.

| | Note | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31 December 2013** | | | | | |
| Investment properties | 22 | – | – | 3,467,003 | 3,467,003 |
| **31 December 2012** | | | | | |
| Investment properties | 22 | – | – | 3,021,000 | 3,021,000 |
| **Company** | | | | | |
| **31 December 2013** | | | | | |
| Investment properties | 22 | – | – | – | – |
| **31 December 2012** | | | | | |
| Investment properties | 22 | – | – | 540,000 | 540,000 |

### Level 3 fair values

The reconciliation from the beginning balances to the ending balances for investment properties is set out in note 22.

The following table shows the key unobservable inputs used in the valuation models as at 31 December 2013:

| Valuation techniques | Unobservable input | Range | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| Discounted cash flow approach | Rent growth rate<br>Discount rate<br>Terminal yield | 0% - 5%<br>7% - 9%<br>4% - 8% | Significant increases in rent growth rate and price per square foot would result in a significantly higher fair value measurement. Conversely, significant increases in discount rate, terminal yield and capitalisation rate in isolation would result in a significantly lower fair value measurement. |
| Capitalisation approach | Capitalisation rate | 3.5% - 6.5% | |
| Market comparable approach | Price per square foot | $429 - $5,361 | |

### Valuation processes applied by the Group

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

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## 37 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 Group's weighted average cost of capital or sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The Group's and the Company's strategies, which remain relatively unchanged from 2012, 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 | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Net debt | 2,117,786 | 2,080,018 | 793,704 | 1,507,096 |
| Total equity | 3,515,024 | 3,173,505 | 2,447,557 | 1,666,765 |
| Total capital | 5,632,810 | 5,253,523 | 3,241,261 | 3,173,861 |
| Gearing ratio | 37.6% | 39.6% | 24.5% | 47.5% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 38 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 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| With associates | | |
| Management fees earned | 4,539 | 5,102 |
| Interest income from loans | 34 | 34 |
| Purchase of food and beverage products | 3 | – |
| With other related parties | | |
| Purchase of food and beverage products | 529 | 414 |
| Rental income | 2,037 | 2,104 |
| Hotel services income | 267 | 130 |
| Professional fees | 575 | 394 |
| Purchase of property, plant and equipment | – | 327 |
| Management fee expenses | 1,767 | – |
| Payments made on behalf for related parties | 27 | – |
| Reimbursement of expenses to related parties | 1,461 | – |

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 2013 $'000 | Group 2012 $'000 |
|---|---|---|
| Short-term employee benefits | 6,107 | 6,765 |
| Post-employment benefits (including Central Provident Fund) | 58 | 74 |
| | 6,165 | 6,839 |



## 39 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.

(iv) Fund management – management of real estate investment trust.

Other operations include mainly investment holding and trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 and 2013.

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.

| | Hospitality | | | Property investments | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Singapore $'000 | China $'000 | Others $'000 | Singapore $'000 | United States of America $'000 | Property development $'000 | Fund management $'000 | Others $'000 | Segment Total $'000 | Elimination and unallocated items $'000 | Total $'000 |
| **2013** | | | | | | | | | | | |
| Revenue | | | | | | | | | | | |
| External revenue | 201,814 | 25,632 | 2,126 | 113,992 | 24,122 | 62,743 | – | 6,037 | 436,466 | 98 | 436,564 |
| Inter-segment revenue | 631 | – | – | 37,792 | – | – | 4,832 | 24 | 43,279 | (43,279) | – |
| **Segment revenue (including inter-segment revenue)** | 202,445 | 25,632 | 2,126 | 151,784 | 24,122 | 62,743 | 4,832 | 6,061 | 479,745 | (43,181) | 436,564 |
| **Segment profit/(loss) before interest and tax** | 49,721 | 367 | 1,092 | (11,109) | 83,783 | 2,713 | 1,974 | (1,411) | 127,130 | (35,240) | 91,890 |
| Depreciation | (15,139) | (4,335) | – | (17) | (7) | – | – | (1,098) | (20,596) | (1,622) | (22,218) |
| Interest expense | (2,893) | – | – | (33,272) | (3,011) | – | – | (418) | (39,594) | (40,011) | (79,605) |
| Interest income | 60 | 656 | – | 3,718 | 10 | – | – | 17 | 4,461 | (2,611) | 1,850 |
| Share of results of associates and jointly controlled entity, net of tax | 5,705 | (36) | – | 11,693 | – | – | – | – | 17,362 | (2) | 17,360 |
| **Other material items** | | | | | | | | | | | |
| Fair value (loss)/gain on investment properties | – | – | – | (120,519) | 73,532 | – | – | – | (46,987) | – | (46,987) |
| Segment assets | 428,443 | 571 | 1,504 | 3,037,462 | 571,890 | 857,726 | 1,985 | 221,695 | 5,121,276 | 576,447 | 5,697,723 |
| Investment in associates and jointly controlled entity | 38,582 | 11,369 | – | 644,629 | – | – | – | – | 694,580 | 25,894 | 720,474 |
| Segment liabilities | 23,586 | 264 | 84 | 1,105,452 | 282,549 | 373,779 | 1,312 | 1,521 | 1,788,547 | 1,114,626 | 2,903,173 |
| Capital expenditure | 14,589 | 1,712 | – | 22,480 | 3,927 | – | 96 | 2,816 | 45,620 | – | 45,620 |

## 39 SEGMENT INFORMATION (CONT'D)

| | 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 |
| **2012** | | | | | | | | | |
| Revenue | | | | | | | | | |
| External revenue | 200,218 | 38,085 | 1,107 | 144,657 | 31,387 | 2,424 | 417,878 | 85 | 417,963 |
| Inter-segment revenue | 109 | – | – | 2,469 | – | – | 2,578 | (2,578) | – |
| **Segment revenue (including inter-segment revenue)** | 200,327 | 38,085 | 1,107 | 147,126 | 31,387 | 2,424 | 420,456 | (2,493) | 417,963 |
| **Segment profit/(loss) before interest and tax** | 83,539 | 8,724 | 991 | 108,207 | 4,722 | 4,748 | 210,931 | (22,394) | 188,537 |
| Depreciation | (17,906) | (5,707) | – | (30) | – | – | (23,643) | (1,110) | (24,753) |
| Interest expense | (2,901) | – | – | (41,841) | – | (42) | (44,784) | (43,571) | (88,355) |
| Interest income | 66 | 589 | 54 | 4,323 | – | 102 | 5,134 | (2,464) | 2,670 |
| Share of results of associates and jointly controlled entity, net of tax | 6,317 | (70) | – | (30,375) | – | – | (24,128) | (7) | (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 | 453,136 | 157,597 | 708 | 3,097,917 | 813,009 | 188,911 | 4,711,278 | 454,812 | 5,166,090 |
| Investment in associates and jointly controlled entity | 35,735 | 11,018 | – | 642,537 | – | – | 689,290 | 32,127 | 721,417 |
| Segment liabilities | 26,106 | 5,243 | 84 | 490,846 | 378,706 | 1,206 | 902,191 | 1,811,811 | 2,714,002 |
| Capital expenditure | 5,423 | 1,655 | – | 9,511 | – | 3,580 | 20,169 | 9,274 | 29,443 |

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

| | 2013 $'000 | 2012 $'000 |
|---|---|---|
| ***Revenue*** | | |
| Total revenue for reportable segments | 473,684 | 418,032 |
| Revenue for other segment | 6,061 | 2,424 |
| Unallocated amounts | 3,552 | 3,037 |
| Elimination of inter-segment revenue | (46,733) | (5,530) |
| Consolidated total revenue | 436,564 | 417,963 |
| ***Profit or loss*** | | |
| Total profit or loss before interest and tax for reportable segments | 128,541 | 206,183 |
| Profit or loss before interest and tax for other segment | (1,411) | 4,748 |
| Elimination of inter-segment profits | (799) | (749) |
| Interest expense | (79,605) | (88,355) |
| Interest income | 1,850 | 2,670 |
| Unallocated corporate expenses | (34,441) | (21,645) |
| Consolidated profit before tax | 14,135 | 102,852 |





## 39 SEGMENT INFORMATION (CONT'D)

### Reconciliations of reportable segment assets and liabilities

| | 2013 $'000 | 2012 $'000 |
|---|---|---|
| ***Assets*** | | |
| Total assets for reportable segments | 4,899,581 | 4,522,367 |
| Assets for other segment | 221,695 | 188,911 |
| Investment in associates and jointly controlled entity | 694,580 | 689,290 |
| | 5,815,856 | 5,400,568 |
| Elimination of inter-segment transactions | (5,117) | (5,928) |
| Other unallocated amounts | | |
| – Property, plant and equipment | 15,855 | 15,190 |
| – Investment in associates | 25,894 | 32,127 |
| – Cash and cash equivalents | 560,988 | 432,808 |
| – Trade and other receivables | 541 | 10,045 |
| – Other assets | 4,180 | 1,760 |
| – Deferred tax assets | – | 937 |
| Consolidated total assets | 6,418,197 | 5,887,507 |
| ***Liabilities*** | | |
| Total liabilities for reportable segments | 1,787,026 | 900,985 |
| Liabilities for other segment | 1,521 | 1,206 |
| Other unallocated amounts | | |
| – Borrowings | 1,044,290 | 1,753,046 |
| – Trade and other payables | 21,290 | 24,916 |
| – Current tax liabilities | 10,724 | 23,013 |
| – Deferred tax liabilities | 38,322 | 6,334 |
| – Other liabilities | – | 4,502 |
| Consolidated total liabilities | 2,903,173 | 2,714,002 |

### Geographical information

| | Revenue | | Non-current assets * | |
|---|---|---|---|---|
| | 2013 $'000 | 2012 $'000 | 2013 $'000 | 2012 $'000 |
| Singapore | 384,684 | 378,771 | 4,039,996 | 4,113,013 |
| The People's Republic of China | 25,632 | 38,085 | 11,369 | 135,660 |
| United States of America | 24,122 | – | 546,107 | – |
| Others | 2,126 | 1,107 | – | 32,127 |
| | 436,564 | 417,963 | 4,597,472 | 4,280,800 |

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

There is no single external customer who contributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2012 and 2013.

## 40 DISPOSAL OF SUBSIDIARIES

The list of significant subsidiaries disposed during the year is as follows:

| Name of subsidiary | Date of disposal | Effective interest disposed |
|---|---|---|
| Hotel Investment (Hainan) Private Limited | September 2013 | 100% |
| Hainan Mandarin Hotel Limited | September 2013 | 100% |
| Hotel Investment (Shantou) Private Limited | September 2013 | 80% |
| Meritus Shantou Hotel Co., Ltd. | September 2013 | 80% |

The disposed subsidiaries contributed net loss of $285,000 to the Group from 1 January 2013 to the date of disposal.

***Effect of disposals***

The cash flow and net assets of subsidiaries disposed are as follows:

| | Note | Group $'000 |
|---|---|---|
| Property, plant and equipment | 23 | 128,604 |
| Cash and cash equivalents | | 34,145 |
| Trade and other receivables | | 1,073 |
| Inventory | | 730 |
| Trade and other payables | | (4,077) |
| Loan from non-controlling interests | | (14,966) |
| Current tax payable | | (121) |
| Non-controlling interests | | (1,752) |
| Net identified assets | | 143,636 |
| Realisation of foreign currency translation reserve | | (8,666) |
| Loss on disposal of subsidiaries (including transaction costs) | | (3,497) |
| Total consideration | | 131,473 |
| Excess consideration received to be refunded | | 288 |
| Less: transaction costs not yet paid | | (300) |
| Cash and cash equivalents disposed | | (34,145) |
| Net cash inflow | | 97,316 |

## 41 SUBSEQUENT EVENT

(i) Listing of OUE Commercial Real Estate Investment Trust

On 27 January 2014, the Group completed the listing of OUE Commercial Real Estate Investment Trust ("OUE C-REIT") on the Main Board of the Singapore Stock Exchange Securities Trading Limited (the "SGX-ST"). The Group holds an effective interest of 47.8% in OUE C-REIT as at 5 March 2014.

(ii) Distribution *In Specie*

On 27 February 2014, the Group declared a distribution *in specie* of the stapled securities it holds in a subsidiary, OUE Hospitality Trust ("OUE H-Trust"), to all the shareholders of the Company in proportion to their shareholdings in the Company (the "Distribution *In Specie*"). The Distribution *In Specie* was approved by the shareholders at an extraordinary general meeting of the Company held on 4 December 2013. Shareholders entitled to the Distribution *In Specie* will receive one stapled security for every six ordinary shares in the Company. The distribution is expected to be completed by 31 March 2014. Subsequent to the distribution, the Group's effective interest in OUE H-Trust is expected to be reduced from 45.3% to 33.9%.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

## 42 LISTING OF COMPANIES IN THE GROUP

| Name of Company | Principal activities | Country of incorporation | % of Paid-up Capital held by The Company 2013 % | The Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % |
|---|---|---|---|---|---|---|
| **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 and resort | Thailand | – | – | 49[(j)] | 49[(j)] |
| SMI Services (Thailand) Co., Ltd. [(c)] | Managers and operators of food & beverage, entertainment and recreational outlets | Thailand | – | – | 49[(j)] | 49[(j)] |
| 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 | – | – |
| Imperial Development Pte. Ltd. | Investment holding | Singapore | – | – | 100 | 100 |
| Reef Development Holdings Pte. Ltd. | Investment holding | Singapore | 100 | 100 | – | – |
| OUE Reef Development Pte. Ltd. [(f)] | Investment holding | Singapore | – | – | 100 | 100 |

## 42 LISTING OF COMPANIES IN THE GROUP (CONT'D)

| Name of Company | Principal activities | Country of incorporation | % of Paid-up Capital held by The Company 2013 % | The Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| 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 | – | – |
| Hainan Mandarin Hotel Limited [b] | Hotel Operation | The People's Republic of China | – | – | – | 100 |
| Hotel Investment (Shantou) Private Limited | Investment holding | Singapore | – | 80 | – | – |
| Meritus Shantou Hotel Co., Ltd. [b] | Hotel Operation | The People's Republic of China | – | – | – | 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 | – | – |
| 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 |



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

42 LISTING OF COMPANIES IN THE GROUP (CONT'D)

| Name of Company | Principal activities | Country of incorporation | % of Paid-up Capital held by The Company 2013 % | The Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| 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 Commercial Property Management Pte. Ltd. (formerly known as OUE Hotel Properties (Narita) Pte. Ltd.) | Commerical and industrial real estate management | Singapore | 100 | – | – | 100 |
| Beringia Singapore Pte. Ltd. (formerly known as OUE Hotel Services (Narita) Pte. Ltd.) | Investment holding | Singapore | – | – | 100 | 100 |
| OUE Property Management Pte. Ltd. (formerly known as OUE Global Pte. Ltd.) | Commercial and industrial real estate management | Singapore | 100 | 100 | – | – |
| Clovis Singapore Pte. Ltd. (formerly known as LOC Korea Investment Pte. Ltd.) | Investment holding | Singapore | – | – | 100 | 100 |
| OUE International Holdings Pte. Ltd. | Investment holding | Singapore | 100 | 100 | – | – |
| OUE Worldwide Pte. Ltd. | Investment holding | Singapore | – | – | 100 | 100 |
| Madison Central Co., Ltd. [f] | Investment holding | Delaware, The United States of America | – | – | 100 | 100 |
| LOCZ Holdings Pte. Ltd. [g] | Investment holding | Singapore | – | – | – | 100 |
| LOCZ Korea Investment Pte. Ltd. [g] | Investment holding | Singapore | – | – | – | 100 |
| LOCZ Korea Corporation [h] | Investment holding | Korea | – | – | – | 100 |

## 42 LISTING OF COMPANIES IN THE GROUP (CONT'D)

| Name of Company | Principal activities | Country of incorporation | % of Paid-up Capital held by The Company 2013 % | The Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| OUE Restaurants Pte. Ltd. (formerly known as OUE Retail Management Services Pte. Ltd.) | Restaurants, cafes and bars | Singapore | 100 | 100 | – | – |
| Shantou Tianyi Management Co., Ltd. (b) | KTV Operation | The People's Republic China | – | – | – | 99 |
| Arbon Holdings Ltd (f) | Investment holding | Cayman Islands | 100 | 50 | – | – |
| Arbon Pte. Ltd. | Investment holding | Singapore | – | – | 100 | – |
| OUE Baytown Pte. Ltd. | Investment holding | Singapore | – | – | 100 | – |
| Beringia Properties Corp. (f) | Property investment | Delaware, The United States of America | – | – | 100 | – |
| Beringia Central LLC (e) | Property holding | Delaware, The United States of America | – | – | 100 | – |
| OUE USA Services Corp. (f) | Property investment advisory services | Delaware, The United States of America | – | – | 100 | – |
| Clovis Central LLC (formerly known as OUE US Services LLC) (f) | Property investment advisory services | Delaware, The United States of America | – | – | 100 | – |
| Clovis Properties Corp. (f) | Property investment holding | Delaware, The United States of America | – | – | 100 | – |
| OUE Hospitality Trust (k) | Real estate investment trust/ property business trust (l) | Singapore | 45.2 | – | – | – |
| OUE Hospitality REIT Management Pte. Ltd. | REIT manager for the REIT | Singapore | 100 | – | – | – |
| OUE Commercial REIT Management Pte. Ltd. | REIT manager for the REIT | Singapore | 100 | – | – | – |
| OUE Hospitality Trust Management Pte. Ltd. | Trustee-manager for the Business Trust | Singapore | 100 | – | – | – |
| PT. MHPL Indonesia (f) | Business management and consultation | Indonesia | – | – | 100 | – |
| OUE Properties (East Asia) Limited (f) | Investment holding | British Virgin Islands | – | – | 100 | – |



NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

## 42 LISTING OF COMPANIES IN THE GROUP (CONT'D)

| Name of Company | Principal activities | Country of incorporation | % of Paid-up Capital held by The Company 2013 % | The Company 2012 % | Subsidiaries 2013 % | Subsidiaries 2012 % |
|---|---|---|---|---|---|---|
| **Subsidiaries** | | | | | | |
| OUE Properties (Hong Kong) Co., Limited (f) | Body corporate | Hong Kong | – | – | 100 | – |
| **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. (i) | Investment holding | Malaysia | 30 | 30 | – | – |
| Aquamarina Hotel Private Limited | Hotel operation | Singapore | – | – | 25 | 25 |
| **Jointly controlled entity** | | | | | | |
| OCZ Holdings Pte. Ltd. (m) | Investment holding | Singapore | – | – | 50 | 100 |

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 KPMG US.

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

(g) Audited by Ernst & Young LLP.

(h) Audited by Ernst & Young Korea.

(i) Audited by BDO, Malaysia.

(j) 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.

(k) Considered to be a subsidiary as the Group has control over the financial and operating policies of this entity.

(l) OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust, and OUE Hospitality Business Trust is dormant.

(m) Considered to be a jointly-controlled entity as the Group has joint control over the financial and operating policies of this entity.

# SHAREHOLDING STATISTICS

As at 13 March 2014

| | | |
|---|---|---|
| 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 | 46 | 0.41 | 9,270 | 0.00 |
| 1,000 – 10,000 | 8,877 | 78.14 | 41,701,177 | 4.58 |
| 10,001 – 1,000,000 | 2,412 | 21.23 | 84,119,988 | 9.25 |
| 1,000,001 and above | 25 | 0.22 | 784,055,425 | 86.17 |
| **TOTAL** | **11,360** | **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 | 530,269,543 | 58.28 |
| 2. | HSBC (SINGAPORE) NOMINEES PTE LTD | 113,550,484 | 12.48 |
| 3. | CITIBANK NOMINEES SINGAPORE PTE LTD | 54,902,990 | 6.03 |
| 4. | RAFFLES NOMINEES (PTE) LTD | 16,592,233 | 1.82 |
| 5. | PARAMOUNT ASSETS INVESTMENTS PTE LTD | 10,600,000 | 1.16 |
| 6. | UNITED OVERSEAS BANK NOMINEES PTE LTD | 10,149,440 | 1.12 |
| 7. | DBSN SERVICES PTE LTD | 6,586,255 | 0.72 |
| 8. | LEE PINEAPPLE COMPANY PTE LTD | 5,000,000 | 0.55 |
| 9. | OCBC SECURITIES PRIVATE LTD | 4,701,005 | 0.52 |
| 10. | BANK OF SINGAPORE NOMINEES PTE LTD | 3,766,398 | 0.41 |
| 11. | UOB KAY HIAN PTE LTD | 3,419,000 | 0.38 |
| 12. | PHILLIP SECURITIES PTE LTD | 2,980,299 | 0.33 |
| 13. | BNP PARIBAS SECURITIES SERVICES | 2,737,038 | 0.30 |
| 14. | HENG SIEW ENG | 2,737,000 | 0.30 |
| 15. | TAN BOY TEE | 2,000,000 | 0.22 |
| 16. | OCBC NOMINEES SINGAPORE PTE LTD | 1,803,000 | 0.20 |
| 17. | CIMB SECURITIES (SINGAPORE) PTE LTD | 1,791,000 | 0.20 |
| 18. | MAYBANK KIM ENG SECURITIES PTE LTD | 1,721,000 | 0.19 |
| 19. | LEE SENG TEE | 1,500,000 | 0.17 |
| 20. | TERRY TAN SOON LEE @ HUIRI AMITA | 1,319,000 | 0.14 |
| | **TOTAL** | **778,125,685** | **85.52** |

* The shareholding percentage is calculated based on the number of issued ordinary shares of the Company (excluding treasury shares) as at 13 March 2014.

# SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 13 March 2014

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares | % | Number of Shares | % |
| 1. OUE Realty Pte. Ltd. ("**OUER**") | 502,513,060 | 55.23[19] | – | – |
| 2. Golden Concord Asia Limited ("**GCAL**") | 116,403,350 | 12.79[19] | 502,513,060[1] | 55.23[19] |
| 3. Fortune Code Limited ("**FCL**") | – | – | 618,916,410[2] | 68.02[19] |
| 4. Lippo ASM Asia Property Limited ("**LAAPL**") | – | – | 618,916,410[3] | 68.02[19] |
| 5. Pacific Landmark Holdings Limited ("**Pacific Landmark**") | – | – | 618,916,410[4] | 68.02[19] |
| 6. HKC Property Investment Holdings Limited ("**HKC Property**") | – | – | 618,916,410[5] | 68.02[19] |
| 7. Hongkong Chinese Limited ("**HCL**") | – | – | 618,916,410[6] | 68.02[19] |
| 8. Hennessy Holdings Limited ("**HHL**") | – | – | 618,916,410[7] | 68.02[19] |
| 9. Prime Success Limited ("**PSL**") | – | – | 618,916,410[8] | 68.02[19] |
| 10. Lippo Limited ("**LL**") | – | – | 618,916,410[9] | 68.02[19] |
| 11. Lippo Capital Limited ("**LCL**") | – | – | 618,916,410[10] | 68.02[19] |
| 12. Lanius Limited ("**Lanius**") | – | – | 618,916,410[11] | 68.02[19] |
| 13. Admiralty Station Management Limited ("**Admiralty**") | – | – | 618,916,410[12] | 68.02[19] |
| 14. ASM Asia Recovery (Master) Fund ("**AARMF**") | – | – | 618,916,410[13] | 68.02[19] |
| 15. ASM Asia Recovery Fund ("**AARF**") | – | – | 618,916,410[14] | 68.02[19] |
| 16. Argyle Street Management Limited ("**ASML**") | – | – | 618,916,410[15] | 68.02[19] |
| 17. Argyle Street Management Holdings Limited ("**ASMHL**") | – | – | 618,916,410[16] | 68.02[19] |
| 18. Kin Chan ("**KC**") | – | – | 618,916,410[17] | 68.02[19] |
| 19. V-Nee Yeh ("**VY**") | – | – | 618,916,410[18] | 68.02[19] |

Notes:

(1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.

(2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(4) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(5) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(6) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(7) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(8) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(9) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(10) LCL is a holding company of Pacific Landmark. Accordingly, LCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(11) Lanius is the holder of the entire issued share capital of LCL, which in turn is a holding company of Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include Stephen Riady and other members of his family. Stephen Riady is the Executive Chairman of the Company. Stephen Riady is also the Chairman of LL and HCL, both of which have a deemed interest in the Shares.

# SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 13 March 2014

(12) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(13) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(14) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Shares in which AARMF has a deemed interest.

(15) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Shares in which AARF has a deemed interest.

(16) ASMHL is the holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(17) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(18) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(19) The shareholding percentage is calculated based on 909,885,860 issued shares (excluding treasury shares) as at 13 March 2014.

# 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 13 March 2014, approximately 31.95% of its Shares listed on the Exchange were held in the hands of the public.

# INTERESTED PERSON TRANSACTION

entered into during the financial year 2013

| 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) |
|---|---|---|
| LMIRT Management Ltd. | $505,044 | – |
| Auric Pacific Group Limited | $4,405,713 | – |
| Lippo Realty (Singapore) Pte. Limited | $653,420 | – |
| Bowsprit Capital Corporation Limited | $328,766 | – |
| TSMP Law Corporation | $575,398 | – |

# NOTICE OF ANNUAL GENERAL MEETING

**OUE LIMITED**
Company Registration No.: 196400050E

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of OUE Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Tuesday, 29 April 2014 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 2013 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 2 cents per ordinary share for the year ended 31 December 2013.

3. To approve Directors' Fees of $518,750 for the year ended 31 December 2013 (2012: $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) Dr. Stephen Riady

   (b) Mr. Kelvin Lo Kee Wai

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,

   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
11 April 2014
Singapore

NOTICE OF
ANNUAL GENERAL MEETING
OUE 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 Dr. Stephen Riady, who is a non-independent Director. Dr. Riady is also the executive Chairman of the Board.

**Resolution 5(b)**

To re-elect Mr. Kelvin Lo Kee Wai, who is a non-executive independent Director. Mr. Lo will, upon re-election, continue to serve as Chairman of the Audit Committee, a member of each of the Nominating Committee and the Remuneration 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

**OUE LIMITED**
(Incorporated in the Republic of Singapore)
*(Company Registration Number: 196400050E)*

**IMPORTANT:**

1. For investors who have used their CPF monies to buy OUE 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 OUE LIMITED (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the **Fifty-First Annual General Meeting** of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on **Tuesday, 29 April 2014 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 | | |
| 3. | Directors' fees | | |
| 4. | Re-appointment of Mr. Thio Gim Hock as Director | | |
| 5. | (a) Re-election of Dr. Stephen Riady as Director | | |
| | (b) Re-election of Mr. Kelvin Lo Kee Wai as Director | | |
| 6. | Re-appointment of Auditors | | |
| 7. | Authority for Directors to issue shares | | |

Dated this ____________ day of ____________ 2014

| Total No. of Share 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. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all shares held by you.

2. 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.

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. 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.

5. 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.

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 officer or attorney duly authorised.

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 other authority) 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. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. 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.

A **RAINDANCE** DESIGN & PRODUCTION

**OUE LIMITED**
COMPANY REG. No.: 196400050E

**WWW.OUE.COM.SG**