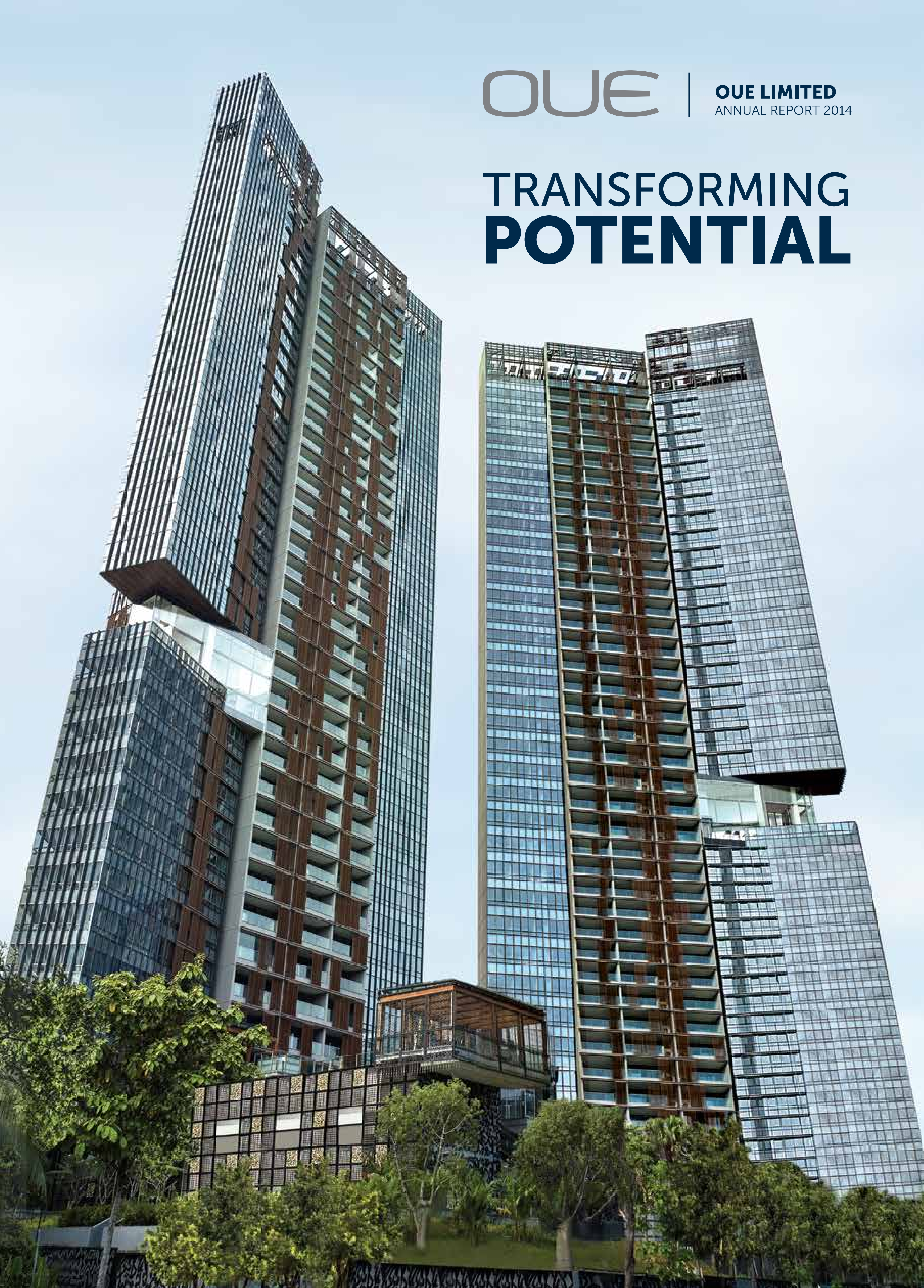
OUE LIMITED
ANNUAL REPORT 2014

TRANSFORMING **POTENTIAL**



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OUE

OUE is a diversified real estate owner, developer and operator with presence in Asia and the United States, delivering expertise in commercial, hospitality, retail and residential developments.

OUE looks at every development as an opportunity to transform the function, practicality, effectiveness, perception and value of a place. We call this transformational thinking.

OUE's transformational thinking comes from an understanding and appreciation of the interaction between every aspect of a development – from the materials we use, to the spaces we define, to the people and businesses who use them. It is about connecting buildings with the community. It is about fulfilling the needs of today and anticipating the needs of the future.

COVER

OUE's vision is to transform the future of buildings, places and people. OUE looks at what a place or a building could be and what is needed in the future.

OUE Twin Peaks has created an urban resort living – place integrated with its landscape and interwoven into the lives of the community.

TRANSFORMING EXPERIENCES

Nestled in a tranquil enclave within the bustling Orchard Road district, OUE Twin Peaks redefines urban resort living for its residents.

In collaboration with renowned landscape architect Bill Bensley, OUE creates an expansive living space that is both energising and inspirational.

TRANSFORMING SPACE TO PLACE

In 2011, OUE acquired Crowne Plaza Changi Airport and in 2014, obtained the right to build an additional 243 rooms in a 10-storey extension on the adjacent site.

With its connectivity to the passenger terminals of Changi Airport, the 563-room hotel will be well-positioned to capitalise on the ever-increasing passenger traffic going through the world's sixth busiest airport for international travel.

Artist's impression of Crowne Plaza Changi Airport Extension

Artist's impression of OUE Downtown

TRANSFORMING DESTINATIONS

OUE Downtown is being transformed from a primarily commercial landmark in the heart of Singapore's business district into a vibrant mixed-use development combining retail, office space and serviced suites.

Set to regenerate the lower Downtown Core, OUE Downtown will spur growth and raise the quality of life for the working population and residents in the area.

Artist's impression of Downtown Gallery

GROUP AT A GLANCE

COMMERCIAL

Strategically located at Collyer Quay in Singapore's central business district and overlooking the revitalised Marina Bay area, **OUE Bayfront** is a major transformation of what was previously the Overseas Union House.

Asset enhancement works were completed in 2011. Today, **OUE Bayfront** is a 18-storey premium Grade-A office building with a diversified tenant base, and its ancillary properties - **OUE Tower** and **OUE Link** - offer a vast array of retail and dining options.

Forming part of the portfolio of OUE Commercial REIT, this property enjoys steady occupancy and a healthy rental outlook.

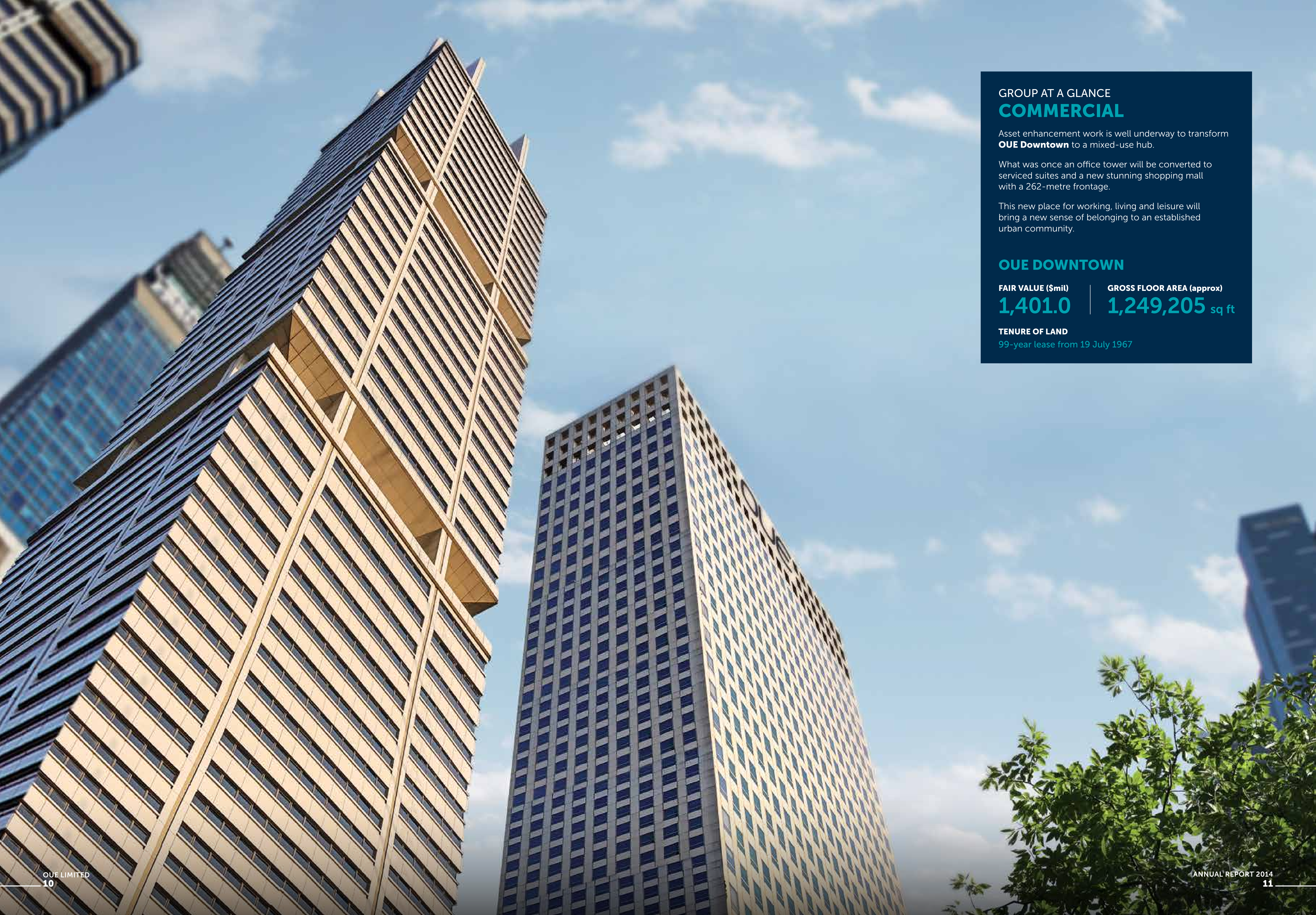
OUE BAYFRONT
(Including OUE Tower and OUE Link)

FAIR VALUE ($mil)
1,135.0

GROSS FLOOR AREA (approx)
503,482 sq ft

TENURE OF LAND

OUE Bayfront & OUE Tower: 99-year lease from 12 November 2007
OUE Link: 15-year lease from 26 March 2010
Underpass: 99-year lease from 7 January 2002



GROUP AT A GLANCE
COMMERCIAL

Asset enhancement work is well underway to transform **OUE Downtown** to a mixed-use hub.

What was once an office tower will be converted to serviced suites and a new stunning shopping mall with a 262-metre frontage.

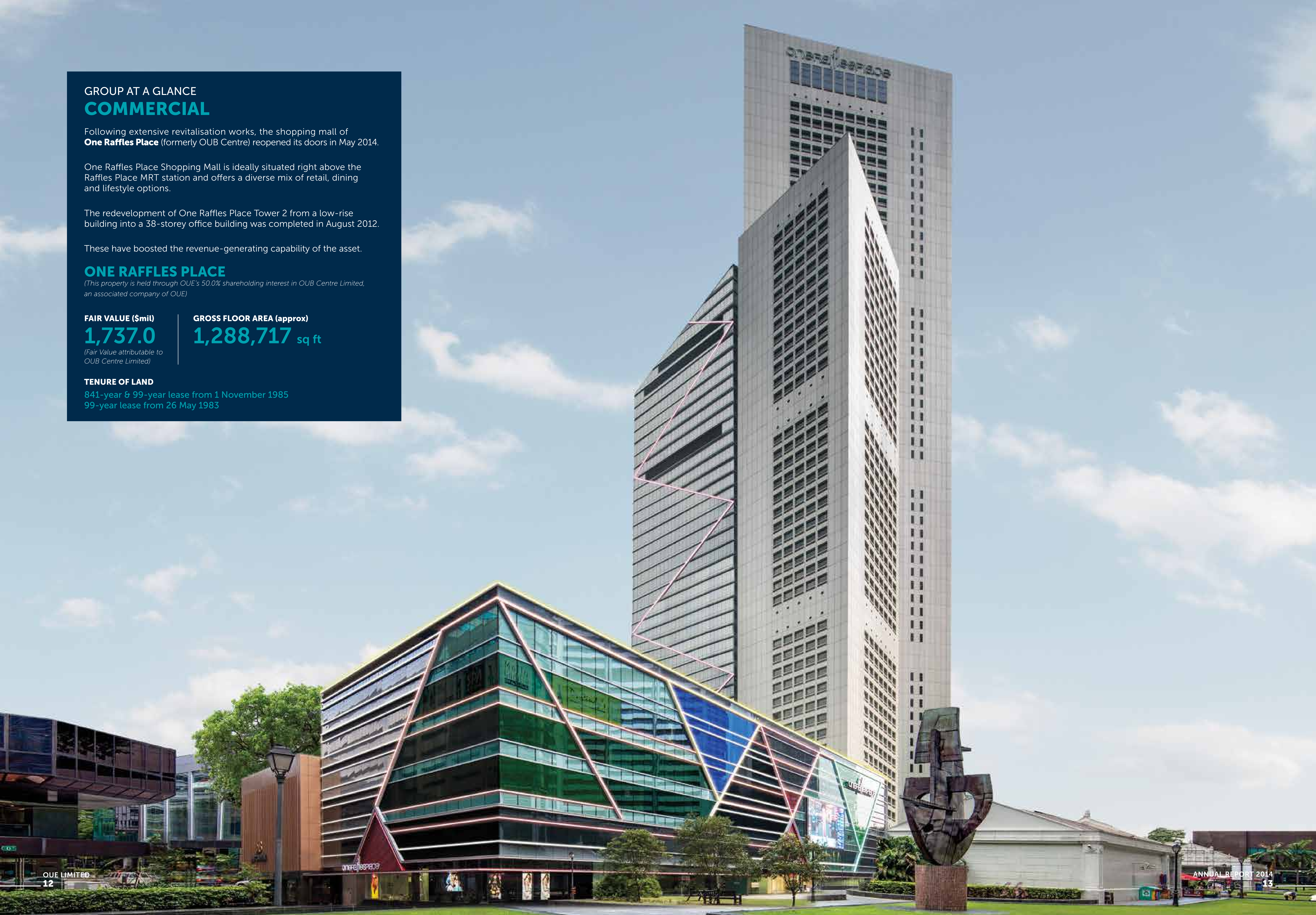
This new place for working, living and leisure will bring a new sense of belonging to an established urban community.

OUE DOWNTOWN

FAIR VALUE ($mil)
1,401.0

GROSS FLOOR AREA (approx)
1,249,205 sq ft

TENURE OF LAND
99-year lease from 19 July 1967



GROUP AT A GLANCE

COMMERCIAL

Following extensive revitalisation works, the shopping mall of **One Raffles Place** (formerly OUB Centre) reopened its doors in May 2014.

One Raffles Place Shopping Mall is ideally situated right above the Raffles Place MRT station and offers a diverse mix of retail, dining and lifestyle options.

The redevelopment of One Raffles Place Tower 2 from a low-rise building into a 38-storey office building was completed in August 2012.

These have boosted the revenue-generating capability of the asset.

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 ($mil)

1,737.0

(Fair Value attributable to OUB Centre Limited)

GROSS FLOOR AREA (approx)

1,288,717 sq ft

TENURE OF LAND

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

GROUP AT A GLANCE
COMMERCIAL

U.S. Bank Tower was added to OUE's stable of assets in June 2013. The tower is amongst the world's 100 tallest buildings and the most recognisable office building in downtown Los Angeles.

In line with OUE's track record in active value creation, asset enhancement projects are well underway to transform the tower to include two upscale restaurants and an open-air observation deck, the first of its kind in southern California.

U.S. BANK TOWER

FAIR VALUE (US$mil)	GROSS FLOOR AREA (approx)
487.0	1,869,123 sq ft

TENURE OF LAND
Freehold

GROUP AT A GLANCE

COMMERCIAL

Part of the portfolio of OUE Commercial REIT, **Lippo Plaza** is a 36-storey Grade-A commercial building located in the heart of the Huangpu commercial district in central Shanghai.

Excellent connectivity and convenient access to major transportation networks make Lippo Plaza home to a diversified tenant base that includes multinational corporations, international financial institutions and Chinese state-owned enterprises.

LIPPO PLAZA

FAIR VALUE (RMBmil)
2,340.0

GROSS FLOOR AREA (approx)
629,925 sq ft

TENURE OF LAND
50-year lease from 2 July 1994

GROUP AT A GLANCE
HOSPITALITY

Located in the heart of Orchard Road, **Mandarin Orchard Singapore** is a renowned upscale hotel and an icon of Asian hospitality in Singapore since 1971.

Boasting 1,077 rooms, the hotel is popular with both business and leisure visitors to Singapore.

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

MANDARIN ORCHARD SINGAPORE

FAIR VALUE ($mil)	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

Crowne Plaza Changi Airport is a 320-room business hotel. The hotel is situated within the vicinity of the passenger terminals of Changi Airport and close to the Changi Business Park. Owing to its strategic location, the hotel not only serves as an airport hotel but also caters to the needs of corporate travelers with offices located at the nearby business park.

OUE is building an additional 243 rooms on the site adjacent to the Crowne Plaza Changi Airport. When completed, it will increase the total inventory of rooms at the hotel to 563.

OUE Hospitality Trust (OUE H-TRUST) completed the acquisition of the 320-room Crowne Plaza Changi Airport on 30 January 2015. The acquisition of the 243-room extension by OUE H-TRUST is intended to take place when the extension is completed and temporary occupation permit is obtained.

CROWNE PLAZA CHANGI AIRPORT

FAIR VALUE ($mil)
290.0

GROSS FLOOR AREA (approx)
336,894 sq ft

TENURE OF LAND
77-year lease from 12 December 2006

CROWNE PLAZA CHANGI AIRPORT EXTENSION

FAIR VALUE ($mil)
205.0

GROSS FLOOR AREA (approx)
103,495 sq ft

TENURE OF LAND
77-year lease from 12 December 2006

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

GROUP AT A GLANCE

HOSPITALITY

Marina Mandarin Singapore is a distinguished, upscale business hotel favoured by discerning international travellers. Located right in the heart of the Marina Bay area and within Singapore's financial district, the 575-room hotel offers breath-taking views of the Marina Bay and the Singapore skyline.

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

MARINA MANDARIN SINGAPORE

FAIR VALUE ($mil)
570.0

GROSS FLOOR AREA (approx)
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

Nestled along the white sandy shores of the famous Cenang Beach in Langkawi, the resort features 355 guestrooms housed in wooden chalets in the style of a traditional Malay village.

Boasting a lush tropical environment and equipped with modern conveniences, **Meritus Pelangi Beach Resort & Spa**, **Langkawi** makes for an ideal destination, be it for a corporate retreat or family getaway.

GROUP AT A GLANCE

RETAIL

Featuring a 152 metre-wide frontage along Orchard Road, **Mandarin Gallery** is a prime retail landmark in this popular shopping belt.

As the preferred location for flagship stores of international designers and lifestyle brands, this sophisticated mall boasts a unique and distinctive tenant mix.

Mandarin Gallery was divested to the OUE Hospitality Trust in July 2013.

MANDARIN GALLERY

FAIR VALUE ($mil)	GROSS FLOOR AREA (approx)
536.0	196,336 sq ft

TENURE OF LAND

99-year lease from 9 July 1957

GROUP AT A GLANCE

RESIDENTIAL

OUE Twin Peaks, the Group's landmark residential project aims to redefine urban resort living with its lush tropical gardens, artful lighting and water features designed by landscape architect extraordinaire Bill Bensley. Residents can bask in the expansive living spaces which also include a triple-volume indoor and outdoor sky gym on the 13th floor; and Sky Loggias on the 36th floor that offers a panoramic view of the Singapore cityscape and beyond.

OUE TWIN PEAKS

BOOK VALUE ($mil)
819.6

GROSS FLOOR AREA (approx)
436,168 sq ft
(includes balcony)

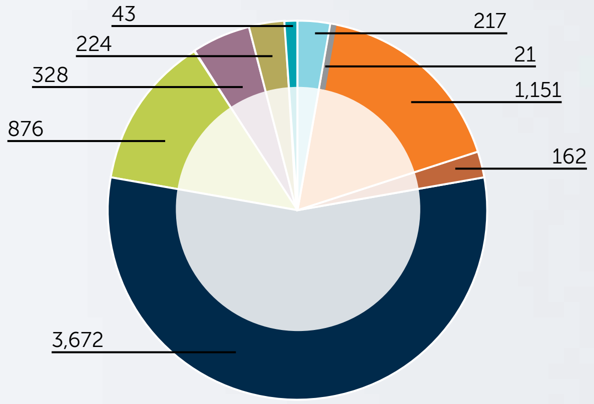
TENURE OF LAND
99-year lease from 10 May 2010

OVERVIEW OF GROUP FINANCIAL POSITION

TOTAL ASSETS OWNED ($ MILLION)

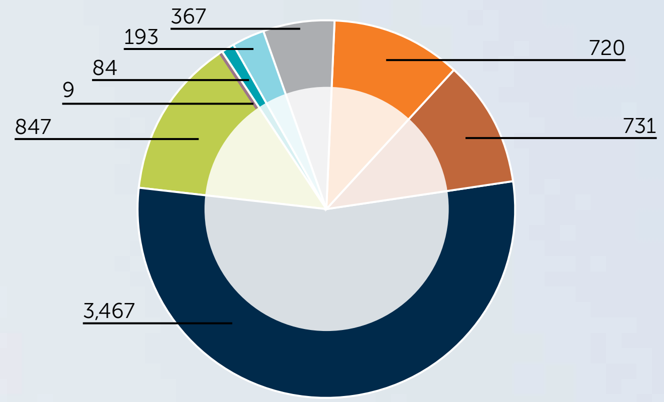
2014

6,694



2013

6,418

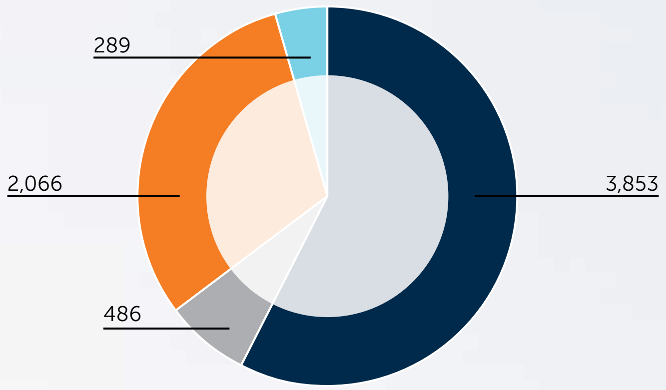


- Available-for-sale financial assets
- Property, plant and equipment
- Investments in equity-accounted investees
- Cash and cash equivalents
- Investment properties
- Development properties
- Assets held for sale
- Other investments
- Others

TOTAL LIABILITIES OWNED AND CAPITAL INVESTED ($ MILLION)

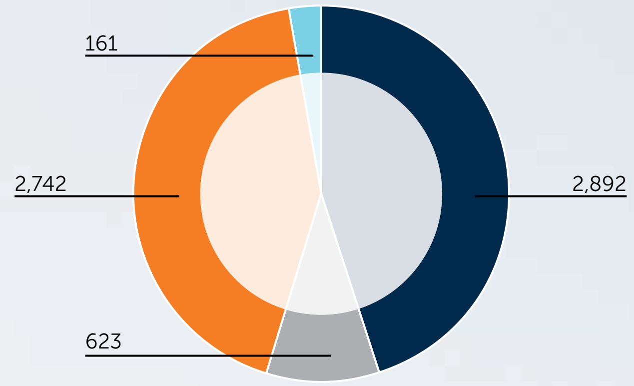
2014

6,694



2013

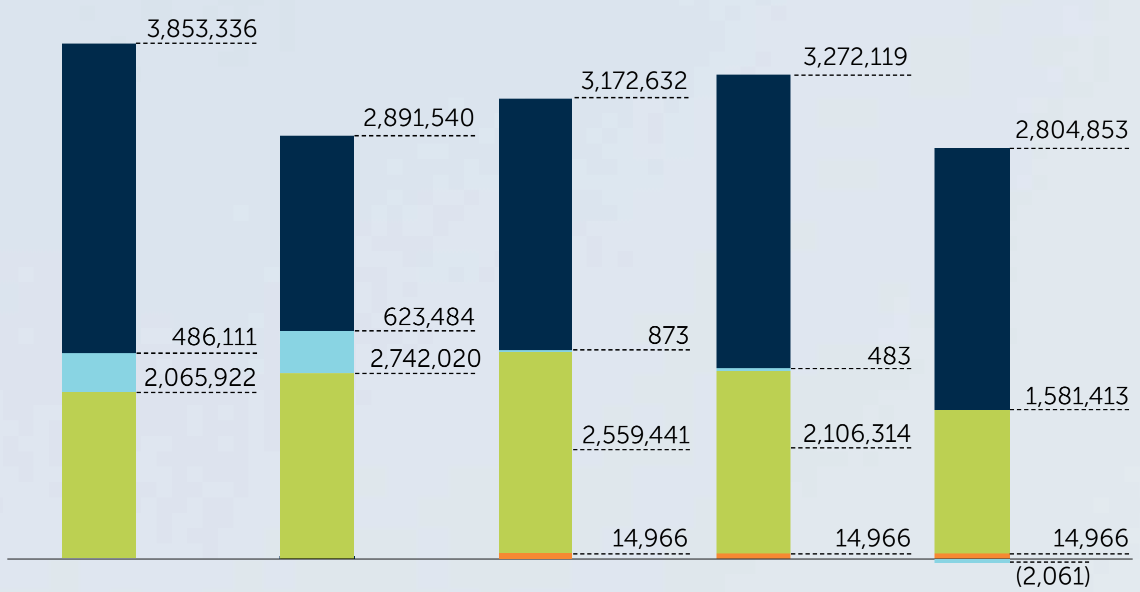
6,418



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

SOURCES OF FINANCE ($'000)

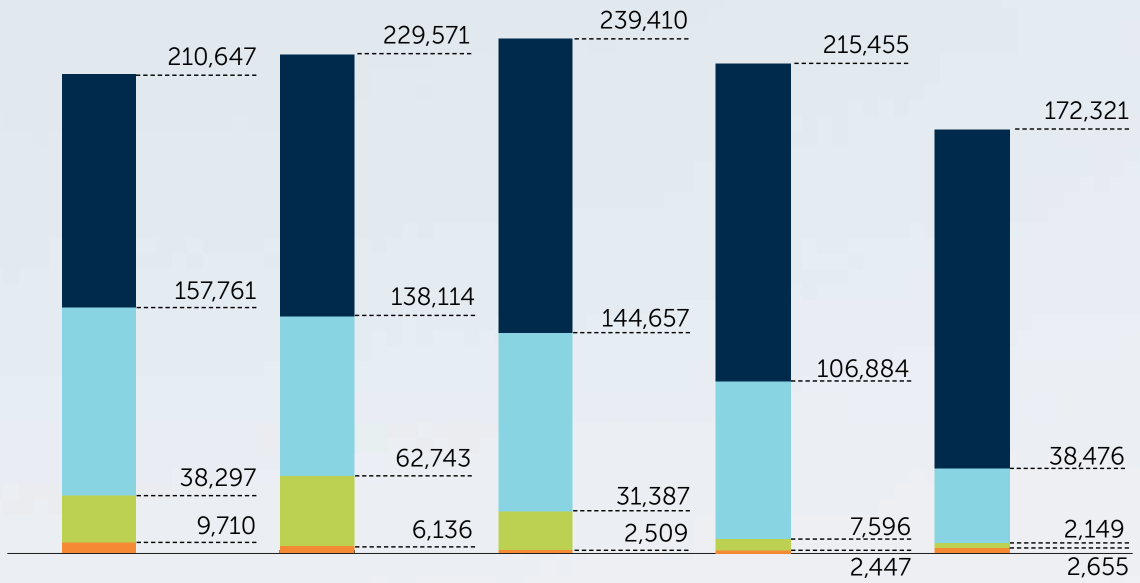
2014	2013	2012	2011 (Restated)	2010
6,405,369	**6,257,044**	**5,747,912**	**5,393,882**	**4,399,171**



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

GROUP TURNOVER ($'000)

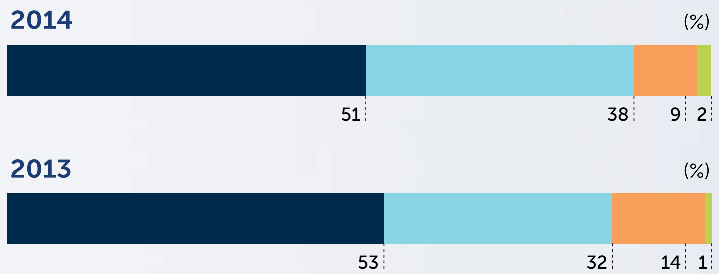
2014	2013	2012	2011 (Restated)	2010
416,415	**436,564**	**417,963**	**332,382**	**215,601**



- Hospitality
- Property investments
- Property development
- Others

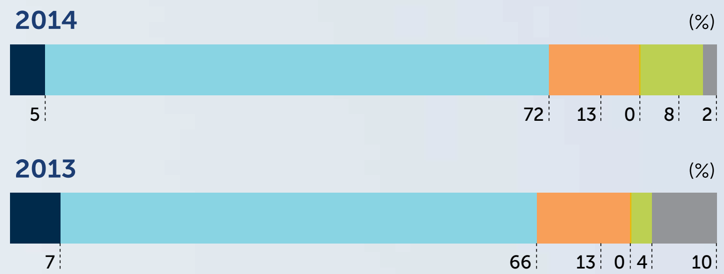
SEGMENTAL PERFORMANCE ANALYSIS

TOTAL TURNOVER BY BUSINESS SEGMENT



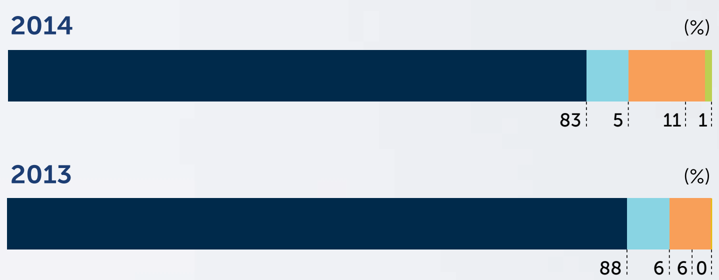
	2014 $'000	2014 %	2013 $'000	2013 %
Hospitality	210,647	51	229,571	53
Property investments	157,761	38	138,114	32
Property development	38,297	9	62,743	14
Others	9,710	2	6,136	1
	416,415	100	436,564	100

TOTAL ASSETS BY BUSINESS SEGMENT



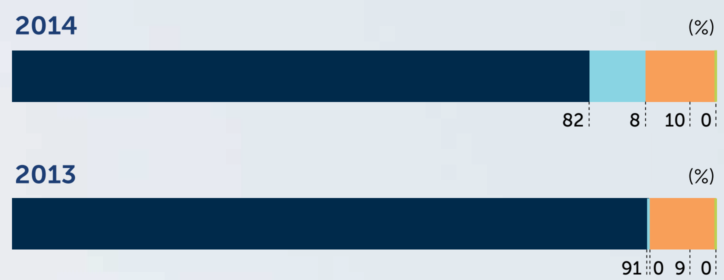
	2014 $'000	2014 %	2013 $'000	2013 %
Hospitality	314,577	5	480,469	7
Property investments	4,796,394	72	4,253,981	66
Property development	880,968	13	852,609	13
Fund management	9,428	0	1,985	0
Others	557,689	8	221,695	4
Unallocated assets	135,274	2	607,458	10
	6,694,330	100	6,418,197	100

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT



	2014 $'000	2014 %	2013 $'000	2013 %
Singapore	346,302	83	384,684	88
The People's Republic of China	23,078	5	25,632	6
United States of America	44,538	11	24,122	6
Others	2,497	1	2,126	0
	416,415	100	436,564	100

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT



	2014 $'000	2014 %	2013 $'000	2013 %
Singapore	5,475,308	82	5,813,452	91
The People's Republic of China	532,611	8	11,939	0
United States of America	682,551	10	591,302	9
Others	3,860	0	1,504	0
	6,694,330	100	6,418,197	100

FIVE-YEAR FINANCIAL SUMMARY

	2014		2013		2012		2011 (Restated)		2010	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Group Turnover										
Hospitality	**210,647**	**51**	229,571	53	239,410	57	215,455	65	172,321	80
Property investments	**157,761**	**38**	138,114	32	144,657	35	106,884	32	38,476	18
Property development	**38,297**	**9**	62,743	14	31,387	7	7,596	2	2,149	1
Others	**9,710**	**2**	6,136	1	2,509	1	2,447	1	2,655	1
Total	**416,415**	**100**	436,564	100	417,963	100	332,382	100	215,601	100
Group Profit and Loss										
Earnings before interest and tax*	**141,929**		158,725		197,471		158,752		100,006	
Attributable net profit/(losses)										
- Before change in fair value of investment properties	**957,662**		40,216		106,241		104,330		183,166	
- After change in fair value of investment properties	**1,094,020**		(36,555)		90,056		378,734		772,473	
Group Balance Sheet										
Investment properties	**3,671,968**		3,467,003		3,021,000		2,993,000		2,703,680	
Development properties	**875,570**		846,806		793,734		742,891		715,376	
Investments in equity-accounted investees	**1,150,776**		720,474		721,417		721,120		670,392	
Property, plant and equipment	**20,591**		366,795		495,183		508,164		243,097	
Cash and cash equivalents	**161,957**		730,613		604,637		367,856		226,407	
Available-for-sale financial assets	**217,324**		193,304		162,470		128,350		128,350	
Asset held for sale	**223,564**		–		–		–		–	
Other investments	**328,070**		9,478		–		–		–	
Other assets	**44,510**		83,724		89,066		86,065		34,076	
Total assets	**6,694,330**		6,418,197		5,887,507		5,547,446		4,721,378	
Equity attributable to owners of the Company	**3,853,336**		2,891,540		3,172,632		3,272,119		2,804,853	
Non-controlling interests	**486,111**		623,484		873		483		(2,061)	
Borrowings										
- Current	**649,507**		349,747		846,207		55,581		481,114	
- Non-current	**1,416,415**		2,392,273		1,728,200		2,065,699		1,115,265	
Other liabilities	**288,961**		161,153		139,595		153,564		322,207	
Total equity and liabilities	**6,694,330**		6,418,197		5,887,507		5,547,446		4,721,378	
Earnings per share (cents)	**120.2**		(4.0)		9.9		38.8		78.7	
Dividends per share (cents)										
- Interim dividend	**1.0**		1.0		3.0		2.0		2.0	
- Special dividend	**–**		20.0		5.0		8.0		–	
- Distribution *In Specie*	**13.9**		–		–		–		–	
- Final dividend	**1.0**		2.0		3.0		3.0		2.0	
Total dividend	**15.9**		23.0		11.0		13.0		4.0	
Net asset per share ($)	**4.23**		3.18		3.49		3.47		2.86	
Gearing ratio**	**44%**		57%		62%		54%		49%	

* Includes share of results of equity-accounted investees (excluding change in fair value of investment properties).

** Net Borrowings/Total Equity.

CHAIRMAN'S STATEMENT

"WE HAVE PUT IN PLACE KEY ELEMENTS TO ENABLE US TO CONTINUE DRIVING OUR STRATEGY TO MAXIMISE SHAREHOLDER VALUE THROUGH ASSET ENHANCEMENT INITIATIVES AND OPPORTUNITIES THAT BOOST OUR RECURRENT INCOME BASE."

Dear Shareholders,

2014 has been a fruitful year for OUE. We have put in place key elements to enable us to continue driving our strategy to maximise shareholder value through asset enhancement initiatives and opportunities that boost our recurrent income base. The team has done well in executing this strategy, which demonstrates our commitment to transform the potential of OUE.

PLATFORMS FOR GROWTH

Less than a year after the listing of OUE Hospitality Trust, we launched OUE Commercial REIT (OUE C-REIT) on 27 January 2014. The initial portfolio of OUE C-REIT comprises our flagship commercial property in Singapore, OUE Bayfront, and Lippo Plaza in Shanghai. The establishment of OUE C-REIT is an important milestone for OUE, as it allows us to recycle the capital of our stabilised assets while retaining an indirect interest in these assets. OUE and the two REITs now form an integrated platform that is well-positioned to acquire, develop and manage assets that will drive OUE's continuous growth.

TRANSFORMING POTENTIAL

Our focus remains on asset enhancement initiatives at our properties in Singapore and the United States. We are transforming OUE Downtown into a mixed-use development that includes serviced suites and a new mall, Downtown Gallery. The serviced suites will offer short-to medium-term accommodation while Downtown Gallery will feature a unique mix of retail and dining options to cater to the working population and residents in the area.

Asset enhancement should also be about creating new and vibrant experiences.

We have put the finishing touches on our landmark luxury residential project, OUE Twin Peaks. In collaboration with Bill Bensley, world-renowned master of resort architecture and landscape design, OUE Twin Peaks is set to redefine urban resort living by becoming an idyllic tropical oasis within a stone's throw away from the buzz of Orchard Road.

Our iconic U.S. Bank Tower will see the addition of an open-air observation deck and two restaurants. The first observation deck of its kind in southern California, OUE Skyspace L.A. offers visitors unobstructed 360-degree views of Los Angeles, stretching from the Hollywood Hills to the Pacific Ocean. We are also making other improvements to the building, including a major renovation of the lobby, which will feature a state-of-the-art video wall and stunning glass facade.

NEW HORIZONS

As part of our strategy to recycle the capital of our portfolio of assets, we divested Crowne Plaza Changi Airport and its future extension to OUE Hospitality Real Estate Investment Trust (OUE H-REIT). The divestment, which is part of a sale and leaseback arrangement with OUE H-REIT, will contribute to the growth of our fund management business.

We are also looking at new opportunities that complement our strategy to maximise shareholder returns. To this end, we took a 22.97% composite stake through a 50:50 joint venture in Hong Kong-listed Gemdale Properties and Investment Corporation Limited. With a land bank of approximately 43.8 million sq ft across 9 cities in Greater China, including Beijing, Shanghai and Shenzhen, this gives us an opportunity to leverage on future potential collaborations and partnerships.

In FY2014, OUE's net asset value per share rose 33.0% to S$4.23 from S$3.18 in FY2013, reinforcing our position as one of the leading real estate companies in Singapore.

IN GRATITUDE

I wish to express my deepest gratitude to my fellow Board Members, strategic partners, financial advisors, the management team and staff of OUE for their hard work and dedication.

As a gesture of our appreciation to our shareholders, the Directors have proposed a final cash dividend of 1 cent per share, bringing the total cash dividend for FY2014 to 2 cents per share. This is in addition to the distribution in specie of 1 OUE Hospitality Trust stapled security for every 6 ordinary OUE shares paid out in March 2014 of approximately 13.9 cents per share. Hence, the total distribution for FY2014, including the proposed final cash dividend, amounts to approximately 15.9 cents per share.

Thank you for your continued support.

STEPHEN RIADY
Executive Chairman
March 2015

董事主席致词

“集团采取了一系列关键措施，继续推进集团的策略，即通过实现资产增值和把握提高经常性收入的机会，最大限度地提高股东价值。”

尊敬的各位股东，

2014年是集团卓有成效的一年。集团采取了一系列关键措施，继续推进集团的策略，即通过实现资产增值和把握提高经常性收入的机会，最大限度地提高股东价值。团队很好地落实了该项策略，兑现了我们实现集团潜力的承诺。

增长平台

华联酒店信托（OUE HOSPITALITY TRUST）上市后不到一年，我们在2014年1月27日推出了第二项房地产投资信托，即华联商业信托（OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST）。华联商业信托的初始投资组合包括我们的旗舰商业地产，即新加坡的华联海湾大厦（OUE BAYFRONT），以及上海的宝广场（LIPPO PLAZA）。华联商业信托的成立是集团的一个重要里程碑，使我们能够回收稳定资产的资本，同时保留间接利益。随着两个房地产投资信托成立，集团和这两个房地产投资信托现已形成一个综合发展、管理和收购资产的平台，将推动我们的业务持续增长。

蜕变转型的潜能

集团仍然专注于新加坡和美国产业的资产改良，目前正在将华联城（OUE DOWNTOWN）改造成一个综合发展项目，其中包括服务式公寓及一个新的购物中心，即华联城购物廊（DOWNTOWN GALLERY）。该项服务式公寓将提供短期至中期住宿，而购物廊将设有零售和餐饮场所，以满足该区域的就业人口与居民的日常购物及餐饮需求。

资产改良也会创造新的和充满活力的体验。我们刚刚完成了地标性的豪华住宅项目 OUE TWIN PEAKS。与世界知名度假村建筑设计和景观设计大师 BILL BENSLEY 合作的 OUE TWIN PEAKS，紧邻繁华的乌节路创造了一片充满田园风光的热带绿洲，必将重新定义城市度假生活的概念。

此外，我们将在洛杉矶联邦银行大楼添加一个露天观景台和两间餐馆。观景台首次在南加州供游客全角度饱览洛杉矶全景，从好莱坞山一直延伸到太平洋。我们还在该大楼进行其他改进项目，包括改造大堂，安装先进的视频墙和令人惊叹的玻璃幕墙。

新视野

作为我们回收资产组合资本的策略的一部分，我们向 OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST（OUE H-REIT）出售了樟宜机场皇冠假日酒店及其新楼。与 OUE H-REIT 的部分售后回租安排，将加快我们的基金管理业务的增长。

我们还在寻找新的机会落实我们的策略，以实现股东回报最大化。为此目的，我们通过对半的合资企业收购了香港上市集团金地商置集团有限公司（GEMDALE PROPERTIES AND INVESTMENT CORPORATION LIMITED）22.9%的复合股权。在大中华地区九个城市包括北京、上海和深圳约4380万平方英尺的土地储备，为我们创造了利用未来潜在合作和伙伴关系的机会。

华联集团的每股净资产值从2013年度的每股3.18新元攀升至2014年的每股4.23新元，上涨了33%，巩固了我们作为新加坡领先的房地产集团之一的地位。

致谢

我在此向各位董事会成员、战略伙伴、财务顾问、管理团队和员工表示衷心的感谢，感谢你们的辛勤工作和奉献精神。

为了回报股东，董事会建议派发每股新元1分的现金年终股息，加上之前派发的现金股息，2014财务年度派发的现金股息总额为新元2分。再加上于2014年3月期间所支付的实物分派每股约新元13.9分，即每6股华联普通股获得1份华联酒店信托的合订证券，包括所建议的年终股息在内，2014年度派发的现金股息和实物分派总额达到每股约新元15.9分。

衷心感谢各位的持续支持。

李棕
董事主席
2015年3月

CEO'S STATEMENT

"GUIDED BY OUR LONG-TERM STRATEGY OF UNLOCKING VALUE-CREATING OPPORTUNITIES, WE DELIVERED SOUND FINANCIAL AND OPERATIONAL PERFORMANCE ACROSS ALL OUR BUSINESSES."

Dear Shareholders,

The Group recorded another productive year in 2014. Guided by our long-term strategy of unlocking value-creating opportunities, we delivered sound financial and operational performance across all our businesses.

OVERALL PERFORMANCE

We closed the financial year ended 2014 with a net attributable profit of S$1.1 billion, reversing a net loss of S$36.6 million in FY2013. This recognises the divestment of Mandarin Orchard Singapore and Mandarin Gallery to OUE Hospitality Trust and fair value gains on OUE Bayfront, Lippo Plaza and U.S. Bank Tower.

Revenue recorded was S$416.4 million, slightly lower than the previous year due to the absence of contribution from Mandarin Gallery and the two disposed China hotels.

Earnings before interest and tax rose 17.9% to S$185.1 million mainly due to recognition of fair value gains on One Raffles Place.

The Group ended the year with a strong balance sheet. Net gearing fell to 43.9% from 57.2%, on the back of net repayment of borrowings. Net asset value per share climbed from S$3.18 to S$4.23.

OUR BUSINESSES IN REVIEW

The Group's Hospitality division registered revenue of S$210.6 million for the year under review compared to S$229.6 million in the previous year. The slight dip is attributed to the absence of contributions from the two disposed China hotels. The Group's hospitality properties, Mandarin Orchard Singapore and Crowne Plaza Changi Airport Hotel, performed well despite a challenging environment for the tourism and hospitality industries.

In August 2014, we obtained approval to build a 243-room extension on the site adjacent to the Crowne Plaza Changi Airport Hotel. The extension, which is expected to be completed by end of December 2015 but no later than June 2016, is being built using the Prefabricated Pre-finished Volumetric Construction method which significantly reduces construction time and manpower required. We are proud to be the first property developer to adopt this cutting-edge technology for a hotel in Singapore. When completed, the extension will bring the total inventory of rooms at the hotel to 563 .

Revenue from the Property Investment division rose to S$157.8 million in FY2014 from S$138.1 million in FY2013. The increase was due to the inclusion of contributions from Lippo Plaza in Shanghai, which was acquired by OUE Commercial REIT in January 2014, and the full year contribution from U.S. Bank Tower. As of 31 December 2014, U.S. Bank Tower has achieved new or renewed leases amounting to about 650,000 sq ft since acquisition, with a committed occupancy of 79.6%. Asset enhancement work at U.S. Bank Tower is currently underway and targeted for completion by 2016.

In May 2014, we unveiled the revitalised shopping mall of One Raffles Place (formerly OUB Centre). The new shopping mall, which opened its doors in late May 2014, has a net lettable area of about 100,000 sq ft of retail, dining and lifestyle space. Meanwhile, we remain on track to complete refurbishment works at OUE Downtown by 2016. The refurbishment will transform OUE Downtown's existing podium into a five-storey retail mall, to be named Downtown Gallery.

The Group's sole residential development, OUE Twin Peaks, contributed S$38.3 million to the property development income in FY2014. The project obtained temporary occupation permit on 24 February 2015.

LOOKING AHEAD

We continue to remain focused on transforming the potential of our existing assets, while looking for opportunities that will boost our recurrent income base.

In the process of delivering the financial and operational strength of our business, we are also committed to developing the potential of our people. This is critical to our long-term success. We believe that there is no substitute for the intrinsic value that is brought about by the nurturing of talent.

NOTE OF APPRECIATION

The price of success is hard work, dedication and determination. The passion and perseverance of our management and staff have been the key factors driving OUE's performance this year. I would like to take this opportunity to recognise the excellent teamwork within the Group. My heartfelt thanks go out to each and every one of you. Alongside our shareholders who have supported us with faith and loyalty, I look forward to working even closer together as we continue to deliver sustained growth and transformation for OUE.

THIO GIM HOCK

CEO/Group Managing Director
March 2015

首席执行总裁致词

“在我们解放价值创造机会的长期策略的指导下，
我们的所有业务都取得了良好的财务和运营表现。”

尊敬的各位股东，

2014年又是集团丰收的一年。在我们解放价值创造机会的长期策略的指导下，我们的所有业务都取得了良好的财务和运营表现。

整体业绩表现

在2014财政年度，集团取得年度净利润11亿新元，扭转了2013年度净亏损3660万新元的局面，其中包括了向华联酒店信托（OUE HOSPITALITY TRUST）出售新加坡文华大酒店（MANDARIN ORCHARD SINGAPORE）和文华购物廊（MANDARIN GALLERY）的所得，及华联海湾大厦（OUE BAYFRONT）、上海力宝广场（LIPPO PLAZA）和洛杉矶联邦银行大厦（U.S.BANK TOWER）的公允价值的增长。

集团所记录的总营业收入为4亿1640万新元，比上一年略有下滑，下滑是因少了文华购物廊及两间已出售的中国酒店的收益。

息税前收益上涨了17.9%，达到1亿8510万新元，主要是包括了第壹莱佛士坊（ONE RAFFLES PLACE）公允价值的增长。

集团年底的财务状况表现强健。由于集团偿还了部分贷款，其综合借款净额与总权益的比例从57.2%降至43.9%，每股净资产值则从3.18新元攀升至4.23新元。

集团业务回顾

由于集团出售了两间中国酒店，集团酒店业务记录的全年收入为2亿1060万新元，比去年的2亿2960万新元略微下降。尽管面对酒店客房增多和国际游客人数下降等充满挑战性的环境，集团的酒店产业，即新加坡文华大酒店和樟宜机场皇冠假日大酒店（CROWNE PLAZA CHANGI AIRPORT）的业务依旧表现良好。

集团在2014年8月获得了许可，在毗邻樟宜机场皇冠假日酒店的场地扩建一栋243间客房的新楼。新楼采用预制体积建设法施工，大大降低工期和人力，预计将于2015年12月底之前，最晚不迟于2016年6月竣工。我们很荣幸成为新加坡首个在酒店行业采用这种创新的尖端技术的房地产开发商。新楼竣工之后，该酒店的客房总数将达到563间。

集团源于房地产投资业务的营业收入，从2013年度的1亿3810万新元提高至2014年度的1亿5780万新元。该项增长是由于包括了华联商业信托于2014年1月收购的上海力宝广场的营业收入和洛杉矶联邦银行大厦的全年营业收入。截至2014年12月31日，洛杉矶联邦银行大厦自收购以来已经取得了达约65万平方英尺的新租约或续租的租约，承诺入住率为79.6%。同时，洛杉矶联邦银行大厦的一个露天观景台和两家餐馆的建设工程正在进行，预计在2016年竣工。

2014年5月，集团推出了第壹莱佛士坊零售商场（原华联银行购物中心 OUB CENTRE）。该购物中心在2014年5月开业，拥有约10万平方英尺净出租面积用作零售店面、餐饮和休闲空间用途。与此同时，我们继续按照计划进行华联城的装修工程，预计将于2016年竣工。该商场将翻修成五层楼高的零售商场，命名为华联城购物廊（DOWNTOWN GALLERY）。

集团的唯一住宅产业 OUE TWIN PEAKS，在2014年度取得了3830万新元的房地产开发收入。该项目在2015年2月24日获得临时入伙证（TEMPORARY OCCUPATION PERMIT）。

展望未来

我们仍会继续专注于实现我们现有资产的潜力，同时寻找增加集团经常性收入的机会。

在集团业务取得良好的财务和经营业绩的同时，我们亦致力于发挥集团员工的潜力。这是我们长期成功的关键。我们坚信培育人才所带来的内在价值是无可取代的。

致谢

勤奋、奉献精神于持之以恒是成功的代价。我们的管理层和员工的热忱和毅力是推动集团取得今年的业务表现的关键因素。我要藉此机会感谢集团的优秀团队，衷心地感谢你们每一个人。对于一贯给予我们支持的忠诚的股东，我期待与大家更加密切地合作，继续推动集团的持久发展和蜕变转型。

张清福
首席执行总裁/集团董事经理
2015年3月

BOARD OF DIRECTORS

1. Dr. Stephen Riady
2. Mr. Christopher James Williams
3. Mr. Thio Gim Hock
4. Mr. Sin Boon Ann
5. Mr. Kin Chan
6. Mr. Kelvin Lo Kee Wai

BOARD OF DIRECTORS

DR. STEPHEN RIADY

EXECUTIVE CHAIRMAN

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

Dr. Riady is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He was appointed a Director of Lippo China Resources Limited in 1992. 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 also a member of the Nomination Committee of Auric Pacific Group Limited.

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

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

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

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

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 Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richards Butler in Association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richards Butler from January 2011 to December 2011. He 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.

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 29 April 2014.

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

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

MR. KELVIN LO KEE WAI

INDEPENDENT DIRECTOR

Mr. Kelvin Lo Kee Wai was appointed as an independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 29 April 2014.

Mr. Lo has been engaged in the funds management business and 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 Certified General Accountants Association of Canada, a Chartered Financial Analyst of the CFA Institute of United States, and an Associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Masters of Law at University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

BOARD OF DIRECTORS

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 is an independent Director of Transcorp Holdings Limited and CSE Global Ltd since 2002, OSIM International Ltd since 2010 and Rex International Holdings Limited since 2013. Mr. Sin also serves as the Chairman of both the Nominating Committee and the Remuneration Committee for each of OSIM International Ltd and Rex International Holding Limited since 2010 and 2013 respectively.

Mr. Sin has been serving as the Chairman of the Nomination Committee for Courage Marine Group Limited from 2005 to 2014 and as the Chairman of the Remuneration Committee of Swee Hong Limited from 2013 to 2014. 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 180 and 181 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2013.

Mr. Chan has been the Chairman of TIH Limited, a company listed in Singapore since 2005, 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 degree from Princeton University and a Master's degree in Business Administration from the Wharton School of University of Pennsylvania where he was a Palmer Scholar.

KEY EXECUTIVES

DR. STEPHEN RIADY
EXECUTIVE CHAIRMAN
OUE LIMITED

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

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

For Mr. Thio Gim Hock's biography, please refer to page 45 – the "Board of Directors" section of this Report.

MANAGING RISKS

MANAGING RISK

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

The ERM framework and related risk management policies have been validated by external ERM consultants and are reviewed on a regular basis. Risk workshops are carried out with the risk owners to identify, assess and prioritise the risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps are considered and documented. Risk tolerance limits are set to align with the risk appetite and are subject to quarterly review. Operating within risk tolerances provides the Management with assurance that the Group remains within its risk appetite. The key risks which have been identified by the Group include the following:

OPERATIONAL RISK

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

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

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

The internal audit function which also provides independent checks on operational issues and risk controls, reports directly to the Audit Committee.

INVESTMENT RISK

The Group's investment decision process is based on an investment framework and guided by a set of investment criteria. Balancing risk and return across asset types and geographic regions are key considerations of the investment framework. Risk assessment is an important aspect of the investment decision process. Each investment proposal submitted to the Board of Directors for approval is accompanied by an assessment of risk factors and risk mitigation strategies, including rigorous due diligence, financial modelling and sensitivity analysis on key investment assumptions and variables.

FINANCIAL RISK

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

Market Risk

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives, will be adversely affected by movement in interest rates, foreign exchange rates and equity prices.

The Group hedges foreign exchange risk naturally as a general rule by financing asset purchases and borrowings in the local currency of the relevant markets in which it conducts business. Where necessary, the exposure to foreign exchange rate changes is hedged via forward foreign exchange contracts and cross currency swaps.

The Group's exposure to interest rate volatility is reduced, and thereby funding costs are managed, by matching maturities of loans and term deposits and maintaining an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps.

Equity price risk arises from fluctuation in market prices of Group's investment in financial assets. Management monitors the mix of debt and equity securities in its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's returns.

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 forecast on a rolling twelve-month basis.

Credit Risk

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors its exposure to credit risk arising from trade consumers and corporate customers on an on-going basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are licensed and with acceptable credit ratings.

COMPLIANCE, LEGAL AND REGULATORY RISK

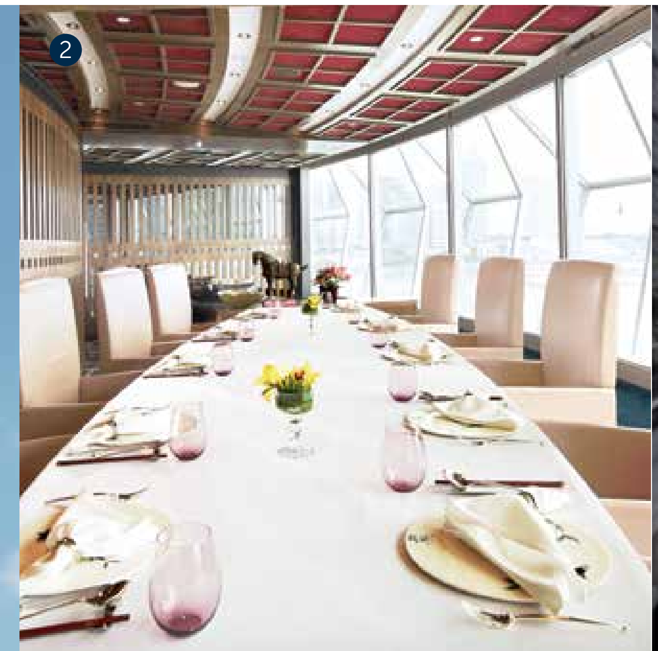
Compliance risk arises from the potential violations of regulations and laws that may result in adverse judgments in lawsuits or regulatory sanctions, and therefore negatively affects the Group's ability to meet its business objectives. The responsibility of compliance with laws and regulations lies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

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

INFORMATION TECHNOLOGY (IT) RISK

IT risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information. The Group has in place comprehensive policies and procedures to manage these risks and conducts regular reviews and testing.

COMMERCIAL



OUE BAYFRONT

Prominently located along the Marina Bay waterfront, OUE Bayfront is a 18-storey premium Grade-A office building. Owing to its vantage location between the Marina Bay financial district and Raffles Place financial hub, OUE Bayfront has a strong tenant base, which includes multinational companies such as Bank of America Merrill Lynch, Hogan Lovells International LLP and Citrix Systems Singapore Pte Ltd.

At the rooftop of OUE Bayfront is ME@OUE, an open-kitchen concept restaurant where patrons can choose between three distinctive cuisines – Japanese, French and Chinese. Accompanied by an extensive selection of wines and cocktails, a remarkable view, stylish, sophisticated ambience, and highly personalised attention to detail, ME@OUE offers patrons an unrivalled dining experience.

A redevelopment of the historic Overseas Union House at Collyer Quay, OUE Bayfront combines modernity with an enduring heritage. It is complemented by its two ancillary properties, OUE Tower and OUE Link.

Formerly the Change Alley Aerial Plaza Tower, OUE Tower offers an experiential and unique attraction for patrons at its revolving restaurant overlooking Marina Bay. OUE Link, previously known as Change Alley Link Bridge, is an air-conditioned pedestrian bridge with retail units connecting Raffles Place to the Marina Bay financial district. As the only aerial connector between 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.

1. OUE Bayfront is an iconic landmark situated along Collyer Quay
2. The exclusive TÓNG LÈ Private Dining at OUE Tower
3. OUE Tower is a heritage landmark with a revolving restaurant
4. Spectacular views from the outdoor lounge at ME@OUE
5. F&B outlets along OUE Link

OPERATIONS REVIEW

COMMERCIAL

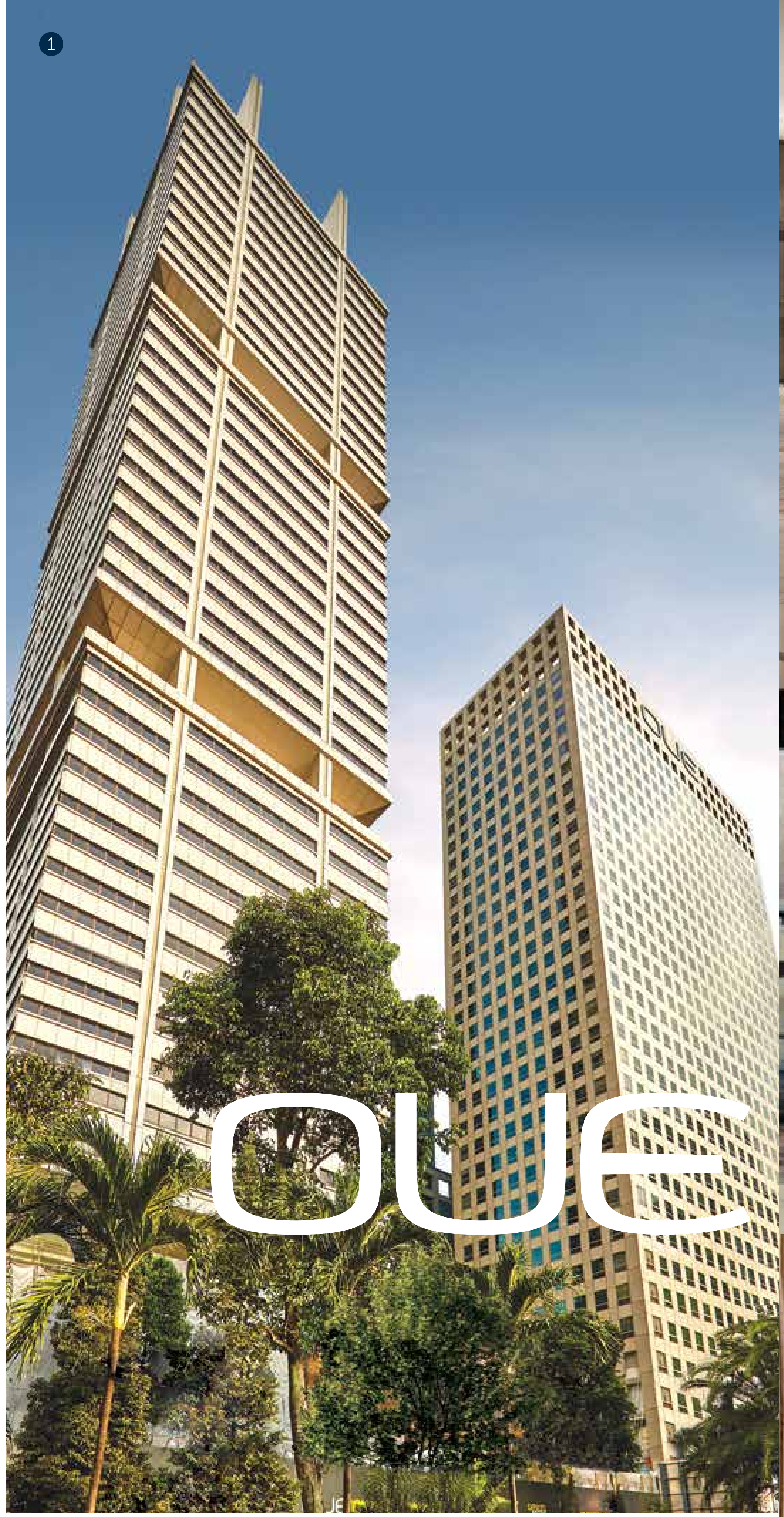
OUE DOWNTOWN

OUE Downtown is a landmark development on 6 Shenton Way comprising 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 comprises three vertical zones, while OUE Downtown 2 is a 37-storey building.

OUE Downtown is undergoing a major transformation to become a mixed-use development that is expected to inject vibrancy to the financial corridor between Raffles Place and Tanjong Pagar. As part of OUE's efforts to maximise the property strategic location and to leverage on URA's long-term plans to develop Tanjong Pagar into an enviable work-play-live environment, plans are underway to convert the low to mid-zones of OUE Downtown 1 into serviced suites with full-fledged facilities. These will include indoor and outdoor dining areas, a swimming pool, a fitness centre and other recreational facilities. The existing podium will be converted into a retail mall named Downtown Gallery, while the high zone of OUE Downtown 1 and the entire OUE Downtown 2 will remain as premium office space.

Asset enhancement and conversion works are expected to complete in 2016, turning this development with a prominent 262-metre street frontage and pedestrian walkway into the unrivalled choice for working, shopping, dining and living in the Central Business District.

1. The distinctive OUE Downtown 1 and OUE Downtown 2 towers in Shenton way
2. Artist's impression of the lobby
3. Artist's impression of the lounge area
4. Interior of serviced suites



OPERATIONS REVIEW

COMMERCIAL

ONE RAFFLES PLACE TOWER 1 AND 2 IN THE HEART OF SINGAPORE'S CENTRAL BUSINESS DISTRICT.

1

ONE RAFFLES PLACE

Conveniently located in the heart of Singapore's Central Business District and well-connected by a sheltered basement to Raffles Place MRT, One Raffles Place encompasses two magnificent Grade-A office towers and a shopping mall. Together, they span an aggregate net lettable area of more than 860,000 sq ft of office, retail and entertainment space.

One Raffles Place Tower 1 is one of the tallest buildings in Singapore. Designed by the winner of the 1987 Pritzker Architecture Prize, the late Kenzo Tange, and standing at 63 storeys, this tower provides tenants with regular column-free office space to ensure high efficiency planning and utilisation of office space. The dramatic entrance is presented by an eight-storey high cutaway, coupled with skylights and other lighting effects, to impress all who enter the building.

This magnificent skyscraper is occupied by leading financial, banking and other professional firms. In addition, its observation deck on the rooftop and accompanying restaurants offer panaromic views of the city skyline and are also popular tourist hotspots.

One Raffles Place Tower 2 is a 38-storey office building that has been certified Green Mark Platinum by the Building Construction Authority for its energy efficiency and environmentally sustainable design. Its column-free feature and built-in raised floors facilitate easy configuration and in-floor cabling for tenants.

Designed by Paul Noritaka Tange, son of Tower 1's designer, Kenzo Tange, the full-height glass curtain wall with its crystalline features complements the existing Tower 1 and further defines the city's majestic skyline.

Tower 2 is also one of a few commercial buildings in the financial district to capitalise on both lighting and art incentives provided by the Urban Redevelopment Authority, to incorporate special lighting on its façade and showcases artworks by world-renowned artists Tony Cragg, Hiroshi Senju, Anna Chiara Spellini and Han Sai Por at the lobby and outdoor spaces.

U.S. BANK TOWER

U.S. BANK TOWER

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 net lettable area of approximately 1.4 million sq ft located in the upscale Bunker Hill district in downtown Los Angeles. Designed by renowned architect Pei Cobb Freed & Partners, 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.

As of year-end 2014, project were underway to renovate the office lobby – which will ultimately feature one of the largest video walls in the country – as well as to construct a world class observation deck, which will be the tallest on the U.S. West Coast. Work has commenced on both projects, which are targeted for completion in 2016. Restaurants are being added on the 4th and 71st floors of the U.S. Bank Tower, the latter venue offering 360 degree views of Los Angeles.

U.S. Bank Tower is surrounded by various amenities ranging from landscaped gardens, to dining, shopping and entertainment options. The adjacent Maguire Gardens are amongst Los Angeles' most beautiful downtown spaces, featuring terraced pools, fountains, public art, a restaurant and

outdoor dining terrace. The gardens are linked to the Bunker Hill Steps, a Los Angeles landmark and 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, along with the highly anticipated Broad Museum, scheduled to open in the fall of 2015.

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. U.S. Bank Tower is a key part of a redeveloping downtown Los Angeles, an area which has evolved into an urban 24-7, live/work/play environment
2. Artist's impression of the 1st floor of the observation deck
3. Artist's impression of the 2nd floor of the observation deck

LIPPO PLAZA

LIPPO PLAZA

Lippo Plaza is a key Shanghai commercial landmark and a hub for business, retail and entertainment, located near the eastern end of Huaihai Zhong Road within the established Huangpu business district in the Puxi area of downtown Shanghai. The 36-storey Grade-A commercial building spans over 600,000 sq ft of gross floor area, with three levels of retail space and a basement car park.

The Huangpu district is one of the oldest business districts in downtown Shanghai, attracting multinational corporations, international financial institutions and Chinese state-owned enterprises. With its unique and varied architectural styles, the Huaihai Road precinct is also an established prime retail area in Shanghai, popular with top-end international designer brands and well-known Chinese brand names.

Lippo Plaza has a diversified tenant base comprising companies from the retail, trading, consulting and pharmaceutical sectors. The property continues to attract strong interest from prospective tenants due to its excellent connectivity and accessibility, being 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. Also located in close proximity are 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.

1. Lippo Plaza is a proud landmark in downtown Shanghai's Huangpu core commercial district
2. A main entrance leading up to the modern façade of Lippo Plaza
3. & 4. International designer brands at Lippo Plaza shopping mall

OPERATIONS REVIEW

HOSPITALITY

HOSPITALITY

Tourist arrivals into Singapore fell 3.1 per cent in 2014 due in part to the strengthening of the Singapore dollar vis-à-vis the continued legacies of a challenging global economic environment of the past several years.

Further impacting the performance of the industry are the recent aviation disasters, political unrest, and volatility of currencies in the region, resulting in weaker arrivals from some of Singapore's key source markets.

Visitor arrivals from China, in particular, declined significantly – reflecting the aftereffect of negative tourist sentiments surrounding the disappearance of Malaysian Airlines flight MH370 incident, the political conflict in Thailand, and the imposition of new tourism laws that clamp down on the sale of cheap outbound tour packages with hidden fees.

The number of visitors from Indonesia, Singapore's largest source market, also slipped as an impact of the Indonesian elections and the weaker rupiah. Arrivals from Malaysia and Australia declined as well on the back of currency drops against the Singapore dollar in 2014.

Despite the slowdown in Singapore's overall visitor arrivals, total tourism receipts remained on an encouraging trend on account of higher spending per person and an increase in length of stay of tourists from some key markets. Also partially offsetting the downturn was the growth in visitor arrivals from India.

On the hospitality front, preliminary data from the Singapore Tourism Board showed a dip of 1.1 per cent dip in revenue per available room (RevPAR) to S$220.0, although total gazetted hotel revenue grew 7.2 per cent to S$3.1 billion even as room inventory increased 3.9 per cent to 57,172 rooms.

In comparison, Meritus Hotels & Resorts' flagship Mandarin Orchard Singapore ended 2014 with a RevPAR of S$249.0, performing stronger than industry although slightly lower than the S$253.0 the hotel achieved in 2013. This was mainly due to the lower room inventory available during the renovation in the first half of 2014 and the impact of the renovation on room rates. Adjusting for the lower room inventory available, Mandarin Orchard Singapore's RevPAR would have been on par with FY2013 at S$253.0.

Also registering a strong performance in 2014 was Crowne Plaza Changi Airport, with a RevPAR of S$242.0 compared to S$235.0 in 2013.

Despite the global economy expected to remain soft moving into 2015 and the addition of some 5,000 new rooms to Singapore's hotel room inventory making it more challenging for the local hospitality market, opportunities abound from the continued strength of Singapore as a world-class tourist destination.

Helping to boost prospects is the growing international attention garnered from the slew of activities throughout the year in celebration of the Republic's Golden Jubilee, as well as the recent endorsement by Lonely Planet naming Singapore as the world's number one country to travel to in 2015. In addition, Singapore is also hosting the 2015 Southeast Asian Games and the World Rugby Sevens.

Overall, the Hospitality Division of OUE registered revenue of S$210.6 million. Excluding contributions from the two China hotels that were disposed in September 2013, hospitality revenue would have increased S$4.5 million year-on-year.

HOSPITALITY

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

1. The Meritus Ambassador personifies the brand's signature Asian grace, warmth, and care – hallmarks of the Meritus hospitality experience
2. The hotel's Orchard Wing houses two Presidential Suites
3. The newly renovated Executive Premier Twin Room at the Main Tower of Mandarin Orchard Singapore
4. Celebrity Chef Chen Kentaro adds finishing touches to one of his specialty Szechwan dishes
5. Wedding inspirations in the elegant ambience of Shisen Hanten by Chen Kentaro

MANDARIN ORCHARD SINGAPORE

Mandarin Orchard Singapore enjoys a long heritage of hospitality excellence in Singapore. Located in the heart of Orchard Road, Singapore's most prominent shopping district, the upscale hotel is easily accessible via public transport. The Orchard and Somerset Mass Rapid Transit (MRT) stations are within walking distance, with both stations being two to three stops away from the key interchange stations of Dhoby Ghaut and City Hall, as well as the upcoming interchange station of Newton in 2015. Mandarin Orchard Singapore also benefits from its close walking proximity to Paragon Medical Centre and Mount Elizabeth Hospital.

The hotel boasts some 1,077 spacious guestrooms and suites distributed across two towers, and offering panoramic views of the city skyline from higher floors.

Leading the hotel's line-up of five food and beverage outlets is the all-time favourite *Chatterbox*, home of the legendary *Mandarin Chicken Rice*. The best-selling item on the menu since Chatterbox opened in 1971, the Mandarin Chicken Rice has evolved into one of Singapore's most celebrated local dishes, popular with both local patrons and tourists. Chatterbox by Mandarin Orchard Singapore is three-time recipient of the *Heritage Brand* distinction at the *Singapore Prestige Brand Award*.

Mandarin Orchard Singapore is also home to *Shisen Hanten by Chen Kentaro*, a Szechwan restaurant located on level 35 of the hotel's Orchard Wing. Shisen Hanten is a highly acclaimed chain of Szechwan restaurants in Japan, and Shisen Hanten by Chen Kentaro is the chain's first foray outside of Japan.

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

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

Adjacent to the hotel is the retail mall, *Mandarin Gallery*, comprising four storeys of high-end boutiques, shops, and restaurants. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery allows guests to revel in a unique and all-encompassing retail, dining, and hospitality experience.

Mandarin Orchard Singapore was awarded *Best Hotel – Singapore and Best Hotel – Asia Pacific at the Asia Pacific Hotel Awards 2013 – 2014*. The hotel is also three-time winner of *Best City Hotel – Singapore at the Annual TTG Travel Awards*.

HOSPITALITY

CROWNE PLAZA CHANGI AIRPORT

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

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

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

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

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

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

The hotel also offers a Meet and Greet Service, through which VIP guests are escorted from the aerobridge or the arrival hall right up to their guestroom for a seamless in-room check-in.

Leveraging the growth potential of Singapore as a stopover destination for global travellers, a 10-storey extension housing another 243 guestrooms is currently under construction. Using the cutting-edge Prefabricated Pre-finished Volumetric Construction method to significantly reduce the time and manpower required, construction of the extension facility is expected to be completed by end of December 2015 but no later than June 2016. It will then bring Crowne Plaza Changi Airport's total room inventory to 563 rooms.

The hotel is named the World's Best Airport Hotel and Best Airport Hotel in Asia in 2015 and has consistently been ranked as one of the World's Best Airport Hotels from 2012 to 2014 by global airline and airport ratings consultancy Skytrax. It was also awarded the Best Airport Hotel (Singapore) at the Asia Pacific Hotel Awards 2013-2014 and one of the hotels to receive the coveted ASEAN Green Hotel Award 2014.

On 28 November 2014, OUE Hospitality Real Estate Investment Trust (OUE H-REIT) announced the accretive acquisition of Crowne Plaza Changi Airport and its extension once construction is completed. This initiative is in line with OUE's strategy to unlock the value of its asset portfolio and recycle capital to pursue new growth opportunities as well as expand its fund management business.

The acquisition of Crowne Plaza Changi Airport by OUE H-REIT has since been completed on 30 January 2015.

1. Lush gardens and beautifully landscaped pools add to the resort-like ambience of Crowne Plaza Changi Airport
2. Each of the hotel's eight meeting rooms comes with the expert support of a dedicated Crowne Plaza Meetings Director
3. Offering a respite from the strains of travelling, the hotel's guestrooms are soundproofed and designed in soft, calming colours

HOSPITALITY

MARINA MANDARIN SINGAPORE

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

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

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

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

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

Food and beverage options in the hotel include *AquaMarine*, 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; the world-famous *Ruth's Chris Steak House*; and *Tsukiji Sushidai* which serves authentic Japanese cuisine using the freshest ingredients regularly flown in from Japan's Tsukiji market.

Offering a respite from the hustle and bustle of the city is *Amarin Spa*. The dedicated spa facility offers holistic beauty and massage therapies, as well as access to the hotel's 25-metre natural mineral water pool.

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

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 *World Luxury Hotel Awards* in 2013, 2014 and 2015. It was also named *Asia's Top Family Hotel* at the NOW Travel Asia Awards 2014.

1. A warm Meritus welcome at Marina Mandarin Singapore
2. The hotel features one of the largest open atriums in Southeast Asia
3. The contemporary setting of celebrated Cantonese restaurant, Peach Blossoms
4. Located on higher floors, the hotel's Premier Room overlooks the Marina Bay from a private balcony

OPERATIONS REVIEW

HOSPITALITY

MERITUS
PELANGI BEACH
RESORT & SPA
LANGKAWI

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

Situated along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia, Meritus Pelangi Beach Resort & Spa, Langkawi is a 35-acre tropical resort and spa that fronts a kilometre-stretch of private beach.

Designed in the rustic style of a traditional Malay village, the resort's 355 guestrooms are housed in clusters of single- and double-storey wooden chalets built on stilts, and each with spacious verandahs looking out to the ocean or the surrounding lush gardens. The villas are equipped with modern conveniences, and outfitted with stylish furnishings and decorative accents that pay homage to the local culture.

Meritus Pelangi Beach Resort & Spa, Langkawi offers an exciting variety of food and beverage outlets including *Spice Market*, an all-day dining restaurant serving an array of Asian and continental favourites; *Cba*, a beachfront restaurant that transforms into a happening nightspot; *Pelangi Lounge*, a lobby lounge serving snacks and beverages to the accompaniment of live entertainment; and *Cascade Pool Bar*, a swim-up island bar serving signature thirst quenchers and light bites.

In addition to a versatile line-up of water sports and outdoor activities, Meritus Pelangi Beach Resort & Spa, Langkawi 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 holistic 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 tailored team building activities and themed events.

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

Meritus Pelangi Beach Resort & Spa, Langkawi was awarded the *TripAdvisor Certificate of Excellence* in 2013 and 2014.

1. Business meetings are a breeze in the tranquil setting of the resort's Meritus Club Lounge
2. Popular amongst holidaying families are the resort's free-from outdoor swimming pools
3. Double-storey wooden chalets face a private stretch of the famous Cenang Beach

RETAIL

Mandarin/Gallery

1. Mandarin Gallery sits along 152 meters prime street frontage along Orchard Road in the heart of Singapore's shopping belt
2. Bespoke lifestyle boutiques and renowned ateliers are part of the unique offerings at Mandarin Gallery

MANDARIN GALLERY

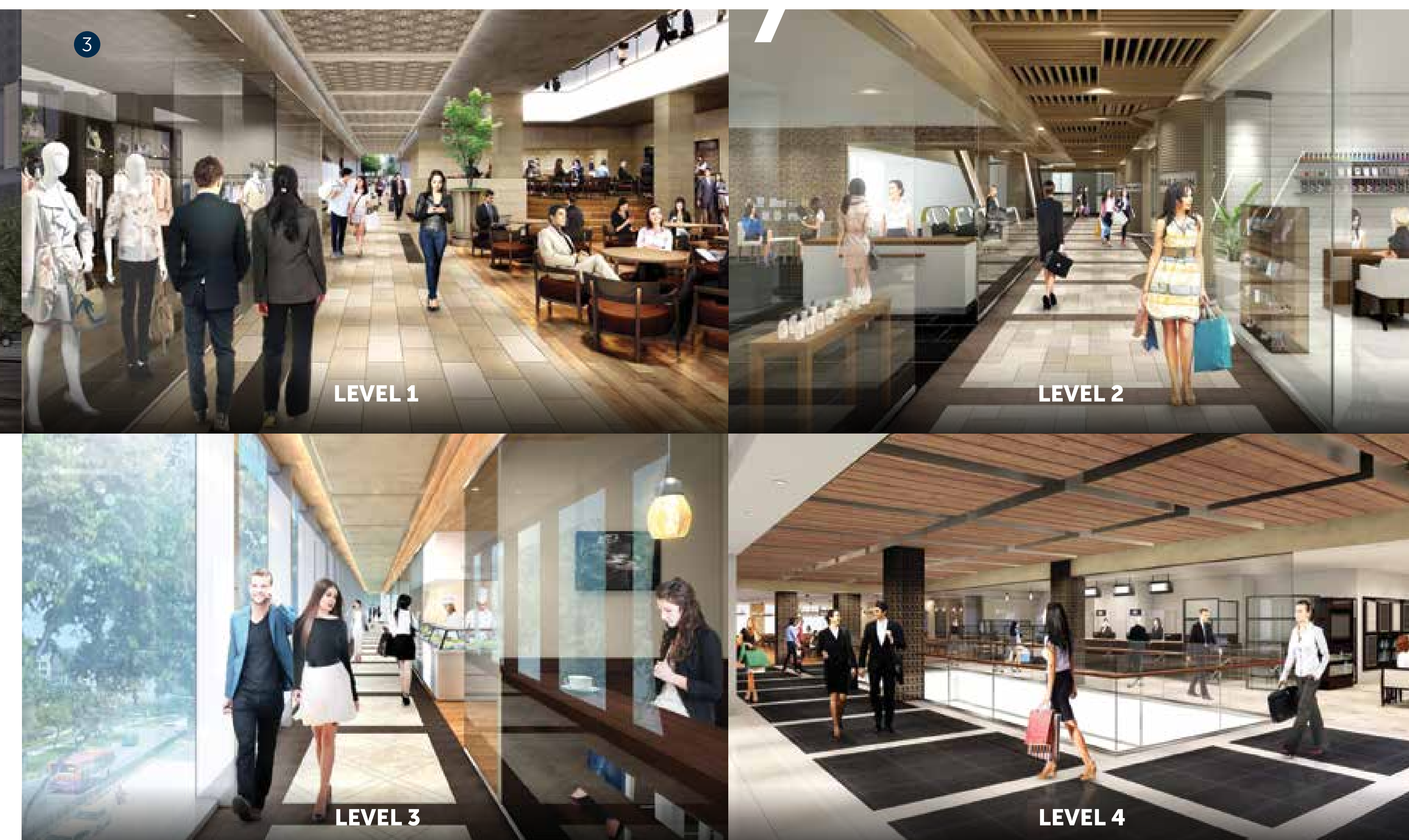
Connected to the iconic Mandarin Orchard Singapore, Mandarin Gallery is a sleek mall home to some of the world's most elegant designer labels, quirky local fashion and lifestyle boutiques. With its location in the heart of Singapore's iconic shopping belt, Orchard Road, Mandarin Gallery has four levels spread over a total gross floor area of more than 196,000 sq ft.

Mandarin Gallery features high end brands such as *Rimowa*, *Mulberry*, and *Montblanc* with a curated array of fashion labels such as *Emporio Armani*, *HUGO BOSS* and *Paul Smith*. Shoppers at Mandarin Gallery can look forward to a luxury shopping experience and uniquely local brands such as *Hansel*, *Inhabit-The Other Store* and *Undress*.

Mandarin Gallery is also a place for the finest in Asian and international cuisine. From the quintessential Parisian patisserie *Antoinette* to highly-acclaimed Japanese "omakase" restaurant *Hashida Sushi* and award-winning American restaurant *Lawry's The Prime Rib*, Mandarin Gallery is a one-stop destination bound to satisfy all your epicurean cravings. Complementing its retail and dining options, Mandarin Gallery also offers the best in hair and beauty salon *Toni & Guy*, organic skincare products at *Bud Cosmetics*, and delightful stress-relieving treatments at *L'Espace Sante*.

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

RETAIL



1. Artist's impression of Downtown Gallery along Shenton Way in the heart of Singapore's financial district
2. Artist's impression of Downtown Gallery along Maxwell Road
3. Artist's impression of Downtown Gallery's interior

DOWNTOWN GALLERY

The podium at OUE Downtown is being converted into a sophisticated retail mall to be named "Downtown Gallery".

A significant portion of the podium has been demolished to make way for the five-storey plus one basement retail mall, which will see the existing office lobbies on the ground level of OUE Downtown 1 and OUE Downtown 2 being relocated to level four. This will clear the first three storeys for an uninterrupted stretch of retail space spanning the entire length of the building.

A link on the third storey, connecting Downtown Gallery to the neighbouring residential and office building developments, will increase the footfall into this mall.

RETAIL

ONE RAFFLES PLACE SHOPPING MALL

Strategically located in the heart of Singapore's Central Business District (CBD) and situated directly above the Raffles Place MRT station, One Raffles Place mall is a six-storey retail haven that spans almost 100,000 sq ft.

The newly refurbished building which was first unveiled on 29 May 2014 showcases internationally renowned brand names such as *H&M*, *Melissa*, *The Hour Glass*, *Tumi* and *Pandora*. The basement level, linked to Raffles Place Mass Rapid Transit (MRT) station, serves up a variety of food and beverage options seven days a week to cater to the early-morning needs of the working population and local residents in the CBD.

With such a diverse range of shopping, dining and leisure options, this mall brings the Orchard Road experience right to the doorstep of Raffles Place, elevating the whole work and play experiences.

1. An refreshed façade with a 115 sqm LED screen
2. International and local fashion brands
3. About 100,000 sq ft of unrivalled choice of shopping and dining
4. Various options of dining and takeaway available throughout the 5 floors and basement level
5. Diverse range of goods and services

OUE TWIN PEAKS

OUE Twin Peaks redefines the concept of urban resort living – bringing the finest in urban resort experience to the discerning and high-performing individuals located in the heart of Singapore's most prestigious shopping belt of Orchard Road.

Designed by internationally acclaimed architect Bill Bensley, OUE Twin Peaks features lush tropical gardens, artful lighting and exotic artwork installations in the shimmering waters of the resort-style swimming pool. It provides a sublime escape at the doorstep of your own home replete with a choice of luxurious amenities such as stylish jet spas, exclusive dining suites and state-of-the-art triple-volume sky gyms offering inspiring views of the city. Open-air Sky Loggias on the 36th storey, together with a rooftop bar, form the ideal setting for private parties against the backdrop of a glittering skyline.

OUE Twin Peaks, a 99-year leasehold development comprising two identical 35-storey towers with a total GFA of 436,168 sq ft, sits on a land area of 130,093 sq ft. Each of the 462 one, two and three-bedroom apartments is carefully designed to create the ideal space for modern living. The unique flexibility of combining the one-bedroom apartments with either two- or three-bedroom apartments appeals to extended multi-generation families as privacy is retained while cross-movement between apartments is not compromised. The apartments, fully furnished with iconic masterpieces by acclaimed designers, such as Hans Wegner, Gerrit T.Rietveld, Charles & Ray Eames, Tim Dixon and Matthew Hilton, bring together the comfort and privileges of a luxurious private home, offering the right balance befitting urban Orchard living.

The next frontier in urban resort living, OUE Twin Peaks marks a transformation in the residential living experience of impeccable lifestyle, with an impressive suite of facilities just beyond front door – spaces for relaxing, playing, socialising and poolside barbeques to meet all of life's needs and to give special meaning to the things that really matter.

1. Sky Loggias with an unobstructed breath-taking view of the city and beyond
2. Exquisite space for 6-star living
3. Cutting edge layout for unrivalled comfort

OUE HOSPITALITY TRUST

OUE HOSPITALITY TRUST

As at 31 December 2014, the portfolio of OUE Hospitality Trust (OUE H-TRUST) comprised the 1,077-room Mandarin Orchard Singapore hotel and the high-end Mandarin Gallery mall with a gross floor area of approximately 196,336 sq ft. Both assets are located in the heart of Orchard Road, Singapore's prime shopping district.

Gross revenue for FY2014 was $115.9 million, $0.5 million higher than forecast revenue of $115.4 million. This was contributed by both the hospitality (Mandarin Orchard Singapore) and retail (Mandarin Gallery) segments which posted higher than forecast revenue for FY2014. OUE H-TRUST's net property income and distributable income were also 1.3% and 2.6% higher at $103.2 million and $89.0 million respectively.

OUE H-TRUST delivered a distribution per stapled security (DPS) of 6.74 cents for FY2014 which is higher than the forecast DPS of 6.57 cents. This translates to a distribution yield of 7.66% based on the IPO price of $0.88 per stapled security or 7.45% based on closing price on 31 December 2014 of $0.905 per stapled security.

As at 31 December 2014, OUE H-TRUST's net asset value per stapled security was S$0.90.

The Group's effective interest in OUE H-TRUST is approximately 34.3% as at 31 December 2014.

Mandarin Orchard Singapore

OUE H-TRUST's First Acquisition Since Listing

On 30 January 2015, OUE H-TRUST completed the acquisition of 320-room Crowne Plaza Changi Airport from OUE Airport Hotel Pte. Ltd., a subsidiary of OUE. The 243-room extension is currently under construction and the acquisition is expected to take place when it is completed and temporary occupation permit is obtained.

Crowne Plaza Changi Airport

Mandarin Gallery

OUE HOSPITALITY TRUST

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

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

OUE COMMERCIAL REIT


OUE Bayfront, Singapore


Lippo Plaza, Shanghai

OUE COMMERCIAL REIT

OUE Commercial Real Estate Investment Trust (OUE C-REIT) was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 27 January 2014 following its successful Initial Public Offering (IPO) which raised gross proceeds of S$346.4 million from institutional and retail investors at an offer price of S$0.80 per unit. The offering garnered strong support from cornerstone investors, and the public tranche was 4.8 times subscribed.

OUE C-REIT's portfolio comprises two strategically located assets in Singapore and China with a combined asset size of S$1.6 billion and total net lettable area of 824,776 sq ft as at 31 December 2014. The portfolio comprises OUE Bayfront, a premium Grade-A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub in the central business district (CBD) of Singapore; and Lippo Plaza, a 36-storey Grade-A commercial building located within the Huangpu district in the Puxi area, one of Shanghai's established core CBD locations.

For its inaugural financial result for the period from listing date of 27 January 2014 to 31 December 2014, OUE C-REIT delivered an amount available for distribution of S$45.9 million and distribution per unit (DPU) of 5.27 cents, exceeding its IPO forecast for the same period by 4.5% and 4.4% respectively. As testament to OUE C-REIT's high quality and well-managed portfolio, the outperformance was driven by robust occupancy and strong rental growth during the financial period, and further augmented by the Manager's effective cost management initiatives.

Based on OUE C-REIT's closing price of S$0.805 per unit as at 31 December 2014, OUE C-REIT's distribution yield on an annualised basis is 7.0%. As at 31 December 2014, OUE C-REIT's net asset value per unit was S$1.10. Its aggregate leverage ratio was 38.3%, with 73.6% of borrowings hedged into fixed rates for the next 3.19 years. With an average term of debt of 2.95 years, there is no refinancing requirement until 2017.

The Group's effective interest in OUE C-REIT as at 31 December 2014 is 48.1%.

OUE COMMERCIAL REIT

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

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

CORPORATE SOCIAL RESPONSIBILTY

Good corporate citizenship is integral to our business strategy at OUE. Our philosophy to corporate social responsibility is rooted in our belief that by giving back we not only ensure the sustainable growth of our organisation, but more importantly that of the communities we are part of.

Be it through corporate philanthropy, volunteerism, or initiatives in support of local community development or ecological sustainability, we at OUE are dedicated to making a positive difference in our society and leveraging meaningful partnerships in the process.

PLAYING IT FORWARD

Through a partnership with the Singapore Badminton Association (SBA), OUE came on board as Title Sponsor for the 2014 Singapore Open. The inaugural OUE Singapore Open was launched on 6 March 2014 at OUE Bayfront by Dr. Stephen Riady, Executive Chairman of OUE Limited, and Mr. Lee Yi Shyan, Senior Minister of State, Ministry of Trade and Industry and Ministry of National Development. The tournament, which was held from 8 to 13 April 2014, was played at the highest level of competition by world-ranked badminton athletes in front of a near-capacity crowd at the Singapore Indoor Stadium.

Off the court, the inclusive and community aspect of the sport was very much part of OUE Singapore Open. In the lead-up to the tournament, OUE and SBA led a Racquet Donation Drive encouraging the public to contribute used badminton equipment for the less privileged enthusiasts of the sport.

The OUE Singapore Open also provided an opportunity for the Deaf Sports Association to visit some of the matches and promote their bid to compete in the 2015 Asia Pacific Deaf Games.

Through the OUE Singapore Open, OUE hopes to contribute to the development of badminton in Singapore and in the process, inspire a new generation of players to take up the sport and use it as a platform to engage with the community.

PRODUCTIVITY THROUGH SUSTAINABILITY

OUE is continuously looking for new and more sustainable ways of building its properties. The extension to the Crowne Plaza Changi Airport hotel is being built using the Prefabricated Pre-finished Volumetric Construction method, significantly reducing the time and the manpower needed for construction. The hotel room modules are fully fabricated off-site, complete with finishes, fixtures and fittings and then delivered to be assembled on-site. This is also in line with the government's call for developers to adopt more productive, resource-saving construction technologies.

Photo courtesy of Singapore Badminton Association

Photo courtesy of Community Chest

SUPPORTING STRONGER COMMUNITIES

Giving back to Singapore

As a company that has roots in Singapore for over 40 years, OUE is a strong supporter of community and social development in Singapore. OUE contributed S$200,000 to the Chinese Development Assistance Council (CDAC) Endowment Fund for their efforts to serve disadvantaged individuals and vulnerable families in the local Chinese community.

OUE also contributed to the Care & Share Movement, a national fund-raising and volunteerism drive led by Community Chest, which rallies the community to show care and concern for the less fortunate in celebration of SG50.

OUE remains committed to helping various welfare organisations realise their objectives and build more equitable, inclusive communities in Singapore. We also continue to explore other platforms through which OUE can give back, to include programmes that encourage the development of arts and culture in Singapore.

Stars of Christmas

OUE continued its tradition of holding the annual Stars of Christmas community project for the fifth consecutive year in 2014. OUE teamed up with Meritus Hotels & Resorts and Mandarin Orchard Singapore for the community project, in collaboration with various children's aid societies, volunteers, and partner organisations. Stars of Christmas is aimed at soliciting Christmas gifts for children with special needs and chronic illnesses, and those from low-income families.

Stars bearing the name, age and gender of each of the beneficiaries adorned the Christmas tree at the lobby of Mandarin Orchard Singapore. Hotel guests, visitors and employees did their part by picking the stars and buying presents which were then placed under the Christmas tree. This year, over 700 presents were delivered to the children, setting a new record.

The three-part programme kicked off with the ceremonial hanging of Christmas stars, led by OUE's Chief Executive Officer and Group Managing Director, Mr. Thio Gim Hock, on 26 November 2014. On 11 December 2014, Stars of Christmas beneficiaries, along with their parents, siblings, and caregivers, were treated to a scrumptious Christmas luncheon hosted by Dr. Stephen Riady, at Mandarin Orchard Singapore. The afternoon ended on a merry note with Santa distributing presents.

The last leg of the programme is the much-anticipated Toy Run that took place on 13 December 2014. A fleet of volunteers in their Jeeps® and Harley-Davidson motorcycles lined the Orchard Road frontage of Mandarin Gallery, before delivering hundreds of donated Christmas presents to the delight of children in various homes and hospitals.

1. OUE Executive Chairman Stephen Riady (foreground, left) and Singapore Badminton Association President Lee Yi Shyan (foreground, right) striking the gong at the launch event unveiling OUE as title sponsor on 13 February 2014
2. Staff from OUE took part in ComChest Orange Day 2014 that saw over 1,500 people, including children and youths with special needs, coming together for a mass beach picnic organised by Community Chest under the Care & Share Movement
3. Stars of Christmas' marked its fifth year with a kick-off ceremony in December 2014, led by OUE Chief Executive Officer and Group Managing Director, Mr Thio Gim Hock (pictured second from the right)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

SECRETARY

Ng Ngai

SHARE REGISTRAR

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

AUDITORS

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

REGISTERED OFFICE

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

INVESTOR RELATIONS

TL Woo
Telephone : (65) 6809 6050
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2014 ("**FY2014**") 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 2014, the Board met five times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board or Board Committee meetings may convey their views to the Chairmen or the Company Secretary. The Company's Articles of Association provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2014, 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.

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

	Number of meetings attended in FY2014			
Name of Director	Board	AC	NC	RC
Stephen Riady	4	–	–	–
Christopher James Williams	5	–	1	1
Thio Gim Hock	4	–	–	–
Kelvin Lo Kee Wai	5	5	1	1
Sin Boon Ann	5	5	1	1
Kin Chan	5	4	–	–
Number of meetings held in FY2014	5	5	1	1

CORPORATE GOVERNANCE REPORT

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 FY2014.

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

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

The Board comprises six Directors with four non-executive Directors. Of the four non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. 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 current composition of the Board provides an appropriate balance and diversity of skills, experience, and knowledge of the Company, contributing to improved risk management and more robust decision making for the strategic future of the Company. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

The NC has recommended to the Board that Mr. Christopher James Williams and Mr. Sin Boon Ann 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.

Mr. Christopher James Williams will, upon re-election as a Director, remain as the Deputy Chairman of the Company. Mr. Sin Boon Ann 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.

Principle 3 : Chairman and Chief Executive Officer

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

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

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

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

Principle 4 : Board Membership

The NC currently comprises three non-executive directors, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The NC met once in FY2014.

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 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 Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to the Company and its various stakeholder constituencies.

The selection and nomination process involves the following:

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

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

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

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

With regard to the re-appointment/re-election of existing Directors each year, the NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC evaluates the retiring Director's performance and contributions to the Board, taking into account factors such as attendance, preparedness and participation at meetings, the self-performance assessment undertaken by the Director and the Director's annual declaration of independence. However, the replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board, as the NC may have to consider the need to shape the Board in line with the evolving needs of the Company.

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

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

Key information on the Directors' particulars and background can be found on pages 42 to 46 of the Annual Report.

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

Principle 5 : Board Performance

The NC 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.

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. Information provided includes board papers and related materials background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and monthly internal financial statements. The Directors also have separate and independent access to 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. REMUNERATION MATTERS

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

Remuneration Committee

The RC comprises three non-executive members, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The RC met once in 2014.

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.

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors.

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 FY2014 is shown below.

Disclosure on Directors' Remuneration for FY2014

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

The Code encourages companies to fully disclose the remuneration of each individual director and the CEO on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders. In arriving at this decision, the Board 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		Number of Key Management Personnel[1] (who are not also Directors or the CEO)	
	2014	2013	2014	2013
Below S$250,000	5	6	–	–
S$250,000 to S$499,999	–	–	–	–
S$500,000 to S$749,999	–	–	–	–
S$750,000 to S$999,999	–	–	–	–
S$1,000,000 to S$1,249,999	–	–	–	–
S$1,250,000 to S$1,499,999	–	–	–	–
S$1,500,000 to S$1,749,999	–	–	–	–
S$1,750,000 to S$1,999,999	–	–	–	–
S$2,000,000 to S$2,249,999	–	–	–	–
S$2,250,000 to S$2,499,999	–	1	–	–
S$2,500,000 to S$2,749,999	1	–	–	–
Total	6	7	0	0

Note:
(1) The Company takes the view that only two persons (who are also Directors) have the authority and responsibility for planning, directing and controlling the activities of the Company. There are no persons, who are not Directors of the Company, that have the authority and responsibility for planning, directing and controlling the activities of the Company.

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

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $50,000 during FY2014. 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 FY2014.

C. ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

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

Principle 12 : Audit Committee

The AC consists of three non-executive Directors, namely 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 as listed in the principal functions of the AC below. The AC met five times in 2014.

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 the non-audit fees awarded to the external auditors 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 FY2014 was $464,000 and the audit fees was $664,000. 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 30 April 2015. 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 FY2014 are as follows:

	2014 ($'000)	2013 ($'000)
Auditors' remuneration paid/payable to:		
– Auditors of the Company	664	653
– Other auditors	149	39
Other fees paid/payable to:		
– Auditors of the Company	464	700
– Other auditors	70	56

The Company has in place a whistle-blowing procedure whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Company's Code of Business Conduct and Ethics, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Head of Internal Audit. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. 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 which annually reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, 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 controls including financial, operational, compliance and information technology controls and risk management systems, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2014, and addresses financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be 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 FY2014, the CEO and Senior Vice President, Finance have provided written confirmation to the Board: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financials; and (b) the Group's risk management and internal control systems are adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. This certification covers the Company and subsidiaries which are under the Company's management control. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the CEO and Senior Vice President, Finance, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the quarterly financial results to be false or misleading.

Further details on the Group's internal controls and risk management systems, philosophy and approach can be found in the "Managing Risks" section on pages 48 and 49.

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.

D. COMMUNICATION WITH SHAREHOLDERS

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

Shareholders are informed of the Company's performance and developments through press releases and the publication of its quarterly and full-year results on the SGXNET and Annual Report and the Company's website. Shareholders are also regularly kept up-to-date on significant events and happenings and analyst coverage of the Company through the same channels. The Company also has an email alert service to which the public may subscribe (via the Company's website) to receive Company announcements and other SGXNET filings. The Company also conducts analysts' briefings and investor roadshows to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders. The Company meets with analysts at least twice a year and participated in investor roadshows and conferences in Singapore, Hong Kong and the United States of America in FY2014. In addition, the contact details of our investor relations representative are set out in the press releases issued by the Company.

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

Voting at shareholders' meetings held in FY2014 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.

E. ADDITIONAL INFORMATION

Interested Person Transactions Policy

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual related to IPTs (as defined therein). The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. Saved as disclosed, there were no IPTs during FY2014 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Company's Securities

The Company has issued guidelines on dealing in the Company's securities. These point to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company's securities by its Directors and officers. The Company sends out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

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

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 2014.

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

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 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 40 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.

DIRECTORS' REPORT

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 five 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).

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.

DIRECTORS' REPORT

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 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 100 to 178 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 2014 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 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
OUE Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of OUE Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 100 to 178.

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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

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 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	5	416,415	436,564
Cost of sales		(236,824)	(210,561)
Gross profit		179,591	226,003
Marketing expenses		(12,274)	(14,365)
Administrative expenses		(55,775)	(50,965)
Other operating expenses		(13,501)	(21,079)
		98,041	139,594
Finance expenses	8	(68,607)	(95,546)
Finance income	9	4,585	2,945
Share of results of equity-accounted investees, net of tax		87,033	17,360
		121,052	64,353
Other gains/(losses) – net	10	1,179,732	(50,218)
Profit before tax		1,300,784	14,135
Tax expense	11	(60,746)	(44,254)
Profit/(Loss) after tax		1,240,038	(30,119)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences relating to foreign operations		11,715	10,333
Currency translation differences transferred to profit or loss arising from disposal of subsidiaries		–	(8,666)
Share of currency translation differences of equity-accounted investees		1,242	1,151
Share of other reserves of equity-accounted investees		1,088	–
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		889	–
Fair value gain on available-for-sale financial assets		18,710	28,499
Effective portion of changes in fair value of cash flow hedges		842	(2,298)
Other comprehensive income, net of tax		34,486	29,019
Total comprehensive income for the year		1,274,524	(1,100)
Profit/(Loss) attributable to:			
Owners of the Company		1,094,020	(36,555)
Non-controlling interests		146,018	6,436
		1,240,038	(30,119)
Total comprehensive income attributable to:			
Owners of the Company		1,126,022	(7,007)
Non-controlling interests		148,502	5,907
		1,274,524	(1,100)
Earnings per share for profit attributable to the owners of the Company			
Basic and diluted earnings/(loss) per share ($)	12	1.20	(0.04)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 31 Dec 2014 $'000	 31 Dec 2013 $'000	 31 Dec 2014 $'000	Company 31 Dec 2013 $'000 Restated*	 1 Jan 2013 $'000 Restated*
Assets						
Cash and cash equivalents	13	161,957	730,613	62,788	551,331	430,682
Trade and other receivables	14	24,759	22,250	690,258	582,564	979,120
Inventories	15	691	790	192	163	179
Other investments	16	328,070	9,478	–	–	–
Development properties	17	875,570	846,806	–	–	–
Other assets	18	13,810	11,444	2,568	27,161	3,962
Loans to subsidiaries	22	–	–	1,544,693	1,415,146	775,799
Assets held for sale	19	223,564	–	–	–	–
Current assets		1,628,421	1,621,381	2,300,499	2,576,365	2,189,742
Available-for-sale financial assets	20	217,324	193,304	201,624	182,716	154,156
Investments in equity-accounted investees	21	1,150,776	720,474	514,202	125,621	157,666
Investments in subsidiaries	22	–	–	334,792	834,920	317,433
Loans to subsidiaries	22	–	–	80,866	72,847	130,767
Other assets	18	1,503	1,533	1,071	1,704	663
Investment properties	23	3,671,968	3,467,003	–	–	540,000
Property, plant and equipment	24	20,591	366,795	15,173	15,841	130,700
Intangible asset	25	–	43,200	–	–	–
Deferred tax assets	29	2,269	–	–	–	–
Derivative assets	26	1,478	4,507	–	–	–
Non-current assets		5,065,909	4,796,816	1,147,728	1,233,649	1,431,385
Total assets		6,694,330	6,418,197	3,448,227	3,810,014	3,621,127
Liabilities						
Trade and other payables	27	149,283	86,848	100,181	314,103	195,270
Borrowings	28	649,507	349,747	249,665	349,747	746,448
Provision	31	–	–	6,894	–	–
Current tax liabilities		16,676	10,724	3,562	3,304	10,687
Current liabilities		815,466	447,319	360,302	667,154	952,405
Borrowings	28	1,416,415	2,392,273	496,523	694,544	991,631
Deferred tax liabilities	29	92,704	38,322	367	113	5,597
Other payables	30	29,326	19,531	585	646	4,729
Provision	31	–	–	5,065	–	–
Derivative liabilities	26	972	5,728	–	–	–
Non-current liabilities		1,539,417	2,455,854	502,540	695,303	1,001,957
Total liabilities		2,354,883	2,903,173	862,842	1,362,457	1,954,362
Net assets		4,339,447	3,515,024	2,585,385	2,447,557	1,666,765
Equity						
Share capital	32	693,315	693,315	693,315	693,315	693,315
Other reserves	33	6,223	7,917	16,545	(2,363)	5,219
Accumulated profits	34	3,153,798	2,190,308	1,875,525	1,756,605	968,231
Equity attributable to owners of the Company		3,853,336	2,891,540	2,585,385	2,447,557	1,666,765
Non-controlling interests	35	486,111	623,484	–	–	–
Total equity		4,339,447	3,515,024	2,585,385	2,447,557	1,666,765

* See note 2.5, 14 and 27

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 2014		693,315	7,917	2,190,308	2,891,540	623,484	3,515,024
Total comprehensive income for the year							
Profit for the year		–	–	1,094,020	1,094,020	146,018	1,240,038
Other comprehensive income							
Currency translation differences relating to foreign operations		–	9,677	–	9,677	2,038	11,715
Share of currency translation differences of equity-accounted investees		–	1,242	–	1,242	–	1,242
Share of other reserves of equity-accounted investees		–	1,088	–	1,088	–	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		–	889	–	889	–	889
Fair value gain on available-for-sale financial assets		–	18,710	–	18,710	–	18,710
Effective portion of changes in fair value of cash flow hedges		–	396	–	396	446	842
Total other comprehensive income, net of tax		–	32,002	–	32,002	2,484	34,486
Total comprehensive income for the year		–	32,002	1,094,020	1,126,022	148,502	1,274,524
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Dividends paid	36	–	–	(27,297)	(27,297)	(31,762)	(59,059)
Share of unit issue costs of a subsidiary		–	(8,237)	–	(8,237)	(8,237)	(16,474)
Total contributions by and distributions to owners		–	(8,237)	(27,297)	(35,534)	(39,999)	(75,533)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	42	–	(25,459)	(101,163)	(126,622)	(609,541)	(736,163)
Proceeds from issuance of units by a subsidiary		–	–	–	–	346,400	346,400
Changes in ownership interests in a subsidiary without loss of control	43	–	–	(2,070)	(2,070)	17,265	15,195
Total changes in ownership interests in subsidiaries		–	(25,459)	(103,233)	(128,692)	(245,876)	(374,568)
Total transactions with owners of the Company		–	(33,696)	(130,530)	(164,226)	(285,875)	(450,101)
At 31 December 2014		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 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)
Share of currency translation differences of equity-accounted investees		–	1,151	–	1,151	–	1,151
Fair value gain on available-for-sale financial assets		–	28,499	–	28,499	–	28,499
Effective portion of changes in fair value of cash flow hedges		–	(1,042)	–	(1,042)	(1,256)	(2,298)
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	36	–	–	(263,867)	(263,867)	–	(263,867)
Share of unit issue costs of a subsidiary		–	(10,683)	–	(10,683)	(11,620)	(22,303)
Total contributions by and distributions to owners		–	(10,683)	(263,867)	(274,550)	(11,620)	(286,170)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	42	–	–	–	–	(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	43	–	–	465	465	30,076	30,541
Total changes in ownership interests in subsidiaries		–	–	465	465	628,324	628,789
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 CASH FLOWS

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit/(Loss) after tax		1,240,038	(30,119)
Adjustments for:			
Depreciation of property, plant and equipment		12,144	22,218
Dividend income		(1,840)	(1,460)
Allowance for foreseeable loss on a development property		105,000	–
Change in fair value of investment properties		(259,245)	46,987
Net change in fair value of financial assets designated at fair value through profit or loss		(21,662)	(262)
Finance expenses		68,607	95,546
Finance income		(4,585)	(2,945)
(Gain)/Loss on disposal of subsidiaries		(1,003,825)	3,493
Loss on disposal of property, plant and equipment		181	2,991
Share of results of equity-accounted investees, net of tax		(87,033)	(17,360)
Tax expense		60,746	44,254
		108,526	163,343
Changes in:			
- trade and other receivables and other assets		(14,253)	12,125
- inventories		99	(349)
- development properties		(53,519)	(38,919)
- trade and other payables and provisions		6,394	(9,094)
Cash generated from operations		47,247	127,106
Tax paid		(7,487)	(23,269)
Net cash from operating activities		39,760	103,837
Cash flows from investing activities			
Acquisition of joint venture		–	(25,131)
Acquisition of subsidiaries, net of cash acquired	42	(121,598)	–
Acquisition of available-for-sale financial assets		(4,810)	(2,013)
Acquisition of other investments		(324,639)	(25,949)
Acquisition of property, plant and equipment		(13,288)	(8,038)
Additions to investment properties		(66,305)	(493,023)
Dividends from:			
- equity-accounted investees, net of tax		34,245	12,458
- available-for-sale financial assets, net of tax		1,840	1,460
- other investments, net of tax		473	17
Interest received		2,162	2,532
Loan repayment from joint venture		–	32,134
Proceeds from sale of other investments		27,708	16,733
Proceeds from disposal of property, plant and equipment		4	1,146
Proceeds from disposal of subsidiaries, net of cash disposed	42	(58,156)	97,316
Proceeds from dilution of interest in a subsidiary	43	15,195	30,541
Net cash used in investing activities		(507,169)	(359,817)
Net cash used in operating and investing activities carried forward		(467,409)	(255,980)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Net cash used in operating and investing activities brought forward		(467,409)	(255,980)
Cash flows from financing activities			
Dividends paid		(59,059)	(263,867)
Finance expense paid (including amounts capitalised in development property)		(85,760)	(98,626)
Proceeds from borrowings		778,977	915,718
Repayment of borrowings		(1,066,811)	(750,000)
Proceeds from issuance of units by a subsidiary		346,400	600,000
Unit issue costs of a subsidiary		(16,474)	(21,586)
Changes in pledged deposits		(15,077)	–
Net cash (used in)/from financing activities		(117,804)	381,639
Net (decrease)/increase in cash and cash equivalents		(585,213)	125,659
Cash and cash equivalents at 1 January		730,613	604,637
Effect of exchange rate fluctuations on cash held		1,480	317
Cash and cash equivalents at 31 December	13	146,880	730,613

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 2015.

1 DOMICILE AND ACTIVITIES

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

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its significant subsidiaries are set out in note 45 to the financial statements.

The consolidated financial statements for the year ended 31 December 2014 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the 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 FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year is included in notes 4 and 45.

Measurement of fair values

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

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

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

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

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

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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

2.5 Changes in accounting policies

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses 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 accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014 and the Group's control conclusion in respect of its investments remain unchanged.

(ii) Joint arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered 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 joint arrangement and has reclassified the investment from a jointly controlled entity to a joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (note 22), associates and joint ventures (note 21).

(iv) Offsetting of financial assets and financial liabilities

Under the *Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, 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.

Previously, the Company had offset intra-group receivables and payables due from/to the same counterparty if the Company had the legal right to set off the amounts when it was due and payable based on the terms of the arrangement with the counterparty, and the Group intended to settle the amounts on a net basis. Based on the Group's assessment of the contractual arrangements with the Group entities, the Group assessed that the contractual arrangements do not meet the offsetting requirements as stipulated by the standard.

From 1 January 2014, as a result of the amendments, the Company has presented the respective receivables and payables on a gross basis as the right to set-off is not enforceable in the event of bankruptcy of the counterparty. The amendments were applied retrospectively. It increased the Company's trade and other receivables and trade and other payables by $14,005,000 as at 31 December 2013 (1 January 2013: $300,000). There was no impact on recognised assets and liabilities of the Company as at 31 December 2014.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

(iv) Offsetting of financial assets and financial liabilities (cont'd)

Summary of quantitative impact

Statement of financial position

	As previously reported $'000	Offsetting $'000	As restated $'000
1 January 2013			
Trade and other receivables	978,820	300	979,120
Trade and other payables	(194,970)	(300)	(195,270)
31 December 2013			
Trade and other receivables	568,559	14,005	582,564
Trade and other payables	(300,098)	(14,005)	(314,103)

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.

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

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

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

(iii) Loss of control

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

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

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

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

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

(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 joint ventures in the separate financial statements

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

3 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 OCI are reclassified to profit or loss), which are recognised in OCI.

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

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

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

(iv) Transfers

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

3.4 Intangible assets

(i) Measurement

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties

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

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

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

3.6 Leased assets

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

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

3.7 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

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

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

Properties under development, the sales of which are recognised using the percentage of completion method

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

Other properties under development

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

3.8 Inventories

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments

(i) Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

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

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

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

Distribution of non-cash assets to owners of the Company

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

(iv) Derivative financial instruments, including hedge accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

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

Cash flow hedges

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

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

Other non-trading derivatives

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

(v) Intra-group financial guarantees in the separate financial statements

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

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

3.10 Impairment

(i) Non-derivative financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

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

Loans and receivables

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

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

Available-for-sale financial assets

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

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.10(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

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

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

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

Impairment losses are recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

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

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

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

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.12 Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for income support

A provision for income support is recognised when the Group enters into a contractual arrangement to make top-up payments for any shortfall of guaranteed rental amounts in respect of a property disposed of. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition

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

(i) Hospitality services

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

(ii) Rental income

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

(iii) Sale of development properties

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

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

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

(iv) Dividend income

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

(v) Finance expenses and finance income

Finance costs comprise interest expense on borrowings, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in OCI.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development.

Finance income comprises interest income on funds invested, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

3.15 Tax

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

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, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amounts of the investment properties 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.

3.16 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.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the executive committee whose members are responsible for making decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.19 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 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

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.

(i) *Fair value estimation of unlisted equity investment*

The Group has an available-for-sale investment in an unlisted equity security with an estimated fair value of $201.6 million (2013: $182.7 million). In estimating the fair value, the Group had estimated the net asset value of the investee entity as at the reporting date, taking into consideration the fair value of the properties held by the investee entity. The fair value of the properties at the reporting date are determined by independent professional valuers based on assumptions and estimates that reflect their market values. The independent professional valuers have relied on widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investment.

(ii) *Fair value assessment of investment properties*

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. Details on the key assumptions in estimating the fair values of the investment properties are set out in note 23.

(iii) *Measurement of net realisable values of development properties*

In determining the allowance for foreseeable losses on its development properties, the Group estimates the net realisable values of the development properties, taking into account the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. Market conditions may, however change, which may affect the future selling prices and the estimated development expenditure to be incurred, and accordingly, the carrying value of development properties may have to be written down in future periods.

(iv) *Revenue recognised on development property*

The Group uses the percentage-of-completion method to recognise revenue on a 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% (2013: 5%) from management's estimates, the Group's profit will decrease/increase by $5,785,000 (2013: $4,814,000).

(v) *Estimation of tax liabilities*

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

5 REVENUE

	Group	
	2014 $'000	2013 $'000
Hospitality income	210,647	229,571
Investment properties income	157,761	138,114
Development property income	38,297	62,743
Dividend income	1,840	1,460
Others	7,870	4,676
	416,415	436,564

6 EXPENSES BY NATURE

		Group	
	Note	2014 $'000	2013 $'000
Advertising and promotion expenses		5,279	8,369
Allowance for doubtful receivables	39	329	66
Bad debts written off		23	65
Depreciation of property, plant and equipment	24	12,144	22,218
Employee benefits	7	69,656	69,979
Hospitality supplies and services		101,679	47,255
Development costs included in cost of sales		25,192	56,997
Loss on disposal of property, plant and equipment		181	2,991
Professional and legal services		6,493	9,110
Property tax		20,953	18,912
Repair and maintenance expenses		28,490	18,060
Utility charges		17,085	21,651
Others		30,870	21,297
Total cost of sales, marketing, administrative and other operating expenses		318,374	296,970

7 EMPLOYEE BENEFITS

	Group	
	2014 $'000	2013 $'000
Salaries, bonuses and other costs	63,445	64,116
Contributions to defined contribution plans	6,211	5,863
	69,656	69,979

8 FINANCE EXPENSES

	Note	Group 2014 $'000	Group 2013 $'000
Borrowing costs on:			
- Bank borrowings		78,110	95,631
- Derivatives		2,541	–
Less:			
Borrowing costs capitalised in development property	17	(12,044)	(16,026)
		68,607	79,605
Net foreign exchange loss		–	15,941
		68,607	95,546

The above finance expense includes interest expense in respect of liabilities not at fair value through profit or loss amounting to $66,066,000 (2013: $79,605,000).

9 FINANCE INCOME

	Group 2014 $'000	Group 2013 $'000
Interest income	2,183	1,850
Net change in fair value of derivatives	361	1,078
Net foreign exchange gain	1,562	–
Others	479	17
	4,585	2,945

Included in the change in fair value of derivatives is a gain of $361,000 (2013: loss of $3,429,000) relating to ineffective portion of change in fair value of cash flow hedges.

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $2,183,000 (2013: $1,850,000).

10 OTHER GAINS/(LOSSES) – NET

	Note	Group 2014 $'000	Group 2013 $'000
Allowance for foreseeable loss on a development property	17(d)	(105,000)	–
Change in fair value of investment properties	23	259,245	(46,987)
Net change in fair value of financial assets designated at fair value through profit or loss		21,662	262
Net gain/(loss) on disposal of subsidiaries	42	1,003,825	(3,493)
		1,179,732	(50,218)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

11 TAX EXPENSE

	Group 2014 $'000	Group 2013 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	11,915	12,247
Over provision in respect of prior years	(1,262)	(560)
	10,653	11,687
Deferred tax expense		
Origination and reversal of temporary differences	50,093	32,567
	60,746	44,254

Reconciliation of effective tax rate

	Group 2014 $'000	Group 2013 $'000
Profit before tax	1,300,784	14,135
Less:		
Share of results of equity-accounted investees, net of tax	(87,033)	(17,360)
	1,213,751	(3,225)
Tax using the Singapore tax rate of 17% (2013: 17%)	206,338	(548)
Effect of tax rates in foreign jurisdictions	18,933	20,233
Non-deductible expenses	23,980	26,258
Income not subject to tax	(191,789)	(6,899)
Effect of taxable distribution from subsidiary and associate	2,867	2,943
Singapore statutory stepped income exemption	(307)	(213)
Effect of tax losses not available for carry forward	1,986	3,073
Recognition of previously unrecognised tax losses	–	(33)
Over provision in respect of prior years	(1,262)	(560)
	60,746	44,254

12 EARNINGS/(LOSS) PER SHARE

	Note	Group 2014	Group 2013
Net profit/(loss) attributable to owners of the Company ($'000)		1,094,020	(36,555)
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January ('000)	32	981,602	981,602
Effect of own shares held ('000)		(71,716)	(71,716)
Weighted average number of ordinary shares during the year ('000)		909,886	909,886
Basic earnings/(loss) per share ($ per share)		1.20	(0.04)

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

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	4,224	24,824	–	–
Cash at bank and on hand	132,904	422,327	57,708	300,238
Time deposits with financial institutions	24,829	283,462	5,080	251,093
	161,957	730,613	62,788	551,331
Deposits pledged	(15,077)	–		
Cash and cash equivalents in the statement of cash flows	146,880	730,613		

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

Included in cash at bank and on hand is an amount of $5,284,000 which are restricted to payments for expenditure incurred on an investment property.

14 TRADE AND OTHER RECEIVABLES

	Group		Company		
	2014 $'000	2013 $'000	2014 $'000	2013 $'000 Restated*	1 Jan 2013 $'000 Restated*
Trade receivables					
- Associates	7,525	3,099	1,680	–	–
- Subsidiaries	–	–	43,513	134	221
- Third parties	12,396	19,065	8,044	9,945	13,600
	19,921	22,164	53,237	10,079	13,821
Less:					
Allowance for doubtful receivables					
- Third parties	(688)	(347)	(88)	(44)	(44)
Trade receivables - net	19,233	21,817	53,149	10,035	13,777
Non-trade receivables					
- Associates	5,505	372	5,505	372	343
- Joint venture	–	–	–	–	8,255
- Subsidiaries	–	–	635,235	572,157	956,745
- Others	21	61	–	–	–
Non-trade receivables	5,526	433	640,740	572,529	965,343
Less:					
Allowance for doubtful receivables					
- Subsidiaries	–	–	(3,631)	–	–
Non-trade receivables - net	5,526	433	637,109	572,529	965,343
	24,759	22,250	690,258	582,564	979,120

* See note 2.5

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

The Group and the Company's exposure to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 39.

15 INVENTORIES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Food and beverage	691	790	192	163

The cost of inventories recognised as expense and included in "cost of sales" amounted to $15,697,000 (2013: $18,824,000).

16 OTHER INVESTMENTS

	Group	
	2014	2013
Financial assets designated at fair value through profit or loss		
- Equity securities	59,177	9,478
- Mutual fund	268,893	–
	328,070	9,478

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

Equity securities amounting to $59,177,000 (2013: $Nil) are charged to a bank for credit facilities granted to the Group (note 28).

17 DEVELOPMENT PROPERTIES

	Note	Group	
		2014 $'000	2013 $'000
Property under development, sold units for which revenue is recognised using percentage of completion method			
Costs incurred		1,018,025	943,425
Add: Development profits		25,860	12,755
Less: Progress billings		(92,306)	(82,415)
Less: Allowance for foreseeable loss		(131,959)	(26,959)
		819,620	846,806
Other properties under development			
Cost incurred	17(e)	55,950	–
		875,570	846,806

(a) Finance expense capitalised during the year was $12,044,000 (2013: $16,026,000).

(b) A development property with a carrying amount of $819,620,000 (2013: $846,806,000) is pledged as security for a banking facility (note 28).

(c) The amount of revenue recognised on development property sold using the percentage of completion method was $38,297,000 (2013: $62,743,000) for the current year.

(d) During the year, due to the weak market conditions and the slow take-up rate of a development property, the Group wrote down the development property to its net realisable value and recognised an allowance for foreseeable loss of $105,000,000 (2013: $Nil). The amount is included in "Other gains/(losses) – net".

The net realisable value has been estimated on the basis as described in note 4.

17 DEVELOPMENT PROPERTIES (CONT'D)

(e) During the year, a subsidiary of the Group entered into a sale and purchase agreement to dispose of the future extension of Crowne Plaza Changi Airport ("CPEX") upon completion of its construction to an associate. Accordingly, the costs incurred in relation to the development of CPEX have been transferred to development properties (notes 19, 24 and 25).

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

Description and location	Purpose of development	Group's effective interest 2014 %	Group's effective interest 2013 %	Approximate site area (square meter)	Approximate gross floor area (square meter)
OUE Twin Peaks					
462 units leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521*
CPEX					
Leasehold land at 75 Airport Boulevard, Singapore	Hotel	100	100	2,600	9,615

* Includes balcony

18 OTHER ASSETS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Sundry receivables	4,251	6,595	2,880	4,115
Less: Allowance for doubtful receivables	(1,779)	(1,772)	(1,670)	(1,670)
	2,472	4,823	1,210	2,445
Rental deposits				
- Subsidiary	–	–	1,071	24,204
Other deposits				
- Third parties	8,351	4,526	415	1,535
	10,823	9,349	2,696	28,184
Prepayments	4,490	3,628	943	681
	15,313	12,977	3,639	28,865
Non-current	1,503	1,533	1,071	1,704
Current	13,810	11,444	2,568	27,161
	15,313	12,977	3,639	28,865

Included in the sundry receivables of the Group and the Company is $1,670,000 (2013: $1,670,000) from the sale of the Group's 20% interest in an associate to its joint venture partner in 2006. An impairment loss of $1,670,000 was recognised in prior years against this receivable due to the uncertainty of its recoverability.

The Group and the Company's exposure to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 39.

19 ASSETS HELD FOR SALE

Disposal group held for sale

During the year, the Group through its wholly–owned subsidiary, OUE Airport Hotel Pte. Ltd., entered into the following agreements with OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"):

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

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

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

The assets relating to CPCA within the hospitality segment are presented as a disposal group held for sale. The Group is currently undertaking the construction of CPEX which is expected to be completed at the end of December 2015 but no later than June 2016, after which it would be divested to OUE H-REIT. The costs relating to CPEX are included in development properties (note 17).

OUE H-REIT is part of an associate, OUE Hospitality Trust ("OUE H-TRUST"), being a stapled group comprising of OUE H-REIT and OUE Hospitality Business Trust ("OUE H-BT").

The disposal of CPCA was completed subsequent to the reporting date (note 44).

Assets of disposal group held for sale

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

	Note	Group 2014 $'000
Property, plant and equipment	24	222,441
Prepayments		1,123
Assets held for sale		223,564

There were no liabilities associated with the disposal group.

Cumulative income or expense recognised in OCI

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

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Equity securities	202,624	182,716	201,624	182,716
Interests in limited partnerships	14,700	10,588	–	–
	217,324	193,304	201,624	182,716

The fair value of the Group's investments in the equity securities and interests in limited partnerships are estimated based on the net asset values of the investee entities, which takes into consideration the fair value of the underlying investments and properties held by these entities. Further details are set out in note 39.

21 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Interests in associates	1,121,526	692,203	556,773	168,192
Interests in joint ventures	26,874	25,895	–	–
Less: Allowance for impairment	–	–	(44,947)	(44,947)
	1,148,400	718,098	511,826	123,245
Loans to associates	40,310	41,010	40,310	41,010
Less: Allowance for doubtful receivables	(37,934)	(38,634)	(37,934)	(38,634)
	2,376	2,376	2,376	2,376
	1,150,776	720,474	514,202	125,621

The loans to associates 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 (2013: $3,484,000) to an associate for which interest is charged at a fixed rate of 1.00% (2013: 1.00%) per annum.

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

	Group and Company 2014 $'000	Group and Company 2013 $'000
Beginning of financial year	38,634	39,895
Currency translation differences	(700)	(1,261)
End of financial year	37,934	38,634

Associates

The Group has three associates (2013: two associates) that are material and a number of associates that are individually immaterial to the Group. The material associates own and manage commercial, retail and hospitality related real estate assets which are aligned to the Group's principal activities. All are equity accounted. The following are the material associates:

	OUE H-TRUST	OUB Centre Limited ("OUBC")	Aquamarine Hotel Private Limited ("AQHPL")
Principal place of business/Country of incorporation	Singapore	Singapore	Singapore
Ownership interest/voting rights held	33.33% (2013: 45.33%[1])	50.00% (2013: 50.00%)	25.00% (2013: 25.00%)
Fair value of ownership interest (if listed)	$400.8 million*	N/A	N/A

[1] OUE H-TRUST was a subsidiary in 2013, and became an associate on 31 March 2014 (notes 36, 42 and 45).

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

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

Associates (cont'd)

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

	OUE H-TRUST[a] $'000	OUBC $'000	AQHPL $'000	Immaterial associates $'000	Total $'000
2014					
Revenue	87,161	66,798	90,261		
Profit after tax	59,119	119,131	22,572		
OCI	1,791	–	–		
Total comprehensive income	60,910	119,131	22,572		
Attributable to NCI	–	(2)	–		
Attributable to investee's shareholders	60,910	119,133	22,572		
Non-current assets	1,672,080	1,746,372	161,371		
Current assets	40,570	14,167	31,229		
Non-current liabilities	(588,469)	(29,567)	(4,234)		
Current liabilities	(12,201)	(341,747)	(22,656)		
Net assets	1,111,980	1,389,225	165,710		
Attributable to investee's shareholders	1,111,980	1,389,192	165,710		
Attributable to NCI	–	33	–		
Group's interest in net assets of investees at beginning of the year	–	644,630	38,582	8,991	692,203
Fair value of retained equity interest arising from Distribution *In Specie* (note 42)	372,167	–	–	3,017	375,184
Group's share of:					
- Profit after tax	19,704	59,566	5,643		
- OCI	597	–	–		
- Total comprehensive income	20,301	59,566	5,643	2,613	88,123
Dividends received during the year	(21,845)	(9,600)	(2,800)	–	(34,245)
Share of currency translation differences	–	–	–	261	261
Carrying amount of interest in investees at end of the year	370,623	694,596	41,425	14,882	1,121,526

[a] OUE H-TRUST became an associate of the Group on 31 March 2014 (notes 36, 42 and 45). Accordingly, the financial information presented above is based on OUE H-TRUST's results for the period from 31 March 2014 to 31 December 2014.

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

Associates (cont'd)

	OUBC $'000	AQHPL $'000	Immaterial associates $'000	Total $'000
2013				
Revenue	54,771	87,664		
Profit after tax	23,384	22,821		
OCI	–	–		
Total comprehensive income	23,384	22,821		
Attributable to NCI	(2)	–		
Attributable to investee's shareholders	23,386	22,821		
Non-current assets	1,646,576	166,234		
Current assets	12,620	14,468		
Non-current liabilities	(329,048)	(4,776)		
Current liabilities	(40,854)	(21,598)		
Net assets	1,289,294	154,328		
Attributable to NCI	35	–		
Attributable to investee's shareholders	1,289,259	154,328		
Group's interest in net assets of investees at beginning of the year	642,537	35,735	8,635	686,907
Group's share of:				
- Profit after tax	11,693	5,705		
- OCI	–	–		
- Total comprehensive income	11,693	5,705	(37)	17,361
Dividends received during the year	(9,600)	(2,858)	–	(12,458)
Share of currency translation differences	–	–	393	393
Carrying amount of interest in investees at end of the year	644,630	38,582	8,991	692,203

At the reporting date, the Group's share of associates' contingent liabilities and commitments amounted to $1,791,000 (2013: $1,791,000) and $151,000 (2013: $6,282,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

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

Associates (cont'd)

Unrecognised share of losses of associates is as follows:

	Group 2014 $'000	2013 $'000
At beginning of the year	8,072	6,501
Movement during the year	(72)	1,571
At end of the year	8,000	8,072

Details of significant associates are included in note 45.

Financial or other support

OUE H-TRUST

Pursuant to the conditional sales and purchase agreement entered into between the Company and OUE H-REIT on 28 November 2014 (note 19), upon completion of CPEX, the Company will enter into a deed of income support with OUE H-REIT and provide income support not exceeding $7.5 million over a three-year period from the date of completion of the acquisition of CPEX.

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

Joint ventures

The Group has two joint ventures (2013: a joint venture) that are not material to the Group. All are equity accounted for. The summarised financial information of the joint ventures is as follows:

	2014 $'000	2013 $'000
As at 1 January	25,895	–
Investment in joint ventures	–	25,138
Share of total comprehensive income	(2)	(1)
Share of currency translation differences	981	758
At 31 December	26,874	25,895

As at 31 December 2014, one of the Group's joint ventures had entered into a conditional subscription agreement with Gemdale Properties and Investment Corporation Limited ("GPI") to subscribe for an aggregate of 2,900,000,000 new ordinary shares in the capital of GPI (the "GPI Subscription Shares") at an issue price of HK$0.52 per Subscription Share, amounting to an aggregate consideration of $256,360,000 (HK$1,508,000,000). The Group's share of the joint venture's commitment is $128,180,000 (2013: $Nil) which has not been provided for in the Group's consolidated financial statements.

The proposed subscription was completed subsequent to the reporting date (note 44).

22 INVESTMENTS IN SUBSIDIARIES AND LOANS TO SUBSIDIARIES

	Company	
	2014 $'000	2013 $'000
Investments in subsidiaries		
Equity investment at cost	334,892	835,020
Less: Allowance for impairment of investments	(100)	(100)
	334,792	834,920

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

	Company	
	2014 $'000	2013 $'000
At beginning of the year	100	90,761
Utilised	–	(90,661)
At end of the year	100	100

Details of significant subsidiaries are included in note 45.

	Company	
	2014 $'000	2013 $'000
Loans to subsidiaries		
Loans to subsidiaries	1,764,984	1,495,584
Less: Allowance for doubtful receivables	(139,425)	(7,591)
	1,625,559	1,487,993
Current portion	1,544,693	1,415,146
Non-current portion	80,866	72,847
	1,625,559	1,487,993

As at 31 December 2014, the non-current loan to subsidiary is unsecured and bears interest at 1.40% (2013: 1.40%) over the US LIBOR rate. The amount is not expected to be repaid within the next twelve months.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,043,029,000 (2013: $1,044,296,000) for which interest is charged at 3.78% (2013: 3.47%) per annum on a weighted average basis.

During the year, the Company carried out an impairment assessment on its investment in a subsidiary and its loan to the subsidiary, taking into consideration the estimated selling price of the underlying property held by the subsidiary and the liabilities to be settled. Based on the assessment, the Company recorded an impairment loss of $131,834,000 (2013: $Nil) on the loan to the subsidiary.

The exposure of the Group and the Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 39.

23 INVESTMENT PROPERTIES

	Note	Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
At beginning of the year		3,467,003	3,021,000	–	540,000
Acquisition of subsidiaries	42(a)	336,635	–	–	–
Additions		113,566	492,164	–	76
Disposal	42(b)	(536,000)	–	–	(540,016)
Change in fair value (unrealised) recognised in "other gains/(losses) - net"	10	259,245	(46,987)	–	(60)
Effect of movements in exchange rates		28,104	826	–	–
Lease incentives		3,415	–	–	–
At end of the year		3,671,968	3,467,003	–	–

In July 2013, the Company disposed of its investment property, Mandarin Gallery, with a carrying amount of $540,016,000 to its former subsidiary, OUE H-TRUST. During the current financial year, the Group deconsolidated OUE H-TRUST (note 42) and derecognised Mandarin Gallery from its financial statements.

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

	Group	
	2014 $'000	2013 $'000
Rental income	157,761	138,114
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	57,317	43,483

(ii) Security

As at 31 December 2014, investment properties with a total carrying amount of $2,270,968,000 (2013: $2,092,034,000) were pledged as security for banking facilities (note 28).

(iii) The Group's investment properties as at 31 December 2014 are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
OUE Downtown (comprising of OUE Downtown 1 & 2 and Downtown Gallery)	A 49-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore	99-year lease from 19 July 1967
U.S. Bank Tower	A 72-storey commercial tower at Los Angeles, United States	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994

23 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's investment properties as at 31 December 2014 are: (cont'd)

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value 2014 $'000	2013 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) [(1)]	31 December	1,135,000	1,010,000
Mandarin Gallery [(2)]	31 December	–	536,000
OUE Downtown [(3)]	31 December	1,401,000	1,374,969*
U.S. Bank Tower [(4)]	31 December	640,356	546,034
Lippo Plaza [(5)]	31 December	495,612	–

* Based on an independent valuation on a completed basis and adjusted for estimated costs to be incurred to complete the redevelopment of the property.

(1) The open market value as at 31 December 2014 and 31 December 2013 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 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 2014 and 31 December 2013.

(4) The open market value as at 31 December 2014 and 31 December 2013 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(5) The open market value as at 31 December 2014 was based on the discounted cash flow analysis and market comparison method.

The valuation methods take into consideration the estimated net rent (using current and projected average rental rate and occupancy), and a capitalisation rate 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 one to twelve years. Subsequent renewals are negotiated with the lessees.

(iv) Fair value hierarchy

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

The fair value measurement of all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 2.4).

23 INVESTMENT PROPERTIES (CONT'D)

(v) Level 3 fair values

Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Country: Singapore	United States of America	The People's Republic of China	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Rent growth rate	1.25% – 5.00% (2013: 0% – 5.00%)	3.00% (2013: 3.00% – 4.00%)	5.00% – 8.00%	Significant increases in rent growth rate and price per square foot in isolation would result in a significantly higher fair value measurement. Conversely, significant increases in discount rate, terminal yield and capitalisation rate in isolation would result in a significantly lower fair value measurement.
	Discount rate	7.00% (2013: 7.00% – 9.00%)	8.00% (2013: 8.50%)	9.00%	
	Terminal yield	4.00% – 8.00% (2013: 4.25% – 8.00%)	6.00% (2013: 6.50%)	5.00%	
Capitalisation approach: The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates	Capitalisation rate	3.50% – 6.00% (2013: 3.50% – 6.50%)	5.25% – 5.75% (2013: 6.00%)	–	
Market comparable approach: The market comparable approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties	Price per square foot	$2,177 – $6,803 (2013: $1,627 – $5,361)	$473 – $691 (2013: $429 – $556)	$1,004 – $1,633	

24 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2014								
Cost								
Beginning of financial year	336,300	80,443	1,944	70,598	54,580	4,476	2,649	550,990
Exchange differences	–	–	–	4	–	–	–	4
Additions	–	2,811	–	1,646	2,710	455	10,270	17,892
Disposals	(104,058)	(83,113)	–	(49,886)	(39,080)	–	(392)	(276,529)
Reclassification to:								
- development properties (note 17)	–	–	–	–	–	–	(12,000)	(12,000)
- assets held for sale (note 19)	(232,242)	–	–	(13,803)	(4,357)	–	–	(250,402)
Other reclassifications	–	45	–	463	19	–	(527)	–
End of financial year	–	186	1,944	9,022	13,872	4,931	–	29,955
Accumulated depreciation and impairment losses								
Beginning of financial year	59,644	39,443	309	47,517	34,956	2,326	–	184,195
Exchange differences	–	–	–	1	–	–	–	1
Depreciation charge	5,271	543	46	3,067	2,456	761	–	12,144
Disposals	(48,007)	(39,803)	–	(41,329)	(29,876)	–	–	(159,015)
Reclassification to assets held for sale (note 19)	(16,908)	–	–	(7,531)	(3,522)	–	–	(27,961)
End of financial year	–	183	355	1,725	4,014	3,087	–	9,364

24 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
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
Carrying amounts								
At 1 January 2013	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
At 31 December 2014	–	3	1,589	7,297	9,858	1,844	–	20,591

In March 2014, the Group disposed of Mandarin Orchard Singapore (which was held by OUE H-TRUST), with a carrying amount of $117,319,000 (note 42).

In September 2013, the Group disposed of its hotel properties in China, Meritus Mandarin Haikou and Meritus Shantou China, with a total carrying amount of $128,604,000 to a third party (note 42).

24 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2014								
Cost								
Beginning of financial year	–	–	1,944	13,898	10,240	4,475	–	30,557
Additions	–	–	–	797	483	455	–	1,735
Disposals	–	–	–	(6,434)	(4,709)	–	–	(11,143)
End of financial year	–	–	1,944	8,261	6,014	4,930	–	21,149
Accumulated depreciation								
Beginning of financial year	–	–	308	6,902	5,180	2,326	–	14,716
Depreciation charge	–	–	46	825	609	761	–	2,241
Disposals	–	–	–	(6,374)	(4,607)	–	–	(10,981)
End of financial year	–	–	354	1,353	1,182	3,087	–	5,976
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

24 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Carrying amounts								
At 1 January 2013	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
At 31 December 2014	–	–	1,590	6,908	4,832	1,843	–	15,173

In July 2013, the Company disposed of its hotel property, Mandarin Orchard Singapore, with a carrying value of $110,738,000 to its then subsidiary, OUE H-TRUST.

The Group's major leasehold land and buildings as at 31 December 2013 were:

	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

During the year, the Group deconsolidated OUE H-TRUST (note 42) and derecognised Mandarin Orchard Singapore from its financial statements.

As at 31 December 2013, Mandarin Orchard Singapore was appraised by professional valuers at an open market value of $1,220,000,000. The carrying amount of Mandarin Orchard Singapore as at 31 December 2013 was $115,398,000. This valuation surplus of $1,104,602,000 had not been incorporated in the financial statements.

As at 31 December 2013, Crowne Plaza Changi Airport Singapore was appraised by professional valuers at an open market value of $291,000,000. The carrying amount of the hotel property as at 31 December 2013 was $229,873,000. The valuation surplus $61,127,000 had not been incorporated in the financial statements. The property was reclassified to assets held for sale (note 19) during the year.

In the previous year, property, plant and equipment of the Group with total carrying value of $115,398,000 were mortgaged to financial institutions to secure credit facilities (note 28).

25 INTANGIBLE ASSET

	Note	Group 2014 $'000	Group 2013 $'000
Cost			
At 1 January		43,200	43,200
Reclassification to development properties	17	(43,200)	–
At 31 December		–	43,200
Carrying amounts			
At 1 January		43,200	43,200
At 31 December		–	43,200

The intangible asset represents the amount paid to the vendors of CPCA for the potential development of the site adjacent to CPCA, now known as CPEX (see note 17), which is subject to a conditional sub-lease to be granted upon the completion of construction of CPEX.

Following the sale and purchase agreement entered into by the Group to dispose of CPEX upon completion of its construction, the intangible asset has been reclassified to development properties (note 17) during the year.

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

26 DERIVATIVES

	Note	Group 2014 $'000	Group 2013 $'000
Derivative assets			
Cross currency swaps	(a)	–	4,507
Interest rate swaps	(b)	1,478	–
		1,478	4,507
Derivative liabilities			
Interest rate swaps	(b)	(972)	(5,728)

(a) In the previous year, the Group used cross currency swaps to manage its exposure to United States Dollar on certain bank loans. As at 31 December 2013, the Group had cross currency swaps with a total notional amount of $470.3 million.

(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 2014, the Group has interest rate swap contracts with a total notional amount of $520.0 million and tenors of between 2 years to 5 years, of which $110.0 million relate to forward start interest rate swaps which will be effective in 2016. Under the contracts, the Group pays fixed interest rates of 0.83% to 2.45% and receives interest at the three-month Singapore Dollar swap offer rate. As at 31 December 2013, the total notional amount of interest rate swap contracts was $587.0 million.

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27 TRADE AND OTHER PAYABLES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000 Restated*	Company 1 Jan 2013 $'000 Restated*
Trade payables					
- Subsidiaries	–	–	1,970	1,054	2,016
- Associates	6,377	–	6,371	–	–
- Third parties	17,805	12,464	2,481	3,250	2,833
	24,182	12,464	10,822	4,304	4,849
Non-trade payables					
- Subsidiaries	–	–	44,472	242,383	152,201
Accruals and sundry creditors	115,894	67,130	44,093	66,624	36,194
Retention sum payables	675	812	517	594	345
Rental deposits	8,532	6,442	277	198	1,681
	149,283	86,848	100,181	314,103	195,270

* See note 2.5

Non-trade payables to subsidiaries are unsecured, repayable on demand and interest-free. In the previous year, non-trade payables to subsidiaries were unsecured, repayable on demand and interest-free, except for an amount of $143,356,000 for which interest was charged at 2.30% per annum over the bank's swap rate. This amount was repaid during the year.

28 BORROWINGS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Current				
Unsecured bank loan	50,000	50,000	50,000	50,000
Secured bank loans	399,842	–	–	–
Unsecured notes	199,665	299,747	199,665	299,747
	649,507	349,747	249,665	349,747
Non-current				
Secured bank loans	919,892	1,697,729	–	–
Unsecured notes	496,523	694,544	496,523	694,544
	1,416,415	2,392,273	496,523	694,544

28 BORROWINGS (CONT'D)

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Unsecured bank loan	SGD	2.43% (2013: 2.22%)	2015 (2013: 2014)	50,000	50,000	50,000	50,000
Secured bank loans	USD	1.33% – 2.41% (2013: 2.42% – 2.54%)	2015 – 2018 (2013: 2016 – 2018)	317,512	749,752	–	–
Secured bank loan	HKD	1.29% (2013: N/A)	2015	2,248	–	–	–
Secured bank loans	SGD	0.89% – 2.98% (2013: 1.13% – 3.01%)	2015 – 2019 (2013: 2015 – 2018)	936,197	947,977	–	–
Secured bank loan	RMB	6.77% (2013: N/A)	2017	63,777	–	–	–
Unsecured notes	SGD	3.95% – 4.95% (2013: 3.95% – 4.95%)	2015 – 2019 (2013: 2014 – 2019)	696,188	994,291	696,188	994,291
				2,065,922	2,742,020	746,188	1,044,291

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

- bank deposits of $15,077,000 (note 13);
- investments with carrying amounts of $59,177,000 (2013: $Nil) (note 16);
- development property with a carrying amount of $819,620,000 (2013: $846,806,000) (note 17);
- investment properties with carrying amount of $2,270,968,000 (2013: $2,092,034,000) (note 23);
- property, plant and equipment with carrying amount of $Nil (2013: $115,398,000) (note 24); and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, investment properties and a development property.

Unsecured notes comprise $696,188,000 (2013: $994,291,000) Medium Term Notes ("MTN") which comprise 3 series (2013: 4 series) of notes issued by the Company at various interest rates as part of an unsecured MTN programme established in 2011 at $1,000,000,000 with the programme limit updated to $3,000,000,000 in 2013. Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from September 2015 to October 2019 (2013: April 2014 to October 2019).

28 BORROWINGS (CONT'D)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to wholly-owned subsidiaries. The maximum exposure of the Company is $317,692,000 (2013: $324,352,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

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

	2014 $'000	2013 $'000
Within one year	8,713	17,867
Between one and five years	308,979	306,485
	317,692	324,352

29 DEFERRED TAXES

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

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

	Property, plant and equipment $'000	Investment properties $'000	Development property $'000	Others $'000	Total $'000
Group					
Deferred tax liabilities					
2014					
At 1 January	1,522	33,062	558	3,180	38,322
Recognised in profit or loss	1,328	49,741	4,122	(2,909)	52,282
Effects of movements in exchange rates	–	2,100	–	–	2,100
At 31 December	2,850	84,903	4,680	271	92,704
2013					
At 1 January	5,755	–	366	213	6,334
Recognised in profit or loss	(4,233)	32,704	192	2,967	31,630
Effects of movements in exchange rates	–	358	–	–	358
At 31 December	1,522	33,062	558	3,180	38,322

29 DEFERRED TAXES (CONT'D)

	Tax losses $'000
Group	
Deferred tax assets	
2014	
At beginning of the year	–
Recognised in profit or loss	2,189
Effects of movements in exchange rates	80
At end of the year	2,269

	Property, plant and equipment $'000
2013	
At beginning of the year	937
Recognised in profit or loss	(937)
At end of the year	–

	Property, plant and equipment $'000	Others $'000	Total $'000
Company			
Deferred tax liabilities			
2014			
At beginning of the year	271	(158)	113
Recognised in profit or loss	254	–	254
At end of the year	525	(158)	367
2013			
At beginning of the year	5,755	(158)	5,597
Recognised in profit or loss	(5,484)	–	(5,484)
At end of the year	271	(158)	113

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.

Unrecognised deferred tax liabilities

At 31 December 2014, a deferred tax liability of $20,330,000 (2013: $15,364,000) for temporary differences of $67,766,000 (2013: $51,215,000) related to the Group's investment in a subsidiary was not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

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30 OTHER PAYABLES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Retention sums payable	6,523	889	–	–
Rental deposits	22,803	18,642	585	646
	29,326	19,531	585	646

31 PROVISION

	Income support $'000
Company	
At beginning of the year	–
Provision made during the year	18,745
Provision used during the year	(7,863)
Unwinding of discount	1,077
At end of the year	11,959
Non-current	5,065
Current	6,894
	11,959

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

32 SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2014 '000	2013 '000	2014 $'000	2013 $'000
At beginning and end of the 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 2014, the Group held 71,716,000 (2013: 71,716,000) of the Company's shares as treasury shares (note 33).

33 OTHER RESERVES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Asset revaluation reserve	9,993	46,135	965	965
Currency translation reserve	(37,983)	(48,902)	–	–
Hedging reserve	840	(1,042)	–	–
Fair value reserve	171,856	152,655	171,624	152,716
Reserve for own shares	(156,044)	(156,044)	(156,044)	(156,044)
Capital reserve	17,561	15,115	–	–
	6,223	7,917	16,545	(2,363)

33 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	Capital reserve $'000	Total $'000
At 1 January 2014	46,135	(48,902)	(1,042)	152,655	(156,044)	15,115	7,917
Other comprehensive income							
Currency translation differences relating to foreign operations	–	9,677	–	–	–	–	9,677
Share of currency translation differences of equity-accounted investees	–	1,242	–	–	–	–	1,242
Share of other reserves of equity-accounted investees	–	–	597	491	–	–	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control	–	–	889	–	–	–	889
Fair value gain on available-for-sale financial assets	–	–	–	18,710	–	–	18,710
Effective portion of changes in fair value of cash flow hedges	–	–	396	–	–	–	396
Total other comprehensive income, net of tax	–	10,919	1,882	19,201	–	–	32,002
Total other comprehensive income for the year	–	10,919	1,882	19,201	–	–	32,002
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Share of unit issue costs of a subsidiary	–	–	–	–	–	(8,237)	(8,237)
Total contributions by and distributions to owners	–	–	–	–	–	(8,237)	(8,237)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	(36,142)	–	–	–	–	10,683	(25,459)
Total changes in ownership interests in subsidiaries	(36,142)	–	–	–	–	10,683	(25,459)
Total transactions with owners of the Company	(36,142)	–	–	–	–	2,446	(33,696)
At 31 December 2014	9,993	(37,983)	840	171,856	(156,044)	17,561	6,223

33 OTHER RESERVES (CONT'D)

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 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 transferred to profit or loss on disposal of subsidiaries	–	(8,666)	–	–	–	–	(8,666)
Share of currency translation differences of equity-accounted investees	–	1,151	–	–	–	–	1,151
Fair value gain on available-for-sale financial assets	–	–	–	28,499	–	–	28,499
Effective portion of changes in fair value of cash flow hedges	–	–	(1,042)	–	–	–	(1,042)
Total other comprehensive income, net of tax	–	2,091	(1,042)	28,499	–	–	29,548
Total other comprehensive income for the year	–	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 issue costs of a subsidiary	–	–	–	–	–	(10,683)	(10,683)
Total contributions by and distributions to owners	–	–	–	–	–	(10,683)	(10,683)
Total transactions with owners of the Company							
At 31 December 2013	46,135	(48,902)	(1,042)	152,655	(156,044)	15,115	7,917

33 OTHER RESERVES (CONT'D)

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 equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

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

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2014, the Group held 71,716,000 (2013: 71,716,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $156,044,000 (2013: $156,044,000).

Capital reserve

The reserve relate to the Group's share of the share premium of an associate of $25,798,000 (2013: $25,798,000) and unit issue costs of a subsidiary of $8,237,000 (2013: $10,683,000).

34 ACCUMULATED PROFITS

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

	Company	
	2014 $'000	2013 $'000
At beginning of the year	1,756,605	968,231
Net profit for the year	272,839	1,016,099
Transfer of asset revaluation reserve to accumulated profits on disposal of a property	–	36,142
Distribution *In Specie* (note 36)	(126,622)	–
Dividends paid (note 36)	(27,297)	(263,867)
At end of the year	1,875,525	1,756,605

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

NOTES TO THE FINANCIAL STATEMENTS
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35 NON-CONTROLLING INTERESTS

The following subsidiaries have material NCI:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2014	2013
OUE H-TRUST	Singapore	– *	54.67%
OUE C-REIT	Singapore	51.94%	–

* Reclassified to associate during the year. Please refer to notes 36, 42 and 45 for more information.

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

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

[a] OUE H-TRUST became an associate of the Group on 31 March 2014 (notes 36, 42 and 45). Accordingly, the financial information presented above is based on OUE H-TRUST's results for the period from 1 January 2014 to 30 March 2014.

35 NON-CONTROLLING INTERESTS (CONT'D)

	OUE H-TRUST $'000	Other individually immaterial subsidiaries $'000	Total $'000
2013			
Revenue	50,612		
Profit after tax	11,496		
OCI	(2,298)		
Total comprehensive income	9,198		
Attributable to NCI:			
- Profit for the year	6,285	151	6,436
- OCI	(1,256)	727	(529)
Non-current assets	1,687,354		
Current assets	78,191		
Non-current liabilities	(613,504)		
Current liabilities	(11,597)		
Net assets	1,140,444		
Net assets attributable to NCI	623,484	–	623,484
Cash flows from operating activities	53,223		
Cash flows used in investing activities	(1,148,526)		
Cash flows from financing activities	1,156,112		
Net increase in cash and cash equivalents	60,809		

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT (2013: OUE H-REIT) operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT (2013: OUE H-REIT). OUE C-REIT (2013: OUE H-REIT) is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT (2013: OUE H-REIT) are either subject to review by OUE C-REIT's (2013: OUE H-REIT's) trustee or must be approved by a majority of votes by the minority security holders of OUE C-REIT (2013: OUE H-REIT) at a meeting of security holders.

The consolidated assets of OUE C-REIT and OUE H-REIT are held in trust by their trustees for the security holders. As at 31 December 2014, the carrying amounts of OUE C-REIT's consolidated assets and liabilities are $1,660,627,000 and $724,754,000 respectively (2013: $Nil). As at 31 December 2013, the carrying amounts of OUE H-REIT's assets and liabilities are $1,765,545,000 and $625,101,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS
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36 DIVIDENDS

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

For the year ended 31 December	Group and Company 2014 $'000	2013 $'000
Paid by the Company to owners of the Company		
Interim dividend of 1 cent (2013: 1 cent) per ordinary share in respect of current year	9,099	9,099
Special dividend of Nil cent (2013: 20 cents) per ordinary share in respect of current year	–	181,977
Distribution *In Specie* of 13.9 cents (2013: Nil cents) in respect of current year	126,622*	–
Final dividend of 2 cents (2013: 3 cents) per ordinary share in respect of prior year	18,198	27,297
Special dividend of Nil cent (2013: 5 cents) per ordinary share in respect of prior year	–	45,494
	153,919	263,867

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

Paid by subsidiaries to NCI	Group 2014 $'000	2013 $'000
Distribution of 2.43 cents per qualifying unit in respect of current year	10,983	–
Distribution of 2.90 cents per qualifying stapled security in respect of prior year	20,779	–
	31,762	–

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company 2014 $'000	2013 $'000
Final dividend of 1 cent (2013: 2 cents) per ordinary share	9,099**	18,198**

** The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 909,885,860 (2013: 909,885,860) as at 31 December 2014.

37 COMMITMENTS

Capital commitments

As at 31 December 2014, other than as disclosed elsewhere in the financial statements, the Group and the Company have the following capital commitments:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Property, plant and equipment	–	12,048	–	8,905
Investment properties	221,027	142,170	–	–
Development properties	102,482	58,149	–	–

38 OPERATING LEASES

Leases as lessees

(a) In July 2013, the Company entered into a master lease agreement with OUE H-REIT to lease and operate Mandarin Orchard Singapore, together with the plant and equipment and all fixtures, fittings, finishings and other property therein, excluding the excluded commercial premises under non-cancellable operating lease agreements. Under the terms of the master lease agreement, the annual lease rental comprise of a fixed rent component, adjusted for increases in rent where such increases have been provided for under the master lease agreement.

(b) 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.

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	45,013	13	49,185	49,185
Between one and five years	181,000	1,000	194,209	195,052
More than five years	401,319	16,166	385,403	433,744
	627,332	17,179	628,797	677,981

On 30 January 2015, the Group completed its disposal of CPCA and entered into a master lease agreement with OUE H-REIT in relation to CPCA. Subsequent to the disposal, non-cancellable operating lease rental payable including the amount payable to OUE H-REIT and excluding the amounts payable on the site at Terminal 3 of Changi International Airport relating to CPCA are as follows:

	Group 2014 $'000
Within one year	56,526
Between one and five years	230,000
More than five years	490,477
	777,003

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases amounted to $26,739,000 and $33,647,000 (2013: $1,144,000 and $14,909,000) by the Group and the Company respectively.

Leases as lessors

The Group and Company lease out their investment properties (see note 23) are under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Within one year	122,609	108,176	3,043	3,219
Between one and five years	258,004	170,213	2,919	4,561
More than five years	67,171	54,904	–	–
	447,784	333,293	5,962	7,780

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.

Contingent rents, generally determined based on a percentage of tenants' revenue, of $1,153,000 and $Nil (2013: $838,000 and $424,000) have been recognised as income by the Group and the Company respectively in profit or loss during the year.

39 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of the above risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on quarterly basis and independent internal audit reporting.

Credit risk

Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers and investment securities.

Rental deposits are received, where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk.

Guarantees

The Group provides financial guarantees to subsidiaries, where appropriate.

The maximum exposure of the Company in respect of the intra-group financial guarantees (see note 28) at the end of the reporting period is $317,692,000 (2013: $324,352,000). 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 guarantees.

Risk management policy

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

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

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Exposure to credit risk

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000 Restated*
By geographical areas				
Singapore	26,825	25,464	1,881,937	1,665,340
Indonesia	827	876	823	801
The People's Republic of China	330	1,245	28	28
Malaysia	645	868	74	47
United States of America	1,085	2,420	13,599	10,343
Others	5,870	726	422,052	422,182
	35,582	31,599	2,318,513	2,098,741
By type of counterparty				
Related parties	15,392	3,542	2,311,273	2,084,924
Non-related parties				
- Multi-national companies	3,095	5,495	1,794	3,838
- Other companies	16,775	22,024	5,446	9,979
- Individuals	320	538	–	–
	35,582	31,599	2,318,513	2,098,741

At 31 December 2014, the Group's most significant counterparty accounts for $5,386,000 (2013: $3,095,000) of the loans and receivables carrying amount. Other than balances with related parties, there is no concentration of customer risk at the Company level.

Impairment

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Past due 1 - 30 days	3,894	3,172	3,099	1,974
Past due 31 - 60 days	1,241	1,075	1,583	105
Past due over 60 days	6,087	2,888	37,952	436
	11,222	7,135	42,634	2,515

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

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment (cont'd)

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At beginning of the year	2,119	2,061	9,305	56,007
Impairment loss recognised	329	66	135,509	–
Utilised	–	(4)	–	(47,819)
Effects of movements in exchange rates	19	(4)	–	1,117
At end of the year	2,467	2,119	144,814	9,305

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

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $161,957,000 and $62,788,000 respectively at 31 December 2014 (2013: $730,613,000 and $551,331,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group has contractual commitments to incur capital expenditure with regard to its property, plant and equipment, investment properties and development properties (note 37).

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
2014						
Non-derivative financial liabilities						
Trade and other payables	178,609	(178,609)	(149,283)	(10,142)	(14,800)	(4,384)
Borrowings	2,065,922	(2,241,028)	(702,036)	(360,137)	(1,178,855)	–
Capital commitments for available-for-sale investments	–	(4,681)	(4,681)	–	–	–
	2,244,531	(2,424,318)	(856,000)	(370,279)	(1,193,655)	(4,384)
Derivative financial instruments						
Interest rate swaps (net-settled)	972	(893)	(684)	(840)	631	–
Interest rate swaps (net-settled)	(1,478)	1,644	(1,273)	476	2,441	–
	(506)	751	(1,957)	(364)	3,072	–
	2,244,025	(2,423,567)	(857,957)	(370,643)	(1,190,583)	(4,384)
2013						
Non-derivative financial liabilities						
Trade and other payables	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)
Capital commitments for available-for-sale investments	–	(2,019)	(2,019)	–	–	–
	2,848,399	(3,098,088)	(513,279)	(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	(3,098,935)	(518,153)	(1,097,364)	(1,272,644)	(210,774)

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
2014						
Trade and other payables	100,766	(100,766)	(100,181)	(183)	(402)	–
Borrowings	746,188	(830,295)	(280,387)	(323,350)	(226,558)	–
	846,954	(931,061)	(380,568)	(323,533)	(226,960)	–
2013 (restated) *						
Trade and other payables	314,749	(314,749)	(314,103)	(245)	(401)	–
Borrowings	1,044,291	(1,163,730)	(385,785)	(229,237)	(341,652)	(207,056)
	1,359,040	(1,478,479)	(699,888)	(229,482)	(342,053)	(207,056)

* See note 2.5.

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

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

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Currency risk

Risk management policy

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

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

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

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk

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

Group	USD $'000	IDR $'000	GBP $'000
Group			
2014			
Cash and cash equivalents	1,248	–	123
Other assets*	5,260	–	–
Other investments	317,139	560	2,278
Available-for-sale financial assets	1,787	–	–
Trade and other payables	(1,463)	–	–
Borrowings	(30,350)	–	–
Net exposure	293,621	560	2,401
2013			
Cash and cash equivalents	4,956	404	–
Other investments	2,561	3,648	3,269
Trade and other payables	(911)	–	–
Borrowings	(476,395)	–	–
Net financial (liabilities)/assets	(469,789)	4,052	3,269
Less: Cross currency swaps	470,276	–	–
Net exposure	487	4,052	3,269

* *Excluding prepayments*

At the reporting date, the Company is exposed to currency risk on its USD loans and receivables due from subsidiaries amounting to $355,224,000 (2013: $220,843,000).

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39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A reasonably possible strengthening of USD, IDR and GBP, as indicated below, against SGD at 31 December would have increased profit or loss and equity (excluding tax effects) by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2014				
USD (4% strengthening)	11,673	71	14,209	–
IDR (1% strengthening)	6	–	–	–
GBP (1% strengthening)	24	–	–	–
2013				
USD (4% strengthening)	1,609	–	8,834	–
IDR (17% strengthening)	689	–	–	–
GBP (4% strengthening)	131	–	–	–

Interest rate risk

Risk management policy

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash at bank, fixed deposits with financial institutions, non-trade receivables from associates and subsidiaries and borrowings.

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

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group Notional amount		Company Notional amount	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Fixed rate instruments				
Cash and cash equivalents	15,827	–	–	–
Loans to subsidiaries	–	–	1,043,029	786,296
Loan to associate	3,484	3,484	3,484	3,484
Borrowings	(700,000)	(1,000,000)	(700,000)	(1,000,000)
Interest rate swaps	(410,000)	(587,000)	–	–
	(1,090,689)	(1,583,516)	346,513	(210,220)
Variable rate instruments				
Cash and cash equivalents	9,002	283,462	5,080	251,093
Loans to subsidiaries	–	–	80,866	330,847
Trade and other payables	–	–	–	(143,356)
Borrowings	(1,383,483)	(1,759,273)	(50,000)	(50,000)
Interest rate swaps	410,000	587,000	–	–
	(964,481)	(888,811)	35,946	388,584

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 (2013: 6 months or less).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

A change of 10 (2013: 10) basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
Group	10 bp increase $'000	10 bp decrease $'000	10 bp increase $'000	10 bp decrease $'000
2014				
Variable rate instruments	(1,374)	1,374	–	–
Interest rate swaps	410	(410)	(14)	(73)
	(964)	964	(14)	(73)
2013				
Variable rate instruments	(1,476)	1,476	–	–
Interest rate swaps	280	(234)	17	(15)
	(1,196)	1,242	17	(15)
Company				
2014				
Variable rate instruments	36	(36)	–	–
2013				
Variable rate instruments	389	(389)	–	–

Other market price risk

Risk management policy

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk arises from available-for-sale financial assets as well as investments at fair value through profit or loss. Management monitors the mix of debt and equity securities in its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's returns.

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

If the adjusted net asset value of the investee entities were to increase/decrease by 10%, the Group's and Company's fair value reserve will increase/decrease by approximately $21.7 million (2013: $19.3 million) and $20.2 million (2013: $18.3 million) respectively.

(b) The Group is exposed to price changes from its quoted equity investments and investment in a mutual fund. If the fair value of the investments were to increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately $32.8 million (2013: $0.9 million).

39 FINANCIAL INSTRUMENTS (CONT'D)

Offsetting financial assets and financial liabilities

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

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

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

Group	Note	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial positing $'000	Related financial instruments that are not offset $'000	Net amount $'000
2014						
Financial assets						
Interest rate swaps used for hedging	26	1,478	–	1,478	(722)	756
Financial liabilities						
Interest rate swaps used for hedging	26	(972)	–	(972)	722	(250)

Except as disclosed in note 2.5(iv), there were no financial assets and financial liabilities offset in the statements of financial position of the Group as at 31 December 2013 and of the Company as at 31 December 2014 and 31 December 2013.

39 FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of all components of equity, including non-controlling interests.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

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

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000 Restated*
Borrowings	2,065,922	2,742,020	746,188	1,044,291
Less: Cash and cash equivalents	(161,957)	(730,613)	(62,788)	(551,331)
	1,903,965	2,011,407	683,400	492,960
Total equity	4,339,447	3,515,024	2,585,385	2,447,557
Gearing ratio	43.9%	57.2%	26.4%	20.1%

OUE C-REIT and its subsidiaries is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property.

The Aggregate Leverage of OUE C-REIT and its subsidiaries as at 31 December 2014 was 38.3% of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

Apart from that disclosed above, neither the Company nor its other subsidiaries are subject to externally imposed capital requirements.

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Designated at fair value $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2014											
Financial assets measured at fair value											
Other investments	16	–	328,070	–	–	–	328,070	59,177	268,893	–	328,070
Available-for-sale financial assets	20	–	–	–	217,324	–	217,324	–	–	217,324	217,324
Derivative assets	26	–	–	1,478	–	–	1,478	–	1,478	–	1,478
		–	328,070	1,478	217,324	–	546,872				
Financial assets not measured at fair value											
Cash and cash equivalents	13	161,957	–	–	–	–	161,957				
Trade and other receivables	14	24,759	–	–	–	–	24,759				
Other assets *	18	10,823	–	–	–	–	10,823				
		197,539	–	–	–	–	197,539				
Financial liabilities measured at fair value											
Derivative liabilities	26	–	–	(972)	–	–	(972)	–	(972)	–	(972)
Financial liabilities not measured at fair value											
Trade and other payables	27	–	–	–	–	(149,283)	(149,283)				
Borrowings	28	–	–	–	–	(2,065,922)	(2,065,922)	–	(2,089,979)	–	(2,089,979)
Other payables	30	–	–	–	–	(29,326)	(29,326)	–	–	(28,145)	(28,145)
		–	–	–	–	(2,244,531)	(2,244,531)				

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Designated at fair value $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2013											
Financial assets measured at fair value											
Other investments	16	–	9,478	–	–	–	9,478	9,478	–	–	9,478
Available-for-sale financial assets	20	–	–	–	193,304	–	193,304	–	–	193,304	193,304
Derivative assets	26	–	–	4,507	–	–	4,507	–	4,507	–	4,507
		–	9,478	4,507	193,304	–	207,289				
Financial assets not measured at fair value											
Cash and cash equivalents	13	730,613	–	–	–	–	730,613				
Trade and other receivables	14	22,250	–	–	–	–	22,250				
Other assets*	18	9,349	–	–	–	–	9,349				
		762,212	–	–	–	–	762,212				
Financial liabilities measured at fair value											
Derivative liabilities	26	–	–	(5,728)	–	–	(5,728)	–	(5,728)	–	(5,728)
Financial liabilities not measured at fair value											
Trade and other payables	27	–	–	–	–	(86,848)	(86,848)				
Borrowings	28	–	–	–	–	(2,742,020)	(2,742,020)	–	(2,774,105)	–	(2,774,105)
Other payables	30	–	–	–	–	(19,531)	(19,531)	–	–	(17,748)	(17,748)
		–	–	–	–	(2,848,399)	(2,848,399)				

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Company	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2014									
Financial assets measured at fair value									
Available-for-sale financial assets	20	–	201,624	–	201,624	–	–	201,624	201,624
Financial assets not measured at fair value									
Cash and cash equivalents	13	62,788	–	–	62,788				
Trade and other receivables	14	690,258	–	–	690,258				
Other assets*	18	2,696	–	–	2,696				
Loans to subsidiaries	22	1,625,559	–	–	1,625,559				
		2,381,301	–	–	2,381,301				
Financial liabilities not measured at fair value									
Trade and other payables	27	–	–	(100,181)	(100,181)				
Borrowings	28	–	–	(746,188)	(746,188)	–	(770,245)	–	(770,245)
Other payables	30	–	–	(585)	(585)	–	–	(539)	(539)
		–	–	(846,954)	(846,954)				
2013 (restated)									
Financial assets measured at fair value									
Available-for-sale financial assets	20	–	182,716	–	182,716	–	–	182,716	182,716
Financial assets not measured at fair value									
Cash and cash equivalents	13	551,331	–	–	551,331				
Trade and other receivables	14	582,564	–	–	582,564				
Other assets*	18	28,184	–	–	28,184				
Loans to subsidiaries	22	1,487,993	–	–	1,487,993				
		2,650,072	–	–	2,650,072				
Financial liabilities not measured at fair value									
Trade and other payables	27	–	–	(314,103)	(314,103)				
Borrowings	28	–	–	(1,044,291)	(1,044,291)	–	(1,076,376)	–	(1,076,376)
Other payables	30	–	–	(646)	(646)	–	–	(600)	(600)
		–	–	(1,359,040)	(1,359,040)				

* *Excluding prepayments*

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group and Company			
Available-for-sale investments	The fair value is calculated using the net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the non-marketable nature of the investments, where appropriate.	Discount rate of 0% - 15% (2013: 0% - 20%)	A significant increase/decrease in the discount rate would result in a significantly lower fair value measurement. Conversely, a significant decrease in the discount rate would result in a significantly higher fair value measurement.
Group			
Other investments	The fair value is calculated using the net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives – Cross currency and interest rate swaps	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group and Company			
Borrowings	Discounted cash flows	N/A	N/A
Other payables	Discounted cash flows	Discount rate of 3.30% (2013: 3.36%)	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.

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Available-for-sale financial assets				
At beginning of the year	193,304	162,470	182,716	154,156
Purchases	4,810	2,013	–	–
Fair value gain on available-for-sale financial assets included in other comprehensive income	18,710	28,499	18,908	28,560
Effect of movements in exchange rates	500	322	–	–
At end of the year	217,324	193,304	201,624	182,716

Sensitivity analysis

For the fair values of available-for-sale financial assets, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Group		Company	
	Profit or loss $'000	OCI, net of tax $'000	Profit or loss $'000	OCI, net of tax $'000
2014				
Discount rate (10% increase)	–	21,732	–	20,162
Discount rate (10% decrease)	–	(21,732)	–	(20,162)
2013				
Discount rate (10% increase)	–	19,330	–	18,271
Discount rate (10% decrease)	–	(19,330)	–	(18,271)

40 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group	
	2014 $'000	2013 $'000
Short-term employee benefits	4,469	6,107
Post-employment benefits (including contributions to defined contribution plans)	33	58
	4,502	6,165

40 RELATED PARTIES (CONT'D)

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the year on terms agreed between the parties:

	Group Transaction value at year end	
	2014	2013
Associates and joint ventures		
Rental expense	59,118	–
Rental and rental related income	608	–
Management fees earned	6,139	4,539
Interest income from loans	35	34
Purchase of food and beverage products	–	3
Professional fees paid/payable	326	–
Other related parties		
Acquisition of subsidiaries from a related party	143,500	–
Purchase of food and beverage products	461	529
Rental and rental related income	1,306	2,037
Hotel services income	49	267
Professional fees paid/payable	16	575
Purchase of property, plant and equipment	2	–
Management fee expenses	150	1,767
Payments made on behalf for related parties	–	27
Reimbursement of expenses to related parties	5	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. None of the balances with the related parties is secured.

The Company made loans and advances to subsidiaries, associates and joint venture as disclosed in notes 14, 21 and 22 of the financial statements.

41 OPERATING SEGMENTS

The executive committee (the chief operating decision maker) reviews internal management reports of each segment in making strategic decisions. The executive committee 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, The People's Republic of China and Others) - operation of hotels and hotel management in the respective countries.

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

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

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

Other operations include mainly investment holding and trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 and 2014.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

Information regarding the results of each reportable segment is included below. The executive committee assesses the performance of the operating segments based on a measure of profit before interest, tax and other gains/(losses), as included in the internal management reports that are reviewed by the executive committee.

41 OPERATING SEGMENTS (CONT'D)

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

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Year ended 31 December 2014

41 OPERATING SEGMENTS (CONT'D)

	Hospitality			Property investments							
	Singapore $'000	The People's Republic of China $'000	Others $'000	Singapore $'000	United States of America $'000	Property develop-ment $'000	Fund manage-ment $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
2013											
Revenue											
External revenue	201,813	25,632	2,126	113,992	24,122	62,743	–	6,037	436,465	99	436,564
Inter-segment revenue	631	–	–	37,792	–	–	4,832	24	43,279	(43,279)	–
Segment revenue (including inter-segment revenue)	202,444	25,632	2,126	151,784	24,122	62,743	4,832	6,061	479,744	(43,180)	436,564
Segment profit/(loss)[1]	49,984	13	1,092	125,482	10,251	2,713	1,974	(1,498)	190,011	(33,057)	156,954
Depreciation	(15,139)	(4,335)	–	(17)	(7)	–	–	(1,098)	(20,596)	(1,622)	(22,218)
Finance expenses	(2,799)	37	(40)	(50,422)	(3,011)	–	–	(610)	(56,845)	(38,701)	(95,546)
Finance income	60	656	–	4,796	10	–	–	34	5,556	(2,611)	2,945
Share of results of equity-accounted investees, net of tax	5,705	(36)	–	11,693	–	–	–	–	17,362	(2)	17,360
Other material items											
Change in fair value of investment properties	–	–	–	(120,519)	73,532	–	–	–	(46,987)	–	(46,987)
Reportable 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 equity-accounted investees	38,582	11,369	–	644,629	–	–	–	–	694,580	25,894	720,474
Reportable 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

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

41 OPERATING SEGMENTS (CONT'D)

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

	2014 $'000	2013 $'000
Revenue		
Total revenue for reportable segments	445,576	473,683
Revenue for other segment	8,415	6,061
Unallocated amounts	4,169	3,552
Elimination of inter-segment revenue	(41,745)	(46,732)
Consolidated total revenue	416,415	436,564
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for reportable segments	233,950	191,509
Loss before interest and tax for other segment	(2,162)	(1,498)
Elimination of inter-segment profits	(780)	(799)
Finance expense	(68,607)	(95,546)
Finance income	4,585	2,945
Other gains/(losses) – net	1,179,732	(50,218)
Unallocated corporate expenses	(45,934)	(32,258)
Consolidated profit before tax	1,300,784	14,135

Reconciliations of reportable segment assets and liabilities

	2014 $'000	2013 $'000
Assets		
Total assets for reportable segments	4,889,304	4,899,581
Assets for other segment	557,689	221,695
Associates and joint venture	1,123,903	694,580
	6,570,896	5,815,856
Elimination of inter-segment balances	(11,840)	(5,117)
Other unallocated amounts		
- Property, plant and equipment	15,185	15,855
- Investment in associates	26,873	25,894
- Cash and cash equivalents	75,757	560,988
- Trade and other receivables	7,270	541
- Other assets	7,920	4,180
- Deferred tax assets	2,269	–
Consolidated total assets	6,694,330	6,418,197

41 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment assets and liabilities (cont'd)

	2014 $'000	2013 $'000
Liabilities		
Total liabilities for reportable segments	1,439,393	1,787,026
Liabilities for other segments	33,259	1,521
Other unallocated amounts		
- Borrowings	746,188	1,044,290
- Trade and other payables	26,609	21,290
- Current tax liabilities	16,676	10,724
- Deferred tax liabilities	92,704	38,322
- Other liabilities	54	–
Consolidated total liabilities	2,354,883	2,903,173

Geographical information

	Revenue		Non-current assets*	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	346,302	384,684	3,695,715	4,039,996
The People's Republic of China	23,078	25,632	507,205	11,369
United States of America	44,538	24,122	640,415	546,107
Others	2,497	2,126	–	–
	416,415	436,564	4,843,335	4,597,472

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

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2013 and 2014.

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

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

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

	Note	2014 $'000
Plant and equipment		63
Investment property	23	336,635
Trade and other receivables		368
Cash and cash equivalents		16,228
Trade and other payables		(15,024)
Borrowings		(191,777)
Tax payable		(2,993)
Net identifiable assets and liabilities acquired		143,500
Purchase consideration		143,500
Acquisition costs		392
Less: Amount not yet paid		(6,066)
		137,826
Less: Cash acquired		(16,228)
Net cash outflow		121,598

(b) Disposal of subsidiaries

Financial year ended 31 December 2014

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

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

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

Financial year ended 31 December 2014 (cont'd)

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

	Note	2014 $'000
Investment properties	23	536,000
Property, plant and equipment	24	117,319
Cash and cash equivalents		58,156
Trade and other receivables and other assets		11,084
Trade and other payables and other liabilities		(28,739)
Derivatives		(5,031)
Borrowings		(581,851)
Tax liabilities		(305)
Carrying amount of net assets distributed		106,633
Distribution *In Specie*	36	126,622
NCI, based on their proportionate interest in the net assets distributed		609,541
Fair value of retained equity interest		375,184
		1,111,347
Carrying amount of net assets distributed		(106,633)
Realisation of hedging reserve		(889)
Gain on disposal of subsidiaries		1,003,825

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

Financial year ended 31 December 2013

In 2013, the list of significant subsidiaries disposed was as follows:

Name of subsidiary	Date of disposal	Effective interest disposed
Hotel Investment (Hainan) Private Limited	September 2013	100.0%
Hainan Mandarin Hotel Limited	September 2013	100.0%
Hotel Investment (Shantou) Private Limited	September 2013	80.0%
Meritus Shantou Hotel Co., Ltd.	September 2013	80.0%

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

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries (cont'd)

Financial year ended 31 December 2013 (cont'd)

The cash flows relating to the subsidiaries disposed of were as follows:

	Note	2013 $'000
Property, plant and equipment	24	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 currency translation reserves		(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

43 CHANGES IN OWNERSHIP INTERESTS WITHOUT LOSS OF CONTROL

Financial year ended 31 December 2014

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

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

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

	2014 $'000
Group's ownership interest at 27 January 2014 (date of acquisition)	340,622
Capital contribution	5,456
Dividends received	(10,124)
Effect of decrease in Group's ownership interest	(17,265)
Share of comprehensive income	131,073
Group's ownership interest at 31 December 2014	449,762

Financial year ended 31 December 2013

In August 2013, the Group disposed 2.7% interest in OUE H-TRUST for $30.5 million in cash. Subsequent to the disposal, the Group received units of stapled securities in OUE H-TRUST in return for management services provided to OUE H-TRUST. The disposal and additional units received during the year resulted in the Group's interest in OUE H-TRUST being reduced from 47.9% to 45.3%.

The Group recognised an increase in NCI of $30.1 million and an increase in accumulated profits of $0.5 million.

43 CHANGES IN OWNERSHIP INTERESTS WITHOUT LOSS OF CONTROL (CONT'D)

Financial year ended 31 December 2013 (cont'd)

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

	2013 $'000
Group's ownership interest at 25 July 2013 (date of acquisition)	538,414
Capital contribution	4,453
Effect of decrease in Group's ownership interest	(30,076)
Share of comprehensive income	4,169
Group's ownership interest at 31 December 2013	516,960

44 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

(i) On 13 January 2015, the shareholders of the Company, at an Extraordinary General Meeting, approved the disposal of CPCA and CPEX (note 19) and on 30 January 2015, the Group completed the disposal of CPCA and entered into a master lease agreement with OUE H-REIT for the lease of CPCA. The completion of CPEX is expected to be end of 2015 or early 2016.

The Group expects to recognise an estimated gain, net of tax and disposal costs of $50.5 million from the disposal of CPCA.

(ii) The Group's joint venture completed the proposed subscription of the GPI Subscription Shares (note 21) on 12 February 2015. The Group's investment in the joint venture was funded by a combination of existing cash and borrowings. The Group is unable to estimate the financial effects of the investment at the date of issuance of these financial statements.

45 LISTING OF COMPANIES IN THE GROUP

The following are the Group's significant subsidiaries and associates:

Name of company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2014 %	The Company 2013 %	Subsidiaries 2014 %	Subsidiaries 2013 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Beringia Central LLC[(a)]	Property holding	Delaware, The United States of America	–	–	100	100
Clifford Development Pte. Ltd.	Property investment	Singapore	100	100	–	–
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	–	–	48.1[(c)]	–
OUE Hospitality Trust[(e)]	Real estate investment trust/ property business trust	Singapore	–	45.2	–	0.1

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

Name of company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2014 %	The Company 2013 %	Subsidiaries 2014 %	Subsidiaries 2013 %
Associates						
Aquamarina Hotel Private Limited [b]	Hotel operation	Singapore	–	–	25.0	25.0
OUB Centre Limited [b]	Property investment	Singapore	50.0 [d]	50.0	–	–
OUE Hospitality Trust [e]	Real estate investment trust/ property business trust	Singapore	33.3	–	–	–

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

(a) Audited by member firms of KPMG International.

(b) Audited by PricewaterhouseCoopers LLP, Singapore.

(c) The Group has assessed that it controls OUE C-REIT. OUE C-REIT's activities are managed by OUE Commercial REIT Management Pte. Ltd. (the "C-REIT Manager"), a wholly-owned subsidiary of the Company. The C-REIT Manager has decision-making authority over OUE C-REIT, subject to oversight by the trustee of OUE C-REIT. The Group's overall exposure to variable returns, both from the C-REIT Manager's remuneration and its interest in OUE C-REIT, is significant and any decisions made by the Manager affect the Group's overall exposure. Accordingly, the Group concluded that it controls OUE C-REIT.

(d) The parties that collectively control this company do so through decisions that are determined on an aggregate voting interest that can be achieved by several combinations of the parties. The Group is therefore determined to have significant influence over this company.

(e) On adoption of FRS 110 *Consolidated Financial Statements* on 1 January 2014, the Group has assessed that it controls OUE H-TRUST, comprising OUE H-REIT and OUE H-BT. The activities of OUE H-TRUST are managed by wholly-owned subsidiaries of the Company, OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. (collectively known as the "Managers"). The Managers have decision-making authority over OUE H-TRUST. In respect of decisions relating to the activities of OUE H-REIT, they are subject to oversight by the trustee of OUE H-REIT. The Group's overall exposure to variable returns, both from the Managers' remuneration and its interest in OUE H-TRUST, is significant and any decisions made by the Managers affect the Group's overall exposure. Accordingly, the Group concluded that it controls OUE H-TRUST on adoption of FRS 110. The Group's control assessment remained unchanged from previous year.

On 31 March 2014, the Group distributed in specie part of the stapled securities that it held in OUE H-TRUST to the shareholders of the Company (note 36), thereby reducing its interest in OUE H-TRUST to 33.5%. The Group has assessed that the reduction in interest in OUE H-TRUST, coupled with changes to the governance structures of the Managers, has resulted in the Group no longer having control of OUE H-TRUST. Accordingly, OUE H-TRUST was deconsolidated and accounted for as an associate thereafter.

SHAREHOLDING STATISTICS

As at 17 March 2015

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/she holds.

BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 – 99	29	0.24	801	0.00
100 – 1,000	848	7.06	834,955	0.09
1,001 – 10,000	8,406	69.97	43,276,959	4.76
10,001 – 1,000,000	2,709	22.55	98,880,548	10.87
1,000,001 and above	21	0.18	766,892,597	84.28
TOTAL	**12,013**	**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	516,610,456	56.78
2.	RAFFLES NOMINEES (PTE) LTD	131,575,663	14.46
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	57,726,810	6.34
4.	DBSN SERVICES PTE LTD	6,913,811	0.76
5.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	6,840,000	0.75
6.	OCBC SECURITIES PRIVATE LTD	5,875,137	0.65
7.	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,154,030	0.57
8.	LEE PINEAPPLE COMPANY PTE LTD	5,000,000	0.55
9.	UOB KAY KIAN PTE LTD	4,371,800	0.48
10.	BANK OF SINGAPORE NOMINEES PTE LTD	4,271,398	0.47
11.	HENG SIEW ENG	2,991,300	0.33
12.	PHILLIP SECURITIES PTE LTD	2,753,080	0.30
13.	MAYBANK KIM ENG SECURITIES PTE LTD	2,731,002	0.30
14.	HSBC (SINGAPORE) NOMINEES PTE LTD	2,370,653	0.26
15.	OCBC NOMINEES SINGAPORE PTE LTD	2,337,000	0.26
16.	TAN BOY TEE	2,000,000	0.22
17.	DBS VICKERS SECURITIES (S) PTE LTD	1,758,900	0.19
18.	SINGAPORE NOMINEES PTE LTD	1,502,000	0.17
19.	LEE SENG TEE	1,500,000	0.16
20.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,356,730	0.15
	TOTAL	**765,639,770**	**84.15**

* *The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.*

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 17 March 2015

	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**")	–	–	621,844,410[6]	68.34[19]
8. Hennessy Holdings Limited ("**HHL**")	–	–	621,844,410[7]	68.34[19]
9. Prime Success Limited ("**PSL**")	–	–	621,844,410[8]	68.34[19]
10. Lippo Limited ("**LL**")	–	–	621,844,410[9]	68.34[19]
11. Lippo Capital Limited ("**LCL**")	–	–	621,844,410[10]	68.34[19]
12. Lanius Limited ("**Lanius**")	–	–	621,844,410[11]	68.34[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]

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 13 March 2015

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) Each of HKC Property and Wonder Plan Holdings Limited ("**Wonder Plan**") is a wholly-owned subsidiary of HCL. Wonder Plan has a direct interest in 2,928,000 shares. Accordingly, HCL is deemed to have an interest in (i) the shares in which Pacific Landmark has a deemed interest and (ii) the shares held by Wonder Plan.

(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. HHL is an intermediate holding company of Wonder Plan. Accordingly, HHL is deemed to have an interest in the shares held by Wonder Plan.

(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. PSL is an intermediate holding company of Wonder Plan. Accordingly, PSL is deemed to have an interest in the shares held by Wonder Plan.

(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. LL is an intermediate holding company of Wonder Plan. Accordingly, LL is deemed to have an interest in the shares held by Wonder Plan.

(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. LCL is a holding company of Wonder Plan. Accordingly, LCL is deemed to have an interest in the shares held by Wonder Plan.

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

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

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

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

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

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

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

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

(19) The shareholding percentage is calculated based on 909,885,860 issued shares (excluding treasury shares) as at 17 March 2015.

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 17 March 2015, approximately 31.62% of its Shares listed on the Exchange were held in the hands of the public.

INTERESTED PERSON TRANSACTION

entered into during the financial year 2014

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) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Auric Pacific Group Limited		
Purchase of food & beverage items	$461	–
OUE Commercial Real Estate Investment Trust		
Gross rental expense	$29,697	–
Manager's management fee	$5,130	–
Property management fee	$1,969	–
Carpark charge	$189	–
Utilities charge	$137	–
OUE Hospitality Trust		
Rental expense	$78,647	–
Manager's management fee	$9,535	–
Property management fee	$1,489	–
Shared electricity services	$1,316	–
Shared services	$942	–
Sale of Crowne Plaza Changi Airport and its future extension	$495,000	–

NOTICE OF ANNUAL GENERAL MEETING

OUE LIMITED
Company Registration No. 196400050E

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of OUE Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Friday, 30 April 2015 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 2014 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 1 cent per ordinary share for the year ended 31 December 2014.

3. To approve Directors' Fees of $468,750 for the year ended 31 December 2014 (2013: $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) Mr. Christopher James Williams

   (b) Mr. Sin Boon Ann

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

As Special Business

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

OUE LIMITED
Company Registration No. 196400050E

provided that:

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

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

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

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

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

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

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

By Order of the Board

NG NGAI
Secretary
13 April 2015
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 Mr. Christopher James Williams, who is a non-executive non-independent Director. Mr Williams is also the Deputy Chairman of the Board. Mr. Williams will, upon re-election, continue to serve as member of each of the Nominating Committee and Remuneration Committee.

Resolution 5(b)

To re-elect Mr. Sin Boon Ann, who is an independent Director. Mr. Sin will, upon re-election, continue to serve as Chairman of each of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.

Resolution 7

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

Notes:

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

OUE LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196400050E)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

CPF Investors
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.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

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, or either or both of the persons, referred to above, 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-Second Annual General Meeting of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on 30 April 2015 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matters arising at the Annual General Meeting.

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-appointment of Mr. Christopher James Williams as Director		
	(b) Re-appointment of Mr. Sin Boon Ann as Director		
6.	Re-appointment of Auditors		
7.	Authority for Directors to issue shares		

*Indicate your vote "For" or "Against" with a "✔" within the box provided.

Dated this ____________ day of ____________ 2015

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

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

IMPORTANT: Please read notes on the reverse

Notes:

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

2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member appoints two proxies, the appointments shall be invalid unless the member specifies the proportions of his or its holdings to be represented by each proxy.

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

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

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Postage
Stamp

The Company Secretary
OUE Limited
50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321

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

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

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

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

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

OUE LIMITED
COMPANY REG. NO. 196400050E

WWW.OUE.COM.SG

Certification
This annual report is printed on FSC™ certified paper.
By purchasing FSC™ products we foster management, which is controlled according to the strict social, ecological and economic criteria of the Forest Stewardship Council™