OUE

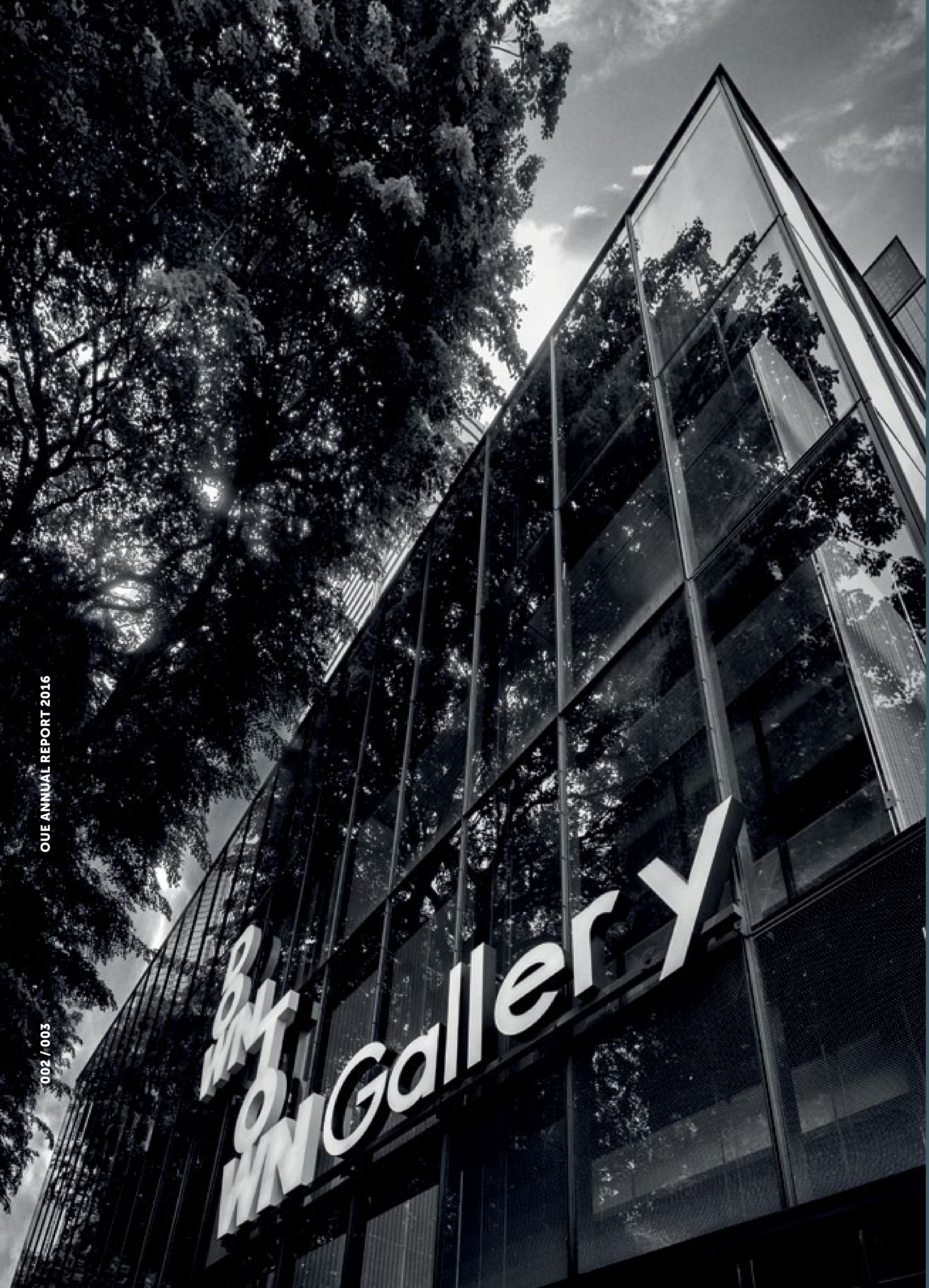
TRANSFORMING LANDMARKS

OUE LIMITED ANNUAL REPORT 2016

OUE Downtown 1
With the inclusion of Oakwood Premier OUE Singapore into the transformed OUE Downtown development, we are redefining the concept of high-rise living and working in the CBD.

TRANSFORMING LANDMARKS

Beyond acumen and foresight, it takes a visionary group to boldly transform a familiar landmark into a hub of vibrant possibilities. At OUE, we call this Transformational Thinking—an approach that drives us to uncover fresh perspectives and explore details that will enhance and enrich every development's potential. Join us as we celebrate our distinctive viewpoints, starting with the cover-featured OUE Downtown, newly transformed into a mixed-use development that will be the unrivalled destination to live, work, shop, dine and play in Singapore's Central Business District (CBD).



CONTENTS

Downtown Gallery
Captivating and inviting, Downtown Gallery's prominent retail frontage is one of the CBD's widest and most invigorating landmarks at 262 metres long.

OVERVIEW

OUE Bayfront
OUE Bayfront's transformation was vital for more Grade-A office spaces and dining and retail concepts and was integral to the rejuvenation of the Marina Bay Area.

01 OUE Bayfront's adjoining properties—OUE Link and OUE Tower

02 A landmark business address at the confluence of Raffles Place and Marina Bay

OUE Bayfront

*(including **OUE Tower** & **OUE Link**)*

OUE Bayfront is the transformation of the former eight-storey Overseas Union House into an 18-storey Grade-A office tower crowned by a rooftop restaurant.

Located along the waterfront of historic Collyer Quay and occupying a prime vantage position between the Marina Bay downtown area and the established financial hub of Raffles Place, OUE Bayfront has become a choice business address for a diversified mix of tenants.

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

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

FAIR VALUE
(S$ Million)

1,146.0

GROSS FLOOR AREA
(Sq ft. Approx)

503,477

01

TENURE OF LAND

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

02

01

02

OUE Downtown

Comprising two landmark towers—50-storey Tower 1 and 37-storey Tower 2—linked by a podium and multi-storey car park, OUE Downtown will be transformed into a vibrant mixed-use development encompassing offices, a retail podium and serviced residences, which is expected to open by 2Q2017.

Tower 2 and the high zone of Tower 1 remain as office space. The low and medium zones of Tower 1 have been converted into 268 units of serviced residences that combine luxury urban living with resort-style facilities. The retail podium has been transformed into Downtown Gallery, offering bold new retail and dining concepts across six levels, with a prominent 262-metre-wide frontage and pedestrian walkway.

Located on Shenton Way, OUE Downtown is well positioned to become the most exciting work-live-play destination in the Central Business District.

FAIR VALUE
(S$ Million)

1,491.7

GROSS FLOOR AREA
(Sq ft. Approx)

1,249,205

TENURE OF LAND
99-year lease from 19 July 1967

01 OUE Downtown reshapes work, life and play on Shenton Way

02 Occupying the entire 4th floor of Downtown Gallery, The Work Project delivers an exciting new concept of co-working space

01 *The exterior façade of One Raffles Place Shopping Mall*

02 *One Raffles Place dominates the Central Business District skyline*

One Raffles Place

Situated above Raffles Place Mass Rapid Transit station, in the heart of Singapore's main financial district, One Raffles Place encompasses two Grade-A office towers and a shopping mall with a total lettable area of over 860,000 sq ft of office, retail and entertainment space.

The 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore, and features a rooftop restaurant and observation deck that offer panoramic views of the city skyline. In 2016, One Raffles Place Tower 1 was certified Green Mark Gold by the Building and Construction Authority of Singapore. One Raffles Place Office Tower 2 is 38 storeys tall and was awarded the Green Mark Platinum certification for its energy-efficient and environmentally sustainable design.

The six-storey retail mall offers a wide variety of retail, dining and lifestyle options, catering to the diverse needs of the working population in the Central Business District. It is currently the largest purpose-built shopping mall in Raffles Place.

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

FAIR VALUE
(S$ Million)

1,738.3

(Fair value attributable to OUB Centre Limited)

GROSS FLOOR AREA
(Sq ft. Approx)

1,287,645

TENURE OF LAND

Office Tower 1
841-year lease from 1 November 1985

Office Tower 2
99-year lease from 26 May 1983

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

01

02

U.S. Bank Tower

The iconic U.S. Bank Tower in downtown Los Angeles, a 75-storey Class A office tower, officially opened its completed enhancement works in June 2016.

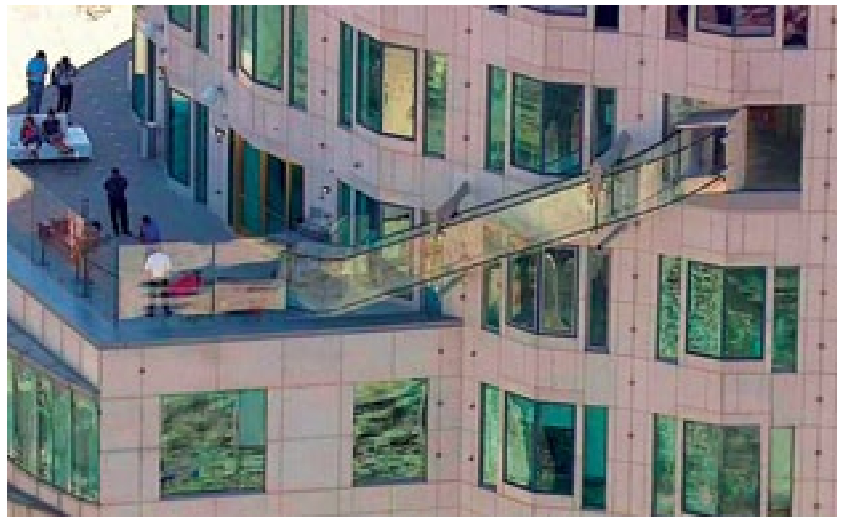
The enhancement works include new upscale restaurants, an upgraded lobby featuring a high-resolution video art wall, and OUE Skyspace LA, a two-storey open-air observation deck at the top of the tower, offering 360-degree views of the city and a first-of-its-kind Skyslide attraction.

01 The OUE Skyslide, a thrilling high-rise attraction

02 The OUE Skyspace LA observation deck offers unparalleled views of the city

03 One of LA's tallest and most iconic landmarks

01



FAIR VALUE
(US$ Million)

585.0

GROSS FLOOR AREA
(Sq ft. Approx)

1,869,123

TENURE OF LAND
Freehold

02

03

Lippo Plaza

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

Lippo Plaza provides a first-class business address for a diversified, high profile tenant base, complemented by a three-storey retail mall that is home to luxury brands and international designer flagship stores.

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

FAIR VALUE
(RMB Million)

2,524.0

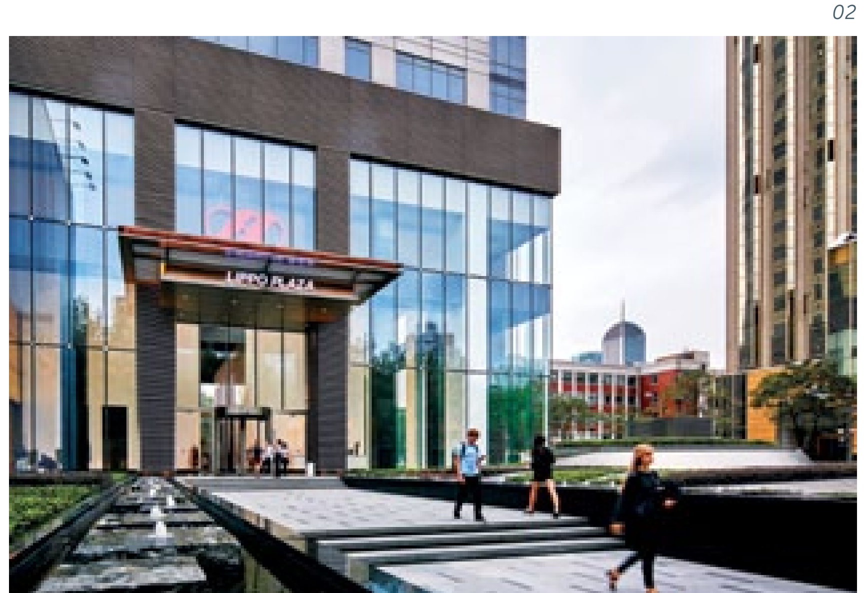
GROSS FLOOR AREA
(Sq ft. Approx)

629,925

TENURE OF LAND
50-year lease from
2 July 1994

01

02



03

01 Home to international brand names

02 The entrance to a premier office environment

03 A key landmark on one of Shanghai's busiest shopping and commercial streets

01 *The Meritus Ambassador epitomises Asian Grace, Warmth and Care*

02 *An enduring landmark of Asian hospitality in the heart of Orchard Road*

Mandarin Orchard Singapore

Standing tall at the heart of the vibrant Orchard Road shopping belt, the award-winning Mandarin Orchard Singapore has reigned as an icon of Asian hospitality since 1971. Extending its signature brand of Asian Grace, Warmth and Care, it remains a top choice for international leisure and business travellers.

The hotel comprises a 39-storey Orchard Wing and a 37-storey Main Tower, which house 1,077 luxurious guestrooms and over 30,000 sq ft of meeting and function space, including a column-free grand ballroom.

Awarded the TripAdvisor Certificate of Excellence 2016 and Winner of the Best City Hotel—Singapore at the TTG Travel Awards from 2013 to 2016, this 45-year-old landmark establishment continues to offer the best of Asian hospitality with its unique touch of charm, comfort and luxury.

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

FAIR VALUE
(S$ Million)

1,210.5

TENURE OF LAND
Remaining term of lease: Approximately 39.5 years as at 31 December 2016

01

02

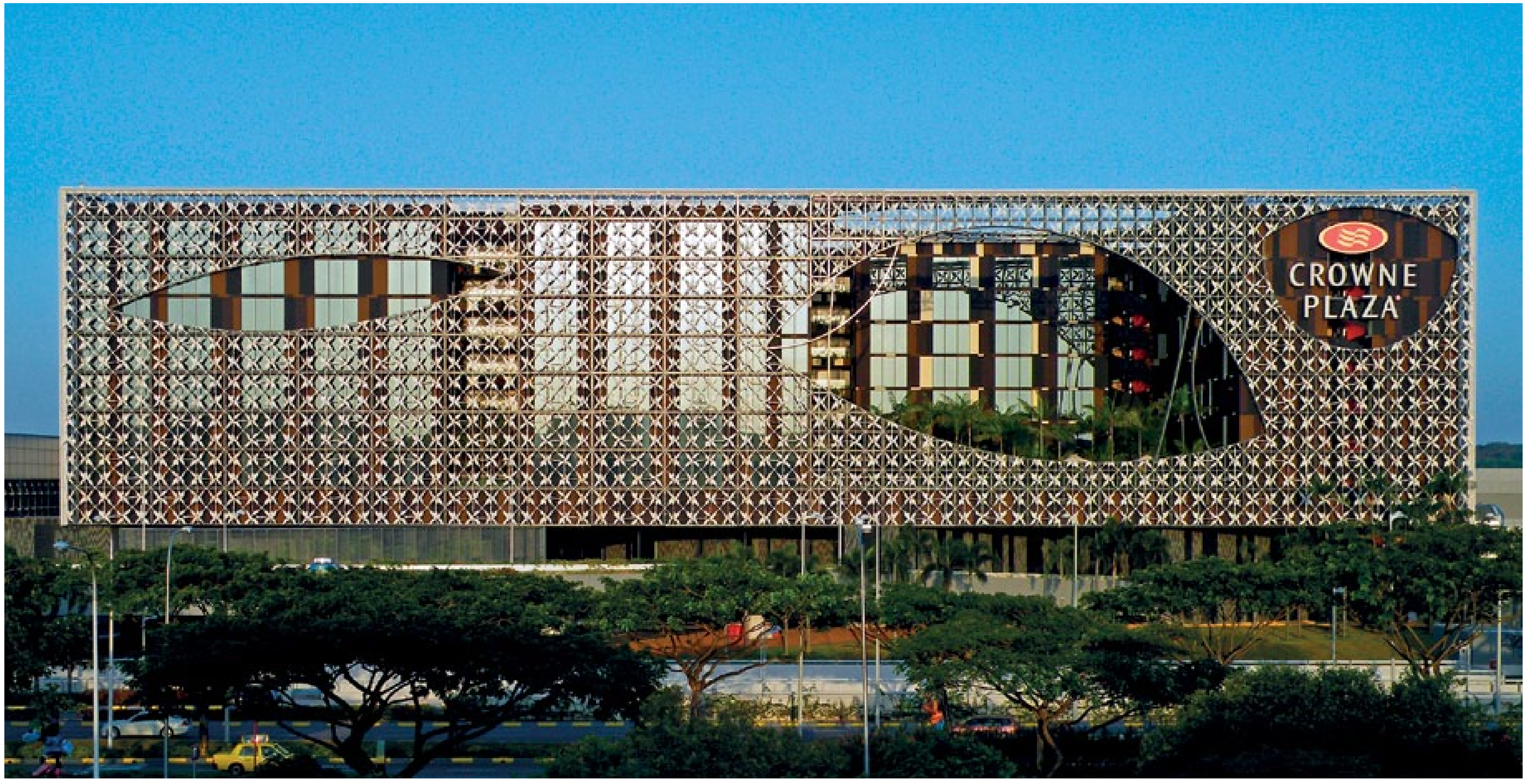
Crowne Plaza Changi Airport

Designed by the award-winning architectural firm WOHA and managed by the InterContinental Hotels Group, Crowne Plaza Changi Airport with its 10-storey extension, which was completed in June 2016, feature a combined total of 563 well-appointed guestrooms, comprising 320 rooms in the original building and 243 rooms in the extension, connected by a covered linkway on the second floor of both buildings. The hotel is directly linked to the arrival and departure levels of Changi Airport's Terminal 3. It also lies within a short distance of the Changi Business Park and Singapore Expo, well positioned to meet the needs of corporate travellers.

Crowne Plaza Changi Airport won the Best Airport Hotel (Singapore) at the TTG Travel Awards 2015 and 2016, World's Best Airport Hotel at the Skytrax World Airport Awards 2015 and 2016, and the Singapore Green Hotel Award 2015.

OUE Hospitality Trust owns both Crowne Plaza Changi Airport and its extension, having completed the acquisition of the latter in August 2016.

01



02

03

FAIR VALUE
(S$ Million)

496.6
(Without income support)

500.6
(With income support)

TENURE OF LAND
Remaining term of lease:
Approximately 66.5 years as at 31 December 2016

01 A modern urban hotel with a distinct resort feel

02 The hotel's 10-storey extension was constructed using revolutionary Prefabricated Pre-finished Volumetric Construction technology

03 The elegantly styled living room of the hotel's spacious suites

01 *Streamed with natural light, Marina Mandarin's atrium soars through 22 storeys and is one of the largest open atriums in Southeast Asia*

02 *The internationally acclaimed business hotel is favoured for its excellent location and service*

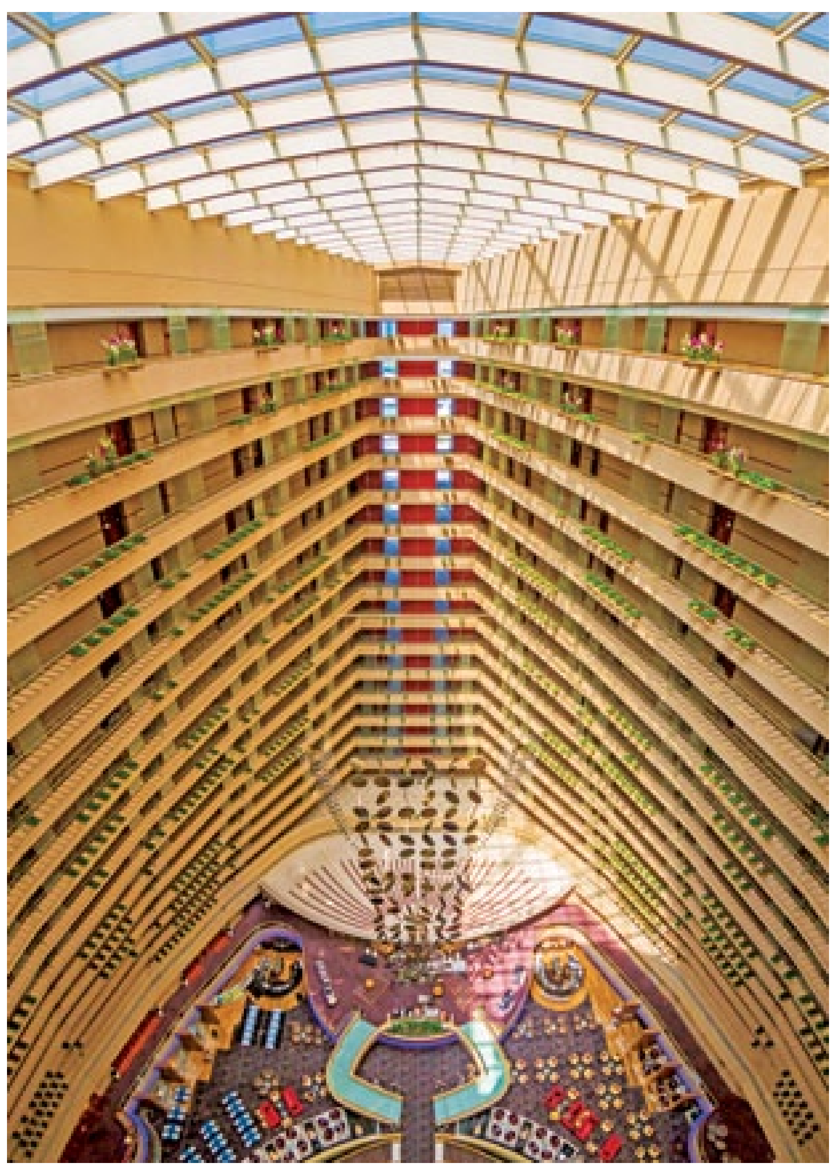
Marina Mandarin Singapore

Marina Mandarin Singapore is a distinguished, upscale business hotel located a stone's throw from the Suntec Singapore International Convention & Exhibition Centre and The Esplanade—Theatres on the Bay, Singapore's iconic performing arts centre, with unparalleled views of Marina Bay and the city skyline.

Favoured by discerning international business and leisure travellers for its exceptional location, comfort and service, the hotel houses 575 luxury guestrooms alongside world-class dining, wellness and event facilities.

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

01



FAIR VALUE
(S$ Million)

550.0

GROSS FLOOR AREA
(Sq ft. Approx)

651,531

TENURE OF LAND
99-year lease from
9 September 1980

02

Meritus Pelangi Beach Resort & Spa

Hotel Under Management

Nestled along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia, the Meritus Pelangi Beach Resort & Spa features 355 guestrooms housed in wooden chalets in the style of a traditional Malay village.

The picturesque beach resort comes equipped with modern conveniences, as well as a versatile line up of wellness and recreational facilities.

Spread over 35 acres of landscaped gardens along a one-kilometre stretch of private beach, this ecologically friendly resort is an ideal destination for corporate retreats or family getaways.

01

02

01 The resort's Pelangi Spa features private suites for holistic and restorative treatments

02 Sunset by the beach adds to the tropical retreat experience at Meritus Pelangi

03 Dubbed the "Jewel of Langkawi", the resort is surrounded by smaller picturesque islands with spectacular waterfalls

03

Mandarin Gallery

Situated in the prime location of Orchard Road, Mandarin Gallery is a well-recognised landmark on Singapore's popular shopping street. Featuring a unique 152-metre-wide frontage, it is home to many flagship stores of international designer labels and lifestyle brands.

Together with its unparalleled offering of fine dining options, Mandarin Gallery is truly a sought-after retail and dining haven for the discerning, sophisticated and trendy.

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

FAIR VALUE
(S$ Million)

501.0

GROSS FLOOR AREA
(Sq ft. Approx)

196,336

TENURE OF LAND
Remaining term of lease:
Approximately 39.5 years
as at 31 December 2016

01

02

03

01 A high-end shopping destination under the gaze of Mandarin Orchard Singapore

02 The uniquely designed façade gives this prime retail landmark a high degree of prominence on Orchard Road

03 Mandarin Gallery's 152-metre Orchard Road frontage

01 The experience starts at the drop-off point

02 A masterpiece of urban resort living

OUE Twin Peaks

Luxurious urban living begins here— OUE Twin Peaks is a luxury residential development situated amid the tranquillity of Leonie Hill, a stone's throw from bustling Orchard Road, Singapore's premier shopping district. Its two identical 35-storey towers comprise 462 exquisite fully furnished, ready-to-live-in one-, two- and three-bedroom apartments that can easily be combined by connecting doors. Amenities such as the triple-volume sky gyms on the 13th floor and the open-air Sky Loggias on the 36th floor offer panoramic views of the Singapore cityscape and beyond.

Designed by renowned landscape architect Bill Bensley, the development's lush setting of gardens and water features brings a distinct tropical edge to urban living, where residents can relax and enjoy life at its finest.

01

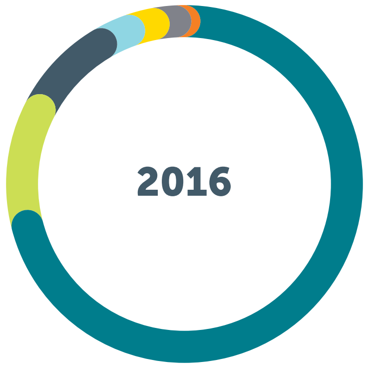
BOOK VALUE
(S$ Million)
665.4

GROSS FLOOR AREA
(Sq ft. Approx)
436,168
(Includes balcony)

TENURE OF LAND
99-year lease from
10 May 2010

02

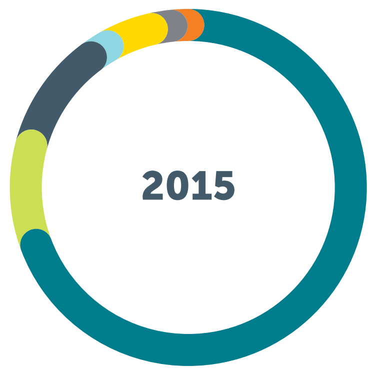
TOTAL ASSETS OWNED



Total (S$ Million)

8,083

- Investment properties: **5,743**
- Investments in equity-accounted investees: **942**
- Development properties: **724**
- Cash and cash equivalents: **239**
- Other investments: **191**
- Available-for-sale financial assets: **154**
- Others: **90**

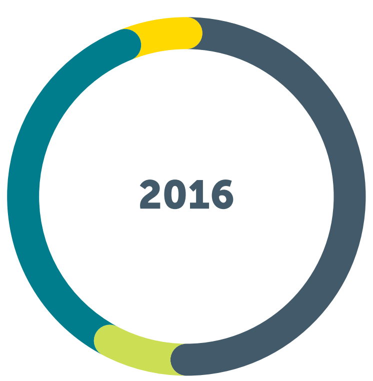


Total (S$ Million)

8,130

- Investment properties: **5,627**
- Investments in equity-accounted investees: **813**
- Development properties: **859**
- Cash and cash equivalents: **172**
- Other investments: **371**
- Available-for-sale financial assets: **174**
- Others: **114**

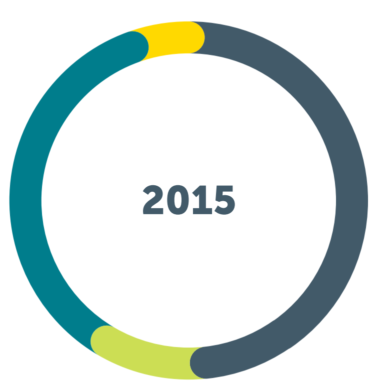
TOTAL LIABILITIES AND CAPITAL INVESTED



Total (S$ Million)

8,083

- Shareholders' funds: **4,009**
- Non-controlling interests: **634**
- Borrowings: **2,901**
- Others: **539**

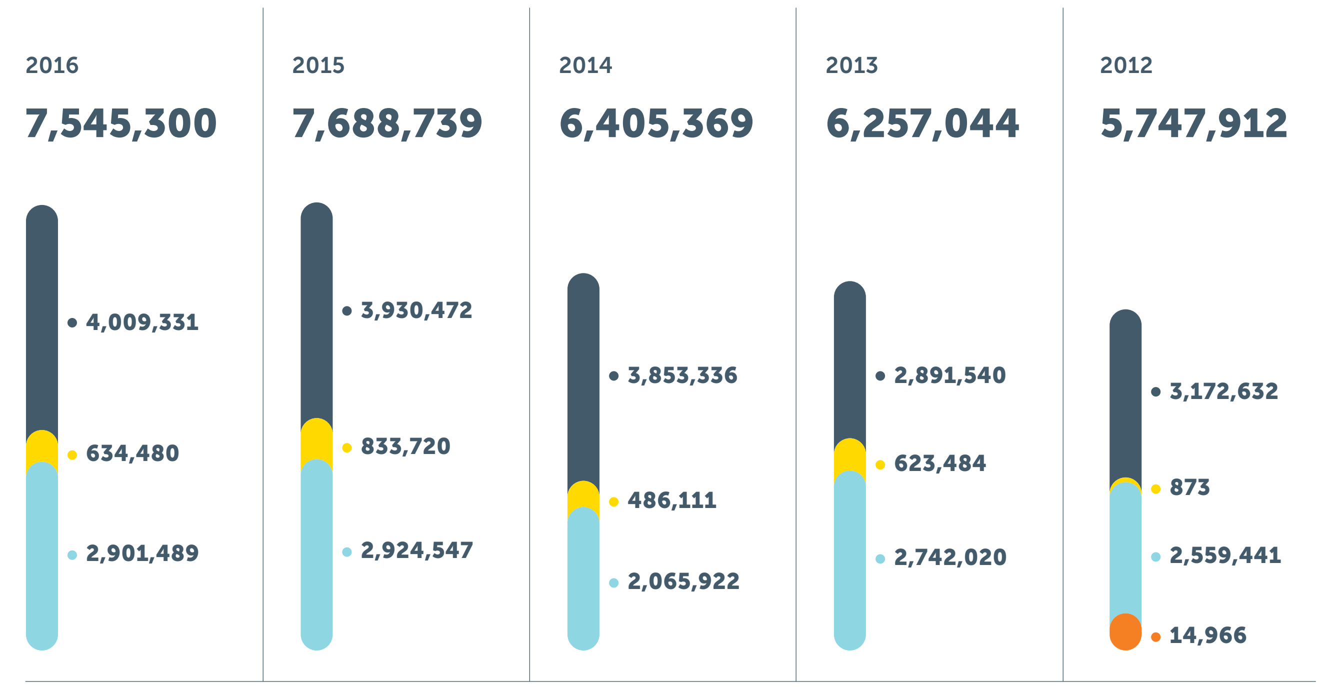


Total (S$ Million)

8,130

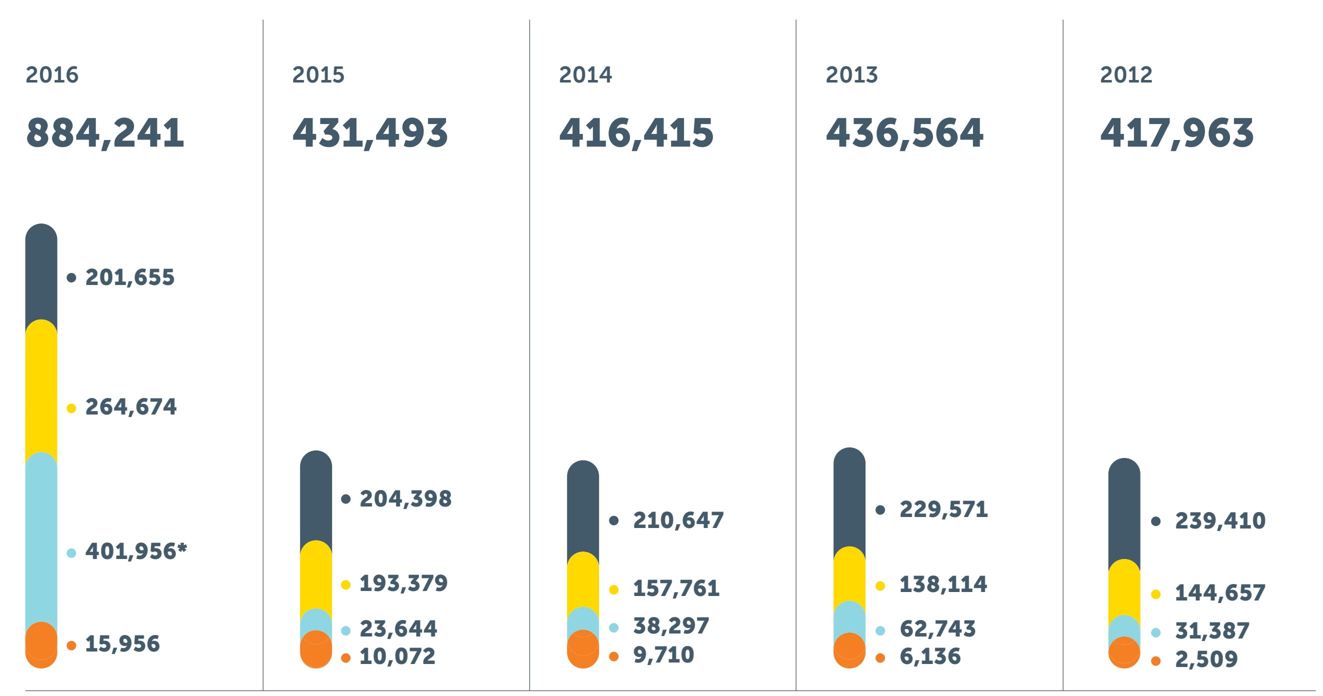
- Shareholders' funds: **3,930**
- Non-controlling interests: **834**
- Borrowings: **2,925**
- Others: **441**

SOURCES OF FINANCE *(S$'000)*



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

GROUP TURNOVER *(S$'000)*



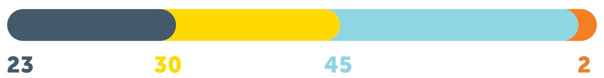
- Hospitality
- Property Investments
- Property Development
- Others

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

TOTAL TURNOVER BY BUSINESS SEGMENT

2016

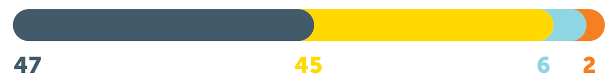
(%)



	(S$'000)	(%)
• Hospitality	201,655	23
• Property Investments	264,674	30
• Property Development	401,956	45
• Others	15,956	2
Total	**884,241**	**100**

2015

(%)



	(S$'000)	(%)
• Hospitality	204,398	47
• Property Investments	193,379	45
• Property Development	23,644	6
• Others	10,072	2
Total	**431,493**	**100**

TOTAL ASSETS BY BUSINESS SEGMENT

2016

(%)

	(S$'000)	(%)
• Hospitality	104,291	1
• Property Investments	6,270,867	78
• Property Development	765,987	9
• Fund Management	43,597	1
• Others	725,608	9
• Unallocated Assets	173,055	2
Total	**8,083,405**	**100**

2015

(%)

	(S$'000)	(%)
• Hospitality	100,189	1
• Property Investments	6,101,019	75
• Property Development	868,634	11
• Fund Management	15,846	0
• Others	879,161	11
• Unallocated Assets	164,989	2
Total	**8,129,838**	**100**

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT

2016

(%)

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

2015

(%)

	(S$'000)	(%)
• Singapore	343,547	80
• The People's Republic of China	28,064	6
• United States of America	57,611	13
• Others	2,271	1
Total	**431,493**	**100**

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT

2016

(%)

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

2015

(%)

	(S$'000)	(%)
• Singapore	6,477,255	80
• The People's Republic of China	552,056	7
• United States of America	777,209	9
• Others	323,318	4
Total	**8,129,838**	**100**

FIVE-YEAR FINANCIAL SUMMARY

	2016		2015		2014		2013		2012	
	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)	(S$'000)	(%)
Group turnover										
Hospitality	201,655	23	204,398	47	210,647	51	229,571	53	239,410	57
Property investments	264,674	30	193,379	45	157,761	38	138,114	32	144,657	35
Property development	401,956	45	23,644	6	38,297	9	62,743	14	31,387	7
Others	15,956	2	10,072	2	9,710	2	6,136	1	2,509	1
Total	**884,241**	**100**	**431,493**	**100**	**416,415**	**100**	**436,564**	**100**	**417,963**	**100**
Group profit and loss										
Earnings before interest and tax	274,646		257,809		185,074		156,954		156,834	
Attributable net profit/(losses)										
-Before change in fair value of investment properties	201,555		159,647		957,662		40,216		106,241	
-After change in fair value of investment properties	144,366		156,370		1,094,020		(36,555)		90,056	
Group balance sheet										
Investment properties	5,742,752		5,627,266		3,671,968		3,467,003		3,021,000	
Development properties	724,224		859,269		875,570		846,806		793,734	
Investments in equity-accounted investees	942,376		812,695		1,150,776		720,474		721,417	
Property, plant and equipment	19,438		21,337		20,591		366,795		495,183	
Cash and cash equivalents	238,973		172,353		161,957		730,613		604,637	
Available-for-sale financial assets	154,160		174,223		217,324		193,304		162,470	
Asset held for sale	-		-		223,564		-		-	
Other investments	190,504		371,399		328,070		9,478		-	
Others	70,978		91,296		44,510		83,724		89,066	
Total Assets	**8,083,405**		**8,129,838**		**6,694,330**		**6,418,197**		**5,887,507**	
Equity attributable to owners of the Company	4,009,331		3,930,472		3,853,336		2,891,540		3,172,632	
Non-controlling interests	634,480		833,720		486,111		623,484		873	
Borrowings										
-Current	656,046		157,195		649,507		349,747		846,207	
-Non-current	2,245,443		2,767,352		1,416,415		2,392,273		1,728,200	
Others	538,105		441,099		288,961		161,153		139,595	
Total Equity And Liabilities	**8,083,405**		**8,129,838**		**6,694,330**		**6,418,197**		**5,887,507**	
Earnings per share (cents)	16.0		17.2		120.2		(4.0)		9.9	
Dividends per share (cents)										
-Interim dividend	1.0		1.0		1.0		1.0		3.0	
-Special dividend	2.0		3.0		-		20.0		5.0	
-Distribution *In Specie*	-		-		13.9		-		-	
-Final dividend	2.0		1.0		1.0		2.0		3.0	
Total Dividend	**5.0**		**5.0**		**15.9**		**23.0**		**11.0**	
Net asset per share ($)	4.45		4.35		4.23		3.18		3.49	
Gearing ratio*	57%		58%		44%		57%		62%	

*Net Borrowings/Total Equity

STRATEGY & BUSINESS REVIEW

Mandarin Gallery
A gem in the heart of Singapore's busiest shopping belt, Mandarin Gallery is the flagship base for some of the biggest international fashion brands, lifestyle stores and unique dining concepts. The completion of its S$200 million transformation in 2009 unlocked the tremendous potential of what used to be the old hotel lobby of Mandarin Orchard Singapore.

Dear Shareholders,

2016 has been a year dominated by uncertainties in the global economic environment, including here in Singapore. Yet, despite the lingering challenges, OUE has remained focused on building upon our expertise and capturing growth and business opportunities where available.

OUE's strong stable of assets in prime locations has helped us weather the headwinds reasonably well. This, coupled with our clear strategic direction and our commitment to enhancing shareholder value, continues to distinguish all that we do.

TRANSFORMING LANDMARKS

At OUE, transforming landmarks goes beyond rejuvenating the built structure, or redefining landscapes and skylines. It is about reimagining spaces and revitalising the experiences that are offered within to change the way people perceive and use them, and, hence, unlock their full growth potential and value.

On 25 June 2016, we successfully launched OUE Skyspace LA, the two-storey open-air observation deck at the top of the U.S. Bank Tower in downtown Los Angeles, and OUE Skyslide, a 45-foot-long outdoor glass slide offering visitors an exhilarating bird's-eye view of the city. The office lobby at U.S. Bank Tower was also given a complete makeover, and now features one of the country's largest high-resolution video art walls in an office building. Following these major enhancements, U.S. Bank Tower has reaffirmed its iconic status and is fast becoming one of the must-visit tourist attractions in Los Angeles.

The 10-storey extension to Crowne Plaza Changi Airport was completed and obtained its Temporary Occupation Permit in June 2016. With the room capacity now expanded from 320 to 563 rooms, the hotel is well positioned to meet the growing demand from passenger traffic travelling through one of the world's busiest airports. The extension building was divested to OUE Hospitality Real Estate Investment Trust on 1 August 2016.

The transformation of OUE Downtown from a major commercial landmark into an exciting mixed-use development is well on its way to completion, with the new Downtown Gallery and serviced residences expected to open by 2Q2017. In October 2016, OUE signed a management agreement with Oakwood Asia Pacific Ltd to manage the serviced residence component of OUE Downtown, to be known as Oakwood Premier OUE Singapore. Meanwhile, the unique retail, dining and lifestyle mix to be introduced in Downtown Gallery is shaping up well to bring exciting new concepts and experiences to Shenton Way.

PROSPECTS FOR GROWTH AND VALUE CREATION

The upcoming completion of OUE Downtown will further strengthen our recurring income base, as we

尊敬的各位股东，

2016年全球经济持续呈现不明朗的趋势，而新加坡情况也不例外。尽管面对极具挑战的商业环境，华联企业仍然专注于发挥自身优势，扬长避短， 把握机会，取得业务的稳步增长。

华联企业的资产投资组合均拥有黄金地段的优势，集团凭着这个优势， 有效地克服了宏观环境的不利因素。与此同时，认定明确的战略方向，致力于履行不断提高股东价值的承诺，使集团保持了在市场中一贯的领先地位。

提升资产，重塑地标

对华联企业而言，改造地标具有双重含义：不局限于在硬性方面翻新建筑结构， 重新规划景观和大楼的天际线，更为重要的是在软性方面重新定义和设计诠释空间的功能和为使用者带来更新潮的体验上，从而激荡公众的思维和认知， 从不同的视角来重新看待和利用改造后的建筑大厦功能，从而最大限度地释放出资产内在的增长潜能与价值。

2016年6月25日，我们成功推出了华联洛城天台(OUE Skyspace LA)，一个位于美国洛杉矶市中心的联邦银行大厦(U.S. Bank Tower)顶楼的双层露天观景台，以及华联空中滑梯(OUE Skyslide)，一条长达45英尺的户外玻璃滑梯，让游客俯瞰和惊艳于城市的无敌景色。除此之外，联邦银行大厦的办公楼大堂也进行了全面翻新，并装置了全美国办公楼中最大的高清视频艺术屏幕。随着这些重大的整修，联邦银行大厦获得重新定位，成为洛杉矶市备受推崇的非去不可的旅游热点之一。

樟宜机场皇冠假日大酒店(Crowne Plaza Changi Airport)的10层高的扩建工程已经竣工，并于2016年6月顺利获得了临时入伙许可证。酒店客房套数从原本的320间大幅增加至563间，让我们有能力满足通过全世界最繁忙机场的不断增加的客流量的需求，并从中受益。该酒店的扩建部分已于2016年8月1日出售给华联酒店房地产投资信托。

从一个重要的商业地标摇身成为一个令人期待和振奋的多功能的城市综合发展项目，华联城(OUE Downtown)的蜕变改造即将如期完成。全新的华联城购物廊(Downtown Gallery)和酒店式服务公寓预计于2017年第2季度掀开序幕。为此，2016年10月华联企业与管理公司奥克伍德亚太有限公司(Oakwood Asia Pacific Ltd) 签订了酒店式服务公寓的管理协议，并命名该服务公寓为奥克伍德豪景华联新加坡(Oakwood Premier OUE Singapore)。与此同时，华联城购物廊独特的零售、餐饮和生活方式的综合功能规划也在逐渐成形，即将为珊顿道注入更多新的活力和全新体验。

增长与价值创造的前景

即将竣工的华联城将进一步巩固我们的经常性收入基础，让我们继续从这个经过改造的资产中释放出更高的价值，取得更多的收益。

华联诗礼花园(OUE Twin Peaks)的积极营销推广活动已于2016年喜见成效，成功地推高了住宅单位的销售总量，并将继续成为我们在2017年的关注焦点。

continue to successfully unlock greater value from this developed asset.

Active marketing efforts at OUE Twin Peaks drove sales of units up in 2016, and will continue to be a focus moving forward in 2017.

Looking further ahead, plans are underway to build a Good Class Bungalow (GCB) on two freehold land parcels at 28 Nassim Road that OUE successfully acquired in October 2016. The prime site, located in what is considered to be Singapore's most exclusive GCB enclave, occupies an area of 36,365 sq ft within the approved White House/Nassim Road Conservation Area. Once completed, OUE's GCB will offer luxury living distinguished by impeccable levels of sophistication and elegance.

On 16 February 2017, OUE launched a mandatory unconditional cash offer for International Healthway Corporation Limited (IHC) through its wholly-owned subsidiary Treasure International Holdings Pte. Ltd. Catalist-listed IHC is an integrated healthcare services and facilities provider that has market presence in Japan, the People's Republic of China and Malaysia. The cash offer marks the Group's strategic move into the healthcare real estate sector, a sector that we foresee has tremendous growth potential given the rapidly ageing populations across Asia and the consequent rising demand for healthcare.

We are optimistic that 2017 will present more opportunities for OUE's strategic growth. We remain committed to delivering stable earnings and enhancing shareholder value through value creation.

IN GRATITUDE

In appreciation of our shareholders' continued support of OUE, the Directors have proposed a final dividend of 2 Singapore cents per share, bringing the total cash dividend for the year to 5 Singapore cents per share.

I also wish to extend my deepest gratitude to my fellow Board members for their wisdom and guidance, to our strategic partners and financial advisors for their hard work and support, and to the management team and staff of OUE for their unwavering focus on achieving a healthy performance in the face of a challenging business environment.

Thank you all for your invaluable support.

STEPHEN RIADY
Executive Chairman
March 2017

纵观未来，我们正计划在2016年10月成功收购的位于那森路28号的两幅永久地契地块上兴建优质洋房。地块就坐落在公认的新加坡最高档的优质洋房群中，占地面积为36,365平方英尺，位于白宫园路与那森路交界处， 属于国家级保护区范围内的黄金地段。华联企业将会在该地块上兴建不同凡响的新概念优质洋房， 营造无可匹敌的精致优雅的奢华生活新体验。

2017年2月16日，华联企业通过其全资子公司，Treasure International Holdings Pte. Ltd. 向国际康慧医疗集团(International Healthway Corporation Limited (IHC))发出强制性无条件现金收购要约。在凯利板上市的国际康慧在日本、中国与马来西亚为大众提供优质综合保健护理服务与设施。现金收购要约标志着华联企业集团进军保健护理房地产领域的战略性方向。我们预测， 随着亚洲人口快速迈向老龄化的趋势，保健护理需求将大幅度增长，这个领域的业务前景广阔, 大有可为。

我们对2017年充满了乐观的期待， 相信新的一年能为华联企业带来更多宝贵的商机，我们将坚持不懈地通过创造价值，持续呈献稳健的营业收益来提升股东价值。

致谢

为了答谢股东们一直以来对华联企业的支持，董事会建议派发每股新元2分的年终股息，使2016年度总现金股息达到每股新元5分。

我也在此感谢各位董事会成员对企业的英明领导和指引， 感谢我们的战略伙伴和财务顾问的辛劳付出与支持。同时，我也要向我们的管理团队和员工致谢。他们坚持不渝的决心和专注，让我们在极具挑战的环境中屹立不倒，越战越勇。

衷心感谢各位的宝贵支持。

李棕
董事主席
2017年3月

Dear Shareholders,

The Group's clear strategic direction and resilient business model provided the foundation for sound financial and operational performance across all our business divisions in 2016.

OVERALL PERFORMANCE

For the financial year ended 31 December 2016 (FY2016), the Group reported revenue of S$884.2 million, boosted by strong contributions from both the Property Investments and Property Development divisions.

On the back of higher revenue, earnings before interest and tax (EBIT) increased by 6.5% to S$274.6 million in FY2016 and net attributable profit of S$144.4 million was achieved.

The Group's balance sheet remained healthy at the end of the year with cash and cash equivalents of S$239.0 million, up from S$172.4 million in the previous year, while net asset value per share grew from S$4.35 to S$4.45 as at 31 December 2016.

OUR BUSINESSES IN REVIEW

The Group's Property Investments division delivered a strong performance in FY2016, achieving a 36.9% increase in revenue, from S$193.4 million in FY2015 to S$264.7 million in FY2016. The increase was mainly a result of the full year consolidation of revenue from One Raffles Place following the acquisition of additional interest in OUB Centre Limited in October 2015.

For the Property Development division, an increase in sales of units at OUE Twin Peaks, spurred by ongoing sales and marketing efforts, resulted in revenue contribution of S$197.0 million, up from S$23.6 million in FY2015. The Group also recorded S$205.0 million revenue from the divestment of the extension of Crowne Plaza Changi Airport to OUE Hospitality Real Estate Investment Trust in FY2016. This marks the completion of the package sale of the enlarged Crowne Plaza Changi Airport hotel that was entered into on 28 November 2014.

The newly launched OUE Skyspace LA at U.S. Bank Tower in Los Angeles also contributed positively to the Group's revenue in FY2016. FY2016 was a challenging year for the hospitality industry and revenue from the Hospitality division declined slightly by 1.3% to S$201.7 million.

LOOKING AHEAD

Asset enhancement works at OUE Downtown are on course for completion in 2Q2017, and will further strengthen OUE's asset portfolio with its dynamic mix of office space, retail podium and luxury serviced residences. Marketing activities continue for OUE Twin Peaks to actively drive sales. Plans are also underway to build a Good Class Bungalow following OUE's acquisition of two prime freehold sites along Nassim Road.

尊敬的各位股东，

本集团明确的战略方针与坚韧的商业模式为我们奠定了坚实的商业基础，成就了2016年各业务部门的稳健财务和营业表现。

整体业务表现

截至2016年12月31日的财务年度(2016财务年度)，我们的产业投资部门和产业发展部门均作出了积极的贡献，使总营业收入达到8亿8420万新元。

在营业收入增长的基础上，2016财务年度息税前收益也提高6.5%至2亿7460万新元，净利润达到1亿4440万新元。

集团截至2016财务年度末的资产负债表仍保持强劲，现金与现金等价物从2015财务年度的1亿7240万新元上升至2亿3900万新元。截至2016年12月31日的每股净资产值则从4.35新元攀升至4.45新元。

集团业务回顾

集团的产业投资部门于2016财务年度表现杰出，营业收入增加36.9%，从2015财务年度的1亿9340万新元提高到2016财务年度的2亿6470万新元，主要原因是在本集团于2015年10月并购华联银行中心有限公司 (OUB Centre Limited) 额外股权之后，第一莱佛士坊 (One Raffles Place) 产业的全年营业收入并入产业投资部门2016财务年度的营业收入中。

至于产业发展部门，一系列的销售和营销活动成功刺激了华联诗礼花园 (OUE Twin Peaks) 豪华公寓单位的销售，导致其营业收入贡献从2015财务年度的2360万新元上升至本财务年度的1亿9700万新元。集团也从2016财务年度期间将樟宜机场皇冠假日大酒店扩建部分出售给华联酒店信托的交易中，获得了2亿500万新元的丰厚收入。这标志着集团于2014年11月28日所签订的樟宜机场皇冠假日大酒店扩建部分配套销售项目的圆满完成。

于美国洛杉矶的联邦银行大厦全新推出的华联洛城天台也于2016财务年度为集团的营业收入做出正面的贡献。另一方面，2016财务年度对酒店业而言极具挑战，酒店部门的营业收入相应微跌1.3%至2亿170万新元。

展望未来

华联城的资产增值工程预计将于2017财务年度的第2季度如期完工，从而以其完善的办公空间、零售平台和豪华服务式公寓的综合组合，进一步加强华联企业的资产投资组合。我们也将继续推出更多营销活动来积极推销华联诗礼花园豪华公寓单位。随着华联企业成功购得那森路的两幅优质永久地契地块，集团也已开始计划在该地块上发展优质洋房。

集团继续侧重于积极的租赁管理和资产增值措施，以此增强其经常性收入基础。与此同时，我们将继续探索任何能够加强我们的资产投资组合及我们创造价值的潜能的任何潜在新投资和并购机会。

2017年2月，华联企业通过向一家区域医疗保健服务与设施供应商，国际康慧医疗集团提出收购要约，向医疗保健产业领域迈出了第一步。国际康慧的业务战略和我们目前的资产投资组合相吻合，而且我们坚信亚洲加速老化的人口将大幅度提高区域

The Group remains focused on active lease management and asset enhancement to increase its recurring income base. At the same time, our sights are set on potential new investment and acquisition opportunities that will enhance our asset portfolio as well as our value-creation potential.

In February 2017, OUE took its first step towards expanding into the healthcare real estate sector when it launched a takeover offer for International Healthway Corporation Limited (IHC), a regional healthcare services and facilities provider. A strategic fit for our existing asset portfolio, the acquisition of IHC marks a timely entry into a sector that has huge growth potential, driven by rising demand for healthcare to meet the needs of Asia's rapidly ageing populations.

NOTE OF APPRECIATION

Our positive performance this year would not have been possible without the hard work, teamwork and determination of our management and staff. I would like to extend my heartfelt thanks to each and every one of you for your unwavering commitment. I would also like to thank our shareholders for their loyal support. We look forward to continuing this journey together, enhancing shareholder value and sustaining growth driven by strategic transformation.

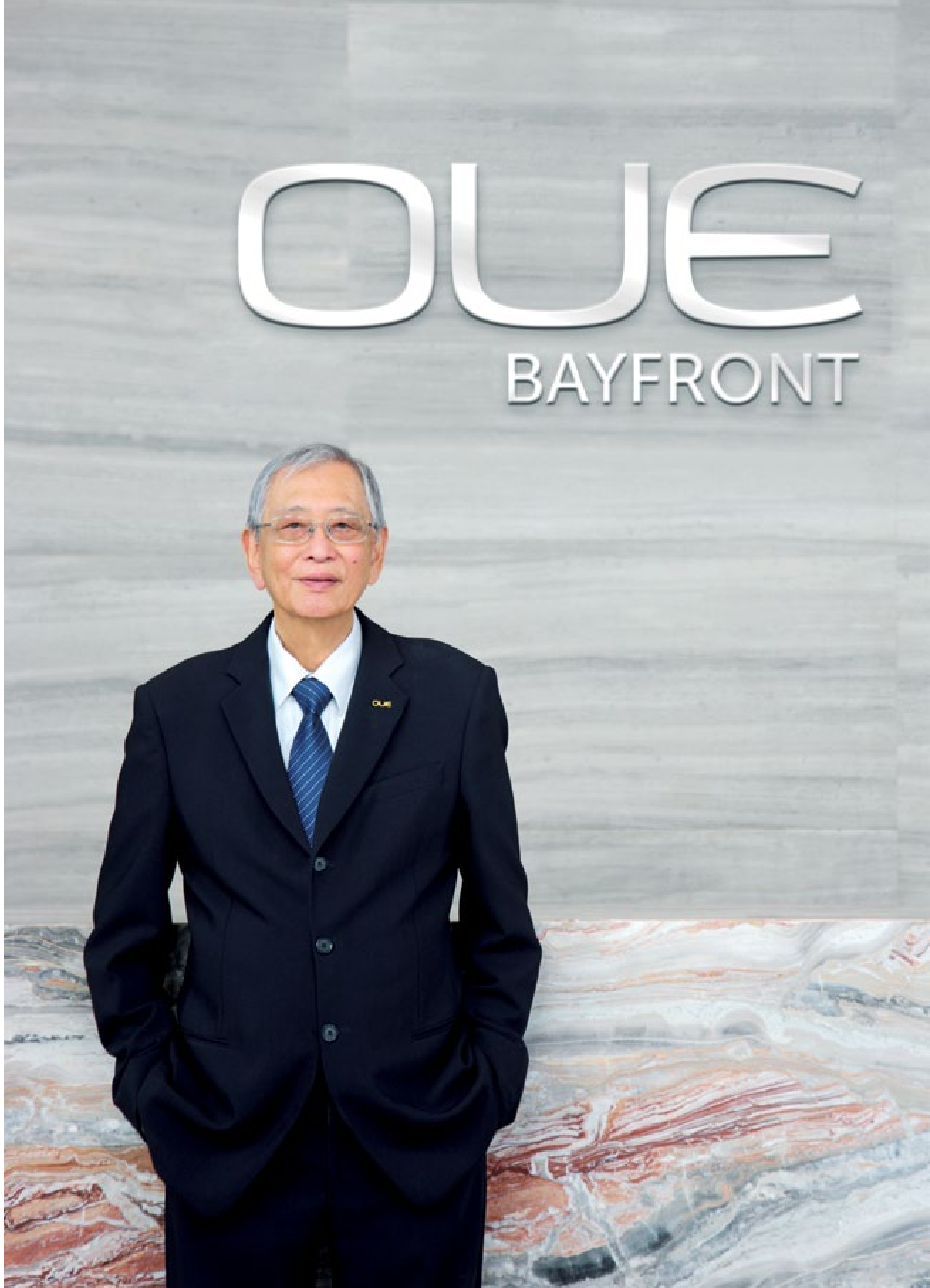
THIO GIM HOCK
CEO/Group Managing Director
March 2017

对医疗保健的需求，因此，我们认为此时正是迈入这个增长潜能无限的领域的最佳时机。

致谢

我们今年的优良表现无疑归功于管理层和员工的精诚合作和不懈努力。我要藉此机会由衷感谢大家对我们坚定不移的信念。我也要感谢一直以来支持我们的股东们，并期待能与大家携手继续前进，通过战略性的蜕变提高股东价值、确保持续增长。

张清福
首席执行总裁/集团董事经理
2017年3月



1 **Dr. Stephen Riady**
EXECUTIVE CHAIRMAN

2 **Mr. Christopher James Williams**
DEPUTY CHAIRMAN

3 **Mr. Thio Gim Hock**
CHIEF EXECUTIVE OFFICER/GROUP MANAGING DIRECTOR

4 **Mr. Kelvin Lo Kee Wai**
INDEPENDENT DIRECTOR

5 **Mr. Sin Boon Ann**
LEAD INDEPENDENT DIRECTOR

6 **Mr. Kin Chan**
NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

1

Dr. Stephen Riady

EXECUTIVE CHAIRMAN

Dr. Stephen Riady was appointed Executive Chairman of OUE Limited on 9 March 2010. He has been serving as Executive Director since 30 November 2006. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Dr. Riady is also an executive director of Lippo Limited and has been its chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a 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 from 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.

2

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 30 April 2015.

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 was the non-executive chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the chairman and non-independent non-executive 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-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. in October 2013. He was also appointed as a director of OUB Centre Limited in January 2014, and OUE Lippo Limited in December 2014.

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

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

3

Mr. Thio Gim Hock

CHIEF EXECUTIVE OFFICER/
GROUP MANAGING DIRECTOR

Mr. Thio Gim Hock has been the Chief Executive Officer/ Group Managing Director since 6 November 2007. He was last re-appointed as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He was an executive director of Lippo Realty (Singapore) Pte Limited from 2005 to 2007, the chief executive officer and director of Target Realty Limited from 2001 to 2003, an executive director for City Project Management/ Property Development at City Developments Ltd from 1999 to 2003, and an executive director of Hotel Properties Limited from 1988 to 1999.

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

4

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 appointed as a non-executive director of Medtech Group Company Ltd, a company listed in Hong Kong, in 2001.

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an associate of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Professional Accountants Canada, a chartered financial analyst of the CFA Institute of United States, and an associate of the Chartered Secretaries Australia. He is an associate member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Master of Laws from University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

5

Mr. Sin Boon Ann

LEAD INDEPENDENT DIRECTOR

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009. He serves as Lead Independent Director, Chairman of the Nominating Committee and the Remuneration Committee, and is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 30 April 2015.

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

Mr. Sin has been an independent director of CSE Global Limited since 2002 and Rex International Holding Limited since 2013. Mr. Sin also serves as the chairman of both the nominating committee and the remuneration committee for Rex International Holding Limited since 2013. He was also appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015. Mr Sin was an independent director of Transcorp Holdings Limited from 2002 to 2015.

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

6

Mr. Kin Chan

NON-EXECUTIVE NON-INDEPENDENT DIRECTOR

Mr. Kin Chan was appointed as a Non-Executive Director on 17 March 2010. He has been serving as a member of the Audit Committee since 19 October 2011. Mr. Chan has been the chief investment officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 185 and 186 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Chan has been the chairman of TIH Limited, a company listed in Singapore since 2005 and has been appointed as a non-executive director of Mount Gibson Iron Limited, a company listed in Australia since September 2016. He has been appointed as a non-executive director of CITIC Resources Holdings Limited, a company listed in Hong Kong since March 2017. He was a non-executive director of (i) United Fiber System Limited (now known as Golden Energy and Resources Limited), a company listed in Singapore from 2011 to 2015; and (ii) Asia Resource Minerals PLC, a company formerly listed in London for the period from July 2015 to August 2015.

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

KEY EXECUTIVES

Dr. Stephen Riady

EXECUTIVE CHAIRMAN
OUE LIMITED

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

Mr. Thio Gim Hock

CHIEF EXECUTIVE OFFICER/
GROUP MANAGING DIRECTOR
OUE LIMITED

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

OPERATIONS REVIEW

Crowne Plaza Changi Airport
Defying space and other constraints with creative, beautifully sculptural solutions, the extension of Crowne Plaza Changi Airport is a dynamic testament to construction innovation.

OUE BAYFRONT

01

OUE TOWER

02

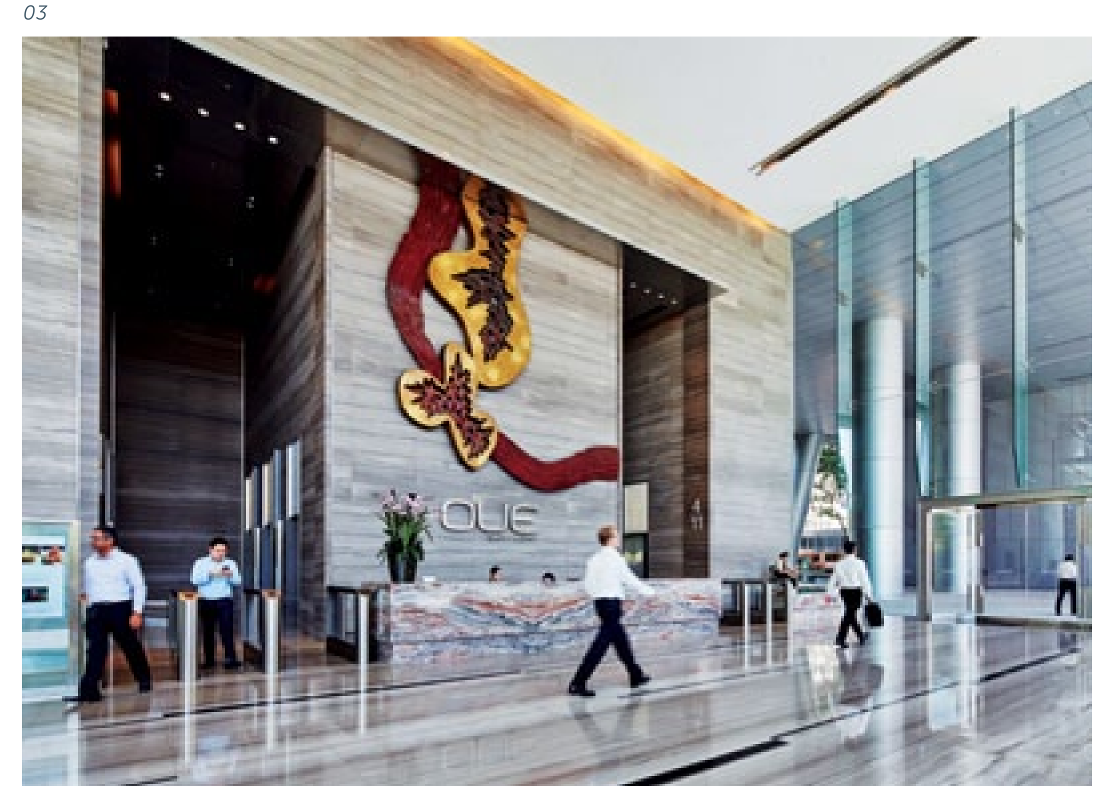
A landmark of modernity infused with historical elegance

OUE Bayfront is a landmark commercial development located along the waterfront between the downtown area of Marina Bay and the bustling financial hub of Raffles Place. Its 18 storeys of premium Grade-A office space feature floor plates of up to 30,441 sq ft in gross floor area, and two specially configured bank trading floors. OUE Bayfront is home to a notable list of tenants that includes Bank of America Merrill Lynch, Hogan Lovells International LLP and Citrix Systems Singapore Pte Ltd, among other reputable names.

BCA Green Mark Gold certified, OUE Bayfront is adjoined by two complementary properties—OUE Tower and OUE Link. Accorded heritage conservation status for its historic significance, OUE Tower houses two storeys of food and beverage space, including a revolving restaurant, one of two in Singapore and the only one in the Central Business District. OUE Link, an air-conditioned overhead pedestrian bridge that connects OUE Bayfront and Raffles Place, provides the working population with retail convenience.

For those working in the city, OUE Bayfront's flagship rooftop restaurant and lounge, Me@OUE, is a spectacular place to eat and unwind. Featuring sleek, stylish interiors and seating for up to 200 people, it is Singapore's only restaurant to feature a unique culinary mix of Japanese, French and Chinese cuisines. Floor-to-ceiling windows with enticing views of the cityscape, impeccable service, and an open-concept kitchen where patrons can witness Me@OUE's dynamic team of chefs in action create the perfect recipe for a fresh and exciting dining experience.

03



OUE LINK

04

01 OUE Bayfront is a prominent landmark situated along Collyer Quay

02 OUE Tower houses the Central Business District's only revolving restaurant

03 The OUE Bayfront office lobby soars 12 metres in height

04 OUE Link is lined with retail and F&B outlets

OUE DOWNTOWN

01

01 The gleaming towers of OUE Downtown 1 and OUE Downtown 2

02 Artist's impression of the main drop-off atrium on Shenton Way

03 Artist's impression of the landscaped area between OUE Downtown 1 and OUE Downtown 2 lobbies

An exciting place to work, live and play

Asset enhancement works at OUE Downtown will see it transformed from a predominantly commercial development into a vibrant work-live-play destination.

Located on Shenton Way, along the financial corridor between Tanjong Pagar and Raffles Place, OUE Downtown originally comprised two high-rise office towers—50-storey OUE Downtown 1 and 37-storey OUE Downtown 2, served by a podium and auditorium. Tower 1 has undergone a complete external revitalisation with a full glass-panel retrofit of its façade. Internally, Tower 2 and the high zone of Tower 1 remain as premium Grade-A office space, while the low and mid zones of Tower 1 have been converted into 268 serviced residences accompanied by a range of facilities befitting a luxury urban lifestyle.

The original podium and auditorium have been converted into Downtown Gallery, a retail podium with six levels of exciting retail and dining concepts, and a striking 262-metre-wide frontage and pedestrian walkway.

With its offices, luxury serviced residences and innovative retail, OUE Downtown is all set to transform the financial hub of the Tanjong Pagar district into a vibrant business and lifestyle landscape when it opens its doors in 2Q2017.

02

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oneRafflesPlace

01

A prominent landmark in the heart of Singapore's Central Business District

One of the landmarks on the Central Business District skyline, One Raffles Place is an integrated commercial and retail development comprising two Grade-A office buildings, namely One Raffles Place Tower 1 and Tower 2, and the six-storey One Raffles Place Shopping Mall.

Situated directly above and seamlessly linked to the Raffles Place Mass Rapid Transit station, the development offers convenient connectivity along the North-South and East-West Mass Rapid Transit lines for commuters. In addition, an extensive underground network of pedestrian walkways provides easy access to other areas of the financial district and Marina Bay.

A 62-storey building with a rooftop restaurant and observation deck, One Raffles Place Tower 1 enjoys prominence as one of the tallest skyscrapers in Singapore. It is the perfect spot to enjoy unrivalled city views. Designed by the late renowned Japanese architect Kenzo Tange, the tower is distinguished by an eight-storey cutaway entrance, and features regular column-free office space that is home to leading financial services, banking and professional firms. In 2016, it was awarded Green Mark Gold certification by Singapore's Building and Construction Authority (BCA).

The 38-storey One Raffles Place Tower 2 was designed by Paul Noritaka Tange, son of the late Kenzo Tange, with a cutting-edge silhouette that complements Tower 1. It earned the BCA Green Mark Platinum Award in 2011 for its energy-efficient and environmentally sustainable design.

One Raffles Place Shopping Mall is a haven for fashionistas working in the financial district while also satisfying all appetites, offering a wide array of shopping, dining, wellness and services under one roof. From boutiques to global fashion stores, from a food court to bakeries, cafes and restaurants, the great variety of choices makes this an undeniable retail and dining hub.

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

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01 One Raffles Place Towers 1 and 2 set the standard for premium office space in the city

02 Amid the buzz of the business district, steps from One Raffles Place MRT station

03 Office lobby of One Raffles Place Tower 2

04 One Raffles Place is a defining landmark on the city's majestic skyline

U.S. BANK TOWER

01

01 U.S. Bank Tower is renowned as the most notable icon on the Los Angeles skyline

02 The glass crown at the top of the tower illuminates the skyline at night

03 Visitors enjoy the thrill of the first-of-its-kind Skyslide

04 The OUE Skyspace LA observation deck is a peak attraction, offering the best views of the city and beyond

02

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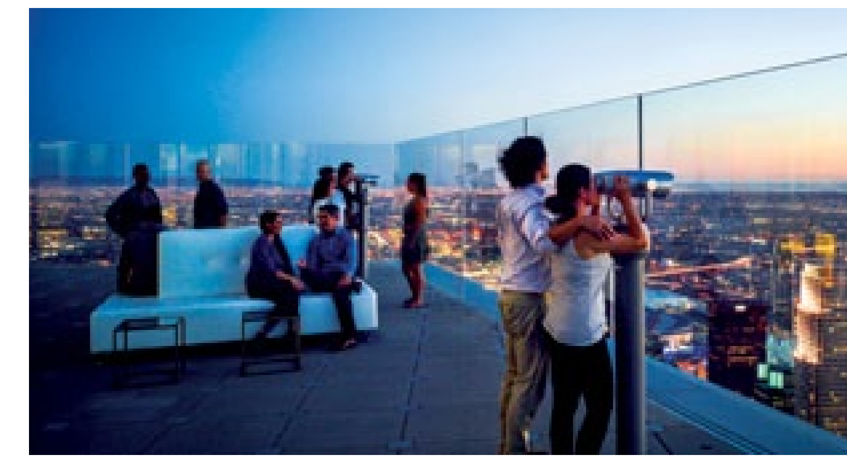

04

A prominent landmark in downtown Los Angeles with unrivalled city views

The undisputed icon of the Los Angeles skyline and one of the tallest buildings on the West Coast, U.S. Bank Tower is a 75-storey Class A property located in the city's upscale Bunker Hill district.

The launch of the tower's all-new two-storey OUE Skyspace LA on 25 June 2016 marked the culmination of comprehensive asset enhancement works that began in December 2014 to transform U.S. Bank Tower from a commercial building into a vibrant business, social and tourist destination.

At almost 1,000 feet above the city, OUE Skyspace LA is the Western United States' highest and only open-air observation deck, offering 360-degree views of the city that stretch from the Hollywood Hills to the Pacific Ocean. Besides the spectacular panoramas, visitors can also experience the unparalleled thrill of the Skyslide attraction, a first-of-its-kind slide made entirely of clear glass, affixed to the exterior of the tower, extending 45 feet from the 70th floor to the 69th floor.

During the weekend of its opening, visitors flocked from near and far to be among the first to experience the Skyslide and to take part in a grand block party celebration, which culminated in a spectacular pyrotechnics finale. The opening of this new 'bucket list' attraction captured unprecedented national and global media attention. OUE Skyspace LA has become a cultural and social media phenomenon, and one of the most prominent visitor attractions in Downtown Los Angeles.

In July 2016, the U.S. Bank Tower also celebrated the grand opening of the highest restaurant west of the Mississippi, 71Above. Located on the 71st floor, the restaurant offers elevated, modern-American cuisine in its lively dining room, complemented by a cutting-edge bar and spectacular views.

Other completed enhancements include a dramatic makeover of the office lobby. To create a more spacious and bright environment for tenants and to engage the public, the exterior was replaced with a transparent 30-foot-high glass curtainwall. The lobby was also enhanced with the country's largest high-resolution video art wall to be featured in an office building. At 130 feet wide by 17 feet high, it enlivens the streetscape and entices passers-by to enter the building with dynamic digital art content that reflects Los Angeles' culture and history.

In October 2016, OUE was presented the BOMA Greater Los Angeles Visionary Award in recognition of the profound impact its visionary excellence has had on the Greater LA community.

LIPPO PLAZA

01

01 Lippo Plaza is a premium office and retail landmark in Shanghai's main commercial district

02 Lippo Plaza's office lobby reflects a modern work environment

03 A distinctive mix of upscale stores

04 Lippo Plaza's attractive retail frontage along bustling Huaihai Zhong Road

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A commercial and retail hub in downtown Shanghai

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

Its prominent location near the eastern end of Huaihai Zhong Road lies within the Huangpu business district, one of the city's most established business districts and the preferred address for multinational corporations, international financial institutions and local Chinese enterprises. Spanning a gross floor area of over 600,000 sq ft, Lippo Plaza is occupied by a diverse list of tenants, including companies from the retail, consulting, financial services, manufacturing and pharmaceutical sectors.

Huaihai Zhong Road is also a major retail destination, drawing discerning shoppers and international visitors with its cosmopolitan mix of global designer brand stores, high-end shopping malls, luxury hotels and restaurants. Lippo Plaza's retail podium adds to the allure of this popular shopping street with the flagship stores of well-known international brands, among other exciting retail offerings.

Lippo Plaza enjoys superb connectivity, conveniently located within walking distance of the South Huangpi Road Metro station, which serves Metro Line 1, the main north-south line of the Shanghai Metro, as well as the Huaihai Zhong Road Station on Metro Line 13. Nearby major expressways also provide ease of access to other key commercial areas and transportation lines.

Its excellent connectivity to major transportation networks, and walking distance to a wide variety of retail and F&B options continue to make Lippo Plaza an attractive landmark to tenants.

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

The UNWTO World Tourism Barometer estimates 46 million more tourists to have travelled internationally in 2016 than in 2015. By region, Asia and the Pacific led the growth in international tourist arrivals.

International tourism continues to demonstrate remarkable resilience amidst challenging economic and political environments globally, with 2016 registering the seventh consecutive year of solid growth for the sector following the financial crisis of 2009. In its latest report, the UNWTO World Tourism Barometer estimates 46 million more tourists to have travelled internationally in 2016 than in 2015. By region, Asia and the Pacific led the growth in international tourist arrivals at 8.0%.

In Singapore, preliminary 2016 data released by the Singapore Tourism Board (STB) showed visitor arrivals and tourism receipts to have exceeded growth forecasts, reaching historic highs despite prevailing challenges in some of Singapore's top source markets.

STB estimates the lion city to have welcomed a record 16.4 million visitors in 2016, up 7.7% from 2015, while tourism receipts surged even higher by 13.9% to S$24.8 billion.

In terms of absolute growth in visitor arrivals to Singapore, the top markets for 2016 were China at an astounding 36.0% growth, India at 8.0%, and Indonesia at 6.0%. Also impacting favourably on the performance of the local sector is higher spending by more quality visitors, particularly on accommodation, shopping, and food and beverage.

Business tourism also contributed to the overall results in 2016, with events and initiatives for the Meetings, Incentives, Conventions and Exhibitions (MICE) sector garnering 343,000 visitors, a robust 20.0% increase versus 2015; and achieving 28.0% year-on-year growth in business tourism receipts to an estimated S$611.0 million.

Also auguring well for Singapore in 2016 was the addition of new attractions, lifestyle offerings, and sporting and leisure events, including the inaugural HSBC World Rugby Sevens Series and the introduction of the Michelin Guide Singapore.

On the local hospitality front, preliminary estimates by STB point to a healthy 2.3% growth in hotel room revenue to S$3.2 billion for the full year 2016, despite ongoing pressures from slower demand for corporate travel and heightened competition from the increase in hotel room supply islandwide. However, Revenue per Available Room (RevPAR) fell 4.6% compared with 2015, largely owing to a shorter average length of stay by visitors vis-à-vis an enlarged room inventory.

Going forward in 2017, while residual impact is expected from continued economic and political uncertainties worldwide, the projected tourism growth in the Asia-Pacific region will benefit Singapore. STB forecasts tourism receipts to increase between 1.0% and 4.0% to be within the range of S$25.1 to S$25.8 billion, and international visitor arrivals to increase by up to 2% to be in the range of 16.4 to 16.7 million.

Also working favourably for the local tourism sector are intensified marketing efforts by the Singapore government to amplify the appeal of Singapore as a global tourist destination to leisure, business and MICE audiences in key markets worldwide.

The Hospitality division of OUE Limited ended 2016 with revenue of S$201.7 million, decreasing slightly from S$204.4 million in 2015. The Group's flagship Mandarin Orchard Singapore posted a lower 2016 RevPAR of S$217.0 compared with S$230.0 the previous year. Meanwhile, Crowne Plaza Changi Airport's 2015 RevPAR of S$242.0 cannot be compared with its 2016 RevPAR of S$183.0, as the latter is based on the now enlarged 563-room inventory with the addition of the 243-room extension that commenced operation in August 2016. The hotel is expected to benefit when Changi Airport's Terminal 4 becomes operational some time in the second half of 2017.

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01 Outdoor mineral pool at Marina Mandarin Singapore

02 Warm, intuitive service delivered at every turn marks the Meritus tradition of Asian hospitality

03 One of the newly renovated meetings suites at Mandarin Orchard Singapore

04 Azur at Crowne Plaza Changi Airport features a show-kitchen concept where chefs take centre stage at live cooking stations

01


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03

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

01 *Mandarin Orchard Singapore delivers a long tradition of hospitality excellence in the heart of Orchard Road*

02 *The column-free Grand Mandarin Ballroom provides an elegant setting for special occasions*

03 *Shisen Hanten by Chen Kentaro, recently awarded two Michelin stars, dazzles diners with the finest Szechwan cuisine*

04 *Flavours are as fresh as can be at Triple Three's international buffet*


04

A well-recognised icon of Asian hospitality in Singapore

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

The Orchard and Somerset Mass Rapid Transit stations are within walking distance of the hotel, with both stations a few stops away from the key interchange stations of Dhoby Ghaut, City Hall and Newton. Popular tourist destinations in the Marina Bay area are approximately a 10- to 15-minute driving distance. The hotel also benefits from its walking proximity to Singapore's top medical facilities such as *Paragon Medical Centre* and *Mount Elizabeth Hospital*.

Mandarin Orchard Singapore boasts some 1,077 spacious guestrooms and suites distributed across two towers, offering panoramic views of the city skyline from higher floors. The rooms are equipped with advanced in-room technologies, including a smartphone solution that provides registered hotel guests complimentary local and international calls, as well as access to unlimited 4G data throughout their stay.

Leading the hotel's award-winning lineup of food and beverage outlets is the all-time favourite *Chatterbox*, home of the legendary Mandarin Chicken Rice, which has remained the bestselling signature dish on the menu since the restaurant opened in 1971. Chatterbox was inducted into the Hall of Fame at the *Singapore Prestige Brand Award 2016* for achieving the Heritage Brand distinction for five consecutive years.

Also making waves since it opened in 2014 is *Shisen Hanten by Chen Kentaro*, the first international foray of Japan's highly acclaimed chain of Szechwan restaurants helmed by celebrity Iron Chef Chen Kenichi and son, Chef Chen Kentaro. Shisen Hanten by Chen Kentaro received two stars in the inaugural *Michelin Guide Singapore 2016*, making it the highest Michelin-rated Chinese restaurant islandwide.

For travellers seeking bespoke business amenities, Mandarin Orchard Singapore offers an executive club lounge facility, *Meritus Club Lounge at Top of the M*. The hotel also features over 30,000 sq ft of versatile meeting and function spaces that can accommodate up to 1,840 people. Other facilities in the hotel include an outdoor swimming pool, a fitness centre, a tennis court and a medical clinic.

A stone's throw from Mandarin Orchard Singapore are some of the city's most iconic shopping malls—*Paragon, Takashimaya* and *ION Orchard*, to name a few. Right within the hotel premises is *Mandarin Gallery*, an intimate shopping haven comprising four storeys of high-end international fashion brands and boutique eateries. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery affords guests an all-encompassing retail, dining and hospitality experience.

Asset enhancement works which began in 2013 to renovate 430 guestrooms are expected to complete in early 2017. New meeting suites were completed at both towers of Mandarin Orchard Singapore, allowing the hotel to attract and cater to a wider range of banquet and conference requirements.

Mandarin Orchard Singapore received the *TripAdvisor Certificate of Excellence 2016*. The hotel was also awarded Best City Hotel—Singapore for the fourth consecutive year at the *27th Annual TTG Travel Awards*, Asia-Pacific's most prestigious annual travel industry awards honouring the best organisations and individuals in the industry for their outstanding achievements and contributions.

In 2016, Mandarin Orchard Singapore also achieved the *ISO 9001:2008 Quality Management System* certification for successfully adopting international standards of quality and service within the hospitality industry; as well as the *Green Mark* certification by the Building and Construction Authority (BCA) of Singapore.

01

CROWNE PLAZA®
CHANGI AIRPORT

A business hotel just steps from Changi Airport

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01 Crowne Plaza Changi Airport is directly linked to Changi Airport

02 The hotel's palm-fringed pool is the perfect spot to relax day or night

03 A Business King Room in the Crowne Plaza Changi Airport

04 With its six-metre-high celling and unique interior design that creates the soft dappled light of a tree canopy, the column-free Chengal Ballroom is a stunning venue for special events

Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group. Strategically located within the vicinity of the passenger terminals of Singapore Changi Airport, the hotel was officially opened in 2008 with 320 guestrooms. A 243-room extension was subsequently completed and commenced operations on 1 August 2016.

Crowne Plaza Changi Airport is linked 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. The hotel is also within a short distance of Changi Business Park and Singapore EXPO, and downtown Singapore by expressway and the Mass Rapid Transit.

Crowne Plaza Changi Airport continues to make a mark as one of 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 one of the world's busiest airports for international travel, whilst also catering to the corporate travellers whose offices are located at the nearby business park.

Being an airport hotel, Crowne Plaza Changi Airport's guestrooms are designed and built to be insulated from noise from the airport runway, aircraft operations and the surrounding highway. 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.

Guests can choose from the hotel's 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.

Crowne Plaza Changi Airport was named the Best Airport Hotel in Asia and the World's Best Airport Hotel at the *Skytrax World Airport Awards 2016.* The awards are based on nominations by over a million airport hotel guests worldwide, spanning 65 nationalities.

Crowne Plaza Changi Airport also emerged Best Airport Hotel—Singapore at the *27th Annual TTG Travel Awards 2016*; and Best Airport Hotel at the *Travel Weekly Asia 2016 Readers' Choice Awards.*

The hotel continues to be recognised for its commitment to building a responsible and sustainable business through environmental conservation. Crowne Plaza Changi Airport received the Distinction Award at the *2016 3R Awards for Hotels* by the Singapore Hotel Association and the National Environment Agency. It is also one of 10 hotels in Singapore to be presented the biennial *ASEAN Green Hotel Award 2016-2018,* reaffirming its position as one of the most eco-friendly hotels in the region.

MARINA MANDARIN
SINGAPORE
BY MERITUS

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04

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

01 *Exclusive privileges and preferential service for guests of the Meritus Club*

02 *Guest areas such as the hotel lobby are designed to exude a warm and welcoming ambience*

03 *Stunning view of the Marina Bay from a Meritus Club Room*

04 *Peach Blossoms serves up authentic Cantonese fare amidst plush interiors*

Marina Mandarin Singapore is an upscale business hotel known for its prestigious address in Singapore's Central Business District, offering direct access to *Marina Square Shopping Mall* and located opposite the *Suntec Singapore International Convention & Exhibition Centre* and *The Esplanade—Theatres on the Bay*. Also within walking distance of the hotel are popular tourist attractions such as *Gardens by the Bay* and the *Singapore Flyer*.

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

The hotel boasts one of the largest open atriums in Southeast Asia, soaring through 22 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 Singapore harbour.

Food and beverage options include *AquaMarine*, an all-day dining restaurant featuring a Halal-certified buffet spread of Asian and international favourites; *Peach Blossoms*, renowned for its authentic Cantonese cuisine; *Atrium Lounge* and *Café Mocha* for cosy tête-à-têtes; and the world-famous *Ruth's Chris Steak House*.

Those looking to escape the hustle and bustle of the city can opt for a relaxing dip in the hotel's 25-metre outdoor mineral pool, whilst soaking in stunning views of the city skyline.

Marina Mandarin Singapore offers over 20,000 sq ft of extensive meeting facilities 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 gatherings.

Guests of the *Meritus Club* enjoy exclusive privileges and preferential services, including access to the Meritus Club Lounge where tailored business facilities are also available.

MERITUS
PELANGI BEACH
RESORT & SPA
LANGKAWI

A perfect retreat on the famed shores of white sandy Cenang Beach

Meritus Pelangi Beach Resort & Spa, Langkawi is a 35-acre tropical resort and spa located along the shimmering white sands of the famous Cenang Beach, a mere 15-minute drive from Langkawi International Airport.

Fronted by a kilometre-stretch of private beach, the resort is designed in the rustic style of a traditional Malay village. 355 guestrooms are housed in clusters of single- and double-storey wooden chalets built on stilts, each with a spacious verandah overlooking spectacular views of the ocean and the surrounding tropical landscape. The villas are equipped with modern conveniences, with the interiors designed to pay homage to the local culture.

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

Blending seamlessly with the resort's landscape are themed food and beverage outlets that include *Spice Market,* an all-day dining restaurant serving an array of Asian favourites alongside Western fare; *Cba,* a beachside restaurant that transforms into a happening nightspot; *Pelangi Lounge,* a lobby lounge serving snacks and beverages to the accompaniment of nightly live bands; and *Cascade Pool Bar,* a swim-up island bar serving signature thirst quenchers and light bites.

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

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


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01 Guests enjoy direct access to the resort's two outdoor swimming pools from any of the Pool Terrace Rooms

02 Spice Market offers a mouth watering array of Asian and Western favourites

03 Beachside restaurant Cba transforms into a happening evening hangout on popular Cenang Beach

01

03

02

Oakwood PREMIER OUE SINGAPORE

Luxurious home away from home in the heart of the city

01 Artist's impression of the 7th storey serviced residence main lobby with a view onto Shenton Way

02 Artist's impression of the 7th storey Residents' Lounge

03 Elegantly styled interiors designed for modern urban living

Oakwood Premier OUE Singapore is the serviced residences component of the redeveloped OUE Downtown, occupying the 7th to 32nd storeys of the 50-storey OUE Downtown 1 in the heart of the Central Business District.

On 7 October 2016, OUE signed a management agreement with Oakwood Asia Pacific Ltd (Oakwood), which operates an award-winning portfolio of the finest residences, for Oakwood to manage Oakwood Premier OUE Singapore.

Oakwood Premier OUE Singapore's 268 serviced residences comprise 82 studio units, as well as 139 one-bedroom units and 47 two-bedroom units. Designed with a 21st century aesthetic, an intimate oasis is created for those who enter its doors. A contemporary reinterpretation of the concept of "a home away from home" is reflected in the interiors, which feature defined lines and volumes that resemble the landscape of the city, along with a sophisticated colour palette.

Residents will enjoy the best in luxury living, curated to meet the needs of international travellers, as well as a range of luxury facilities and services, including private dining, a swimming pool, a fitness centre, executive lounge and boardroom, daily housekeeping, a concierge and more.

When it opens in 2Q2017, Oakwood Premier OUE Singapore will offer an intimate sanctuary in the bustling business district for a truly exceptional lifestyle.

01

01 *The Victoria's Secret flagship store radiates glamour and sophistication*

02 *Curated displays at the Michael Kors flagship store create an exclusive shopping experience*

03 *Contemporary womenswear label Beyond the Vines is defined by understated yet luxurious style*

04 *Arteastiq is a boutique tea lounge where artisanal teas and creative arts flow*

03

Mandarin/Gallery

Curated shopping, dining and lifestyle experiences

Mandarin Gallery is an upscale, cosmopolitan shopping mall connected to the five-star Mandarin Orchard Singapore hotel. Behind its attractive 152-metre-wide frontage along Singapore's busiest shopping belt, Orchard Road, lies a uniquely curated collection of retail, dining and lifestyle experiences spread across four levels and over 196,000 sq ft of gross floor area.

Shoppers can indulge in retail therapy at its best, where international designer brands such as *Max Mara* and *Y-3* rub shoulders with fashionable local boutiques such as *Undress* and *What Women Want*. In November 2016, Mandarin Gallery welcomed the opening of the flagship stores of two premium brands—*Michael Kors* and *Victoria's Secret*. Michael Kors' first and largest flagship store in Southeast Asia boasts 7,000 sq ft of browsing space that creates an enhanced luxurious shopping experience, reflecting the sophistication and jet-set lifestyle of its customers.

American lingerie brand Victoria's Secret also opened its first Southeast Asian flagship store at Mandarin Gallery. Occupying 12,000 sq ft of retail space, this duplex store carries the full range of the brand's products, including fragrances, accessories, undergarments, as well as its *Victoria Sports* and *Pink* lines.

Mandarin Gallery also offers a sophisticated sanctuary to refuel with a world of gastronomic offerings, from all-day breakfasts at *Wild Honey* to authentic Cantonese cuisine at *Royal London Duck*, and the finest sushi at the acclaimed Japanese "omakase" restaurant, *Hashida Sushi*. Looking good and living well is an equally premium affair thanks to the likes of *Atomi* Japanese lifestyle store, and renowned hair and beauty experts *Toni & Guy*, *Elevatione* and *LeeKaja Beauty Salon*.

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

02

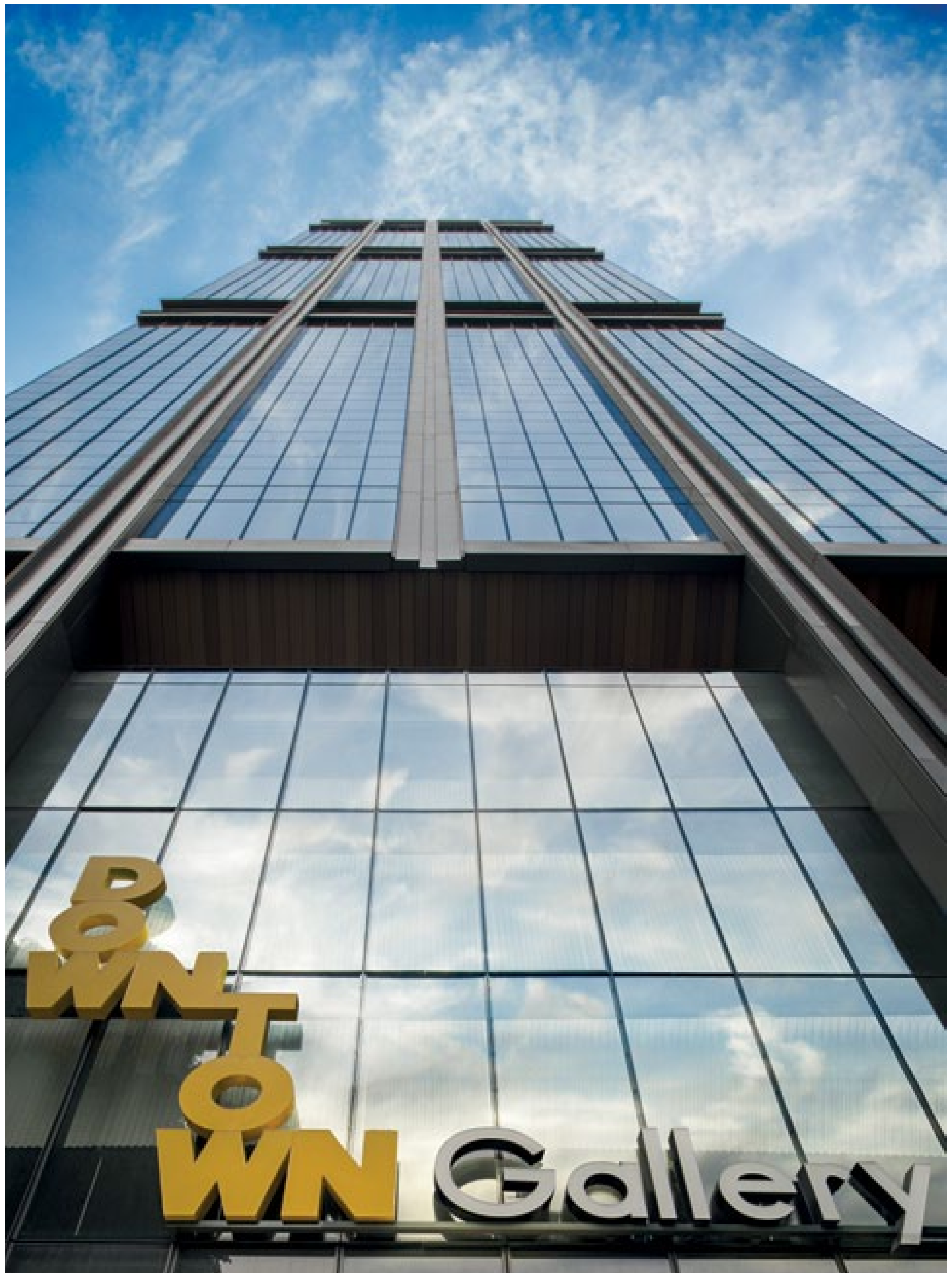
04

DOWNTOWN Gallery

01 *Downtown Gallery's glass façade offers a peek into five above-ground floors of exciting retail options*

02 *Hong Kong-based The Work Project brings its co-working space concept to Singapore, occupying 20,000 sq ft across the entire 4th floor*

03 *The Work Project offers an inspiring space for entrepreneurs to network in the city*



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A one-of-its kind commune destination in downtown Shenton Way

With its bold, game-changing retail and lifestyle concepts, Downtown Gallery is shaping up to be one of a kind. Part of the redeveloped OUE Downtown development on Shenton Way, Downtown Gallery comprises approximately 150,000 sq ft of premium retail space spread over six levels, including one basement level. Its prominent 262-metre-wide frontage is one of the longest single retail frontages in the heart of the commercial district, creating more window display space than any comparable development.

At Downtown Gallery, lifestyle, wellness and technology take centre stage. Among its novel concepts is a 4,000 sq ft 'OUE Social Kitchen', fully equipped for cooking, baking and dining, where one can book a cooking station, cook a meal with your own ingredients, and gather with friends to eat. The whole of the fourth storey will be home to The Work Project, a Hong Kong-based co-working space operator that brings to Singapore a new concept of workspaces designed for the future workforce. The first storey will feature an 11,000 sq ft trend gallery with pop-up stores and retail counters.

The mall's comprehensive directory of offerings also includes athleisure fashion, a self-service beauty section, a fitness zone, a dance centre, a farmer's market and a pre-school, curated to meet the lifestyle and leisure needs of those working, living and staying in the surrounding offices, residential developments and hotels.

Downtown Gallery was awarded the Singapore Building and Construction Authority (BCA) Green Mark Gold Award in 2016 in recognition of its commitment to environment-conscious design and operations.

Innovative, inspiring and incomparable, Downtown Gallery is set to become the new centre of gravity in the Central Business District—the place for like-minded people to commune.

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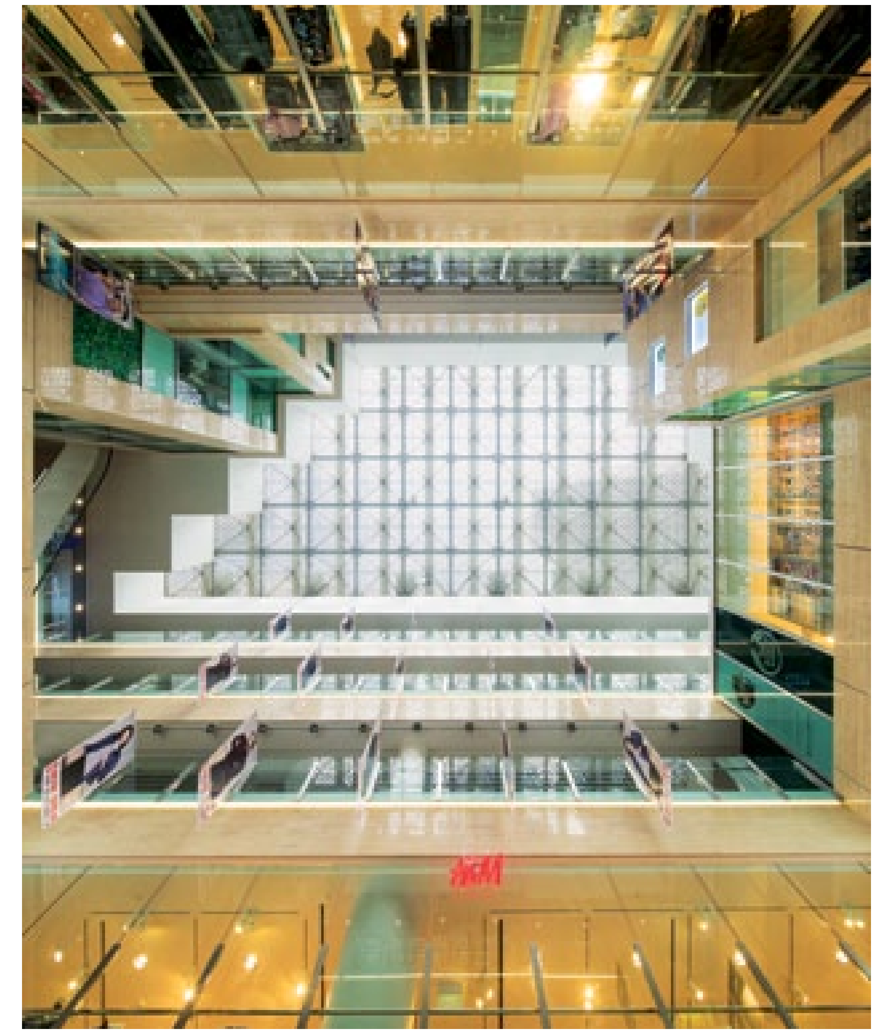

02

03

The largest purpose-built shopping mall in Raffles Place

01 *One Raffles Place Shopping Mall is a retail haven in the midst of the financial district*

02 *Six storeys of shopping and dining offer plenty to please the CBD crowd*

03 *Retail tenants include well-known fashion brands such as H&M*

The largest purpose-built shopping mall in Raffles Place, in the heart of the financial district, One Raffles Place Shopping Mall offers a diverse range of shopping, dining and leisure options that cover 100,000 sq ft of retail space over six storeys.

Situated above and with a direct basement level link to the Raffles Place MRT station, One Raffles Place Shopping Mall enjoys excellent connectivity along the North-South and East-West MRT lines, as well as easy accessibility via underground walkways to other developments within Raffles Place and Marina Bay.

Catering to the working population in Singapore's Central Business District, the One Raffles Place Shopping Mall offers an exciting retail haven, packed with a diverse array of shopping, dining and leisure options, including well-known fashion brands, health and wellness services, and much more.

Food and beverage options are plentiful, satisfying the lunch and after-work crowds with a food court at level 5 and a basement level offering myriad choices, including salad, sandwich and juice bars, cafes, bakeries, a gourmet deli and vegetarian cuisine.

OUE TwinPeaks


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Redefining urban resort living

Situated within a tranquil site at Leonie Hill Road, OUE Twin Peaks is a landmark residential development designed with a unique resort-within-the-city concept. A sanctuary of serenity nestled within a lush garden landscape, yet just a few minutes' walk from the bustling attraction of Singapore's famed shopping district, Orchard Road.

The 99-year leasehold luxury development occupies a land area of 130,983 sq ft with a total gross floor area of 436,168 sq ft. Its two identical 35-storey towers comprise 462 one-, two- and three-bedroom apartments, each fully furnished for modern living with iconic furniture pieces by world-renowned designers such as Hans Wegner, Charles & Ray Eames and Matthew Hilton. OUE Twin Peaks is the first condominium development in Singapore to be sold fully furnished, immersing residents in all the comforts of a luxurious home the minute they step through the door.

The layout of the units offers the unique flexibility to combine one-bedroom apartments with either two- or three-bedroom apartments to accommodate the needs of multi-generation families without compromising privacy.

Just beyond their front doors, residents are embraced by a lush green environment designed by internationally acclaimed landscape architect Bill Bensley, featuring approximately 6,900 sqm of gardens, water features, sky terraces, green walls and rooftop gardens.

The development's luxurious recreational amenities exemplify the resort lifestyle. Residents can refresh in the swimming pool and jet spas, host guests in the exclusive dining suites, and work out in the state-of-the-art triple-volume sky gyms while enjoying panoramic city views. For private celebrations and parties, the open-air Sky Loggias on the 36th storey, together with rooftop bars, provide spectacular venues set against the backdrop of dazzling city lights.

On the back of the successful re-launch of OUE Twin Peaks Tower 2 in April 2016, OUE Tower 1 was also re-launched shortly after in July 2016.

On 15 November 2016, OUE Twin Peaks received the Landscape Excellence Assessment Framework (LEAF) certification from National Parks for its outstanding greenery.

01 A mesmerising view of Orchard Road from Tower 1

02 The Sky Loggia on the 36th floor offers a panoramic view of the city skyline

03 OUE Twin Peaks' gourmet dining suites provide a stylish venue for private entertainment

04 The perfect fusion of luxurious comfort and sophistication in the master bedroom with a spectacular view of the city

05 Open-plan living and dining areas display timeless elegance

01

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

01 Mandarin Orchard Singapore—hospitality that is synonymous with Asian grace, warmth and care

02 Mandarin Gallery—a style haven and premier lifestyle destination

03 Crowne Plaza Changi Airport—2016's World's Best Airport Hotel (Skytrax)

As at 31 December 2016, OUE Hospitality Trust's (OUE H-Trust's) portfolio comprised two hotels, Mandarin Orchard Singapore (MOS) and Crowne Plaza Changi Airport (CPCA) and the Mandarin Gallery retail mall.

In August 2016, OUE H-Trust completed the acquisition of the 243-room Crowne Plaza Changi Airport Extension (CPEX), thus bringing the total room count of CPCA to 563 guestrooms. Following the acquisition of CPEX, OUE H-Trust's portfolio has expanded from S$2.05 billion to S$2.21 billion in value.

Revenue from the hospitality segment at S$89.9 million was 2.3% higher than last year, boosted by the additional S$3.8 million master lease income contribution from the enlarged 563-room CPCA which more than offset the decrease of S$1.8 million master lease income from MOS. In addition to master lease income, CPCA also received an income support of S$2.7 million from OUEAH (OUE Airport Hotel Pte. Ltd., the Vendor)[1].

For the retail segment, Mandarin Gallery recorded revenue of S$32.6 million in FY2016, S$4.1 million lower than FY2015 due to lower average occupancy and lower rental rates achieved in light of the challenging retail environment and landlord fit-out periods for incoming tenants.

Gross revenue for FY2016 was S$122.5 million, S$2.1 million lower than revenue for FY2015 of S$124.6 million. This was mainly due to lower revenue from the retail segment, partially mitigated by higher revenue from the hospitality segment. OUE H-Trust's net property income was 1.6% lower than last year at S$107.4 million, mainly due to lower contribution from the retail segment. Distributable income achieved was S$82.5 million, 5.6% lower than 2015.

As at 31 December 2016, OUE H-TRUST's net asset value per stapled security was S$0.77.

The Group's effective interest in OUE H-TRUST was approximately 35.5% as at 31 December 2016.

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[1] With the addition of the newly acquired CPEX, which forms an integral part of CPCA (collectively, the "enlarged CPCA"), the Deed of Income Support comes into effect. Subject to the enlarged CPCA not achieving agreed Target Quarterly Rent over the first twelve (12) quarters from the date of acquisition of CPEX, OUE H-REIT could draw down the income support over (i) three years from the date of OUE H-REIT's acquisition of CPEX; or (ii) until the income support of S$7.5 million has been fully drawn down by OUE H-REIT, whichever is earlier.

01 *OUE Bayfront—offering space and spectacular Marina Bay views*

02 *Lippo Plaza—maximising commercial and retail potential in downtown Shanghai*

03 *One Raffles Place—a dynamic mix of office, retail, dining and entertainment*

01

COMMERCIAL REIT

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

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

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OUE C-REIT has a portfolio of three strategically located Grade-A commercial properties in Singapore and China with total assets-under-management of S$3.4 billion as at 31 December 2016.

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

In FY2016, OUE C-REIT achieved revenue of S$177.8 million, which was higher than the S$101.0 million recorded in FY2015, mainly due to a full year's contribution from One Raffles Place, which was acquired on 8 October 2015, as well as better performance at OUE Bayfront and Lippo Plaza where the organic growth was 10.4%. Consequently, the amount available for distribution in FY2016 was S$67.4 million, 20.1% higher year-on-year (YoY). This translated to FY2016 DPU of 5.18 cents, 18.3% increase YoY.

Portfolio occupancy remained steady as at 31 December 2016 at 94.8%, reflecting the resilience of the portfolio despite challenging operating conditions in both markets that OUE C-REIT operates in. Committed rents for new and renewed leases in FY2016 were in line with or above market rents, resulting in higher average passing rents across the portfolio.

OUE C-REIT's aggregate leverage as at 31 December 2016 was 39.8%, with a weighted average cost of debt of 3.6% per annum. 79.3% of borrowings were hedged into fixed rates, with an average term of fixed rate debt of 2.5 years.

As at 31 December 2016, OUE C-REIT's NAV per unit was S$0.93.

The Group's effective interest in OUE C-REIT as at 31 December 2016 was 65.2%.

01

CORPORATE SOCIAL RESPONSIBILITY

At OUE, corporate social responsibility is embedded in our corporate culture and forms an integral part of our business strategy. We are guided by our belief that the inclusion of public interest into our business processes and decision-making supports our company's long-term interests and, more importantly, delivers a meaningful and long-lasting impact on the communities where we operate.

Beyond philanthropic activities, underpinning our efforts group-wide is an unwavering focus on a community-driven approach to good corporate citizenship.

Every year, we continue to support initiatives that promote education, the arts and sports, and environmental sustainability.

As we continue to grow and evolve, we shall also continue distinguishing ourselves as an organisation strengthened by a commitment to nurture people, communities and the environment.

HEART FOR THE COMMUNITY

OUE increased its presence in the community through its continued support of the *Community Chest*—the national fund-raising and engagement arm of the National Council of Social Service. Through the partnership with the Community Chest, OUE donated to various community initiatives, such as *Charity in the Park, Heartstrings Walk* and *Marina Bay ChariTrees Light Up.* OUE also contributed to the community work of various other social organisations in Singapore in 2016, including the *Marsiling Citizens Consultative Committee (CCC), River Hongbao, Dover Park Hospice, Salvation Army, St Luke's Hospital, VIVA Foundation, Jamiyah Home* and *Mainly I Love Kids.*

ADVANCING EDUCATION

In line with OUE's commitment to champion initiatives that promote knowledge and learning in the community, the company supported various projects that provide youths and adults from all backgrounds a chance at getting a good education. As part of a five-year commitment to grow and develop Singapore's literary arts scene, OUE sponsored the *National Book Development Council of Singapore's (NBDCS)* book collaborations, literary events and activities for the Asian Festival of Children's Content 2017. OUE also supported the inaugural *Young Southeast Asian Young Leaders Programme (SEAYLP)* at the annual inter-governmental security forum, The Shangri-La Dialogue, which was organised by the International Institute for Strategic Studies. The programme aims to engage young people from business, government, law, journalism and academic backgrounds in a high-level debate on the complex and rapidly evolving strategic challenges faced by Southeast Asia and the wider Asia-Pacific region. OUE continued its strong support of the Future China Global Forum, the annual landmark forum for sharing analyses and experiences about the trends and forces shaping China's evolution.

SUPPORTING THE ARTS

In the performing arts scene, OUE became the Patron Sponsor of Singapore theatre production company *Pangdemonium*, founded by Tracie and Adrian Pang. 2016 was dubbed *the Season of Love* for Pangdemonium, and saw the release of three critically acclaimed productions, namely *The Effect, Fallen* and *Rent*. Through its sponsorship of Pangdemonium, OUE has provided exposure for local artistes to pursue their artistic talent and push the boundaries of creativity and innovation. This is part of OUE's vision that the theatre has a particularly important role to play in making Singapore a vibrant hub for the arts and culture. OUE was also the Presenting Sponsor of the hit comedy film *"Lulu: The Movie"*, which featured well known Singapore actress Michelle Chong in the role of an aspiring Chinese actress looking to make a name for herself in Singapore and around the globe.

01 Child soprano Lauren Yeo and creative dancers from Very Special Arts performing at the OUE Stars of Christmas 2016 Luncheon

02 OUE Executive Chairman Dr Stephen Riady distributing presents to beneficiaries of OUE Stars of Christmas 2016

03 Metta School alumnus Bo Cheng, now a full-time employee of Mandarin Orchard Singapore, receives recognition for service excellence from Hotel Manager Danny Wong

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DEVELOPING SPORTS

Into its third year, the *OUE Singapore Open* played host to the world's top badminton players for a week from 12 to 17 April 2016 at the Singapore Indoor Stadium. The OUE Singapore Open is a marquee badminton tournament in Singapore that continues to raise the profile of the sport in Singapore through support for the national badminton team and the *Singapore Badminton Association (SBA)* youth programmes. The 2016 OUE Singapore Open was a treat for the fans as the line-up of players included double Olympic champion and five-time world champion Lin Dan, and reigning Olympic champion and two-time world champion Chen Long. As part of its outreach efforts, OUE also teamed up with the SBA to roll out various badminton activities for the community.

STARS OF CHRISTMAS

For the seventh year running, OUE continued its proud tradition of holding the annual *Stars of Christmas* community project. Teaming up with Meritus Hotels & Resorts, Mandarin Orchard Singapore and Marina Mandarin Singapore, OUE also collaborated with *Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore—Sole Authorised Dealer).*

The programme is aimed at engaging the community to share in the joy of giving every Christmas by contributing presents to children with special needs and illnesses. Stars of Christmas 2016 commenced with the ceremonial hanging of Christmas stars at the lobby of Mandarin Orchard Singapore, led by OUE Chief Executive Officer and Group Managing Director Mr Thio Gim Hock. Giant Christmas trees at Mandarin Orchard Singapore and Marina Mandarin Singapore were adorned with stars bearing the name, age and gender of every beneficiary, for donors' useful reference when buying the presents that were then placed under the trees.

On 14 December, beneficiaries of Stars of Christmas 2016, along with their parents, siblings and caregivers, were guests of honour at a Christmas luncheon hosted by OUE Executive Chairman Dr Stephen Riady. The children were treated to an afternoon of entertainment and a scrumptious feast, including a visit from Santa and his helpers who handed out Christmas presents.

Stars of Christmas 2016 closed with an unprecedented 1,078 presents distributed to *Community Chest, Children's Cancer Foundation, Club Rainbow, VIVA Foundation,* and *KK Women's and Children's Hospital.*

EMPOWERING PEOPLE WITH SPECIAL NEEDS

OUE's flagship hotel, Mandarin Orchard Singapore, continues to work with *Metta School* and *APSN Delta Senior School* on the Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education to offer on-the-job training opportunities for special needs students. The objective is to expose them to real-life settings and assist them in developing into self-sufficient and productive members of society. Mandarin Orchard Singapore, depending on the students' performance during the programme and how successfully they adapt to the work environment, then facilitates the placement of these students into full-time roles with the hotel.

GOVERNANCE

One Raffles Place Tower 2
With its cutting-edge, Green Mark Platinum-certified design, One Raffles Place Tower 2 complements the success of One Raffles Place Tower 1 with its futuristic aesthetic, heralding a new age in modern, eco-friendly workspaces.

CORPORATE INFORMATION

Board of Directors

Stephen Riady
(Executive Chairman)

Christopher James Williams
(Deputy Chairman)

Thio Gim Hock

Kelvin Lo Kee Wai

Sin Boon Ann

Kin Chan

Audit Committee

Kelvin Lo Kee Wai
(Chairman)

Sin Boon Ann

Kin Chan

Nominating Committee

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

Remuneration Committee

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

Secretary

Ng Ngai

Share Registrar

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112 Robinson Road
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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

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Telephone : (65) 6809 6000
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Website : www.oue.com.sg

Investor Relations/ Corporate Communication

Bernard Lim/Jordan Isac
Telephone : (65) 6809 6051
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2016 ("**FY2016**") 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.

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, which have been approved by the Board, and sets out its duties and authority.

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
- reviewing 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.

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

The Company has adopted internal guidelines which require Board approval for investments, divestments and bank borrowings. The Company has also adopted a framework of delegated authorisation, as set out in its Limit of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. The LOA also contains a schedule of matters specifically reserved 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 as and when required by the circumstances. In 2016, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board or Board Committee meetings may convey their views to the Chairmen or the Company Secretary. The Company's Constitution provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2016, 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 FY2016			
Name of Director	**Board**	**AC**	**NC**	**RC**
Stephen Riady	4	-	-	-
Christopher James Williams	4	-	1	1
Thio Gim Hock	4	-	-	-
Kelvin Lo Kee Wai	4	4	1	1
Sin Boon Ann	4	4	1	1
Kin Chan	4	4	-	-
Number of meetings held in FY2016	**4**	**4**	**1**	**1**

Board Orientation and Training

The Company conducts an orientation programme for newly-appointed Directors to familiarise them with the businesses, operations and financial performance of the Group. The newly-appointed Directors will also be briefed on the Company's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information. No new directors were appointed in FY2016.

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

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

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as the Board members 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. Periodically, the Directors are provided with bespoke briefings by professional legal and financial advisors on the latest developments and trends in the respective areas which the Directors are required to discharge their duties.

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

The Board comprises six Directors with four non-executive Directors. Of the four non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. In reviewing the independence of a Director, the NC takes in consideration in particular, the Director's objective participation on the Board and a review of whether he has any relationship with the Company, its related corporations or its officers that could interfere or reasonably be perceived to interfere with his independent judgement. In addition to the annual review by the NC of the Directors' independence, each independent Director also submits an annual declaration regarding his independence. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. Although Mr. Kelvin Lo Kee Wai has served on the Board as an Independent Director for more than nine years, the Board is of the view that an individual's independence cannot be accurately determined based on an arbitrarily set period of time. Following a rigorous review during FY2016 by the NC, the Board has concluded that Mr. Kelvin Lo Kee Wai has continued to demonstrate independence in character and judgment in the manner in which he has discharged his responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect his judgement and ability to discharge his responsibilities as an independent Director of the Board, and to contribute to the Board in such capacity. In relation to Mr. Sin Boon Ann, notwithstanding that the fees invoiced by Drew & Napier LLC (of which Mr. Sin is Deputy Managing Director of the Corporate and Finance Department) to the Group for legal fees in FY2016 exceeded S$200,000, the Board has (following a rigorous review by the NC) concluded that Mr. Sin is an Independent Director on the basis that he was not involved in the decision-making processes in respect of the engagement of Drew & Napier LLC as legal advisors. Further, Mr. Sin is able to exercise independent judgement and demonstrate objectivity in his deliberations at meetings. Mr. Sin has not served on the Board for more than nine years.

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

The integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of Management. No individual or small group of individuals dominate the Board's decision making.

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. Kelvin Lo Kee Wai be nominated for re-election at the forthcoming Annual General Meeting ("**AGM**"). In making the recommendation, the NC has considered each Director's overall contributions and performance.

Mr. Christopher James Williams will, upon re-election as a Director, remain as the Deputy Chairman of the Company and a member of each of the Nominating Committee and Remuneration Committee. Mr. Kelvin Lo Kee Wai will, upon re-election as a Director, remain as an Independent Director of the Company, the Chairman of the Audit Committee and a member of each of the Nominating Committee and the Remuneration Committee.

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. The independent Directors actively seek clarification from, and engage with, Management as they deem necessary. They may also discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, as they may consider necessary. In the interest of embracing recommended best practices, the Board has appointed Mr. Sin Boon Ann as the Lead Independent Director with effect from 17 February 2017. The role of the Lead Independent Director includes meeting with shareholders where they have concerns when contact through the normal channels of the Chairman, the Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") has failed to resolve such issues raised by the shareholder or for which such contact is inappropriate.

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC currently comprises three non-executive Directors, namely Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the NC. The NC met once in FY2016.

The principal responsibilities of the NC in performing the functions of a nominating committee include reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board Committees, reviewing and being mindful of the independence of the Directors, making recommendations and reviewing the training and professional development programmes for the Board and reviewing the retirement and re-election of Directors. Pursuant to the Company's Constitution, one-third of the Directors will retire from office at the Company's forthcoming Annual General Meeting.

The NC determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, taking into account the Code's guidance on what constitutes an "independent" Director, and 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. In particular, looking ahead, the NC has been tasked to initiate a search process for more independent Directors. Additionally, in the recruitment of Directors, the NC is mindful of the importance of ensuring that the Board is well balanced and diverse. The NC also understands the need to periodically renew the Board.

The Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to the Company and its various stakeholder constituencies. Whenever it seeks to identify a new Director for appointment to the Board, the Board ensures that female candidates are included for consideration by the NC. From there, the final selection will be made in a fair and undiscriminating manner.

The selection and nomination process involves the following:

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

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

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

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

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

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

Key information on the Directors' particulars and background can be found on pages 042 to 046 of the Annual Report.

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

PRINCIPLE 5: BOARD PERFORMANCE

The NC annually assesses the effectiveness of the Board as a whole and the Board Committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board Committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of 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 then shared with the entire Board.

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

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

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

PRINCIPLE 6: ACCESS TO INFORMATION

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings and on an on-going basis. Such information 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 regulations and rules prescribed by the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its committees and between senior management and non-executive Directors.

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

Remuneration Matters

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Remuneration Committee

The RC comprises three non-executive members, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the RC. The RC met once in 2016.

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

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

The RC sets the compensation policy to ensure that the compensation offered by the Company is competitive and will attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully. In developing the policy for the remuneration packages for Directors and key management personnel, the Company's existing internal remuneration policy and other conditions within the industry and in comparable companies are taken into consideration. While the remuneration policies of the Company are structured to attract and retain highly qualified persons, and the Company's overall goal is to ensure the long-term sustainability and success of the Company.

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and key management personnel in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The remuneration range is also benchmarked against a blended mix of industry peers, the list of which remain unchanged for the last four years.

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. The remuneration of the non-executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the key management personnel in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Directors or the key management personnel.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director and additional fees for (i) serving as chairman of the Board, or chairman of the Board committees, (ii) serving on Board committees as members. The Directors' fees take into account:

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

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

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

The compensation framework for key management personnel of the Company comprises monthly salaries, annual bonuses and allowances. The Company links executive remuneration to corporate and individual performance, based on the performance appraisal of the key management personnel. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel.

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

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2016 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2016

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/ Renumeration %
Below S$250,000					
Stephen Riady	100	-	-	-	100
Christopher James Williams	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann	-	-	100	-	100
Kin Chan	-	-	100	-	100
S$250,000—S$499,999					
-	-	-	-	-	-
S$500,000—S$749,999					
-	-	-	-	-	-
S$750,000—S$999,999					
-	-	-	-	-	-
S$1,000,000—S$1,249,999					
-	-	-	-	-	-
S$1,250,000—S$1,499,999					
-	-	-	-	-	-
S$1,500,000—S$1,749,999					
-	-	-	-	-	-
S$1,750,000—S$1,999,999					
-	-	-	-	-	-
S$2,000,000—S$2,249,999					
-	-	-	-	-	-
S$2,250,000—S$2,499,999					
-	-	-	-	-	-
S$2,500,000—S$2,749,999					
Thio Gim Hock	22.76	75.87	-	1.37	100

The Code encourages companies to fully disclose the remuneration of each individual director and the CEO on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders. In arriving at this decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact which such disclosure may have on the Group in attracting and retaining talent at the Board level on a long-term basis. Based on a comparison against a peer group of listed companies in the same industry over a multi-year period (which peer group remains constant from year to year), the Board believes that the remuneration of the executive Directors is in line with industry practice.

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

	Number of Directors 2016	Number of Directors 2015	Number of Key Management Personnel[1] (who are not also Directors or the CEO) 2016	2015
Below S$250,000	5	5	-	-
S$250,000—S$499,999	-	-	-	-
S$500,000—S$749,999	-	-	-	-
S$750,000—S$999,999	-	-	-	-
S$1,000,000—S$1,249,999	-	-	-	-
S$1,250,000—S$1,499,999	-	-	-	-
S$1,500,000—S$1,749,999	-	-	-	-
S$1,750,000—S$1,999,999	-	-	-	-
S$2,000,000—S$2,249,999	-	-	-	-
S$2,250,000—S$2,499,999	-	-	-	-
S$2,500,000—S$2,749,999	1	1	-	-
Total	**6**	**6**	**0**	**0**

Note:

(1) The Code defines "key management personnel" to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. The Company is of the view that there are only two persons, being the CEO and the Chairman (who are also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company. There are no persons, who are not Directors of the Company that have the authority and responsibility for planning, directing and controlling the activities of the Company.

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

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2016. The Company does not have any employee share scheme as the Board is of the view that the current compensation framework is sufficient.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2016.

Accountability And Audit

PRINCIPLE 10: ACCOUNTABILITY

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

PRINCIPLE 12: AUDIT COMMITTEE

The AC consists of three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. Mr. Kelvin Lo Kee Wai is the chairman of the AC. All members of the AC have many years of experience in senior management positions and have between them extensive and practical expertise in accounting, financial management and corporate finance and legal. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities as listed in the principal responsibilities of the AC below. The AC met four times in 2016.

The principal responsibilities of the AC include the following:

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- reviewing the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Company's internal audit and control functions, and the hiring, removal, evaluation and compensation of the Company's internal audit and control functions;
- reviewing interested 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.

For the financial year under review, the AC met with the external auditors and internal auditors to review the annual audit plans and the results of the audits performed by them. The AC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the external auditors. The AC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by them. The quarterly financial statements and full year financial statements of the Group and the Company were also reviewed by the AC prior to their submission to the Board for approval and adoption. The AC has met with the external auditors and the internal auditors without the presence of Management.

The AC has reviewed the non-audit fees paid to the external auditors. The AC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services. The amount of fees paid to the external auditors in FY2016 was S$496,000 for non-audit services and S$764,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rule 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 28 April 2017.

The details of the remuneration of the auditors of the Company during FY2016 are as follows:

	2016 *$'000*
Audit services	
-Auditors of the Company	764
-Other auditors	245
Non-audit services	
-Auditors of the Company	496
-Other auditors	51

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

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

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS
PRINCIPLE 13: INTERNAL AUDIT

The Board, with the assistance of the AC, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, oversees the governance of risk and monitors the Group's risks through an Enterprise Risk Management framework which incorporates a Risk Register to capture significant business risks, and the strategies and internal controls to mitigate these risks. The Risk Register is reviewed by the AC quarterly and any issues or matters arising from the Risk Register are highlighted by the AC to the Board.

Based on the AC's review of the effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management systems, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2016, and addresses financial, operational, compliance, 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 FY2016, the CEO and the CFO have provided written confirmation to the Board: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. This certification covers the Company and subsidiaries which are under the Company's management control. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the CEO and the CFO, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come 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 099 and 100.

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 Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties, and personnel, including access to the AC. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Vice President, Internal Audit and approved by the AC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

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

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

Communication With Shareholders

PRINCIPLE 14: REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 15: ENCOURAGING GREATER SHAREHOLDER PARTICIPATION
PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

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

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

Voting for all resolutions at shareholders' meeting held in FY2016 was conducted by electronic poll. The voting procedures are explained during the shareholders' meeting. Votes cast for or against and the respective percentages on each resolution were tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages were also announced on the SGXNET and the Company's website on the same day of the event. Minutes of all shareholders' meetings were prepared and are available upon request, and include substantial and relevant comments or queries from the shareholders, and responses from the Board and Management.

The Company had adopted an annual cash dividend policy with a view 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.

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. Save as disclosed, there were no IPTs during FY2016 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;

(b) one month before the announcement of the Company's full year financial statements; and

(c) any time while in possession of price sensitive information.

The Directors and officers are prohibited from communicating price sensitive information to any person. In addition, the Company also discourages the Directors and officers from dealing in the Company's securities on short-term considerations.

MANAGING RISKS

Managing Risk

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

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

Operational Risk

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

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

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

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

Investment Risk

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

Financial Risk

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

MARKET RISK

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

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

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

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

LIQUIDITY RISK

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains a level of cash and credit facilities deemed adequate to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

CREDIT RISK

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

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 support from external legal advisors.

Information Technology (IT) Risk

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

FINANCIAL STATEMENTS & OTHER INFORMATION

Financial Statements

Other Information

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 108 to 183 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

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

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

Directors

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

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

Directors' interests

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

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

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

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

Share options

During the financial year, there were:

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

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

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

DIRECTORS' STATEMENT
YEAR ENDED 31 DECEMBER 2016

Audit Committee

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

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

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

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee has met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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

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

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

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

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

22 March 2017

INDEPENDENT AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2016

Members of the Company
OUE Limited

Report on the audit of the financial statements

OPINION

We have audited the financial statements of OUE Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 108 to 183.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Valuation of investment properties
(Refer to note 21 to the financial statements)

Risk

The Group has investment properties comprising commercial properties in Singapore, the People's Republic of China and the United States of America with a carrying value of $5.7 billion. Investment properties represent the most significant asset item on the consolidated statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. Significant judgements and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations.

Our response

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

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

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are comparable to market data. We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Valuation of development properties
(Refer to note 16 to the financial statements)

Risk

The Group's development properties comprise OUE Twin Peaks, a completed residential property, and land parcels held for residential development, in Singapore. Development properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs to completion and selling expenses.

We focused our work on OUE Twin Peaks. The assessment of the net realisable value of OUE Twin Peaks involves making estimates of future selling prices. Prevailing cooling measures in Singapore have exerted downward pressure on residential property prices. There is a risk that the estimated selling prices of the Group's development properties might fall below their carrying amounts and the properties have to be written down.

The Group has assessed the net realisable value of OUE Twin Peaks, taking into consideration the estimated selling prices provided by an independent external valuer, with further adjustments to reflect recently transacted prices for the project and market sentiments and trends.

Our response

We evaluated the competency and objectivity of the external valuer and held discussions with the valuer to understand its valuation approach and basis of valuation.

We considered the valuation method used in the valuation against those applied for similar property types. We independently validated the recent transacted prices and assessed the reasonableness of the adjustments made for specific attributes of the unsold units, taking into consideration industry reports and market trends.

Our findings

The external valuer is a member of generally recognised professional bodies for valuers and has considered its own independence in carrying out its work. The valuation method used by the valuer is in line with generally accepted market practices and the key assumptions used in the valuations are comparable to market data. The adjustments made to the valuation amount in arriving at the estimated selling prices were in line with industry data and prevailing market trends.

Valuation of available-for-sale financial assets
(Refer to notes 18 and 37 to the financial statements)

Risk

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

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

Our response

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

Our findings

The valuation approach used by the Group in deriving the fair value of the equity securities is in line with generally accepted market practices and data. We found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises Group at a Glance, Overview of Group Financial Position, Segmental Performance Analysis, Five-year Financial Summary, Chairman's Statement, CEO's Statement, Board of Directors, Key Executives, Operations Review for Commercial, Hospitality, Retail, Residential, OUE Hospitality Trust and OUE Commercial REIT, Corporate Social Responsibility, Corporate Information, Corporate Governance Report, Managing Risks, Directors' Statement, Shareholding Statistics, Substantial Shareholders, Public Float and Interested Person Transaction (the Reports).

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

SINGAPORE
22 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Revenue	4	884,241	431,493
Cost of sales		(564,417)	(280,838)
Gross profit		319,824	150,655
Marketing expenses		(42,906)	(21,952)
Administrative expenses		(56,397)	(65,017)
Other operating expenses		(12,314)	(13,457)
Share of results of equity-accounted investees, net of tax		66,439	207,580
		274,646	257,809
Finance expenses	7	(127,768)	(89,135)
Finance income	8	11,264	12,175
		158,142	180,849
Other gains—net	9	54,408	20,257
Profit before tax		212,550	201,106
Tax expense	10	(35,463)	(22,335)
Profit after tax		177,087	178,771
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences relating to foreign operations		(10,430)	26,433
Share of currency translation differences of equity-accounted investees		(18,352)	972
Share of other reserves of equity-accounted investees		(3,914)	(1,549)
Available-for-sale financial assets:			
-net change in fair value, net of tax		(8,736)	(43,875)
-fair value reserve reclassified to profit or loss on disposal, net of tax		(4,731)	-
Cash flow hedges:			
-effective portion of changes in fair value of cash flow hedges		(17,694)	7,250
-hedging reserve reclassified to profit or loss		10,915	-
Other comprehensive income, net of tax		(52,942)	(10,769)
Total comprehensive income for the year		124,145	168,002
Profit attributable to:			
Owners of the Company		144,366	156,370
Non-controlling interests		32,721	22,401
		177,087	178,771
Total comprehensive income attributable to:			
Owners of the Company		100,373	136,367
Non-controlling interests		23,772	31,635
		124,145	168,002
Earnings per share for profit attributable to the owners of the Company			
Basic and diluted earnings per share ($)	11	0.16	0.17

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Cash and cash equivalents	12	238,973	172,353	77,778	83,782
Trade and other receivables	13	19,643	38,931	823,306	789,848
Inventories	14	1,124	727	254	246
Other investments	15	175,514	371,399	-	-
Development properties	16	724,224	859,269	-	-
Other assets	17	34,324	35,589	1,585	1,753
Loans to subsidiaries	20	-	-	2,034,624	2,394,206
Derivative assets	24	-	32	-	-
Current assets		1,193,802	1,478,300	2,937,547	3,269,835
Available-for-sale financial assets	18	154,160	174,223	143,805	157,262
Investments in equity-accounted investees	19	942,376	812,695	491,917	391,224
Investments in subsidiaries	20	-	-	334,792	334,792
Loans to subsidiaries	20	-	-	199,468	124,750
Other investments	15	14,990	-	-	-
Other assets	17	2,624	3,255	976	976
Investment properties	21	5,742,752	5,627,266	-	-
Property, plant and equipment	22	19,438	21,337	12,609	14,139
Deferred tax assets	27	12,948	6,189	765	1,273
Derivative assets	24	315	6,573	-	-
Non-current assets		6,889,603	6,651,538	1,184,332	1,024,416
Total assets		8,083,405	8,129,838	4,121,879	4,294,251
LIABILITIES					
Trade and other payables	25	218,727	237,740	103,203	67,595
Borrowings	26	656,046	157,195	299,937	152,000
Provision	29	4,187	-	4,969	4,665
Loans from subsidiaries	20	-	-	45,000	216,702
Current tax liabilities		33,718	27,373	5,218	1,957
Derivative liabilities	24	43	-	-	-
Current liabilities		912,721	422,308	458,327	442,919
Borrowings	26	2,245,443	2,767,352	497,035	795,250
Deferred tax liabilities	27	142,641	119,664	-	392
Deferred income	23	71,877	-	-	-
Other payables	28	59,165	56,142	415	390
Provision	29	-	-	4,002	8,395
Derivative liabilities	24	7,747	180	-	-
Non-current liabilities		2,526,873	2,943,338	501,452	804,427
Total liabilities		3,439,594	3,365,646	959,779	1,247,346
Net assets		4,643,811	4,764,192	3,162,100	3,046,905
EQUITY					
Share capital	30	693,315	693,315	693,315	693,315
Other reserves	31	(100,441)	(51,672)	(55,574)	(39,769)
Accumulated profits	32	3,416,457	3,288,829	2,524,359	2,393,359
Equity attributable to owners of the Company		4,009,331	3,930,472	3,162,100	3,046,905
Non-controlling interests	33	634,480	833,720	-	-
Total equity		4,643,811	4,764,192	3,162,100	3,046,905

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 2016		693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192
Total comprehensive income for the year							
Profit for the year		-	-	144,366	144,366	32,721	177,087
Other comprehensive income							
Currency translation differences relating to foreign operations		-	(3,705)	-	(3,705)	(6,725)	(10,430)
Share of currency translation differences of equity-accounted investees		-	(18,352)	-	(18,352)	-	(18,352)
Share of other reserves of equity-accounted investees		-	(3,914)	-	(3,914)	-	(3,914)
Available-for-sale financial assets:							
-net change in fair value, net of tax		-	(8,736)	-	(8,736)	-	(8,736)
-fair value reserve reclassified to profit or loss on disposal, net of tax		-	(4,731)	-	(4,731)	-	(4,731)
Cash flow hedges:							
-effective portion of changes in fair value of cash flow hedges		-	(11,444)	-	(11,444)	(6,250)	(17,694)
-hedging reserve reclassified to profit or loss		-	6,889	-	6,889	4,026	10,915
Total other comprehensive income, net of tax		-	(43,993)	-	(43,993)	(8,949)	(52,942)
Total comprehensive income for the year		-	(43,993)	144,366	100,373	23,772	124,145
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired	30	-	(2,348)	-	(2,348)	-	(2,348)
Dividends paid	34	-	-	(36,097)	(36,097)	(37,683)	(73,780)
Total contributions by and distributions to owners		-	(2,348)	(36,097)	(38,445)	(37,683)	(76,128)
Changes in ownership interests in subsidiaries							
Changes in ownership interests in a subsidiary without a change in control	41	-	-	19,359	19,359	(185,329)	(165,970)
Total changes in ownership interests in subsidiaries		-	-	19,359	19,359	(185,329)	(165,970)
Total transactions with owners		-	(2,348)	(16,738)	(19,086)	(223,012)	(242,098)
Share of reserves of an equity-accounted investee		-	(2,428)	-	(2,428)	-	(2,428)
At 31 December 2016		693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	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 2015		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447
Total comprehensive income for the year							
Profit for the year		-	-	156,370	156,370	22,401	178,771
Other comprehensive income							
Currency translation differences relating to foreign operations		-	20,890	-	20,890	5,543	26,433
Share of currency translation differences of equity-accounted investees		-	972	-	972	-	972
Share of other reserves of equity-accounted investees		-	(1,549)	-	(1,549)	-	(1,549)
Fair value loss on available-for-sale financial assets		-	(43,875)	-	(43,875)	-	(43,875)
Effective portion of changes in fair value of cash flow hedges		-	3,559	-	3,559	3,691	7,250
Total other comprehensive income, net of tax		-	(20,003)	-	(20,003)	9,234	(10,769)
Total comprehensive income for the year		-	(20,003)	156,370	136,367	31,635	168,002
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired	30	-	(11,952)	-	(11,952)	-	(11,952)
Dividends paid	34	-	-	(45,231)	(45,231)	(25,944)	(71,175)
Proceeds from issuance of units in a subsidiary		-	-	-	-	112,886	112,886
Unit issue costs of a subsidiary		-	(2,893)	-	(2,893)	(3,098)	(5,991)
Total contributions by and distributions to owners		-	(14,845)	(45,231)	(60,076)	83,844	23,768
Changes in ownership interests in subsidiaries							
Changes in ownership interests in a subsidiary with a change in control	40	-	(25,798)	25,798	-	232,386	232,386
Changes in ownership interests in a subsidiary without a change in control	41	-	46	(232)	(186)	(256)	(442)
Total changes in ownership interests in subsidiaries		-	(25,752)	25,566	(186)	232,130	231,944
Total transactions with owners		-	(40,597)	(19,665)	(60,262)	315,974	255,712
Share of reserves of an equity-accounted investee		-	2,705	(1,674)	1,031	-	1,031
At 31 December 2015		693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit after tax	177,087	178,771
Adjustments for:		
Depreciation of property, plant and equipment	4,430	3,952
Dividend income	(1,800)	(1,800)
(Reversal of impairment loss)/Impairment loss on a development property	(62,495)	23,205
Impairment loss on available-for-sale financial asset	-	1,000
Impairment loss on goodwill arising from acquisition of a subsidiary	-	12,403
Net change in fair value of investment properties	34,067	(6,860)
Net change in fair value of investments designated at fair value through profit or loss	(21,249)	8,366
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	-	(587)
Gain on sale of available-for-sale financial asset	(4,731)	-
Gain on disposal of property, plant and equipment	(100)	(57,791)
Finance expenses	127,768	89,135
Finance income	(11,264)	(12,175)
Share of results of equity-accounted investees, net of tax	(66,439)	(207,580)
Tax expense	35,463	22,335
	210,737	52,374
Changes in:		
-trade and other receivables and other assets	11,233	2,257
-inventories	(381)	15
-development properties	197,540	17,002
-trade and other payables and provision	(12,830)	(5,744)
-deferred income	71,877	-
Cash generated from operations	478,176	65,904
Tax paid	(11,976)	(10,639)
Net cash from operating activities carried forward	466,200	55,265

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Net cash from operating activities brought forward		466,200	55,265
Cash flows from investing activities			
Acquisition of interest in associates		(78,486)	(1,376)
Acquisition of subsidiaries, net of cash acquired	40	-	(471,057)
Acquisition of available-for-sale financial assets		(7,749)	(809)
Acquisition of other investments		(14,396)	(288,311)
Additions to property, plant and equipment		(2,246)	(4,161)
Additions to investment properties		(153,892)	(131,398)
Dividends from:			
-equity-accounted investees, net of tax		29,110	41,522
-available-for-sale financial assets, net of tax		1,800	1,800
-other investments, net of tax		288	607
Interest received		1,196	1,776
Loan to an associate		(10,650)	-
Loan to joint venture		(25,247)	(196,686)
Repayment of loan from a joint venture		8,837	-
Proceeds from sale of other investments		217,134	236,616
Proceeds from sale of available-of-sale financial asset		18,889	-
Proceeds from disposal of property, plant and equipment		292	290,109
Net cash used in investing activities		(15,120)	(521,368)
Cash flows from financing activities			
Acquisition of non-controlling interests	41	(165,970)	(442)
Dividends paid		(73,780)	(71,175)
Finance expense paid (including amounts capitalised in development property)		(107,596)	(86,049)
Proceeds from borrowings		541,856	1,718,116
Repayment of borrowings		(577,074)	(1,180,813)
Proceeds from issuance of units by a subsidiary		-	112,886
Unit issue costs of a subsidiary		-	(5,991)
Repurchase of own shares		(2,348)	(11,952)
Changes in pledged deposits		1,902	(383)
Net cash (used in)/from financing activities		(383,010)	474,197
Net increase in cash and cash equivalents		68,070	8,094
Cash and cash equivalents at 1 January		156,893	146,880
Effect of exchange rate fluctuations on cash held		452	1,919
Cash and cash equivalents at 31 December	12	225,415	156,893

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 22 March 2017.

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 43 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

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

2. Basis of preparation

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 USE OF ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an 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 that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 19 Consolidation: whether the Group has control over its investees
- Note 40 Business combinations

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

- Note 3.15 Estimation of tax liabilities
- Note 16 Measurement of net realisable values of development properties
- Note 18 Determination of fair value of an unlisted equity investment
- Note 21 Determination of fair value of investment properties

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

2. Basis of preparation (Cont'd)

2.4 USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

Measurement of fair values

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

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

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

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

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

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

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

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

- Note 18 Available-for-sale financial assets
- Note 21 Investment properties
- Note 37 Financial instruments
- Note 40 Acquisition of subsidiaries

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 BASIS OF CONSOLIDATION

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

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

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

3. Significant accounting policies (Cont'd)

3.1 BASIS OF CONSOLIDATION (CONT'D)

(i) Business combinations (Cont'd)

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

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

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

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

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

(ii) Property acquisitions and business combinations

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

(iii) Subsidiaries

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

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

(iv) Acquisitions from entities under common control

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

(v) Loss of control

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Significant accounting policies (Cont'd)

3.1 BASIS OF CONSOLIDATION (CONT'D)

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

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

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

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

(vii) Transactions eliminated on consolidation

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

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

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

3.2 FOREIGN CURRENCY

(i) Foreign currency transactions

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

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

3. Significant accounting policies (Cont'd)

3.2 FOREIGN CURRENCY (CONT'D)

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI, 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.

(ii) Subsequent costs

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

(iii) Depreciation

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

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Significant accounting policies (Cont'd)

3.3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Depreciation (Cont'd)

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

	%
Leasehold improvements	3½—5
Freehold premises	2
Plant, machinery and office equipment	5—33⅓
Furniture and fittings	10—20
Motor vehicles	10—25

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-occupied to development with a view to sell, the property is transferred from property, plant and equipment to development properties.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

3.4 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 its 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.

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

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

3.5 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.

3.6 DEVELOPMENT PROPERTIES

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

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

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

3. Significant accounting policies (Cont'd)

3.6 DEVELOPMENT PROPERTIES (CONT'D)

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.

3.7 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes purchase price and all costs incurred 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Significant accounting policies (Cont'd)

3.8 FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

(ii) Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise borrowings and trade and other payables.

(iii) Share capital

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

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

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

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its 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.

3. Significant accounting policies (Cont'd)

3.8 FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

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.

3.9 IMPAIRMENT

(i) Non-derivative financial assets

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

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

3. Significant accounting policies (Cont'd)

3.9 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 3.9(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

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

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

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

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

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

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

3. Significant accounting policies (Cont'd)

3.9 IMPAIRMENT (CONT'D)

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

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.

3.10 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.

3.11 PROVISIONS

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

(i) Provision for income support

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

(ii) Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.12 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 revenue

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Significant accounting policies (Cont'd)

3.12 REVENUE RECOGNITION (CONT'D)

(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, except for those sales under deferred payment scheme. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

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

(iv) Dividend income

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

3.13 LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.14 FINANCE EXPENSES AND FINANCE INCOME

Finance expenses comprise interest expense on borrowings and derivatives, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. 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 and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. Significant accounting policies (Cont'd)

3.15 TAX (CONT'D)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

3.16 DIVIDENDS TO THE COMPANY'S SHAREHOLDERS

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

3.17 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 and investment properties.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Significant accounting policies (Cont'd)

3.19 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group is assessing the transition options and the potential impact on the financial statements. The Group does not plan to adopt these standards early.

Below is the summary of the requirements for new standards and their potential impact on the financial statements.

Applicable to 2018 financial statements

FRS 115 *Revenue from Contracts with Customers*
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts,* INT FRS 113 *Customer Loyalty Programmes,* INT FRS 115 *Agreements for the Construction of Real Estate,* INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue—Barter Transactions Involving Advertising Services.*

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

Potential impact on the financial statements

Revenue from development properties
Based on an initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its development properties in Singapore.

Sales commission
The Group pays sales commission for secured sales contracts. The Group currently recognises the sales commission as an expense in profit or loss when incurred. Under FRS 115, an entity capitalises incremental costs to obtain a contract with a customer if these costs are recoverable. The capitalised costs will be amortised to match the transfer of the development property to the customer under the contract. The Group expects to capitalise the sales commission for properties sold under the deferred payment scheme upon adoption of FRS 115.

Significant financing component
There could be a deemed financing component arising from the sale of units under the deferred payment scheme as part of the consideration is received from the buyer prior to the recognition of the sale of the units.

Transition
The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis of FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 109 *Financial Instruments*
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement.* It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

3. Significant accounting policies (Cont'd)

3.19 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONT'D)

FRS 109 *Financial Instruments (Cont'd)*
Potential impact on the financial statements

Classification and measurement
The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets and liabilities currently held at fair value, the Group expects to continue measuring these assets and liabilities at fair value under FRS 109. The expected classification and measurement of these financial assets under FRS 109 is summarised below:

- Available-for-sale (AFS) equity securities are held as long-term investments. The Group expects to elect to present subsequent changes in fair value in OCI. Under FRS 109, only dividend income is recognised in profit or loss. Any subsequent fair value changes are recognised in OCI and will not be reclassified to profit or loss even upon divestment.
- Equity securities that are currently designated at fair value through profit or loss (FVTPL) will continue to be classified as financial assets subsequently measured at FVTPL.

Impairment
The Group is evaluating the approach to adopt in respect of recording expected impairment losses on its trade receivables. On adoption of FRS 109, the Group does not expect a significant impact in its impairment loss allowance.

Hedge accounting
The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Transition
The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition to the above, Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described above.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

3. Significant accounting policies (Cont'd)

3.19 NEW STANDARDS AND INTERPRETATIONS NOT ADOPTED (CONT'D)

Applicable to 2019 financial statements

FRS 116 *Leases*
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease;* INT FRS 15 *Operating Leases—Incentives;* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Potential impact on the financial statements

The Group has performed an initial assessment of the new standard on its existing operating lease arrangements as a lessee (note 36). The Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 10% of the consolidated total assets and 23% of the consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-IFRS 116, after the transition to SG-IFRS in 2018 as described above.

4. Revenue

	Group 2016 $'000	Group 2015 $'000
Hospitality income	201,655	204,398
Investment properties income	264,674	193,379
Development properties income	401,956	23,644
Dividend income	1,800	1,800
Others	14,156	8,272
	884,241	431,493

In 2016, the Group recorded an amount of $205 million in development properties income for the disposal of the extension of Crowne Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") (note 16). The consideration was agreed as per the sales and purchase agreement entered on 28 November 2014 for the package sale of Crowne Plaza Changi Airport ("CPCA") and the adjacent rooms-only extension, i.e. CPEX, which was to be integrated operationally with CPCA.

5. Expenses by nature

	Note	Group 2016 $'000	Group 2015 $'000
Advertising and promotion expense		32,190	12,999
Allowance for doubtful receivables	37	224	99
Bad debts written off		188	291
Depreciation of property, plant and equipment	22	4,430	3,952
Employee benefits	6	75,523	72,523
Hospitality supplies and services		38,508	40,513
Development costs included in cost of sales		301,766	37,917
Gain on disposal of property, plant and equipment		(100)	(7)
Operating lease expense		89,919	87,875
Professional and legal services		4,977	11,211
Property tax		31,929	26,436
Repair and maintenance expense		44,408	36,749
Utility charges		14,207	14,526
Others		37,865	36,180
Total cost of sales, marketing, administrative and other operating expenses		676,034	381,264

6. Employee benefits

	Group 2016 $'000	Group 2015 $'000
Salaries, bonuses and other costs	68,153	65,661
Contributions to defined contribution plans	7,370	6,862
	75,523	72,523

7. Finance expenses

	Note	Group 2016 $'000	Group 2015 $'000
Borrowing costs on:			
-Borrowings		106,062	87,072
-Derivatives		8,582	2,536
Less:			
Borrowing costs capitalised in development property	16(a)	-	(1,804)
		114,644	87,804
Ineffective portion of changes in fair value of cash flow hedges		2,209	1,331
Hedging reserve reclassified from equity on discontinuation of hedge accounting		10,915	-
		127,768	89,135

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss amounting to $106,062,000 (2015: $85,268,000).

8. Finance income

	Group 2016 $'000	Group 2015 $'000
Interest income	4,174	1,681
Net foreign exchange gain	798	9,444
Net change in fair value of financial derivatives	6,001	-
Others	291	1,050
	11,264	12,175

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $4,174,000 (2015: $1,681,000).

9. Other gains — net

	Note	Group 2016 $'000	Group 2015 $'000
Reversal of impairment loss/(Impairment loss) on a development property	16(b)	62,495	(23,205)
Impairment loss on available-for-sale financial asset		-	(1,000)
Impairment loss on goodwill arising from acquisition of a subsidiary	40	-	(12,403)
Net change in fair value of investment properties	21	(34,067)	6,860
Net change in fair value of investments designated at fair value through profit or loss		21,249	(8,366)
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	40	-	587
Gain on disposal of property, plant and equipment		-	57,784
Gain on sale of available-for-sale financial asset		4,731	-
		54,408	20,257

The gain on disposal of property, plant and equipment in 2015 was related to the disposal of Crowne Plaza Changi Airport to OUE H-REIT, an associate.

10. Tax expense

	Group 2016 $'000	Group 2015 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	21,511	22,008
Over provision in respect of prior years	(2,930)	(3,954)
	18,581	18,054
Deferred tax expense		
Origination and reversal of temporary differences	16,882	4,445
Over provision in respect of prior years	-	(164)
	16,882	4,281
	35,463	22,335

	Group 2016 $'000	Group 2015 $'000
Reconciliation of effective tax rate		
Profit before tax	212,550	201,106
Less:		
Share of results of equity-accounted investees, net of tax	(66,439)	(207,580)
	146,111	(6,474)
Tax using the Singapore tax rate of 17% (2015: 17%)	24,839	(1,101)
Effect of tax rates in foreign jurisdictions	7,058	4,151
Non-deductible expenses	28,687	11,960
Income not subject to tax	(19,362)	(17,701)
Effect of taxable distribution from subsidiary and associate	8,243	8,078
Singapore statutory stepped income exemption	(273)	(284)
Utilisation of previously unrecognised deferred tax assets	(6,896)	-
Current tax losses for which no deferred tax assets are recognised	8,685	11,188
Change in unrecognised deductible temporary differences	(12,629)	8,463
Effect of tax losses not available for carry forward	41	1,699
Over provision in respect of prior years	(2,930)	(4,118)
	35,463	22,335

11. Earnings per share

	Group 2016	Group 2015
Net profit attributable to owners of the Company ($'000)	144,366	156,370
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	981,602	981,602
Effect of own shares held ('000)	(78,814)	(73,978)
Weighted average number of ordinary shares during the year ('000)	902,788	907,624
Basic and diluted earnings per share ($ per share)	0.16	0.17

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

12. Cash and cash equivalents

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Cash at bank and on hand	161,626	131,839	32,761	63,782
Time deposits with financial institutions	77,347	40,514	45,017	20,000
	238,973	172,353	77,778	83,782
Deposits pledged	(13,558)	(15,460)		
Cash and cash equivalents in the statement of cash flows	225,415	156,893		

Deposits pledged relate to bank balances of certain subsidiaries pledged as security to obtain credit facilities (note 26).

As at 31 December 2015, included in cash at bank of the Group was an amount of $11,000 which was restricted to payments for expenditure incurred on an investment property.

13. Trade and other receivables

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables				
-Associates	7,431	5,475	1,759	1,018
-Subsidiaries	-	-	34,140	78,290
-Third parties	13,021	22,510	6,690	7,477
Trade receivables	20,452	27,985	42,589	86,785
Less: Allowance for doubtful receivables				
-Third parties	(887)	(691)	(339)	(156)
Trade receivables—net	19,565	27,294	42,250	86,629
Non-trade receivables				
-Associates	55	11,519	55	11,519
-Joint venture	23	75	23	75
-Subsidiaries	-	-	784,609	695,256
-Third parties	-	43	-	-
Non-trade receivables	78	11,637	784,687	706,850
Less: Allowance for doubtful receivables				
-Subsidiaries	-	-	(3,631)	(3,631)
Non-trade receivables—net	78	11,637	781,056	703,219
	19,643	38,931	823,306	789,848

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

The exposure of the Group and Company to credit risk and impairment losses for trade and other receivables, are disclosed in note 37.

14. Inventories

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Food and beverage	1,124	727	254	246

The cost of inventories recognised as expense and included in "cost of sales" amounted to $16,641,000 (2015: $15,840,000).

15. Other investments

	Group	
	2016	2015
	$'000	$'000
Current		
Financial assets designated at fair value through profit or loss		
-Equity securities	15,932	11,861
-Mutual fund	159,582	359,538
	175,514	371,399
Non-current		
Loans and receivables		
-Debt securities	14,990	-

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

Equity securities with a carrying amount of $15,932,000 (2015: $11,861,000) are charged to a bank for credit facilities granted to the Group (note 26).

The debt securities are denominated in Indonesian Rupiah, bear interest at 25% and mature in 7 years.

The exposure of the Group to credit and market risks, and fair value measurement, are disclosed in note 37.

16. Development properties

		Group	
		2016	2015
	Note	$'000	$'000
Completed property held for sale			
Completed property	(a)	719,567	921,929
Less: Impairment loss	(b)	(54,136)	(153,684)
Properties for development		665,431	768,245
Costs incurred	(c)	58,793	91,024
		724,224	859,269

16. Development properties (Cont'd)

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

		Group	
		2016	2015
	Note	$'000	$'000
At 1 January		153,684	131,959
(Reversal of impairment loss)/Impairment loss	9	(62,495)	23,205
Utilised		(37,053)	(1,480)
At 31 December		54,136	153,684

(a) The balance relates to the development of OUE Twin Peaks which obtained its temporary occupation permit in 2015. OUE Twin Peaks is pledged as security for a banking facility (note 26). Included in 2015 balance was an amount of $1,804,000 finance expense capitalised.

(b) In 2016, an impairment loss of $62,495,000 was reversed on certain units in OUE Twin Peaks, following the sale of such units at prices higher than the carrying amounts.

In 2015, due to the weak market conditions and the slow take-up rate of OUE Twin Peaks, the Group wrote down OUE Twin Peaks to its net realisable value and recognised an impairment loss of $23,205,000.

These amounts are included in "Other gains — net" (note 9).

(c) As at 31 December 2016, the balance represents the costs incurred in relation to the land parcels located at 28 Nassim Road, Singapore.

As at 31 December 2015, the balance represented the costs incurred in relation to the development of CPEX. CPEX was disposed of to OUE H-REIT, an associate, on 1 August 2016 for a consideration of $205 million (note 4). The net gain arising from the disposal of CPEX was $68.7 million.

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

		Group's effective interest		Approximate	Approximate gross
	Purpose of	2016	2015	site area	floor area
Description and location	development	%	%	(square meter)	(square meter)
OUE Twin Peaks					
A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521*
CPEX					
Leasehold land at 75 Airport Boulevard, Singapore	Hotel	-	100	2,600	9,864
28 Nassim Road					
Freehold land parcels at 28 Nassim Road, Singapore	Bungalows	100	-	3,378	N/A

*Includes balcony

Measurement of net realisable values of development properties

The Group estimates the net realisable values of the development properties by reference to recent selling prices for the development project or comparable projects, market conditions, expected selling expenses and the development expenditure incurred or in the case of properties under development, the estimated total construction costs. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred, taking into consideration historical trends of the amounts incurred. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

17. Other assets

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Sundry receivables	17,119	14,905	688	2,343
Less: Allowance for doubtful receivables	(110)	(1,777)	-	(1,670)
	17,009	13,128	688	673
Rental deposits				
-Subsidiary	-	-	976	976
Other deposits				
-Third parties	13,855	19,973	284	292
	30,864	33,101	1,948	1,941
Prepayments	6,084	5,743	613	788
	36,948	38,844	2,561	2,729
Current	34,324	35,589	1,585	1,753
Non-current	2,624	3,255	976	976
	36,948	38,844	2,561	2,729

In 2015, included in the sundry receivables of the Group and the Company is $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. This amount was written off in 2016.

The exposure of the Group and the Company to credit and market risks, and impairment losses for other assets, are disclosed in note 37.

18. Available-for-sale financial assets

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Equity securities	143,805	157,262	143,805	157,262
Interests in limited partnerships	10,355	16,961	-	-
	154,160	174,223	143,805	157,262

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

The exposure of the Group and the Company to market risks and fair value measurement, are disclosed in note 37.

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 $143.8 million (2015: $157.3 million). In estimating the fair value, the Group had estimated the net asset value of the investee entity as at the reporting date, taking into consideration the fair value of the properties held by the investee entity. The fair value of the properties at the reporting date was determined by 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. A discount rate of 40% (2015: 35%) was applied to take into consideration of the non-marketable nature of the investment. Further details on the valuation of the investment is set out in note 37.

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19. Investments in equity-accounted investees

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interests in associates	525,371	463,363	512,012	433,528
Interests in joint ventures	175,773	150,903	-	-
Less: Impairment loss	-	-	(44,947)	(44,947)
	701,144	614,266	467,065	388,581
Loans to associates and joint venture	273,845	231,444	57,465	35,658
Less: Allowance for doubtful receivables	(32,613)	(33,015)	(32,613)	(33,015)
	241,232	198,429	24,852	2,643
	942,376	812,695	491,917	391,224

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

These loans are interest-free except for an amount of $26,111,000 (2015: $3,876,000) to associates for which interest is charged at fixed rates of 1.00% and 4.00% (2015: 1.00%) per annum.

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

	Group and Company	
	2016	2015
	$'000	$'000
At 1 January	33,015	37,934
Currency translation differences	(402)	(4,919)
At 31 December	32,613	33,015

ASSOCIATES

The Group has two associates that are material and a number of associates that are individually immaterial to the Group. The material associates own 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 Hospitality Trust ("OUE H-TRUST")	Aquamarina Hotel Private Limited ("AQHPL")
Principal place of business/Country of incorporation	Singapore	Singapore
Ownership interest/voting rights held		
-2016	32.7%	25.0%
-2015	33.0%	25.0%
Fair value of ownership interest (if listed)		
-2016	$386.6 million[1]	N/A
-2015	$339.1 million[1]	N/A

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

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

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

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

Summarised statement of comprehensive income

	OUE H-TRUST		AQHPL		OUBC Centre Limited ("OUBC")
	2016	2015	2016	2015	2015[a]
	$'000	$'000	$'000	$'000	$'000
Revenue	122,494	124,588	82,817	86,314	63,809
Profit after tax	17,413	77,707	19,417	21,738	22,972
Other comprehensive income	(8,355)	6,299	-	-	-
Total comprehensive income	9,058	84,006	19,417	21,738	22,972
Dividends received	26,525	29,201	2,585	2,721	9,600

(a) On 7 October 2015, the Group increased its equity interest in OUBC and it became a subsidiary from that date (note 40). Accordingly, the information presented in the above table includes the results of OUBC only for the period from 1 January 2015 to 6 October 2015.

Summarised statement of financial position

	OUE H-TRUST		AQHPL	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current assets	2,215,303	2,060,253	153,592	159,471
Current assets	41,067	40,632	56,248	41,527
Non-current liabilities	(860,084)	(588,070)	(3,623)	(3,936)
Current liabilities	(14,308)	(308,555)	(20,637)	(20,500)
Net assets	1,381,978	1,204,260	185,580	176,562
Attributable to investee's shareholders	1,381,978	1,204,260	185,580	176,562
Group's share of net assets/ carrying amount of investment	450,843	397,244	46,395	44,141

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

Immaterial associates

The Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method:

	2016	2015
	$'000	$'000
Carrying amount of interests in immaterial associates	28,133	21,978
Group's share of:		
-Profit after tax	7,155	8,698
-Other comprehensive income	(941)	(3,627)
-Total comprehensive income	6,214	5,071

On 3 August 2015, the Group acquired 33% of the shares and voting interests in Nuvest Capital Pte. Ltd. ("NCPL") for a cash consideration of US$1,000,000 (equivalent to $1,376,000). The purchased shareholding represents 33% of the issued share capital of NCPL and NCPL became an associate of the Group.

Unrecognised share of losses of associates is as follows:

	Group	
	2016	2015
	$'000	$'000
At beginning of the year	6,969	8,000
Movement during the year	(98)	(1,031)
At end of the year	6,871	6,969

Details of the significant associates are included in note 43.

Financial or other support

The Group has undertaken to provide income support on CPCA, which is owned by OUE H-REIT (note 29).

Except 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 a joint venture that is material and a joint venture that is immaterial to the Group. All are equity accounted for.

OUE Lippo Limited ("OUE Lippo") is an unlisted joint arrangement in which the Group has joint control via a shareholders' agreement and a 50% (2015: 50%) ownership interest and voting rights. OUE Lippo was incorporated in the British Virgin Island and is an investment holding company. OUE Lippo is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in OUE Lippo as a joint venture.

In 2015, OUE Lippo acquired equity interest in Gemdale Properties and Investment Corporation Limited ("GPI"), which is involved in property development, investment and management of residential, commercial and business park projects in China. At 31 December 2016, OUE Lippo has an effective equity interest of 29.8% (2015: 25.7%) in GPI.

Included in the Group's share of results of equity-accounted investees in the statement of comprehensive income for the year ended 31 December 2016 is the Group's share of the negative goodwill recognised by OUE Lippo on acquisition of interest in GPI of $31,587,000 (2015: $143,426,000).

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

Joint ventures (Cont'd)

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

	2016 $'000	2015 $'000
Summarised statement of comprehensive income		
Revenue	-	-
Profit after tax [(a)]	97,359	256,447
Other comprehensive income	(46,797)	(20,428)
Total comprehensive income	50,562	236,019
Summarised statement of financial position		
Non-current assets	725,511	636,108
Current assets [(b)]	704	19
Current liabilities	(433,510)	(391,924)
Net assets	292,705	244,203
Group's share of net assets/carrying amount of investment	146,353	122,102

[(a)] Includes the Group's share of negative goodwill of $31.6 million (2015: $143.4 million) arising from acquisition of interests in GPI

[(b)] Includes cash and cash equivalents of $704,000 (2015: $18,000)

Immaterial joint venture

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

	2016 $'000	2015 $'000
Carrying amount of interest in an immaterial joint venture	29,420	28,801
Group's share of loss after tax	(4)	(14)

Details of the significant joint venture are included in note 43.

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

	Company	
	2016 $'000	2015 $'000
Investments in subsidiaries		
Equity investment at cost	334,792	334,892
Less: Allowance for impairment of investments	-	(100)
	334,792	334,792

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

	Company	
	2016 $'000	2015 $'000
At 1 January	100	100
Utilised	(100)	-
At 31 December	-	100

Details of the significant subsidiaries are included in note 43.

	Company	
	2016 $'000	2015 $'000
Loans to subsidiaries		
Loans to subsidiaries	2,321,129	2,712,430
Less: Allowance for doubtful receivables	(87,037)	(193,474)
	2,234,092	2,518,956
Current	2,034,624	2,394,206
Non-current	199,468	124,750
	2,234,092	2,518,956

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,196,099,000 (2015: $1,749,931,000) for which interest is charged at interest rates ranging from 1.00% to 6.50% (2015: 1.00% to 6.50%) per annum.

The non-current portion of loans to subsidiaries are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. The balances are interest-free, except for an amount of $72,010,000 (2015: $124,750,000) for which interest is charged at interest rates at 1.40% over the US LIBOR rate and 5.00% per annum (2015: 1.40% over the US LIBOR rate). As the amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated losses.

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated taking into consideration the estimated selling prices of the underlying property or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company reversed a net impairment loss of $98,982,000 (2015: recorded an impairment loss of $54,185,000) on the loans to the subsidiaries.

The exposure of the Group and the Company to credit and market risks, and impairment losses for loans to subsidiaries, are disclosed in note 37.

	Company	
	2016 $'000	2015 $'000
Loans from subsidiaries		
Loans from subsidiaries	45,000	216,702

The loans from subsidiaries are unsecured, repayable on demand and bears interest at 0.95% over the Singapore Dollar swap offer rate. As at 31 December 2015, the loan was interest-free.

21. Investment properties

	Note	Group 2016 $'000	Group 2015 $'000
At 1 January		5,627,266	3,671,968
Acquisition of a subsidiary	40	-	1,740,000
Additions		147,992	141,740
Net change in fair value (unrealised) recognised in "other gains—net"	9	(34,067)	6,860
Effect of movements in exchange rates		(5,378)	61,774
Lease incentives		6,939	4,924
At 31 December		5,742,752	5,627,266

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

	Group 2016 $'000	Group 2015 $'000
Rental income	264,674	193,379
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	85,052	72,966

(ii) Security

As at 31 December 2016, investment properties with a total carrying amount of $4,004,452,000 (2015: $2,416,266,000) were pledged as security for banking facilities (note 26).

(iii) The Group's investment properties as at 31 December 2016 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 50-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore. OUE Downtown is being redeveloped to convert the podium to a retail mall and part of office space to serviced apartments.	99-year lease from 19 July 1967
US Bank Tower	A 75-storey commercial tower at Los Angeles, United States	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994

21. Investment properties (Cont'd)

(iii) The Group's investment properties as at 31 December 2016 are (Cont'd):

	Description and Location	Tenure of Land
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: -Approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 -The balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value 2016 $'000	Open Market Value 2015 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,146,000	1,146,000
OUE Downtown	31 December	1,491,700	1,477,000
US Bank Tower	31 December	842,517	747,088
Lippo Plaza	31 December	524,235	523,178
One Raffles Place	31 December	1,738,300	1,734,000

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the rent growth rate, a discount rate, terminal yield and capitalisation rate applicable to the nature and type of asset in question, and selling prices of comparable properties.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to fifteen (2015: one to fifteen) years. Subsequent renewals are negotiated with the lessees.

(iv) Measurement of fair value

Fair value hierarchy

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

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

21. 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	Country: United States of America	Country: The People's Republic of China	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Rent growth rate	0%–6.50% (2015: 0.50% –13.10%)	3.00% (2015: 3.00%)	4.50% (2015: 0% –6.00%)	An increase in rent growth rate and price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield and capitalisation rate in isolation would result in a lower fair value measurement.
	Discount rate	7.00%–9.00% (2015: 7.00% –9.00%)	7.25% (2015: 7.50%)	7.00%–7.25% (2015: 8.00%)	
	Terminal yield	3.85%–5.50% (2015: 4.00% –5.50%)	5.50% (2015: 5.75%)	4.00%–4.25% (2015: 4.50%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.60%–6.50% (2015: 3.75% –6.50%)	5.25% (2015: 5.25%)	-	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties	Price per square foot	$1,710–$2,932 (2015: $1,700 –$2,910)	-	$1,309 (2015: $1,320)	

22. Property, plant and equipment

	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
Group							
Cost							
At 1 January 2016	5,272	1,944	13,783	7,678	5,636	-	34,313
Exchange differences	-	-	45	1	-	-	46
Additions	35	-	1,458	165	642	382	2,682
Disposals	-	-	(110)	-	(699)	-	(809)
At 31 December 2016	5,307	1,944	15,176	7,844	5,579	382	36,232
Accumulated depreciation							
At 1 January 2016	2,998	397	3,634	2,521	3,426	-	12,976
Exchange differences	-	-	5	-	-	-	5
Depreciation	1,081	52	1,611	943	743	-	4,430
Disposals	-	-	(37)	-	(580)	-	(617)
At 31 December 2016	4,079	449	5,213	3,464	3,589	-	16,794
Cost							
At 1 January 2015	186	1,944	9,022	13,872	4,931	-	29,955
Exchange differences	-	-	8	1	-	-	9
Acquisition of a subsidiary (note 40)	-	-	481	190	-	-	671
Additions	133	-	2,767	116	1,126	-	4,142
Disposals	-	-	(43)	-	(421)	-	(464)
Reclassifications	4,953	-	1,548	(6,501)	-	-	-
At 31 December 2015	5,272	1,944	13,783	7,678	5,636	-	34,313
Accumulated depreciation							
At 1 January 2015	183	355	1,725	4,014	3,087	-	9,364
Exchange differences	-	-	3	-	-	-	3
Depreciation	1,028	42	1,348	867	667	-	3,952
Disposals	-	-	(15)	-	(328)	-	(343)
Reclassification	1,787	-	573	(2,360)	-	-	-
At 31 December 2015	2,998	397	3,634	2,521	3,426	-	12,976
Carrying amounts							
At 1 January 2015	3	1,589	7,297	9,858	1,844	-	20,591
At 31 December 2015	2,274	1,547	10,149	5,157	2,210	-	21,337
At 31 December 2016	1,228	1,495	9,963	4,380	1,990	382	19,438

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

	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Company					
Cost					
At 1 January 2016	1,944	8,303	6,039	5,636	21,922
Additions	-	109	143	642	894
Disposals	-	(103)	-	(699)	(802)
At 31 December 2016	1,944	8,309	6,182	5,579	22,014
Accumulated depreciation					
At 1 January 2016	396	2,178	1,784	3,425	7,783
Depreciation	52	831	605	745	2,233
Disposals	-	(31)	-	(580)	(611)
At 31 December 2016	448	2,978	2,389	3,590	9,405
Cost					
At 1 January 2015	1,944	8,261	6,014	4,930	21,149
Additions	-	49	25	1,127	1,201
Disposals	-	(7)	-	(421)	(428)
At 31 December 2015	1,944	8,303	6,039	5,636	21,922
Accumulated depreciation					
At 1 January 2015	354	1,353	1,182	3,087	5,976
Depreciation	42	831	602	666	2,141
Disposals	-	(6)	-	(328)	(334)
At 31 December 2015	396	2,178	1,784	3,425	7,783
Carrying amounts					
At 1 January 2015	1,590	6,908	4,832	1,843	15,173
At 31 December 2015	1,548	6,125	4,255	2,211	14,139
At 31 December 2016	1,496	5,331	3,793	1,989	12,609

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23. Deferred income

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

24. Derivatives

	Group	
	2016 $'000	**2015** $'000
Current		
Derivative assets		
Interest rate swaps used for hedging	-	32
Derivative liabilities		
Interest rate swaps used for hedging	(43)	-
Non-current		
Derivative assets		
Interest rate swaps used for hedging	315	6,573
Derivative liabilities		
Interest rate swaps used for hedging	(7,747)	(180)

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 2016, the Group has interest rate swap contracts with a total notional amount of $1,050.0 million (2015: $880.0 million), of which $50.0 million (2015: $110.0 million) relate to forward start interest rate swaps which will be effective in 2018 (2015: 2016). The interest rate swap contracts have tenors of between 4 months to 5 years (2015: 2 years to 5 years). Under the contracts, the Group pays fixed interest rates of 0.85% to 2.55% (2015: 0.83% to 2.55%) and receives interest at the three-month Singapore Dollar swap offer rate. Further details are set out in note 37.

25. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables				
-Subsidiaries	-	-	1,860	1,764
-Associates	10,153	7,602	6,569	6,338
-Third parties	38,476	33,155	2,586	2,694
	48,629	40,757	11,015	10,796
Non-trade payables				
-Subsidiaries	-	-	48,586	10,608
-Associates	-	46	-	-
-Third parties	25,643	28,647	13,394	10,504
Interest payable	16,236	18,484	10,128	10,966
Accruals	99,579	125,552	19,364	24,185
Deposits	7,172	-	-	-
Retention sums payable	6,485	7,366	452	208
Rental deposits	14,983	16,888	264	328
	218,727	237,740	103,203	67,595

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

The exposure of the Group and the Company to liquidity risk are disclosed in note 37.

26. Borrowings

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Unsecured bank loans	-	152,000	-	152,000
Secured bank loans	356,109	5,195	-	-
Unsecured notes	299,937	-	299,937	-
	656,046	157,195	299,937	152,000
Non-current				
Secured bank loans	1,748,408	1,972,102	-	-
Unsecured notes	497,035	795,250	497,035	795,250
	2,245,443	2,767,352	497,035	795,250
Total	2,901,489	2,924,547	796,972	947,250

The exposure of the Group and the Company to market and liquidity risks, are disclosed in note 37.

26. Borrowings (Cont'd)

TERMS AND DEBTS REPAYMENT SCHEDULE

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

	Nominal Interest rate	Year of maturity	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Unsecured bank loans						
-SGD	N/A (2015: 3.22%—4.74%)	N/A (2015: 2016)	-	152,000	-	152,000
Secured bank loans						
-USD	2.79% (2015: 2.45%)	2017—2018 (2015: 2018)	303,032	308,421	-	-
-HKD	1.66% (2015: 1.41%)	2017 (2015: 2016)	2,229	3,463	-	-
-SGD	1.07% - 2.70% (2015: 1.88%—3.64%)	2017—2019 (2015: 2017—2019)	1,769,257	1,624,610	-	-
-RMB	4.90% (2015: 5.23%)	2024 (2015: 2017)	29,999	40,803	-	-
Unsecured notes						
-SGD	3.80%—4.95% (2015: 3.80%—4.95%)	2017—2020 (2015: 2017—2020)	796,972	795,250	796,972	795,250
			2,901,489	2,924,547	796,972	947,250

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

- bank deposits of $13,558,000 (2015: $15,460,000) (note 12);
- investments with carrying amounts of $15,932,000 (2015: $11,861,000) (note 15);
- development property with a carrying amount of $665,431,000 (2015: $768,245,000) (note 16);
- investment properties with carrying amount of $4,004,452,000 (2015: $2,416,266,000) (note 21);
- first priority fixed charge over the shares of certain subsidiaries; and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, investment properties and a development property.

Unsecured notes of $796,972,000 (2015: $795,250,000) comprise 3 series (2015: 3 series) of notes issued by the Company at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. Unless previously redeemed or purchased and cancelled, the unsecured notes are redeemable at their principal amounts on their respective maturity dates from February 2017 to April 2020 (2015: February 2017 to April 2020).

26. 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 $326,046,000 (2015: $362,238,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

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

	2016 $'000	2015 $'000
Within one year	25,227	33,111
Between one and five years	300,819	329,127
	326,046	362,238

27. Deferred taxes

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

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

	Property, plant and equipment $'000	Investment properties $'000	Development property $'000	Others $'000	Total $'000
Group					
Deferred tax liabilities					
At 1 January 2016	3,862	115,422	-	380	119,664
Recognised in:					
-Profit or loss	2,200	19,550	-	1,500	23,250
-Other comprehensive income	-	-	-	45	45
Effects of movements in exchange rates	(166)	(156)	-	4	(318)
At 31 December 2016	5,896	134,816	-	1,929	142,641
At 1 January 2015	2,850	84,903	4,680	271	92,704
Acquisition of a subsidiary (note 40)	110	14,223	-	-	14,333
Recognised in profit or loss	865	11,649	(4,680)	112	7,946
Effects of movements in exchange rates	37	4,647	-	(3)	4,681
At 31 December 2015	3,862	115,422	-	380	119,664

Tax charged to other comprehensive income is recognised in the fair value reserve for available-for-sale financial assets.

27. Deferred taxes (Cont'd)

	Tax losses $'000
Group	
Deferred tax assets	
At 1 January 2016	6,189
Recognised in profit or loss	6,368
Effects of movements in exchange rates	391
At 31 December 2016	12,948
At 1 January 2015	2,269
Recognised in profit or loss	3,665
Effects of movements in exchange rates	255
At 31 December 2015	6,189

Unrecognised deferred tax assets

As at 31 December 2016, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $76,335,000 (2015: $65,811,000) and $87,451,000 (2015: $161,739,000), respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

At 31 December 2016, deferred tax liabilities of $37,188,000 (2015: $28,236,000) for temporary differences of $134,005,000 (2015: $100,343,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

	At 1 January 2015 $'000	Recognised in profit or loss $'000	At 31 December 2015 $'000	Recognised in profit or loss $'000	At 31 December 2016 $'000
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	367	25	392	187	579
Distribution from an associate	-	(1,273)	(1,273)	(71)	(1,344)
	367	(1,248)	(881)	116	(765)

28. Other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Retention sums payable	9,663	9,993	-	-
Rental deposits	49,502	46,149	415	390
	59,165	56,142	415	390

The exposure of the Group and the Company to liquidity risk and fair value measurement is disclosed in note 37.

29. Provision

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Provision for income support				
At 1 January	-	-	13,060	11,959
Provision made/(reversed) during the year	7,500	-	(2,351)	8,931
Provision used during the year	(3,313)	-	(2,552)	(8,347)
Unwinding of discount	-	-	814	517
At 31 December	4,187	-	8,971	13,060
Current	4,187	-	4,969	4,665
Non-current	-	-	4,002	8,395
	4,187	-	8,971	13,060

Income support for OUE H-REIT
The provision for income support of the Group relates to top-up payments to be made by the Group to OUE H-REIT, an associate, for any shortfall of guaranteed rental income amount in respect of CPCA. Pursuant to the terms of the deed of income support agreement entered into, the Group will provide income support on CPCA for 3 years from 1 August 2016, of up to $7.5 million.

Income support for OUE Commercial Real Estate Investment Trust ("OUE C-REIT")
The provision for income support of the Company relates to top-up payments to be made by the Company to OUE C-REIT, a subsidiary, for any shortfall of guaranteed rental income amount in respect of OUE Bayfront. Pursuant to the terms of the deed of income support agreement entered into, the Company will provide income support on OUE Bayfront for 5 years from 27 January 2014, of up to $50 million.

The provisions have been estimated based on the expected payments to be made under the income support arrangement, taking into consideration the estimated rental income expected to be derived from the relevant property over the income support period.

30. Share capital

	Company			
	Number of shares		Amount	
	2016	2015	2016	2015
	'000	'000	$'000	$'000
At 1 January and 31 December	981,602	981,602	693,315	693,315

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

During the year, the Company acquired 1,481,000 (2015: 6,589,000) of its own shares for a total consideration of $2,348,000 (2015: $11,952,000).

At 31 December 2016, the Group held 79,786,000 (2015: 78,305,000) of the Company's shares as treasury shares (note 31).

31. Other reserves

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Asset revaluation reserve	9,993	9,993	965	965
Currency translation reserve	(38,137)	(16,080)	-	-
Hedging reserve	(806)	6,482	-	-
Fair value reserve	109,706	124,354	113,805	127,262
Reserve for own shares	(170,344)	(167,996)	(170,344)	(167,996)
Capital reserve	(10,853)	(8,425)	-	-
	(100,441)	(51,672)	(55,574)	(39,769)

31. Other reserves (Cont'd)

The movement of other reserves is as follows:

	Note	Group						
		Asset revaluation reserve	Currency translation reserve	Hedging reserve	Fair value reserve	Reserve for own shares	Capital reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016		9,993	(16,080)	6,482	124,354	(167,996)	(8,425)	(51,672)
Other comprehensive income								
Currency translation differences relating to foreign operations		-	(3,705)	-	-	-	-	(3,705)
Share of currency translation differences of equity-accounted investees		-	(18,352)	-	-	-	-	(18,352)
Share of other reserves of equity-accounted investees		-	-	(2,733)	(1,181)	-	-	(3,914)
Available-for-sale financial assets:								
-net change in fair value, net of tax		-	-	-	(8,736)	-	-	(8,736)
-fair value reserve reclassified to profit or loss on disposal, net of tax		-	-	-	(4,731)	-	-	(4,731)
Cash flow hedges:								
-effective portion of changes in fair value of cash flow hedges		-	-	(11,444)	-	-	-	(11,444)
-hedging reserve reclassified to profit or loss		-	-	6,889	-	-	-	6,889
Total other comprehensive income, net of tax		-	(22,057)	(7,288)	(14,648)	-	-	(43,993)
Total other comprehensive income for the year		-	(22,057)	(7,288)	(14,648)	-	-	(43,993)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Own shares acquired	30	-	-	-	-	(2,348)	-	(2,348)
Total contributions by and distributions to owners		-	-	-	-	(2,348)	-	(2,348)
Total transactions with owners		-	-	-	-	(2,348)	-	(2,348)
Share of reserves of an equity-accounted investee		-	-	-	-	-	(2,428)	(2,428)
At 31 December 2016		9,993	(38,137)	(806)	109,706	(170,344)	(10,853)	(100,441)

31. Other reserves (Cont'd)

	Note	Group						
		Asset revaluation reserve	Currency translation reserve	Hedging reserve	Fair value reserve	Reserve for own shares	Capital reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2015		9,993	(37,983)	840	171,856	(156,044)	17,561	6,223
Other comprehensive income								
Currency translation differences relating to foreign operations		-	20,890	-	-	-	-	20,890
Share of currency translation differences of equity-accounted investees		-	972	-	-	-	-	972
Share of other reserves of equity-accounted investees		-	-	2,078	(3,627)	-	-	(1,549)
Fair value loss on available-for-sale financial assets		-	-	-	(43,875)	-	-	(43,875)
Effective portion of changes in fair value of cash flow hedges		-	-	3,559	-	-	-	3,559
Total other comprehensive income, net of tax		-	21,862	5,637	(47,502)	-	-	(20,003)
Total other comprehensive income for the year		-	21,862	5,637	(47,502)	-	-	(20,003)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Own shares acquired	30	-	-	-	-	(11,952)	-	(11,952)
Unit issue costs of a subsidiary		-	-	-	-	-	(2,893)	(2,893)
Total contributions by and distributions to owners		-	-	-	-	(11,952)	(2,893)	(14,845)
Changes in ownership interests in subsidiaries								
Changes in ownership interests in a subsidiary with a change in control	40	-	-	-	-	-	(25,798)	(25,798)
Change in ownership interests in a subsidiary without a change in control	41	-	41	5	-	-	-	46
Total changes in ownership interests in subsidiaries		-	41	5	-	-	(25,798)	(25,752)
Total transactions with owners		-	41	5	-	(11,952)	(28,691)	(40,597)
Share of reserves of an equity-accounted investee		-	-	-	-	-	2,705	2,705
At 31 December 2015		9,993	(16,080)	6,482	124,354	(167,996)	(8,425)	(51,672)

31. Other reserves (Cont'd)

ASSET REVALUATION RESERVE

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain land and building.

CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserves of foreign equity-accounted investees; and

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

HEDGING RESERVE

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

FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of the 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 2016, the Group held 79,786,000 (2015: 78,305,000) of the Company's shares as treasury shares. These shares were purchased from the open market for $170,344,000 (2015: $167,996,000).

CAPITAL RESERVE

At 31 December 2016, the reserve mainly relates to the Group's share of unit issue costs of a subsidiary and an associate, amounting to $12,528,000 (2015: $11,130,000). In 2015, the Group's share of the share premium of an associate of $25,798,000 was reclassified to accumulated profits following the Group's step-acquisition of the associate (note 40).

32. Accumulated profits

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

	Company	
	2016	**2015**
	$'000	*$'000*
At 1 January	2,393,359	1,875,525
Net profit for the year	167,097	563,065
Dividends paid (note 34)	(36,097)	(45,231)
At 31 December	2,524,359	2,393,359

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

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33. Non-controlling interests

The following subsidiary has material NCI:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2016	2015
OUE C-REIT	Singapore	34.79%	50.92%

The following summarises the financial information of the Group's subsidiary with material NCI, based on its (consolidated) financial statements prepared in accordance with FRS, including consolidation adjustments but before intercompany eliminations with other companies in the Group.

	OUE C-REIT	
	2016	**2015**
	$'000	*$'000*
Revenue	177,809	101,038
Profit after tax	72,164	42,958
Other comprehensive income	(26,105)	18,137
Total comprehensive income	46,059	61,095
Attributable to NCI:		
-Profit for the year	32,721	22,401
-Other comprehensive income	(8,949)	9,234
-Total comprehensive income	23,772	31,635
Non-current assets	3,371,281	3,372,615
Current assets	40,580	39,543
Non-current liabilities	(1,075,159)	(1,402,122)
Current liabilities	(418,660)	(69,145)
Net assets	1,918,042	1,940,891
Net assets attributable to NCI	634,480	833,720
Cash flows from operating activities	131,828	77,613
Cash flows used in investing activities	(1,283)	(595,224)
Cash flows (used in)/from financing activities (Dividends to NCI: $37,683,000 (2015: $25,944,000))	(124,720)	512,288
Net increase/(decrease) in cash and cash equivalents	5,825	(5,323)

Significant restrictions

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

The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders. As at 31 December 2016, the carrying amounts of OUE C-REIT's consolidated assets and liabilities are $3,411,861,000 (2015: $3,412,158,000) and $1,493,819,000 (2015: $1,471,267,000), respectively.

34. 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	
	2016	2015
	$'000	$'000
Paid by the Company to owners of the Company		
Interim dividend of 1 cent (2015: 1 cent) per ordinary share in respect of current year	9,021	9,033
Special dividend of 2 cents (2015: 3 cents) per ordinary share in respect of current year	18,043	27,099
Final dividend of 1 cent (2015: 1 cent) per ordinary share in respect of prior year	9,033	9,099
	36,097	45,231

	Group	
	2016	2015
	$'000	$'000
Paid by subsidiaries to NCI		
Distribution of 2.68 cents (2015: 2.00 cents) per qualifying unit in respect of current year	12,101	13,107
Distribution of 2.38 cents (2015: 2.84 cents) per qualifying unit in respect of prior year	15,582	12,837
Final dividend of 25 cents per ordinary share in respect of prior year	10,000	-
	37,683	25,944

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	
	2016	2015
	$'000	$'000
Final dividend of 2 cents (2015: 1 cent) per ordinary share	18,036*	9,033*

*The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 901,815,860 (2015: 903,296,860) as at 31 December 2016.

35. Commitments

Capital commitments

At 31 December 2016, other than as disclosed elsewhere in the financial statements, the Group have the following capital commitments:

	Group	
	2016	2015
	$'000	$'000
Property, plant and equipment	778	-
Investment properties	79,698	196,072
Development properties	1,098	30,799

36. Operating leases

Leases as lessees

The Group has entered into master lease agreements with OUE H-REIT, an associate, to lease and operate Mandarin Orchard Singapore and CPCA, together with the plant and equipment and all fixtures, fittings, finishings and other property therein, excluding the excluded commercial premises under non-cancellable operating lease agreements. Under the terms of the master lease agreements, the annual lease rental comprise fixed rent component and a variable rent component which is pegged to the underlying performance of the respective hotels.

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within one year	67,500	57,500	48,124	48,803
Between one and five years	270,000	230,000	186,248	191,409
More than five years	439,536	432,977	295,403	340,403
	777,036	720,477	529,775	580,615

The operating lease rentals payable above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases amounted to $28,252,000 and $26,659,000 (2015: $31,349,000 and $28,493,000) by the Group and the Company, respectively.

Leases as lessors

The Group leases out its investment properties (see note 21) under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within one year	216,964	211,200	1,914	2,538
Between one and five years	408,832	442,254	1,369	1,225
More than five years	203,634	175,494	-	-
	829,430	828,948	3,283	3,763

The lessees are required to pay fixed rent payments and a contingent rent computed based on their sales achieved during the lease period. The lease payments receivable disclosed above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Contingent rents, generally determined based on a percentage of tenants' revenue, of $704,000 (2015: $1,294,000) has been recognised as income by the Group in profit or loss during the year.

37. Financial instruments

FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk

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

RISK MANAGEMENT FRAMEWORK

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

CREDIT RISK

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

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

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

Guarantees
The Group provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees is disclosed in note 26.

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.

37. Financial instruments (Cont'd)

CREDIT RISK (CONT'D)

Exposure to credit risk
The maximum exposure to credit risk for trade and other receivables, other assets (excluding prepayments) and loans to subsidiaries at the reporting date by geographic region was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	*$'000*	*$'000*	*$'000*
By geographical areas				
Singapore	28,351	55,058	2,624,126	2,872,213
United States of America	3,505	1,563	11,929	15,124
Indonesia	3,253	526	941	512
The People's Republic of China	1,164	352	15	40
Malaysia	556	1,178	-	48
Others	13,678	13,355	422,335	422,808
	50,507	72,032	3,059,346	3,310,745

At 31 December 2016, the Group's most significant counterparty accounts for $5,269,000 (2015: $5,804,000) of carrying amount of the trade and other receivables, and other assets (excluding prepayments). Other than balances with related parties, there is no concentration of customer risk at the Company level.

Impairment
The ageing of trade and other receivables and other assets (excluding prepayments) that were past due but not impaired at the reporting date was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	*$'000*	*$'000*	*$'000*
Past due 1—30 days	2,633	3,837	4,231	5,833
Past due 31—60 days	1,777	1,683	2,756	4,564
Past due over 60 days	6,590	4,873	25,712	66,351
	11,000	10,393	32,699	76,748

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.

37. Financial instruments (Cont'd)

CREDIT RISK (CONT'D)

Movement in the allowance for doubtful receivables on trade and other receivables, other assets (excluding prepayments) and loans to subsidiaries are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	*$'000*	*$'000*	*$'000*
At 1 January	2,468	2,467	198,931	144,814
Impairment loss recognised/(reversed)	224	99	(98,799)	54,205
Utilised	(1,691)	(88)	(9,125)	(88)
Effects of movements in exchange rates	(4)	(10)	-	-
At 31 December	997	2,468	91,007	198,931

Trade and other receivables, other assets (excluding prepayments) and loans to subsidiaries that are neither past due nor impaired are mainly related to companies with a good payment track record with the Group.

Cash and cash equivalents
The Group and Company held cash and cash equivalents of $238,973,000 and $77,778,000 respectively at 31 December 2016 (2015: $172,353,000 and $83,782,000 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, development properties and available-for-sale investments.

37. 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*
2016						
Non-derivative financial liabilities						
Trade and other payables*	270,720	(270,720)	(211,555)	(28,233)	(26,657)	(4,275)
Borrowings	2,901,489	(3,078,247)	(722,131)	(1,174,488)	(1,157,770)	(23,858)
	3,172,209	(3,348,967)	(933,686)	(1,202,721)	(1,184,427)	(28,133)
Derivative financial instruments						
Interest rate swaps (net-settled)	7,790	(7,744)	(6,946)	(1,642)	844	-
Interest rate swaps (net-settled)	(315)	278	(603)	425	456	-
	7,475	(7,466)	(7,549)	(1,217)	1,300	-
Capital commitments for available-for-sale investments	-	(11,175)	(11,175)	-	-	-
	3,179,684	(3,367,608)	(952,410)	(1,203,938)	(1,183,127)	(28,133)
2015						
Non-derivative financial liabilities						
Trade and other payables	293,882	(293,882)	(237,740)	(24,718)	(24,951)	(6,473)
Borrowings	2,924,547	(3,208,199)	(268,473)	(774,827)	(2,164,899)	-
	3,218,429	(3,502,081)	(506,213)	(799,545)	(2,189,850)	(6,473)
Derivative financial instruments						
Interest rate swaps (net-settled)	180	(142)	(890)	(222)	970	-
Interest rate swaps (net-settled)	(6,605)	7,073	(546)	1,698	5,921	-
	(6,425)	6,931	(1,436)	1,476	6,891	-
Capital commitments for available-for-sale investments	-	(4,472)	(4,472)	-	-	-
	3,212,004	(3,499,622)	(512,121)	(798,069)	(2,182,959)	(6,473)

**Excluding deposits*

37. Financial instruments (Cont'd)

LIQUIDITY RISK (CONT'D)

Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1—2 years $'000	2—5 years $'000
2016					
Trade and other payables	103,618	(103,618)	(103,203)	(399)	(16)
Borrowings	796,972	(862,774)	(321,162)	(19,900)	(521,712)
Loans from subsidiaries	45,000	(45,000)	(45,000)	-	-
	945,590	(1,011,392)	(469,365)	(20,299)	(521,728)
2015					
Trade and other payables	67,985	(67,985)	(67,595)	-	(390)
Borrowings	947,250	(1,053,803)	(191,030)	(321,161)	(541,612)
Loans from subsidiaries	216,702	(216,702)	(216,702)	-	-
	1,231,937	(1,338,490)	(475,327)	(321,161)	(542,002)

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

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

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

MARKET RISK

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

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

Currency risk

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

The Group is exposed to foreign currency risk mainly arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk includes United States Dollars ("USD"). 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.

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YEAR ENDED 31 DECEMBER 2016

37. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Currency risk (Cont'd)

Exposure to currency risk
The Group's and Company's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Group 2016 USD $'000	Group 2015 USD $'000	Company 2016 USD $'000	Company 2015 USD $'000
Cash and cash equivalents	23,989	7,540	10,239	-
Due from subsidiaries	-	-	8,392	10,629
Other assets *	12,744	11,932	-	-
Loans to subsidiaries	-	-	388,280	507,903
Other investments	159,582	359,538	-	-
Available-for-sale financial assets	7,474	2,998	-	-
Net exposure	203,789	382,008	406,911	518,532

*Excluding prepayments

Sensitivity analysis
A reasonably possible strengthening of USD, 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 Profit or loss $'000	Group Equity $'000	Company Profit or loss $'000	Company Equity $'000
2016				
USD (2% strengthening)	3,926	150	8,138	-
2015				
USD (7% strengthening)	26,531	210	36,297	-

Interest rate risk

Risk management policy
Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash balances, loans to subsidiaries and associates and borrowings.

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

37. 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Cash and cash equivalents	15,052	11,537	-	-
Other investments	14,990	-	-	-
Loans to subsidiaries	-	-	1,198,979	1,749,931
Loans to associates	26,111	3,876	26,111	3,876
Borrowings	(800,000)	(800,000)	(800,000)	(800,000)
Interest rate swaps	(1,000,000)	(770,000)	-	-
	(1,743,847)	(1,554,587)	425,090	953,807
Variable rate instruments				
Cash and cash equivalents	62,295	28,977	45,017	20,000
Loans to subsidiaries	-	-	69,130	124,750
Borrowings	(2,118,901)	(2,149,511)	-	(152,000)
Loan from subsidiary	-	-	(45,000)	-
Interest rate swaps	1,000,000	770,000	-	-
	(1,056,606)	(1,350,534)	69,147	(7,250)

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 (2015: 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.

Cash flow sensitivity analysis for variable rate instruments
A change of 20 (2015: 50) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	20 bp increase	20 bp decrease	20 bp increase	20 bp decrease
	$'000	$'000	$'000	$'000
2016				
Group				
Variable rate instruments	(4,113)	4,113	-	-
Interest rate swaps	2,104	(2,220)	31	(151)
	(2,009)	1,893	31	(151)
Company				
Variable rate instruments	138	(138)	-	-

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YEAR ENDED 31 DECEMBER 2016

37. Financial instruments (Cont'd)

MARKET RISK (CONT'D)

Interest rate risk (Cont'd)

	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	$'000	$'000	$'000	$'000
2015				
Group				
Variable rate instruments	(10,603)	10,603	-	-
Interest rate swaps	3,850	(3,850)	331	(363)
	(6,753)	6,753	331	(363)
Company				
Variable rate instruments	(36)	36	-	-

Other market price risk

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

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

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

If the adjusted net asset value of the investee entities were to increase/decrease by 10% (2015: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately $15.4 million (2015: $17.4 million) and $14.4 million (2015: $15.7 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 $17.6 million (2015: $37.1 million).

37. 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.

	Note	Gross amounts of recognised financial instruments	Gross amounts of recognised financial instruments offset in the statement of financial position	Net amounts of financial instruments included in the statement of financial position	Related financial instruments that are not offset	Net amount
		$'000	$'000	$'000	$'000	$'000
Group						
2016						
Financial assets						
Interest rate swaps used for hedging	24	315	-	315	(315)	-
Financial liabilities						
Interest rate swaps used for hedging	24	(7,790)	-	(7,790)	315	(7,475)
2015						
Financial assets						
Interest rate swaps used for hedging	24	6,605	-	6,605	(180)	6,425
Financial liabilities						
Interest rate swaps used for hedging	24	(180)	-	(180)	180	-

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2016 and 31 December 2015.

37. 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		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Borrowings	2,901,489	2,924,547	796,972	947,250
Less: Cash and cash equivalents	(238,973)	(172,353)	(77,778)	(83,782)
	2,662,516	2,752,194	719,194	863,468
Total equity	4,643,811	4,764,192	3,162,100	3,046,905
Gearing ratio	57.3%	57.8%	22.7%	28.3%

A subsidiary, OUE C-REIT and its subsidiaries ("OUE C-REIT Group"), is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property (as defined in the CIS Code). The Aggregate Leverage of OUE C-REIT Group as at 31 December 2016 was 39.8% (2015: 40.1%) 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.

37. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

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

		Carrying amount						Fair value			
	Note	Loans and receivables	Designated at fair value	Fair value —hedging instruments	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
2016											
Financial assets measured at fair value											
Other investments	15	-	175,514	-	-	-	175,514	15,932	159,582	-	175,514
Available-for-sale financial assets	18	-	-	-	154,160	-	154,160	-	-	154,160	154,160
Derivative assets	24	-	-	315	-	-	315	-	315	-	315
		-	175,514	315	154,160	-	329,989				
Financial assets not measured at fair value											
Cash and cash equivalents	12	238,973	-	-	-	-	238,973				
Trade and other receivables	13	19,643	-	-	-	-	19,643				
Other investments	15	14,990	-	-	-	-	14,990	-	-	14,701	14,701
Other assets [1]	17	30,864	-	-	-	-	30,864				
		304,470	-	-	-	-	304,470				
Financial liabilities measured at fair value											
Derivative liabilities	24	-	-	(7,790)	-	-	(7,790)	-	(7,790)	-	(7,790)
Financial liabilities not measured at fair value											
Trade and other payables [2]	25	-	-	-	-	(211,555)	(211,555)				
Borrowings:											
-Bank loans	26	-	-	-	-	(2,104,517)	(2,104,517)				
-Notes	26	-	-	-	-	(796,972)	(796,972)	-	(806,183)	-	(806,183)
Other payables	28	-	-	-	-	(59,165)	(59,165)	-	-	(55,065)	(55,065)
		-	-	-	-	(3,172,209)	(3,172,209)				

NOTES TO THE FINANCIAL STATEMENTS
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37. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

		Carrying amount						Fair value			
	Note	Loans and receivables	Designated at fair value	Fair value —hedging instruments	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
2015											
Financial assets measured at fair value											
Other investments	15	-	371,399	-	-	-	371,399	11,861	359,538	-	371,399
Available-for-sale financial assets	18	-	-	-	174,223	-	174,223	-	-	174,223	174,223
Derivative assets	24	-	-	6,605	-	-	6,605	-	6,605	-	6,605
		-	371,399	6,605	174,223	-	552,227				
Financial assets not measured at fair value											
Cash and cash equivalents	12	172,353	-	-	-	-	172,353				
Trade and other receivables	13	38,931	-	-	-	-	38,931				
Other assets [1]	17	33,101	-	-	-	-	33,101				
		244,385	-	-	-	-	244,385				
Financial liabilities measured at fair value											
Derivative liabilities	24	-	-	(180)	-	-	(180)	-	(180)	-	(180)
Financial liabilities not measured at fair value											
Trade and other payables [2]	25	-	-	-	-	(237,740)	(237,740)				
Borrowings:											
-Bank loans	26	-	-	-	-	(2,129,297)	(2,129,297)				
-Notes	26	-	-	-	-	(795,250)	(795,250)	-	(808,193)	-	(808,193)
Other payables	28	-	-	-	-	(56,142)	(56,142)	-	-	(51,888)	(51,888)
		-	-	-	-	(3,218,429)	(3,218,429)				

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YEAR ENDED 31 DECEMBER 2016

37. Financial instruments (Cont'd)

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES (CONT'D)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
2016									
Financial asset measured at fair value									
Available-for-sale financial assets	18	-	143,805	-	143,805	-	-	143,805	143,805
Financial assets not measured at fair value									
Cash and cash equivalents	12	77,778	-	-	77,778				
Trade and other receivables	13	823,306	-	-	823,306				
Other assets [1]	17	1,948	-	-	1,948				
Loans to subsidiaries	20	2,234,092	-	-	2,234,092				
		3,137,124	-	-	3,137,124				
Financial liabilities not measured at fair value									
Loans from subsidiaries	20	-	-	(45,000)	(45,000)				
Trade and other payables	25	-	-	(103,203)	(103,203)				
Borrowings:									
-Notes	26	-	-	(796,972)	(796,972)	-	(806,183)	-	(806,183)
Other payables	28	-	-	(415)	(415)	-	-	(402)	(402)
		-	-	(945,590)	(945,590)				
2015									
Financial asset measured at fair value									
Available-for-sale financial assets	18	-	157,262	-	157,262	-	-	157,262	157,262
Financial assets not measured at fair value									
Cash and cash equivalents	12	83,782	-	-	83,782				
Trade and other receivables	13	789,848	-	-	789,848				
Other assets [1]	17	1,941	-	-	1,941				
Loans to subsidiaries	20	2,518,956	-	-	2,518,956				
		3,394,527	-	-	3,394,527				
Financial liabilities not measured at fair value									
Loans from subsidiaries	20	-	-	(216,702)	(216,702)				
Trade and other payables	25	-	-	(67,595)	(67,595)				
Borrowings:									
-Bank loans	26	-	-	(152,000)	(152,000)				
-Notes	26	-	-	(795,250)	(795,250)	-	(808,193)	-	(808,193)
Other payables	28	-	-	(390)	(390)	-	-	(364)	(364)
		-	-	(1,231,937)	(1,231,937)				

[1] Excluding prepayments
[2] Excluding deposits

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YEAR ENDED 31 DECEMBER 2016

37. 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%—40% (2015: 0%—35%)	An increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a decrease in the discount rate would result in a significantly higher fair value measurement.
Group			
Other investments	The fair value is calculated using the net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives—interest rate swaps	The fair values are based on broker quotes.	N/A	N/A

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Type	Valuation technique
Group and Company	
Borrowings:	
-Notes	Market quoted prices
Debt securities	Discounted cash flows
Other payables	Discounted cash flows

37. 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	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
At 1 January	174,223	217,324	157,262	201,624
Purchases	7,749	809	-	-
Disposal	(18,889)	-	-	-
Fair value losses recognised in other comprehensive income	(8,691)	(43,875)	(13,457)	(44,362)
Impairment loss	-	(1,000)	-	-
Effect of movements in exchange rates	(232)	965	-	-
At 31 December	154,160	174,223	143,805	157,262

Sensitivity analysis
For the Group's and Company's available-for-sale financial assets, a 10% (2015: 10%) increase in the discount rate applied, where applicable, would have decreased the Group's and the Company's other comprehensive income by $23,968,000 (2015: $24,194,000) after tax. A 10% (2015: 10%) decrease in the discount rate applied would have increased the Group's and the Company's other comprehensive income by $23,968,000 (2015: $24,194,000) after tax.

38. Related parties

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration comprised:

	Group	
	2016	2015
	$'000	$'000
Short-term employee benefits	3,602	3,487
Post-employment benefits (including contributions to defined contribution plans)	23	19
	3,625	3,506

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38. Related parties (Cont'd)

OTHER RELATED PARTY TRANSACTIONS

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

	Group	
	Transaction value for the year	
	2016	2015
	$'000	$'000
Associates and joint ventures		
Rental and rental related income	802	812
Management fees earned	5,404	6,029
Interest income from loans	791	38
Rental expense	92,607	87,924
Reimbursement of expenses paid on behalf	1,957	1,782
Other related parties		
Rental and rental related income	1,341	1,455
Hotel services income	342	50
Purchase of food and beverage products	263	395
Professional fees paid/payable	73	126

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

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 19 and 20 of the financial statements. None of the outstanding balances with the related parties is secured.

39. Operating segments

The Group has the following five (2015: five) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's executive committee (the chief operating decision makers) review internal management reports of each division at least quarterly. The executive committee comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business segment.

The following summary describes the operations in each of the Group's reportable segments:

(i) Hospitality (Singapore 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 of 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.

(v) Investment holding

Other operations include mainly restaurant and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 and 2016.

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

39. Operating segments (Cont'd)

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

	Hospitality		Property investments									
	Singapore	Others	Singapore	United States of America	The People's Republic of China	Property development	Fund management	Investment holding	Others	Segment total	Elimination and unallocated items	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2016												
Revenue												
External revenue	199,203	2,452	179,704	53,840	31,130	401,956	1,395	-	13,891	883,571	670	884,241
Inter-segment revenue	107	-	5,842	8,748	-	-	14,573	-	108	29,378	(29,378)	-
Segment revenue (including inter-segment revenue)	199,310	2,452	185,546	62,588	31,130	401,956	15,968	-	13,999	912,949	(28,708)	884,241
Segment profit/(loss)[1]	3,132	2,024	142,418	24,793	25,125	76,131	17,034	48,679	(16,812)	322,524	(47,878)	274,646
Depreciation	(183)	-	(287)	(14)	(6)	-	(163)	-	(1,652)	(2,305)	(2,125)	(4,430)
Finance expenses	(1)	-	(75,738)	(14,075)	(1,961)	(9,338)	(203)	-	(12,993)	(114,309)	(13,459)	(127,768)
Finance income	147	(144)	6,907	85	29	-	4	-	(3,393)	3,635	7,629	11,264
Share of results of equity-accounted investees, net of tax	4,839	(32)	5,770	-	-	-	7,187	48,679	-	66,443	(4)	66,439
Other material items												
Net change in fair value of investment properties	-	-	(85,019)	31,443	19,509	-	-	-	-	(34,067)	-	(34,067)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	21,249	21,249	-	21,249
Reversal of impairment loss on a development property	-	-	-	-	-	62,495	-	-	-	62,495	-	62,495
Reportable segment assets	38,698	6,531	4,402,334	870,021	547,670	775,089	3,278	-	362,876	7,006,497	134,532	7,141,029
Investment in equity-accounted investees	46,395	12,667	450,842	-	-	-	40,319	362,732	-	912,955	29,421	942,376
Reportable segment liabilities	51,506	220	1,736,755	330,909	58,076	253,283	1,332	-	8,151	2,440,232	999,362	3,439,594
Capital expenditure	20	3	105,112	41,096	1,972	-	-	-	1,575	149,778	896	150,674

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

39. Operating segments (Cont'd)

	Hospitality		Property investments									
	Singapore	Others	Singapore	United States of America	The People's Republic of China	Property development	Fund management	Investment holding	Others	Segment total	Elimination and unallocated items	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015												
Revenue												
External revenue	202,127	2,271	107,704	57,611	28,064	23,644	1,498	-	8,158	431,077	416	431,493
Inter-segment revenue	107	-	5,611	8,454	-	-	19,254	-	32	33,458	(33,458)	-
Segment revenue (including inter-segment revenue)	202,234	2,271	113,315	66,065	28,064	23,644	20,752	-	8,190	464,535	(33,042)	431,493
Segment profit/(loss)[1]	4,094	1,782	131,604	28,099	21,149	(25,407)	22,620	128,224	(11,462)	300,703	(42,894)	257,809
Depreciation	(147)	-	(86)	(14)	(7)	-	(165)	-	(1,475)	(1,894)	(2,058)	(3,952)
Finance expenses	(246)	-	(38,914)	(11,069)	(3,854)	(10,808)	(54)	-	(16,160)	(81,105)	(8,030)	(89,135)
Finance income	135	(222)	364	38	260	-	8	-	(26,380)	(25,797)	37,972	12,175
Share of results of equity-accounted investees, net of tax	5,435	(50)	65,231	-	-	-	8,747	128,224	-	207,587	(7)	207,580
Other material items												
Net change in fair value of investment properties	-	-	(17,188)	12,651	11,397	-	-	-	-	6,860	-	6,860
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	(12,403)	-	-	-	-	-	-	(12,403)	-	(12,403)
Net gain on disposal of property, plant and equipment	57,784	-	-	-	-	-	-	-	-	57,784	-	57,784
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	(8,366)	(8,366)	-	(8,366)
Impairment loss on a development property	-	-	-	-	-	(23,205)	-	-	-	(23,205)	-	(23,205)
Reportable segment assets	38,843	4,746	4,395,840	768,743	539,192	880,297	3,683	-	561,273	7,192,617	124,526	7,317,143
Investment in equity-accounted investees	44,141	12,459	397,244	-	-	-	12,163	317,888	-	783,895	28,800	812,695
Reportable segment liabilities	62,394	245	1,373,577	344,690	66,582	391,777	2,164	-	4,474	2,245,903	1,119,743	3,365,646
Capital expenditure	95	-	99,619	43,240	1,360	-	5	-	311	144,630	1,252	145,882

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

39. Operating segments (Cont'd)

RECONCILIATION OF REPORTABLE SEGMENT REVENUE AND PROFIT/(LOSS) BEFORE INTEREST AND TAX

	2016 $'000	2015 $'000
Revenue		
Total revenue for reportable segments	898,950	456,345
Revenue for other segment	13,999	8,190
Unallocated amounts	10,834	11,751
Elimination of inter-segment revenue	(39,542)	(44,793)
Consolidated total revenue	884,241	431,493
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for:		
-Reportable segments	339,336	312,165
-Other segment	(16,812)	(11,462)
Elimination of inter-segment profits	(10)	(132)
Finance expenses	(127,768)	(89,135)
Finance income	11,264	12,175
Other gains—net	54,408	20,257
Unallocated corporate expenses	(47,868)	(42,762)
Consolidated profit before tax	212,550	201,106

RECONCILIATIONS OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

	2016 $'000	2015 $'000
Assets		
Total assets for reportable segments	6,643,621	6,631,344
Assets for other segment	362,876	561,273
Investment in equity-accounted investees	912,955	783,895
	7,919,452	7,976,512
Elimination of inter-segment balances	(9,102)	(11,663)
Other unallocated amounts		
-Property, plant and equipment	12,660	14,196
-Investment in equity-accounted investees	29,421	28,800
-Cash and cash equivalents	82,129	88,210
-Trade and other receivables	2,038	12,698
-Available-for-sale financial assets	2,881	-
-Other investments	14,990	-
-Other assets	15,988	14,896
-Deferred tax assets	12,948	6,189
Consolidated total assets	8,083,405	8,129,838

39. Operating segments (Cont'd)

RECONCILIATIONS OF REPORTABLE SEGMENT ASSETS AND LIABILITIES (CONT'D)

	2016 $'000	2015 $'000
Liabilities		
Total liabilities for reportable segments	2,432,081	2,241,429
Liabilities for other segments	8,151	4,474
Other unallocated amounts		
-Borrowings	796,972	947,250
-Trade and other payables	25,936	25,398
-Current tax liabilities	33,718	27,373
-Deferred tax liabilities	142,641	119,664
-Other liabilities	95	58
Consolidated total liabilities	3,439,594	3,365,646

GEOGRAPHICAL INFORMATION

	Revenue		Non-current assets*	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	789,463	343,547	4,961,254	4,858,647
The People's Republic of China	31,130	28,064	536,926	535,668
United States of America	61,196	57,611	843,654	747,184
Others	2,452	2,271	362,732	319,799
	884,241	431,493	6,704,566	6,461,298

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

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2015 and 2016.

40. Acquisition of subsidiaries

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property, and together, they are capable of being managed to provide returns to the Group. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities.

Financial year ended 31 December 2015

On 7 October 2015, the Group acquired 33.33% shares and voting rights in OUB Centre Limited and its subsidiaries ("OUBC") for a cash consideration of $477.1 million. The acquisition would enable the Group to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place ("ORP"), while continuing to enjoy rental income. OUBC owns an 81.54% interest in ORP. Following the acquisition, the Group's equity interest increased from 50% to 83.33%, and OUBC became a subsidiary of the Group.

For the period from the acquisition date to 31 December 2015, OUBC contributed revenue of $19,671,000 and profit after tax of $3,147,000 to the Group's results. If the acquisition had occurred on 1 January 2015, the Group estimated that the consolidated revenue would have been $514,973,000 and the consolidated profit for the year would have been $204,888,000. In determining these amounts, the Group had assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Plant and equipment	22	671
Investment property	21	1,740,000
Inventories		51
Trade and other receivables		10,753
Cash and cash equivalents		6,059
Trade and other payables		(44,837)
Borrowings		(301,036)
Current tax liabilities		(3,160)
Deferred tax liabilities	27	(14,333)
Net identifiable assets and liabilities acquired		1,394,168

The trade receivables comprise gross contractual amounts due of $10.9 million, of which $0.1 million was expected to be uncollectible at the date of acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment property	Direct comparison method and investment method

The fair value of the investment property was based on independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

40. Acquisition of subsidiaries (Cont'd)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred	477,116
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree	232,386
Fair value of pre-existing interest in the acquiree	697,069
Fair value of identifiable net assets	(1,394,168)
Goodwill	12,403
Impairment loss on goodwill (note 9)	(12,403)
	-

The remeasurement to fair value of the Group's existing 50% interest in OUBC resulted in a gain of $587,000. This amount has been recognised in 'Other gains—net' in the statement of comprehensive income (note 9). In addition, arising from the step-acquisition, capital reserve of $25,798,000 was reclassified to accumulated profits (note 31).

The Group has undertaken an impairment assessment of the goodwill arising from the acquisition which was allocated to OUBC. The recoverable amount was estimated using the fair value less costs to sell approach, taking into consideration the fair value of the underlying property held by OUBC. Based on this assessment, the goodwill was fully impaired. The impairment loss was recognised in "Other gains—net" in the statement of comprehensive income.

Cash flows relating to the acquisition

	$'000
Purchase consideration	477,116
Less: Cash acquired	(6,059)
Net cash outflow	471,057

The Group incurred acquisition-related costs of $5,571,000 related to external professional fees. These costs were included in "Administrative expenses" in the Group's statement of comprehensive income.

41. Changes in ownership interests in a subsidiary without a change in control

2016

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The Group also acquired additional interest in OUE C-REIT for $165,970,000 in cash. The additional units received and acquisition resulted in the Group's interest in OUE C-REIT being increased from 49.1% to 65.2%.

The Group recognised a decrease in NCI of $19,359,000 and increase in accumulated profits of $19,359,000.

2015

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The Group also acquired additional interests in OUE C-REIT for $442,000 in cash. The additional units received and acquisition during the year resulted in the Group's interest in OUE C-REIT being increased from 48.1% to 49.1%.

The Group recognised a decrease in NCI and accumulated profits of $256,000 and $232,000, respectively and an increase in other reserves of $46,000.

41. Changes in ownership interests in a subsidiary without a change in control (Cont'd)

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

	2016	2015
	$'000	$'000
Consideration paid for acquisition of non-controlling interests	165,970	442
Decrease in equity attributable to non-controlling interests	(185,329)	(256)
(Increase)/Decrease in equity attributable to owners of the Company	(19,359)	186

42. Subsequent events

There were the following events subsequent to the reporting date:

(i) The Group acquired equity interests in International Healthway Corporation Limited ("IHC"), a company listed on the Singapore Exchange Securities Trading Limited, in various tranches. On 20 February 2017, the Group had acquired a total of 57.6% equity interest in IHC for a total consideration of $90.8 million. The Group then made a mandatory unconditional cash offer for all the issued ordinary shares in IHC at $0.106 per share (the "Offer"). The Offer will close on 13 April 2017. IHC became a subsidiary of the Group on 2 March 2017.

IHC's principal activities relate to investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services. The acquisition of IHC would enable the Group to expand into the healthcare real estate sector.

IHC's last audited financial statements were for the year ended 31 December 2015 on which the auditors had issued a disclaimer of opinion. IHC's last published unaudited financial statements was for the 9-month period ended 30 September 2016. Having considered the above factors, the ongoing Offer and the market sensitivity of any disclosure of IHC's financial information as of 2 March 2017, the Group is unable to estimate reliably the financial effects of the acquisition on its financial statements nor provide the relevant disclosures required with respect to major acquisitions made subsequent to the reporting date, at the date of issuance of these financial statements.

(ii) On 17 March 2017, OUE C-REIT, a subsidiary of the Group, completed the private placement of 233,281,400 new units for gross proceeds of approximately $150 million. Arising therefrom, the Group's effective ownership interest in OUE C-REIT decreased to 55.4%. OUE C-REIT remains as a subsidiary of the Group after the transaction. The Group expects to recognise an increase in non-controlling interests of $180.4 million* and decrease in equity attributable to owners of the Company of $30.4 million*.

**Estimated based on OUE C-REIT's 31 December 2016 financial information.*

43. Listing of entities in the Group

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

Name of company	Principal activities	Country of incorporation	% of Paid-up Capital held by The Company 2016	The Company 2015	Subsidiaries 2016	Subsidiaries 2015
			%	%	%	%
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	-	-	100	100
Beringia Central LLC[a]	Property holding	Delaware, The United States of America	-	-	100	100
Cove Development Pte. Ltd.	Property development	Singapore	-	-	100	100
OUB Centre Limited[b]	Property investment	Singapore	-	-	83.3[d]	83.3[d]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	-	-	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	-	-	65.2	49.1
OUE Reef Development Pte. Ltd.	Property development	Singapore	-	-	100	100
Associates						
Aquamarina Hotel Private Limited[c]	Hotel operation	Singapore	-	-	25.0	25.0
OUE Hospitality Trust	Real estate investment trust/ property business trust	Singapore	32.7	33.0	-	-
Joint Venture						
OUE Lippo Limited	Investment holding	British Virgin Island	-	-	50.0	50.0

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

(a) Audited by member firms of KPMG International.

(b) Audited by PricewaterhouseCoopers LLP, Singapore in 2015.

(c) Audited by PricewaterhouseCoopers LLP, Singapore.

(d) As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 54.3% (2015: 40.9%) in the company.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2017

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 901,815,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 79,786,000
Percentage of treasury shares held against the total number of issued ordinary shares excluding treasury shares	: 8.85%
Voting rights (excluding treasury shares)	: 1 vote per share

Voting Rights of Ordinary Shareholders

Every member shall have the right to attend any General Meeting and to speak and vote on any resolution before the Meeting in person or by proxy. Every member present in person or by proxy shall, on a poll, have one vote for each share he/she holds or represents.

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of issued Share Capital*
1—99	30	0.26	785	0.00
100—1,000	855	7.39	797,490	0.09
1,001—10,000	8,016	69.32	41,366,797	4.59
10,001—1,000,000	2,643	22.86	99,737,453	11.06
1,000,001 and above	20	0.17	759,913,335	84.26
Total	**11,564**	**100.00**	**901,815,860**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	Number of Shares	% of issued Share Capital*
1.	RAFFLES NOMINEES (PTE) LTD	634,953,520	70.41
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	43,549,003	4.83
3.	DBS NOMINEES PTE LTD	23,909,582	2.65
4.	DBSN SERVICES PTE LTD	11,470,863	1.27
5.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	7,311,000	0.81
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,552,130	0.73
7.	LEE PINEAPPLE COMPANY PTE LTD	5,000,000	0.55
8.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,981,733	0.44
9.	HENG SIEW ENG	3,067,300	0.34
10.	MAYBANK KIM ENG SECURITIES PTE LTD	2,773,414	0.31
11.	OCBC NOMINEES SINGAPORE PTE LTD	2,628,200	0.29
12.	PHILLIP SECURITIES PTE LTD	2,398,960	0.27
13.	UOB KAY HIAN PTE LTD	2,301,000	0.25
14.	OCBC SECURITIES PRIVATE LTD	1,814,437	0.20
15.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,573,923	0.17
16.	LEE SENG TEE	1,500,000	0.17
17.	SINGAPORE NOMINEES PTE LTD	1,500,000	0.17
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,468,900	0.16
19.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,145,470	0.13
20.	JACK INVESTMENT PTE LTD	1,013,900	0.11
	Total	**759,913,335**	**84.26**

**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 15 MARCH 2017

	Direct Interest		Deemed Interest	
	No. of Shares	*%*	*No. of Shares*	*%*
1. OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.72[19]	-	-
2. Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.91[19]	502,513,060[1]	55.72[19]
3. Fortune Code Limited ("**FCL**")	-	-	618,916,410[2]	68.63[19]
4. Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410[3]	68.63[19]
5. Pacific Landmark Holdings Limited ("**Pacific Landmark**")	-	-	618,916,410[4]	68.63[19]
6. HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410[5]	68.63[19]
7. Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410[6]	68.63[19]
8. Hennessy Holdings Limited ("**HHL**")	-	-	618,916,410[7]	68.63[19]
9. Prime Success Limited ("**PSL**")	-	-	618,916,410[8]	68.63[19]
10. Lippo Limited ("**LL**")	-	-	618,916,410[9]	68.63[19]
11. Lippo Capital Limited ("**LCL**")	-	-	618,916,410[10]	68.63[19]
12. Lanius Limited ("**Lanius**")	-	-	618,916,410[11]	68.63[19]
13. Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410[12]	68.63[19]
14. ASM Asia Recovery (Master) Fund ("**AARMF**")	-	-	618,916,410[13]	68.63[19]
15. ASM Asia Recovery Fund ("**AARF**")	-	-	618,916,410[14]	68.63[19]
16. Argyle Street Management Limited ("**ASML**")	-	-	618,916,410[15]	68.63[19]
17. Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410[16]	68.63[19]
18. Kin Chan ("**KC**")	-	-	618,916,410[17]	68.63[19]
19. V-Nee Yeh ("**VY**")	-	-	618,916,410[18]	68.63[19]

SUBSTANTIAL SHAREHOLDERS

AS SHOWN IN THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2017

Notes:

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

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

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

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

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

(6) HKC Property is a wholly-owned subsidiary of HCL. Accordingly, HCL is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest.

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

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

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

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

(11) Lanius is the holder of the entire issued share capital of LCL, which in turn is a holding company of Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the shares in which Pacific Landmark has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include 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 901,815,860 issued shares (excluding treasury shares) as at 15 March 2017.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed ("**Shares**") is at all times held by the public. The Company has complied with this requirement. As at 15 March 2017, approximately 31.34% of its Shares listed on the SGX-ST were held in the hands of the public.

INTERESTED PERSON TRANSACTION

ENTERED INTO DURING THE FINANCIAL YEAR 2016

Name Of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Auric Pacific Group Limited		
Purchase of food & beverage items	263	-
Lippo China Resources Limited		
Hotel services	334	-
OUE Hospitality Trust		
Rental expense	89,919	-
Manager's management fee	10,858	-
Manager's acquisition fee	1,538	-
Property management fee	1,297	-
Income support	2,682	-
Shared electricity services	773	-
Shared services	503	-
Reimbursement of payments made on behalf	316	-

NOTICE OF ANNUAL GENERAL MEETING

OUE LIMITED

COMPANY REGISTRATION NO.: 196400050E

NOTICE IS HEREBY GIVEN that the Fifty-Fourth 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, 28 April 2017 at 2:00 p.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2016 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 2 cents per ordinary share for the year ended 31 December 2016.

3. To approve Directors' Fees of S$468,750 for the year ended 31 December 2016 (2015: S$468,750).

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

   (a) Mr. Christopher James Williams

   (b) Mr. Kelvin Lo Kee Wai

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

As Special Business

To consider and, if thought fit, to pass, with or without modifications the following resolutions as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

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

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

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

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

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares 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 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 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 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 Constitution 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.

7. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board
NG NGAI
Secretary
12 April 2017
Singapore

Explanatory Notes:

Resolution 4(a)

To re-elect Mr. Christopher James Willaims, who is a Non-Independent Non-Executive Director. Mr. Christopher James 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 4(b)

To re-elect Mr. Kelvin Lo Kee Wai, who is an Independent Non-Executive Director. Mr. Lo will, upon re-election, continue to serve as Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee respectively.

Resolution 6

Resolution No. 6, if passed, will empower the Directors to issue shares 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 of the Company excluding treasury shares, of which up to 20 per cent. of the total number of issued shares 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 calculated based on the total number of issued shares (excluding treasury shares) of the Company at the time that Resolution No. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 7

Resolution No. 7, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares of the Company, on the terms and subject to the conditions set out in the Resolution.

The Company may use its internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the total number of issued and paid-up Shares as at 15 March 2017 (the "**Latest Practicable Date**") and disregarding the 79,786,000 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued, on or prior to the Annual General Meeting, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 90,181,586 Shares. Assuming that the Company purchases or acquires 90,181,586 Shares at the maximum price, in the case of both market purchases and off-market purchases, of S$2.226 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the ordinary shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 90,181,586 Shares is approximately S$200,744,210.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2016, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 12 April 2017 (the "**Letter**").

Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

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

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Please cut along the dotted line

PROXY FORM
ANNUAL GENERAL MEETING

OUE LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NUMBER: 196400050E)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in OUE Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2017.

I/We ________________ (Name) ________________ NRIC/Passport/Company Registration Number
of ________________________________ (Address)
being a member/members of OUE LIMITED (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Fifty-Fourth 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 Friday, 28 April 2017 at 2:00 p.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	Directors' Statement and Financial Statements		
2.	Final dividend		
3.	Directors' fees		
4.	(a) Re-election of Mr. Christopher James Williams as Director		
	(b) Re-election of Mr. Kelvin Lo Kee Wai as Director		
5.	Re-appointment of Auditors		
6.	Authority for Directors to issue shares		
7.	Proposed renewal of the Share Purchase Mandate		

Dated this ____________ day of ____________ 2017

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

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

IMPORTANT: Please read notes on the reverse

Notes:

1. *If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.*

2. (a) *A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

   (b) *A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3. *A proxy need not be a member of the Company.*

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

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

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Affix Postage Stamp

The Company Secretary
OUE Limited
50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321

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

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

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

9. *The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument (or any related attachment) appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.*

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OUE LIMITED
Company Reg. No. 196400050E
WWW.OUE.COM.SG

MIX
Paper from responsible sources
FSC™ C124277

This annual report is printed on FSC™ certified paper.
By purchasing FSC™ products, we foster forest management, which is controlled according to the strict social, ecological and economic criteria of the Forest Stewardship Council™