POSITIONED FOR NEW OPPORTUNITIES

OUE LIMITED / ANNUAL REPORT 2021

ABOUT OUE LIMITED

OUE Limited (SGX:LJ3) is a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors. Best known for its landmark property portfolio in Singapore, OUE consistently leverages its expertise in property development and asset management to maximise yield and unlock value. As at 31 December 2021, OUE's total assets were valued at S$9.0 billion.

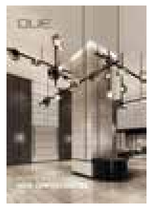
OUE is the manager of two SGX-listed real estate investment trusts (REITs): OUE Commercial Real Estate Investment Trust and First Real Estate Investment Trust. As at 31 December 2021, OUE managed S$7.8 billion in funds under management across its two REIT platforms and its managed accounts.

Since 2017, OUE has expanded its business activities into the complementary and high-growth healthcare and consumer sectors. OUE is the controlling shareholder of OUE Lippo Healthcare Limited, an SGX-listed, integrated healthcare services provider that owns, operates and invests in quality healthcare assets in high-growth Asian markets.

Anchored by its *"Transformational Thinking"* philosophy, OUE has built a reputation for developing iconic projects, transforming communities, providing exceptional service to customers and delivering long-term value to stakeholders.

Ginger.Lily Lounge & Bar – the ideal spot for artisanal afternoon tea and craft cocktails

Scan here to view our Annual Report online



Ground floor lobby of Hilton Singapore Orchard, welcoming a future of new opportunities for the rebranded hospitality landmark

POSITIONED FOR **NEW OPPORTUNITIES**

The COVID-19 pandemic continued to cast a shadow in 2021, with a challenging operating environment and uncertainties remaining in place. Despite this, we succeeded in capturing opportunities to unlock value and increase financial flexibility, expand the footprint of our Consumer segment, reshape the growth strategy for our Healthcare segment and leverage strong hotel brand recognition, positioning the Group well to drive long-term sustainable growth.

CONTENTS

UNLOCKING VALUE

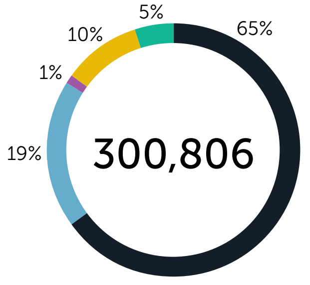
The partial divestment of OUE Bayfront Property enabled us to realise the value of capital appreciation and increase financial flexibility while retaining 50% interest in this premium commercial asset.

OVERVIEW

Estate restaurant – showcasing flavours from around the world in a residential-style setting with live theatrical open kitchens

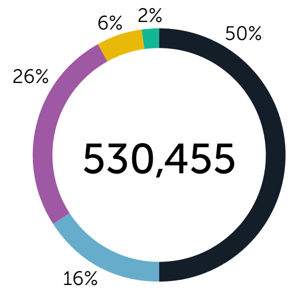
SEGMENTAL PERFORMANCE ANALYSIS

TOTAL TURNOVER BY BUSINESS SEGMENT
(S$'000)



2021

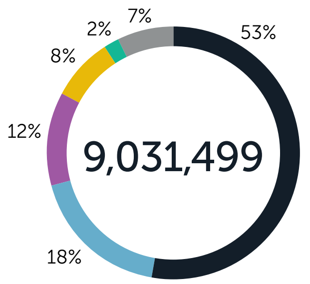
Investment properties	195,516	65%
Hospitality	57,581	19%
Development properties	1,701	1%
Healthcare	31,248	10%
Consumer	14,714	5%
Others	46	0%
Total	**300,806**	**100%**



2020

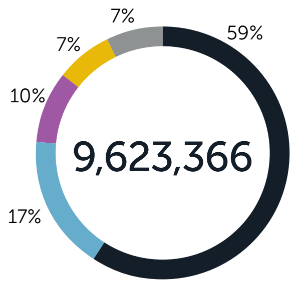
Investment properties	264,816	50%
Hospitality	85,497	16%
Development properties	140,176	26%
Healthcare	29,437	6%
Consumer	10,473	2%
Others	56	0%
Total	**530,455**	**100%**

TOTAL ASSETS BY BUSINESS SEGMENT
(S$'000)



2021

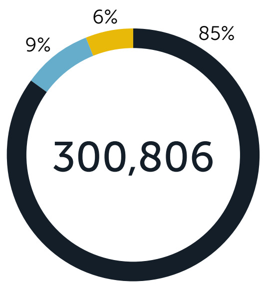
Investment properties	4,807,556	53%
Hospitality	1,607,263	18%
Development properties	1,093,246	12%
Healthcare	682,315	8%
Consumer	175,529	2%
Unallocated assets	665,590	7%
Total	**9,031,499**	**100%**



2020

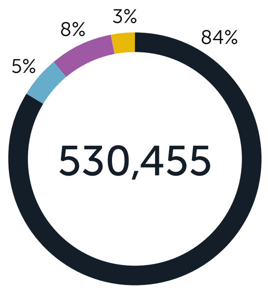
Investment properties	5,625,461	59%
Hospitality	1,657,890	17%
Development properties	913,154	10%
Healthcare	699,398	7%
Consumer	36,986	0%
Unallocated assets	690,477	7%
Total	**9,623,366**	**100%**

TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT
(S$'000)



2021

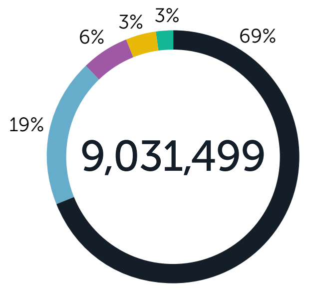
Singapore	255,908	85%
The People's Republic of China	28,097	9%
Japan	16,711	6%
Others	90	0%
Total	**300,806**	**100%**



2020

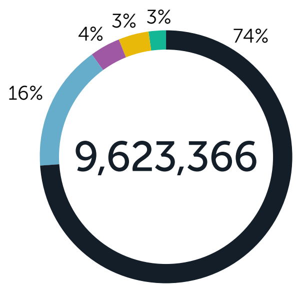
Singapore	442,285	84%
The People's Republic of China	28,463	5%
United States of America	42,128	8%
Japan	17,526	3%
Others	53	0%
Total	**530,455**	**100%**

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT
(S$'000)



2021

Singapore	6,273,461	69%
The People's Republic of China	1,721,651	19%
Indonesia	532,249	6%
Japan	310,908	3%
Others	193,230	3%
Total	**9,031,499**	**100%**



2020

Singapore	7,143,797	74%
The People's Republic of China	1,550,779	16%
Indonesia	424,263	4%
Japan	332,562	3%
Others	171,965	3%
Total	**9,623,366**	**100%**

FIVE-YEAR FINANCIAL SUMMARY

	2021 S$'000	%	2020 S$'000	%	2019 S$'000	%	2018 S$'000	%	2017 S$'000	%
Group Turnover										
Real Estate										
- Investment properties	195,516	65	264,816	50	287,607	31	276,491	43	270,961	36
- Hospitality	57,581	19	85,497	16	241,205	26	236,648	37	220,087	29
- Development properties	1,701	1	140,176	26	349,611	38	65,903	10	209,533	28
Healthcare	31,248	10	29,437	6	30,993	3	30,878	5	33,810	4
Consumer	14,714	5	10,473	2	20,983	2	17,144	3	15,912	2
Others	46	0	56	0	438	0	15,833	2	3,809	1
Total	**300,806**	**100**	**530,455**	**100**	**930,837**	**100**	**642,897**	**100**	**754,112**	**100**
Group Profit and Loss										
Profits before interest, tax and other gains/losses	313,419		246,654		330,295		182,477		166,071	
Profit/(Loss) attributable to owners of the Company	80,943		(343,383)		255,217		10,022		94,560	
Group Balance Sheet										
Investment properties	4,568,462		4,534,728		6,628,427		6,451,029		6,390,048	
Development properties	27,530		29,024		152,380		466,498		521,181	
Investments in equity-accounted investees	1,668,203		1,064,334		921,614		740,396		955,013	
Property, plant and equipment	1,651,297		1,700,486		1,774,343		55,419		31,494	
Cash and cash equivalents	518,858		559,527		477,712		409,371		535,249	
Asset held for sale	–		1,258,512		100,001		–		–	
Other investments	378,494		209,718		211,220		700,967		386,616	
Other assets	218,655		267,037		468,803		442,137		214,544	
Total assets	**9,031,499**		**9,623,366**		**10,734,500**		**9,265,817**		**9,034,145**	
Equity attributable to owners of the Company	3,849,956		3,740,004		4,073,296		3,938,405		4,024,918	
Non-controlling interests	1,869,442		1,916,810		2,043,849		1,200,802		850,809	
Borrowings										
- Current	418,781		420,416		1,309,892		471,691		1,081,828	
- Non-current	2,406,062		3,055,709		2,679,731		3,024,564		2,399,107	
Other liabilities	487,258		490,427		627,732		630,355		677,483	
Total equity and liabilities	**9,031,499**		**9,623,366**		**10,734,500**		**9,265,817**		**9,034,145**	
Earnings per share (cents)	9.2		(38.2)		28.3		1.1		10.5	
Dividends per share (cents)										
- Interim dividend	1.0		–		1.0		1.0		1.0	
- Special dividend	–		–		4.0		11.0		–	
- Final dividend	1.0		1.0		1.0		1.0		2.0	
Total dividend	2.0		1.0		6.0		13.0		3.0	
Net asset per share (S$)	4.41		4.24		4.52		4.37		4.46	
Gearing ratio*	41%		52%		58%		61%		61%	

* Net Borrowings/Total Equity less Intangible Assets and Goodwill

LEVERAGING BRAND EQUITY

Leveraging Hilton's strong brand recognition and with the addition of new income-generating spaces after a major refurbishment, the rebranded Hilton Singapore Orchard is set to benefit from the expected recovery in Singapore's hospitality sector once travel confidence resumes.

STRATEGY & BUSINESS REVIEW

King Premium Family Room – spacious, elegant and modern

CHAIRMAN & GROUP CEO'S STATEMENT

DR. STEPHEN RIADY
Executive Chairman and
Group Chief Executive Officer

"OUE was proactive in seizing new opportunities to unlock value for the Group, expanding its business footprint, repositioning businesses to capture market opportunities, and laying the foundation to drive future sustainable growth."

"华联企业积极争取新商机以实现本集团潜在的价值、扩展业务足迹、重新定位业务方针以把握商机，为未来的可持续性增长奠定基础。"

Dear Shareholders,

The ongoing COVID-19 pandemic continued to cloud most of 2021. Nevertheless, OUE was proactive in seizing new opportunities to unlock value for the Group, expanding its business footprint, repositioning businesses to capture market opportunities, and laying the foundation to drive future sustainable growth.

THROUGH AND BEYOND COVID-19

During the year, the emergence of more contagious variants of COVID-19 resulted in additional safe management measures being implemented in Singapore to minimise the spread of the virus, while the country focused on boosting vaccination rates and preparing for the re-opening of its borders. These uncertainties brought about a challenging operating environment for the Group.

In addition to mandated tenant support initiatives, the Group continued to provide targeted assistance for tenants adversely affected by the pandemic. Support in the form of rental rebates and rent restructuring amounted to S$8.7 million in 2021.

As Singapore transitions towards living with an endemic COVID-19, the Group continues to exercise prudence and adopt the necessary measures to moderate the impact of COVID-19, prioritising the well-being and safety of our employees, tenants, hotel guests, partners and community.

POSITIONED FOR GROWTH OPPORTUNITIES

During the year, OUE capitalised on growth opportunities across its Real Estate, Healthcare and Consumer segments.

In line with an active portfolio optimisation strategy to enhance long-term returns, the Group's subsidiary, OUE Commercial Real Estate Investment Trust (OUE C-REIT), completed the divestment of a 50.0% interest in OUE Bayfront, OUE Tower and OUE Link (the OUE Bayfront Property) to a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd. at an agreed value of S$1,267.5 million in March 2021. The agreed value of the property represented a premium of 26.1% over OUE C-REIT's purchase consideration in 2014 and 7.3% over its book value as at 31 December 2020. The divestment was a timely opportunity for the Group to realise value above valuation and allowed OUE C-REIT to optimise its capital structure and enhance financial flexibility while retaining a 50.0% interest in the premium commercial asset.

Following the comprehensive and strategic decision in 2020 to rebrand Mandarin Orchard Singapore to Hilton Singapore Orchard, the Group capitalised on the weak hospitality operating environment arising from the COVID-19 pandemic to embark on asset enhancement works in readiness for the hotel's reopening in early 2022. On 24 February 2022, Hilton Singapore Orchard debuted as Hilton's flagship hotel in Singapore and the largest Hilton hotel in Asia Pacific. It features 1,080 well-appointed energy-efficient guestrooms and suites, as well as 2,400 square metres of meetings, incentives, conferences & exhibitions (MICE) facilities, including 16 modern and versatile meeting spaces and two pillarless state-of-the-art ballrooms that can cater to approximately 1,000 guests. The hotel also houses five curated dining concepts, including new additions *Osteria Mozza* by celebrated chef Nancy Silverton, residential-style all-day dining restaurant *Estate* and the botanical-inspired *Ginger.Lily* Lounge & Bar. The award-winning all-time favourite *Chatterbox* and the two-Michelin-starred *Shisen Hanten by Chen Kentaro* round up the hotel's stellar culinary line-up. The relaunch of this landmark asset is well timed to benefit from the anticipated recovery in the hospitality sector as travel restrictions continue to ease.

CHAIRMAN & GROUP CEO'S STATEMENT

The Group's portfolio of high-quality Grade-A office properties and its diversified tenant base are expected to underpin a stable performance while the designation of Crowne Plaza Changi Airport as a designated crew accommodation till August 2022 is expected to help support hotel demand.

As part of the Group's growth plans for the Healthcare segment, OUE raised its equity interest in its healthcare subsidiary, OUE Lippo Healthcare Limited (OUELH), from 64.4% to 70.4%, while retaining ITOCHU Corporation as a strategic partner. The development of OUELH's hospitals in Changshu and Prince Bay, Shenzhen continues to progress as planned. The two hospitals, which will have a combined capacity of approximately 340 beds, will be operated by OUELH's joint venture with China Merchants Group and are expected to be commissioned in 2023 and 2024 respectively.

Meanwhile, driven by its vision to become Asia's premier healthcare trust, First Real Estate Investment Trust (First REIT) unveiled its "2.0 Growth Strategy" comprising four strategic pillars: diversifying into developed markets, reshaping its portfolio for capital efficient growth, strengthening its capital structure to remain resilient, and pivoting to ride megatrends such as Environmental, Social and Governance (ESG) and ageing population demographics. As a first step in this new phase of growth, First REIT announced the proposed acquisition of 12 nursing homes in Japan from OUELH in December 2021, which marks its strategic entry into the Japanese market. At the same time, the acquisition is in line with OUELH's strategy to focus on quality healthcare services delivery. The transaction was completed on 1 March 2022.

In the Consumer segment, the Group expanded into the growth market of Indonesia with two strategic investments. In July 2021, the Group's joint venture with Auric Bespoke I Pte. Ltd. acquired a 32.0% stake in PT Matahari Department Store Tbk (Matahari) for a total consideration of IDR 1.3 trillion (approximately S$120.8 million). Matahari is a leading retail operator in Indonesia with close to ten million square feet of retail space in total and a growing online presence. As at 31 December 2021, Matahari operated 139 stores in 77 cities across Indonesia. These include three new stores opened in 2021 in Balikpapan (East Kalimantan), Batam (Riau Islands) and Cianjur (West Java). In December 2021, the Group entered into a sale and purchase agreement to acquire an approximately 17.2% equity stake in PT Multipolar Tbk (MPC), a technology investment company listed on the Indonesian Stock Exchange. With MPC's portfolio of businesses sitting at the intersection of the technology and consumer sectors, these acquisitions will pave the way for the Group's Consumer segment to participate in Indonesia's rapidly growing retail and consumer market.

STABLE PERFORMANCE IN 2021

For the financial year ended 31 December 2021 (FY2021), the Group registered revenue of S$300.8 million compared to S$530.5 million in FY2020, resulting from lower contribution from its Real Estate segment.

Revenue from the Group's Real Estate segment declined across all three divisions – Investment Properties, Hospitality and Development Properties. The Investment Properties division recorded revenue of S$195.5 million in FY2021, a decline of 26.2% from S$264.8 million in FY2020, due to the absence of contribution from U.S. Bank Tower following its disposal in September 2020, and the OUE Bayfront Property following the partial divestment in March 2021.

The Group's Hospitality division recorded a 32.7% decrease in revenue to S$57.6 million in FY2021 compared to S$85.5 million in FY2020. This was mainly contributed by Mandarin Orchard Singapore due to lower room inventory as a result of major asset enhancement works for the rebranding to Hilton Singapore Orchard, and lower contribution from serving as PSHN (Person issued with Stay-Home Notice) accommodation during the year. Meanwhile, Crowne Plaza Changi Airport was designated as a designated crew accommodation venue, which provided support for the hotel.

The Development Properties division recorded revenue of S$1.7 million in FY2021 compared to S$140.2 million in FY2020 as a result of fewer completions of OUE Twin Peaks units sold under deferred payment schemes in FY2021.

The Healthcare segment achieved revenue of S$31.2 million in FY2021, a slight increase from S$29.4 million in FY2020. The Consumer segment turned in revenue of S$14.7 million in FY2021, an increase of 40.5% compared to FY2020, due to new dining concepts launched during the year, namely *FuFu Pot*, *Rempapa* and *Hanare by Takayama*. Looking ahead, the Consumer segment can look forward to new growth drivers from the acquisition of equity interests in Matahari and MPC, which will give the Group exposure to the fast-growing retail, consumer and technology sectors, as well as the opening of new restaurant concepts in 2022.

The share of results of equity-accounted investees increased by S$112.6 million to S$231.9 million in FY2021. This was mainly due to higher contribution from First REIT and the contribution from the OUE Bayfront Property.

Adjusted earnings before interest and tax (adjusted EBIT) increased by 27.1% to S$313.4 million in FY2021 from S$246.7 million in FY2020, mainly due to higher contribution from the Healthcare and Consumer segments. This was partially offset by lower contribution from the Real Estate segment.

The Group closed the year with profit attributable to shareholders of S$80.9 million, as compared to loss attributable to shareholders of S$343.4 million in FY2020. This was mainly due to higher adjusted EBIT, lower share of fair value losses on investment properties and marked-to-market fair value gains on investments designated at fair value through profit or loss. This was partially offset by higher impairment losses recognised on property, plant and equipment in FY2021.

PRUDENT CAPITAL MANAGEMENT

Following the partial divestment of the OUE Bayfront Property, total borrowings decreased from S$3.5 billion to S$2.8 billion, lowering finance expenses for FY2021 to S$97.4 million from S$122.9 million in the previous year. During the year, the Group[1] issued S$200.0 million 3.5% medium term notes due in 2026 as part of its plan to repay its S$200.0 million 3.75% medium term notes due in April 2022, and has no other debt due for refinancing until May 2023.

The Group ended FY2021 with a healthy balance sheet position, with a net gearing ratio of 40.5% (FY2020: 51.8%). Cash and cash equivalents stood at S$518.9 million and total assets at S$9.0 billion, while net asset value per share as at 31 December 2021 grew to S$4.41 (FY2020: S$4.24). Similarly, the gearing ratio of OUE C-REIT improved from 41.2% as at 31 December 2020 to 38.7% as at 31 December 2021 while the gearing ratio of First REIT improved from 49.0% as at 31 December 2020 to 33.6% as at 31 December 2021. The healthy gearing ratios of OUE C-REIT and First REIT will enable them to pursue their respective growth strategies in the commercial and healthcare sectors respectively.

While we can expect the current volatile environment to continue in the near-term, we remain proactive yet discerning in looking out for new opportunities and collaborative initiatives that will strengthen the Group's position and ensure its business sustainability. At the same time, maintaining an optimal capital structure as well as prudent capital and liquidity management remain top priorities. This will ensure we have the resilience to tide through unexpected challenges and are well positioned to capture growth opportunities as they arise.

IN GRATITUDE

The Group welcomed two new additions to its Board of Directors, namely, Dr. Lim Boh Soon as the new Lead Independent Director and Ms. Goh Min Yen as an Independent Director. I am excited to have them on board. They bring with them years of experience in strategic and business knowledge across multiple markets and will help take the Group forward in its expansion. Alongside their appointments, there were also changes to the composition of the Board and the Board Committees.

Being able to position OUE for new opportunities in the midst of another challenging year is testament to the hard work and determination of the management and staff of OUE, the support of our strategic partners and financial advisors, and the strong stewardship of my fellow Board members. As a team, we stayed resilient and created value. I am deeply grateful to you all.

My sincere thanks also to our valued shareholders. In appreciation of your continued support, the Board of Directors is pleased to propose a final tax-exempt dividend of 1.0 Singapore cent per share. Together with the interim dividend of 1.0 Singapore cent per share paid in September 2021, the total cash dividend for the current financial year amounts to 2.0 Singapore cents per share.

As we look ahead towards the near future, the Group is well positioned for new opportunities and we are ready to create greater value for all our stakeholders.

Dr. Stephen Riady
Executive Chairman and Group CEO
March 2022

[1] Excluding listed subsidiaries OUE C-REIT and OUELH

董事主席兼集团首席执行总裁致辞

各位尊敬的股东，

持续蔓延的冠病疫情笼罩了2021年。 尽管如此，华联企业积极争取新商机以实现本集团潜在的价值、扩展业务足迹、重新定位业务方针以把握商机，为未来的可持续性增长奠定基础。

对抗与克服冠病疫情

传染性较强的冠病变种毒株在本财务年度持续的席卷全球，导致新加坡在专注提升冠病疫苗接种率和预备开放边境的同时，实施额外的安全管理措施来克制病毒的传播。这些不确定性的因素导致本集团的营运环境备受挑战。

除了规定的租户援助计划，本集团也持续为受疫情影响的租户提供针对性的援助。本集团在2021财务年度以租金回扣和租金重组方式所给予的援助总额达870万新元。

我们会在新加坡正迈向与冠病共存的当儿，继续谨慎行事，采取必要措施来缓解冠病疫情所带来的冲击。我们凡事都以员工、租户、酒店访客、伙伴和社区的福祉和安全为重。

重新定位以把握增长商机

我们在本财务年度期间把握跨越房地产、医疗和消费部门的增长商机。

根据我们积极优化投资组合，以增进长期回报的策略，本集团的附属公司，华联商业信托(OUE Commercial Real Estate Investment Trust)，已于2021年3月，以12亿6750万新元的协议价格将其于新加坡华联海湾大厦(OUE Bayfront)、华联大厦 (OUE Tower) 和冷气有盖行人天桥 (OUE Link) (合称华联海湾房地产) 的一半权益脱售给一家由安联房地产亚太区私人有限公司 (Allianz Real Estate Asia Pacific Pte. Ltd.) 所管理的特定目的公司。产业的协议价格比华联商业信托于2014年的收购价格高出26.1%，并比其截至2020年12月31日的帐面价值高出7.3%。该脱售项目为本集团实现超越估值的价值，让华联商业信托有能力优化资本结构，在保留优质商业资产的50.0%权益的同时，有效提升财务灵活性。

随着公司于2020年将新加坡文华大酒店 (Mandarin Orchard Singapore) 品牌重塑为新加坡希尔顿酒店 (Hilton Singapore Orchard) 的全面及战略性的决定，本集团趁冠病疫情所导致的疲弱酒店营运环境进行施工，为酒店于2022年初的重新开幕做好准备。在2022年2月24日，新加坡希尔顿酒店以希尔顿酒店集团在我国的旗舰酒店，以及亚太区域最大的希尔顿酒店的姿态正式亮相。该物业设有1,080间设备完善的高效节能客房，以及2,400平方米的会议、激励及展览设施 (MICE)，包括16个拥有现代多功能的会议空间和两间能容纳约1,000名来宾的最先进的无柱式宴会厅。酒店也呈献五个精心策划的餐饮概念，包括新添加的著名厨师 Nancy Silverton 的杰作 *Osteria Mozza*、住宅式全日餐厅 *Estate*，以及出自植物灵感的 *Ginger.Lily* Lounge & Bar。新加坡希尔顿酒店的顶尖餐饮阵容也包括屡获殊荣的 *Chatterbox* 和米其林两星的 *Shisen Hanten by Chen Kentaro*。这项地标资产的重新推出有望在旅游限制持续放宽的环境中受益。

本集团的优质甲级办公楼资产投资组合，以及其多元化租户群预计将支撑平稳的表现，而至2022年8月被指定供航空人员住宿的樟宜机场皇冠假日酒店 (Crowne Plaza Changi Airport) 也有望巩固酒店需求。

作为集团发展其增长医疗板块计划的一部分，集团将其医疗附属公司，华联力宝医疗有限公司 (OUE Lippo Healthcare Limited) (华联力宝医疗) 的股份从64.4%提升至70.4%，并同时保留与日本伊藤忠商事 (ITOCHU Corporation) 战略伙伴的关系。另一方面，华联力宝医疗在其位于江苏常熟与深圳太子湾的两项医院项目继续按照原定计划进展。这两家医院总共将设有约340张床位且将会由华联力宝医疗与招商局集团的合资公司经营，并将分别预计于2023年和2024年开始营运。

与此同时，以成为亚洲领先医疗信托的愿景为动力，先锋医疗产业信托 (First Real Estate Investment Trust) 掀开其"2.0增长策略"，其中包括四个战略支柱：即进军发达市场、重塑其投资组合以实现资本效率增长、加强其资本结构以保持坚韧，把投资方针转向社会与治理 (ESG) 和人口老龄化等大趋势。做为其全新增长阶段的第一步，先锋医疗产业信托宣布于2021年12月收购华联力宝医疗旗下的12间日本疗养院，正式战略性进军日本市场。这项收购项目符合华联力宝医疗专注于优质保健护理服务的策略。收购交易于2022年3月1日完成。

消费部门方面，本集团以两项战略性投资扩展进军印度尼西亚的增长市场。本集团在2021年7月与Auric Bespoke I Pte. Ltd. 的合资企业以1.3万亿印尼盾 (大约1亿2080万新元) 的总价格收购PT Matahari Department Store Tbk (Matahari) 之32.0%的权益。Matahari是一家印度尼西亚领先的零售营运商，拥有将近1,000万平方英尺的总零售空间和持续增长的网购平台。截至2021年12月31日，Matahari在印度尼西亚77个城市经营139间商店，其中包括3间于2021年在巴厘巴板 (东加里曼丹)、巴淡岛 (廖内群岛) 和展珠 (西爪哇) 开幕的新店。本集团在2021年12月签订一项收购一家在印度尼西亚证券交易所上市的科技投资公司 PT Multipolar Tbk (MPC) 大约17.2% 的权益的买卖协议。MPC的业务组合处于科技和消费业的交界处，有助本集团的消费部门进军印度尼西亚迅速增长的零售和消费者市场。

2021 年呈献稳定表现

截至2021年12月31日的财务年度(2021财务年度)，本集团的营业收入因房地产部门的较低贡献，从2020财务年度的5亿3050万新元下滑至3亿零80万新元。

本集团房地产部门的3个分部门，即投资产业、酒店和发展产业，均呈报营业收入下降。 投资产业分部门于2021财务年度记录1亿9550万新元的营业收入，从2020财务年度的2亿6480万新元减少26.2%。这主要因少了于2020年9月出售的联邦银行大厦 (U.S. Bank Tower) 以及于2021年3月部分脱售的华联海湾房地产的贡献。

本集团的酒店分部门的营业收入则从2020财务年度的8550万新元下降32.7%至本财务年度的5760万新元。这主要归于新加坡文华大酒店为将其品牌重塑为新加坡希尔顿酒店所进行的施工所导致的较低客房数量，以及供接获居家通告的人士住宿所导致的较低贡献。与此同时，被指定供航空人员住宿的皇冠假日酒店则为该酒店的需求提供支持。

由于华联诗礼花园 (OUE Twin Peaks) 以延迟付款计划出售的完成单位在2021财务年度有所减少，发展产业分部门于本财务年度记录了170万新元的营业收入，而2020财务年度则是1亿4020万新元。

保健护理部门于本财务年度取得3120万新元的营业收入，与2020财务年度的2940万新元相比有所提升。有鉴于本年度所推出的新餐饮构思 (即福福锅 (*FuFu Pot*)、*Rempapa* 和 *Hanare by Takayama*)，消费部门的营业收入于2021财务年度上升40.5%至1470万新元。展望未来，消费部门期待通过2022年新餐馆概念的推出，以及收购 Matahari 和 MPC 的权益所取得的增长动力，让本集团参与快速增长的零售、消费和科技领域。

本集团联营与合营公司的应占盈亏在2021财务年度因先锋医疗产业信托和华联海湾房地产的较高贡献，而增加了1亿1260万新元至 2亿3190万新元。

调整后息税前收益从2020财务年度的2亿4670万新元上升27.1%至本财务年度的3亿1340万新元。这主要因保健护理和消费者部门的贡献有所上升，而房地产部门较低的贡献则部分抵消了以上贡献。

本集团呈报8090万新元的股东应占净利润，而去年则为3亿4340万新元的股东应占净亏损。这主要归于较高的调整后息税前收益、较低的投资产业公允价值亏损份额，以及指定以公允价值计量且其变动计入损益的投资按市值计价的公允价值收益。 这由本财务年度针对物业、厂房和设备所确认的较高的减值亏损所部分抵消。

谨慎的资本管理

华联海湾房地产的部分出售促使总借款从35亿新元下降至28亿新元，使我们的财务支出从去年的1亿2290万新元降低至2021财务年度的9740万新元。本财务年度期间，做为偿还我们于2022年4月到期的2亿新元之3.75%中期票据的计划，本集团[1]发行了2026年到期的2亿新元之3.5%中期票据，且至2023年5月为止没有其他到期债务需要再融资。

[1] 不包括附属公司华联商业信托和华联力宝医疗

董事主席兼集团首席执行总裁致辞

总结2021财务年度，集团以40.5% (2020财务度：51.8%)的净资产负债率呈交稳健的资产负债表。现金及现金等值物为5亿1890万新元，而总资产为90亿新元。截至2021年12月31日的每股资产净值则增长至4.41新元(2020财务年度：4.24新元)。相对的，华联商业信托的资产负债率也从截至2020年12月31日的41.2%改善至截至2021年12月31日的38.7%。而先锋医疗产业信托的资产负债率则从截至2020年12月31日的49.0%改善至截至2021年12月31日的33.6%。华联商业信托和先锋医疗产业信托的稳健资产负债率将有助于各别在商业和保健护理业中的增长。

虽然我们预计目前的动荡局势短期内还将持续，我们仍将积极谨慎地寻找新机遇和合作项目，以使本集团占据有利地位、确保我们的业务可持续发展。与此同时，我们也将维持优化的资本结构，以及继续秉持谨慎的资本和流动性管理。这将确保我们能坚韧度过所有意想不到的挑战，占据有利地位以及把握任何增长商机。

致谢

本集团欢迎两名新董事会成员，即新首席独立董事林宝顺博士 (Dr. Lim Boh Soon) 和独立董事吴敏燕女士 (Ms. Goh Min Yen)。我殷切欢迎他们的加入。他们拥有跨越多重市场的丰富战略经验和商业知识，将帮助带领本集团前进扩展。随着他们的加入，董事会和董事委员会的组成也有相应变动。

华联企业能在一个极具挑战的一年重新定位业务方针以把握新商机，归功于本集团的管理团队和员工们的努力与坚持。我要由衷感谢管理团队和员工们，各位战略伙伴和财务顾问的支持，以及各位董事会成员的精诚合作。正是因为大家齐心协力，才使华联企业保持坚韧稳健。

我真诚的感谢股东们的鼎力支持。为表谢意，董事会建议派发每股新元1.0分的期末免税股息。连同2021年9月已支付的每股新元1.0分的中期股息，本财务年度的总现金股息为每股新元2.0分。

在展望未来之际，本集团随时准备迎接新商机，为我们的利益共享者创造更大的收益。

李棕博士
董事主席兼集团首席执行总裁
2022年3月

BOARD OF DIRECTORS

DR. STEPHEN RIADY
Executive Chairman and
Group Chief Executive Officer

MR. CHRISTOPHER JAMES WILLIAMS
Deputy Chairman and Non-Executive
Non-Independent Director

DR. LIM BOH SOON
Lead Independent Director

MR. KELVIN LO KEE WAI
Independent Director

MR. SIN BOON ANN
Non-Executive
Non-Independent Director

MR. KIN CHAN
Non-Executive
Non-Independent Director

MS. GOH MIN YEN
Independent Director

MR. BRIAN RIADY
Deputy Chief Executive Officer
and Executive Director

BOARD OF DIRECTORS

DR. STEPHEN RIADY, 62
Executive Chairman and
Group Chief Executive Officer

Date of first appointment as a Director:
30 November 2006

Date of last re-election as a Director:
30 April 2019

Length of service as a Director (as at 31 December 2021):
15 years 1 month

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Science, Business Administration, University of Southern California, United States of America
- Master of Business Administration, Golden Gate University, United States of America
- Honorary Degree of Doctor of Business Administration, Edinburgh Napier University, United Kingdom
- Honorary University Fellow, Hong Kong Baptist University
- Fellow of the Duke of Edinburgh's Award World Fellowship

Present Directorships (as at 1 January 2022):
Listed companies
- Healthway Medical Corporation Limited
- Hongkong Chinese Limited (listed on The Stock Exchange of Hong Kong Limited)
- Lippo China Resources Limited (listed on The Stock Exchange of Hong Kong Limited)
- Lippo Limited (listed on The Stock Exchange of Hong Kong Limited)

Other principal directorships
Nil

Major Appointments (other than directorships):
- Executive Vice President of China Federation of Overseas Chinese Entrepreneurs
- Founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research
- Member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America
- Member of the Advisory Council of One Country, Two Systems Research Institute
- Member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation
- Member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, the People's Republic of China (PRC)
- Permanent honorary chairman of Singapore Research Centre of Institute for Global Development of Tsinghua University
- Trustee of the Global Board of Trustees of Asia Society

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
- OUE Lippo Healthcare Limited

Others:
- 2018 EY Asean Entrepreneurial Excellence Award
- Chevalier de L'Ordre des Arts et des Lettres awarded by the French government
- Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007
- Hong Kong Affairs Advisor appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch, PRC (from April 1995 to June 1997)
- Honorary Citizen of Shenzhen, PRC
- Deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on page 252 and 253 of this Annual Report

MR. CHRISTOPHER JAMES WILLIAMS, 63
Deputy Chairman and
Non-Executive Non-Independent Director

Date of first appointment as a Director:
19 July 2006

Date of last re-election as a Director:
22 May 2020

Length of service as a Director (as at 31 December 2021):
15 years 5 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Arts (Honours) in International Relations and Economics, the University of Reading, United Kingdom
- Solicitor, England and Wales
- Solicitor, Hong Kong

Present Directorships (as at 1 January 2022):
Listed companies
- First REIT Management Limited (the manager of First Real Estate Investment Trust)

Other principal directorships
- OUB Centre Limited

Major Appointments (other than directorships):
- Founding Partner, Howse Williams

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
- OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust)
- OUE Hospitality Trust Management Pte. Ltd.
- OUE Hospitality REIT Management Pte. Ltd. (the manager of OUE Hospitality Trust)

Others:
Nil

BOARD OF DIRECTORS

DR. LIM BOH SOON, 66
Lead Independent Director

Date of first appointment as a Director:
1 January 2022

Date of last re-election as a Director:
Not applicable

Length of service as a Director (as at 31 December 2021):
Not applicable

Board Committee(s) served on:
- Audit Committee (Member)
- Nominating Committee (Chairman)
- Remuneration Committee (Chairman)

Academic & Professional Qualification(s):
- Bachelor of Science (First Class Honours) in Mechanical Engineering, University of Strathclyde, United Kingdom
- PhD in Mechanical Engineering, University of Strathclyde, United Kingdom
- Graduate Diploma in Marketing Management, Singapore Institute of Management
- Diploma in Marketing, The Chartered Institute of Marketing, United Kingdom
- Fellow, Singapore Institute of Directors
- Senior Member of the Singapore Institute of Management
- Senior Member of the Singapore Computer Society
- Associate Member of the Royal Aeronautical Society in the United Kingdom
- Member of the Chartered Institute of Marketing in the United Kingdom

Present Directorships (as at 1 January 2022):
Listed companies
- Jumbo Group Limited
- Tomi Environmental Solutions Inc. (listed on the NASDAQ Stock Exchange)

Other principal directorships
- Arise Asset Management Pte Ltd

Major Appointments (other than directorships):
- Founder and Managing Partner, Arise Asset Management Pte Ltd

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
- CSE Global Limited
- OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust)

Others:
- Chief Executive Officer, Kuwait Finance House (Singapore) Pte. Ltd. (from December 2007 to February 2010)
- Chief Executive Officer, Vietcombank Fund Management Company (from January 2005 to March 2007)

MR. KELVIN LO KEE WAI, 62
Independent Director

Date of first appointment as a Director:
19 July 2006

Date of last re-election as a Director:
22 May 2020

Length of service as a Director (as at 31 December 2021):
15 years 5 months

Board Committee(s) served on:
- Audit Committee (Chairman)

Academic & Professional Qualification(s):
- Master of Laws, University of Sydney, Australia
- Associate of the Hong Kong Institute of Certified Public Accountants
- Associate of the Chartered Professional Accountants Canada
- Associate of the Chartered Secretaries Australia
- Associate Member of the Law Society of New South Wales, Australia
- Chartered financial analyst of the CFA Institute of United States
- Fellow of the Association of Chartered Certified Accountants of England
- Notary Public of New South Wales of Australia

Present Directorships (as at 1 January 2022):
Listed companies
Nil

Other principal directorships
- Alliance Law Group Pty Ltd

Major Appointments (other than directorships):
Nil

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
- Aveo Group Limited (previously listed on the Australian Stock Exchange)
- Aveo Funds Management Limited

Others:
- 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)
- Financial Controller of Lippo Ltd (from 1992 to 1999)

BOARD OF DIRECTORS

MR. SIN BOON ANN, 64
Non-Executive Non-Independent Director

Date of first appointment as a Director:
25 May 2009

Date of last re-election as a Director:
30 April 2021

Length of service as a Director (as at 31 December 2021):
12 years 7 months

Board Committee(s) served on:
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Arts and Bachelor of Laws (Honours) degrees, National University of Singapore
- Master of Laws, University of London, United Kingdom
- Admitted to Singapore Bar

Present Directorships (as at 1 January 2022):
Listed companies
- CSE Global Limited
- Healthway Medical Corporation Limited
- HRnetGroup Limited
- Rex International Holding Limited
- Sarine Technologies Ltd.
- The Trendlines Group Ltd.
- TIH Limited

Other principal directorships
Nil

Major Appointments (other than directorships):
- Consultant, Drew & Napier LLC

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
- SE Hub Ltd.
- Datapulse Technology Limited
- At-Sunrice GlobalChef Academy Pte. Ltd.
- Drew & Napier LLC
- DrewCorp Services Pte Ltd

Others:
- Former Deputy Managing Director, Corporate and Finance Department and Co-Head, Capital Markets Practice, Drew & Napier LLC
- Member of Parliament of Singapore, Tampines GRC (from 1996 to 2011)
- Lecturer, Faculty of Law of the National University of Singapore (from 1987 to 1992)

MR. KIN CHAN, 56
Non-Executive Non-Independent Director

Date of first appointment as a Director:
17 March 2010

Date of last re-election as a Director:
30 April 2021

Length of service as a Director (as at 31 December 2021):
11 years 9 months

Board Committee(s) served on:
- Audit Committee (Member)

Academic & Professional Qualification(s):
- AB degree, Princeton University
- Master's degree in Business Administration, the Wharton School of the University of Pennsylvania (Palmer Scholar)

Present Directorships (as at 1 January 2022):
Listed companies
- TIH Limited
- CITIC Resources Holdings Limited (listed on The Stock Exchange of Hong Kong Limited)

Other principal directorships
- Argyle Street Management Limited

Major Appointments (other than directorships):
- Chief Investment Officer of Argyle Street Management Limited
- Commissioner of PT Lippo Karawaci Tbk (a company listed on the Indonesia Stock Exchange)

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
Nil

Others:
- Deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 252 and 253 of this Annual Report

BOARD OF DIRECTORS

MS. GOH MIN YEN, 62
Independent Director

Date of first appointment as a Director:
1 January 2022

Date of last re-election as a Director:
Not applicable

Length of service as a Director (as at 31 December 2021):
Not applicable

Board Committee(s) served on:
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Science High Distinction (Economics and Finance), Babson College, United States of America

Present Directorships (as at 1 January 2022):
Listed companies
Nil

Other principal directorships
- Eng Wah Global Pte. Ltd.

Major Appointments (other than directorships):
- Managing Director of Eng Wah Group

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
Nil

Others:
Nil

MR. BRIAN RIADY, 32
Deputy Chief Executive Officer and Executive Director

Date of first appointment as a Director:
1 January 2020

Date of last re-election as a Director:
22 May 2020

Length of service as a Director (as at 31 December 2021):
2 years

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Science (Political Communication) and Bachelor of Arts (Economics), University of Texas at Austin
- Executive Education programmes, Harvard Business School

Present Directorships (as at 1 January 2022):
Listed companies
- OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust)
- OUE Lippo Healthcare Limited (Appointed on 28 March 2022)

Other principal directorships
Nil

Major Appointments (other than directorships):
- Member of the Board of the Singapore Hotel Association
- Member of the Management Committee of the Real Estate Developers Association of Singapore

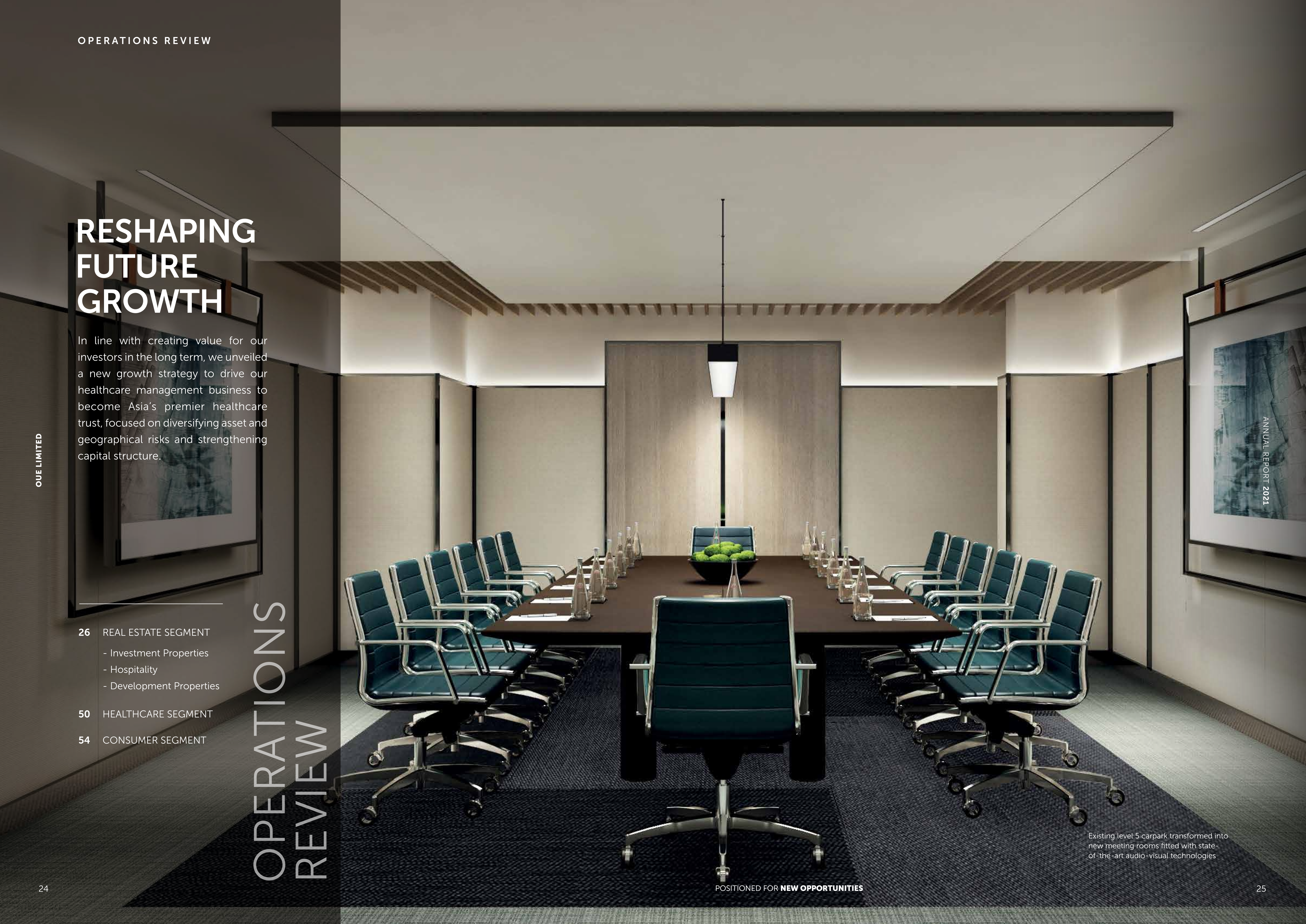
Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):
Nil

Others:
- Chief Executive Officer of the Hospitality Division of OUE Limited (from October 2018 to December 2019)
- Executive Vice President of Lippo China Resources Limited (Hong Kong) (from January 2018 to December 2019)
- Vice President of Strategy of Lippo Group Indonesia (from September 2013 to September 2018)
- Chief Executive Officer of PT Cinemaxx Global Pasifik (from December 2013 to October 2017)

RESHAPING FUTURE GROWTH

In line with creating value for our investors in the long term, we unveiled a new growth strategy to drive our healthcare management business to become Asia's premier healthcare trust, focused on diversifying asset and geographical risks and strengthening capital structure.

OPERATIONS REVIEW



Existing level 5 carpark transformed into new meeting rooms fitted with state-of-the-art audio-visual technologies

REAL ESTATE SEGMENT

INVESTMENT PROPERTIES

OUE COMMERCIAL REIT

One of the largest diversified Singapore REITs

Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since 27 January 2014, *OUE Commercial REIT (OUE C-REIT)* is managed by OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of OUE Limited.

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

OUE C-REIT's net property income for FY2021 was S$204.2 million, 11.9% lower year-on-year (YoY) due to the deconsolidation of OUE Bayfront after the divestment of a 50.0% interest on 31 March 2021. The decrease in net property income was partially offset by a lower quantum of rental rebates and property operating expenses.

Including the share of OUE Bayfront's joint venture results, lower interest expense, and augmented by capital distribution, the amount to be distributed to unitholders was 6.9% higher YoY at S$142.0 million. As a result, FY2021 distribution per unit (DPU) was 7.0% higher YoY at 2.60 cents. As at 31 December 2021, OUE C-REIT's net asset value (NAV) per unit was S$0.57.

As at 31 December 2021, OUE C-REIT's commercial segment committed occupancy was 91.5%. Due to past quarters of consecutive positive rental reversions, average passing office rents for its Singapore properties were higher YoY as of December 2021. The challenging prime retail segment saw Mandarin Gallery's average passing rent decline YoY as of December 2021. On a positive note, shopper traffic and tenant sales improved to approximately 75.0% and 65.0% of pre-COVID levels in December 2021.

Limited tourist arrivals in 2021 continued to impact demand in the hotel segment. While Mandarin Orchard Singapore's Orchard Wing was closed for major refurbishment from February 2021, the Main Tower catered to local demand from staycations, workers affected by border shutdowns and those serving quarantine orders. Crowne Plaza Changi Airport continued to serve the aviation segment. Consequently, the overall hospitality segment revenue per available room was S$87 for FY2021.

As at 31 December 2021, aggregate leverage declined to 38.7%. The average term of debt was lengthened to 3.0 years as at 31 December 2021 with the refinancing of existing borrowings from the issuance of S$150 million five-year 3.95% fixed rate notes and OUE C-REIT's maiden S$540 million sustainability-linked loan. The weighted average cost of debt was 3.2% per annum with 72.4% of total debt hedged, mitigating the risk of rising interest rates.

Following the rebranding of Mandarin Orchard Singapore, the Hilton Singapore Orchard officially opened in February 2022 as Hilton's flagship hotel in Singapore and its largest in Asia Pacific. Featuring refurbished rooms and suites, new and enhanced event facilities, as well as revamped and fresh food and beverage offerings, the property is well-positioned to capture the much-anticipated recovery in Singapore's hospitality sector.

The Group's effective interest in OUE C-REIT as at 31 December 2021 was 48.2%.

01

02

03

04

05

06

TOTAL ASSETS[1]
(S$ billion)
5.8

PRIME COMMERCIAL SPACE
(sq ft)
~2.2
million

PORTFOLIO OF UPPER UPSCALE HOTELS
1,643
Guestrooms

[1] As at 31 December 2021

01 OUE Bayfront – Grade-A office space with spectacular Marina Bay views

02 One Raffles Place – an established business address in Singapore's main financial district

03 OUE Downtown Office – located on Shenton Way along the financial artery of Singapore's Central Business District

04 Lippo Plaza – prime office and retail landmark in downtown Shanghai

05 Hilton Singapore Orchard – Hilton's flagship hotel in Singapore

Mandarin Gallery – upscale retail and dining destination prominently located on Orchard Road

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

REAL ESTATE SEGMENT

INVESTMENT PROPERTIES

OUE BAYFRONT

In March 2021, OUE C-REIT divested a 50.0% interest in *OUE Bayfront*, *OUE Tower* and *OUE Link* to a fund managed by Allianz Real Estate Asia Pacific Pte. Ltd. for the agreed value of S$1,267.5 million, or S$3,170 per square foot. This represented a 26.1% premium over the purchase consideration in 2014 and 7.3% over its book value as at 31 December 2020.

The divestment was undertaken as part of OUE C-REIT's active portfolio management strategy to enhance value for unitholders. It provided an opportunity for OUE C-REIT to optimise its capital structure, increase financial flexibility as well as realise the value of capital appreciation while continuing to maintain significant exposure to the Singapore office market.

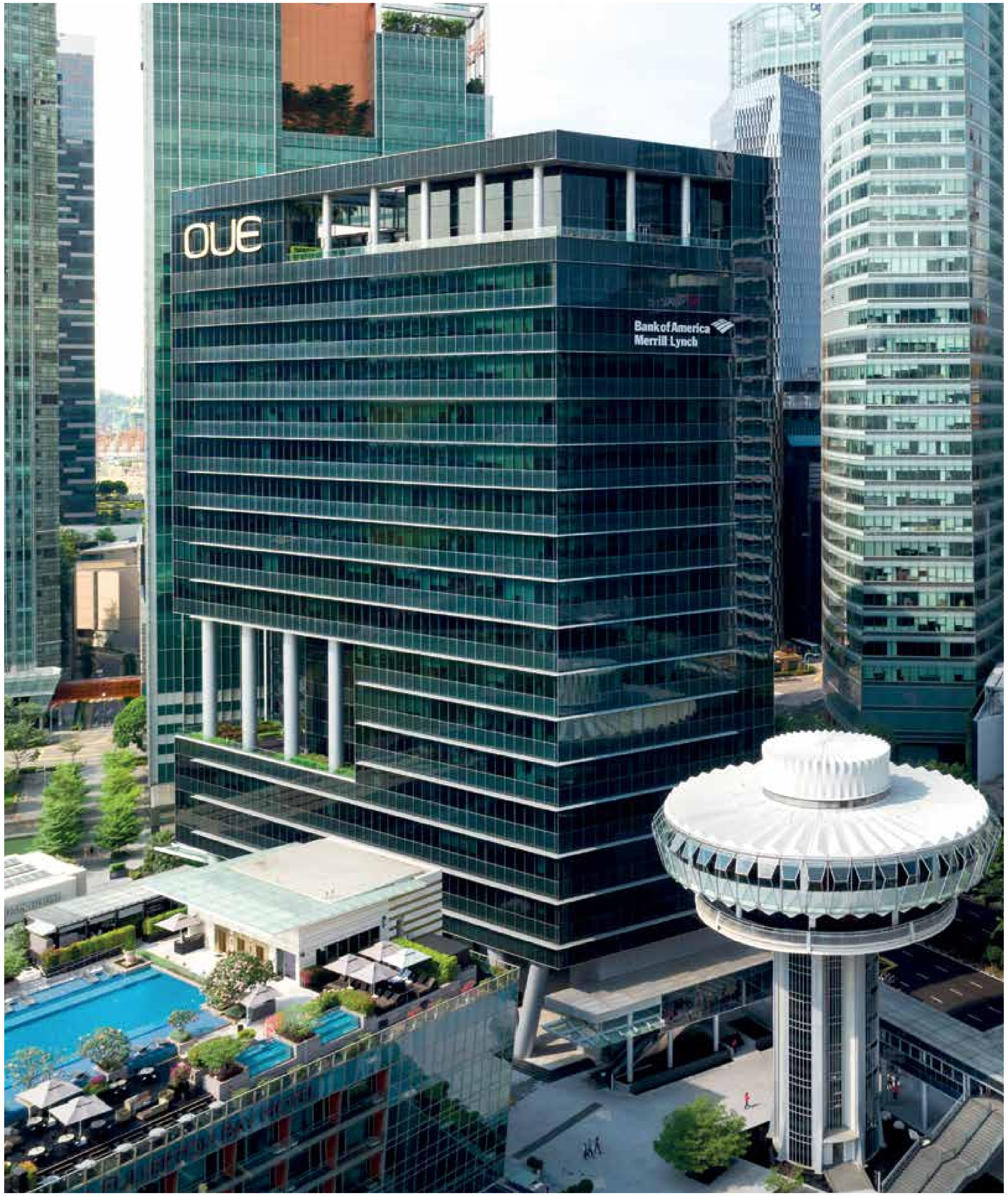
OUE Bayfront continues to be a prime choice for many multinational companies thanks to its prominent location in the heart of the Central Business District and its superb connectivity to major transport networks. Other than easy access to Raffles Place and Telok Ayer Mass Rapid Transit (MRT) stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway.

Prime office address on the Marina Bay waterfront

Property Description

OUE Bayfront is a landmark commercial development strategically located in Singapore's Central Business District between the Marina Bay downtown area and the financial hub of Raffles Place. It comprises 18 storeys of premium Grade-A office space with commanding views of Marina Bay, and two complementary properties with retail facilities – OUE Tower and OUE Link. OUE Bayfront is certified Green Mark Gold by the Building and Construction Authority of Singapore.

OUE Bayfront is part of OUE C-REIT's portfolio.



OUE Bayfront's modern office building alongside the historic OUE Tower

VALUATION[1,2]
(S$ million)
1,270.0

GROSS FLOOR AREA
(sq ft)
503,482

NET LETTABLE AREA[1]
(sq ft)

Overall	Office	Retail
399,933	378,801	21,132

TENURE OF LAND

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

OUE Link
15-year lease
from 26 March 2010

Underpass
99-year lease
from 7 January 2002

COMMITTED OCCUPANCY[1]

Overall	Office	Retail
99.1%	99.3%	96.6%

[1] As at 31 December 2021
[2] OUE C-REIT's 50.0% interest in OUE Bayfront held through BPH Propco LLP amounted to S$635 million

OUE TOWER

OUE TOWER
OUE Tower is a conserved heritage building housing a revolving restaurant, providing a unique fine dining location with panoramic Marina Bay views.

OUE LINK

OUE LINK
OUE Link is an air-conditioned overhead pedestrian bridge providing sheltered access to Raffles Place and featuring double-frontage retail shops.

REAL ESTATE SEGMENT
INVESTMENT PROPERTIES

VALUATION[1]
(S$ million)
902.0
(Office components)

GROSS FLOOR AREA
(sq ft)
752,633
(Office)

NET LETTABLE AREA[1]
(sq ft)
529,297
(Office)

TENURE OF LAND
99-year lease
from 19 July 1967

COMMITTED OCCUPANCY[1]
88.6%
(Office)

[1] As at 31 December 2021

OUE Downtown Office towers rise above the development's integrated six-storey retail mall

OUE DOWNTOWN

OUE Downtown Office offers premium office space within a vibrant work-play-live environment supported by comprehensive integrated amenities. It is home to established blue-chip tenants, among them reputable insurance, financial, information and technology, and multinational corporations. It occupies a strategic and convenient location on Shenton Way at the financial corridor between Raffles Place and Tanjong Pagar offering easy access to the MRT network via Tanjong Pagar, Downtown as well as the upcoming Shenton Way and Prince Edward MRT Stations.

Amidst the modern office towers, outdoor gardens and seating areas surrounded by greenery add vitality to the work environment and provide space for indulging in nature. The spacious lobby at OUE Downtown 2 exudes prestige and is furnished with elegance and style for informal meetings.

With the phased relocation of all container port facilities to the western region of Singapore over the next 10 years and long-term master-planning by the Urban Redevelopment Authority to redevelop Singapore's southern waterfront as an extension of the Central Business District, OUE Downtown Office is well positioned to benefit from the transformation of Tanjong Pagar into a business, residential and lifestyle hub.

Integrated and innovative work and lifestyle environment

Property Description

OUE Downtown Office comprises the Grade-A office space at the OUE Downtown mixed-use development located along Shenton Way in Singapore's business district. It comprises the 35th to 46th storeys of OUE Downtown 1, a 50-storey high-rise tower, and the 7th to 34th storeys of OUE Downtown 2, a 37-storey high-rise tower. OUE Downtown Office is certified Green Mark Gold by the Building and Construction Authority of Singapore.

OUE Downtown Office is part of OUE C-REIT's portfolio.

REAL ESTATE SEGMENT
INVESTMENT PROPERTIES

One Raffles Place Towers 1 and 2 are certified Green Mark Gold and Platinum respectively by the Building and Construction Authority of Singapore

A well-established presence in Singapore's financial district, *One Raffles Place Tower 1* is home to a distinguished list of tenants, among them leading businesses and corporations spanning a wide range of industries. In addition to premium office space, the 62-storey skyscraper is surrounded by panoramic skyline views, making this a popular entertainment and tourist destination in Singapore.

Completed in 2012, *One Raffles Place Tower 2* stands 38 storeys high and was constructed with a focus on sustainability. The building features dynamic lighting and showcases artwork by world-renowned local and international artists in the lobby and outdoor spaces that enhance the quality of the work environment.

Situated above and with a direct underground link to the Raffles Place MRT station, One Raffles Place enjoys excellent connectivity along the North-South and East-West MRT lines, as well as easy access to surrounding areas in the Central Business District via an extensive underground network of pedestrian walkways.

Well-connected in the heart of the financial district

Property Description

One Raffles Place is a prominent integrated commercial development located in the heart of Singapore's main financial district, Raffles Place. It comprises two towers of Grade-A office space: the 62-storey One Raffles Place Tower 1, one of the tallest buildings in Singapore, offering panoramic views of the city skyline; and the 38-storey One Raffles Place Tower 2.

The office towers are complemented by One Raffles Place Shopping Mall, a six-storey retail podium with a wide variety of dining, retail and lifestyle offerings, and directly linked to the Raffles Place MRT interchange station via its basement level.

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

VALUATION[1,2]
(S$ million)
1,867.7

GROSS FLOOR AREA
(sq ft)
1,287,517

NET LETTABLE AREA[1]
(sq ft)
605,529
(Office)

TENURE OF LAND

Office Tower 1
841-year lease
from 1 November 1985

Office Tower 2
99-year lease
from 26 May 1983

COMMITTED OCCUPANCY[1]
88.3%
(Office)

[1] As at 31 December 2021
[2] Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited

REAL ESTATE SEGMENT
INVESTMENT PROPERTIES

VALUATION[1,2]
(RMB million)
2,681.0

GROSS FLOOR AREA
(sq ft)
629,920

NET LETTABLE AREA[1]
(sq ft)

Overall	Office	Retail
422,582	361,007	61,575

TENURE OF LAND
50-year lease
from 2 July 1994

COMMITTED OCCUPANCY[1]

Overall	Office	Retail
92.9%	91.8%	98.6%

[1] As at 31 December 2021
[2] Based on OUE C-REIT's 91.2% ownership of Lippo Plaza

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

LIPPO PLAZA
Shanghai

Lippo Plaza provides office tenants the advantages of a prime location in the Huangpu business district in the Puxi area of downtown Shanghai. One of the most established business districts in the metropolis, the area is a choice address for multinational corporations, international financial institutions and local Chinese enterprises. Lippo Plaza is located within walking distance of the South Huangpi Road Metro station serving Metro Line 1, as well as the Huaihai Zhong Road station on Metro Line 13, ensuring a convenient commute. Other key commercial areas and transportation lines are also easily accessible via nearby major expressways.

With its unique and varied architectural styles, the precinct is also a vibrant retail area in Shanghai with many high-end stores and malls. The retail podium at Lippo Plaza provides an upscale retail experience with its curation of renowned international and local brands and luxury fashion and lifestyle boutiques.

A landmark in Shanghai's key commercial zone

Property Description

Lippo Plaza comprises a 36-storey Grade-A office tower adjoined by a three-storey retail podium. This landmark building is situated on Huaihai Zhong Road, a major retail artery within the established Huangpu commercial district in downtown Shanghai, a prime location for high-quality offices and high-end retail, residences and hotels. The location is conveniently close to the metro network and major expressways.

Lippo Plaza has achieved the LEED® (Leadership in Energy and Environmental Design) Gold certification by the U.S. Green Building Council.

Lippo Plaza is part of OUE C-REIT's portfolio.

REAL ESTATE SEGMENT
INVESTMENT PROPERTIES

A haven of upscale retail in the heart of Orchard Road

Mandarin Gallery

Mandarin Gallery's prominent 152-metre-wide frontage, encompassing four duplex stores and six street-front units, draws Orchard Road shoppers into a sophisticated haven of retail, dining and lifestyle experiences. Among the local and international fashion brand stores that occupy the mall's premium retail spaces are *Max Mara*, *Boss* and the first Southeast Asia flagship stores of *Victoria's Secret* and *Michael Kors*, which offer an immersive brand experience.

Shoppers in search of stylish home and lifestyle accessories can explore stores such as *Rimowa*, purveyors of luxury travelware, and *Atomi*, showcasing Japanese furniture with Nordic style, while the finest hair and beauty services are offered at *Leekaja Beauty Salon* and *Clé de Peau Beauté*.

Rounding out Mandarin Gallery's eclectic and exclusive mix of tenants are a variety of dining destinations that offer something for every taste and occasion. Visitors can enjoy sumptuous steaks at *Lawry's The Prime Rib*, all-day breakfasts at *Wild Honey* and traditional Japanese cuisine at *Suju*, or unwind at *Arteastiq* with gourmet teas and a creative session of art jamming.

VALUATION[1]
(S$ million)
453.9

GROSS FLOOR AREA
(sq ft)
196,336

NET LETTABLE AREA[1]
(sq ft)
126,283

TENURE OF LAND
99-year lease
from 1 July 1957

COMMITTED OCCUPANCY[1]
86.7%

[1] As at 31 December 2021

A well-curated mall with a sophisticated edge

Property Description

Mandarin Gallery is a high-end retail mall situated in the heart of bustling Orchard Road, Singapore's premier shopping and entertainment belt. Spanning four levels, it boasts a wide Orchard Road frontage, providing a highly visible location for flagship stores of international brands amidst its distinctive and sophisticated mix of shopping, dining and lifestyle offerings.

Mandarin Gallery is part of OUE C-REIT's portfolio.

REAL ESTATE SEGMENT
INVESTMENT PROPERTIES

Downtown Gallery with its 262-metre-wide frontage on Shenton Way

VALUATION
(S$ million)
216.0

GROSS FLOOR AREA
(sq ft)
226,895

NET LETTABLE AREA[1]
(sq ft)
142,978

TENURE OF LAND
99-year lease
from 19 July 1967

COMMITTED OCCUPANCY[1]
89.4%

[1] As at 31 December 2021

DOWNTOWN Gallery

A hub of city life and social connection

Property Description

Part of the OUE Downtown development on Shenton Way, and wholly-owned by a subsidiary of OUE, Downtown Gallery is a one-of-a-kind destination for like-minded people to commune in the Central Business District. Comprising approximately 150,000 square feet of premium retail space spread over six levels, including one basement level, it provides unique shopping, dining and lifestyle offerings to the area's office workers, residents and shoppers. Grounded by a philosophy of well-being, Downtown Gallery's focus on future trends, the sharing economy and innovative concepts translates into refreshing retail appeal for its community.

Downtown Gallery's 262-metre-wide frontage, one of the longest single retail frontages in the commercial district, provides an expansive window into the mall's comprehensive directory of offerings. Centred on the concept of 'Look Well, Keep Well, Eat Well', the six-storey mall brings together unique and innovative retail, dining, lifestyle and wellness experiences.

Downtown Gallery's novel concepts include *OUE Social Kitchen*, a 4,000 square feet communal cooking space featuring cooking stations that can be booked for corporate and private events; *The Gallery Edit*, devoted to the latest modern living trends showcased in pop-up stores and retail counters; and *The Work Project*, an entire floor of co-working space.

Amongst numerous food and beverage options, visitors can indulge their taste buds with wholesome meals at *The Providore*, modern European cuisine inspired by Asian flavours at *Venue by Sebastian*, and sweet treats at *Patisserie G*. There is also a choice of ways to recharge and stay in shape with indoor cycling, rock climbing, boxing, yoga and dance studios, while athleisure fashion, a farmer's market, a pre-school and health services meet the lifestyle and essential needs of those working, living and staying in the area.

REAL ESTATE SEGMENT

INVESTMENT PROPERTIES

NET LETTABLE AREA[1]
(sq ft)
99,370
(Retail)

TENURE OF LAND

~75% of NLA is on
99-year lease
from 1 November 1985

With the balance 25% on
841-year lease
from 1 November 1985

COMMITTED OCCUPANCY[1]
94.2%
(Retail)

[1] As at 31 December 2021

oneRafflesPlace

One Raffles Place Shopping Mall meets the needs of people living and working in the Central Business District with a wide range of retail, dining, health and wellness services. With a diverse array of cafés, restaurants and bakeries, diners are especially spoilt for choice, whether seeking a quick lunch or socialising with friends and colleagues after office hours.

Ever mindful of changing needs and lifestyle preferences, the mall completed asset enhancement works in 2019 that expanded and revitalised the dining and retail options while improving store visibility and circulation for a more inviting shopping experience.

The mall was also transformed with the addition of *Spaces*, a multi-level co-working space by IWG that has become a hotspot for flexible working. Occupying close to 30,000 square feet, it provides modern, flexible workspace options with three meeting rooms, 18 dedicated desks and over 500 workstations. The ability to host retail and fashion-related events within a mall setting also gives this unique venue an exciting edge.

A nexus for shopping, dining and networking

Property Description

Covering approximately 100,000 square feet of retail space, the six-storey One Raffles Place Shopping Mall is the largest purpose-built mall in Raffles Place, the heart of Singapore's financial district. Situated above and with a direct underground link to the Raffles Place MRT interchange station, it enjoys excellent connectivity along the North-South and East-West MRT lines, as well as convenient access via underground walkways to other developments within Raffles Place and Marina Bay.

One Raffles Place Shopping Mall is part of OUE C-REIT's portfolio.

A vibrant dining and retail hub catering to the surrounding office population

REAL ESTATE SEGMENT

HOSPITALITY

VALUATION[1]
(S$ million)
1,130.0

GROSS FLOOR AREA
(sq ft)
990,228

NUMBER OF GUESTROOMS[1]
1,077

TENURE OF LAND
99-year lease
from 1 July 1957

[1] As at 31 December 2021, it is 1,077 rooms under Mandarin Orchard Singapore

HILTON SINGAPORE ORCHARD

On 24 February 2022, OUE C-REIT's landmark hotel property in the heart of Orchard Road reopened its doors as *Hilton Singapore Orchard*, following a transformational rebranding from Mandarin Orchard Singapore. An extensive refurbishment and asset enhancement works have resulted in the addition of new income-generating spaces to drive future growth in sustainable returns and value.

Hilton Singapore Orchard houses 1,080 digital key-enabled, energy-efficient guestrooms and suites whose elegant botanical-inspired design pays homage to Singapore as a city in a garden. It offers 2,400 square metres of modern MICE facilities, including 16 versatile meeting spaces and two pillarless ballrooms fitted with state-of-the art LED walls as well as lighting and sound technologies that can cater to approximately 1,000 guests. On the dining front, it houses five curated dining concepts, including new additions *Osteria Mozza* by celebrated chef Nancy Silverton, all-day dining restaurant *Estate* and the botanical-inspired *Ginger.Lily* Lounge & Bar. Award-winning all-time favourite *Chatterbox* returns with refreshed interiors while the two-Michelin-starred *Shisen Hanten by Chen Kentaro* rounds up the stellar culinary line-up at Hilton Singapore Orchard.

The rebranding and timely reopening of the hotel will allow it to leverage Hilton's strong brand recognition and global sales and distribution network and benefit from the expected recovery in the hospitality sector as travel confidence returns.

The largest Hilton hotel in Asia Pacific

Property Description

The 1,080-room Hilton Singapore Orchard is Hilton's flagship hotel in Singapore and the largest Hilton hotel in Asia Pacific, distinguished by a vibrant blend of contemporary design, innovative dining experiences and extensive meeting facilities.

The hotel is centrally located in the heart of Orchard Road, Singapore's premier shopping and entertainment belt, and is 10 to 15 minutes' drive from the Central Business District and Marina Bay area.

Accessibility to other parts of Singapore and popular tourist sites is enhanced by the hotel's close proximity to major roads and expressways. The Somerset and Orchard MRT stations are within walking distance, with both stations connecting to the nearby key interchange stations of Dhoby Ghaut and City Hall, making the hotel an ideal choice for business and leisure travellers alike.

Hilton Singapore Orchard is part of OUE C-REIT's portfolio.

Hilton Singapore Orchard sets a new benchmark for hospitality on Orchard Road

REAL ESTATE SEGMENT
HOSPITALITY

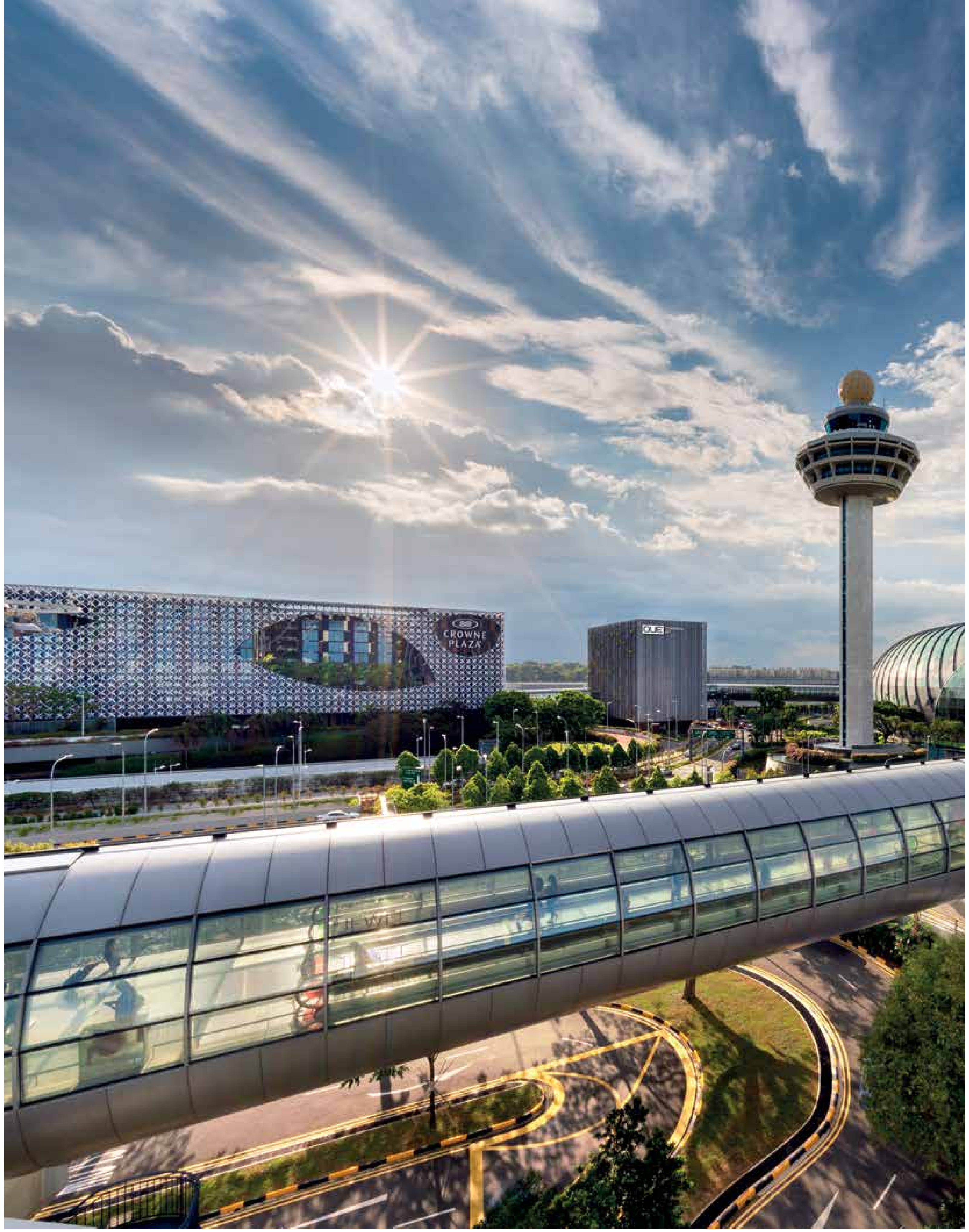
VALUATION[1]
(S$ million)
455.2

GROSS FLOOR AREA
(sq ft)
440,389

NUMBER OF GUESTROOMS[1]
563

TENURE OF LAND
74-year lease
from 1 July 2009

[1] As at 31 December 2021



A sanctuary of calm and modern comfort amidst Singapore's international gateway
Photo by Changi Airport Group

CROWNE PLAZA
AN IHG HOTEL
CHANGI AIRPORT

With its lush tropical gardens, modern guestrooms insulated from the noise of the runway, and extensive dining, leisure and meeting facilities, *Crowne Plaza Changi Airport* provides a restful stay for international air travellers and a refreshing staycation for domestic guests.

Travellers can enjoy the convenience of the hotel's location which is connected directly to Terminal 3 of Changi Airport and enjoys seamless access to the Jewel Changi Airport retail and entertainment complex. The hotel is also just a short drive from Changi Business Park and the Singapore EXPO Convention & Exhibition Centre, and is connected to the city by expressway and the MRT.

The hotel has consistently remained the top choice amongst international travellers, being named by Skytrax as the World's Best Airport Hotel for six consecutive years from 2015 to 2020. The hotel also came first for the fourth year in a row in the Business Traveller Asia-Pacific Awards, being voted the Best Airport Hotel in Asia-Pacific in 2021.

During the year, Crowne Plaza Changi Airport was designated as a Designated Crew Accommodation venue, which provided occupancy support for the hotel amidst the ongoing impact of COVID-19.

A restful oasis seamlessly connected to Changi Airport

Property Description

The award-winning Crowne Plaza Changi Airport is a 563-room hotel managed by the InterContinental Hotels Group. It is connected directly to Terminal 3 of Changi Airport and enjoys seamless access to the passenger terminals and Jewel Changi Airport via a pedestrian bridge. The hotel comprises two interconnected buildings – a 320-room main building and a 243-room extension.

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

REAL ESTATE SEGMENT
DEVELOPMENT PROPERTIES

OUE TwinPeaks

OUE Twin Peaks combines the finest in city living with the essence of a peaceful retreat. Its 462 ready-to-live-in apartments are all fully furnished with iconic furniture pieces by renowned designers such as Hans Wegner, Charles & Ray Eames, Tom Dixon and Matthew Hilton, while the flexibility to combine one-bedroom apartments with two- or three-bedroom apartments facilitates multi-generational living.

Each of the development's two residential towers houses a state-of-the-art triple-volume indoor and outdoor sky gym on the 13th floor, and an open-air Sky Loggia with a rooftop bar on the 36th floor, where residents can entertain friends and host private parties surrounded by panoramic cityscape views.

Other facilities include a resort-style swimming pool, jet spas and gourmet dining suites set within a lush environment of tropical gardens, water features, art installations and artful lighting designed by acclaimed landscape architect Bill Bensley. For its exceptional design and landscaping, OUE Twin Peaks has earned numerous awards and recognition, including the Landscape Excellence Assessment Framework (LEAF) certification in 2016 by National Parks, and the Skyrise Greenery Excellence Award, Multi-units Residential category, in 2017.

OUE Twin Peaks reimagines urban living minutes from Orchard Road

BOOK VALUE[1]
(S$ million)
93.4

TENURE OF LAND
99-year lease
from 10 May 2010

[1] As at 31 December 2021 (comprises investment and development properties)

Resort-inspired luxury city living with timeless style

Property Description

OUE Twin Peaks is a luxury residential development nestled amid the serenity of Leonie Hill, a stone's throw away from the shopping, dining and entertainment options along Singapore's bustling Orchard Road. It comprises two identical 35-storey towers housing 462 well-appointed one-, two- and three-bedroom apartments set within a landscape of lush tropical gardens, providing an exceptional experience of urban resort living. With an impressive suite of facilities for relaxing, playing and socialising, OUE Twin Peaks offers a truly enriching lifestyle.

REAL ESTATE SEGMENT
DEVELOPMENT PROPERTIES

South Jakarta Development Project

Acquired in June 2020, the prime parcel of land for the *South Jakarta Development Project* is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the most coveted addresses in South Jakarta's Central Business District. This major thoroughfare and its immediate surroundings are populated by a thriving hub of commercial developments as well as financial, government, diplomatic and education institutions. The area is also home to major retail malls and entertainment landmarks, such as Plaza Semanggi Mall and Senayan City. The area enjoys good accessibility and is well served by road networks and the Jakarta MRT system.

The site will be transformed with a high-rise mixed development encompassing premium Grade-A offices and a lifestyle hotel. This new focal point on the skyline will be distinguished by an elegant, futuristic design inspired by traditional Indonesian craft, with unique features such as a quadruple-volume office lobby with a dramatic sculptural centrepiece. Besides elevating the work and stay experience, the development also has the potential to become a vibrant centre of community and activity at its strategic location between two future MRT stations.

High-rise focal point on the South Jakarta skyline

Property Description

The South Jakarta Development Project is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the most rapidly developing sites in South Jakarta's Central Business District. The project will transform the skyline with a strikingly designed high-rise mixed development featuring Grade-A offices and a lifestyle hotel.

VALUATION[1]
(IDR billion)
1,432.8

LAND AREA
(sq ft)
85,111

TENURE OF LAND
22 March 2038
(extendable and renewable)

DEVELOPMENT PLAN
Premium Grade-A offices and a lifestyle hotel

[1] As at 31 December 2021

Artist's impression of the South Jakarta Development Project – an iconic landmark in the making

HEALTHCARE SEGMENT

OUE LIPPO Healthcare

Becoming Asia's leading healthcare company

SGX Catalist Board-listed *OUE Lippo Healthcare Limited (OUELH)* is a pan-Asian healthcare group that owns, operates and invests in quality healthcare businesses in high-growth Asian markets.

In China, OUELH currently operates one general hospital, Wuxi Lippo Xi Nan Hospital. In addition, its joint venture with China Merchants Group continues to make progress on its hospital development projects. Expected to be commissioned in 2023 and 2024, respectively, Changshu China Merchants - Lippo Obstetrics & Gynaecology Hospital in Changshu and Shenzhen China Merchants - Lippo Prince Bay Hospital, which will have a combined capacity of approximately 340 beds, will be managed and operated by OUELH's joint venture with China Merchants Group.

In Myanmar, OUELH has stakes in two joint venture companies which between them own and operate three Pun Hlaing Hospitals (PHH) located in Yangon, Mandalay and Taunggyi, as well as one medical centre and three clinics. As part of its commitment to fight COVID-19 alongside the community, PHH became the first private hospital group to distribute the Sinopharm vaccine in Myanmar.

In March 2022, OUELH completed the divestment of its 12 nursing homes in Japan to First Real Estate Investment Trust (First REIT) for a consideration of approximately S$163.5 million.

The divestment is in line with OUELH's strategy to focus on quality healthcare services delivery. Furthermore, it will provide OUELH with greater capital efficiency and flexibility and enable OUELH to be well poised to embark on future mergers and acquisitions in new high-growth, quality healthcare investments in the pan-Asian market.

OUELH recorded a net profit of S$110.9 million for FY2021, which included a one-off gain of S$110.0 million arising from the conversion of OUELH's shareholders loans from OUE Limited and accrued interests thereon of S$189.6 million into redeemable convertible perpetual bonds. Stripping away the one-off gain as well as other one-off items[1], OUELH would have recorded a net profit of S$13.3 million in FY2021 compared to the adjusted net loss of S$45.1 million[2] for FY2020.

Revenue remained stable at S$19.7 million, contributed largely from the rental income of the 12 nursing homes in Japan. For FY2021, OUELH recorded a net share of profits of S$12.6 million from its equity-accounted investees, contributed mainly by the investments in First REIT, its manager and the Group's 40.0% joint venture in Myanmar.

Administrative expenses reduced by S$2.5 million to S$13.0 million compared to S$15.5 million recorded in FY2020, mainly attributable to stringent cost management and lower costs incurred on corporate, merger and acquisition activities.

[1] Other one-off items include fair value losses on investment properties under development, impairment loss on property, plant and equipment, reversal of provisions and reversal of impairment and litigation fund received

[2] Adjusted FY2020 loss after tax of S$45.1 million is after excluding one-off items relating to fair value losses on investment properties and investment properties under development, and impairment losses on goodwill and property, plant and equipment

01

02

03

01 Artist's impression of the development where Shenzhen China Merchants - Lippo Prince Bay Hospital will be located

02 Artist's impression of Changshu China Merchants – Lippo Obstetrics & Gynaecology Hospital in Changshu, Suzhou

03 Artist's impression of the refurbished Wuxi Lippo Xi Nan Hospital

VALUATION[1]
(S$ million)
348.2

COUNTRIES
China, Myanmar, Malaysia, Indonesia[2], Singapore[2] and Japan[2]

[1] As at 31 December 2021
[2] Presence in Indonesia, Singapore and Japan are via First REIT Management and First REIT

CHINA
4 Hospitals
(1 in operation, 2 undergoing renovation, 1 under development),
1 Development Land

MYANMAR
3 Hospitals,
370 Beds,
4 Clinics

MALAYSIA
1 Development Land in KL Malaysia

CHINA

Chengdu Integrated Hospital Development Land

Wuxi Phoenix Hospital

Wuxi Lippo Xi Nan Hospital

Shenzhen China Merchants - Lippo Prince Bay Hospital

Changshu China Merchants - Lippo Obstetrics & Gynaecology Hospital

MYANMAR

Pun Hlaing Hospital Hlaing Tharyar (Yangon)

Pun Hlaing Hospital Mandalay

Pun Hlaing Hospital Taunggyi

Pun Hlaing Clinic North Dagon

Pun Hlaing Clinic Star City

Pun Hlaing Clinic Nyaung Shwe

Pun Hlaing Clinic Taw Win

MALAYSIA

KLCC Development Land

HEALTHCARE SEGMENT

Expanding portfolio to create long-term value

Listed on the SGX-ST since 2006, *First Real Estate Investment Trust (First REIT)* is a premier healthcare real estate investment trust focused on investing in a diverse portfolio of yield-accretive healthcare and healthcare-related real estate assets throughout Asia. As at 31 December 2021, First REIT has a portfolio of 19 assets located in Indonesia and Singapore with an asset value of S$962.4 million.

Strategically located in high catchment areas across Indonesia, First REIT's 16 Indonesia properties include 12 hospitals, two integrated hospitals and malls, an integrated hospital and hotel, and an integrated hotel and country club. Its underlying healthcare assets are operated by Indonesia's leading healthcare provider, PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk. In Singapore, it has three well-established nursing homes.

In March 2022, First REIT completed the acquisition of 12 high-quality nursing homes in Japan (the "**Japan Nursing Homes**") from OUE Lippo Healthcare Limited (OUELH), increasing its total portfolio to 31 properties with an asset value of S$1,253.0 million based on proforma financial results as at 31 December 2021.

The acquisition is in line with the launch of First REIT's '2.0 Growth Strategy', comprising four strategic pillars – to diversify asset and geographical risks, to diversify funding sources, to recycle capital from non-core assets and to capitalise on megatrends such as Environment, Social and Governance (ESG) and ageing population demographics, to drive growth with the goal of being a premier healthcare trust in Asia.

First REIT capped off the year with steady YoY growth with rental and other income increasing 28.5% to S$102.3 million compared to S$79.6 million in FY2020, while net property and other income rose 29.4% to S$100.2 million from S$77.5 million in FY2020.

This was largely due to the accounting treatment under the Financial Reporting Standards (FRS) 116 Leases, where rental income with fixed annual escalation is recognised on a straight-line basis over the contractual lease term. This growth was partially offset by the reduction of rental income from Sarang Hospital that was divested in August 2021, as well as the extension of a one-month and a half-month rental relief to its Indonesia hotels and shopping malls respectively in the third quarter of 2021.

Distribution to Unitholders for the year came in at S$42.1 million, increasing 26.1% from S$33.4 million in FY2020, leading to a DPU of 2.61 Singapore cents for FY2021 compared to 4.15 Singapore cents in FY2020. The lower annualised DPU was largely due to an enlarged unit base from the issuance of 791,062,223 rights units in February 2021. On an adjusted basis, FY2021 DPU would have risen 23.4% to 5.12 Singapore cents.

First REIT's gearing ratio stood at a healthy 33.6% with a total debt of S$352.4 million as at 31 December 2021, down from 49.0% and total debt of S$492.4 million as at 31 December 2020, while interest cover stood at 5.2 times as at 31 December 2021.

01


02


03


04


05


TOTAL ASSETS UNDER MANAGEMENT[1]
(S$ million)
1,253.0[2]

NO. OF ASSETS
31
Singapore, Indonesia, Japan

GROSS FLOOR AREA
(sq ft)
4,785,178

TOTAL NO. OF BEDS/ SALEABLE ROOMS
6,497

[1] Following the completion of the proposed acquisition of the Japan Nursing Homes on 1 March 2022, figures represented here include that of the Japan Nursing Homes

[2] Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 and including the asset values of the Japan Nursing Homes on a proforma basis as at 31 December 2021

01 Hikari Heights Varus Fujino – a nursing home located in the residential Minami area of Sapporo, comprising two blocks (9-storey and 13-storey) with a total of 139 rooms that can accommodate up to 187 residents

02 Hikari Heights Varus Kotoni – a 14-storey nursing home located in a residential area of Sapporo, comprising 281 one- and two-bedded rooms with a maximum occupancy of 364 residents

03 Orchard Amanohashidate – a nursing facility located next to the famous and scenic Amanohashidate coastline, comprising a 3-storey nursing home with 60 rooms, and a 2-storey daycare service centre

04 Hikari Heights Varus Tsukisamu-Koen – a 10-storey nursing home located on the fringe of Sapporo city centre, comprising 58 one- and two-bedded rooms with a maximum occupancy of 73 residents

05 Hikari Heights Varus Makomanai-Koen – a 10-storey nursing home located in a residential area of Sapporo, comprising 161 one- and two-bedded rooms with a maximum occupancy of 196 residents

INDONESIA

Siloam Hospitals Lippo Village

Siloam Hospitals Kebon Jeruk

Siloam Hospitals Surabaya

Imperial Aryaduta Hotel & Country Club

Mochtar Riady Comprehensive Cancer Centre

Siloam Hospitals Lippo Cikarang

Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Makassar

Siloam Hospitals Bali

Siloam Hospitals TB Simatupang

Siloam Hospitals Purwakarta

Siloam Sriwijaya

Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Labuan Bajo

Siloam Hospitals Buton & Lippo Plaza Buton

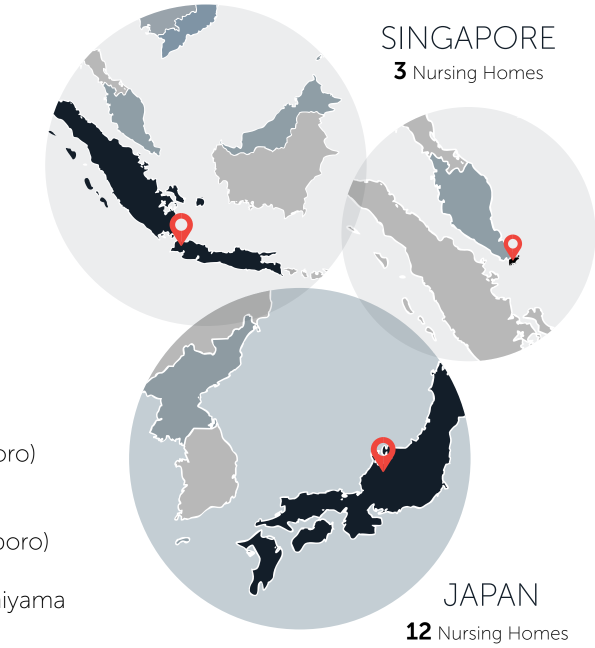
Siloam Hospitals Yogyakarta

SINGAPORE

Pacific Healthcare Nursing Home II @ Bukit Panjang

Pacific Healthcare Nursing Home @ Bukit Merah

The Lentor Residence



JAPAN

Hikari Heights Varus Tsukisamu-Koen (Sapporo)

Hikari Heights Varus Makomanai-Koen (Sapporo)

Hikari Heights Varus Ishiyama (Sapporo)

Hikari Heights Varus Kotoni (Sapporo)

Hikari Heights Varus Fujino (Sapporo)

Elysion Mamigaoka/ Mamigaoka Annex (Nara)

Orchard Kaichi West (Nagano)

Orchard Kaichi North (Nagano)

Elysion Gakuenmae (Nara)

Orchard Amanohashidate (Kyoto)

Varus Cuore Yamanote (Sapporo)

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

CONSUMER SEGMENT

OUE RESTAURANTS

Diverse array of distinctive dining concepts

Covering the spectrum of gastronomy from simple eats to white tablecloth, *OUE Restaurants* sets the stage for creating memories with authentic dining experiences that cater to local and international palates alike. Its restaurants include *VUE*, perched on the rooftop of OUE Bayfront with panoramic Marina Bay views; *Takayama* and *Hashida Singapore*, offering a perfectly orchestrated omakase experience; as well as *Chatterbox* and the two-Michelin-starred *Shisen Hanten by Chen Kentaro*.

Among its range of fast-casual concepts, OUE Restaurants brings the signature flavours of Chatterbox and Shisen Hanten to a wider audience with *Chatterbox Café* and *Chatterbox Express* in Hong Kong and *Chen's Mapo Tofu*, respectively.

In 2021, OUE Restaurants expanded its portfolio with the debut of three exciting new concepts. *FuFu Pot* introduces a new way of enjoying soups simmering to the brim with meats, seafood and more with one-set individual pots, offering a journey of flavours across Asia. *Rempapa* by Chef Damian D'Silva serves up a celebration of Singapore's heritage food and extols its place in the Singapore national identity. *Hanare by Takayama*, a casual kamameshi concept, pays homage to Japanese comfort food with traditional iron pot rice.

At Hilton Singapore Orchard, award-winning all-time favourite *Chatterbox* and new dining concept *Osteria Mozza* bring fresh excitement in 2022. In mid-March, following a major facelift, a transformed Chatterbox welcomed diners back with sleek interiors, a 15-seater bar and a refreshed menu focused on Asian offerings. This will be followed by the highly anticipated launch of Osteria Mozza by celebrated American chef Nancy Silverton. The restaurant will feature a revitalised menu of Italian classics from Silverton's original one-Michelin-starred outpost in Los Angeles alongside newly crafted dishes for Singapore.

01 FuFu Pot – specialising in individual pots with signature Asian flavours

02 Rempapa, helmed by Chef Damian D'Silva, captures the breadth of Singapore's culinary heritage

03 Hanare by Takayama – kamameshi restaurant serving Japanese soul food

COUNTRIES
Singapore,
Hong Kong

THE BRANDS
Fast Casual
& All-Day Dining

Restaurants
& Bars

SINGAPORE
Chatterbox
Chen's Mapo Tofu
Délifrance
FuFu Pot
Hanare by Takayama
Hashida Singapore
Maxx Coffee
Osteria Mozza
Rempapa
Shisen Hanten by Chen Kentaro
OUE Social Kitchen
Takayama
VUE

HONG KONG
Alfafa
Chatterbox Café
Chatterbox Express
Délifrance
Lippo Chiuchow

The BRANDS

CONSUMER SEGMENT

Trusted for quality, fashionable and affordable products

MATAHARI

Largest retail platform in Indonesia

In July 2021, the Group's joint venture with Auric Bespoke I Pte. Ltd. acquired a 32.0% stake in *PT Matahari Department Store Tbk (Matahari)* for a total consideration of IDR 1.3 trillion (approximately S$120.8 million), expanding the footprint of the Group's Consumer segment into the growth market of Indonesia.

Matahari is the largest omni-channel retailer in Indonesia with a vast network across 77 cities nationwide and a growing presence through its online store "matahari.com", social commerce platform "Shop & Talk", and third-party marketplaces. Matahari employs over 30,000 employees and partners with about 600 local and international suppliers.

For over 60 years, Matahari has provided the growing Indonesian middle class with a wide range of fashion and beauty products, including its own nationally recognised private label brands, such as Nevada, Cole, and Connexion. The company has a 22 million-strong customer loyalty base who are drawn to its quality offerings, value-for-money pricing and enhanced customer experience.

Matahari has also earned numerous industry accolades, including Top 3 Best Non-Financial Sector in the 2021 ASEAN Corporate Governance Awards, Top 50 Most Valuable Brands 2021 (Brand Finance Indonesia), and Top 500 Retail Asia Pacific (Retail Asia, Euromonitor & KPMG), reaffirming its position as one of the leading and most dynamic and trusted companies in Indonesia.

Last year, despite challenges such as movement restrictions and temporary mall closures due to the COVID-19 pandemic, the business exceeded market guidance, achieving growth in gross sales, net revenues and gross profit over the previous year.

TOTAL ASSETS[1]
(IDR billion)
5,851

NO. OF STORES[1,2]
139
in 77 cities
across Indonesia

REGIONS
Java,
including
Greater Jakarta
Sumatera
Kalimantan
Sulawesi
Maluku
Others

TOTAL FLOOR AREA
(sq ft)
9,740,252

[1] As at 31 December 2021
[2] Includes three new stores opened in 2021 in Balikpapan (East Kalimantan), Batam (Riau Islands) and Cianjur (West Java)

TRAFFIC ACROSS GROUP ASSETS ANNUALLY
1 Billion

UNIQUE PERSONS ACROSS GROUP ASSETS
120 Million

REPEAT LOYAL CUSTOMERS
64 Million

RETAIL OPERATIONS
31
of 34 provinces

POINTS OF SALE NATIONWIDE
8,000

DAILY CONSUMER DATA GENERATED BY GROUP
2 Petabytes

REGISTERED CUSTOMERS
18 Million

MPC
Multipolar

One of Indonesia's leading consumer technology groups

In December 2021, the Group entered into a sale and purchase agreement to acquire a 17.2% equity stake in *PT Multipolar Tbk (MPC)*, a consumer and technology investment company listed on the Indonesian Stock Exchange. MPC's portfolio of businesses spans various sectors, including omni-channel retail, consumer services, telecommunications, multimedia, technology, financial services and industrial.

Through its subsidiary PT Matahari Putra Prima Tbk, MPC's retail division operates supermarkets, hypermarkets and other retail formats across more than 200 locations in Indonesia under Hypermart, Primo, Foodmart, Hyfresh, Boston, FMX and SmartClub names. The retail business has also expanded into the e-grocery business through partnerships with leading regional technology companies, including GoTo, supported by various digital payment partners.

With a strong focus on supporting the growth of the digital economy in Indonesia, MPC's technology division is engaged in the provision of IT hardware and infrastructure, software and business solutions for the banking, financial services, healthcare services, retail and manufacturing industries. Its multimedia division is engaged in hybrid fibre coaxial, a two-way broadband and Pay TV cable network, through the company's investment in PT First Media Tbk.

With MPC's businesses encompassing the technology and consumer sectors, this acquisition will provide the Group a prime opportunity to participate in Indonesia's rapidly growing digital economy.

Portfolio Companies

Banking	Other Financial Services	Telco	IT Services
NOBU National Bank	Ciptadana	linknet	Multipolar VisioNet GTN
Fast-Moving Consumer Goods	**Department Store**	**Entertainment**	**Others**
mppa	MATAHARI	cinépolis Timezone	MAXX Coffee Books & Beyond
Media	**Digital**	**Industrial**	**Properties**
BeritaSatu Media Holdings	Mbiz Venturra dDV	WISN Champion	NPI

EXPANDING OUR FOOTPRINT

Tapping into rapid growth opportunities in the retail and consumer services sectors in Indonesia, we made strategic investments to expand the footprint of our Consumer segment in this vibrant and growing market.

GOVERNANCE

Grand Ballroom with stunning LED wall

CORPORATE INFORMATION

BOARD OF DIRECTORS

STEPHEN RIADY
(Executive Chairman and
Group Chief Executive Officer)

CHRISTOPHER JAMES WILLIAMS
(Deputy Chairman and
Non-Executive Non-Independent Director)

LIM BOH SOON
(Lead Independent Director)

KELVIN LO KEE WAI
(Independent Director)

SIN BOON ANN
(Non-Executive Non-Independent Director)

KIN CHAN
(Non-Executive Non-Independent Director)

GOH MIN YEN
(Independent Director)

BRIAN RIADY
(Deputy Chief Executive Officer and
Executive Director)

AUDIT COMMITTEE

KELVIN LO KEE WAI
(Chairman)

LIM BOH SOON

KIN CHAN

NOMINATING COMMITTEE

LIM BOH SOON
(Chairman)

SIN BOON ANN

GOH MIN YEN

REMUNERATION COMMITTEE

LIM BOH SOON
(Chairman)

SIN BOON ANN

GOH MIN YEN

SECRETARY

KELVIN CHUA

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

BNP Paribas

CIMB Bank Berhad, Singapore Branch

DBS Bank Ltd

Malayan Banking Berhad

MUFG Bank, Ltd.

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank (Singapore) Limited

The Bank of East Asia, Limited, Singapore Branch

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch

REGISTERED OFFICE

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

INVESTOR RELATIONS/ CORPORATE COMMUNICATIONS

LISA SAJOTO
Telephone : (65) 6809 6064
Email : investorrelations@oue.com.sg

CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2021 ("**FY2021**") with specific reference to the principles of the Code of Corporate Governance 2018 (the "**Code**"). The Company is pleased to report that it has complied with the principles under the Code and, substantially, with the provisions set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

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

A. BOARD MATTERS

Principle 1 : The Board's Conduct of Affairs

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

The Company is headed by an effective board of directors (the "**Board**") comprising a majority of non-executive directors ("**Directors**"). The Board is supported by three Board committees ("**Board Committees**"), namely, the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear written terms of reference, which have been approved by the Board, and set out its compositions, duties (including reporting back to the Board) and authority.

The principal roles and responsibilities of the Board include:

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

The Board has been working closely with Management in monitoring the challenges posed by the COVID-19 pandemic and reviewing issues arising therefrom. At the onset of the COVID-19 pandemic, the Company took broad and decisive actions in adopting protocols to prioritise the health and safety of its stakeholders and to preserve cash, including containing discretionary spending, disciplined allocation of capital expenditure and vigilant oversight of receivables. As restrictions and lockdowns were enforced across the markets in which the Group operates, the Company promptly activated business continuity plans. The Company temporarily shut down its offices and arranged for non-essential staff to work from home to ensure the business could carry on its activities during lockdowns. The Company turned to video-conferencing technologies for meetings to minimise the risk of transmission of COVID-19 across teams and premises. The Group continues to maintain heightened hygiene and security measures across the Group.

Further information on the Enterprise Risk Management framework designed to facilitate the management and monitoring of risks, as well as the summary of risks reviewed by the Board in the face of the COVID-19 pandemic can be found under the "Principle 9 : Risk Management and Internal Controls" section on pages 73 to 77 of this report.

CORPORATE GOVERNANCE REPORT

The Board has put in place a Code of Business Conduct and Ethics to document the desired organisational culture in order to ensure an appropriate tone from the top and that all employees are cognisant of the standards expected, and to ensure proper accountability within the Company. In addition, the current Board comprises highly qualified legal professionals who are able to render regular advice on the roles and responsibilities of the Board and provide adequate guidance on the corporate governance practices of the Company.

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

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

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required. In 2021, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board and/or Board Committee meetings may convey their views to the respective chairmen or the company secretary of the Company ("**Company Secretary**"). The Company's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

All Directors attend general meetings of shareholders, and the report on the Directors' attendance for the annual general meeting ("**AGM**") held in FY2021 is set out below.

Directors' Attendance for Board and Board Committee Meetings and the AGM

	Number of meetings attended in FY2021				
Name of Director	**Board**	**AC**	**NC**	**RC**	**AGM**
Dr. Stephen Riady	3	-	-	-	1
Mr. Christopher James Williams[(1)]	4	-	1	1	1
Dr. Lim Boh Soon[(2)]	-	-	-	-	-
Mr. Kelvin Lo Kee Wai[(3)]	4	4	1	1	1
Mr. Sin Boon Ann[(4)]	4	4	1	1	1
Mr. Kin Chan	4	4	-	-	1
Ms. Goh Min Yen[(5)]	-	-	-	-	-
Mr. Brian Riady	4	-	-	-	1
Number of meetings held in FY2021	**4**	**4**	**1**	**1**	**1**

Notes:

(1) Mr. Christopher James Williams stepped down as a member of each of the NC and the RC with effect from 1 January 2022.

(2) Dr. Lim Boh Soon was appointed as Lead Independent Director, a member of the AC, the chairman of the NC and the chairman of the RC on 1 January 2022.

(3) Mr. Kelvin Lo Kee Wai stepped down as a member of each of the NC and the RC with effect from 1 January 2022.

(4) Mr. Sin Boon Ann was redesignated as a Non-Executive Non-Independent Director and relinquished his position as Lead Independent Director with effect from 1 January 2022. He also ceased to be a member of the AC, the chairman of the NC and the chairman of the RC with effect from 1 January 2022, but remains as a member of each of the NC and the RC.

(5) Ms. Goh Min Yen was appointed as an independent Director, a member of the NC and a member of the RC on 1 January 2022.

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 their directorship duties (including their roles as executive, non-executive and independent directors), and 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 or trade-sensitive information. Under Rule 210(5)(a), a newly-appointed Director who has no prior experience as a director of an issuer listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will also be required to undergo mandatory training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he or she has other relevant experience. No new directors were appointed in FY2021. For completeness, both Dr. Lim Boh Soon and Ms. Goh Min Yen, who were appointed as Directors on 1 January 2022, have prior experience as a director of an issuer listed on the SGX-ST, and so they are not required to undergo such mandatory training under Rule 210(5)(a). Both Dr. Lim Boh Soon and Ms. Goh Min Yen attended the orientation programme for newly-appointed Directors conducted by the Company on 11 January 2022.

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, hospitality, healthcare and food and beverage industries on a regular basis. To keep pace with the fast-changing laws, regulations and commercial risks and to develop and maintain their skills and knowledge, the Directors have an ongoing budget to receive further relevant training of their choice in connection with their duties as directors of the Company. The Directors have opportunities for continuing education in a number of areas, including directors' duties (including their roles as executive, non-executive and independent directors), corporate governance, financial reporting, insider trading, the Companies Act 1967 ("**Companies Act**") and Listing Manual of the SGX-ST ("**Listing Manual**"), relevant industry-related matters and other areas to enhance their performance as Board and Board Committee members. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company .

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as members of the Board Committees. The Directors may also attend other relevant courses, conferences and seminars at the Company's expense. These include programmes run by the Singapore Institute of Directors. Periodically, the Directors are provided with bespoke briefings by professional legal and financial advisors on the latest developments and trends in the respective areas in which the Directors are required to discharge their duties. For FY2021, these briefings covered topics relating to environmental, social and governance (ESG) issues, green financing and updates on geo-political and macroeconomic developments.

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

Provision of Information to the Board and Board's Access to Independent Professional Advice

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings and on an ongoing basis. Such information includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and internal financial statements. The Directors also have separate and independent access to

CORPORATE GOVERNANCE REPORT

Management and the Company Secretary. The role of the Company Secretary and Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the chairman of the Board ("**Chairman**"), the responsibilities of the Company Secretary include ensuring timely information flows within the Board and Board Committees and between Management and non-executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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

Principle 2 : Board Composition and Guidance

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

The Board currently comprises eight Directors with six non-executive Directors and, of the six non-executive Directors, the Board (after taking into account the NC's views) considers Dr. Lim Boh Soon, Mr. Kelvin Lo Kee Wai and Ms. Goh Min Yen to be independent. In FY2021, the Board comprised six Directors with four non-executive Directors and, of the four non-executive Directors, the Board (after taking into account the NC's views) considered Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann to be independent.

The independence of each of the Directors is assessed annually, and as and when circumstances require, by the Board (after taking into account the NC's views) in accordance with the requirements of the Listing Manual and the Code for assessing independence. In reviewing the independence of a Director, the NC takes into consideration, in particular, the Director's objective participation on the Board and a review of whether he or she has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or reasonably be perceived to interfere with his or her independent business judgment in the best interests of the Company. In addition to the annual review by the NC of the Directors' independence, each independent Director also discloses to the Board any such relationship which may affect his or her independence and submits an annual declaration regarding his or her independence. In FY2021, both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann demonstrated the ability to exercise sound and independent judgment in deliberations in the interests of the Company.

Under Rule 210(5)(d)(iii) of the Listing Manual (with effect from 1 January 2022), if a Director has served on the Board for an aggregate period of more than nine years, his continued appointment as an independent Director must be approved by shareholders through a two-tier voting process under Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual. In FY2021, both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann were independent Directors who had each served for an aggregate of more than nine years on the Board of the Company. Therefore, the Company sought the relevant shareholders' approvals at the AGM held on 30 April 2021 in respect of the continued appointment of each of Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann as an independent Director from 1 January 2022.

Mr. Kelvin Lo Kee Wai's continued appointment as an independent Director was approved by shareholders through the two-tier voting process at the AGM held on 30 April 2021. Such approval will continue in force until the retirement or resignation of Mr. Kelvin Lo Kee Wai as a Director or the conclusion of the third AGM of the Company following the passing of the two-tier resolutions at the AGM held on 30 April 2021, whichever is the earlier. Accordingly, Mr. Kelvin Lo Kee Wai continues to be regarded as an independent Director despite having served for more than nine years on the Board.

Mr. Sin Boon Ann's continued appointment as an independent Director was not approved by shareholders through the two-tier voting process at the AGM held on 30 April 2021. Accordingly, Mr. Sin Boon Ann was redesignated as a non-independent Director with effect from 1 January 2022.

The non-independent non-executive Directors also contribute constructively to recommendations from Management. The non-executive Directors would, without the presence of Management, also regularly, and from time to time as they consider necessary, discuss via telephone conferences or otherwise, matters relating to the Company and/or the Group, including issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings. The chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate.

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

The Board is of the opinion that the current size of the Board and Board Committees is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision-making.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting the Company's strategic objectives and sustainable development. The NC has adopted a board diversity policy which takes into account relevant measurable objectives such as skills and experience, management experience, gender, age, ethnicity and other relevant factors. In recognition of the merits of gender diversity, the NC has committed to ensuring female candidates are included for consideration when identifying suitable candidates for new appointment to the Board. During FY2021, progress has been made in this regard, and the Board currently comprises 7 male Directors and 1 female Director. The current composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the Company, and other aspects of diversity such as age (32 to 66 years), length of tenure (less than 1 year to approximately 16 years), nationality (4 Singaporeans and 4 foreigners) and gender (1 female), so as to avoid groupthink and foster constructive debate, contributing to improved risk management and more robust decision-making for the strategic future of the Company. The Board comprises Directors with diverse backgrounds who as a group, possess the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles to facilitate decision-making that is in the best interest of the Company. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account. The NC remains committed to implementing the board diversity policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate.

Amidst the COVID-19 pandemic, the diversity of backgrounds and competencies on the Board has enabled the Company to better navigate the global crisis by considering issues more holistically.

The NC has recommended to the Board that Dr. Stephen Riady, Mr. Christopher James Williams, Dr. Lim Boh Soon and Ms. Goh Min Yen be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered each Director's overall contributions and performance. Dr. Lim Boh Soon and Ms. Goh Min Yen abstained from the NC deliberations and decisions relating to their respective re-elections.

Dr. Stephen Riady will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as the Executive Chairman and Group Chief Executive Officer ("**Group CEO**") of the Company. Mr. Christopher James Williams will, upon re-election as a Director pursuant to Article 91 of the Company's Constitution, remain as Deputy Chairman of the Board.

Dr. Lim Boh Soon will, upon re-election as a Director pursuant to Article 97 of the Company's Constitution, remain as the Lead Independent Director, the chairman of each of the NC and the RC, and a member of the AC. Ms. Goh Min Yen will, upon re-election as a Director pursuant to Article 97 of the Company's Constitution, remain as an Independent Director and a member of each of the NC and the RC.

Further information on each Director proposed to be re-elected at the AGM can be found on pages 255 to 266 of the Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 3 : Chairman and Chief Executive Officer

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

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

Given that the Chairman is not independent, the Board has appointed a Lead Independent Director to serve as a sounding board for the Chairman and also as an intermediary between the non-executive Directors and the Chairman to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. In addition, the Lead Independent Director is available to the shareholders whenever they have concerns which cannot be resolved or which may not be appropriate to be raised through normal contact channels with the Chairman or Management. Mr. Sin Boon Ann, who was appointed as an Independent Director on 25 May 2009, was appointed as the Lead Independent Director on 17 February 2017. Mr. Sin Boon Ann was redesignated as a non-independent Director, and accordingly relinquished his position as Lead Independent Director, with effect from 1 January 2022. Dr. Lim Boh Soon was appointed as Lead Independent Director on 1 January 2022.

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

The Board is of the opinion that it is in the best interests of the Company to continue to have Dr. Riady serving as Executive Chairman and Group CEO so that the Board, and in particular the non-executive Directors, can have the benefit of a Chairman who is a visionary with strong commercial acumen, and is knowledgeable about the businesses of the Company. For this reason, Dr. Riady is therefore better able to guide discussions and ensure that the Board is properly briefed in a timely manner on pertinent issues and developments. At the same time, the Board benefits from the objective and independent views of the independent Directors.

The Board is also of the view that the current Board composition is effective in steering the Company's strategies. The Board 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, led by the Lead Independent Director, set aside time to discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, especially where circumstances warrant such meetings. The chairman of such meetings will provide feedback to the Board and/or Chairman as appropriate. The Company is therefore of the view that despite its deviation from Provisions 3.1 and 3.2 of the Code, no one individual has unfettered powers of decision-making.

Principle 4 : Board Membership

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

The NC currently comprises three non-executive Directors, namely, Dr. Lim Boh Soon and Ms. Goh Min Yen (both independent) and Mr. Sin Boon Ann. Dr. Lim Boh Soon, the Lead Independent Director of the Company, is the chairman of the NC.

In FY2021, the NC comprised three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent in FY2021) and Mr. Christopher James Williams; Mr. Sin Boon Ann, the then Lead Independent Director of the Company, was the chairman of the NC. Mr. Sin Boon Ann was the Lead Independent Director of the Company and was considered an independent Director in FY2021, prior to his redesignation as a non-independent Director with effect from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual. The NC met once in FY2021.

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

- reviewing and making recommendations to the Board on succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- reviewing the composition of the Board to identify gaps (if any) in the mix of skills, experience and other qualities so as to better identify suitable candidates for appointment to the Board;
- reviewing and evaluating nominations of directors (including alternate directors, if any) for appointment to the Board, and reviewing the retirement and re-election of Directors, and making recommendations to the Board in relation thereto;
- making recommendations to the Board on the process and criteria for evaluation of the performance of, and evaluating the performance of, the Directors and the Board as a whole and the Board Committees;
- reviewing and being mindful of the independence of the Directors at least annually, and as and when circumstances require; and
- reviewing and making recommendations to the Board on the training and professional development programmes for the Board and its Directors, including ensuring that new Directors are aware of their duties and obligations.

Pursuant to the Company's Constitution, one-third of the Directors will retire from office by rotation at the Company's forthcoming AGM. All Directors are required to retire from office at least once every three years. Newly-appointed Directors appointed by the Board during the year must also retire from office at the next AGM immediately following their appointment, but will not be taken into account in determining the number of Directors who are to retire by rotation. All retiring Directors are eligible for re-election.

Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the SGX-ST Listing Manual.

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

In its search and selection process, the NC reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify the required and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. The NC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a Director of the Company.

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

CORPORATE GOVERNANCE REPORT

The selection and nomination process involves the following:

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

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

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

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

As a result of the ongoing review of the Board composition, the Board is pleased to report that two new Independent Directors, namely Dr. Lim Boh Soon and Ms. Goh Min Yen, were appointed to the Board on 1 January 2022.

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 results of the Board performance evaluation exercise, 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 or she has been adequately carrying out his or her duties as a director of the Company. In determining whether a Director has been adequately carrying out his or her duties as a director of the Company, the NC takes into account the assessments of the individual Director's effectiveness and his or her actual conduct on the Board. The NC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus it should not be prescriptive. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near-term plan regarding some of the other appointments. The NC is satisfied that for FY2021, each of the Directors has given sufficient time and attention in discharging his responsibilities as Director by providing invaluable guidance, advice and support to the Group. The NC and the Board are therefore satisfied that during the financial year under review, even where a Director had a significant number of other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his duties as a Director of the Company.

Key information on the Directors' particulars and background, and the listed company directorships and principal commitments of each Director, can be found on pages 15 to 23 of the Annual Report.

Principle 5 : Board Performance

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

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

The NC has also set objective performance criteria and process for evaluating the effectiveness, performance and contribution of each Director, the Board as a whole and each Board Committee, 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. No external facilitator was used in the evaluation process for the financial year under review.

B. REMUNERATION MATTERS

Principle 6 : Procedures for Developing Remuneration Policies

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

Principle 7 : Level and Mix of Remuneration

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

Principle 8 : Disclosure on Remuneration

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

Remuneration Committee

The RC currently comprises three non-executive Directors, namely, Dr. Lim Boh Soon and Ms. Goh Min Yen (both independent) and Mr. Sin Boon Ann. Dr. Lim Boh Soon is the chairman of the RC.

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In FY2021, the RC comprised three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent in FY2021) and Mr. Christopher James Williams; Mr. Sin Boon Ann was the chairman of the RC in FY2021. Mr. Sin Boon Ann was considered an independent Director in FY2021, prior to his redesignation as a non-independent Director with effect from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual. The RC met once in FY2021.

The principal responsibilities of the RC in relation to remuneration matters include, *inter alia*:
- recommending to the Board a general framework of remuneration for Directors and key management personnel; and
- developing policies for fixing of, and recommending to the Board, the remuneration packages of individual Directors and key management personnel.

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

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and key management personnel in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

Fees payable to the Directors are proposed as a lump sum. The lump sum is subject to the approval of shareholders of the Company at its forthcoming AGM. The remuneration of the non-executive Directors in the form of Directors' fees is paid wholly in cash, and the remuneration of the key management personnel in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Directors or the key management personnel. The Company does not have any employee share scheme as the Board is of the view that the current compensation framework is sufficient.

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

(i) the Directors' level of contribution, taking into account factors such as effort, time spent and respective responsibilities at Board meetings and Board Committee meetings; and

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

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

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

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

<u>Disclosure on the Remuneration of Directors and the CEO for FY2021</u>

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director (including the Group CEO) payable for FY2021 is shown below:

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
Below S$250,000					
Dr. Stephen Riady	100	-	-	-	100
Mr. Christopher James Williams	-	-	100	-	100
Dr. Lim Boh Soon(1)	-	-	-	-	-
Mr. Kelvin Lo Kee Wai	-	-	100	-	100
Mr. Sin Boon Ann	-	-	100	-	100
Mr. Kin Chan	-	-	100	-	100
Ms. Goh Min Yen(2)	-	-	-	-	-
S$500,000 to S$750,000					
Mr. Brian Riady	32	68	-	-	100

Notes:

(1) Dr. Lim Boh Soon was appointed as a Director on 1 January 2022. Accordingly, he did not receive any directors' fees for FY2021.

(2) Ms. Goh Min Yen was appointed as a Director on 1 January 2022. Accordingly, she did not receive any directors' fees for FY2021.

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A breakdown of the Directors' fees payable to each Director for FY2021 is shown below:

Name of Director	Directors' Fees (S$)[1]
Dr. Stephen Riady	Nil[2]
Mr. Christopher James Williams	125,000[3]
Dr. Lim Boh Soon	Nil[4]
Mr. Kelvin Lo Kee Wai	131,250[5]
Mr. Sin Boon Ann	163,750[6]
Mr. Kin Chan	68,750[7]
Ms. Goh Min Yen	Nil[8]
Mr. Brian Riady	Nil[9]

Notes:

(1) The framework for determining the Directors' fees in FY2021 is as follows: (i) S$50,000 for Chairman; (ii) S$50,000 for Deputy Chairman; (iii) S$50,000 for a member of the Board; (iv) S$20,000 for Lead Independent Director; (v) S$37,500 for chairman of the AC; (vi) S$18,750 for a member of the AC; (vii) S$25,000 for chairman of the NC; (viii) S$12,500 for a member of the NC; (ix) S$25,000 for chairman of the RC; and (x) S$12,500 for a member of the RC.

(2) Dr. Stephen Riady did not receive directors' fees in respect of his position as Chairman and a member of the Board for FY2021.

(3) The fees received by Mr. Christopher James Williams for FY2021 comprise S$50,000 for being Deputy Chairman, S$50,000 for being a member of the Board, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$125,000. Mr. Christopher James Williams stepped down as a member of each of the NC and the RC with effect from 1 January 2022.

(4) Dr. Lim Boh Soon was appointed as Lead Independent Director, a member of the AC, the chairman of the NC and the chairman of the RC with effect from 1 January 2022. Accordingly, he did not receive any directors' fees for FY2021.

(5) The fees received by Mr. Kelvin Lo Kee Wai for FY2021 comprise S$50,000 for being a member of the Board, S$37,500 for being the chairman of the AC, S$18,750 for being a member of the AC, S$12,500 for being a member of the NC and S$12,500 for being a member of the RC, being a total of S$131,250. Mr. Kelvin Lo Kee Wai stepped down as a member of each of the NC and the RC with effect from 1 January 2022.

(6) The fees received by Mr. Sin Boon Ann for FY2021 comprise S$50,000 for being a member of the Board, S$20,000 for being the Lead Independent Director, S$18,750 for being a member of the AC, S$25,000 for being the chairman of the NC, S$12,500 for being a member of the NC, S$25,000 for being the chairman of the RC and S$12,500 for being a member of the RC, being a total of S$163,750. Mr. Sin Boon Ann stepped down as Lead Independent Director, a member of the AC, the chairman of the NC and the chairman of the RC with effect from 1 January 2022. He remains as a member of each of the NC and the RC.

(7) The fees received by Mr. Kin Chan for FY2021 comprise S$50,000 for being a member of the Board and S$18,750 for being a member of the AC, being a total of S$68,750.

(8) Ms. Goh Min Yen was appointed as an independent Director, a member of the NC and a member of the RC with effect from 1 January 2022. Accordingly, she did not receive any directors' fees for FY2021.

(9) Mr. Brian Riady did not receive directors' fees in respect of his position as a member of the Board for FY2021.

Provision 8.1(a) of the Code requires companies to fully disclose the name, amount and breakdown of remuneration of each individual director and the CEO. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each of Dr. Stephen Riady and Mr. Brian Riady is not in the best interests of the Company or its shareholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the disclosure of Dr. Stephen Riady's and Mr. Brian Riady's remuneration in bands of S$100,000 on page 73 of the Annual Report and the high level of transparency on remuneration matters disclosed in detail in the preceding paragraphs including information on the Company's remuneration policies, procedure for setting remuneration and the relationship between remuneration, performance and value creation. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each of Dr. Stephen Riady and Mr. Brian Riady will not be prejudicial to the interest of shareholders.

Provision 8.1(b) of the Code requires companies to fully disclose the names, amounts and breakdown of remuneration of the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel. The Code defines "key management personnel" to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board takes the view that in FY2021, there are only two persons, being Dr. Stephen Riady and Mr. Brian Riady (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.

Save for Dr. Stephen Riady (who is a substantial shareholder of the Company) and Mr. Brian Riady (being the son of Dr. Stephen Riady), there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2021. The following table shows a breakdown (in percentage terms) of the remuneration of Dr. Stephen Riady and Mr. Brian Riady, in bands of S$100,000:

Name of Employee	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
S$100,000 to S$200,000					
Dr. Stephen Riady	100	-	-	-	100
S$700,000 to S$800,000					
Mr. Brian Riady	32	68	-	-	100

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2021.

C. ACCOUNTABILITY AND AUDIT

Principle 9 : Risk Management and Internal Controls

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

Principle 10 : Audit Committee

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

The AC currently comprises three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Dr. Lim Boh Soon (both independent) and Mr. Kin Chan. Mr. Kelvin Lo Kee Wai is the chairman of the AC.

In FY2021, the AC comprised three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent in FY2021) and Mr. Kin Chan; Mr. Kelvin Lo Kee Wai was the chairman of the AC in FY2021. Mr. Sin Boon Ann was considered an independent Director in FY2021, prior to his redesignation as a non-independent Director with effect from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual. The AC met four times in FY2021.

All the members of the AC have many years of experience in senior management positions and have between them recent and relevant expertise in accounting, financial management, corporate finance and law. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the AC as listed below. The AC does not comprise former partners or directors of the Company's existing auditors: (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the Company's auditors; and in any case, (b) for as long as they have any financial interest in the Company's auditors.

CORPORATE GOVERNANCE REPORT

The principal responsibilities of the AC include the following:

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

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

For the financial year under review, the AC met with the external auditors and internal auditors to review the annual audit plans and the results of the audits performed by them. The AC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the external auditors. The AC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by them. For the financial year under review, the half-year 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 meets with the external auditors and the internal auditors, in each case without the presence of Management, at least annually.

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 FY2021 was S$566,000 for non-audit services and S$1,211,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming AGM to be held on 28 April 2022.

The details of the remuneration of the auditors of the Company during FY2021 are as follows:

	2021 (S$'000)
Audit services:	
- Auditors of the Company	1,211
- Other auditors	262
Non-audit services:	
- Auditors of the Company	566
- Other auditors	102

The Company has in place a whistle-blowing policy and procedure whereby staff of the Company and any other person may, in confidence and in good faith, raise concerns about possible improprieties, misconduct or wrongdoing relating to the Company or its officers 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 and monitoring this policy which is administered with the assistance of the Head of Internal Audit. The Company has designated an independent function and put in place arrangements for the independent investigation of such matters raised in good faith and for appropriate follow-up action to be taken. The whistle-blowing procedure is publicly disclosed on the Company's website and clearly communicated to the Company's employees to encourage the reporting of any behaviour or action that might constitute impropriety in financial reporting or other matters. The Company is committed to ensuring that whistle-blowers will be protected against any detrimental or unfair treatment, and shall use reasonable best efforts to ensure that the confidentiality and anonymity of the complainants is protected.

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

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

Based on the Board's review (with the assistance of the AC) of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems established and managed by the Group, reviews performed by Management, and the assurance furnished by the CEO, the Deputy CEO, the Chief Operating Officer and the CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2021, and addresses financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations. For the year under review, no material weaknesses in the internal controls or risk management systems were identified by the Board or the AC.

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

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

CORPORATE GOVERNANCE REPORT

For FY2021, the CEO, the Deputy CEO, the Chief Operating Officer and the CFO have provided written confirmation to the Board that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk assessment and management framework provides reasonable assurance on the adequacy and effectiveness of the risk management and internal control systems in addressing the material risks faced by the Group in its current business environment, including material financial, operational, compliance and information technology risks. This certification covers the Company and subsidiaries which are under the Company's management control. With respect to the financial year under review, in line with the Listing Manual, the Board provided negative assurance statements to shareholders in respect of the interim financial statements that nothing has come to their attention that would render the half-year financial results to be false or misleading.

The Group has in place an ERM framework to assist in evaluating and monitoring changes to business operations that may result in critical risk exposure to the organisation. The framework played a critical role in assisting Management to respond swiftly when COVID-19 news first surfaced in China and scenario planning and crisis escalation procedures were discussed and reported in early 2020.

There were various uncertainties in the early months of 2020 when COVID-19 escalated into a global pandemic. The structured ERM framework and process which includes a set of monitoring mechanisms and indicators allowed the Board and Management to continuously evaluate the impact of the COVID-19 situation from various risk perspectives such as liquidity and cashflow, workforce health and safety and workforce mobility, as the impact of this fast-escalating adverse event has resulted in multi-faceted risks and impact to many organisations.

The ERM framework requires key functions and business units to report risk-related matters to the Board and Management on a regular basis. Timely reporting of high-risk areas in relation to COVID-19 also provides reference points and guidance for the Board and Management to assess the adequacy and effectiveness of controls in place to manage these risks. For example, many organisations have observed an increase in propensity of wrongdoing in the current economic climate. Management, as part of the ERM framework, maintains vigilance over the relevant internal controls through mechanisms such as regular reviews and self-assessment of controls. With this, prompt decision-making was undertaken to adjust operations to meet ongoing changes to the business environment due to regulatory advisory changes, especially on manpower and safe distancing management requirements. The framework also provided enhanced clarity on potential financial challenges arising from the COVID-19 situation, which in turn allowed Management to monitor and react proactively to any potential incoming concerns.

Through a regular risk review and monitoring process, Management and the Board are also better able to continuously engage and assure stakeholder groups that their interests remain a top priority for the organisation. Pertinent information is shared with stakeholders and shareholders in a timely manner as appropriate through various platforms including press releases, investor presentations and analyst reports.

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on the Company's risk appetite, and to be nimble and able to re-purpose some of the Group's business operations to seize growth opportunities. COVID-19 has demonstrated that having an effective ERM function drives quick decision-making to not only focus on managing the downside of a pandemic, or value protection but to also look for areas for enhanced value creation.

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 81 and 82 of the Annual Report.

The Internal Audit department is headed by the Senior Vice President, Internal Audit who reports directly to the chairman of the AC and administratively to the Deputy CEO. The hiring, removal, evaluation and compensation of the Senior Vice President, Internal Audit is also approved by the AC. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls to address financial, operational, compliance and information technology risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Company. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Senior Vice President, Internal Audit and approved by the AC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

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

In carrying out its functions, the Internal Audit department has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC has reviewed the independence, adequacy and effectiveness of the Internal Audit department annually and is satisfied that the Internal Audit department is independent, effective, adequately resourced and is staffed with persons with relevant qualifications and experience, and that the Internal Audit department has appropriate standing. The Internal Audit department is a corporate member of The Institute of Internal Auditors Inc. ("**IIA**"), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America. The Internal Audit department subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing ("**Standards**") developed by IIA and has incorporated these Standards into its audit practices.

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 or trade-sensitive public reports and reports to regulators (if required). Management is accountable to the Board and provides the Board with half-year and full-year financial results, which are then reviewed and approved by the Board for release on the SGXNET. Financial results and other price-sensitive or trade-sensitive information, annual reports and material corporate developments are disclosed via SGXNET.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT AND MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11 : Shareholder Rights and Conduct of General Meetings

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

Principle 12 : Engagement with Shareholders

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

Principle 13 : Engagement with Stakeholders

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

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its half-year and full-year results on the SGXNET, in the Annual Report and on the Company's website. Shareholders are also regularly kept up-to-date on analyst coverage of the Company through the same channels. The Company also has an email alert service to which the public may subscribe (via the Company's website) to receive Company announcements and other SGXNET filings. Shareholders and potential investors are encouraged to visit the Company's website at www.oue.com.sg for information on the Company.

CORPORATE GOVERNANCE REPORT

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communications with shareholders. The Company conducts analysts' briefings and investor roadshows, facilitated by its dedicated investor relations team, to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders. In addition, shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. All Directors attend general meetings of shareholders, and the respective chairmen of the AC, NC and RC, as well as the external auditors, are also present at shareholders' meetings to address questions raised by the shareholders about the conduct of audit and the preparation and content of the auditors' report.

The investor relations policy also sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Shareholders and potential investors are encouraged to call or write to the Company's investor relations department if they have questions. The contact details of the investor relations representative are set out in the press releases issued by the Company.

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

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

Voting for all resolutions at shareholders' meetings is conducted by electronic poll. The voting procedures are explained during the shareholders' meeting. Votes cast for or against, and the respective percentages on, each resolution are tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced on the SGXNET and the Company's website on the same day of the shareholders' meeting. All polls are conducted in the presence of independent scrutineers.

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

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

<ins>Conduct of AGM in FY2021 and FY2022</ins>

The foregoing description of the Company's usual practices for shareholders' meetings is in relation to the conduct of its general meetings where there are no public health and other risks arising from the COVID-19 situation in Singapore to be taken into consideration. Due to the COVID-19 situation in Singapore last year, the AGM held in FY2021 was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 Order**"). Shareholders were not able to attend the AGM in person, ask questions or vote at the AGM live during the audio-visual webcast or audio-only stream, or appoint any person other than the chairman of the meeting as proxy to attend, speak or vote on their behalf at the AGM. Shareholders instead participated at the AGM held in FY2021 by:

- observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
- submitting questions in advance of the AGM; and
- appointing the chairman of the meeting as proxy to attend, speak and vote on their behalf at the AGM.

In respect of the AGM held in FY2021, both the Company's responses to the substantial and relevant questions received from shareholders in advance of the AGM, as well as the minutes of the AGM, were published on the Company's website and on SGXNET.

In view of the current COVID-19 situation in Singapore, the forthcoming AGM to be held on 28 April 2022 will continue to be convened and held by way of electronic means pursuant to the COVID-19 Order. Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the chairman of the meeting as proxy at the AGM, are set out in the Company's announcement dated 6 April 2022.

<ins>Dividend Policy</ins>

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

<ins>Engagement with Stakeholders</ins>

The Company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall strategy to ensure that the best interests of the Company are served. The Company considers emerging and existing sustainability-related trends to enable the Company to identify and manage any potential, current, or impending business risks that need to be managed, or to take advantage of any opportunities they may provide. The Company has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to the Company, either because their actions impact the Company's business or the Company's business impacts their actions. They comprise the Company's shareholders, tenants and guests, employees as well as regulators. The Company's various teams interact with these stakeholders on a regular basis and the Company maintains a corporate website to facilitate communication and engagement with stakeholders. For more information on the methods and strategies that the Company uses to engage its stakeholders and the key topics or areas of focus in relation to the management of its relationships with each stakeholder group, please see pages 86 and 87 of the Annual Report.

CORPORATE GOVERNANCE REPORT

E. ADDITIONAL INFORMATION

Interested Person Transactions Policy

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual relating to IPTs. The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are set out in the Annual Report. On 20 December 2021, the Company announced the proposed acquisition of a 17.2% equity stake in PT Multipolar Tbk from PT Inti Anugerah Pratama, which was an IPT. Save as disclosed, there were no IPTs during FY2021 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Company's Securities

The Company has issued guidelines on dealing in the Company's securities. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company's securities by its Directors and officers. Following the amendments to Rule 705 of the Listing Manual which came into effect on 7 February 2020, the Board had, after due deliberation, decided not to continue with quarterly reporting (in the format prescribed by the Listing Manual) of the financial statements of the Company as such cessation will reduce compliance costs and time and attention from the Board of Directors and Management required for quarterly reporting, which time and attention can be better focused instead on long-term strategic matters concerning the Company. Accordingly, with effect from FY2020, the Company announces its financial statements on a semi-annual basis in the format prescribed by the Listing Manual.

Pursuant to Rule 1207(19)(c) of the Listing Manual, the Company and its officers should not deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements (if the Company announces its quarterly financial statements), or one month before the announcement of the Company's half-year and full-year financial statements (if the Company does not announce its quarterly financial statements).

For FY2021, the Company sent out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

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

(b) any time while in possession of price-sensitive or trade-sensitive information.

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

MANAGING RISKS

MANAGING RISK

Risk management is an integral element of the Group's decisions and business processes. The Enterprise Risk Management (ERM) framework, which includes the process of risk identification, assessment, monitoring and maintenance of Risk Registers, sets out the basis for the integration of risk management into decision-making and business processes across the Group. External consultants have been appointed to support Management in the sustaining and regular review of the ERM framework and related risk management policies. 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 the risk tolerances level provides Management with assurance that the Group remains within its risk appetite. The key risks which have been identified by the Group include the following:

MACROECONOMIC RISK

The global economy has been largely volatile and uncertain due to the COVID-19 pandemic. Industries such as tourism, retail, hospitality and food & beverage have been hit particularly hard. The unprecedented scale of the economic shock caused by the pandemic may lead to deep and widespread shifts in how people work, live and interact. The competitive landscape has also been intensifying, especially from non-traditional players. Management continues to monitor the situation, keeping abreast of latest developments in the global economy and industry in order to manage the economic risk and leverage good opportunities that may arise.

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 rests with all functions at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that cost effectiveness is a consideration in the management of operational risks. The Group therefore adopts a risk-based approach to managing operational risks. The pandemic has also brought about unprecedented challenges in operational risks such as human resource and business interruption risks. Key functions in the Group are guided by their policies, standard operating procedures, limits of authority and reporting framework. The framework enables management at the various levels to identify and assess key operational exposures and report such risk issues to senior management as early as possible so that the appropriate risk response can be taken. The internal audit function, which also conducts 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 risks and returns across asset types and geographic regions are key considerations of the investment framework. Risk assessment is an important aspect of the investment decision process. Each investment proposal submitted to the Board of Directors for approval is accompanied by an assessment of risk factors and risk mitigation strategies, including rigorous due diligence, financial modelling and sensitivity analysis on key investment assumptions and variables. This seeks to ensure that the Group's investment portfolios create value for its stakeholders on a risk-adjusted basis.

FINANCIAL RISK

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

Market Risk

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in interest rates, foreign exchange rates and equity prices. The Group hedges foreign exchange risk naturally as a general rule by financing asset purchases and borrowings in the local currency of the relevant markets in which it conducts business. Where necessary, the exposure to foreign exchange rate changes is hedged via forward foreign exchange contracts and cross currency swaps. The Group reduces its exposure to interest rate volatility, and thereby manages its funding costs, by matching maturities of loans and term deposits and maintaining an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps. Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Management monitors the mix of debt and equity securities in its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's return.

MANAGING RISKS

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 ongoing basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are licensed and with acceptable credit ratings.

COMPLIANCE, LEGAL AND REGULATORY RISK

Compliance risk arises from the potential violations of regulations and laws that may result in adverse judgments in lawsuits or regulatory sanctions, and therefore negatively affect the Group's ability to meet its business objectives. The responsibility of compliance with laws and regulations lies with the heads of business units and oversight of the discharge of their responsibilities is provided by the Group Legal Department. Legal risk arises from the potential failure of the Group to meet the legal requirements which may result in unenforceable contracts, litigation or other adverse consequences. The Group identifies and manages legal risk through effective use of its internal and external legal counsel. Regulatory risk is the risk that laws or regulations may change in a way that adversely affects the Group's operations and competitive viability. The Group Legal Department monitors changes to applicable laws and regulations with support from external legal advisors.

INFORMATION TECHNOLOGY (IT) RISK

IT risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information. Cyber security threats have been on the rise since the start of the pandemic. As the Group continues to leverage more on technology in various aspects of the operations, it is our utmost priority to protect critical systems and data from cyber attacks. The Group recognises its responsibility in establishing and maintaining adequate cyber risk governance over its information assets and its preparedness against cyber threats and risks. The Group has in place comprehensive policies and procedures to manage these risks and to ensure the confidentiality, integrity and availability of the Group's information assets, including a disaster recovery strategy, backup and restore procedures and email security to prevent social engineering attacks such as phishing and impersonation. The Group also conducts regular reviews and testing, including yearly vulnerability assessment and penetration testing to detect and resolve any vulnerability, threat or risk in the network, servers and network infrastructure. A roadmap has also been established to continuously strengthen controls and defences against cyber attacks.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the Board) of OUE Limited (the Company, and together with its subsidiaries, the Group or OUE) is pleased to present our fifth annual sustainability report for the financial year ended 31 December 2021 (FY2021). This report discloses OUE's environmental, social and governance (ESG) performance in our business operations and reflects the Group's commitment to high standards of corporate governance, and environmentally and socially responsible practices.

OUE is committed to integrating sustainability considerations into the Group's strategic decisions and business plans. Supported by the Sustainability Steering Committee (SSC), the Board provides guidance and support to OUE's management team in setting the strategic direction towards sustainable development.

In FY2020, the Group revised its sustainability strategy and long-term targets to ensure continued relevance to evolving local and global trends and real estate best practices. In FY2021, the Board continued to support the management team in achieving its long-term targets and sustainability ambitions towards enhancing sustainable value creation for our stakeholders.

ABOUT OUE

Who We Are

Headquartered in Singapore, OUE is a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors. Best known for our landmark property portfolio in Singapore, we consistently leverage our expertise in property development and asset management to maximise yields and unlock value. As at 31 December 2021, OUE's real estate portfolio was valued at S$9.5 billion.

OUE is the manager of two SGX-listed REITs: OUE Commercial Real Estate Investment Trust (OUE C-REIT) and First Real Estate Investment Trust (First REIT). As at 31 December 2021, OUE managed S$7.5 billion in funds under management across its two REIT platforms and its managed accounts.

Since 2017, we have expanded our business activities into the complementary and high-growth healthcare and consumer sectors. OUE is the controlling shareholder of OUE Lippo Healthcare Limited, an SGX-listed, integrated healthcare services provider that owns, operates and invests in quality healthcare assets in high-growth Asian markets.

In 2021, we had only one ongoing development project, which was the rebrand of Mandarin Orchard Singapore (MOS) as Hilton Singapore Orchard. As such, our supply chain is limited to building and renovation contractors.

In March 2021, OUE C-REIT completed the divestment of 50% of OUE Bayfront (including OUE Tower and OUE Link) to a special purpose vehicle (SPV) jointly owned by OUE C-REIT and Allianz Real Estate. Following the divestment, the manager of OUE C-REIT continues to manage the SPV.

During the year, we also expanded our consumer division business with the launch of three new restaurants – Fufu Pot, Hanare by Takayama and Rempapa.

Who We Want to Be

Anchored by our "Transformational Thinking" philosophy, OUE has built a reputation for developing iconic projects, transforming communities, providing exceptional service to customers and delivering long-term value to stakeholders.

Guided by a clear vision, we continuously harness our expertise to create social ecosystems, transforming the urban landscape to enrich and benefit our community.

Sustainability is increasingly pertinent and influential in driving change in the real estate sector. Beyond managing the environmental impact of our properties, we integrate sustainable practices throughout our operations, encompassing environmental, social and governance issues. We remain committed to our sustainability goals with the aim of translating our efforts into positive results that deliver long-term growth and value for shareholders. Our sustainability framework defines key areas of focus and guides our future effort in sustainability.

ABOUT THIS REPORT

This report edition marks the fifth annual sustainability report that we have published. It has been prepared in accordance with the GRI Standards: Core option and complies with SGX-ST Listing Rules 711A and 711B. OUE has adopted the GRI Standards due to the suitability to our business and high relevance to many stakeholders. In addition, it is one of the most commonly used sustainability reporting frameworks globally.

This report comprises performance data from our Commercial (including Retail) and Hospitality buildings in Singapore and Shanghai in the financial year dated 1 January 2021 to 31 December 2021. This includes all properties under OUE C-REIT, and OUE Restaurants. However, we have excluded OUE Lippo Healthcare Limited and First REIT from this report due to the differences in business activities. Instead, they have their own stand-alone sustainability report.

Performance data from OUE Bayfront (including OUE Tower and OUE Link), One Raffles Place, OUE Downtown Office, Downtown Gallery, Mandarin Gallery, MOS, Crowne Plaza Changi Airport (CPCA), OUE Restaurants in Singapore as well as Lippo Plaza in Shanghai are included in the FY2021 reporting scope. We have also expanded the reporting scope in FY2021 to cover both landlord- and tenant-controlled areas for some of our environment performance indicators for greater data completeness.

OUE's internal audit team has verified the accuracy of the data included in this report. We have not sought external assurance on this report and may consider doing so in the future.

Please contact us if you have any questions about this report or OUE's sustainability practices at sustainability@oue.com.sg.

SUSTAINABILITY AT OUE

Sustainability Governance

OUE strives to set a clear sustainability direction and adopts a top-down approach in integrating sustainability as part of its strategy formulation. SSC, which comprises C-suite and Heads of Department (HODs), reports directly to the Board on sustainability-related matters. SSC is responsible for developing and reviewing OUE's sustainability vision, mission and strategy, as well as relevant sustainability policies, practices and initiatives. SSC works closely with the Sustainability Task Force (STF), which is made up of representatives from various business units, to drive the implementation of various policies and initiatives, and develop action plans to achieve sustainability targets. SSC and STF meet on a regular basis to monitor sustainability progress against targets and evaluate the effectiveness of sustainability implementations.

OUE's sustainability governance

SUSTAINABILITY REPORT

Stakeholder Engagement

The Group recognises the importance of engaging with stakeholders to gather their perspectives on ESG trends that might impact the Group's performance, as well as to encompass their interests in our decision-making processes. Our key stakeholder groups influence and are affected by the Group's sustainability strategy. They implement our sustainability actions enable our business, and otherwise interact with our properties and restaurants. We continued to engage with our key stakeholder groups throughout the year to ensure their concerns are addressed.

OUE's key stakeholders

01
SHAREHOLDERS & INVESTORS
We keep an open dialogue with shareholders and investors to enable them to make informed investment decisions, as well as to garner feedback and views for consideration.

06
GOVERNMENT & REGULATORS
We engage governments and regulators to ensure we comply with laws and regulations, and that our business practices are ethical and fair.

02
EMPLOYEES
We engage our employees regularly to build a positive working environment and be the employer of choice.

05
TENANTS & GUESTS
We work with our tenants and guests to ensure their needs are met and to be their preferred landlord and service provider.

03
SUPPLIERS & CONTRACTORS
We partner with our suppliers to ensure the supply chain is sustainable and health and safety standards are upheld.

04
COMMUNITY
We engage the local community as a socially responsible corporate citizen and contribute to social integration.

SHAREHOLDERS & INVESTORS

Relevant ESG Topics

- Sustainable and long-term value creation
- Ethical business operations
- Market trends and changing customer demands
- ESG integration into operations and building designs

Engagement Methods

- Earnings calls, announcements, press releases and other disclosures through SGXNET, annual reports and OUE's website
- Email alert subscription
- Annual General Meeting and Extraordinary General Meeting
- One-on-one updates and group meetings
- Investor roadshows

Frequency of Engagement

- Throughout the year

SUPPLIERS & CONTRACTORS

Relevant ESG Topics

- Business relationships
- ESG performance

Engagement Methods

- Safety compliance for contractors
- Contractor evaluation
- Green Procurement Policy
- Briefings and meetings

Frequency of Engagement

- Throughout the year

TENANTS & GUESTS

Relevant ESG Topics

- Modern, high quality and cost-efficient buildings and facilities
- Safety in the buildings

Engagement Methods

- Tenant engagement activities including informal gathering and networking sessions
- Management circulars and notices
- Green Guide for tenants
- Customer satisfaction survey

Frequency of Engagement

- Throughout the year

EMPLOYEES

Relevant ESG Topics

- Safe, healthy and productive working environment
- Opportunities for career development and growth
- Competitive compensation and benefits
- Equal opportunities for promotion and reward
- Non-discrimination

Engagement Methods

- Training and development programmes
- Annual performance reviews
- Recreational and team-building activities
- Grievance and feedback channels
- Employee townhall sessions

Frequency of Engagement

- Throughout the year

COMMUNITY

Relevant ESG Topics

- Economic growth
- Social and environmental impact of our projects
- Local partnership and job opportunities
- Investment in the community

Engagement Methods

- Impact assessment before commencement of projects
- Community activities
- Donations to support community development

Frequency of Engagement

- Throughout the year

GOVERNMENT & REGULATORS

Relevant ESG Topics

- Regulatory compliance
- Ethical corporate business practices

Engagement Methods

- Industry networking functions
- Annual regulatory audits
- Mandatory reporting

Frequency of Engagement

- Throughout the year

SUSTAINABILITY REPORT

Sustainability Framework

To ensure the continued relevance of our material topics, we comprehensively reviewed our material topics together with an independent external consultant in 2020. We considered global and local emerging trends and their impacts on our businesses, alongside best practices in the real estate sector. Our sustainability ambitions and focus areas are reflected in our long-term targets, and we are pleased to present our progress in 2021 against these targets.

Recognising the significance of corporate stewardship, we aim to align our sustainability efforts to the world's sustainable development agenda. We strive to uphold the United Nations' Sustainable Development Goals (UN SDGs) and have identified relevant SDGs that tie in with our focus areas and material topics.

OUE's sustainability framework

OUE's Material Topics and Targets

Sustainability Focus Areas and UN SDGs	Risks	Opportunities	OUE's Material Topics	Targets and Aspirations[1]
Stewarding the environment Contributing to UN SDGs:	Climate change will bring physical risks to our buildings caused by changing weather patterns, such as higher maintenance and repair costs. Climate change will also bring transition risks in the forms of regulatory and technological changes. This will call for more prudent environmental management in our businesses.	OUE can capitalise on the rising customer demand for high-quality, durable, energy-efficient and resource-efficient buildings. Pursuing operational efficiency will result in reduced operational costs in the long run.	Climate Resilience	Using FY2017 as base year (i) **Commercial:** Reduce energy intensity per m² by 25% by 2030; **Hospitality:** Reduce energy intensity per occupied room by 25% by 2030; (ii) Reduce scope 2 greenhouse gas (GHG) emission intensity per m² by 25% by 2030; (iii) Actively pursue opportunities in renewable energy use
			Water Efficiency	Using FY2017 as base year **Commercial:** (i) Reduce water use intensity per m² by 25% by 2030; **Hospitality:** (ii) Reduce water use intensity per occupied room by 25% by 2030
			Waste Minimisation	Using FY2017 as base year **Commercial:** (i) Reduce non-hazardous waste intensity per m² by 15% by 2030; (ii) Increase recycling rate to 12.5% by 2030; **Hospitality:** (iii) Reduce paper waste by 50% by 2030; (iv) Reduce plastic waste by 50% by 2030
			Responsible Supply Chain (Environmental)	(i) All main contractors for new developments certified by recognised environmental management standards (such as ISO 14001 or BCA's Green and Gracious Builder Scheme); (ii) Full implementation of Green Procurement Policy by 2030
Strengthening social fabric Contributing to UN SDGs:	OUE needs to adapt to the changing needs of various stakeholders, including our employees, tenants and guests, and the wider community. We recognise that buildings in urban areas have important roles to play to enhance occupants' health and well-being, and to strengthen community cohesion.	By listening and responding to our stakeholders' changing needs, OUE can continue to stay relevant and create value for all stakeholders.	Health & Safety	(i) Maintain zero incidents resulting in employee fatality or permanent disability; (ii) All main contractors for new developments to be OHSAS 18001 or ISO 45001 certified
			Fair Employment Practices	(i) Maintain zero incidents of discrimination; (ii) Maintain employee turnover rate below the national industry average; (iii) Maintain the proportion of women in senior management at 40% or more; (iv) Achieve 25 training hours per employee per year

[1] Please refer to respective sections for our FY2021 performance against targets.

SUSTAINABILITY REPORT

Sustainability Focus Areas and UN SDGs	Risks	Opportunities	OUE's Material Topics	Targets and Aspirations
Strengthening social fabric Contributing to UN SDGs:			Creating Social Ecosystems	(i) As a longstanding partner of our community, OUE is committed to bringing about meaningful and sustainable impacts through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development; (ii) Conduct social and environmental impact assessments for development projects; (iii) All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities
			Innovation	(i) Actively seek opportunities to adopt new innovations and green building technologies
			Product Quality	(i) Zero significant incidents* of non-compliance with health and safety regulations; (ii) Achieve at least 80% customer satisfaction rate
Building trust Contributing to UN SDGs:	Changing regulatory requirements can incur high compliance costs and non-compliance will result in serious financial, operational and reputational consequences for the Group.	OUE is committed to conducting our businesses following applicable laws and regulations, and the highest ethical standards. This allows us to build trust in our relationships with stakeholders.	Ethical Business Practices	(i) Zero confirmed incidents of corruption; (ii) Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics
			Compliance	(i) Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines** and non-monetary sanctions; (ii) Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines** and non-monetary sanctions
			Cyber Security	(i) Maintain zero cyber incidents and data breaches

* Taking reference from the Singapore Food Agency's Points Demerit System, a significant incident is defined as an incident that meets any of the following criteria:
1. Any incidence leading to the suspension of F&B outlets (12 points within 12 months)
2. Any incidence of a serious offence (6 points)
3. Any financial penalty greater than $500 per incident (that means either 2 major or 3 minor or any combination that triggers these penalties)

** A significant fine is a financial penalty that is equal to or above S$10,000 paid for a single incident

SAFE OPERATION DURING COVID-19

Since the onset of COVID-19, we have been working with our employees, tenants and guests to ensure their safety and well-being. This year, we continued to implement safety measures in our daily operations while also rolling out new pandemic-related initiatives. At the Group level, we installed Ultraviolet Light Germicidal (UVG) Systems at our properties' air handling units (AHUs) and fan coil units. We provided hand sanitisers at lift lobbies to promote personal hygiene, and replaced existing taps and hand soap dispensers in our washrooms with contactless types. We are also reviewing touchless lift buttons to minimise surface contact.

At the property level, CPCA has received the SG Clean Certification by the Singapore Tourism Board (STB), which was valid till the end of the year. To reduce the potential for airborne transmission of COVID-19, CPCA installed new air filtration systems at CPCA Extension, including the front of the house, and replaced the air filtration in all guestrooms.

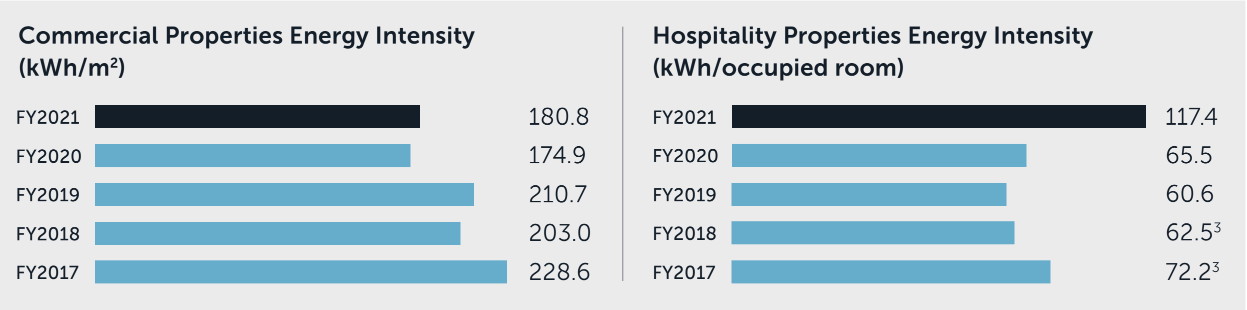
To boost employee morale, CPCA also organised surprise bento deliveries for all staff as they worked remotely from home. OUE Corporate cooperated with Safe Management Officers and various safety protocols during the COVID-19 period. Staff adhered to various safe distancing measures such as SafeEntry management, social distancing and wearing masks in the workplace.

STEWARDING THE ENVIRONMENT

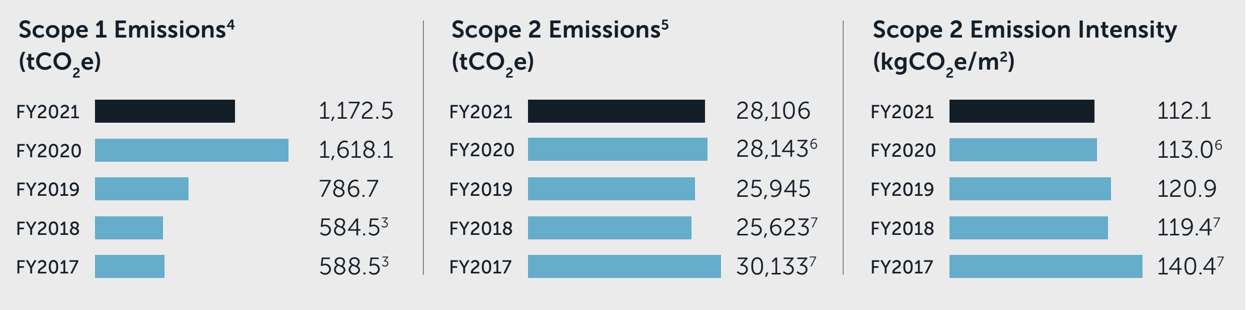
AT A GLANCE (ENVIRONMENTAL)

Energy and emissions:

OUE's energy intensity[2] , by property type



OUE's scope 1 and scope 2 emissions and emission intensity (commercial and hospitality properties)



2 FY2017 to FY2020 energy consumption and intensity figures have been restated to include tenant-controlled areas from all properties in OUE's portfolio as at 31 December 2021. Energy intensity was calculated including diesel, motor gasoline, cooking gas, electricity and renewable energy.

3 FY2017 and FY2018 figures have been restated due to the availability of cooking gas data from MOS and CPCA, which was previously unavailable.

4 Scope 1 GHG emissions reported here include CO_2 from the combustion of fossil fuels and HFC-based refrigerants. We converted quantities of fugitive HFC-based refrigerants to CO_2-equivalent using 100-year global warming potentials (GWPs) provided in the IPCC Fifth Assessment Report (AR5).

5 Singapore grid emission factors are taken from Singapore Energy Statistics 2020 published by the Energy Market Authority and Shanghai grid emission factors are taken from《上海市温室气体排放核算与报告指南(试行)》(SH/MRV-001-2012).

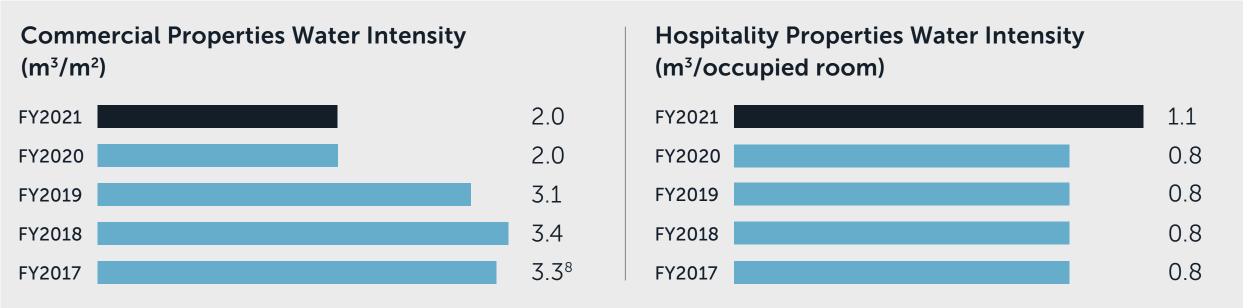
6 FY2020 figure has been restated due to changes in grid emission factor provided by the Energy Market Authority.

7 FY2017 and FY2018 figures have been restated due to inclusion of energy consumption data that was previously unavailable.

SUSTAINABILITY REPORT

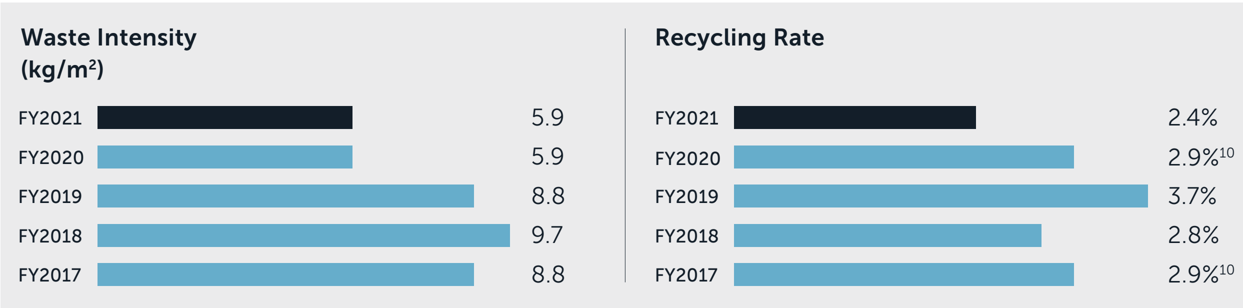
Water:

OUE's water intensity, by property type

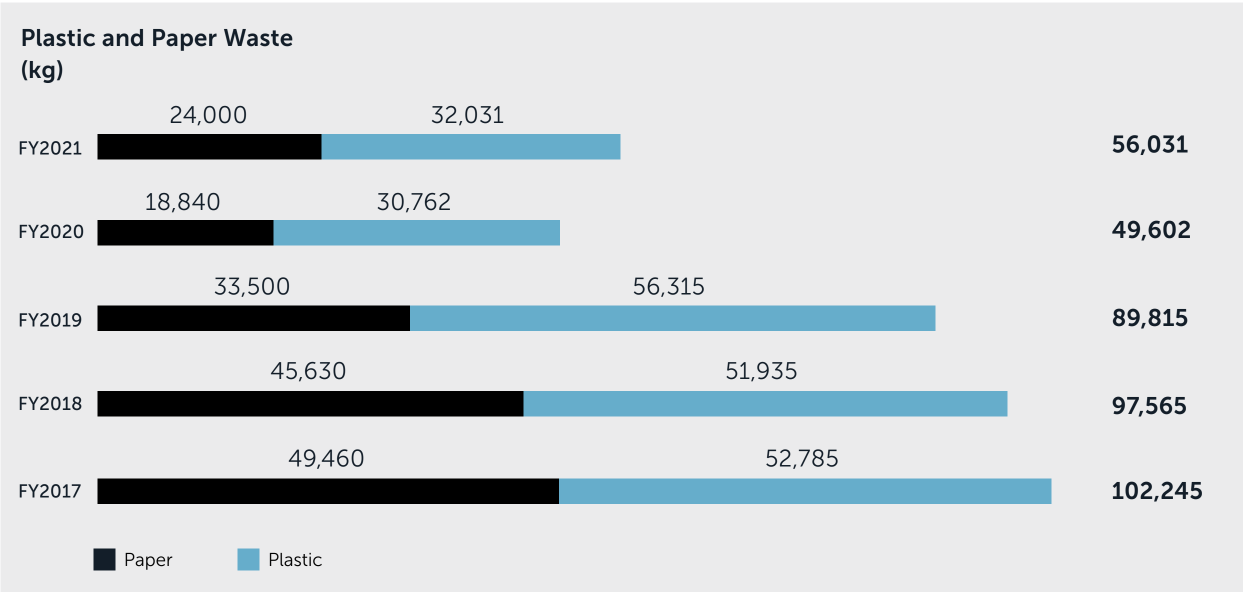


Waste:

Non-hazardous waste intensity[9] and recycling rate (commercial properties)



Total weight of plastic and paper waste (hospitality properties)



[8] FY2017 figure has been restated due to the inclusion of water consumption data that was previously unavailable.

[9] FY2017 to FY2020 figures have been restated to include the whole building waste generation from all properties in OUE's portfolio as at 31 December 2021.

[10] FY2017 and FY2020 figures have been restated due to inclusion of waste consumption data that was previously unavailable.

Climate Resilience

The building and construction sector contributes nearly 40% of all carbon emissions in the world[11]. Thus, the sector has an important role to play in combating climate change. According to Singapore's enhanced Nationally Determined Contribution (NDC)[12], the country's low-carbon future will critically involve the decarbonisation of the buildings sector. In support of the global transition to a net-zero economy, OUE is committed to continuous improvement of our buildings' energy efficiency. Our subsidiary OUE C-REIT has also embarked upon a climate risk assessment, in alignment with the Taskforce on Climate-related Financial Disclosures recommendations. This step signifies OUE's recognition of the importance of climate resilience in the face of climate change.

To properly monitor and manage energy use in our buildings, we have implemented an Energy Management Policy or Environmental, Health and Safety (EHS) policy across all our buildings. It is part of the mandate of our property management teams to constantly explore new ways to reduce building energy usage. We focus on three key areas to achieve better energy performance: leveraging new technology, enhanced operational planning, and changing user behaviour.

Leveraging new technology

We use energy-efficient appliances and products to maximise energy efficiency. For instance, in Singapore, energy-efficient lightings have been installed at all interior corridors, the façade, the underside of escalators as well as at the main lobby and plaza area of OUE Bayfront and in the common areas of MOS. At Lippo Plaza in Shanghai, China, more energy-efficient LED lamps have been installed at various tenant office areas. Lippo Plaza has also installed various electricity meters at key power supply lines to monitor and manage electricity usage.

Other technologies such as motion-activated light control in public areas and photosensors at linkways and plaza areas are used to conserve electricity. Motion sensors have been installed in toilets and pantries at both OUE Bayfront and OUE Downtown Office. OUE Bayfront also completed the installation of energy-efficient lighting at its main lobby and plaza area using the Casambi smart control lighting system. Regular monitoring and maintenance of electrical appliances and equipment are essential in preserving optimal energy performance. We regularly assess and capitalise on areas of potential energy saving such as setting sleep mode for escalators and reducing hot air ingress through main entrances. Chiller plant efficiency is also closely monitored in all buildings and old chillers are upgraded to reduce energy usage. For example, at CPCA, a new chemical application for chiller control panels has resulted in energy savings of 6%. Variable speed drives for AHUs at OUE Bayfront, OUE Downtown Office and Mandarin Gallery continue to enable significant energy savings.

In 2021, as part of the Orchard Wing renovation at MOS, 48 units of AHUs with speed controllers were installed. All guestrooms were fitted with motion-sensor lighting, and air-conditioning will be set by default to the optimal temperature for energy saving and low fan speed. All guestrooms and corridors were also fitted with energy-efficient LED lighting.

Enhanced operational planning

Greater energy efficiency can also be achieved through enhanced operational planning. For example, we have revised the schedule to save early hour electricity usage associated with lighting, air-conditioning and mechanical ventilation at selected properties.

At CPCA, daily Earth Hours from 9:30 pm to 10:30 pm continue to be implemented and the swimming pool circulation and water feature pumps are switched off from 9 pm to 5 am. At OUE Restaurants, all equipment is switched off after operating hours, and lights are dimmed during non-peak hours. All air-conditioning units and filters are regularly serviced to ensure optimal air circulation and efficiency. Smaller bulk purchases are also made to prevent overstocking of refrigerators.

[11] Global Alliance for Buildings and Construction, 2021 Global Status Report for Buildings and Construction

[12] National Climate Change Secretariat (2020), Charting Singapore's low-carbon and climate resilient future, https://unfccc.int/sites/default/files resource/SingaporeLongtermlowemissionsdevelopmentstrategy.pdf.

SUSTAINABILITY REPORT

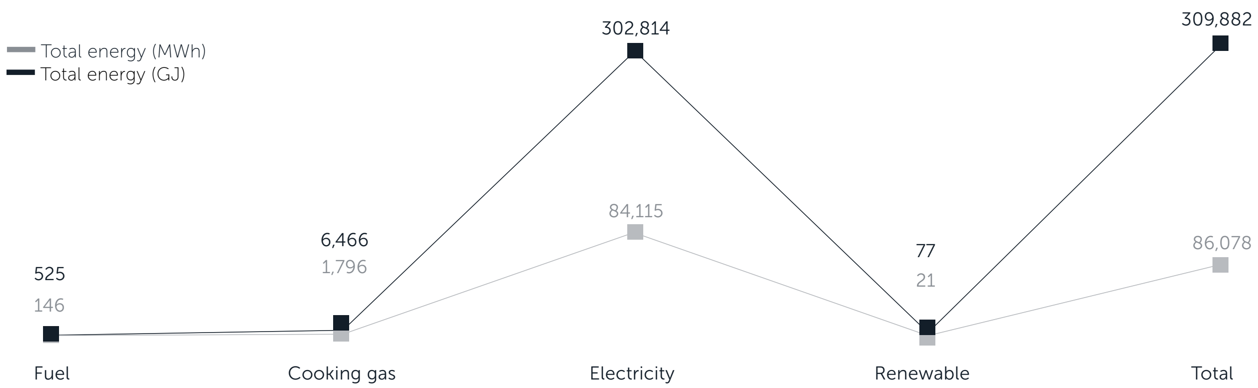
Changing user behaviour
We are aware that improper user behaviours can offset any energy-saving measures, which is why we partner with our tenants and employees to deliver better results. A Green Guide which explains energy, water, waste and indoor air quality management is distributed to our tenants to seek their support in saving energy and resources. The tenants are also required to abide by our Green Guide for their fit-out and renovation works. Finally, our employees are advised to switch off lights when leaving workplaces to avoid energy wastage.

FY2021 performance against Targets and Aspirations

Climate Resilience	
Targets & Aspirations	**FY2021 Performance**
Commercial: Reduce energy intensity per m² by 25%* by 2030	**Commercial:** Energy intensity reduced by 20.9%
Hospitality: Reduce energy intensity per occupied room by 25%* by 2030	**Hospitality:** Energy intensity increased by 62.6%
Reduce scope 2 GHG emission intensity per m² by 25%* by 2030	Scope 2 GHG emission intensity reduced by 20.2%
Actively pursue opportunities in renewable energy use	Conducted feasibility studies for installation of rooftop solar panels OUE is considering purchasing renewable energy certificates to affirm our commitment to renewable energy

* compared to FY2017 baseline

OUE's energy consumption breakdown in FY2021[13]



In FY2021, OUE reported total energy consumption of 86,078 megawatt hours (MWh) from our commercial and hospitality properties. Energy intensity at our commercial properties saw a significant decrease of 20.9% compared to the FY2017 baseline, putting us on track to a 25% reduction by 2030[14]. However, we are aware that commercial activities have not rebounded to pre-pandemic levels. Thus, we will consistently improve energy efficiency across our portfolio.

[13] Numbers may not add up due to rounding in this report.

[14] All energy consumption and intensity figures in this report have been restated due to a change in calculation methodology. The methodology has been revised to include data from tenant-controlled areas and hence data in this report are not directly comparable to those in SR 2020, which only included data from landlord-controlled areas.

Energy intensity at OUE's hospitality properties increased by 62.6% in 2021, against the FY2017 baseline. Energy intensity increased because a high number of guestrooms were put out of inventory during the renovation of the Orchard Wing at MOS. However, the total energy consumption at CPCA and MOS both recorded a noticable year-on-year (YoY) reduction of 10.2% and 13.3%, respectively.

The total absolute scope 2 emissions from our commercial and hospitality properties decreased from 28,143 tonnes of carbon dioxide equivalent (tCO_2e) in FY2020 to 28,106 tCO_2e in FY2021. Scope 2 emission intensity decreased by 20.2% compared to FY2017, which may be partly attributable to decreased electricity and cooling consumption at our buildings, as commercial activities have not returned to pre-pandemic levels.

Please see our detailed environmental performance in the AT A GLANCE (ENVIRONMENTAL) section.

Moving forward, OUE will strive towards minimising our environmental footprint and continue to report performance against our long-term targets in our future reports.

Water Efficiency

Singapore is ranked as one of the top countries most likely to be water-stressed by 2040[15]. As Singapore's economy and population grows, and climate change impacts become more pronounced, water demands are expected to increase. With OUE's operations across buildings in our portfolio heavily dependent on reliable water supply, effective water management is a priority.

To reduce water wastage, we have installed water-efficient fittings and adopted the Public Utilities Board's (PUB) Water Efficient Building (WEB) recommended flow rates and flush volumes at our Singapore properties. Besides upgrading our plumbing fixtures, we have also explored areas where we could reduce potable water consumption such as using treated greywater in cooling towers and for irrigation and flushing in lavatories. NEWater is also used at most of our properties. In recognition of OUE's performance in water management, all OUE buildings are certified as WEBs by PUB. In China, Lippo Plaza is committed to water usage monitoring and management by regularly checking and calibrating water meters and installing dedicated water meters at key water usage areas within the building.

We have also undertaken water efficiency measures at our properties. At One Raffles Place Shopping Mall, we have installed additional sub-water meters linked to the building management system for better tracking of water usage. At CPCA, we have replaced both the hot water and chilled water pipes and insulation to maintain temperature and system efficiency. At OUER, we repurpose balance water or ice for gutter cleaning, toilet flushing or plant watering. We also thaw ingredients overnight where possible to minimise use of running water for thawing during operational hours.

Daily water consumption by our tenants, guests and employees constitutes a large part of our total water consumption. As such, it is vital that we work closely with our stakeholders to induce water efficiency on our premises. We communicate regularly with our tenants about water efficiency improvement plans and other water provision matters.

FY2021 performance against Targets and Aspirations

Water Efficiency	
Targets & Aspirations	**FY2021 Performance**
Commercial: Reduce water use intensity per m² by 25%* by 2030	**Commercial:** Water use intensity reduced by 40.2%
Hospitality: Reduce water use intensity per occupied room by 25%* by 2030	**Hospitality:** Water use intensity increased by 32.3%

* compared to FY2017 baseline

[15] Maddocks, A. et al (August 26, 2015), Ranking the World's Most Water-Stressed Countries in 2040, World Resources Institute, https://www.wri.org/blog/2015/08/ranking-world-s-most-water-stressed-countries-2040.

SUSTAINABILITY REPORT

During the reporting period, all OUE buildings reported a total of 454,485 cubic metres (m^3) of water withdrawal[16]. Water intensity at our commercial properties in FY2021 decreased by 40.2% compared to the base year FY2017, partly due to commercial activities being lower than pre-pandemic levels, while water intensity at hospitality properties increased by 32.3% against the FY2017 baseline. Water intensity increased because a high number of guestrooms were put out of inventory during the renovation of the Orchard Wing at MOS. However, total water consumption at both CPCA and MOS observed a notable YoY reduction of 18.4% and 42.5% respectively.

Please see our detailed environmental performance in the AT A GLANCE (ENVIRONMENTAL) section.

Waste Minimisation

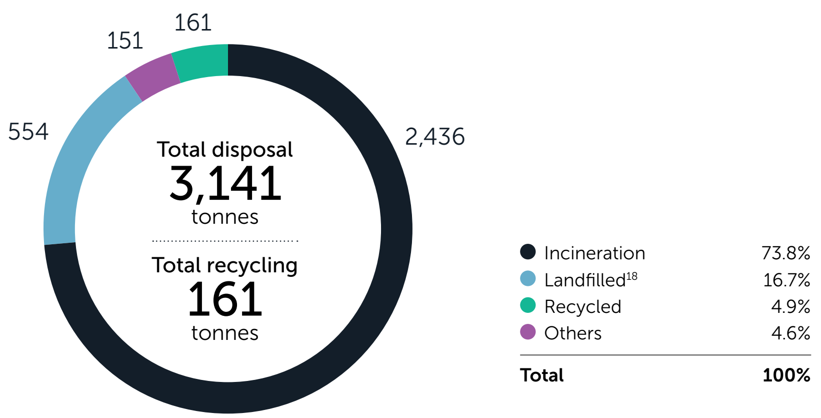
Singapore aims to be a Zero Waste Nation, and the country aims to reduce waste sent to Semakau Landfill, Singapore's only landfill, by 30% by 2030[17]. Waste is a serious issue because increasingly scarce resources are depleted to produce and replace goods that we use and easily discard. Improper waste disposal and management also cause soil, air and water contamination. However, according to the National Environment Agency (NEA), the amount of solid waste generated in Singapore has increased seven-fold from the 1970 level to a peak of 8,559 tonnes a day in 2016.

OUE supports Singapore's effort to become a zero-waste nation. OUE has begun to holistically evaluate where waste is generated within its operations and value chain, and to identify its waste-related impacts. For our commercial buildings, activities such as tenants' business operations, and visitors to our shopping malls, result in paper, plastic, and general waste. Construction waste is sometimes generated during tenant unit renovations. At our hotels and restaurants, activities such as banquet events, kitchen operations and the provision of guestroom amenities result in paper, food and metal waste. Some of our entities have also begun to identify waste-related impacts. For example, our Singapore properties dispose most of their waste to incineration with energy recovery, enabling Singapore to conserve remaining landfill space. On the other hand, Lippo Plaza disposes most of its waste to landfill, which can have harmful environmental impacts.

To mitigate our waste-related impacts, we have placed a great emphasis on recycling to extend the lifespan of materials. Our recycling plan and waste disposal consumption are submitted to the NEA for review and site checks. Recycling bins have been placed in common areas to collect different types of recyclable materials, including glass, metal, plastic, food and e-waste. Collected wastes are then sorted and quantified before being transported to our contracted external vendor's recycling facilities.

Most waste generated in our operations is non-hazardous waste. In FY2021, non-hazardous waste generated by all our buildings amounted to 3,302 tonnes. We also generated 2.2 tonnes of hazardous waste.

Breakdown of disposal method for non-hazardous waste in FY2021 (commercial and hospitality properties)



[16] All water withdrawal is freshwater and from a municipal supply.

[17] Tan, A. (August 30, 2019). Singapore aims to send one-third less waste to Semakau Landfill by 2030: Amy Khor. The Straits Times.

[18] An indeterminate portion of landfilled non-hazardous waste may have been incinerated.

The property managers of our buildings are encouraged to implement innovative waste management measures. At the individual property level, CPCA has installed on-site food waste recycling equipment to reduce food waste sent to landfill. CPCA continued several initiatives to reduce plastic use on the property during FY2021. The initiatives included the use of bulk bathroom amenities such as 500ml bottles to replace mini plastic toiletries, the replacement of plastic keycards with wooden keycards to reduce 9,000 plastic keys per year, and halting the use of plastic straws. CPCA also replaced printed dining menus and guest documents with digital alternatives to save paper.

Tenant engagement is also an integral part of our waste management plan. We seek tenants' support in reducing waste on our premises. Our tenants are encouraged to recycle, minimise paper printing and use environmentally friendly or 100% recycled papers.

To extend our commitment to waste reduction, we set a long-term target to reduce non-hazardous waste intensity by 15% compared to our FY2017 baseline, and increase the recycling rate to 12.5% by 2030 for our commercial properties. In FY2021, the recycling rate at our commercial properties was 2.4%. We have progressed against our waste intensity targets, achieving a 32.9% decrease compared to the FY2017 baseline, generating 5.9 kilograms per square metre (kg/m^2) of non-hazardous waste. For our hospitality properties, we aim to reduce plastic and paper waste by 50% by 2030. In FY2021, our hotels achieved significant reductions of 51.5% in paper waste and 39.3% in plastic waste generated against the base year FY2017. We are aware the achievement was partly attributed by reduced business activities due to COVID-19. Nonetheless, we will continue to enhance the effectiveness of our waste management systems.

Please see our detailed environmental performance in the AT A GLANCE (ENVIRONMENTAL) section.

FY2021 performance against Targets and Aspirations

Waste Minimisation	
Targets & Aspirations	**FY2021 Performance**
Commercial: Reduce non-hazardous waste intensity per m^2 by 15%* by 2030	Commercial: Non-hazardous waste intensity reduced by 32.9%
Increase recycling rate to 12.5% by 2030	Recycling rate was 2.4% in FY2021
Hospitality: Reduce paper waste by 50%* by 2030	Hospitality: Paper waste reduced by 51.5%
Reduce plastic waste by 50%* by 2030	Plastic waste reduced by 39.3%[19]

* compared to FY2017 baseline

Responsible Supply Chain (Environmental)

At OUE, we are committed to delivering environmental, social and business benefits through sustainable procurement practices. We understand the importance of not only good environmental management, but also safeguarding human rights across our value chain.

In 2021, we enhanced OUE's Green Procurement Policy with responsible sourcing principles, requiring all suppliers to respect human rights and have zero tolerance for forced or child labour. Suppliers are expected to collaborate with OUE in managing any modern slavery risks within their supply chains, and establish a grievance mechanism accessible to all workers. Beyond human rights, suppliers are also encouraged to promote diversity and inclusion, and respect local cultures. These updates build upon existing green requirements, such as certification by recognised environmental management standards like ISO 14001 or BCA's Green and Gracious Builder Scheme.

When making purchasing decisions, we consider environmental criteria such as the energy efficiency and water efficiency performance of products, recycled material content, and whether products are bio-degradable or compostable.

[19] Plastic data was based on procurement records.

SUSTAINABILITY REPORT

We are continually advancing sustainability within our supply chain. By 2030, we aim to fully implement OUE's Green Procurement Policy.

FY2021 performance against Targets and Aspirations

Responsible Supply Chain (Environmental)	
Targets & Aspirations	**FY2021 Performance**
All main contractors for new developments to be certified by recognised environmental management standards (such as ISO 14001 or BCA's Green and Gracious Builder Scheme)	In FY2021, we had only one ongoing development project, which was the rebrand of MOS as Hilton Singapore Orchard. The main contractors were certified by recognised environmental management standards
Full implementation of Green Procurement Policy by 2030	Enhanced Green Procurement Policy with responsible sourcing principles. There was no new development project in FY2021

STRENGTHENING SOCIAL FABRIC

AT A GLANCE (SOCIAL)

Health & Safety

Number and rate of fatalities/high-consequence injuries/recordable injuries of employees and non-employees

Employees

36	0	20.7	0
Number of injuries[20]	Number of high-consequence injuries	Injury rate (per million man-hours worked)	High-consequence injury rate (per million man-hours worked)

1,741,380
Man-hours worked

Other Workers

1	0	8.7	0
Number of injuries[20]	Number of high-consequence injuries	Injury rate (per million man-hours worked)	High-consequence injury rate (per million man-hours worked)

115,011
Man-hours worked

[20] Injuries as defined by Ministry of Manpower, Singapore: Employee was injured in a work accident or contracted a disease due to work exposure to biological or chemical agent, resulting in any one of the following: outpatient / hospitalisation leave, light duty, death, occupational disease.

Staff mix and diversity[21]

Total number of employees by employee contract (permanent and temporary) and gender

Permanent Employees

Male	Female	Total
451	396	847

Temporary Employees

Male	Female	Total
6	3	9

Total number of employees by employee contract (permanent and temporary) and region

Permanent Employees by region

Singapore	China	Total
831	16	847

Temporary Employees by region

Singapore	China	Total
6	3	9

Total number of employees by employee type (full-time and part-time) and gender

Full-time Employees

Male	Female	Total
438	385	823

Part-time Employees

Male	Female	Total
21	12	33

[21] For the properties OUE Bayfront, OUE Downtown Office and Downtown Gallery, data excludes workers who are employed by a managing agent that has been appointed to manage the day-to-day operations of these properties.

SUSTAINABILITY REPORT

Total number and rate of new employee hires during FY2021, by age group, gender and region

By Age Group

< 30	30 – 50	> 50	Total
138	173	41	352
39.2%	49.2%	11.6%	

By Gender

Male	Female	Total
177	175	352
50.3%	49.7%	

By Region

Singapore	China	Total
350	2	352
99.4%	0.6%	

Total number and rate of employee turnover during FY2021, by age group, gender and region

By Age Group

< 30	30 – 50	> 50	Total
175	213	96	484
36.2%	44.0%	19.8%	

By Gender

Male	Female	Total
245	239	484
50.6%	49.4%	

By Region

Singapore	China	Total
482	2	484
99.6%	0.4%	

Percentage of individuals within the governance bodies by gender and age group

By Gender

Male	Female	Total
6	0	6
100%	00.0%	

By Age Group

< 30	30 – 50	> 50	Total
0	1	5	6
00.0%	16.7%	83.3%	

Percentage of individuals by employee category and gender

	Male		Female		Total
Senior Management Level	34	60.7%	22	39.3%	56
Middle Management Level	70	51.1%	67	48.9%	137
Executive and Non-Executive Level	353	53.2%	310	46.8%	663

Percentage of individuals by employee category and age group

	< 30		30 – 50		> 50		Total
Senior Management Level	0	00.0%	46	82.1%	10	17.9%	56
Middle Management Level	8	5.9%	108	78.8%	21	15.3%	137
Executive and Non-Executive Level	184	27.7%	273	41.2%	206	31.1%	663

Training

Average hours of training employees have undertaken during FY2021 by gender

Male	Female	Total
12.8 hours	15.8 hours	14.2

Average hours of training employees have undertaken during FY2021 by employee category

Senior management	Middle management	Executive and non-executive	Total
19.6 hours	17.3 hours	13.1 hours	14.2

SUSTAINABILITY REPORT

Health & Safety

At OUE, we keep firm to our belief that human capital is our most important asset and key in driving our success. As such, we are committed to creating a safe and healthy working environment for all employees, regardless of the nature of their jobs. For example, some employees could be office-based while others could be working in buildings to manage daily operations with potentially higher exposure to safety risks.

Taking reference from the Ministry of Manpower's Workplace Safety and Health (WSH) Act 2006, we have implemented an occupational health and safety management framework for our hotel staff. The framework includes processes to train our employees on health and safety issues during their orientation programmes and at relevant stages throughout our employees' tenure. Group Human Resource (HR) have also incorporated workplace health and safety considerations into our HR policies.

OUE is proactive in identifying hazards that may lead to accidents. Regular risk assessments and walk-throughs are performed. Any potential hazards identified are then alerted to our employees, while preventive or mitigative safety measures are implemented. In the unfortunate event that an incident does occur, OUE complies with Workplace Safety and Health (Incident Reporting) Regulations when reporting work-related injuries.

To develop the Group's overall capabilities in ensuring workplace health and safety, OUE continues to subscribe to the bizSAFE programme administered by the Singapore WSH Council. MOS and CPCA maintained their bizSAFE Level 4 accreditation and are subject to periodic audits conducted by MOM-approved WSH auditors. As part of the bizSAFE programme, the properties have in place risk and hazard management plans, which include conducting regular risk assessments to identify and mitigate workplace hazards.

Regular safety trainings are provided for all existing and new employees to keep them updated on latest safety protocols. For example, employees in Singapore would undergo bi-annual fire evacution drills conducted by the properties while employees in Lippo Plaza would participate in the annual fire evacuation drill. Tabletop exercises are also conducted in place of physical fire evacuation drills.

Other than fire simulation exercises, members of Company Emergency Response Team (CERT) are also involved in the training and simulation for other emergencies such as pandemic and terrorist threat. In addition, some of the members from the properties' CERT also attended the Site Main Controller / Site Incident Controller course during the year to enhance the skills and knowledge required to implement the incident management process.

OUE provides comprehensive medical coverage to our employees, inclusive of outpatient, inpatient and specialist coverage. For eligible employees, coverage plans are also extended to their families. If employees are injured at work, they will also be compensated through OUE's insurance coverage. Furthermore, Singapore-based employees in the corporate office that are above 40 years old and with at least one year of service are entitled to regular health screening. Similarly, permanent employees in China are also entitled to annual health screening.

The mental well-being of our employees is also one of our top priorities. We strive to create a working environment with a good work-life balance. Our corporate office employees are encouraged to leave the office early on scheduled days to spend quality time with their families.

Apart from immediate employees, the health and safety of our contractors, and other workers who are not directly employees but whose work is controlled by OUE, are also taken seriously. Contractors are informed of our EHS practices and expectations at the beginning of their engagement. They are also required to comply with our workmen's compensation policy, and register for third-party liability insurance and contractor's all risk insurance before the commencement of any work. Additionally, all main contractors for new developments are required to maintain the OHSAS 18001 or ISO 45001 safety certifications throughout their engagement. OUE conducts regular meetings with service providers to ensure satisfactory health and safety performances.

In FY2021, we reported zero incidents that resulted in high-consequence injuries or fatalities. However, we recorded 36 work-related injuries at our properties. The main types of work-related injuries were slip and fall, hit by object, and cuts and scalds that took place in our kitchens.

Please see our detailed health & safety performance in the AT A GLANCE (SOCIAL) section.

FY2021 performance against Targets and Aspirations

Health & Safety	
Targets & Aspirations	**FY2021 Performance**
Maintain zero incidents resulting in employee fatality or permanent disability	Zero incidents
All main contractors for new developments to be OHSAS 18001 or ISO 45001 certification	In FY2021, we had only one ongoing development project, which was the rebrand of MOS as Hilton Singapore Orchard. The main contractors have obtained OHSAS 18001 or ISO 45001 certifications.

Fair Employment Practices

We are deeply appreciative of the dedication of our employees, which is crucial in serving our clients and generating long-term value for our stakeholders. Thus, it is our top priority to maintain a fair and inclusive workplace where our people are provided opportunities to thrive and further value add. Globally, we had a total of 856[22] employees as at 31 December 2021, about 12% of whom are part of the workers' union.

We have established a set of comprehensive HR policies to be applied fairly and consistently across the Group to ensure a positive and nurturing working environment for all of our employees.

Recruitment

OUE adheres to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) guidelines and government employment legislation in our recruitment practices. In line with our Recruitment Policy, we follow a detailed stepwise recruitment process, from initial job posting and sourcing, shortlisting candidates and interviews, to extending job offers. These steps are comprehensive to ensure impartiality and fairness throughout our hiring processes. As an equal opportunity employer, OUE aims to employ qualified candidates based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business. We strictly do not tolerate any discrimination against age, gender, race, marital status or religion.

Our employees contribute to OUE's values in maintaining a working environment that encourages mutual respect among all employees regardless of position and embraces diversity and inclusiveness. We also believe in open and effective communication between employees from all levels to resolve disputes. Therefore, we have established a formal grievance procedure such that disputes are handled satisfactorily. The grievance procedure is communicated to all our employees through the OUE Staff Handbook and employees are encouraged to use it to report any harassment or inappropriate behaviour faced at the workplace.

[22] For the properties OUE Bayfront, OUE Downtown Office and Downtown Gallery, data excludes workers who are employed by a managing agent that has been appointed to manage the day-to-day operations of these properties.

SUSTAINABILITY REPORT

Non-discrimination
Following the OUE Code of Business Conduct and Ethics, we have zero tolerance towards harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, veteran or marital status. All our hires, including contractors, are based on merit to promote fairness and non-discrimination in our business dealings.

During FY2021, we received zero complaints of discrimination. Our overall employee resignation[23] rate in FY2021 was 38.0%. Our real estate services business saw a 33.3% resignation rate, which is higher than the national industry average[24] of 26.1%. The annual resignation rate of our accommodation and food business was 39.0%, which is similar to the national industry average[24] of 39.0%. Our overall turnover rate in FY2021 was 56.5%. The relatively high turnover rates in FY2021 can be attributed to employees who were not transferred to MOS's new hotel management during the rebranding exercise.

Please see our detailed staff mix and diversity performance in the AT A GLANCE (SOCIAL) section.

Learning and Development
At OUE, we strive to equip all our employees with the necessary knowledge and skills to carry out their duties. A Learning and Development Policy was specifically created to promote a culture of continuous learning. Ultimately, we strive to create a motivated, skilled and competent workforce that is capable of meeting both current and future business challenges.

We ensure that training opportunities are accessible to all our employees. Throughout the year, training needs are identified at various levels and stages. For example, HODs and direct managers may identify department- or team-specific training needs for employees. Individual employees can also request necessary training based on their development needs. OUE provides diverse trainings which could take the form of on-the-job-training, one-on-one training, company workshops, sponsorship for external workshops, coaching, mentoring, self-paced learning, etc.

In FY2021, we were unable to achieve our training hours target due to fewer trainings provided to our hotel employees. MOS trainings were affected due to the hotel undergoing major renovation, while CPCA, being a designated air crew accommodation, had their trainings affected due to stricter Safe Management Measures imposed at the hotel. We will continue to monitor and ensure our employees receive adequate training resources to carry out their work responsibilities efficiently.

Please see our detailed training information in the AT A GLANCE (SOCIAL) section.

FY2021 performance against Targets and Aspirations

Fair Employment Practices	
Targets & Aspirations	**FY2021 Performance**
Maintain zero incidents of discrimination	Zero incidents of discrimination
Maintain the employee turnover rate below the national industry average[22] (26.1% for real estate services and 39.0% for accommodation and food services)	Employee resignation rate was 33.3% for real estate services business and 39.0% for accommodation and food business
Maintain the proportion of women in senior management at 40% or more	39.3% of employees in senior management are women
Achieve 25 training hours per employee per year	Average of 14.2 training hours per employee

[23] Includes only voluntary resignations during the reporting period.
[24] Average rate based on 1Q to 4Q 2021 resignation rate published by MOM Singapore.

Creating Social Ecosystems
OUE's real estate portfolio comprises buildings in prime locations in Asia. We strongly believe that beyond simply being a part of the built environment, modern buildings are integral to the social fabric of cities. Our buildings contribute significantly to their occupants and the wider community around them.

As a developer, we strive to minimise any negative impact of our development projects on the environment and neighbouring communities. Before the commencement of any development project, we conduct a mandatory environmental and social impact assessment. This is to better understand and evaluate the environmental and social risks involved with the specific project.

For our buildings, we place a special focus on their accessibility to the local community. We ensure that all our new investment properties are accessible to persons with disabilities and feature child-friendly facilities. Additionally, OUE strongly believes in giving back to society. We have been supporting the local community by contributing to social organisations, including the NTUC U-Care Fund 2021, Focus on the Family, Stroke Support Station, Viva Foundation for Children, Singapore Heart Foundation, National Book Development Council of Singapore, Singapore Symphony Orchestra, LEAP201, Singapore Clan Foundation and the Singapore Clan Foundation River Hongbao. OUE also partnered the Community Chest for the Stars of Christmas 2021, a community project to bring Christmas cheer to underprivileged children, especially those with special needs and illnesses. OUE has held the Stars of Christmas every year since 2010.

Furthermore, OUE is invested in encouraging learning in the community. We support various projects targeted at providing youths and adults from all backgrounds the opportunity to receive a good education. OUE regularly contributes to the National University of Singapore (NUS), Singapore Management University, National Technological University and Singapore Institute of Technology. OUE has contributed to the NUS Young Entrepreneurial Scholarship Program, the Institute of Policy Studies Corporate Associates Program and the Institute of Southeast Asian Studies and supports research initiatives undertaken by the Centre for Family and Population Research and the Asian Bureau of Finance and Economic Research. OUE is also a partner of the Future Ready Singapore Project and the Asia Competitive Institute at the NUS Lee Kuan Yew School of Public Policy.

Under normal circumstances, OUE organises a variety of community engagement events every year. However, in 2021, most of our community engagement efforts had to be suspended due to the COVID-19 pandemic. Nevertheless, we continued contributing to social initiatives that met social distancing requirements. For example, One Raffles Place participated in a wide range of events, including the World Water Day Light-Up organised by PUB, the DrugFreeSG Light-Up organised by the Central Narcotics Bureau, National Day Light-Up, World Heart Day organised by Singapore Heart Foundation and the World Mental Health Day Light-Up organised by Institute of Mental Health. Additionally, One Raffles Place took part in the Design for Distancing project with Raffles Place Alliance, where stickers were placed at planters in Raffles Place Park to encourage safe distancing and remind the public to stay safe. OUE Bayfront collaborated with URA's Placemaking Marina Bay Alliance to resume work-out sessions in December, as well as dance and yoga festivals and art workshops. Lippo Plaza in Shanghai also partnered with China Social Welfare Foundation and Shanghai United Foundation to organise charity activities that took place at its venue.

We encourage all our properties to actively participate in community engagement programmes while we will continue to invest in the communities that we are part of.

SUSTAINABILITY REPORT

FY2021 performance against Targets and Aspirations

Creating Social Ecosystems	
Targets & Aspirations	**FY2021 Performance**
As a long-standing partner of our community, OUE is committed to bringing about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development	OUE participated and organised several community outreach initiatives despite the constraints in place due to COVID-19, including One Raffles Place's Design for Distancing Project with Raffles Place Alliance, charity activities held at Lippo Plaza in Shanghai and Stars of Christmas 2021
Conduct social and environmental impact assessments for development projects from FY2020 onwards	In FY2021, we had only one ongoing development project, which was the rebrand of MOS as Hilton Singapore Orchard. The feasibility study for this project was completed in FY2019
All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities	No new investment property was acquired in FY2021

Innovation

As the world undergoes rapid development, we face evolving needs from new generations of customers. Technology has transformed the way we work, communicate and collaborate. To ensure our long-term success, OUE needs to stay updated on industry trends and innovate consistently.

At OUE, we advocate a culture of innovation and continuously push the boundary of building designs to improve our tenants' and guests' experience. Leveraging the latest technology, we are constantly devising new solutions to improve our buildings' environmental performance and maximise the value generated for our shareholders. During FY2021, MOS installed motion sensors in its guestrooms, which automatically switch off lights and set the air conditioning to a default temperature when there is no one in the room.

We have been exploring the use of smart technology to constantly improve the user experience for our tenants, guests and visitors.

For instance, at MOS, the Nalco 3D TRASAR technology system has been installed for its cooling towers, which alerts the user via SMS when there are abnormalities in the system that require further action. At CPCA, Shiji Mycheck was upgraded to Infrasys Mobile Ordering, to enable a more seamless mobile payment for in-room dining (IRD) and in Azur restaurant for contactless ordering and payment. The table below summarises the innovation initiatives at our other properties.

FY2021 performance against Targets and Aspirations

Innovation	
Targets & Aspirations	**FY2021 Performance**
Actively seek opportunities to adopt new innovations and green building technologies	• Installation of motion sensor lights in refurbished guestrooms as well as a cooling tower monitoring system at MOS • Installation of ultraviolet light germicidal systems for the AHUs at OUE Bayfront, OUE Downtown Office and Mandarin Gallery • Installation of an automated entry system with temperature screening for the office building of Lippo Plaza in Shanghai • Installation of light motion sensors in toilets and pantries at both OUE Bayfront and OUE Downtown Office • Installation of energy-efficient lighting at the main lobby and plaza area of OUE Bayfront using the Casambi smart control lighting system

Our sustained efforts in innovation have resulted in the attainment of industry awards for excellent environmental management. We are proud to share that most of our Singapore properties have attained BCA Green Mark Gold certification or above for environmentally-friendly practices. Lippo Plaza in China is certified under LEED-Gold for its outstanding environmental performance.

Property	Award Category
OUE Bayfront	BCA Green Mark Gold
One Raffles Place Tower 1	BCA Green Mark Gold
One Raffles Place Tower 2	BCA Green Mark Platinum
OUE Downtown Office	BCA Green Mark Gold
Downtown Gallery	BCA Green Mark Gold
Mandarin Gallery	BCA Green Mark Gold
Mandarin Orchard Singapore	BCA Green Mark Gold
Lippo Plaza	LEED O+M V4.0 - Gold

SUSTAINABILITY REPORT

Product Quality

At OUE, our core value of Transformational Thinking underpins our constant pursuit of better and high-quality buildings. Over several decades, we have acquired iconic buildings and transformed them to enhance their desirability, durability and value.

We strive to provide a safe and positive environment for our tenants, guests and visitors. We integrate our occupants' needs into building design early in the design process. Beyond building design, safeguarding the health and safety of our tenants, guests and visitors requires rigorous maintenance. We ensure that Property Managers have various policies and procedures in place to assess, address and report safety risks within buildings. At each property, our Property Managers are in charge of implementing comprehensive policies and procedures, including the EHS Policy, the Fire Emergency Plan and the CERT. They are tasked to assess, identify, report and rectify any health and safety risks within the buildings. Risk assessments and on-site checks are conducted frequently in our buildings to ensure that facilities in all common areas, such as lifts and escalators, are in safe operating condition. Any hazards identified are required to be adequately signposted to prevent unnecessary accidents or injuries. If any incidents do occur, Property Managers are required to prepare incident reports detailing the incidents and these are submitted monthly, along with maintenance records. We conduct maintenance and servicing of all equipment and machinery at least every quarter. Tenants are required to adhere to safety guidelines in our buildings, as included in our tenant handbook.

Our hospitality arm and food and lifestyle division have unique business natures that pose diverse challenges in terms of upholding the health and safety of our customers. As we are directly involved with food and beverage preparation, we have a moral and regulatory duty to strictly follow all health and safety protocols. We adhere to all relevant regulations and guidelines for the food and beverage sector and work continuously to maintain high standards in our kitchens. Ultimately, we strive to enrich our customers with a healthy, clean and wholesome gastronomic experience.

On 5th August 2021, CPCA was fined S$2000 by the STB for an incident on 11th July 2021, where staff were not wearing masks and gathering in groups, and S$2000 for another incident on 25th July 2021, where staff were not wearing masks. On 17th November 2021, OUER was fined S$400 for a food hygiene violation and 6 demerit points. For all incidents, action was immediately taken to ensure strict adherence to safe management regulations and high food hygiene standards.

FY2021 performance against Targets and Aspirations

Product Quality	
Targets & Aspirations	**FY2021 Performance**
Zero significant incidents* of non-compliance with health and safety regulations	3 incidents of non-compliance
Achieve at least 80% customer satisfaction rate	Achieved an average 87.2% customer satisfaction rate in FY2021

* Taking reference from the Singapore Food Agency's Points Demerit System, a significant incident is defined as an incident that meets any of the following criteria:
1. Any incidence leading to the suspension of F&B outlets (12 points within 12 months)
2. Any incidence of a serious offence (6 points)
3. Any financial penalty greater than S$500 per incident (that means either 2 major or 3 minor or any combination that triggers these penalties)

BUILDING TRUST

Ethical Business Practices

OUE is committed to conducting our business with good ethics, and we are guided by OUE's Code of Business Conduct and Ethics (Code). Upon employment, all OUE employees are required to sign the Certificate of Compliance as an acknowledgement of the Code. Throughout their tenure, they are expected to uphold business integrity. Our employees are forbidden from participating in any form of fraudulent or dishonest conduct. Fraud, bribery and corruption are serious offences that could tarnish OUE's reputation and diminish the trust of our stakeholders. To deter any corrupt practices, OUE has developed guidelines on the acceptance or solicitation of gifts and entertainment. Employees are prohibited from directly or indirectly offering, soliciting or accepting any form of favours from customers, contractors and business associates in exchange for preferential treatment in business dealings. Employees are advised to decline any substantial gifts, the value of which exceed a certain monetary threshold. For non-substantial gifts, they are required to report to the HR department for transparency.

The Group has a designated Group Ethical Officer, whom our employees are encouraged to contact if they have a reasonable belief of any misconduct. During the reporting period, we had zero confirmed incidents of corruption.

FY2021 performance against Targets and Aspirations

Ethical Business Practices	
Targets & Aspirations	**FY2021 Performance**
Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics	All company policies, including Code of Business Conduct and Ethics, were acknowledged by all employees of OUE, OUE Restaurants, OUE C-REIT Manager, One Raffles Place and Lippo Plaza
Zero confirmed incidents of corruption	Zero confirmed incidents

Compliance

Ensuring compliance with local and international laws and regulations is a priority for OUE. This is incorporated into our day-to-day operations. Having an effective compliance programme allows OUE to meet our stakeholders' expectations. For example, the building sector is expected to comply with increasingly stringent local environmental regulations, such as the Energy Conservation Act 2012 and the Environmental Protection and Management Act 1999. As publicly listed entities, OUE and its subsidiary OUE C-REIT are also obligated to comply with, among others, the listing rules of SGX-ST, and the Securities and Futures Act 2001, as well as the relevant sectoral regulations such as the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS) which is applicable to the REIT.

It is paramount that we keep track of the changing regulatory landscape. Our legal team is responsible for the overall compliance of the Group with support from the internal audit team. The legal team monitors changes to applicable laws and regulations through media scans, press releases, professional advice and publications from legal counsels and by attending seminars organised by law firms or audit firms. Where necessary, OUE also engages external legal counsels to assist the team in implementing policies or frameworks for enhanced compliance with laws and regulations as well as to conduct training for the senior management and relevant departments within the Group.

In 2021, the retail lease templates for OUE Bayfront, One Raffles Place, Downtown Gallery and Mandarin Gallery were updated to incorporate the principles of the Code of Conduct for Leasing of Retail Premises in Singapore. Group-wide policies relating to PDPA and anti-money laundering (AML) for tenants of OUE C-REIT were also updated during the year, while OUE C-REIT implemented an individual conduct and accountability framework in accordance with new regulations issued by the MAS. To keep OUE leadership and staff abreast of the latest legal developments, training sessions were organised. These included a Directors' learning session for OUE and OUE C-REIT directors on topics related to ESG, green financing and an update on geo-political and macroeconomic developments, and PDPA and AML training for staff across the Group.

SUSTAINABILITY REPORT

At the property level, property managers are tasked to keep abreast of building regulation requirements, conduct regular checks and submit relevant environmental data to ensure compliance with building standards and regulations. Moreover, properties are subject to periodic environmental audits by the local authorities. If non-compliance is reported during the audits, legal and regulatory impacts will be assessed and remedial plans will be implemented.

As indicated in the Code, our employees are encouraged to identify and report any issues that might lead to non-compliance or violations of laws and regulations. We have a whistle-blowing policy in place where employees can raise any issues confidentially. It is our policy not to discriminate or retaliate against any employee who reports issues in good faith. All concerns and complaints received will undergo thorough investigation supported by the senior management team and the Audit Committee. As a result of our prudent risk management, we minimised incidents of non-compliance with laws and/or regulations, including competition and environmental regulations, that would result in significant fines or non-monetary sanctions in FY2021. In the interest of transparency, we wish to report two incidents where CPCA was fined for not adhering to mask-wearing regulations and one incidence on food hygiene violation at one of our OUE Restaurants businesses. Please see details in the Product Quality section.

FY2021 performance against Targets and Aspirations

Compliance	
Targets & Aspirations	**FY2021 Performance**
Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines* and non-monetary sanctions	Zero incidents of non-compliance
Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines* and non-monetary sanctions	Zero incidents of non-compliance

* A significant fine is a financial penalty that is equal to or above S$10,000 paid for a single incident

Cyber Security

The increased digitalisation of our operations brings new opportunities, but it also calls for a robust cyber defence system to protect us from potential cyber attacks. It is estimated that a single data breach could cost a company US$4.24 million on average[25]. Therefore, it is important to understand the cyber security risks in OUE's operations.

Managing Cyber Security Risk

The Board and senior management team are responsible for managing cyber security risks and overseeing the establishment of the necessary Information Technology (IT) policies, procedures and control environment to mitigate these risks. At ground level, OUE's IT team is responsible for analysing cyber security risks and identifying any gaps in internal controls as well as implementing action plans to manage the risk. Key principles such as segregation of duties, the never alone principle and access control principle are upheld in our operations to maintain adequate internal control. OUE IT has also adopted a Zero Trust architecture network defence framework with high availability logical network segregation and continuous network traffic monitoring and logging. VAPT (Vulnerability assessment and Penetration Testing) is also performed by an external party annually.

With more devices in the modern workplace than ever before, each being used for different tasks, ensuring the security of corporate data has become unprecedentedly complex. OUE IT has deployed Mobile Device Management (MDM) enabling remote wiping of emails from any connected device, the enforcement of passcode requirements, and preventing access to emails and documents according to company policies.

[25] IBM, Cost of a Data Breach Report (2021).

To optimise user experience without compromising information security, OUE has also adopted Microsoft Intune, a cloud-based management tool for mobile devices. Microsoft Intune enables OUE to streamline app usage across all devices while protecting corporate data. With more employees working remotely, achieving greater efficiency in the cloud vitally enhances employee productivity.

At the individual property level, various measures to improve cyber security might be taken. In the case of CPCA, they have upgraded essential hardware and removed all PCs running on Windows 7 and Server 2008 and below. They have also updated patch monitoring of all systems and installed Ivanti and Crowdstrike AV for real-time monitoring and protection of the systems.

Information Security Awareness Training

The comprehensive information security awareness training programme is provided annually to our employees and is extended to our vendors and contractors, if appropriate. The training programme covers topics on IT security policies, standards and procedures, individual responsibilities for IT security, measures needed to safeguard information, and relevant laws, regulations and guidelines on IT security. To educate our employees on sound cyber security practices, OUE has implemented a mandatory cyber security awareness employee training quiz, and disseminates regular cyber security awareness newsletters. We have also conducted a phishing simulation exercise at the OUE group level. At the property level, CPCA Information Security conducts at least one training a year as part of an information security awareness programme.

Personal Data Protection

We understand the importance of protection of personal data in the digital age. OUE adheres to the Personal Data Protection Act 2012 (the PDPA) and implements various measures to comply with the PDPA, as documented in our Personal Data Protection Compliance Manual (Manual). All our employees are contractually required to comply with the Manual and report any suspected data breach to our Group Data Protection Officer. The Manual lays out the principles for how OUE and our employees deal with personal data, which revolve around consent, purpose, access, correction, accuracy, protection/security, retention and transfer out.

In 2021, our legal team updated the Manual and Personal Data Protection Policy Guideline to incorporate the latest significant amendments to the PDPA. The previous documents and policies dealing with PDPA compliance were also streamlined into the Manual. The Manual comprehensively sets out and provides tools such as guidelines, templates and standard operating procedures in relation to the handling and processing of personal data, including key operational documents and policies such as: (a) templates and forms for obtaining consent from individuals; (b) data transfer agreement template; (c) NRIC / identification numbers policy; and (d) data breach management plan. The Guideline is a condensed version of the Manual which staff can easily refer to, to obtain a quick primer on the do's and don'ts in handling personal data. As it is a much shorter document than the Manual, the Policy Guideline may be amended from time to time to deal with the latest relevant developments or updates under the PDPA.

In FY2021, we had zero incidents of data breaches with our comprehensive data protection measures in place. To ensure the protection of personal data and minimise the risk of accidental disclosure, we have also implemented automatic email encryption across the Group.

FY2021 performance against Targets and Aspirations

Cyber Security	
Targets & Aspirations	**FY2021 Performance**
Maintain zero cyber incidents and data breaches	Zero cyber incidents and data breaches

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES			
Organisational Profile			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	About OUE > Who We Are, Page 84
	102-2	Activities, brands, products, and services	About OUE > Who We Are, Page 84
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	About OUE > Who We Are, Page 84
	102-5	Ownership and legal form	About OUE > Who We Are, Page 84
	102-6	Markets served	About OUE > Who We Are, Page 84
	102-7	Scale of the organisation	Strengthening Social Fabric > Fair Employment Practices, Page 103-104 Refer to OUE Annual Report 2021, Page 04-05 for information on net sales and total capitalisation
	102-8	Information on employees and other workers	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	102-9	Supply chain	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 97-98
	102-10	Significant changes to the organisation and its supply chain	About OUE > Who We Are, Page 84
	102-11	Precautionary principle or approach	Sustainability at OUE > Sustainability Framework, Page 88 Stewarding the Environment > Climate Resilience, Page 93-95 Strengthening Social Fabric > Product Quality, Page 108
	102-12	External initiatives	Sustainability at OUE > Sustainability Framework, Page 88 Stewarding the Environment > Water Efficiency, Page 95-96 Stewarding the Environment > Responsible Supply Chain (Environmental), Page 97-98 Strengthening Social Fabric > Health & Safety, Page 102-103 Strengthening Social Fabric > Fair Employment Practices, Page 103-104 Strengthening Social Fabric > Product Quality, Page 108
	102-13	Membership of associations	Singapore Institute of Directors

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES			
Strategy			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Board Statement, Page 84
Ethics and Integrity			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards and norms of behaviour	About OUE > Who We Are, Page 84
Governance			
GRI 102: General Disclosures 2016	102-18	Governance structure	Sustainability at OUE > Sustainability Governance, Page 85
Stakeholder Engagement			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Sustainability at OUE > Stakeholder Engagement, Page 86-87
	102-41	Collective bargaining agreements	Strengthening Social Fabric > Fair Employment Practices, Page 103
	102-42	Identifying and selecting stakeholders	Sustainability at OUE > Stakeholder Engagement, Page 86-87
	102-43	Approach to stakeholder engagement	Sustainability at OUE > Stakeholder Engagement, Page 86-87
	102-44	Key topics and concerns raised	Sustainability at OUE > Stakeholder Engagement, Page 86-87
Reporting Practice			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	About this Report, Page 85
	102-46	Defining report content and topic boundaries	About this Report, Page 85
	102-47	List of material topics	Sustainability at OUE > Sustainability Framework, Page 88-90
	102-48	Restatements of information	Stewarding the Environment > Climate Resilience, Page 93-95 Stewarding the Environment > Water Efficiency, Page 95-96 Stewarding the Environment > Waste Minimisation, Page 96-97
	102-49	Changes in reporting	About this Report, Page 85
	102-50	Reporting period	About this Report, Page 85
	102-51	Date of most recent report	8 April 2021
	102-52	Reporting cycle	About this Report, Page 85
	102-53	Contact point for questions regarding the report	About this Report, Page 85
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report, Page 85
	102-55	GRI content index	GRI Content Index, Page 112-120
	102-56	External assurance	About this Report, Page 85

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ECONOMIC			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Creating Social Ecosystems, Page 105-106 Refer to OUE Annual Report 2021, Page 77 for information on investors
	103-2	The management approach and its components	OUE Annual Report 2021, Page 121
	103-3	Evaluation of the management approach	OUE Annual Report 2021, Page 121
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	OUE Annual Report 2021, Page 121
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Ethical Business Practices, Page 109
	103-2	The management approach and its components	Building Trust > Ethical Business Practices, Page 109
	103-3	Evaluation of the management approach	Building Trust > Ethical Business Practices, Page 109 Sustainability at OUE > Sustainability Governance, Page 85
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Building Trust > Ethical Business Practices, Page 109
CATEGORY: ENVIRONMENTAL			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Climate Resilience, Page 93-95
	103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 93-95
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Stewarding the Environment > Climate Resilience, Page 93-95
	302-3	Energy intensity	Stewarding the Environment > Climate Resilience, Page 93-95

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ENVIRONMENTAL			
Water and Effluents			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Water Efficiency, Page 95-96
	103-2	The management approach and its components	Stewarding the Environment > Water Efficiency, Page 95-96
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Stewarding the Environment > Water Efficiency, Page 95-96
	303-2	Management of water discharge-related impacts	Stewarding the Environment > Water Efficiency, Page 95-96
	303-3	Water withdrawal	Stewarding the Environment > Water Efficiency, Page 95-96 Water withdrawn in Singapore and Shanghai is freshwater and from a municipal supply. Based on WRI's Aqueduct Water Risk Atlas tool, Shanghai is currently located in water-stressed areas.
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Climate Resilience, Page 93-95
	103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 93-95
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Stewarding the Environment > Climate Resilience, Page 93-95
	305-2	Energy indirect (Scope 2) GHG emissions	Stewarding the Environment > Climate Resilience, Page 93-95
	305-4	GHG emissions intensity	Stewarding the Environment > Climate Resilience, Page 93-95
Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Waste Minimisation, Page 96-97
	103-2	The management approach and its components	Stewarding the Environment > Waste Minimisation, Page 96-97
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: ENVIRONMENTAL			
Waste			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 96-97
	306-2	Management of significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 96-97
	306-3	Waste generated	Stewarding the Environment > Waste Minimisation, Page 96-97
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Compliance, Page 109-110
	103-2	The management approach and its components	Building Trust > Compliance, Page 109-110
	103-3	Evaluation of the management approach	Building Trust > Compliance, Page 109-110 Sustainability at OUE > Sustainability Governance, Page 85
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Building Trust > Compliance, Page 109-110
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 97-98
	103-2	The management approach and its components	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 97-98
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Stewarding the Environment > Responsible Supply Chain (Environmental), Page 97-98

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Health & Safety, Page 102-103
	103-2	The management approach and its components	Strengthening Social Fabric > Health & Safety, Page 102-103
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-2	Hazard identification, risk assessment, and incident investigation	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-3	Occupational health services	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-4	Worker participation, consultation, and communication on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-5	Worker training on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-6	Promotion of worker health	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Social Fabric > Health & Safety, Page 102-103
	403-9	Work-related injuries	Strengthening Social Fabric > Health & Safety, Page 102-103

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
Non-Discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Creating Social Ecosystems, Page 105-106
	103-2	The management approach and its components	Strengthening Social Fabric > Creating Social Ecosystems, Page 105-106
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Strengthening Social Fabric > Creating Social Ecosystems, Page 105-106
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Product Quality, Page 108
	103-2	The management approach and its components	Strengthening Social Fabric > Product Quality, Page 108
	103-3	Evaluation of the management approach	Strengthening Social Fabric > Product Quality, Page 108 Sustainability at OUE > Sustainability Governance, Page 85
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Strengthening Social Fabric > Product Quality, Page 108
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Cyber Security, Page 110-111
	103-2	The management approach and its components	Building Trust > Cyber Security, Page 110-111
	103-3	Evaluation of the management approach	Building Trust > Cyber Security, Page 110-111 Sustainability at OUE > Sustainability Governance, Page 85
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building Trust > Cyber Security, Page 110-111
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Building Trust > Compliance, Page 109-110
	103-2	The management approach and its components	Building Trust > Compliance, Page 109-110
	103-3	Evaluation of the management approach	Building Trust > Compliance, Page 109-110 Sustainability at OUE > Sustainability Governance, Page 85

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
TOPIC-SPECIFIC DISCLOSURES			
CATEGORY: SOCIAL			
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Building Trust > Compliance, Page 109-110
Innovation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Strengthening Social Fabric > Innovation, Page 106-107
	103-2	The management approach and its components	Strengthening Social Fabric > Innovation, Page 106-107
	103-3	Evaluation of the management approach	Sustainability at OUE > Sustainability Governance, Page 85
GRI Sector Disclosures: Construction and Real Estate	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Strengthening Social Fabric > Innovation, Page 106-107

FINANCIAL STATEMENTS

OTHER INFORMATION

DIRECTORS' STATEMENT

Year ended 31 December 2021

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 2021.

In our opinion:

(a) the financial statements set out on pages 131 to 250 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 2021 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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Stephen Riady	
Christopher James Williams	
Lim Boh Soon	(Appointed on 1 January 2022)
Kelvin Lo Kee Wai	
Sin Boon Ann	
Kin Chan	
Goh Min Yen	(Appointed on 1 January 2022)
Brian Riady	

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the financial year Stephen Riady	 Kin Chan	Holdings at end of the financial year Stephen Riady	 Kin Chan
Deemed Interest				
The Company				
OUE Limited				
- ordinary shares	618,916,410	618,916,410	618,916,410	618,916,410

DIRECTORS' STATEMENT

Year ended 31 December 2021

Name of director and corporation in which interests are held	Holdings at beginning of the financial year Stephen Riady	 Kin Chan	Holdings at end of the financial year Stephen Riady	 Kin Chan
Deemed Interest				
Related Corporations				
Lippo ASM Asia Property Limited				
- Class A Shares	400	400	400	400
- Class B Shares	200	–	200	–
- Class C Shares	–	200	–	200
Fortune Crane Limited				
- ordinary shares	45,932	45,932	45,932	45,932
Golden Concord Asia Limited				
- ordinary shares	1,000	1,000	1,000	1,000
OUE Realty Pte. Ltd.				
- ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
First REIT Management Limited				
- ordinary shares	1,000,000	1,000,000	1,000,000	1,000,000
OUE Lippo Healthcare Limited				
- ordinary shares	2,859,812,500	2,859,729,000	3,126,400,252	3,126,316,752
Health Kind International Limited				
- ordinary shares	19,125,765	19,125,765	19,125,765	19,125,765
Health Kind International (Shanghai) Co., Ltd.				
- registered capital (USD)	2,000,000	2,000,000	2,000,000	2,000,000
Shanghai Yi Lin Medical Management Consulting Co., Ltd				
- registered capital (RMB)	1,200,000	1,200,000	1,200,000	1,200,000
Wuxi Lippo Xi Nan Hospital Co., Ltd				
- registered capital (RMB)	7,476,714	7,476,714	7,476,714	7,476,714

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or 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 2022.

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

DIRECTORS' STATEMENT
Year ended 31 December 2021

SHARE OPTIONS

During the financial year, there were:

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

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

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

AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises three non-executive Directors, two of whom are independent. The members of the Audit Committee as at the date of this statement are:

Kelvin Lo Kee Wai	(Chairman)
Lim Boh Soon	(Appointed on 1 January 2022)
Kin Chan	

During the year, the Audit Committee comprised three non-executive Directors, two of whom were independent. The members of the Audit Committee during the year were:

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

Sin Boon Ann was considered an independent Director during the year, prior to his redesignation as a non-independent Director with effect from 1 January 2022 pursuant to Rule 210(5)(d)(iii) of the Listing Manual.

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

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

The Audit Committee also reviewed the following:

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

DIRECTORS' STATEMENT
Year ended 31 December 2021

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

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman and
Non-Executive Non-Independent Director

Brian Riady
Deputy Chief Executive Officer and
Executive Director

31 March 2022

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2021

Members of the Company
OUE Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2021, the consolidated statement of profit or loss and other 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 131 to 250.

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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2021 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)

Impairment of property, plant and equipment
(Refer to note 22 to the financial statements)

Risks

The Group has a portfolio of investment properties mainly in Singapore, Indonesia, Japan, and the People's Republic of China (the "PRC") with a carrying value of $4.6 billion as at 31 December 2021. Investment properties represent the most significant asset item on the statement of financial position. The Group's accounting policy is to state the investment properties at their fair values, which are based on independent external valuations.

Property, plant and equipment of the Group with a total carrying amount of $1.7 billion as at 31 December 2021 includes two hotel properties in Singapore and a leasehold property under development in the PRC. These properties, which are stated at cost less accumulated depreciation and accumulated impairment losses, are subject to an annual review to assess whether there is an indication that they may be impaired. Where indicators of impairment are identified, the recoverable amount of the property is estimated based on independent external valuation.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2021

The valuation process involves significant judgement in determining the valuation methods to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in key assumptions could have a significant impact to the valuations.

The valuation reports obtained from the external valuers for the valuations as at 31 December 2021 of certain properties also highlighted that the real estate market have been impacted by the uncertainty that the COVID-19 pandemic has caused, and less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

Our response

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

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method, direct comparison method and residual value method, against those generally applied for similar property types. We also involved our internal valuation specialists to assist us in the assessment of certain key assumptions of certain properties. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot/metre and price per hotel room, against historical trends and available industry data, taking into consideration comparability and market factors. In addition, we discussed with management and the external valuers to understand how they have considered the implications of the COVID-19 pandemic and market uncertainty in the valuations.

We also considered the adequacy of the disclosures in the financial statements in respect of estimation uncertainty and judgement applied.

Our findings

We are satisfied with the competency and objectivity of the external valuers. The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods used by the valuers were comparable to the methods used for similar property types by other valuers and the key assumptions were generally within the range of available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were noted to be consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and their fair values.

Litigations, claims and other contingencies
(Refer to note 37 to the financial statements)

Risk

The Group's subsidiary, OUE Lippo Healthcare Limited ("OUELH") and its subsidiaries ("OUELH Group") was involved in several on-going litigations and claims, and provision relating to legal and related expenses of $21.0 million was made as at 31 December 2021. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be different from current assessment, which can potentially affect the amount of provision made by OUELH Group.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2021

Our response

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

Our findings

We found management's basis for the provision relating to legal and related expenses to be supportable, taking into consideration the legal advice obtained from the external legal counsels, latest developments on the litigations and claims, and the possible course of actions to be taken. We found the disclosures in the financial statements to be adequate in describing the developments of the on-going litigation and claims.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2021

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2021

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	4	300,806	530,455
Cost of sales		(144,506)	(296,090)
Gross profit		156,300	234,365
Marketing expenses		(3,760)	(10,312)
Administrative expenses		(63,735)	(77,790)
Other operating expenses		(7,254)	(18,893)
Share of results of equity-accounted investees, net of tax		231,868	119,284
		313,419	246,654
Finance expenses	7	(110,170)	(134,400)
Finance income	8	7,263	7,569
Other losses – net	9	(72,309)	(565,096)
Profit/(Loss) before tax		138,203	(445,273)
Tax (expense)/credit	10	(36,495)	40,489
Profit/(Loss) after tax		101,708	(404,784)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations:			
- currency translation differences		26,204	39,458
Share of other comprehensive income of equity-accounted investees:			
- currency translation differences		51,899	43,691
- other reserves		–	3,807
Cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		11,352	(46,004)
- hedging reserve reclassified to profit or loss		20,740	20,441
		110,195	61,393
Items that will not be reclassified subsequently to profit or loss:			
Share of other reserves of an equity-accounted investee		(4,220)	–
Net change in fair value of investments at fair value through other comprehensive income, net of tax		(4,946)	15,924
		(9,166)	15,924
Other comprehensive income, net of tax		101,029	77,317
Total comprehensive income for the year		202,737	(327,467)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Profit/(Loss) attributable to:			
Owners of the Company		80,943	(343,383)
Non-controlling interests		20,765	(61,401)
		101,708	(404,784)
Total comprehensive income attributable to:			
Owners of the Company		156,083	(268,778)
Non-controlling interests		46,654	(58,689)
		202,737	(327,467)
Earnings per share for profit/(loss) attributable to the owners of the Company			
Basic earnings per share (cents)	11	9.23	(38.18)
Diluted earnings per share (cents)	11	9.21	(38.18)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Assets					
Cash and cash equivalents	12	518,858	559,527	233,529	302,592
Trade and other receivables	13	64,250	149,308	1,109,479	1,020,071
Inventories	14	892	676	95	164
Other investments	15	81,090	60,972	–	–
Development properties	16	27,530	29,024	–	–
Other assets	17	115,783	81,923	12,800	5,912
Loans to subsidiaries	20	–	–	1,118,194	1,270,473
Assets held for sale	31	–	1,258,512	–	–
Current assets		808,403	2,139,942	2,474,097	2,599,212
Intangible assets and goodwill	18	30,676	30,614	–	–
Interests in equity-accounted investees	19	1,668,203	1,064,334	–	–
Investments in subsidiaries	20	–	–	808,235	810,503
Loans to subsidiaries	20	–	–	–	2,659
Other investments	15	297,404	148,746	–	–
Other assets	17	4,847	4,023	769	1,019
Investment properties	21	4,568,462	4,534,728	–	–
Property, plant and equipment	22	1,651,297	1,700,486	626,823	660,666
Deferred tax assets	23	1,247	493	2,405	896
Derivative assets	28	960	–	–	–
Non-current assets		8,223,096	7,483,424	1,438,232	1,475,743
Total assets		9,031,499	9,623,366	3,912,329	4,074,955
Liabilities					
Trade and other payables	24	145,500	137,844	80,250	122,095
Borrowings	25	418,781	420,416	10,000	–
Provision	26	23,775	33,220	–	–
Loans from subsidiaries	20	–	–	507,620	281,285
Current tax liabilities		72,076	43,898	5,137	6,922
Deferred income	27	682	6,374	–	3,955
Lease liabilities	29	6,172	464	25,856	25,117
Derivative liabilities	28	1,545	9,085	–	–
Liabilities directly associated with the assets held for sale	31	–	14,674	–	–
Current liabilities		668,531	665,975	628,863	439,374
Borrowings	25	2,406,062	3,055,709	39,698	194,933
Deferred income	27	2,666	545	–	–
Deferred tax liabilities	23	143,849	148,230	–	–
Other payables	30	44,955	38,293	410	16
Lease liabilities	29	34,757	25,905	671,048	697,013
Provision	26	4,204	–	–	–
Derivative liabilities	28	7,077	31,895	–	–
Non-current liabilities		2,643,570	3,300,577	711,156	891,962
Total liabilities		3,312,101	3,966,552	1,340,019	1,331,336
Net assets		5,719,398	5,656,814	2,572,310	2,743,619

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Equity					
Share capital	32	634,852	693,315	634,852	693,315
Other reserves	33	(69,233)	(192,877)	(148,016)	(187,974)
Accumulated profits	34	3,284,337	3,239,566	2,085,474	2,238,278
Equity attributable to owners of the Company		3,849,956	3,740,004	2,572,310	2,743,619
Non-controlling interests	35	1,869,442	1,916,810	–	–
Total equity		5,719,398	5,656,814	2,572,310	2,743,619

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the Company: Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021	693,315	(192,877)	3,239,566	3,740,004	1,916,810	5,656,814
Total comprehensive income for the year						
Profit for the year	–	–	80,943	80,943	20,765	101,708
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	17,422	–	17,422	8,782	26,204
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	51,899	–	51,899	–	51,899
- other reserves	–	(4,220)	–	(4,220)	–	(4,220)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	(4,946)	–	(4,946)	–	(4,946)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	5,372	–	5,372	5,980	11,352
- hedging reserve reclassified to profit or loss	–	9,613	–	9,613	11,127	20,740
Total other comprehensive income, net of tax	–	75,140	–	75,140	25,889	101,029
Total comprehensive income for the year	–	75,140	80,943	156,083	46,654	202,737

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Attributable to owners of the Company Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		–	(13,864)	–	(13,864)	–	(13,864)
Redemption of convertible bonds		–	(4,641)	4,626	(15)	–	(15)
Cancellation of treasury shares	33	(58,463)	58,463	–	–	–	–
Dividends paid	36	–	–	(17,525)	(17,525)	(80,655)	(98,180)
Total contributions by and distributions to owners		(58,463)	39,958	(12,899)	(31,404)	(80,655)	(112,059)
Changes in ownership interests in subsidiaries							
Changes in ownership interests in subsidiaries without a change in control	42	–	–	(14,332)	(14,332)	(13,367)	(27,699)
Total changes in ownership interests in subsidiaries		–	–	(14,332)	(14,332)	(13,367)	(27,699)
Total transactions with owners		(58,463)	39,958	(27,231)	(45,736)	(94,022)	(139,758)
Share of reserves of an equity-accounted investee		–	14,064	(14,459)	(395)	–	(395)
Transfer from fair value reserve to accumulated profits	33	–	(5,518)	5,518	–	–	–
At 31 December 2021		634,852	(69,233)	3,284,337	3,849,956	1,869,442	5,719,398

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the Company Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2020	693,315	(250,270)	3,630,251	4,073,296	2,043,849	6,117,145
Total comprehensive income for the year						
Loss for the year	–	–	(343,383)	(343,383)	(61,401)	(404,784)
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	23,053	–	23,053	16,405	39,458
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	43,691	–	43,691	–	43,691
- other reserves	–	3,807	–	3,807	–	3,807
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	15,924	–	15,924	–	15,924
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	(21,398)	–	(21,398)	(24,606)	(46,004)
- hedging reserve reclassified to profit or loss	–	9,528	–	9,528	10,913	20,441
Total other comprehensive income, net of tax	–	74,605	–	74,605	2,712	77,317
Total comprehensive income for the year	–	74,605	(343,383)	(268,778)	(58,689)	(327,467)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	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					
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		–	(21,795)	–	(21,795)	–	(21,795)
Redemption of convertible bonds		–	(156)	–	(156)	–	(156)
Dividends paid	36	–	–	(45,031)	(45,031)	(66,054)	(111,085)
Total contributions by and distributions to owners		–	(21,951)	(45,031)	(66,982)	(66,054)	(133,036)
Changes in ownership interests in subsidiaries							
Contribution from non-controlling interests		–	–	–	–	202	202
Changes in ownership interests in subsidiaries without a change in control	42	–	–	2,468	2,468	(2,498)	(30)
Total changes in ownership interests in subsidiaries		–	–	2,468	2,468	(2,296)	172
Total transactions with owners		–	(21,951)	(42,563)	(64,514)	(68,350)	(132,864)
Share of reserves of an equity-accounted investee		–	13,767	(13,767)	–	–	–
Transfer from asset revaluation reserve to accumulated profits	33	–	(9,028)	9,028	–	–	–
At 31 December 2020		693,315	(192,877)	3,239,566	3,740,004	1,916,810	5,656,814

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Profit/(Loss) after tax	101,708	(404,784)
Adjustments for:		
Depreciation for property, plant and equipment	51,070	48,830
Reversal of impairment loss on a development property	–	(38)
Reversal of provision for legal and related expenses	(5,000)	–
Net change in fair value of investment properties	(13,290)	435,430
Net change in fair value of investments designated at fair value through profit or loss	(20,511)	40,867
Impairment loss on interests in equity-accounted investees	–	5,573
Impairment loss on intangible assets and goodwill	–	11,002
Impairment loss on property, plant and equipment	106,129	88,732
Impairment loss on trade and other receivables	258	2,169
Inventory written off	–	319
Reversal of impairment loss on a loan to an equity-accounted investee	–	(16,207)
Loss on disposal of property, plant and equipment	195	391
Gain on redemption of convertible bonds	(19)	(263)
Property, plant and equipment written off	–	7,302
Finance expenses	110,170	134,400
Finance income	(7,263)	(7,569)
Share of results of equity-accounted investees, net of tax	(231,868)	(119,284)
Tax expense/(credit)	36,495	(40,489)
	128,074	186,381
Changes in:		
- trade and other receivables and other assets	58,478	(9,983)
- inventories	(216)	277
- development properties	1,494	123,394
- trade and other payables and provision	(36,647)	(61,443)
- deferred income	(3,571)	(27,813)
Cash generated from operations	147,612	210,813
Tax paid	(16,770)	(30,070)
Net cash from operating activities	130,842	180,743

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Acquisition of interests in equity-accounted investees		(58,533)	(25,387)
Acquisition of other investments		(209,628)	(59,368)
Additions to property, plant and equipment		(74,408)	(12,684)
Additions to investment properties		(9,083)	(18,650)
Dividends from:			
- equity-accounted investees, net of tax		82,109	61,647
- other investments, net of tax		487	268
Interest received		2,300	3,801
Loans to equity-accounted investees		(12,517)	(9,750)
Proceeds from repayment of loans from equity-accounted investees		4,047	16,207
Proceeds from sale of other investments		38,616	39,034
Proceeds from sale of investment properties		950,634	591,250
Proceeds from disposal of interests in equity-accounted investees		–	100,001
Proceeds from disposal of property, plant and equipment		104	188
Net cash from investing activities		714,128	686,557
Cash flows from financing activities			
Acquisition of non-controlling interests		(27,659)	(30)
Contribution from non-controlling interests		–	202
Dividends paid		(98,180)	(111,085)
Finance expense paid		(97,799)	(128,673)
Proceeds from borrowings	25	1,273,173	1,906,270
Repayment of borrowings	25	(1,919,101)	(2,428,748)
Principal repayment of leases	25	(4,286)	(590)
Repurchase of own shares	25	(13,864)	(21,795)
Changes in pledged deposits	32	7,955	(637)
Net cash used in financing activities		(879,761)	(785,086)
Net (decrease)/increase in cash and cash equivalents		(34,791)	82,214
Cash and cash equivalents at 1 January		520,615	439,437
Effect of exchange rate fluctuations on cash held		2,077	(1,036)
Cash and cash equivalents at 31 December	12	487,901	520,615

Significant non-cash transactions

During the year, the sale of the investment property held for sale as at 31 December 2020 to a joint venture was completed for a total consideration of $1,267,512,000, comprising a cash consideration of $950,634,000 and a contribution-in-kind of $316,878,000 to the joint venture (note 31).

In 2020, the Group acquired a land parcel located in South Jakarta for a total consideration of IDR1,316,250,000,000 (approximately $132,300,000), of which IDR1,280,718,000,000 (approximately $128,715,000) was fulfilled by way of utilisation of promissory notes. The remaining consideration was paid in cash.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2022.

1 DOMICILE AND ACTIVITIES

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

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its significant subsidiaries are set out in note 43 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2021 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 (International) ("SFRS(I)").

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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 21 Classification of investment properties under development

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

- Note 18 Impairment testing of intangible assets: key assumptions underlying recoverable amounts
- Note 21 Determination of fair value of investment properties
- Note 22 Determination of recoverable amount of property, plant and equipment
- Note 37 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and valuation adjustments and reports to the Group Chief Financial Officer who has overall responsibility for all significant fair value measurements. If third party information, such as broker quotes or independent valuers' report, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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

- Note 21 Investment properties
- Note 39 Financial instruments

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)

Other than the amendment relating to the interest rate benchmark reform – Phase 2 Amendments, the application of these SFRS(I)s, amendments to standards and interpretations does not have a material effect on the financial statements.

Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16) (cont'd)

Specific policies applicable from 1 January 2021 for interest rate benchmark reform (cont'd)

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies disclosed in note 3.9 (vi). See also note 39 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates ("IBOR") and hedge accounting.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 3.1 (ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

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

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

(ii) Subsidiaries

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

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

(iii) Acquisitions from entities under common control

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

(iv) Loss of control

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

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

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

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

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

(vi) Joint operations

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

(vii) Transactions eliminated on consolidation

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

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

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

3.2 Foreign currency

(i) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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

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

(ii) Foreign operations

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

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

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

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

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

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill arising from acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer to note 3.1(i).

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

(ii) Medical distribution licences

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

(iii) Management rights

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

(iv) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets and goodwill (cont'd)

(v) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill and intangible assets that have indefinite useful lives, from the date they are available for use. The estimated useful lives for medical distribution licences are 5 years.

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

3.5 Investment properties

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

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

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

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

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

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:
- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities and/or capital appreciation for a transfer from development properties for sale to investment properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

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

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

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

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

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or if the Group changes its assessment of whether it will exercise the termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

(i) As a lessee (cont'd)

Short-term leases and leases of low-value assets

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

Covid-19 related rent concessions

The Group has applied *Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendments to SFRS(I) 16). The Group applied the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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

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

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

3.7 Development properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification, subsequent measurement and gain and losses

Non-derivative financial assets

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

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

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

Non-derivative financial assets (cont'd)

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Equity investments at FVOCI

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

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

Financial assets at FVTPL

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

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Financial assets: Business model assessment (cont'd)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting

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

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

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

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. A similar exception is also provided for a discontinued cash flow hedging relationship.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

Hedges directly affected by interest rate benchmark reform (cont'd)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

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

Cash flow hedges

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

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

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

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

(vii) Convertible bonds

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

(viii) Share capital

Ordinary shares

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

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

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

Distribution of non-cash assets to owners of the Company

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment

(i) Non-derivative financial assets

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

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

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associates and joint ventures

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

(iii) Non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment (cont'd)

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a *pro rata basis*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

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

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Non-current assets held for sale (cont'd)

Property, plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.12 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

3.13 Provisions

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

(i) Provision for income guarantee

A provision for income guarantee 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. The provision is measured at the present value of the payments expected to be made under the income guarantee arrangement.

(ii) Levies

A provision for levies is recognised when the condition that triggers the payment of the levy is specified in the relevant legislation is met.

3.14 Revenue recognition

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

(i) Goods and services sold (cont'd)

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(ii) Rental income

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

(iii) Property and fund management fee

Property management and fund administrative services are provided as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single PO. Accordingly, the property and fund management fee from property management and fund administrative services is recognised as the service is performed over time.

(iv) Hospitality revenue

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

(v) Development properties for sale

The Group develops and sells residential development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

(v) Development properties for sale (cont'd)

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(vi) Healthcare income

i) Rental income

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

ii) Rendering services

Revenue from hospital and other healthcare services is recognised at the point when the services are rendered.

iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised at the point when the medicine and medical equipment are delivered to customers.

(vii) Consumer income

Revenue is recognised at a point in time following the timing of satisfaction of the PO, when food and beverages are delivered to customers. Revenue excludes service charges, goods and services taxes or other sales taxes and is arrived at after deductions of any discounts.

(viii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss net of the related expenses on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.16 Finance expenses and finance income

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss;
- derivative gains or losses; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk for borrowings.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

3.17 Tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.18 Dividends to the Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Earnings per share

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

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the senior management 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 senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), corporate expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and additions to investment properties.

3.21 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2021.
- SFRS(I) 17 *Insurance Contracts* and amendments to SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 – 2020
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to SFRS(I) 1-8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to SFRS(I) 1-12)

The Group is in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I) on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4 REVENUE

	Group 2021 $'000	Group 2020 $'000
Investment properties income	195,516	264,816
Hospitality income	57,581	85,497
Development properties income	1,701	140,176
Healthcare income	31,248	29,437
Consumer income	14,714	10,473
Others	46	56
	300,806	530,455

In the following table, revenue is disaggregated by timing of revenue recognition.

Timing of revenue recognition for products and services transferred*:

	2021		2020	
	At a point in time $'000	Over time $'000	At a point in time $'000	Over time $'000
Investment properties income	–	5,391	–	712
Hospitality income	57,581	–	85,497	–
Development properties income	1,701	–	140,176	–
Healthcare income	5,397	9,140	2,498	9,413
Consumer income	14,714	–	10,473	–
Others	46	–	56	–
	79,439	14,531	238,700	10,125

* Excluding rental income

Included in the Group's rental income is variable rent recognised of $1,453,000 (2020: $962,000). During the financial year, the Group has provided a total of $8,676,000 (2020: $19,887,000) COVID-19 pandemic relief measures as part of its tenant support measures via rental rebates and assistance schemes for eligible tenants affected during the period.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5 EXPENSES BY NATURE

	Note	Group 2021 $'000	Group 2020 $'000
Advertising and promotion expense		1,954	5,049
Bad debts recovered		(116)	–
Bad debts written off		–	648
Impairment loss on trade and other receivables	39	258	2,169
Inventory written off		–	319
Depreciation of property, plant and equipment	22	51,070	48,830
Development costs included in cost of sales		1,488	121,192
Employee benefits	6	60,010	62,020
Loss on disposal of property, plant and equipment		195	391
Property, plant and equipment written off		–	7,302
Hospitality supplies and services		16,456	20,843
Healthcare supplies and services		2,065	1,869
Operating lease expense		2,115	2,422
Professional and legal services		12,715	14,633
Property tax		23,778	30,114
Reversal of provision for legal and related expenses	26	(5,000)	–
Repair and maintenance expense		20,786	39,794
Utility charges		7,887	11,405
Others		23,594	34,085
Total cost of sales, marketing, administrative and other operating expenses*		219,255	403,085

* Included the government grants relating to wage subsidies under the Jobs Support Scheme and net grant income arising from property tax rebate (see note 27).

6 EMPLOYEE BENEFITS

	Group 2021 $'000	Group 2020 $'000
Salaries, bonuses and other costs	53,829	55,352
Contributions to defined contribution plans	6,181	6,668
	60,010	62,020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

7 FINANCE EXPENSES

	Group 2021 $'000	Group 2020 $'000
Interest expense	85,088	110,076
Amortisation of transaction costs	12,316	12,800
Borrowing costs	97,404	122,876
Net foreign exchange loss	9,593	9,245
Unwinding of discount of non-current rental deposits	167	166
Finance expenses on lease liabilities	1,114	890
Hedging reserve reclassified from equity	1,892	341
Net change in fair value of financial derivatives	–	882
	110,170	134,400

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss of $75,686,000 (2020: $100,446,000).

8 FINANCE INCOME

	Group 2021 $'000	Group 2020 $'000
Interest income:		
- bank deposits	1,793	3,246
- investments in debt securities	1,199	350
- loan to a related company	569	544
- loan to a third party	95	–
	3,656	4,140
Ineffective portion of changes in fair value of cash flow hedges	1,364	3,161
Net change in fair value of financial derivatives	1,756	–
Dividend income	487	268
	7,263	7,569

The above finance income includes interest income in respect of assets not at fair value through profit or loss of $3,656,000 (2020: $4,140,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9 OTHER LOSSES - NET

	Note	Group 2021 $'000	Group 2020 $'000
Reversal of impairment loss on a development property		–	38
Reversal of impairment loss on a loan to an equity-accounted investee	19	–	16,207
Net change in fair value of investment properties	21	13,290	(435,430)
Net change in fair value of investments designated at FVTPL		20,511	(40,867)
Gain on redemption of convertible bonds		19	263
Impairment loss on interests in equity-accounted investees		–	(5,573)
Impairment loss on intangible assets and goodwill	18	–	(11,002)
Impairment loss on property, plant and equipment	22	(106,129)	(88,732)
		(72,309)	(565,096)

10 TAX EXPENSE/(CREDIT)

	Group 2021 $'000	Group 2020 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	18,181	18,065
Underprovision in respect of prior years	24,177	1,886
	42,358	19,951
Withholding tax	1,143	12,407
Deferred tax expense		
Origination and reversal of temporary differences	(2,131)	(68,830)
Overprovision in respect of prior years	(4,875)	(4,017)
	(7,006)	(72,847)
	36,495	(40,489)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10 TAX EXPENSE/(CREDIT) (CONT'D)

	Group	
	2021	2020
	$'000	$'000
Reconciliation of effective tax rate		
Profit/(Loss) before tax	138,203	(445,273)
Less:		
Share of results of equity-accounted investees, net of tax	(231,868)	(119,284)
	(93,665)	(564,557)
Tax using the Singapore tax rate of 17% (2020: 17%)	(15,923)	(95,975)
Effect of tax rates in foreign jurisdictions	1,617	(33,088)
Non-deductible expenses	31,052	62,293
Income not subject to tax	13,678	(20,491)
Effect of taxable distribution from a subsidiary	8,066	9,313
Singapore statutory stepped income exemption	(186)	(213)
Current tax losses for which no deferred tax assets are recognised	2,209	14,106
Change in unrecognised deductible temporary differences	2	(5,265)
Effect of tax losses not available for carry forward	2,891	18,555
Under/(Over)provision in respect of prior years	19,302	(2,131)
Withholding tax	1,143	12,407
Tax expense/(credit)	36,495	(40,489)

11 EARNINGS PER SHARE

The calculation of basic earnings per share was based on the following profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held.

	Group	
	2021	2020
	$'000	$'000
Profit/(Loss) attributable to owners of the Company	80,943	(343,383)

Weighted average number of ordinary shares

	Group	
	2021	2020
	'000	'000
Issued ordinary shares at 1 January	882,763	901,516
Effect of own shares held	(5,460)	(2,196)
Weighted average number of ordinary shares during the year	877,303	899,320
Basic earnings per share (cents per share)	9.23	(38.18)

The calculation of diluted earnings per share was based on the following profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for own shares held and the effects of all dilutive potential ordinary shares.

11 EARNINGS PER SHARE (CONT'D)

Profit/(Loss) attributable to owners of the Company (diluted)

	Group	
	2021	2020
	$'000	$'000
Profit/(Loss) attributable to owners of the Company (basic)	80,943	(343,383)
Interest expense	1,580	–
Amortisation of transaction costs	276	–
Profit/(Loss) attributable to owners of the Company (diluted)	82,799	(343,383)

The financial impact of the convertible bonds was excluded from the calculation of the loss attributable to owners of the Company (diluted) for the year ended 31 December 2020 as their effect would have been anti-dilutive.

Weighted average number of ordinary shares (diluted)

	Group	
	2021	2020
	'000	'000
Weighted average number of ordinary shares (basic)	877,303	899,320
Effect of conversion of convertible bonds	22,040	–
Weighted average number of ordinary shares (diluted) during the year	899,343	899,320
Diluted earnings per share (cents per share)	9.21	(38.18)

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank and on hand	397,413	374,011	179,746	201,803
Time deposits with financial institutions	121,445	185,516	53,783	100,789
	518,858	559,527	233,529	302,592
Deposits pledged	(30,957)	(38,912)		
Cash and cash equivalents in the statement of cash flows	487,901	520,615		

Deposits pledged relate to bank balances of subsidiaries pledged as security to obtain credit facilities (note 25).

Bank balances of $19,563,000 (2020: $23,684,000) are included as part of the floating charge for borrowings of the Group (note 25). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 TRADE AND OTHER RECEIVABLES

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Trade receivables:					
- Associate		–	8	–	8
- Joint venture		1,942	–	–	–
- Subsidiaries		–	–	52,797	38,359
- Third parties		28,932	32,405	750	3,178
Trade receivables		30,874	32,413	53,547	41,545
Less: impairment loss					
- Third parties		(993)	(2,953)	(7)	(1,189)
Trade receivables - net		29,881	29,460	53,540	40,356
Promissory notes	(i)	34,369	115,769	–	–
Non-trade receivables:					
- Subsidiaries		–	–	1,221,029	1,021,209
- Third parties	(ii)	–	4,079	–	–
Non-trade receivables		34,369	119,848	1,221,029	1,021,209
Less: impairment loss					
- Subsidiaries		–	–	(165,090)	(41,494)
Non-trade receivables - net		34,369	119,848	1,055,939	979,715
		64,250	149,308	1,109,479	1,020,071

The non-trade receivables due from subsidiaries and third parties are unsecured, interest-free and repayable on demand. Apart from the impairment loss on receivables from third parties and subsidiaries, there is no impairment loss on the other outstanding balances as the ECLs are not material.

The Company has non-trade receivables from its subsidiaries of $1,221,029,000 (2020: $1,021,209,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the impairment on these balances has been measured at an amount equal to 12 month ECLs. The impairment loss amounted to $165,090,000 (2020: $41,494,000) as at 31 December 2021.

The exposure of the Group and Company to credit risk, market risk and impairment loss for trade and other receivables, are disclosed in note 39.

(i) Promissory notes

On 27 December 2021, the Group redeemed IDR832,024,900,000 (approximately $77,795,000) of the promissory notes in cash.

The remaining balance of the promissory notes of IDR361,004,000,000 (approximately $34,369,000) is expected to be utilised by way of acquisition of additional lands or properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14 INVENTORIES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Food and beverage	595	457	95	164
Pharmacy supplies	269	203	–	–
Medical and surgical supplies	28	16	–	–
	892	676	95	164

The cost of inventories recognised as expense and included in "Cost of sales" amounted to $8,949,000 (2020: $10,387,000).

15 OTHER INVESTMENTS

	Note	Group 2021 $'000	Group 2020 $'000
Current			
Financial assets designated at amortised cost:			
- Debt investments	(i)	2,500	–
Financial assets designated at FVTPL:			
- Equity investments - quoted		38,881	18,730
- Mutual funds		39,709	42,242
		81,090	60,972
Non-current			
Financial assets designated at amortised cost:			
- Debt investments	(i)	64,059	18,018
Financial assets designated at FVOCI:	(ii)		
- Equity investments:			
- Quoted		118,989	33,196
- Unquoted		11,953	10,893
- Interests in limited partnerships		102,403	86,639
		297,404	148,746

(i) The debt investments at amortised costs are denominated in Singapore Dollar and Indonesian Rupiah, and mature in 2022 and 2023. The debt investments denominated in Singapore Dollar bear interests ranging from 2.25% to 3.21% (2020: 2.67%) per annum.

In prior years, the Group had through its wholly-owned subsidiary, Tengara Holdings Pte. Ltd. ("THPL"), entered into an IDR138,800,000,000 (approximately $13,186,000 (2020: approximately $13,047,000)) unquoted exchangeable bonds subscription agreement with a third party (the "Bond Issuer").

On 1 October 2019, THPL entered into a conditional exchangeable settlement agreement to redeem the exchangeable bonds. At the same time, the Group had also through its wholly-owned subsidiary, PT Deer Pine Indonesia, entered into a conditional land sale and purchase agreement with a subsidiary of the Bond Issuer, to acquire a land parcel located in Lampung, Indonesia for a total consideration of IDR157,214,000,000 (approximately $15,250,000), with settlement by way of cash payment and issuance of promissory notes. The exchangeable bonds will be redeemed in full by way of utilisation of these promissory notes. Both transactions are expected to take place when the conditions precedents are fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

15 OTHER INVESTMENTS (CONT'D)

(ii) These are investments that the Group intends to hold for the long-term for strategic purposes.

The exposure of the Group to credit risk, market risk and fair value measurement, are disclosed in note 39.

16 DEVELOPMENT PROPERTIES

	Note	Group 2021 $'000	Group 2020 $'000
Completed property held for sale			
Completed property		30,438	32,111
Less: Impairment loss	(a)	(2,908)	(3,087)
		27,530	29,024

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

	Note	Group 2021 $'000	Group 2020 $'000
At 1 January		3,087	3,949
Reversal of impairment loss	9	–	(38)
Utilised		(179)	(824)
At 31 December		2,908	3,087

(a) Details of the development property are as follows:

Description and location	Purpose of development	Group's effective interest 2021 %	Group's effective interest 2020 %	Approximate site area (square metre)	Approximate gross floor area (square metre)
OUE Twin Peaks A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,163	40,468*

* Includes balcony

Measurement of net realisable values of development property

The Group estimates the net realisable values of the development property by reference to recent selling prices for units in the development project or comparable projects, market conditions, expected selling expenses and the development expenditure incurred. Market conditions may however change which may affect the future selling prices of the remaining unsold units of the development property and accordingly, the carrying value of development property for sale may have to be written down in future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

17 OTHER ASSETS

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Sundry receivables	45,054	33,885	4,770	1,903
Less: impairment loss	(10,621)	(9,456)	–	–
	34,433	24,429	4,770	1,903
Grant receivables	382	4,312	247	3,156
Rental deposits:				
- Joint venture	769	–	769	–
- Subsidiaries	–	–	–	1,019
Loan to a related company	10,500	10,000	–	–
Loan to a third party	21,000	–	–	–
Other deposits	48,052	41,103	155	127
	115,136	79,844	5,941	6,205
Prepayments	5,494	6,102	7,628	726
	120,630	85,946	13,569	6,931
Current	115,783	81,923	12,800	5,912
Non-current	4,847	4,023	769	1,019
	120,630	85,946	13,569	6,931

The loan to a related company is unsecured, bears interest rate at 5.44% (2020: 5.44%) per annum with date of repayment extended to September 2022 (2020: March 2021).

The loan to a third party (the "Borrower") is secured by a property owned by the Borrower (the "Property"), bears interest rate at 5% per annum and is repayable at the earlier of November 2022 and the date of disposal of the Property by the Borrower. At the same time, an option to purchase the Property has been granted by the Borrower to the Group.

The exposure of the Group and the Company to credit and market risks, and impairment loss for other assets, are disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

18 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Intangible asset $'000	Total $'000
Group					
Cost					
At 1 January 2021		23,967	639	36,808	61,414
Effect of movements in exchange rates		62	36	–	98
At 31 December 2021		24,029	675	36,808	61,512
Accumulated amortisation and impairment losses					
At 1 January 2021		20,963	639	9,198	30,800
Effect of movements in exchange rates		–	36	–	36
At 31 December 2021		20,963	675	9,198	30,836
Cost					
At 1 January 2020		24,009	607	36,808	61,424
Effect of movements in exchange rates		(42)	32	–	(10)
At 31 December 2020		23,967	639	36,808	61,414
Accumulated amortisation and impairment losses					
At 1 January 2020		19,159	607	–	19,766
Impairment loss	9	1,804	–	9,198	11,002
Effect of movements in exchange rates		–	32	–	32
At 31 December 2020		20,963	639	9,198	30,800
Carrying amounts					
At 31 December 2020		3,004	–	27,610	30,614
At 31 December 2021		3,066	–	27,610	30,676

Impairment test for intangible asset

Intangible asset comprises management rights acquired. The recoverable amount of the management rights is determined based on value-in-use calculation using a cash flow projection from the provision of asset management services. The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends and have been based on historical data derived from both external and internal sources.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

18 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Impairment test for intangible asset (cont'd)

	2021 %	2020 %
Key assumptions used for value-in-use calculations:		
Discount rate	15.0	14.5
Budgeted earnings before interest and tax growth rate (average of next five years)	0.7	1.4

The discount rate was a pre-tax measure based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 34.9% (2020: 35.4%) at a market interest rate of 5.3% (2020: 5.3%). The cash flow projection included specific estimates for five years and a terminal growth rate thereafter.

In 2021, no impairment loss was recognised. In 2020, an impairment loss of $9,198,000 was recognised to write down the carrying amount of the intangible asset to its estimated recoverable amount of $27,610,000.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES

	Group 2021 $'000	Group 2020 $'000
Interests in associates	1,249,756	996,290
Interests in joint ventures	375,557	52,050
Less: Impairment loss	(4,135)	(4,135)
	1,621,178	1,044,205
Loans to associates and joint ventures	47,025	20,129
	1,668,203	1,064,334

Details of the significant equity-accounted investees are included in note 43.

An associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The loans to associates and joint ventures are interest-free, unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Movement in the impairment loss for loans to associates and joint ventures is as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	–	31,821	–	31,821
Write-back (note 9)	–	(16,207)	–	(16,207)
Utilised	–	(15,331)	–	(15,331)
Currency translation differences	–	(283)	–	(283)
At 31 December	–	–	–	–

Associates

As at 31 December 2021, the Group has one (2020: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

	Gemdale Properties and Investment Corporation Limited ("GPI")
Nature of business	Property development, property investment, and property management
Principal place of business/Country of incorporation	Hong Kong/Bermuda
Ownership interest/voting rights held	
- 2021	22.8%
- 2020	23.0%
Fair value of ownership interest (if listed)	
- 2021	$550.6 million[1]
- 2020	$721.3 million[1]

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

The following summarises the financial information of the Group's material associate, based on its consolidated financial statements prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised statement of comprehensive income

	GPI	
	2021 $'000	2020 $'000
Revenue	2,957,530	3,272,497
Profit after tax	902,413	969,387
Other comprehensive income	26,628	48,857
Total comprehensive income	929,041	1,018,244
Dividends received	63,718	53,258

Summarised statement of financial position

	GPI	
	2021 $'000	2020 $'000
Non-current assets	8,545,795	7,780,329
Current assets[1]	7,972,157	5,332,965
Non-current liabilities	(4,425,437)	(3,878,257)
Current liabilities	(6,822,961)	(4,939,270)
Net assets	5,269,554	4,295,767
Attributable to investee's shareholders	4,658,695	3,845,634
Attributable to NCI	610,859	450,133
Group's share of net assets/carrying amount of investment	1,062,018	879,999

[1] Includes cash and cash equivalents of $2,057,457,000 (2020: $1,456,098,000).

Immaterial associates

As at 31 December 2021, the Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit/(losses) and other comprehensive income of these associates that are accounted for using the equity method:

	2021 $'000	2020 $'000
Carrying amount of interests in immaterial associates	187,738	116,291
Group's share of:		
- Profit/(Loss) after tax	17,242	(69,437)
- Other comprehensive income	1,098	(63)
- Total comprehensive income	18,340	(69,500)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Joint ventures

As at 31 December 2021, the Group has seven (2020: five) joint ventures that are immaterial to the Group. All are equity accounted for.

The following table summarises, in aggregate, the carrying amount and share of losses and other comprehensive income of these joint ventures that are accounted for using the equity method:

	2021 $'000	2020 $'000
Carrying amount of interests in immaterial joint ventures	371,422	47,915
Group's share of:		
- Profit/(Loss) after tax	23,250	(2,887)
- Other comprehensive income	(3,960)	2,621
- Total comprehensive income	19,290	(266)

Financial guarantee

The Group provided guarantee to a bank in respect of a loan granted to a joint venture. The periods in which the financial guarantee will expire are as follows:

	2021 $'000	2020 $'000
Within one year	600	–
Between two to five years	16,000	–
	16,600	–

20 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES

	Company	
	2021 $'000	2020 $'000
Investments in subsidiaries		
Equity investment at cost	866,503	841,503
Less: Impairment loss	(58,268)	(31,000)
	808,235	810,503
Loans to subsidiaries		
Loans to subsidiaries	1,443,340	1,635,487
Less: Impairment loss	(325,146)	(362,355)
	1,118,194	1,273,132
Current	1,118,194	1,270,473
Non-current	–	2,659
	1,118,194	1,273,132

Details of the significant subsidiaries are included in note 43.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES (CONT'D)

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,129,794,000 (2020: $1,255,444,000) for which interest is charged at interest rates ranging from 1.00% to 4.00% (2020: 1.00% to 4.00%) per annum.

The non-current portion of loans to subsidiaries of $2,659,000 as at 31 December 2020 was interest bearing at 5% per annum, unsecured and had no fixed terms of repayment.

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated by taking into consideration the estimated selling prices of the underlying properties or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company recorded an additional impairment loss of $27,268,000 (2020: $500,000) on its investments in subsidiaries and reversed an impairment loss of $37,209,000 (2020: recorded an impairment loss of $179,255,000) on the loans to its subsidiaries.

The exposure of the Group and the Company to credit and market risks, and impairment loss for loans to subsidiaries, are disclosed in note 39.

	Company	
	2021 $'000	2020 $'000
Loans from subsidiaries		
Loans from subsidiaries	507,620	281,285

The loans from subsidiaries are unsecured, repayable on demand and bear interests ranging from 2.10% to 4.00% (2020: 4.00%) per annum.

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Year ended 31 December 2021

21 INVESTMENT PROPERTIES

	Note	Completed investment properties $'000	Investment properties under development $'000	Total $'000
Group				
At 1 January 2021		4,326,756	207,972	4,534,728
Additions		10,567	–	10,567
Net change in fair value	9	29,577	(16,287)	13,290
Effect of movements in exchange rates		9,425	2,122	11,547
Lease incentives		(1,900)	–	(1,900)
Reclassified from property, plant and equipment	22	230	–	230
At 31 December 2021		4,374,655	193,807	4,568,462
At 1 January 2020		6,537,190	91,237	6,628,427
Additions		19,318	131,745	151,063
Disposal[1]		(591,250)	–	(591,250)
Net change in fair value	9	(420,099)	(15,331)	(435,430)
Effect of movements in exchange rates		50,575	321	50,896
Lease incentives		(10,466)	–	(10,466)
Reclassified to assets held for sale	31	(1,258,512)	–	(1,258,512)
At 31 December 2020		4,326,756	207,972	4,534,728

[1] In 2020, the Group disposed U.S. Bank Tower for a consideration of US$430,000,000 (approximately $591,250,000).

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

	Group 2021 $'000	Group 2020 $'000
Rental income	190,125	264,104
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	56,348	90,076

(ii) Security

As at 31 December 2021, investment properties with a total carrying amount of $2,478,416,000 (2020: $2,550,317,000) were pledged as security for banking facilities (note 25).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's major completed investment properties as at 31 December 2021 are:

	Description and Location	Tenure of Land
OUE Downtown (comprising OUE Downtown 1 & 2 and Downtown Gallery)	A 50-storey Tower 1 and a 37-storey Tower 2 linked by a podium and accommodating office space, retail space and car park.	99-year lease from 19 July 1967
Mandarin Gallery	High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore.	99-year lease from 1 July 1957
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, The People's Republic of China (the "PRC") excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots.	50-year land use right commencing from 2 July 1994
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall.	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - Approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - The balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985
OUE Twin Peaks	23 residential units in OUE Twin Peaks at Leonie Hill, Singapore.	99 year lease from 10 May 2010
Hikari Heights Varus Kotoni	A 14-storey nursing home with 281 one- and two-bedded rooms that can accommodate up to 364 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Makomanai-Koen	A 10-storey nursing home with 157 rooms that can accommodate up to 196 residents at Hokkaido, Japan.	Freehold

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's major completed investment properties as at 31 December 2021 are: (cont'd)

	Description and Location	Tenure of Land
Elysion Mamigaoka & Elysion Mamigaoka Annex	A nursing home with 2 blocks (5-storey and 4-storey) with 160 one- and two-bedded rooms that can accommodate up to 165 residents at Nara, Japan.	Freehold
Varus Cuore Sapporo-Kita/ Varus Cuore Sapporo-Kita Annex	Facility consists of two buildings: a 5-storey with 126 rooms, and a 3-storey with 90 rooms, which can accommodate up to 231 residents in total at Hokkaido, Japan.	Freehold
Hikari Heights Varus Fujino	A nursing home consisting of 2 blocks (9-storey and 13-storey) with 144 rooms in total that can accommodate up to 187 residents at Hokkaido, Japan.	Freehold
Elysion Gakuenmae	A 5-storey nursing home with 92 rooms that can accommodate up to 92 residents at Nara, Japan.	Freehold
Orchard Kaichi North	A 4-storey nursing home with 79 rooms that can accommodate up to 85 residents at Nagano, Japan.	Freehold
Varus Cuore Yamanote	A 4-storey nursing home with 59 rooms that can accommodate up to 60 residents at Hokkaido, Japan.	Freehold
Orchard Amanohashidate	A nursing home consisting of a daycare service centre and 2 blocks (3-storey and 2-storey) with 60 rooms in total that can accommodate up to 60 residents in Kyoto, Japan.	Freehold
Hikari Heights Varus Ishiyama	A 9-storey nursing home with 119 one- and two-bedded rooms that can accommodate up to 149 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Tsukisamu-Koen	A 10-storey nursing home with 57 one- and two-bedded rooms that can accommodate up to 73 residents at Hokkaido, Japan.	Freehold
Orchard Kaichi West	A nursing home with 29 rooms that can accommodate up to 29 residents at Nagano, Japan.	Freehold

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

The Group's completed investment properties were appraised at the following open market values:

		Open Market Value	
		2021	2020
	Date of appraisal	$'000	$'000
OUE Downtown	31 December	1,118,000	1,130,000
Mandarin Gallery	31 December	453,900	473,000
Lippo Plaza	31 December	574,539	545,648
One Raffles Place	31 December	1,867,700	1,799,700
OUE Twin Peaks (comprising 23 units held as investment properties)	31 December	65,890	65,890
Hikari Heights Varus Kotoni	31 December	74,508	80,384
Hikari Heights Varus Makomanai-Koen	31 December	53,700	57,178
Elysion Mamigaoka & Elysion Mamigaoka Annex	31 December	28,680	29,978
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	31 December	34,164	35,968
Hikari Heights Varus Fujino	31 December	18,888	19,891
Elysion Gakuenmae	31 December	19,080	19,674
Orchard Kaichi North	31 December	15,564	17,050
Varus Cuore Yamanote	31 December	12,084	13,030
Orchard Amanohashidate	31 December	11,268	11,610
Hikari Heights Varus Ishiyama	31 December	10,128	10,662
Hikari Heights Varus Tsukisamu-Koen	31 December	7,632	8,038
Orchard Kaichi West	31 December	4,860	5,286
5 Indonesia shophouses	31 December	4,070	3,769

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Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

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

As at 31 December 2021 and 31 December 2020, the valuation reports of certain of the Group's properties included a "material valuation uncertainty" due to the disruption to the market at that date caused by the COVID-19 outbreak. The external valuers have stated in their valuation reports that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to ten (2020: one to ten) years. Subsequent renewals are negotiated with the lessees.

(iv) The Group's investment properties under development as at 31 December 2021 are:

Description	Unexpired term of leasehold land
Land – South Jakarta, Indonesia	17 years
Land – Wuxi, the PRC ("Wuxi land")	34 years
Land – Kuala Lumpur, Malaysia	86 years

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as property, plant and equipment (note 22). The relevant portion of the land continues to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the Group's future intentions and developments.

(v) Measurement of fair value

Fair value hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values

Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Country: Singapore	Country: The PRC	Country: Japan	Inter-relationship between key unobservable inputs and fair value measurement
Completed investment properties					
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate	6.8 % – 7.0% (2020: 6.5% – 7.0%)	6.5% (2020: 6.5%)	4.2% – 4.5% (2020: 4.2% – 4.6%)	An increase in price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield rate and capitalisation rate in isolation would result in a lower fair value measurement.
	Terminal yield rate	3.5% – 5.8% (2020: 3.8% – 5.3%)	3.5% (2020: 3.5%)	4.5% – 4.8% (2020: 4.5% – 5.0%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.4% – 5.3% (2020: 3.5% – 4.8%)	Not applicable	4.4% – 4.7% (2020: 4.4% – 4.8%)	
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	$1,704 – $3,594 (2020: $1,797 –$3,897)	$1,360 (2020: $1,291)	Not applicable	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Valuation techniques	Significant unobservable inputs	Country: Indonesia	Country: Malaysia	Country: The PRC	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development					
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate	Not applicable	Not applicable	15.0% (2020: 15.0%)	An increase in price per square metre and plot ratio in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, capitalisation rate, terminal yield rate, entrepreneur profit and risk and construction costs per square metre in isolation would result in a lower fair value measurement.
	Terminal yield rate	Not applicable	Not applicable	13.0% (2020: 13.0%)	
	Plot ratio	Not applicable	Not applicable	2.0 (2020: 4.5)	
	Construction costs per square metre	Not applicable	Not applicable	$1,569 [1]	
	Net operating profit margin	Not applicable	Not applicable	8% to 32% (2020: 8% to 41%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	Not applicable	Not applicable	Not applicable (2020: 4.3%)	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties under development	Price per square metre	$17,015 (2020: $16,685)	$10,960 (2020: $11,092)	Not applicable	
Forced sale value: The forced sale value refers to the amount which may reasonably be received from the sale of an asset under forced sale conditions which do not meet all the criteria of a normal market transaction.	Price per square metre	Not applicable	$8,768 (2020: $8,874)	Not applicable	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Valuation techniques	Significant unobservable inputs	Country: Indonesia	Country: Malaysia	Country: The PRC	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development					
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit	Plot ratio	Not applicable	Not applicable	Not applicable (2020: 4.5)	
	Entrepreneur profit and risk	Not applicable	Not applicable	Not applicable [1] (2020: 20.0%)	
	Construction costs per square metre	Not applicable	Not applicable	Not applicable [1] (2020: $1,412)	

[1] Residual value method is not used for Wuxi land valuation as at 31 December 2021. Estimated construction cost to complete the Wuxi land development was included in the projected cash flows, and entrepreneur profit and risk was reflected in the discount rate used in the discounted cash flow method applied for Wuxi land as at 31 December 2021.

In addition to the above, the valuation of the investment properties under development in Indonesia and the PRC included critical assumptions as follows:

(a) Indonesia

Plot ratio and renewal/extension of the Right To Build ("Hak Guna Bangunan" or the "HGB") land title certificate

Plot ratio represents a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

The valuation of the land parcel at South Jakarta, Indonesia as at 31 December 2021 and 31 December 2020 was based on the management's assessment that:

- written local Indonesia government's approval will be granted for an increase in plot ratio to a minimum of 9.5; and
- the renewal/extension of the HGB land title certificate which expires on 22 March 2038 will be obtained with no excessive charges by the local Indonesia government.

If the written approval is not granted or the approved plot ratio differs from the current assumptions, the valuation of the land parcel at South Jakarta, Indonesia will change.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

21 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

(b) The PRC

In 2020, the valuation of Wuxi land included critical assumptions made by OUELH management on plot ratio, hospital license, gross development value and entrepreneur profit and risk. As at 31 December 2021, OUELH management revised its development plan and the valuation method for Wuxi land. Critical assumptions made by OUELH management included the following:

(i) Development plan

The valuation of the Wuxi land is dependent on OUELH management's proposed development plan, which took into consideration the current market conditions and demand for healthcare services. As at 31 December 2021, OUELH management's intention is to build a specialist centre and hospital based on the existing approved plot ratio of 2, which require class 2 hospital license (2020: planned plot ratio of 4.5 to build general hospital with medical suites which require class 3A hospital license). Any changes to the current proposed development plan will significantly affect the valuation of the Wuxi land.

(ii) Construction cost

In arriving at the average construction cost for the Wuxi land, OUELH's management has relied on construction cost furnished by Savills Real Estate Valuation (Guangzhou) Ltd, an independent global property consultant.

	2021		2020	
	RMB'000	$'000	RMB'000	$'000
Wuxi land				
Estimated construction cost per square metre	7.3	1.6	6.9	1.4

Any change in the proposed development plan will result in a change in construction costs, and consequently, a change in the valuation of the Wuxi land.

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Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Right-of-use assets $'000	Total $'000
Group									
Cost									
At 1 January 2021	1,727,122	9,091	944	19,675	11,080	4,184	41,853	58,094	1,872,043
Additions	–	3,545	–	3,596	511	41	85,745	18,844	112,282
Disposals/Written off	–	(428)	–	(379)	(145)	(245)	(7)	–	(1,204)
Reclassification	–	340	–	694	799	–	(1,833)	–	–
Reclassified to investment properties (note 21)	(230)	–	–	–	–	–	–	–	(230)
Reversal of provision for site restoration (note 26)	–	–	–	–	–	–	(4,250)	–	(4,250)
Exchange differences	121	–	–	201	52	17	2,519	305	3,215
At 31 December 2021	1,727,013	12,548	944	23,787	12,297	3,997	124,027	77,243	1,981,856
Accumulated depreciation / impairment losses									
At 1 January 2021	108,940	4,951	289	10,130	5,919	3,440	31,959	5,929	171,557
Depreciation (note 5)	39,893	1,511	19	2,419	1,339	250	–	5,639	51,070
Impairment loss (note 9)	86,754	–	–	–	–	–	2,371	17,004	106,129
Disposals	–	(261)	–	(310)	(89)	(244)	–	–	(904)
Exchange differences	67	–	–	194	47	17	2,384	(2)	2,707
At 31 December 2021	235,654	6,201	308	12,433	7,216	3,463	36,714	28,570	330,559

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Right-of-use assets $'000	Total $'000
Group									
Cost									
At 1 January 2020	1,727,039	16,111	944	19,656	8,014	3,905	32,976	57,160	1,865,805
Additions	–	1,108	–	2,534	2,295	484	9,668	1,038	17,127
Disposals/Written off	(23)	(8,627)	–	(2,924)	(598)	(219)	–	(355)	(12,746)
Reclassification	–	332	–	324	1,306	–	(1,962)	–	–
Exchange differences	106	167	–	85	63	14	1,171	251	1,857
At 31 December 2020	1,727,122	9,091	944	19,675	11,080	4,184	41,853	58,094	1,872,043
Accumulated depreciation / impairment									
At 1 January 2020	14,158	2,266	270	9,023	5,285	3,300	–	3,787	38,089
Depreciation (note 5)	41,537	1,925	19	2,545	979	343	–	1,482	48,830
Impairment loss (note 9)	53,192	2,651	–	176	–	–	31,959	754	88,732
Disposals	–	(2,017)	–	(1,881)	(393)	(219)	–	(173)	(4,683)
Exchange differences	53	126	–	267	48	16	–	79	589
At 31 December 2020	108,940	4,951	289	10,130	5,919	3,440	31,959	5,929	171,557
Carrying amounts									
At 1 January 2020	1,712,881	13,845	674	10,633	2,729	605	32,976	53,373	1,827,716
At 31 December 2020	1,618,182	4,140	655	9,545	5,161	744	9,894	52,165	1,700,486
At 31 December 2021	1,491,359	6,347	636	11,354	5,081	534	87,313	48,673	1,651,297

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Right-of-use assets $'000	Total $'000
Company								
Cost								
At 1 January 2021	824	944	9,496	4,976	3,989	1,130	713,807	735,166
Additions	–	–	56	2	41	–	–	99
Disposals	(824)	–	(208)	–	(244)	(7)	(212)	(1,495)
Reclassification	–	–	324	799	–	(1,123)	–	–
At 31 December 2021	–	944	9,668	5,777	3,786	–	713,595	733,770
Accumulated depreciation								
At 1 January 2021	487	288	6,278	3,734	3,303	–	60,410	74,500
Depreciation	–	19	1,000	576	233	–	31,606	33,434
Disposals	(487)	–	(151)	–	(244)	–	(105)	(987)
At 31 December 2021	–	307	7,127	4,310	3,292	–	91,911	106,947
Cost								
At 1 January 2020	825	944	9,131	4,730	3,791	728	705,082	725,231
Additions	–	–	251	2	417	861	8,725	10,256
Disposals	(1)	–	(101)	–	(219)	–	–	(321)
Reclassification	–	–	215	244	–	(459)	–	–
At 31 December 2020	824	944	9,496	4,976	3,989	1,130	713,807	735,166
Accumulated depreciation								
At 1 January 2020	322	269	5,318	3,244	3,195	–	28,750	41,098
Depreciation	165	19	964	490	327	–	31,660	33,625
Disposals	–	–	(4)	–	(219)	–	–	(223)
At 31 December 2020	487	288	6,278	3,734	3,303	–	60,410	74,500
Carrying amounts								
At 1 January 2020	503	675	3,813	1,486	596	728	676,332	684,133
At 31 December 2020	337	656	3,218	1,242	686	1,130	653,397	660,666
At 31 December 2021	–	637	2,541	1,467	494	–	621,684	626,823

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Right-of-use assets classified within property, plant and equipment

Leases as lessees (SFRS(I) 16)

The Company leases a hotel property, office space and retail space under non-cancellable operating lease agreements.

Information about leases presented as right-of-use assets for which the Group and the Company are lessees are presented below.

Right-of-use assets

	Land use rights[1] $'000	Retail space[3] $'000	Office space[4] $'000	Total $'000
Group				
2021				
At 1 January	51,340	–	825	52,165
Additions	–	12,477	6,438	18,915
Depreciation (note 5)	(1,063)	(1,664)	(2,912)	(5,639)
Impairment loss	(17,004)	–	–	(17,004)
Exchange differences	242	–	(6)	236
At 31 December	33,515	10,813	4,345	48,673
2020				
At 1 January	52,940	226	207	53,373
Additions	–	–	1,038	1,038
Derecognition of right-of-use assets	–	(182)	–	(182)
Depreciation (note 5)	(1,085)	(44)	(353)	(1,482)
Impairment loss	(754)	–	–	(754)
Exchange differences	239	–	(67)	172
At 31 December	51,340	–	825	52,165

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Right-of-use assets classified within property, plant and equipment (cont'd)

Right-of-use assets (cont'd)

	Hotel property[2] $'000	Retail space[3] $'000	Office space[4] $'000	Total $'000
Company				
2021				
At 1 January	647,474	107	5,816	653,397
Derecognition of right-of-use assets	–	(107)	–	(107)
Depreciation	(28,699)	–	(2,907)	(31,606)
At 31 December	618,775	–	2,909	621,684
2020				
At 1 January	676,172	160	–	676,332
Additions	–	–	8,725	8,725
Depreciation	(28,698)	(53)	(2,909)	(31,660)
At 31 December	647,474	107	5,816	653,397

[1] Comprise land leases of a subsidiary which expire in 2055 and land leases in relation to the Crown Plaza Changi Airport ("CPCA") site which runs for a period of 74 years. Under the terms of the CPCA lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.
[2] The lease for the hotel property runs for a period of fifteen years, with an option to renew after the lease expiry date.
[3] Retail space lease runs for three to five years (2020: two to five years).
[4] Office space leases typically run for a period of two to three years.

(ii) Security

Property, plant and equipment of the Group with total carrying value of $1,130,000,000 (2020:$1,157,000,000) are mortgaged to financial institutions to secure credit facilities (note 25).

(iii) Impairment test for property, plant and equipment

The Group reviews the carrying amounts of property, plant and equipment at each reporting date to determine whether there is any indication of impairment. When considering impairment indicators, the Group considers both internal (e.g. adverse changes in operating and financial performance of the asset) and external sources (e.g. adverse changes in the business environment). Where indicators of impairment are identified, management estimate is required to determine the recoverable amount of the asset. The recoverable amount of the Group's property, plant and equipment was determined based on the higher of fair value less costs to sell and value-in-use calculation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Impairment test for property, plant and equipment (cont'd)

(a) *Leasehold land and building, and right-of-use asset*

As at 31 December 2021, the Group's major leasehold land and buildings, and right-of-use assets are:

	Description and Location	Tenure of Land	Open Market Value 2021 $'000	2020 $'000
Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore)	a 37-storey Orchard Wing with a 39-storey Mandarin Wing known as the "Hilton Singapore Orchard" at Orchard Road, Singapore	99-year lease from 1 July 1957	1,130,000	1,157,000
CPCA	a 563-room hotel located within Singapore Changi Airport with a direct link to Terminal 3 and land use rights representing land lease in relation to the CPCA site which runs for a period of 74 years	74-year lease from 1 July 2009	455,200	468,500

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Impairment test for property, plant and equipment (cont'd)

(a) *Leasehold land and building, and right-of-use asset (cont'd)*

Based on the Group's assessment, there were indications of possible impairment for Hilton Singapore Orchard, CPCA and the land-use right as at 31 December 2021 and 31 December 2020. The Group has engaged external independent valuers to estimate the recoverable amounts of the respective properties based on their market values. The fair value measurement was categorised as Level 3 fair value based on the inputs to the valuation techniques used. The following table shows the valuation techniques used in measuring the recoverable amounts of Hilton Singapore Orchard, CPCA and the land-use right, as well as the significant unobservable inputs used:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the property	Price per hotel room: $0.9 million – $1.0 million (2020: $0.9 million - $1.2 million)	An increase in price per hotel room in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate and terminal yield rate in isolation would result in a lower fair value measurement.
Discounted cash flow cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate: 6.8% (2020:7.0%) Terminal yield rate: 5.0% - 5.8% (2020: 4.8% - 5.5%)	

During the year, an impairment loss of $103,758,000 (2020: $56,773,000) was recognised to write down the carrying amount of Hilton Singapore Orchard, CPCA and the land-use right to their estimated recoverable amounts. Any adverse movement in a key assumption would lead to a further impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

22 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(iii) Impairment test for property, plant and equipment (cont'd)

(b) Construction and renovation in progress - Leasehold property under development ("Chengdu land")

As there were indications of possible impairment for the Chengdu land, the OUELH Group has engaged an external independent valuer to determine the fair value of the Chengdu land on an "as-is" basis as at 31 December 2021 and 31 December 2020. The fair value measurement was categorised as a level 3 fair value based on the inputs to the valuation technique used.

An impairment loss of $2,371,000 was recorded based on management's evaluation of the current status of the land and the legal advice obtained in relation to the Group's contractual obligations (2020: impairment loss of $31,959,000 based on the fair value of the Chengdu land on an "as-is" basis), which brings the recoverable amount of the Chengdu land to $nil as at 31 December 2021 (2020: $5,619,000).

The following table shows the valuation technique used in measuring the recoverable amount of Chengdu land as well as the significant unobservable input used in 2020:

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the leasehold property under development.	Price per square metre: $301	The estimated fair value would increase (decrease) if price per square metre was higher (lower).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

23 DEFERRED TAXES

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

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

	Property, plant and equipment $'000	**Investment properties $'000**	**Subsidiaries $'000**	**Compound financial instruments $'000**	**Others $'000**	**Total $'000**
Group						
Deferred tax liabilities						
At 1 January 2021	10,697	86,406	33,068	90	17,969	148,230
Recognised in:						
- Profit or loss	657	(4,405)	2,005	(87)	(4,423)	(6,253)
- Other comprehensive income	–	–	–	–	288	288
Effects of movements in exchange rates	880	2,759	(2,052)	–	–	1,587
Others	–	–	–	(3)	–	(3)
At 31 December 2021	12,234	84,760	33,021	–	13,834	143,849
At 1 January 2020	9,790	165,654	29,985	440	16,648	222,517
Recognised in:						
- Profit or loss	408	(84,125)	2,133	(318)	(2,008)	(83,910)
- Other comprehensive income	–	–	–	–	3,261	3,261
Effects of movements in exchange rates	499	4,877	950	–	68	6,394
Others	–	–	–	(32)	–	(32)
At 31 December 2020	10,697	86,406	33,068	90	17,969	148,230

Tax charged/(credited) to other comprehensive income is recognised in the fair value reserve for equity investments at FVOCI.

	Tax losses $'000	**Others $'000**	**Total $'000**
Group			
Deferred tax assets			
At 1 January 2021	21	472	493
Recognised in:			
- Profit or loss	–	753	753
Effects of movements in exchange rates	1	–	1
At 31 December 2021	22	1,225	1,247
At 1 January 2020	8,488	2,617	11,105
Recognised in:			
- Profit or loss	(8,918)	(2,145)	(11,063)
Effects of movements in exchange rates	451	–	451
At 31 December 2020	21	472	493

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

23 DEFERRED TAXES (CONT'D)

Unrecognised deferred tax assets

As at 31 December 2021, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $112,375,000 (2020: $99,378,000) and $6,009,000 (2020: $6,000,000), 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 2021, deferred tax liabilities of $9,495,000 (2020: $8,546,000) for temporary differences of $55,850,000 (2020: $50,268,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

As at 31 December 2021, deferred tax liabilities of $5,869,000 (2020: $11,262,000) for temporary differences of $23,371,000 (2020: $48,005,000) related to withholding taxes that would be payable on the unremitted earnings of the Group's investment in certain subsidiaries were not recognised as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

	Property, plant and equipment $'000	Distribution from a subsidiary $'000	Compound financial instruments $'000	Total $'000
Company				
Deferred tax liabilities/(assets)				
At 1 January 2021	394	(1,380)	90	(896)
Recognised in:				
- Profit or loss	(1,608)	189	(87)	(1,506)
Others	–	–	(3)	(3)
At 31 December 2021	(1,214)	(1,191)	–	(2,405)
At 1 January 2020	895	(1,204)	440	131
Recognised in:				
- Profit or loss	(501)	(176)	(318)	(995)
Others	–	–	(32)	(32)
At 31 December 2020	394	(1,380)	90	(896)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 TRADE AND OTHER PAYABLES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Trade payables:				
- Subsidiaries	–	–	6,566	6,186
- Joint venture	75	–	75	–
- Third parties	17,907	16,428	6,762	1,053
	17,982	16,428	13,403	7,239
Non-trade payables:				
- Subsidiaries	–	–	46,781	83,659
- Joint venture	476	–	–	–
- Third parties	20,139	25,257	2,754	16,447
Interest payable	9,580	11,921	3	470
Accruals	77,412	65,630	17,186	13,714
Retention sums payable	1,055	294	78	75
Rental deposits	18,856	18,314	45	491
	145,500	137,844	80,250	122,095

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

The exposure of the Group and the Company to liquidity risk are disclosed in note 39.

25 BORROWINGS

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Current					
Loans from third parties		189	189	–	–
Secured bank loans		198,993	49,145	–	–
Unsecured bank loans		18,000	369,254	10,000	–
Secured Tokutei Mokutei Kaisha ("TMK") bonds	(i)	1,714	1,828	–	–
Unsecured notes	(ii)	199,885	–	–	–
		418,781	420,416	10,000	–
Non-current					
Secured bank loans		1,271,571	1,575,340	–	–
Secured TMK bonds	(i)	126,971	137,012	–	–
Unsecured bank loans		363,775	701,449	39,698	49,485
Unsecured notes	(ii)	643,745	496,460	–	–
Convertible bonds	(iii)	–	145,448	–	145,448
		2,406,062	3,055,709	39,698	194,933
Total		**2,824,843**	**3,476,125**	**49,698**	**194,933**

The exposure of the Group and the Company to market and liquidity risks are disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 BORROWINGS (CONT'D)

(i) Secured TMK bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK Bonds. These TMK Bonds are generally issued to qualified institutional investors. The TMK grants to holders of TMK Bonds the right to receive all payments due in relation to such TMK Bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the asset liquidation plan, such general security is automatically created by operation of law.

The TMK Bonds pertain to bond issued by a subsidiary of OUELH and are secured against:
(i) the total assets of a subsidiary of OUELH which mainly comprise investment properties in Japan (note 21) and cash and cash equivalents (note 12); and
(ii) a corporate guarantee from OUELH.

(ii) Unsecured notes

The unsecured notes of the Group comprise the following:

- $597,004,000 (2020: $398,671,000) comprising 3 series (2020: 2 series) of notes issued by a wholly-owned subsidiary of the Group at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in April 2022, May 2023 and September 2026. The Company has provided a guarantee in respect of the notes issued.

- $246,626,000 (2020: $97,789,000) comprising 2 series (2020: 1 series) of notes issued by a subsidiary of the Group at various interest rates under a $1.5 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in June 2025 and June 2026.

(iii) Convertible bonds

	2021 $'000	2020 $'000
At Group and Company		
At 1 January	145,448	153,607
Accreted interest	1,243	4,604
Gain on redemption	(19)	(263)
Redemption	(146,672)	(12,500)
At 31 December	–	145,448

The convertible bonds were convertible into new ordinary shares at the conversion price of $1.855 per share on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or bondholders on specified dates. In 2020, the Company repurchased from the open market and cancelled convertible bonds with an aggregate principal amount of $12,500,000. During the year, the Company repurchased from the open market and cancelled all of its outstanding convertible bonds.

The secured borrowings of the Group are secured on the following:

- bank deposits of $30,957,000 (2020: $38,912,000) (note 12);
- floating charge over bank deposits of $19,563,000 (2020: $23,684,000) (note 12);
- investment properties with carrying amount of $2,478,416,000 (2020: $2,550,317,000) (note 21);
- property, plant and equipment with carrying amount of $1,130,000,000 (2020: $1,157,000,000) (note 22); and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 BORROWINGS (CONT'D)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company in respect of unsecured notes issued by a wholly-owned subsidiary. The periods in which the financial guarantees will expire are as follows:

	2021 $'000	2020 $'000
Within one year	216,278	14,600
Between two to five years	428,553	411,787
	644,831	426,387

Terms and debts repayment schedule

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

	Nominal interest rate	Year of maturity	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Unsecured bank loans						
- SGD	1.20% – 2.21% (2020: 1.31% – 2.21%)	2022 – 2023 (2020: 2021 – 2024)	381,775	1,070,703	49,698	49,485
Secured bank loans						
- MYR	4.79% (2020: 4.79%)	2022 – 2023 (2020: 2021)	8,602	16,601	–	–
- SGD	1.22% – 6.00% (2020: 1.16% – 1.78%)	2022 – 2026 (2020: 2021 – 2024)	1,439,082	1,584,071	–	–
- RMB	4.75% – 4.80% (2020: 4.88% – 5.22%)	2022 – 2024 (2020: 2021 – 2024)	22,880	23,813	–	–
Unsecured notes						
- SGD	3.50% – 4.00% (2020: 3.55% – 4.00%)	2022 – 2026 (2020: 2022 – 2025)	843,630	496,460	–	–
Secured TMK bonds						
- JPY	1.00% (2020: 1.00%)	2025 (2020: 2025)	128,685	138,840	–	–
Loans from third parties						
- SGD	Not applicable (2020: Not applicable)	2022 (2020: 2021)	189	189	–	–
Convertible bonds						
- SGD	Not applicable (2020: 1.50%)	Not applicable (2020: 2023)	–	145,448	–	145,448
			2,824,843	3,476,125	49,698	194,933

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Derivative (assets)/liabilities held to hedge long-term borrowings			
	Borrowings	Convertible bonds	Interest payable	Lease liabilities	Interest rate swap used for hedging – assets	Interest rate swap used for hedging – liabilities	Equity component of convertible bonds	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance at 1 January 2021	3,330,677	145,448	11,921	26,369	–	40,980	4,641	3,560,036
Changes from financing cash flows								
Proceeds from borrowings	1,273,173	–	–	–	–	–	–	1,273,173
Repayment of borrowings	(1,772,429)	–	–	–	–	–	–	(1,772,429)
Redemption of convertible bonds	–	(146,672)	–	–	–	–	–	(146,672)
Principal repayment of leases	–	–	–	(4,286)	–	–	–	(4,286)
Transaction costs/finance costs paid	(10,369)	–	(86,316)	(1,114)	–	–	–	(97,799)
Total changes from financing cash flows	(509,625)	(146,672)	(86,316)	(5,400)	–	–	–	(748,013)
Effect of changes in foreign exchange rates	(8,249)	–	(146)	2	–	–	–	(8,393)
Change in fair value	–	–	–	–	(960)	(32,358)	–	(33,318)
Other changes								
Liability related								
Amortisation of transaction costs	12,040	276	–	–	–	–	–	12,316
Interest expense	–	967	84,121	1,114	–	–	–	86,202
Gain on redemption of convertible bonds	–	(19)	–	–	–	–	–	(19)
Additions to lease liabilities	–	–	–	18,844	–	–	–	18,844
Total liability-related other changes	12,040	1,224	84,121	19,958	–	–	–	117,343
Total equity-related other changes	–	–	–	–	–	–	(4,641)	(4,641)
Balance at 31 December 2021	2,824,843	–	9,580	40,929	(960)	8,622	–	2,883,014

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities				Derivative liabilities held to hedge long-term borrowings		
	Borrowings	Convertible bonds	Interest payable	Lease liabilities	Interest rate swap used for hedging – liabilities	Equity component of convertible bonds	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at 1 January 2020	3,836,016	153,607	17,320	26,104	17,311	4,797	4,055,155
Changes from financing cash flows							
Proceeds from borrowings	1,906,270	–	–	–	–	–	1,906,270
Repayment of borrowings	(2,416,248)	–	–	–	–	–	(2,416,248)
Redemption of convertible bonds	–	(12,500)	–	–	–	–	(12,500)
Principal repayment of leases	–	–	–	(590)	–	–	(590)
Transaction costs/finance costs paid	(16,881)	–	(110,902)	(890)	–	–	(128,673)
Total changes from financing cash flows	(526,859)	(12,500)	(110,902)	(1,480)	–	–	(651,741)
Effect of changes in foreign exchange rates	11,901	–	(103)	–	–	–	11,798
Change in fair value	–	–	–	–	23,669	–	23,669
Other changes							
Liability related							
Amortisation of transaction costs	11,776	1,024	–	–	–	–	12,800
Interest expense	–	3,580	105,606	890	–	–	110,076
Accrued transaction costs related to borrowings	(2,157)	–	–	–	–	–	(2,157)
Gain on redemption of convertible bonds	–	(263)	–	–	–	–	(263)
Additions to lease liabilities	–	–	–	1,038	–	–	1,038
Derecognition of lease liabilities	–	–	–	(183)	–	–	(183)
Total liability-related other changes	9,619	4,341	105,606	1,745	–	–	121,311
Total equity-related other changes	–	–	–	–	–	(156)	(156)
Balance at 31 December 2020	3,330,677	145,448	11,921	26,369	40,980	4,641	3,560,036

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

26 PROVISION

	Legal and related expenses $'000	Site restoration $'000	Income guarantee $'000	Total $'000
Group				
At 1 January	27,601	5,619	–	33,220
Provision made during the year	–	–	5,472	5,472
Reversal during the year	(5,000)	(4,250)	–	(9,250)
Utilisation during the year	(1,644)	–	–	(1,644)
Exchange differences	–	181	–	181
At 31 December	20,957	1,550	5,472	27,979
Current	20,957	1,550	1,268	23,775
Non-current	–	–	4,204	4,204
	20,957	1,550	5,472	27,979

Provision for legal and related expenses

As at 31 December 2021, the provision for legal and related expenses of $20,957,000 (2020: $27,601,000) relates to legal and related expenses made by OUELH Group (note 37). During the year, provisions of $1,644,000 were utilised for legal costs incurred. A reversal of provision of $5,000,000 was recorded as full and final settlement agreement with Crest Capital, Crest Catalyst and EFIII ("Crest Entities") was signed in December 2021. Under the agreement, there will be no more claims between OUELH and the Crest Entities.

Provision for site restoration

As at 31 December 2021, the provision for site restoration of $1,550,000 (2020: $5,619,000) relates to reinstatement cost estimated to be incurred for the restoration of OUELH Group's leasehold property under development in Dujiangyan, Chengdu in the PRC based on the actual contract awarded for the restoration work (2020: quotation from an independent contractor).

Provision for income guarantee

The provision for income guarantee relates to the guarantee provided by OUE C-REIT to Allianz Real Estate Asia Pacific Pte. Ltd. (note 31) on the net property income of OUE Bayfront of up to $6,000,000, for a period of 2 years till 31 December 2023. As at 31 December 2021, $528,000 had been utilised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 DEFERRED INCOME

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Government grants	–	4,432	–	3,955
Non-refundable deposits	3,348	2,487	–	–
	3,348	6,919	–	3,955
Current	682	6,374	–	3,955
Non-current	2,666	545	–	–
	3,348	6,919	–	3,955

Non-refundable deposits

This relates mainly to non-refundable deposits received for units in the completed development property (note 16) sold under deferred payment schemes.

Government grants

The Group was awarded two (2020: two) government grants in Singapore in response to the COVID-19 pandemic, comprising:

(i) $10,063,000 (2020: $17,067,000) pertaining to a wage subsidy programme, i.e the Jobs Support Scheme. The grant income was recognised in profit or loss against the related wages of the employees (note 5). In 2020, a grant receivable (note 17) and corresponding deferred income were recognised in relation to the grant receivable for the wages payable to eligible employees as at December 2020.

(ii) $3,694,000 in 2021 pertaining to a rental support programme, i.e. rental support scheme. The grant income was recognised in profit or loss in revenue (note 4).

(iii) $20,647,000 in 2020 pertaining to rental reliefs, i.e. property tax rebates. The Group had passed on in full the rental reliefs to eligible tenants and a corresponding grant expense amounting to $15,824,000 was recognised and deducted against the grant income. The net amount of this grant income and grant expense of $4,823,000 was recognised in profit or loss against the related property tax (note 5).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

28 DERIVATIVES

	Group 2021 $'000	Group 2020 $'000
Current		
Derivative assets		
Interest rate swaps used for hedging	960	–
Derivative liabilities		
Interest rate swaps used for hedging	(1,545)	(9,085)
Non-current		
Derivative liabilities		
Interest rate swaps used for hedging	(7,077)	(31,895)

The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. Further details are set out in note 39.

29 LEASE LIABILITIES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Lease liabilities:				
Current	6,172	464	25,856	25,117
Non-current	34,757	25,905	671,048	697,013
	40,929	26,369	696,904	722,130

During the year, the incremental borrowing rates of the Group's and the Company's lease liabilities range from 0.89% to 5.00% and 2.85 % to 3.19% (2020: 0.89% to 5.00% and 2.85% to 3.19%) per annum, respectively.

Lease liabilities of the Company pertains to a hotel property, office space and retail space leases with its subsidiaries under non-cancellable operating lease agreements.

Amounts recognised in profit or loss

	Group 2021 $'000	Group 2020 $'000
Finance expenses on lease liabilities	1,114	890

Amounts recognised in statement of cash flows

	Group 2021 $'000	Group 2020 $'000
Total cash outflow for leases	5,400	1,480

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

29 LEASE LIABILITIES (CONT'D)

Leases as lessors (SFRS(I) 16)

Operating lease

The Group leases out its investment properties (note 21) under non-cancellable leases. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Operating leases				
Less than one year	177,113	175,684	1,162	835
One to two years	120,137	123,550	1,231	1,162
Two to three years	75,063	71,028	170	1,231
Three to four years	46,156	41,382	–	170
Four to five years	29,865	32,908	–	–
More than five years	4,051	22,348	–	–
Total	452,385	466,900	2,563	3,398

30 OTHER PAYABLES

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Retention sums payable	4,890	743	–	–
Rental deposits	37,025	37,550	410	16
Others	3,040	–	–	–
	44,955	38,293	410	16

The exposure of the Group and the Company to liquidity risk is disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

31 ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE

	2020 $'000
Assets held for sale	
Investment property	1,258,512
Liabilities directly associated with the assets held for sale	
Rental deposits	14,674

On 18 January 2021, OUE C-REIT entered into a sale and contribution agreement to divest 50.0% of OUE Bayfront, OUE Tower, and OUE Link (the "Property") to ACRE Angsana Pte. Ltd. ("Allianz Investor"), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd. (which is unrelated to the Group). The divestment was effected through the establishment of a limited liability partnership ("LLP") to acquire the Property, with OUE C-REIT and Allianz Investor each holding a 50.0% interest in the LLP. Accordingly, the Property was classified as asset held for sale as at 31 December 2020. The sale of the Property was completed on 31 March 2021. The Group's interest in the LLP is recorded as "Interest in joint venture".

Immediately before the classification as held for sale, the Property was remeasured based on fair value, calculated based on the expected selling price after adjusting for the cost of lease extension and income support to be provided. The fair value measurement was categorised as Level 2 fair value based on the inputs in the valuation technique used (note 2.4). The liabilities directly associated with the asset held for sale were measured at their carrying amount as they were assumed to approximate fair value because of their short period to maturity.

32 SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 $'000	2020 $'000
At 1 January	981,602	981,602	693,315	693,315
Cancellation of treasury shares	(30,000)	–	(58,463)	–
At 31 December	951,602	981,602	634,852	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 10,731,900 (2020: 18,753,200) of its own shares for a total consideration of $13,864,000 (2020: $21,795,000).

At 31 December 2021, the Group held 79,571,100 (2020: 98,839,200) of the Company's shares as treasury shares (note 33).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 OTHER RESERVES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Currency translation reserve	63,948	(5,373)	–	–
Hedging reserve	(3,866)	(18,851)	–	–
Fair value reserve	10,754	25,438	–	–
Reserve for own shares	(148,016)	(192,615)	(148,016)	(192,615)
Capital reserve	7,947	(1,476)	–	4,641
	(69,233)	(192,877)	(148,016)	(187,974)

The movement of other reserves of the Group is as follows:

	Group					
	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2021	(5,373)	(18,851)	25,438	(192,615)	(1,476)	(192,877)
Other comprehensive income						
Foreign operations:						
- currency translation differences	17,422	–	–	–	–	17,422
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	51,899		–	–	–	51,899
- other reserves	–	–	(4,220)	–	–	(4,220)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	(4,946)	–	–	(4,946)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	5,372	–	–	–	5,372
- hedging reserve reclassified to profit or loss	–	9,613	–	–	–	9,613
Total other comprehensive income, net of tax	69,321	14,985	(9,166)	–	–	75,140
Total other comprehensive income for the year	69,321	14,985	(9,166)	–	–	75,140
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired	–	–	–	(13,864)	–	(13,864)
Cancellation of treasury shares	–	–	–	58,463	–	58,463
Redemption of convertible bonds	–	–	–	–	(4,641)	(4,641)
Total contributions by and distribution to owners	–	–	–	44,599	(4,641)	39,958
Total transactions with owners	–	–	–	44,599	(4,641)	39,958
Share of reserves of an equity-accounted investee	–	–	–	–	14,064	14,064
Transfer from fair value reserve to accumulated profits	–	–	(5,518)	–	–	(5,518)
At 31 December 2021	63,948	(3,866)	10,754	(148,016)	7,947	(69,233)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 OTHER RESERVES (CONT'D)

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2020	9,028	(72,117)	(6,981)	9,514	(170,820)	(18,894)	(250,270)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	23,053	–	–	–	–	23,053
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	43,691	–	–	–	–	43,691
- other reserves	–	–	–	–	–	3,807	3,807
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	–	15,924	–	–	15,924
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	(21,398)	–	–	–	(21,398)
- hedging reserve reclassified to profit or loss	–	–	9,528	–	–	–	9,528
Total other comprehensive income, net of tax	–	66,744	(11,870)	15,924	–	3,807	74,605
Total other comprehensive income for the year	–	66,744	(11,870)	15,924	–	3,807	74,605
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired	–	–	–	–	(21,795)	–	(21,795)
Redemption of convertible bonds	–	–	–	–	–	(156)	(156)
Total contributions by and distribution to owners	–	–	–	–	(21,795)	(156)	(21,951)
Total transactions with owners	–	–	–	–	(21,795)	(156)	(21,951)
Share of reserves of an equity-accounted investee	–	–	–	–	–	13,767	13,767
Transfer from asset revaluation reserve to accumulated profits[1]	(9,028)	–	–	–	–	–	(9,028)
At 31 December 2020	–	(5,373)	(18,851)	25,438	(192,615)	(1,476)	(192,877)

[1] In 2020, the Group completed the disposal of its entire interest in TCB OUE Sdn Bhd, an immaterial associate and the relevant share of asset revaluation reserve of $9,028,000 was transferred to accumulated profits upon derecognition.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

33 OTHER RESERVES (CONT'D)

Currency translation reserve

The currency translation reserve comprises:

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

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

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

Hedging reserve

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the financial assets designated at FVOCI until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group.

During the year, the Company cancelled 30,000,000 (2020: Nil) of the treasury shares amounting to $58,463,000. At 31 December 2021, the Group held 79,571,100 (2020: 98,839,200) of the Company's shares as treasury shares.

Capital reserve

The reserve mainly relates to the Group's share of units/shares issue costs of subsidiaries, share of reserves of an equity-accounted investee and the equity component of the convertible bonds (note 25).

34 ACCUMULATED PROFITS

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

	Company	
	2021 $'000	2020 $'000
At 1 January	2,238,278	2,525,105
Net loss for the year	(139,905)	(241,796)
Dividends paid (note 36)	(17,525)	(45,031)
Redemption of convertible bonds	4,626	–
At 31 December	2,085,474	2,238,278

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

35 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI 2021	2020
OUE C-REIT	Singapore	51.8%	52.1%
OUELH	Singapore	29.6%	35.6%

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

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2021				
Revenue	249,884	19,665		
Profit/(Loss) after tax	30,535	(15,616)		
Other comprehensive income	56,288	(12,692)		
Total comprehensive income	86,823	(28,308)		
Attributable to NCI:				
- Profit/(Loss) for the year	24,029	(4,930)	1,666	20,765
- Other comprehensive income	29,650	(3,761)	–	25,889
- **Total comprehensive income**	53,679	(8,691)	1,666	46,654
Non-current assets	5,675,458	546,281		
Current assets	86,577	59,913		
Non-current liabilities	(1,957,536)	(189,981)		
Current liabilities	(280,722)	(80,975)		
Net assets	3,523,777	335,238		
Net assets attributable to NCI	1,826,568	43,161	(287)	1,869,442
Cash flows from operating activities	166,801	3,520		
Cash flows from/(used in) investing activities	902,523	(29,966)		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $80,655,000)	(1,100,661)	2,601		
Net decrease in cash and cash equivalents	(31,337)	(23,845)		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

35 NON-CONTROLLING INTERESTS (CONT'D)

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2020				
Revenue	292,007	19,980		
Loss after tax	(28,895)	(104,796)		
Other comprehensive income	(584)	9,554		
Total comprehensive income	(29,479)	(95,242)		
Attributable to NCI:				
- (Loss)/Profit for the year	(19,519)	(42,117)	235	(61,401)
- Other comprehensive income	(694)	3,406	–	2,712
- **Total comprehensive income**	(20,213)	(38,711)	235	(58,689)
Non-current assets	5,320,070	561,257		
Current assets	1,377,568	105,549		
Non-current liabilities	(2,492,511)	(195,196)		
Current liabilities	(498,225)	(286,739)		
Net assets	3,706,902	184,871		
Net assets attributable to NCI	1,854,975	61,741	94	1,916,810
Cash flows from operating activities	234,359	1,015		
Cash flows (used in)/from investing activities	(7,003)	6,735		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $66,054,000)	(200,495)	7,785		
Net increase in cash and cash equivalents	26,861	15,535		

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT.

OUE C-REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the SGX-ST for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT are either subject to review by OUE C-REIT's trustee or must be approved by a majority of votes by the minority unitholders of OUE C-REIT at a meeting of unitholders. The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

36 DIVIDENDS

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

For the year ended 31 December

	Note	Group and Company 2021 $'000	2020 $'000
Paid by the Company to owners of the Company			
Interim dividend of 1 cent (2020: nil cent) per ordinary share in respect of current year		8,737	–
Final dividend of 1 cent (2020: 1 cent) per ordinary share in respect of prior year		8,788	9,006
Special dividend of nil cent (2020: 4 cents) per ordinary share in respect of prior year		–	36,025
	34	17,525	45,031

	Group 2021 $'000	2020 $'000
Paid by subsidiaries to NCI		
Distribution of 1.23 cents (2020: 1.00 cents) per qualifying unit in respect of current year	34,706	28,216
Distribution of 1.43 cents (2020: 1.10 cents) per qualifying unit in respect of prior year	40,349	31,038
Final dividend of 14.0 cents (2020: 17.0 cents) per ordinary share in respect of prior year	5,600	6,800
	80,655	66,054

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 2021 $'000	2020 $'000
Final dividend of 1 cent (2020: 1 cent) per ordinary share	8,720*	8,828*

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 872,030,760 (2020: 882,762,660) as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

37 LITIGATION CASES

OUELH Group, a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2021.

(a) *Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries*

In 2013, OUELH Group acquired a 74.97% effective interest and control over Health Kind International Limited and its subsidiaries, Health Kind International (Shanghai) Co., Ltd. ("Health Kind Shanghai") and Wuxi New District Phoenix Hospital Co., Ltd. ("Wuxi Co").

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("Weixin"), a company then controlled by David Lin, sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts have rendered a judgement and appeal judgement in favour of Weixin.

<u>Arbitration Proceedings against David Lin</u>

In 2018, OUELH commenced arbitration proceedings in Singapore against David Lin. The Tribunal issued the final arbitration award against David Lin on 7 January 2019. OUELH has obtained a Singapore judgement in terms of the arbitration award on 28 November 2019.

In 2019, OUELH commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. OUELH obtained permission to enforce the award in Hong Kong, Taiwan and Shanghai in 2020.

As at 31 December 2021, OUELH continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited ("HSIL") and Hong Kong Life Sciences and Technologies Group Limited. OUELH also obtained an order to appoint receivers over David Lin's interest in the HSIL shares. HSIL is the sole shareholder of Weixin.

The Shanghai No. 1 Court has received approximately RMB3.25 million as part of the Shanghai enforcement proceedings in November 2020. RMB2.5 million (after deduction of costs and expenses) were transferred to a subsidiary of OUELH Group in March 2021.

In 2021, OUELH Group recorded other income arising from the following:

- In January 2021, David Lin's ¼ share in a real estate property in New Taipei City was sold during a public auction for the sum of NTD5,880,000 as part of the enforcement proceedings in Taiwan. In August 2021, OUELH's Taiwan counsel received a sum of NTD5,775,026 (after deduction of costs and expenses) from the Taiwanese Court from the sale of the property and remitted the funds to OUELH. OUELH has received the sum of approximately $280,000 (NTD5,775,026) in September 2021.
- In March 2021, OUELH has received the sum of approximately $711,000 (NTD14,991,033), being the deposit and trust assets held by David Lin in his bank accounts in Taiwan.

<u>Land Litigation</u>

In 2018, Weixin commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate"), a subsidiary of OUELH Group, for the return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital is situated) (the "Land Litigation"):

- In 2019, the Wuxi Xinwu District Court dismissed Weixin's application. Weixin has appealed to the Wuxi Intermediate District Court.
- In May 2020, Weixin (under the control of the receivers of HSIL) applied to withdraw the Land Litigation appeal.
- The Land Litigation appeal was stayed pending separate proceeding commenced by Weixin (under the control of receivers of HSIL), against David Lin and Chiang Hui-Hua (the "Weixin Control Dispute"). On 15 March 2021, the Shanghai First Intermediate Court dismissed David Lin's appeal in the Weixin Control Dispute.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

37 LITIGATION CASES (CONT'D)

(a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries (cont'd)

Land Litigation (cont'd)

- In March 2021, the Wuxi Intermediate Court issued a judgement accepting Weixin's application to withdraw the Land Litigation appeal. The effect of the withdrawal of the Land Litigation appeal is that the decision of the Wuxi Xinwu District Court is final and binding on all parties. In that judgement, the Court found that the land transfer agreement between Wuxi Yilin Real Estate and Wuxi Co dated 15 January 2015, in relation to the Wuxi land at 20 Chang Jiang North Road, is legitimate and binding on all parties. Thus, OUELH's subsidiary, Wuxi Yilin Real Estate, is the rightful and legal owner of the Wuxi land. As at 31 December 2021, there are no pending legal challenges in relation to the ownership of Wuxi land.

Wuxi Control Dispute

In 2020, Weixin (which is now under the control of the receivers of HSIL), commenced proceedings against David Lin and Chiang Hui-Hua for a return of inter alia Weixin's business license and company stamp, on the basis that Chiang Hui-Hua is no longer the legal representative of Weixin:

- The Shanghai Pudong Court issued a decision in favour of Weixin in August 2020.
- David Lin appealed against the Shanghai Pudong Court's decision. On 15 March 2021, the Shanghai First Intermediate Court dismissed David Lin's appeal, with costs to be borne by David Lin. The Shanghai First Intermediate Court noted that Chiang Hui-Hua was removed as Weixin's legal representative, executive director and general manager via a valid board resolution in 2019.
- The receivers of HSIL applied to Court for an enforcement order, which was approved by the Shanghai Pudong Court, and execution was completed on 23 April 2021. On 24 May 2021, Weixin's company records were updated to register Chan Pui Sze of Briscoe Wong Advisory Limited, one of the receivers of HSIL, as the legal representative, executive director and general manager of Weixin.
- In July 2021, the receivers of HSIL obtained effective control of Weixin by obtaining new business license, which reflects Chan Pui Sze as the legal representative of Weixin, new company seal, invoice seal, legal representative seal and special financial seal.

Claim by Wuxi Hongshen

In 2021, Wuxi Hongshen Pharmacy Co., Ltd ("Wuxi Hongshen") commenced a creditor subrogation claim against Wuxi Yilin Real Estate, a subsidiary of OUELH Group, before the People's Court of Xinwu District, Wuxi (the "Subrogation Claim"). The Subrogation Claim was commenced by Wuxi Hongshen on the allegation that:

(i) Wuxi Hongshen was owed an outstanding sum of RMB1.5 million (approximately $321,000) by Wuxi Co pursuant to a PRC judgement based on a contractual dispute case between the two parties (which does not involve OUELH Group);
(ii) Wuxi Yilin Real Estate did not pay the consideration for the land and building at No. 20 Changjiang North Road, New District, Wuxi Jiangsu Province acquired from Wuxi Co; and
(iii) Wuxi Hongshen was therefore entitled to recover the outstanding sum of RMB1.5 million (as a creditor of Wuxi Co.) directly from Wuxi Yilin Real Estate (as a subrogated debtor of Wuxi Co.) under PRC law.

On 14 December 2021, the People's Court of Xinwu District, Wuxi released its judgement, agreeing with the points raised by Wuxi Hongshen, and ordering Wuxi Yilin Real Estate to pay the sum of RMB1,513,284 (approximately $324,000) plus interest and costs to Wuxi Hongshen.

On 24 December 2021, Wuxi Yilin Real Estate filed an appeal to the Intermediate Court of Wuxi City against the People's Court of Xinwu District, Wuxi's decision. The appeal was heard on 25 March 2022. Parties are waiting for the People's Court of Xinwu District, Wuxi to issue its judgement on the appeal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

37 LITIGATION CASES (CONT'D)

(b) Other claim(s) against OUELH

OUELH received a letter of demand from Fan's private trustees dated 25 June 2021, demanding payment of the sum of $850,182 allegedly owing to Fan pursuant to shareholder advances, expense claims and a management advisory service agreement between Fan and a wholly owned subsidiary of OUELH dated 1 February 2016.

This letter demanded payment of the same sums previously claimed by Fan in his letter of demand to OUELH dated 27 January 2017. In 2017, OUELH responded to Fan to seek further particulars and supporting documents in support of his claims, however, no response was forthcoming.

In June 2021, OUELH responded to Fan's private trustees to seek further particulars and supporting documents in support of their claims, however, no response was forthcoming.

No litigation has developed from these claims and no provision is made given that there is lack of details to support the claims.

In accordance to paragraph 92 of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice OUELH Group's legal position in the proceedings.

38 COMMITMENTS

Capital commitments

Other than as disclosed elsewhere in the financial statements, the Group has the following capital commitments:

	Group 2021 $'000	Group 2020 $'000
Property, plant and equipment	29,761	7,366
Investment properties	5,980	8,906

39 FINANCIAL INSTRUMENTS

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

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 half-yearly basis and independent internal audit reporting.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's and the Company's receivables from customers, debt investments, and the Company's loans and non-trade amounts due from subsidiaries. Rental deposits are received, where appropriate, to reduce credit risk.

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

Trade and other receivables, other assets, and loans to subsidiaries

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

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries at the reporting date by geographic region was:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
By geographical areas				
Singapore	70,494	48,052	1,853,390	1,829,388
United States of America	1,685	1,809	3,356	3,650
Indonesia	67,360	59,273	–	–
The PRC	1,759	1,607	–	–
Others	3,719	2,642	376,868	466,370
	145,017	113,383	2,233,614	2,299,408

There is no concentration of customer risk at the Group and Company level, other than balances with related parties.

NOTES TO THE FINANCIAL STATEMENTS

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39 FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs for trade receivables. In measuring ECLs, trade receivables are grouped based on similar credit risk characteristics and days past due. Loss rates are based on actual credit loss experience over the past three to five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECLs for trade receivables as at 31 December 2021 and 31 December 2020 is insignificant.

For other receivables, other assets and loan to subsidiaries, the Group and the Company assess on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, other assets (excluding promissory notes and prepayments), and loans to subsidiaries:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Not past due	152,470	112,646	2,677,319	2,667,890
Past due 1 – 30 days	2,376	3,345	3,011	3,549
Past due 31 – 60 days	672	1,975	3,098	3,301
Past due over 60 days	1,113	7,826	40,429	29,706
	156,631	125,792	2,723,857	2,704,446
Less: Impairment loss	(11,614)	(12,409)	(490,243)	(405,038)
	145,017	113,383	2,233,614	2,299,408

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries

The movement in the impairment loss in respect of trade receivables (note 13) was as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	2,953	822	1,189	773
Impairment loss (reversed)/recognised	(893)	2,169	4	416
Utilised during the year	(1,186)	(193)	(1,186)	–
Effects of movements in exchange rates	119	155	–	–
At 31 December	993	2,953	7	1,189

The movement in the impairment loss in respect of non-trade receivables (note 13) and other assets (note 17) (excluding promissory notes and prepayments) was as follows:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	9,456	9,457	41,494	6,700
Impairment loss recognised	1,151	–	123,596	34,794
Utilised during the year	–	(1)	–	–
Effects of movements in exchange rates	14	–	–	–
At 31 December	10,621	9,456	165,090	41,494

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Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment (cont'd)

Movements in impairment loss in respect of trade and other receivables, other assets (excluding promissory notes and prepayments) and loans to subsidiaries (cont'd)

The movement in the impairment loss in respect of loans to subsidiaries was as follows:

	Note	Company 2021 $'000	Company 2020 $'000
At 1 January		362,355	183,100
Impairment loss (reversed)/recognised		(37,209)	179,255
At 31 December	20	325,146	362,355

Derivatives

Derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Group 2021 $'000	Group 2020 $'000
Singapore	53,373	4,971
Indonesia	13,186	13,047
	66,559	18,018

There is no impairment recognised on the debt investments as at 31 December 2021 and 31 December 2020 and the ECLs is not material.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance of impairment on cash and cash equivalents was negligible.

Guarantees

A subsidiary of the Group provides financial guarantees to a joint venture. The maximum exposure of the Group in respect of the intra-group financial guarantees provided to the joint venture is disclosed in note 19.

The Company provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees provided to the subsidiaries is disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its liquidity management, the Group maintains sufficient level of cash and cash equivalents, and instruments that are readily convertible into cash. The Group also strives to maintain available credit facilities at a reasonable level to its overall debt position.

The Group has contractual commitments to incur capital expenditure with regard to its property, plant and equipment and investment properties, and capital commitments for financial assets designated at FVOCI.

Exposure to liquidity risk

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

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	190,455	(190,455)	(145,500)	(39,941)	(5,014)
Lease liabilities	40,929	(73,785)	(7,381)	(10,737)	(55,667)
Borrowings	2,824,843	(3,024,540)	(543,107)	(2,481,433)	–
	3,056,227	(3,288,780)	(695,988)	(2,532,111)	(60,681)
Derivative financial instruments					
Derivative assets					
Interest rate swaps used for hedging (net-settled)	(960)	972	(34)	1,006	–
Derivative liabilities					
Interest rate swaps used for hedging (net-settled)	8,622	(8,506)	(9,372)	866	–
Capital commitments for financial assets designated at FVOCI	–	(14,072)	(14,072)	–	–
	3,063,889	(3,310,386)	(719,466)	(2,530,239)	(60,681)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	176,137	(176,137)	(137,844)	(30,586)	(7,707)
Lease liabilities	26,369	(62,545)	(1,359)	(4,519)	(56,667)
Borrowings*	3,330,677	(3,505,609)	(678,632)	(2,826,977)	–
Convertible bonds	145,448	(154,639)	(2,134)	(152,505)	–
	3,678,631	(3,898,930)	(819,969)	(3,014,587)	(64,374)
Derivative financial instruments					
Derivative liabilities					
Interest rate swaps used for hedging (net-settled)	40,980	(40,063)	(24,392)	(15,671)	–
Capital commitments for financial assets designated at FVOCI	–	(6,446)	(6,446)	–	–
	3,719,611	(3,945,439)	(850,807)	(3,030,258)	(64,374)
Company					
31 December 2021					
Non-derivative financial liabilities					
Trade and other payables	80,660	(80,660)	(80,250)	(410)	–
Lease liabilities	696,904	(973,352)	(48,078)	(180,000)	(745,274)
Borrowings	49,698	(51,234)	(10,842)	(40,392)	–
Loans from subsidiaries	507,620	(527,735)	(527,735)	–	–
	1,334,882	(1,632,981)	(666,905)	(220,802)	(745,274)
31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	122,111	(122,111)	(122,095)	(16)	–
Lease liabilities	722,130	(1,021,720)	(48,130)	(183,187)	(790,403)
Borrowings*	49,485	(52,936)	(1,102)	(51,834)	–
Convertible bonds	145,448	(154,639)	(2,134)	(152,505)	–
Loan from a subsidiary	281,285	(292,537)	(292,537)	–	–
	1,320,459	(1,643,943)	(465,998)	(387,542)	(790,403)

* Excluding convertible bonds

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

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

Market risk

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

Currency risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Currency risk (cont'd)

Exposure to currency risk

The Group's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Group	
	USD $'000	IDR $'000
31 December 2021		
Cash and cash equivalents	32,307	–
Trade and other receivables	3,986	–
Other investments	151,617	132,175
Other assets	1,676	14,250
	189,586	146,425
31 December 2020		
Cash and cash equivalents	96,786	–
Trade and other receivables	83,003	–
Other investments	118,986	61,352
Other assets	–	12,313
	298,775	73,665

The Company's exposure to currency risk (expressed in SGD equivalent) is as follows:

	Company	
	2021 USD $'000	2020 USD $'000
Cash and cash equivalents	23,260	93,470
Due from subsidiaries	960	1,607
Loans to subsidiaries	96,986	101,424
	121,206	196,501

Sensitivity analysis

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

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2021				
USD (3% strengthening)	2,622	3,063	3,636	–
IDR (1% strengthening)	274	1,190	–	–
2020				
USD (2% strengthening)	4,340	1,635	3,930	–
IDR (3% strengthening)	1,214	996	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash balances, loans to/from subsidiaries and associates and borrowings.

The Group manages its interest rate exposure by borrowing in 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.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's main IBOR exposure at 31 December 2021 was indexed to Swap Offer Rate ("SOR"). In Singapore, the Steering Committee for SOR transition to SORA ("SC-STS") together with the Association of Banks in Singapore ("ABS") and Singapore Foreign Exchange Market Committee ("SFEMC"), has recommended the discontinuation of SOR and a shift towards the use of Singapore Overnight Rate Average ("SORA") as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR is by the end of June 2023.

In managing the transition to alternative rates, the Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Non-derivatives financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured bank loans indexed to SOR. The Group is still in the process of communication with the counterparties and specific changes have yet been agreed.

Derivatives

The Group holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. The Group is still in the process of communication with the counterparties for all SOR indexed exposures and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Managing interest rate benchmark reform and associated risks (cont'd)

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 December 2021. Certain of the Group's hedged items and hedging instruments continue to be indexed to SOR. These benchmark rates are quoted each day and the SOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for SOR. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and the relevant hedging instruments and hedged items have not been amended to transition from SOR. The Group continues to apply the amendments to SFRS (I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by IBOR reform and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR broker quotes for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language as at 31 December 2021. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group		
31 December 2021		
Financial asset		
Debt investment	2,500	–
Financial liabilities		
Borrowings	325,000	939,000
Derivatives		
Interest rate swaps	265,000	800,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Total amounts of unreformed contracts, including those with an appropriate fallback clause (cont'd)

The Group's exposure to Singapore-dollar designated in hedging relationships is $1,405,000,000 (2020: $1,735,000,000) nominal amount at 31 December 2021, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2022 to 2026.

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2022 and expects that the hedging instruments will be modified accordingly. As at 31 December 2021, interest rate swaps with nominal amount of $340,000,000 are already indexed to SORA.

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fixed rate instruments				
Cash and cash equivalents*	34,288	46,828	–	–
Loans to subsidiaries	–	–	1,129,794	1,258,103
Loan to a related company	10,500	10,000	–	–
Loan to a third party	21,000	–	–	–
Borrowings	(850,000)	(642,250)	–	(142,250)
Loans from a subsidiary	–	–	(497,620)	(281,285)
Interest rate swaps	(1,405,000)	(1,735,000)	–	–
	(2,189,212)	(2,320,422)	632,174	834,568
Variable rate instruments				
Cash and cash equivalents*	87,157	138,688	53,783	100,789
Other investments	53,373	4,971	–	–
Borrowings	(1,997,912)	(2,855,303)	(50,000)	(50,000)
Loan from a subsidiary	–	–	(10,000)	–
Interest rate swaps	1,405,000	1,735,000	–	–
	(452,382)	(976,644)	(6,217)	50,789

* Excluding cash at bank and on hand

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less.

Fair value sensitivity analysis for fixed rate instruments

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 (2020: 50) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
2021				
Group				
Variable rate instruments	(9,287)	9,287	–	–
Interest rate swaps	7,025	(7,025)	1,095	(1,103)
	(2,262)	2,262	1,095	(1,103)
Company				
Variable rate instruments	(31)	31	–	–
2020				
Group				
Variable rate instruments	(13,558)	13,558	–	–
Interest rate swaps	8,675	(8,675)	1,177	(1,177)
	(4,883)	4,883	1,177	(1,177)
Company				
Variable rate instruments	254	(254)	–	–

Other market price risk

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

Equity price risk arises from equity instruments at FVOCI as well as investments measured at FVTPL.

(a) FVOCI

The Group has investments in equity securities and interests in limited partnerships designated at FVOCI. The fair values of these investments are estimated based on the quoted market price of the investments; or adjusted net asset values of the investee entities.

If the quoted market price/adjusted net asset value of the investee entities were to increase/decrease by 10% (2020: 10%), the Group's other comprehensive income (net of tax) and fair value reserve will increase/decrease by approximately $21,071,000 (2020: $11,118,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Other market price risk (cont'd)

(b) FVTPL

The Group is exposed to price changes from its quoted equity investments and investments in mutual funds measured at FVTPL. If the fair value of these investments were to increase/decrease by 10% (2020: 10%) at the reporting date, profit before tax would increase/decrease by approximately $7,859,000 (2020: $6,097,000).

Hedge accounting

Cash flow and interest rate hedges

The Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
Group		
2021		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	290,000	1,115,000
Average fixed interest rate	1.45% - 2.17%	0.51% - 2.13%
2020		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	730,000	1,005,000
Average fixed interest rate	1.72% - 2.13%	0.64% - 2.17%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000
Group		
31 December 2021		
Interest rate risk		
Variable-rate instruments	(15,786)	(5,464)
31 December 2020		
Interest rate risk		
Variable-rate instruments	9,786	(36,582)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow and interest rate hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December				During the period				
Group	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffective-ness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffective-ness	Amount reclassified from hedging reserve to profit or loss $'000	Line item in profit or loss affected by the reclassifica-tion
2021									
Interest rate risk									
Interest rate swaps	1,405,000	960	(8,622)	Derivative assets/ liabilities	11,352	1,364	Finance income	20,740	Finance cost
2020									
Interest rate risk									
Interest rate swaps	1,735,000	–	(40,980)	Derivative liabilities	(46,004)	3,161	Finance income	20,441	Finance cost

Capital management

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

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

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

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

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Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Borrowings	2,824,843	3,476,125	49,698	194,933
Less: Cash and cash equivalents	(518,858)	(559,527)	(233,529)	(302,592)
	2,305,985	2,916,598	(183,831)	(107,659)
Net tangible assets	5,688,722	5,626,200	2,572,310	2,743,619
Net gearing ratio	40.5%	51.8%	(7.1%)*	(3.9%)*

* The Company is in negative net gearing ratio as at 31 December 2021 and 31 December 2020 as cash and cash equivalents is in excess of borrowings for the Company.

The Group has income derived from its investments in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange promulgated by the government of the PRC.

A subsidiary, OUE C-REIT and its subsidiaries ("OUE C-REIT Group"), is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS.

Under the Property Funds Appendix of the CIS Code, for periods before 1 January 2022, the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 50.0% of its Deposited Property (as defined in the CIS Code). For periods on or after 1 January 2022, the Aggregate Leverage should not exceed 45.0% of its Deposited Property. The Aggregate Leverage of a property fund may exceed 45% of the property fund's Deposited Property (up to maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

The Aggregate Leverage of OUE C-REIT Group as at 31 December 2021 was 38.7% (2020: 41.2%) of its Deposited Property with an ICR of 2.8 times[1] (2020: 2.7 times[1]). 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.

1 As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 3 March 2022).

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Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Liabilities directly associated with the assets held for sale are not included in the table below (note 31). Their carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Manda-torily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2021											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	78,590	–	–	–	78,590	38,881	39,709	–	78,590
Equity investments - FVOCI	15	–	–	130,942	–	–	130,942	118,989	–	11,953	130,942
Interests in limited partnerships - FVOCI	15	–	–	102,403	–	–	102,403	–	–	102,403	102,403
Derivative assets	28	–	–	–	960	–	960	–	960	–	960
		–	78,590	233,345	960	–	312,895				
Financial assets not measured at fair value											
Cash and cash equivalents	12	518,858	–	–	–	–	518,858				
Trade and other receivables[1]	13	29,881	–	–	–	–	29,881				
Debt investments – at amortised costs[2]	15	53,373	–	–	–	–	53,373				
Other assets[3]	17	115,136	–	–	–	–	115,136				
		717,248	–	–	–	–	717,248				
Financial liabilities measured at fair value											
Derivative liabilities	28	–	–	–	(8,622)	–	(8,622)	–	(8,622)	–	(8,622)
Financial liabilities not measured at fair value											
Trade and other payables	24	–	–	–	–	(145,500)	(145,500)				
Borrowings:											
- Loans and other borrowings	25	–	–	–	–	(1,981,213)	(1,981,213)				
- Unsecured notes	25	–	–	–	–	(843,630)	(843,630)	–	(858,881)	–	(858,881)
Other payables:											
- Rental deposits	30	–	–	–	–	(37,025)	(37,025)	–	–	(36,549)	(36,549)
- Retention sums payable	30	–	–	–	–	(4,890)	(4,890)				
- Others	30	–	–	–	–	(3,040)	(3,040)				
		–	–	–	–	(3,015,298)	(3,015,298)				

[1] Excluding promissory notes
[2] Excluding debt investment denominated in IDR
[3] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Manda-torily at FVTPL $'000	Designated at FVOCI $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2020											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	60,972	–	–	–	60,972	18,730	42,242	–	60,972
Equity investments - FVOCI	15	–	–	44,089	–	–	44,089	33,196	–	10,893	44,089
Interests in limited partnerships - FVOCI	15	–	–	86,639	–	–	86,639	–	–	86,639	86,639
		–	60,972	130,728	–	–	191,700				
Financial assets not measured at fair value											
Cash and cash equivalents	12	559,527	–	–	–	–	559,527				
Trade and other receivables[1]	13	33,539	–	–	–	–	33,539				
Debt investments – at amortised costs[2]	15	4,971	–	–	–	–	4,971				
Other assets[3]	17	79,844	–	–	–	–	79,844				
		677,881	–	–	–	–	677,881				
Financial liabilities measured at fair value											
Derivative liabilities	28	–	–	–	(40,980)	–	(40,980)	–	(40,980)	–	(40,980)
Financial liabilities not measured at fair value											
Trade and other payables	24	–	–	–	–	(137,844)	(137,844)				
Borrowings:											
- Loans and other borrowings	25	–	–	–	–	(2,834,217)	(2,834,217)				
- Convertible bonds and unsecured notes	25	–	–	–	–	(641,908)	(641,908)	–	(650,873)	–	(650,873)
Other payables:											
- Rental deposits	30	–	–	–	–	(37,550)	(37,550)	–	–	(35,305)	(35,305)
- Retention sums payable	30	–	–	–	–	(743)	(743)				
		–	–	–	–	(3,652,262)	(3,652,262)				

[1] Excluding promissory notes
[2] Excluding debt investment denominated in IDR
[3] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value			
	Note	Amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2021								
Financial assets not measured at fair value								
Cash and cash equivalents	12	233,529	–	233,529				
Trade and other receivables	13	1,109,479	–	1,109,479				
Other assets[1]	17	5,941	–	5,941				
Loans to subsidiaries	20	1,118,194	–	1,118,194				
		2,467,143	–	2,467,143				
Financial liabilities not measured at fair value								
Loan from subsidiaries	20	–	(507,620)	(507,620)				
Trade and other payables	24	–	(80,250)	(80,250)				
Borrowings:								
- Loans and other borrowings	25	–	(49,698)	(49,698)				
Other payables	30	–	(410)	(410)				
		–	(637,978)	(637,978)				
31 December 2020								
Financial assets not measured at fair value								
Cash and cash equivalents	12	302,592	–	302,592				
Trade and other receivables	13	1,020,071	–	1,020,071				
Other assets[1]	17	6,205	–	6,205				
Loans to subsidiaries	20	1,273,132	–	1,273,132				
		2,602,000	–	2,602,000				
Financial liabilities not measured at fair value								
Loan from a subsidiary	20	–	(281,285)	(281,285)				
Trade and other payables	24	–	(122,095)	(122,095)				
Borrowings:								
- Loans and other borrowings	25	–	(49,485)	(49,485)				
- Convertible bonds	25	–	(145,448)	(145,448)	–	(145,924)	–	(145,924)
Other payables	30	–	(16)	(16)				
		–	(598,329)	(598,329)				

[1] Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Equity investments – FVOCI Interests in limited partnerships – FVOCI	The fair value is calculated using the quoted market price; or adjusted net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the lack of marketability of the investment, where appropriate.	Net asset values	An increase/decrease in the net asset values would result in a higher/lower fair value measurement.
Other investments – FVTPL	The fair value is calculated using the adjusted net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
Borrowings – convertible bonds and unsecured notes	Market quoted prices
Other payables – rental deposits	Discounted cash flows

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values in respect of financial assets measured at fair value:

	Group	
	2021	**2020**
	$'000	**$'000**
Equity investments and interests in limited partnerships – FVOCI		
At 1 January	97,532	65,632
Purchases	8,659	7,875
Disposals	(12,253)	–
Net change in fair value recognised in other comprehensive income	20,224	24,469
Effect of movements in exchange rates	194	(444)
At 31 December	114,356	97,532

40 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term employee benefits	1,452	1,005
Post-employment benefits (including contributions to defined contribution plans)	15	11
	1,467	1,016

40 RELATED PARTIES (CONT'D)

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the year on terms agreed between the parties. Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and their close family members.

	Group Transaction value for the year	
	2021	**2020**
	$'000	**$'000**
Associates and joint ventures		
Management fees earned	13,909	9,402
Lease payments	2,814	–
Other related parties		
Acquisition of quoted equity investments designated at FVOCI	96,133	–
Rental and rental related income	1,381	1,774
Management fees earned	180	128
Support services paid	272	–
Royalty fee income	168	145
Interest income	569	544
Reimbursement of expenses paid on behalf	258	590

The Group and 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

41 OPERATING SEGMENTS

The Group has three (2020: six) strategic divisions, which are its reportable segments. During the year, the investment properties, hospitality and development properties divisions were consolidated into a single division, real estate division. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's senior management (the chief operating decision makers) review internal management reports of each division at least quarterly. The senior management comprises the Chief Financial Officer, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Operating Officer, and the department heads of each business segment.

The following summary describes the operations in each of the Group's reportable segments:

(i) Real Estate

a) Investment properties (Singapore, United States of America and the PRC) – rental of investment properties owned by the Group and management of real estate investment trusts.

b) Hospitality – operation of hotels and hotel management.

c) Development properties (Singapore and the PRC) – sale of residential properties and other properties under development.

(ii) Healthcare – operation of investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services and management of healthcare investments trusts.

(iii) Consumer – operation of food and beverage outlets and consumer-related investments

Other operations include mainly investment operations and do not meet any of the quantitative thresholds for determining reportable segments in 2021 and 2020.

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 losses, as included in the internal management reports that are reviewed by the executive committee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

41 OPERATING SEGMENTS (CONT'D)

	Real Estate									
	Investment Properties									
2021	Singapore $'000	Others $'000	Hospitality $'000	Development Properties $'000	Segment Subtotal $'000	Healthcare $'000	Consumer $'000	Reportable Segments $'000	Elimination and unallocated items $'000	Total $'000
Revenue										
External revenue	170,283	25,233	57,581	1,701	254,798	31,248	14,714	300,760	46	300,806
Inter-segment revenue	315	–	63	–	378	–	90	468	(468)	–
Segment revenue (including inter-segment revenue)	170,598	25,233	57,644	1,701	255,176	31,248	14,804	301,228	(422)	300,806
Segment profit/(loss)[1]	122,771	20,209	(27,243)	190,824	306,561	31,308	5,599	343,468	(30,049)	313,419
Depreciation of property, plant and equipment	(1,188)	(46)	(40,879)	–	(42,113)	(1,784)	(3,122)	(47,019)	(4,051)	(51,070)
Finance expenses	(77,264)	(1,064)	(7)	–	(78,335)	(4,209)	(582)	(83,126)	(27,044)	(110,170)
Finance income	3,258	1,051	7	3	4,319	260	2	4,581	2,682	7,263
Share of results of equity-accounted investees, net of tax	13,236	–	–	191,378	204,614	17,133	10,121	231,868	–	231,868
Other material items										
Net change in fair value of investment properties	30,664	140	–	–	30,804	(17,514)	–	13,290	–	13,290
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	20,511	20,511
Impairment loss on property, plant and equipment	–	–	(86,754)	–	(86,754)	(19,375)	–	(106,129)	–	(106,129)
31 December 2021										
Reportable segment assets[2]	3,593,371	892,131	1,607,263	31,616	6,124,381	455,583	118,131	6,698,095	665,201	7,363,296
Interests in equity-accounted investees	322,054	–	–	1,062,019	1,384,073	226,732	57,398	1,668,203	–	1,668,203
Reportable segment liabilities	2,098,144	52,865	21,761	4,786	2,177,556	229,432	17,678	2,424,666	887,435	3,312,101
Capital expenditure	7,847	1,749	87,761	–	97,357	2,264	4,284	103,905	100	104,005

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other losses
[2] Excluding interests in equity-accounted investees

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

41 OPERATING SEGMENTS (CONT'D)

	Real Estate										
	Investment Properties										
	Singapore	United States of America[3]	Others	Hospitality	Development Properties	Segment Subtotal	Healthcare	Consumer	Reportable Segments	Elimination and unallocated items	Total
2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue											
External revenue	199,646	39,119	26,051	85,497	140,176	490,489	29,437	10,473	530,399	56	530,455
Inter-segment revenue	296	958	–	–	–	1,254	12	365	1,631	(1,631)	–
Segment revenue (including inter-segment revenue)	199,942	40,077	26,051	85,497	140,176	491,743	29,449	10,838	532,030	(1,575)	530,455
Segment profit/(loss)[1]	130,826	5,831	20,273	(8,504)	209,482	357,908	(66,171)	(15,821)	275,916	(29,262)	246,654
Depreciation of property, plant and equipment	(1,001)	(23)	(39)	(41,849)	–	(42,912)	(1,668)	(2,592)	(47,172)	(1,658)	(48,830)
Finance expenses	(86,003)	(14,351)	(776)	(293)	(331)	(101,754)	(9,307)	(1,875)	(112,936)	(21,464)	(134,400)
Finance income	3,388	13	736	51	103	4,291	296	12	4,599	2,970	7,569
Share of results of equity-accounted investees, net of tax	–	–	–	–	191,608	191,608	(72,052)	(272)	119,284	–	119,284
Other material items											
Reversal of impairment loss on a loan to an equity-accounted investee	–	–	–	–	–	–	–	–	–	16,207	16,207
Net change in fair value of investment properties	(63,373)	(298,934)	(52,962)	–	–	(415,269)	(20,161)	–	(435,430)	–	(435,430)
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	(40,867)	(40,867)
Impairment loss on interests in equity-accounted investees	–	–	–	(1,438)	–	(1,438)	(4,135)	–	(5,573)	–	(5,573)
Impairment loss on intangible assets and goodwill	–	–	–	–	–	–	(11,002)	–	(11,002)	–	(11,002)
Impairment loss on property, plant and equipment	–	–	–	(53,192)	–	(53,192)	(32,889)	(2,651)	(88,732)	–	(88,732)
31 December 2020											
Reportable segment assets[2]	4,832,041	–	793,420	1,657,890	33,365	7,316,716	539,655	12,393	7,868,764	690,268	8,559,032
Interests in equity-accounted investees	–	–	–	–	879,998	879,998	159,743	24,593	1,064,334	–	1,064,334
Reportable segment liabilities	2,843,916	–	52,969	17,243	5,550	2,919,678	241,001	2,694	3,163,373	803,179	3,966,552
Capital expenditure	11,159	3,094	137,604	4,493	–	156,350	8,652	903	165,905	1,247	167,152

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other losses
[2] Excluding interests in equity-accounted investees
[3] Relates to U.S. Bank Tower which was disposed in 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

41 OPERATING SEGMENTS (CONT'D)

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

	2021 $'000	2020 $'000
Revenue		
Total revenue for reportable segments	301,228	532,030
Unallocated amounts	46	56
Elimination of inter-segment revenue	(468)	(1,631)
Consolidated total revenue	300,806	530,455
Profit or loss		
Total profit or loss before interest, tax and other losses for reportable segments	343,468	275,916
Elimination of inter-segment profits	(43)	(67)
Finance expenses	(110,170)	(134,400)
Finance income	7,263	7,569
Other losses – net	(72,309)	(565,096)
Unallocated corporate expenses	(30,006)	(29,195)
Consolidated profit/(loss) before tax	138,203	(445,273)

Reconciliations of reportable segment assets and liabilities

	2021 $'000	2020 $'000
Assets		
Total assets for reportable segments	6,698,095	7,868,764
Interests in equity-accounted investees	1,668,203	1,064,334
	8,366,298	8,933,098
Elimination of inter-segment balances	(389)	(209)
Other unallocated amounts:		
- Property, plant and equipment	8,178	6,889
- Cash and cash equivalents	291,517	348,296
- Trade and other receivables	1,281	83,439
- Other investments	279,525	198,825
- Other assets	83,842	52,535
- Deferred tax assets	1,247	493
Consolidated total assets	9,031,499	9,623,366
Liabilities		
Total liabilities for reportable segments	2,424,666	3,163,373
Other unallocated amounts:		
- Borrowings	646,702	593,604
- Trade and other payables	21,798	16,459
- Current tax liabilities	72,076	43,898
- Lease liabilities	3,010	–
- Deferred tax liabilities	143,849	148,230
- Deferred income	–	988
Consolidated total liabilities	3,312,101	3,966,552

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

41 OPERATING SEGMENTS (CONT'D)

Geographical information

	Revenue 2021 $'000	Revenue 2020 $'000	Non-current assets* 2021 $'000	Non-current assets* 2020 $'000
Singapore	255,908	442,285	5,702,152	5,296,268
The PRC	28,097	28,463	1,693,076	1,519,782
United States of America	–	42,128	–	7
Japan	16,711	17,526	290,595	308,872
Indonesia	90	39	170,333	137,479
Others	–	14	62,482	67,754
	300,806	530,455	7,918,638	7,330,162

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

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2021 and 2020.

42 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT A CHANGE IN CONTROL

2021

In 2021, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. Arising therefrom, the Group's interest in OUE C-REIT increased from 47.9% to 48.2% as at 31 December 2021.

On 31 March 2021, the Group acquired 266,587,752 OUELH shares from Browny Healthcare Pte. Ltd. for an aggregate consideration of $27,659,000. Arising therefrom, the Group's interest in OUELH increased from 64.4% to 70.4% as at 31 December 2021.

2020

In 2020, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. Arising therefrom, the Group's interest in OUE C-REIT increased from 47.6% to 47.9% as at 31 December 2020.

During the year, the Group acquired 700,000 OUELH shares from the open market at a consideration of $30,000. Arising therefrom, the Group's interest in OUELH increased from 64.3% to 64.4% as at 31 December 2020.

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

	OUE C-REIT $'000	OUELH $'000	Total $'000
2021			
Decrease in equity attributable to non-controlling interests	1,431	11,896	13,327
Increase/(Decrease) in equity attributable to owners of the Company	1,431	(15,763)	(14,332)
2020			
Decrease in equity attributable to non-controlling interests	3,070	(572)	2,498
Increase/(Decrease) in equity attributable to owners of the Company	3,070	(602)	2,468

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

43 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries and equity-accounted investees:

Name of company	Principal activities	Country of incorporation	The Company 2021 %	The Company 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	–	–	100	100
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUB Centre Limited	Property investment	Singapore	–	–	83.3[a]	83.3[a]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	14.6	14.7	33.6	33.2
OUE Lippo Healthcare Limited and its subsidiaries	Investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services	Singapore	–	–	70.4	64.4
PT OUE Pengembangan Properti	Property investment	Indonesia	–	–	100	100
Associate						
Gemdale Properties and Investments Corporation[b]	Property development, property investment, property management and micro-financing	Bermuda	–	–	22.8	23.0

(% of paid-up capital held by)

All significant subsidiaries and equity-accounted investees are audited by KPMG LLP, Singapore except as indicated below.

[a] As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 40.1% (2020: 39.9%) in the company.
[b] Audited by Ernst & Young, Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

44 SUBSEQUENT EVENT

On 28 January 2022, the shareholders of OUELH Group approved the divestments of OUELH Group's 100% interests in OUELH Japan Medical Facilities Pte Ltd, which owns 12 nursing homes in Japan, and OUELH Japan Medical Assets Pte Ltd to First Real Estate Investment Trust (First REIT) (the "Acquisitions"), an associate of the Group. On the same date, the unitholders of First REIT approved the Acquisitions. The aggregate consideration for the above transactions is approximately $163.5 million, of which $131.5 million of the consideration will be paid in the form of First REIT units to OUELH Group at a fixed issue price of $0.305 per unit, and the remaining consideration in cash and transfer of balances.

The divestments were completed on 1 March 2022. At completion, the Group's effective interest in First REIT increased to approximately 33.1% (31 December 2021: 23.1%). Following completion, First REIT is expected to be accounted as a subsidiary of the Group.

The above transaction is not expected to have a material impact to the Group.

SHAREHOLDING STATISTICS

As at 23 March 2022

Total number of issued ordinary shares	: 951,601,860
Total number of issued ordinary shares excluding treasury shares	: 870,705,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 80,896,000
Total number of subsidiary holdings	: 0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	: 9.29%
Voting rights (excluding treasury shares)	: 1 vote per share

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 - 99	37	0.35	857	0.00
100 - 1,000	823	7.79	721,587	0.08
1,001 - 10,000	6,976	65.99	36,421,462	4.19
10,001 - 1,000,000	2,716	25.69	102,238,996	11.74
1,000,001 and above	19	0.18	731,322,958	83.99
TOTAL	**10,571**	**100.00**	**870,705,860**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital*
1.	BANK OF CHINA NOMINEES PTE LTD	618,916,410	71.08
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	31,736,652	3.64
3.	DBS NOMINEES PTE LTD	25,402,755	2.92
4.	OCBC SECURITIES PRIVATE LTD	18,525,737	2.13
5.	RAFFLES NOMINEES (PTE) LIMITED	5,863,025	0.67
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,710,450	0.43
7.	HENG SIEW ENG	3,533,100	0.41
8.	OCBC NOMINEES SINGAPORE PTE LTD	3,422,900	0.39
9.	PHILLIP SECURITIES PTE LTD	3,277,779	0.38
10.	UOB KAY HIAN PTE LTD	2,371,800	0.27
11.	MORPH INVESTMENTS LTD	2,179,000	0.25
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	2,049,339	0.24
13.	DBSN SERVICES PTE LTD	1,953,765	0.22
14.	JACK INVESTMENT PTE LTD	1,722,500	0.20
15.	SINGAPORE NOMINEES PTE LTD	1,606,000	0.18
16.	NG POH CHENG	1,467,300	0.17
17.	MAYBANK SECURITIES PTE. LTD.	1,305,200	0.15
18.	ANG JWEE HERNG	1,215,600	0.14
19.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,063,646	0.12
20.	GOH YEW GEE	920,000	0.11
	TOTAL	**732,242,958**	**84.10**

* *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 23 March 2022

		Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	57.71[20]	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	13.37[20]	502,513,060[1]	57.71[20]
3.	Fortune Crane Limited ("**FCL**")	-	-	618,916,410[2]	71.08[20]
4.	Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410[3]	71.08[20]
5.	HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410[4]	71.08[20]
6.	Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410[5]	71.08[20]
7.	Hennessy Holdings Limited ("**HHL**")	-	-	618,916,410[6]	71.08[20]
8.	Prime Success Limited ("**PSL**")	-	-	618,916,410[7]	71.08[20]
9.	Lippo Limited ("**LL**")	-	-	618,916,410[8]	71.08[20]
10.	Lippo Capital Limited ("**LCL**")	-	-	618,916,410[9]	71.08[20]
11.	Lippo Capital Holdings Company Limited ("**LCH**")	-	-	618,916,410[10]	71.08[20]
12.	Lippo Capital Group Limited ("**LCG**")	-	-	618,916,410[11]	71.08[20]
13.	Dr. Stephen Riady	-	-	618,916,410[12]	71.08[20]
14.	PT Trijaya Utama Mandiri ("**PT Trijaya**")	-	-	618,916,410[13]	71.08[20]
15.	Mr. James Tjahaja Riady	-	-	618,916,410[14]	71.08[20]
16.	Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410[15]	71.08[20]
17.	Argyle Street Management Limited ("**ASML**")	-	-	618,916,410[16]	71.08[20]
18.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410[17]	71.08[20]
19.	Mr. Kin Chan	-	-	618,916,410[18]	71.08[20]
20.	Mr. V-Nee Yeh	-	-	618,916,410[19]	71.08[20]

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 23 March 2022

Notes:

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

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

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

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

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

(6) HHL is an intermediate holding company of HKC Property. Accordingly, HHL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(7) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(8) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(9) LCL is an intermediate holding company of HKC Property. Accordingly, LCL is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(10) LCH is an intermediate holding company of HKC Property. Accordingly, LCH is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(11) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property. Accordingly, LCG is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(12) Dr. Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest. Dr. Stephen Riady is the Executive Chairman and Group Chief Executive Officer of the Company. Dr. Stephen Riady is also the chairman of LL and HCL, both of which have a deemed interest in the Shares.

(13) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(14) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which HKC Property has a deemed interest.

(15) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(16) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

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

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

(19) Mr. V-Nee Yeh is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, Mr. V-Nee Yeh is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(20) The shareholding percentage is calculated based on 870,705,860 issued Shares (excluding treasury shares) as at 23 March 2022.

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 23 March 2022, approximately 27.99% of its Shares listed on the SGX-ST were held in the hands of the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

Pursuant to Rule 720(6) of the Listing Manual, information relating to Dr. Stephen Riady, Mr. Christopher James Williams, Dr. Lim Boh Soon and Ms. Goh Min Yen (in the form set out in Appendix 7.4.1 of the Listing Manual) is provided below. The following additional information on Dr. Stephen Riady, Mr. Christopher James Williams, Dr. Lim Boh Soon and Ms. Goh Min Yen, all of whom are seeking re-election as Directors at the Annual General Meeting, is to be read in conjunction with their respective profiles in the "Board of Directors" section on pages 16, 17, 18 and 22 of this Annual Report.

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
Date of appointment	30 November 2006	19 July 2006	1 January 2022	1 January 2022
Date of last re-appointment (if applicable)	30 April 2019	22 May 2020	Not applicable	Not applicable
Age	62	63	66	62
Country of principal residence	Singapore	Hong Kong Special Administrative Region of the People's Republic of China	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Dr. Stephen Riady after assessing his contributions and performance as a director. The Board (with Dr. Stephen Riady abstaining) has endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Christopher James Williams after assessing his contributions and performance as a director. The Board (with Mr. Christopher James Williams abstaining) has endorsed the Nominating Committee's recommendation.	The Nominating Committee (with Dr. Lim Boh Soon abstaining), having considered the principles for determination of board size and composition, recommends the re-election of Dr. Lim Boh Soon after assessing his contributions and performance as a director. The Board (with Dr. Lim Boh Soon abstaining) has endorsed the Nominating Committee's recommendation.	The Nominating Committee (with Ms. Goh Min Yen abstaining), having considered the principles for determination of board size and composition, recommends the re-election of Ms. Goh Min Yen after assessing her contributions and performance as a director. The Board (with Ms. Goh Min Yen abstaining) has endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Executive. Provides strategic direction and has overall responsibility for the management, organisation, operation and development of the Group and all matters arising therefrom.	Non-Executive.	Non-Executive.	Non-Executive.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
Professional qualifications	1. Bachelor of Science, Business Administration, University of Southern California, United States of America 2. Master of Business Administration, Golden Gate University, United States of America 3. Honorary Degree of Doctor of Business Administration, Edinburgh Napier University, United Kingdom 4. Honorary University Fellow, Hong Kong Baptist University 5. Fellow of the Duke of Edinburgh's Award World Fellowship	1. Bachelor of Arts (Honours) in International Relations and Economics, the University of Reading, United Kingdom 2. Solicitor, England and Wales 3. Solicitor, Hong Kong	1. Bachelor of Science (First Class Honours) in Mechanical Engineering, University of Strathclyde, United Kingdom 2. PhD in Mechanical Engineering, University of Strathclyde, United Kingdom 3. Graduate Diploma in Marketing Management, Singapore Institute of Management 4. Diploma in Marketing, The Chartered Institute of Marketing, United Kingdom 5. Fellow, Singapore Institute of Directors 6. Senior Member of the Singapore Institute of Management 7. Senior Member of the Singapore Computer Society 8. Associate Member of the Royal Aeronautical Society in the United Kingdom 9. Member of the Chartered Institute of Marketing in the United Kingdom	Bachelor of Science High Distinction (Economics and Finance), Babson College, United States of America

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
Working experience and occupation(s) during the past 10 years	From 30 November 2006 to present: Executive Director, OUE Limited From 9 March 2010 to present: Executive Chairman, OUE Limited From 1 January 2020 to present: Group Chief Executive Officer, OUE Limited	From January 2012 to present: Founding Partner, Howse Williams, Hong Kong	From January 2001 to present: Founder and managing partner, Arise Asset Management Pte Ltd From May 2016 to present: Venture Partner, TPT Corporation From November 2018 to present: Director, EpicQuant Pte Ltd From September 2019 to October 2019: Chief Executive Officer, USP Group Limited	From 1994 to present: Managing Director, Eng Wah Group
Shareholding interest in the listed issuer and its subsidiaries	1. Please refer to pages 122 and 123 of this Annual Report. 2. Deemed interest of 2,689,522,234 units in OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**"). Note: OUE C-REIT is not regarded as a subsidiary of the Company under the Companies Act 1967. Notwithstanding the foregoing, since OUE C-REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Dr. Stephen Riady's deemed interest in OUE C-REIT units.	Deemed interest of 982,041 units in OUE C-REIT. Note: OUE C-REIT is not regarded as a subsidiary of the Company under the Companies Act 1967. Notwithstanding the foregoing, since OUE C-REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Mr. Christopher James Williams' deemed interest in OUE C-REIT units.	Nil	Nil

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
Shareholding interest in the listed issuer and its subsidiaries	3. Deemed interest of 900,811,676 units in First Real Estate Investment Trust ("**First REIT**"). Note: First REIT is not regarded as a subsidiary of the Company under the Companies Act 1967. Notwithstanding the foregoing, since First REIT is treated as a subsidiary for accounting purposes, for completeness, the Company has elected to include information on Dr. Stephen Riady's deemed interest in First REIT units.			
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dr. Stephen Riady is the father of Mr. Brian Riady, the Deputy Chief Executive Officer and Executive Director of the Company. He is also the brother of Mr. James Tjahaja Riady, a substantial shareholder of the Company. Dr. Stephen Riady is deemed to be a substantial shareholder of the Company. Please refer to pages 252 and 253 of this Annual Report.	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
Other Principal Commitments (as defined in the Code of Corporate Governance 2018) including Directorships				
Past (for the last 5 years)	Listed Companies: • OUE Lippo Healthcare Limited	Listed Companies: • OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust) • OUE Hospitality REIT Management Pte. Ltd. (the manager of OUE Hospitality Trust) Others: • OUE Hospitality Trust Management Pte. Ltd.	Listed Companies: • CSE Global Limited • OUE Commercial REIT Management Pte. Ltd. (the manager of OUE Commercial Real Estate Investment Trust)	Nil
Present	Listed Companies: • Healthway Medical Corporation Limited • Hongkong Chinese Limited • Lippo China Resources Limited • Lippo Limited	Listed Companies: • First REIT Management Limited (the manager of First Real Estate Investment Trust) Others: • OUB Centre Limited	Listed Companies: • Jumbo Group Limited • Tomi Environmental Solutions Inc. Others: • Arise Asset Management Pte Ltd	Others: • Eng Wah Global Pte. Ltd.
Information Required Pursuant to Appendix 7.4.1 of the Listing Manual				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Yes Dr. Lim Boh Soon ("**Dr. Lim**") was a director of AcrossAsia Limited, and bankruptcy proceedings in Indonesia were commenced against AcrossAsia Limited in 2013.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	**MR. CHRISTOPHER JAMES WILLIAMS** *Deputy Chairman and Non-Executive Non-Independent Director*	**DR. LIM BOH SOON** *Lead Independent Director*	**MS. GOH MIN YEN** *Independent Director*
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive Non-Independent Director*	DR. LIM BOH SOON *Lead Independent Director*	MS. GOH MIN YEN *Independent Director*
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive Non-Independent Director*	DR. LIM BOH SOON *Lead Independent Director*	MS. GOH MIN YEN *Independent Director*
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive Non-Independent Director*	DR. LIM BOH SOON *Lead Independent Director*	MS. GOH MIN YEN *Independent Director*
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:				
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes Dr. Stephen Riady has been a Non-Independent Non-Executive Director of Healthway Medical Corporation Limited ("**HMC**") since 16 August 2017. HMC had received enquiries and communicated with the Singapore Exchange Regulation Pte. Ltd. in relation to its obligations under Catalist Listing Rule 703(4)(a) read with paragraph 27(a) of the Corporate Disclosure Policy. This arose from certain inaccurate disclosures in HMC's annual report for the financial year ended 31 December 2019 ("**AR 2019**") pertaining to the re-election of Mr. Sin Boon Ann and the appointment of Ms. Poh Mui Hoon. The AR 2019 had been announced by HMC on the SGXNet on 15 April 2020 and the aforesaid disclosures were subsequently revised and corrected by way of a corrigendum to the AR 2019 announced by HMC on the SGXNet on 22 June 2020.	Yes Mr. Christopher James Williams has been a non-executive director of OUB Centre Limited ("**OUBC**") since 28 January 2014. In March 2022, OUBC was charged under the Workplace Safety and Health Act 2006 in relation to a fatal incident which occurred on 9 June 2019 at One Raffles Place, a property belonging to OUBC. A part-time security officer employed by a tenant at One Raffles Place had fallen into an uncovered gondola pit at the tenant's premises and died. As at 23 March 2022, being the latest practicable date prior to the printing of this Annual Report, the matter is pending before the State Courts. Mr. Christopher James Williams was not the subject matter of the investigations or the subsequent criminal charges. No action has been taken against Mr. Christopher James Williams in relation to this matter.	Yes Dr. Lim was a director of AcrossAsia Limited, which was investigated by the Securities and Futures Commission of Hong Kong ("**SFC**") for breaching certain disclosure obligations of the Securities and Futures Ordinance.	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive Non-Independent Director*	DR. LIM BOH SOON *Lead Independent Director*	MS. GOH MIN YEN *Independent Director*
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman and Group Chief Executive Officer*	MR. CHRISTOPHER JAMES WILLIAMS *Deputy Chairman and Non-Executive Non-Independent Director*	DR. LIM BOH SOON *Lead Independent Director*	MS. GOH MIN YEN *Independent Director*
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	Yes Dr. Lim was one of the persons under investigation along with AcrossAsia Limited and the other three (3) directors, in relation to SFC's investigation of AcrossAsia Limited for breaching the Securities and Futures Ordinance. However, upon completion of its investigation, when SFC commenced its proceedings, Dr. Lim was not named as a specified person. Therefore, Dr. Lim was not a party to such proceedings and no findings were made against him. The SFC did not take disciplinary action against him whatsoever nor was he warned or reprimanded.	No

INTERESTED PERSON TRANSACTIONS

Entered into during the financial year 2021

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Lippo China Resources Limited	Associate of a director and controlling shareholders of the Company		
- Royalty fee income from Cuisine Continental Group (HK) Limited and Cuisine Continental (HK) Limited		9,975	–
- Management fee income from Delifrance Singapore Pte. Ltd.		180	–
PT Maxx Coffee Prima	Associate of a director and controlling shareholders of the Company		
- Provision of loan (including loan interest)		1,363	–
Lippo Investments Management Limited	Associate of a director and controlling shareholders of the Company		
- Corporate support services fee		2,915	–
Tentera Coffee Roasters Corporation	Associate of a director and controlling shareholders of the Company		
- Share subscription		938	–
Auric Bespoke I Pte. Ltd. and Auric Digital Retail Pte. Ltd.	Associate of a director and controlling shareholders of the Company		
- Establishing a joint venture company with Auric Bespoke I Pte. Ltd. and the corresponding injection of funds to the joint venture[1]		30,560	–
- Provision of corporate guarantee by OUE Investments Pte. Ltd. in favour of the joint venture company, Auric Digital Retail Pte. Ltd.		20,000	–
PT Inti Anugerah Pratama	Associate of a director and controlling shareholders of the Company		
- Investment in PT Multipolar Tbk		96,133	–

Note:

[1] Please refer to the Company's SGX announcements dated 5 May 2021 and 15 July 2021 for further details of these transactions.

NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting ("**AGM**") of OUE Limited (the "**Company**") will be convened and held by way of electronic means on Thursday, 28 April 2022 at 2:00 p.m. (Singapore time) 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 2021 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 1 cent per ordinary share for the year ended 31 December 2021.

3. To approve Directors' Fees of S$488,750 for the year ended 31 December 2021 (2020: S$488,750).

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) Dr. Stephen Riady

   (b) Mr. Christopher James Williams

5. To re-elect the following Directors retiring pursuant to Article 97 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Dr. Lim Boh Soon

   (b) Ms. Goh Min Yen

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

As Special Business

To consider and, if thought fit, to pass, with or without modifications the following resolutions, of which Resolutions Nos. 7 and 8 will be proposed as Ordinary Resolutions and Resolutions Nos. 9 and 10 will be proposed as Special Resolutions:

7. That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") 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 and subsidiary holdings (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 and subsidiary holdings (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 and subsidiary holdings 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 were issued and are outstanding or subsisting at the time this Resolution is passed; and

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

   and in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

   (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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

8. That:

   (a) for the purposes of Sections 76C and 76E of 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 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 AGM of the Company is held;

(ii) the date by which the next AGM 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 during the relevant five-day period and 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;

"**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 treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); 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/she may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

9. That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof (the "**New Constitution**"), be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

10. That subject to and contingent upon the passing of Resolution No. 9 by the shareholders of the Company:

(a) Article 4 (that is the objects clauses) in the New Constitution be deleted in its entirety and replaced with a new Article 4 (that is a general powers provision) as set out in Appendix 2 of the Letter to Shareholders dated 6 April 2022; and

(b) 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/she may consider necessary or expedient to give effect to this resolution.

By Order of the Board

KELVIN CHUA
Company Secretary
6 April 2022
Singapore

Explanatory Notes:

Resolution 4(a)
To re-elect Dr. Stephen Riady, who is the Executive Chairman and Group Chief Executive Officer. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2021.

Resolution 4(b)
To re-elect Mr. Christopher James Williams, who is the Deputy Chairman of the Board and a Non-Executive Non-Independent Director. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2021.

Resolution 5(a)
To re-elect Dr. Lim Boh Soon, who is an Independent Director and the Lead Independent Director. Dr. Lim will, upon re-election, continue to serve as chairman of each of the Nominating Committee and the Remuneration Committee and as a member of the Audit Committee. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2021.

Resolution 5(b)
To re-elect Ms. Goh Min Yen, who is an Independent Director. Ms. Goh will, upon re-election, continue to serve as a member of each of the Nominating Committee and the Remuneration Committee. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of the Annual Report 2021.

Resolution 7
Resolution No. 7, if passed, will empower the Directors to issue shares 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 (excluding treasury shares and subsidiary holdings), of which up to 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) at the time that Resolution No. 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution No. 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 23 March 2022 (the "**Latest Practicable Date**"), the Company had 80,896,000 treasury shares and no subsidiary holdings.

Resolution 8
Resolution No. 8, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares, 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 the Latest Practicable Date and disregarding the 80,896,000 Shares held in treasury as at the Latest Practicable Date, and assuming that on or prior to the AGM, no further Shares are issued, no further Shares are purchased or acquired by the Company, no Shares purchased or acquired by the Company are held as treasury shares and no Shares are held as subsidiary holdings, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 87,070,586 Shares. Assuming that the Company purchases or acquires 87,070,586 Shares at the Maximum Price, in the case of both market purchases and off-market purchases, of S$1.3545 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 Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 87,070,586 Shares is approximately S$117,937,109.

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 2021, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 6 April 2022 (the "**Letter**").

Please refer to the Letter for more details.

Resolution 9
Resolution No. 9, if passed, will approve the adoption of the New Constitution in substitution for, and to the exclusion of, the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 (the "**Existing Constitution**"). The New Constitution will replace the Existing Constitution and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Companies (Amendment) Act 2014 and the Companies (Amendment) Act 2017. The New Constitution also contains updated provisions which are consistent with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, in compliance with Rule 730(2) of the Listing Manual, as well as to address the personal data protection regime in Singapore. The Company is also taking this opportunity to streamline and rationalise certain other provisions.

Please refer to the Letter for more details.

Resolution 10
Resolution No. 10, if passed, will replace the objects clauses in the New Constitution with a general provision giving the Company full capacity to carry on or undertake any business or activity, do any act or enter into any transaction.

The Accounting and Corporate Regulatory Authority issued the Registrar's Interpretation No. 1 of 2019 on 15 May 2019 (the "**Registrar's Interpretation**"), pursuant to which it clarified (amongst other things) that if a company intends to alter the provisions of its constitution with respect to the objects of the company, the company may only do so by passing a special resolution that only alters the provisions of its constitution with respect to the objects of the company (that is the special resolution must not, in addition to alterations to the objects in the constitution, contain alterations to other aspects of the constitution).

In line with the Registrar's Interpretation, the Company proposes to replace the objects clauses in the Existing Constitution via a separate Resolution No. 10, the passing of which is contingent upon the passing of Resolution No. 9. In other words, the objects clauses in the Existing Constitution will be retained in Article 4 of the New Constitution proposed to be adopted pursuant to Resolution No. 9, and Resolution No. 10 is then proposed to be passed as a separate resolution to replace such objects clauses with a new general powers provision. Please refer to the Letter for more details.

Accordingly, if Resolution No. 9 is not passed, Resolution No. 10 will be withdrawn.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://oue.com.sg/investor-relations/agm-egm. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting and addressing of substantial and relevant questions in advance of the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2022. This announcement may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/announcements, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/agm-egm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 18 April 2022.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com,

   in either case not less than 48 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

6. The Annual Report 2021 and the Letter to Shareholders dated 6 April 2022 (in relation to (i) the proposed renewal of the share purchase mandate, (ii) the proposed adoption of the new constitution, and (iii) the proposed replacement of the objects clauses in the new constitution with a general powers provision) may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/annual-reports as follows:

   (a) the Annual Report 2021 may be accessed by clicking on the hyperlink for "2021 Annual Report"; and

   (b) the Letter to Shareholders dated 6 April 2022 may be accessed by clicking on the hyperlink for "Letter to Shareholders" under "2021 Annual Report".

   The above documents may also be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

PROXY FORM
Annual General Meeting

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

IMPORTANT:

1. The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL https://oue.com.sg/investor-relations/agm-egm. The Notice of Annual General Meeting will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting and addressing of substantial and relevant questions in advance of the Annual General Meeting, and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 6 April 2022. This announcement may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/announcements, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 18 April 2022.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

I/We________________________________(Name)__________________(NRIC/Passport/Company Registration Number)

of____(Address)

being a member/members of OUE LIMITED (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Fifty-Ninth Annual General Meeting of the Company to be convened and held by way of electronic means on Thursday, 28 April 2022 at 2:00 p.m. (Singapore time) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "for" or "against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "for" or "against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.****)*

No.	Ordinary Resolutions	For	Against	Abstain
1.	Directors' Statement and Financial Statements			
2.	Final dividend			
3.	Directors' Fees			
4.	(a) Re-election of Dr. Stephen Riady as Director			
	(b) Re-election of Mr. Christopher James Williams as Director			
5.	(a) Re-election of Dr. Lim Boh Soon as Director			
	(b) Re-election of Ms. Goh Min Yen as Director			
6.	Re-appointment of Auditors			
7.	Authority for Directors to issue shares			
8.	Proposed Renewal of the Share Purchase Mandate			
No.	**Special Resolutions**	**For**	**Against**	**Abstain**
9.	Proposed Adoption of the New Constitution			
10.	Proposed Replacement of the Objects Clauses in the New Constitution with a General Powers Provision			

Dated this________________day of__________________2022

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

Fold and seal here. Do not staple

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 the shares held by the member.

2. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at the URL https://oue.com.sg/investor-relations/agm-egm, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5:00 p.m. on 18 April 2022.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

Please glue and seal along this edge

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 04910

The Company Secretary
OUE Limited
c/o M & C Services Private Limited
112 Robinson Road,
#05-01,
Singapore 068902

Please glue and seal along this edge

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at GPD@mncsingapore.com,

   in either case not less than 48 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy 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), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged 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 Annual General 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
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