OVERSEAS UNION ENTERPRISE LIMITED

Annual Report 2010

ENHANCING ASSETS
Driving Growth

The Group In Focus

Understanding OUE

Overseas Union Enterprise Limited (SGX-ST: “OUE”) is a diversified real estate owner, developer, and operator with a portfolio of prime assets in prime locations in Singapore, and hotels in Malaysia and The People’s Republic of China.

As a fully integrated developer, OUE focuses its business across the commercial, hospitality, retail and residential sectors primarily in Singapore.

With its core strategy of investing in and enhancing a distinctive stable of versatile developments, OUE continues to build a portfolio with a strong recurrent income base, balanced with development profits to enhance long-term shareholder value.

Contents

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Commercial

OUE holds a significant portfolio of high quality commercial properties in prime locations in Singapore's central business district. Each property is located at an address that is a magnet for reputable businesses.

A brand new 18-storey prime Grade A office tower – ***OUE Bayfront***, located at 50 Collyer Quay offers one of the best views of the Marina Bay along with the convenience of dining and retail options at the iconic Change Alley Aerial Plaza Tower and refurbished Change Alley Linkbridge.

One Raffles Place is prominently located in the heart of the Singapore's Central Business District. The development comprises one existing prime Grade A office tower, one prime Grade A office tower under development, and a retail podium, with all three buildings connected to each other and to the Raffles Place MRT.

Leveraging further on its expertise to capitalize on opportunities in the commercial sector, OUE's significant milestone in 2010 was the acquisition of ***DBS Building Towers One and Two,*** completed on 30 September 2010. Being in close proximity to the Marina Bay area, DBS Building Towers One and Two are poised to benefit from the changes in Singapore's commercial landscape and inner-city living in this area.

HIGHLIGHTS

- Acquisition of DBS Building completed on 30 September 2010
- Office development at 50 Collyer Quay has been named "OUE Bayfront"
- OUE Bayfront is slated to be completed by Q1 2011
- Additional 3 storeys of One Raffles Place Tower 1 completed in July 2010
- One Raffles Place Tower 2 is expected to be completed by Q4 2011

Close to **3,000,000** GFA (sq ft) of prime office, retail and entertainment space

OUE BAYFRONT (INCLUDING CHANGE ALLEY AERIAL PLAZA TOWER AND CHANGE ALLEY LINKBRIDGE)

Fair Value ($m)

571.0

(Residual land value)

A sophisticated 18-storey prime Grade A office development and adjoining properties which are situated along the city's shoreline and boast of spectacular views of Marina Bay

Tenure of Land

99-year lease from 12 November 2007 (15-year lease from 26 March 2010 for Change Alley Linkbridge)

Approximate Gross Floor Area (sq ft)

503,498

DBS BUILDING TOWERS ONE AND TWO

Fair Value ($m)

1,400.0

A 49-storey Tower One and a 37-storey Tower Two are commercial buildings located in Shenton Way, at the heart of Singapore's Central Business District ("CBD")

Tenure of Land

99-year lease from 19 July 1967

Approximate Gross Floor Area (sq ft)

1,239,641

ONE RAFFLES PLACE TOWER 1 AND RETAIL PODIUM

Fair Value ($m)

1,005.2

(Fair value attributable to OUB Centre Limited)

A 282-metre tall commercial building comprising 62 storeys of prime Grade A office space and a 5-storey retail podium equipped with 1 level of basement, with an unparalleled location at the heart of Singapore's CBD *(This property is held through OUE's 50% shareholding interest in OUB Centre Limited, an associated company of OUE)*

Tenure of Land

841-year & 99-year, commencing on 1 November 1985

Approximate Gross Floor Area (sq ft)

811,928

ONE RAFFLES PLACE TOWER 2

Fair Value ($m)

492.3

(Fair value attributable to OUB Centre Limited)

A 38-storey commercial building equipped with 1 level of basement adjacent to One Raffles Place Tower 1 which is connected to the Raffles Place MRT station offering all rounded convenience under one roof *(This property is held through OUE's 50% shareholding interest in OUB Centre Limited, an associated company of OUE)*

Tenure of Land

99-year, commencing on 26 May 1983

Approximate Gross Floor Area (sq ft)

470,343

Group at a Glance

Hospitality

The Hospitality Division closed the financial year with record-high performance. With the improving global economy spurring strong tourist arrivals and receipts in Asia, Meritus Hotels & Resorts – which has a portfolio of prime hotels in Singapore, China and Malaysia – achieved a 32.1% growth in revenue reaching S$172.3 million, from S$130.5 million a year ago.

HIGHLIGHTS

- Overall hotel portfolio occupancy surged to 75.3% from 68.4% the previous year
- Weighted average room yield ("RevPAR") was 31.2% higher year-on-year
- Flagship Mandarin Orchard Singapore registered an unprecedented 68.0% growth in GOP. It closed 2010 with an average occupancy of 84.6%
- Mandarin Orchard Singapore was awarded *Best City Hotel* – Singapore at the *21st TTG Travel Awards 2010*
- China-owned hotels registered a 35.5% GOP growth
- Portfolio of owned hotels yielded a GOP margin of 52.0% in 2010, versus 42.9% in 2009

3,108 rooms **31** F&B establishments

MANDARIN ORCHARD SINGAPORE

Fair Value ($m)

1,135.1

A 37-storey Main Tower with a 39-storey Orchard Wing housing the 1051-room Mandarin Orchard Singapore

Tenure of Land

99-year lease from The Ngee Ann Kongsi from 1 July 1957

Approximate Gross Floor Area (sq ft)
(excluding Mandarin Gallery)

990,286

MERITUS MANDARIN HAIKOU

Fair Value (RMB million)

277.0

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

Tenure of Land

70-year lease from 31 March 1989

Approximate Gross Floor Area (sq ft)

578,748

MERITUS SHANTOU CHINA

Fair Value (RMB million)

296.0

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

Tenure of Land

50-year lease from 24 September 1997

Approximate Gross Floor Area (sq ft)

711,845

Hotels under management

MARINA MANDARIN SINGAPORE

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

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

A resort of 331 rooms on 46 acres of beachfront setting in Langkawi, Malaysia

SHANGHAI JC MANDARIN CHINA

A 28-storey hotel with 515 rooms in the middle of Shanghai's Nanjing Xi Road, The People's Republic of China

Retail

Mandarin Gallery has over 100 shops that offer a wide range of ready-to-wear fashion, accessories, as well as culinary delights that will suit everyone. The mall may be right at the centre of the activity but its shopping environment is suitable for those seeking a more intimate and personal retail experience that's away from the hustle and bustle.

The four-level mall is a classy retail haven offering an amazing spread of shops that may not be found in other malls. Think interesting and one-of-a-kind local boutiques like inhabit – the other store, Hansel, The Denim Store, Ambush, Scarlet & Ebony and atomi. The design conscious will definitely appreciate fashion must-haves and international cult brands such as D&G, Emporio Armani, Bathing Ape, Y-3, RM, Matthew Williamson, Ashley Isham, and Marc by Marc Jacobs.

HIGHLIGHTS

- Officially opened on 28 January 2010
- High-end retail mall comprising 103 shops
- 100% leased
- Intimate-sized mall catering to sophisticated tastes of the fashion-conscious and affluent

196,337 GFA (sq ft) of luxe retail space

MANDARIN GALLERY

Fair Value ($m)

520.0

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

Tenure of Land

99-year lease from The Ngee Ann Kongsi form 1 July 1957

Approximate Gross Floor Area (sq ft)

196,337

Mandarin Gallery Tenants' Listings

- a.i. by Ashley Isham
- adidas & TaylorMade
- ADpost
- Agatha Paris
- Aliya
- Ambush
- Art Tree Gallery
- Ashley Isham
- atomi
- AZIMUTH
- Banana Moon
- Bathing Ape
- Béjwl
- Bell & Ross
- benWU
- BESCHLE Chocolatier Suisse
- BLOSSOM FLORAL DESIGN
- BLVD Gallery One
- BOSS Orange
- Bread & Butter
- bud Cosmetics
- Che Che
- Chinois Spa
- Colorwash
- CVSTOS
- D&G
- DeFRED Jewellers
- DeSté
- E'COLLEZIONE
- Egg3
- Emporio Armani
- ENVY
- Essex Walk
- Flaming Queen and Lovelinks Gallery
- Folli Follie
- Frank & Co.
- Green Light
- Guardian Health & Beauty
- Hansel
- Haute Alteration Initiative
- Henry Cotton's
- in:Famous
- inhabit - the other store
- Ippudo
- Japanese Restaurant Suju
- JNBY
- jones the grocer
- JTB
- Just Cavalli
- Kooshi
- La Putri
- Lawry's The Prime Rib
- M.A.D – Museum of Art & Design
- MANTRA
- Marc by Marc Jacobs
- Marxx & Arteastiq
- Mauboussin
- Melissa
- Mendis Aesthetics
- MONDE D' OR
- Montblanc
- Mt. Sapola
- nano PHILOSOPHY
- Nanyang@Mandarin Gallery
- NeuGlow Medical Hair Centre
- Number Fifty
- OJO Optometry
- Platform
- POA People of Asia
- Retail Therapy
- RIMOWA
- ROOM by Sunny Ang
- S.T. Dupont
- Salon Elite
- Samas
- SAMSONITE
- Scarlet & Ebony
- Simon Perele
- SMILE INC. DENTAL SURGEONS
- Snails
- Strip & Browhaus
- Terra Plana
- Thai Thai – Royal Thai Cuisine
- THE DENIM STORE
- The Hair Shop
- The Lingerie Shop
- THE OAKS CELLARS
- The Touch, House of Art & Design
- Tonkatsu Ma Maison
- Transview
- TriBeCa
- trioon
- TUMI
- undress
- Vertu
- V'Zion Galleria
- Wild Honey
- .woodwould..
- Y-3

Group at a Glance
Residential

OUE sets new benchmark with the launch of luxury residential development *Twin Peaks* in September 2010. Centrally located at the doorstep of Orchard Road with a prestigious address, 33 Leonie Hill Road, *Twin Peaks* comprises two identical 35-storey towers with a total of 462 units, offering a good mix of one-, two- and three-bedroom apartments.

Leveraging on the close proximity to Mandarin Orchard Singapore, residents are offered the commercial option of engaging the housekeeping and hospitality services provided by the hotel.

With a land area of 130,982 sq ft, *Twin Peaks* sits on one of the largest plots of land in prime location. Expected to be completed by February 2015, the 99-year leasehold development offers a total GFA of 436,167 sq ft.

HIGHLIGHTS

- Fully-furnished with pieces by iconic designers
- Flexibility of combining one-bedroom with the two- or three-bedroom apartment
- Launched in September 2010
- Expected to be completed by February 2015

462 stylish homes in Urban Orchard Living

33 LEONIE HILL ROAD

Fair Value ($m)

679.0

(Residual land value)

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

Tenure of Land

99-year lease from 10 May 2010

Approximate Gross Floor Area (sq ft)

436,167

REACH NEW PEAKS IN URBAN ORCHARD LIVING

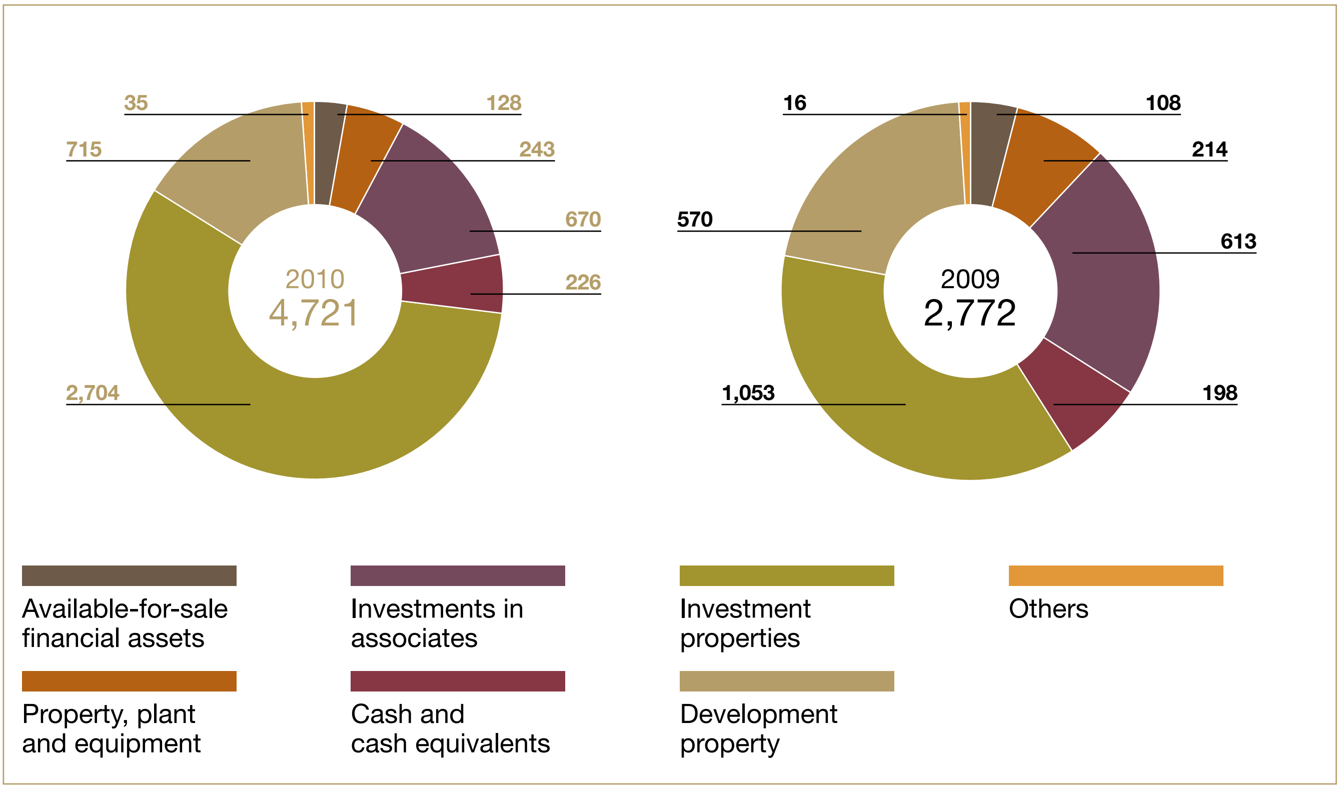
Exhibiting a high degree of awareness on what makes a residential development more than a dwelling place, *Twin Peaks* is conceptualised and designed to capture one's imagination, evoking aspirations for higher living.

Inspiring and Invigorating, *Twin Peaks* is the shining epitome of realm for luxury living, surrounded by lifestyle indulgences.

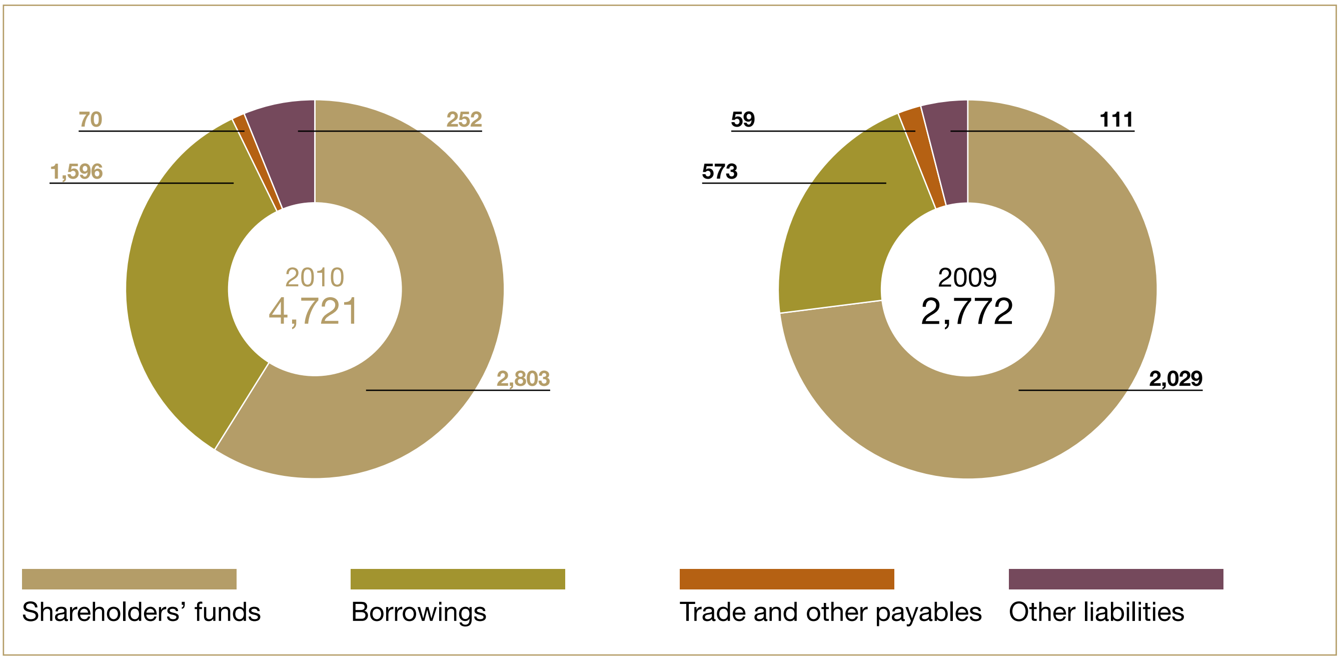
Twin Peaks - redefining Urban Orchard Living

Overview of Group Financial Position

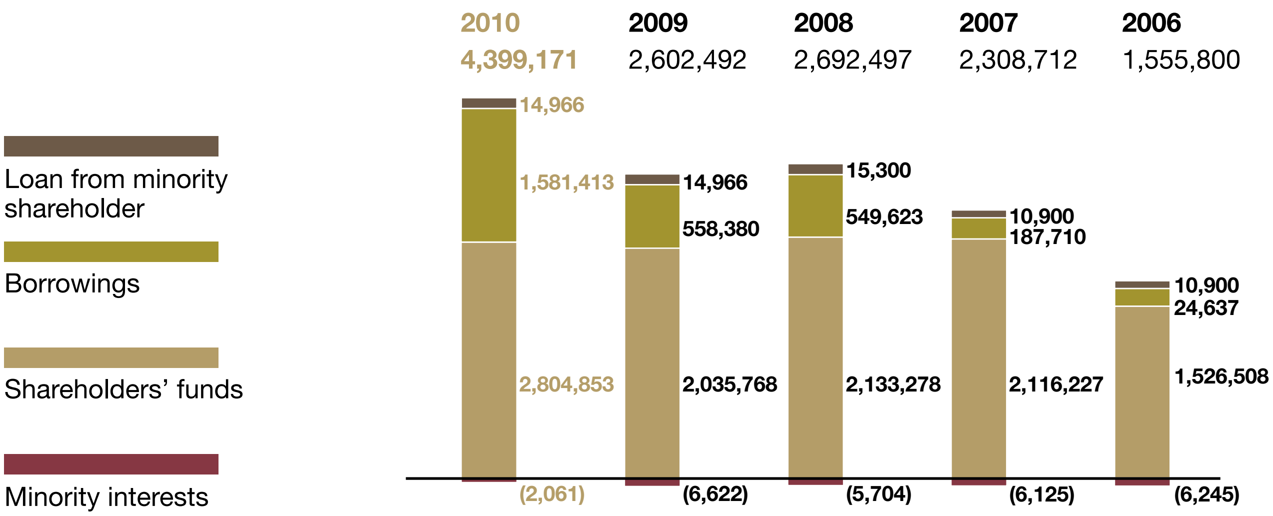
Total Assets Owned ($ Million)



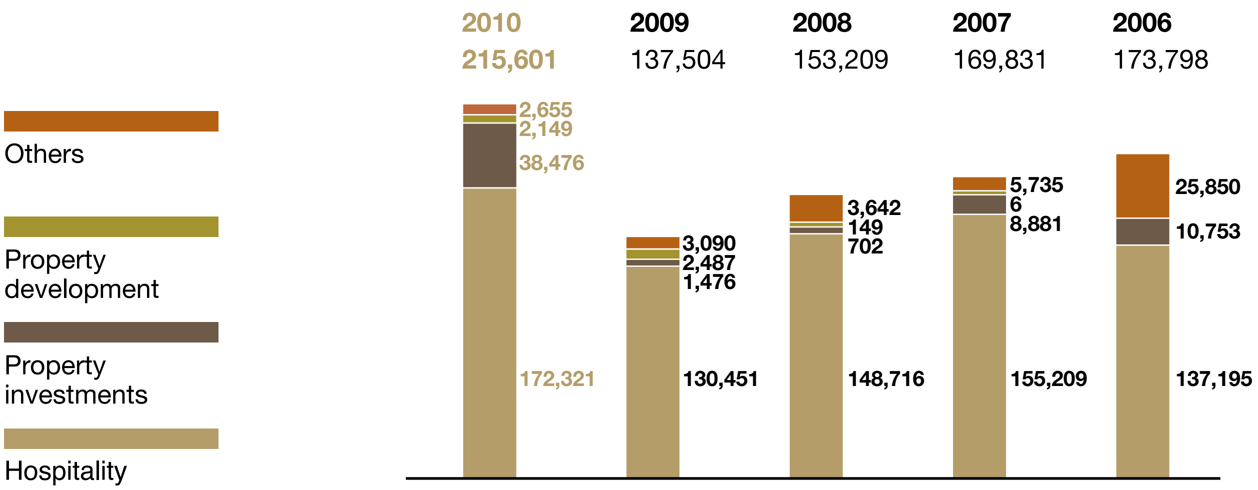
Total Liabilities Owned and Capital Invested ($ Million)



Sources of Finance ($'000)



Group Turnover ($'000)



Chairman's Statement

Dear Shareholders,

2010 marked the beginning of a new cycle for the global economy, one that saw most Asian economies rebounding strongly and faring impressively. Singapore, in particular, performed better than most – expanding at a record pace with GDP growing at a robust 14.5% across all sectors. Tourism flourished with the opening of the two Integrated Resorts, achieving a record of 11.6 million arrivals that in turn boosted retail and other tourism-related sectors. Not only is Singapore now lauded as one of the top travel destinations in Asia, robust market fundamentals and exciting growth opportunities also make Singapore the location of choice for companies looking to move their wealth and investments into Asia. It is on this momentum that OUE forges ahead with its strategy for sustainable long-term growth.

Performance Highlights

As the Group's new activities gained traction in 2010, we are delighted that OUE's net profit before tax was S$904.6 million. Aside from the fair value and other gains of S$771.7 million, the Group's profit before tax was S$132.9 million in 2010, a vast improvement from the previous year. Gains were mainly due to increased contributions from our hospitality division, commercial leasing income from DBS Building Towers One and Two, and revenue from our retail division, Mandarin Gallery.

As of 31 December 2010, the value of the Group's total assets grew to an astounding S$4.7 billion from S$2.8 billion with the addition of DBS Building Towers One and Two to our portfolio, translating to net asset value per share of S$2.86. Taking account of the valuation surplus of S$1,016 million on Mandarin Orchard Singapore which was not incorporated into the accounts, the net asset value per share would be S$3.89.

On the Growth Continuum

At OUE, we are constantly on the lookout for opportunities to expand our portfolio. Recognising Singapore as a key city for asset growth, we sharpened our focus on investments across the hospitality, retail, and commercial real estate sectors, and on developing prime residential properties for sale.

We believe that by maintaining the majority of our asset base in Singapore, we are better able to enhance the value of our prime assets and sustain our growth over the long term. As of 31 December 2010, 96.3% of our non-current assets were located in Singapore.

We look forward to 2011 as two more of our asset enhancement projects will be completed. The first asset enhancement project, the redevelopment of the former Overseas Union House, now known as OUE Bayfront, is slated to be completed in the first quarter of 2011. This will house OUE's corporate head office as well as other reputable corporate tenants.

By the end of 2011, the second asset enhancement project, One Raffles Place Tower 2, a 38-storey Grade A office building adjoining One Raffles Place Tower 1, will also be completed.

On the Corporate Front

In response to shareholders' concerns, the controlling shareholder, Golden Concord Asia Limited undertook measures to improve the liquidity and free-float of the OUE's shares via stock placements in June 2010 and again in October 2010. In addition, OUE adopted a 5-for-1 stock split at the end of June 2010 to broaden our shareholder base.

Rewarding Shareholders

In June 2010, OUE adopted a dividend policy of at least 50% of profits after tax, after fair value gains adjustments and taking into account the Group's capital requirements, expansion plans, and other funding requirements. We are committed to delivering returns and taking on greater accountability to our shareholders.

In appreciation of your continued support and commitment, the Board of Directors has proposed a final dividend of 2 Singapore cents per share in 2010 in addition to an earlier interim dividend of 2 Singapore cents per share distributed in September 2010, representing a total dividend of 4 Singapore cents per share for the year 2010.

Acknowledgement

I would like to express my gratitude to my fellow Directors, the management and staff of OUE for their dedication, enthusiasm and hard work. Most importantly we would like to thank you, our shareholders, without whom our success would not have been possible.

I look forward to working together with you in bringing OUE to even greater heights in 2011.

Stephen Riady
Executive Chairman
March 2011

董事长致词

尊敬的各位股东，

2010年标志着全球经济迈入全新的循环周期，亚洲大多数的经济体强劲回弹，表现不俗。而新加坡各行各业的表现比其他国家来得更为突出，GDP达到前所未有的14.5%的高点。随着两大综合娱乐城的开业旅游业蓬勃发展，到访新加坡的游客人数屡屡刷新，达到1160万人次的历史新高，更进一步刺激了零售业和与旅游相关的其他行业的发展。新加坡现在不仅一跃成为亚洲旅游的旺区，而且良好的投资环境基础、振奋人心的成长机会也令新加坡成为那些一直想把财富和投资转移到亚洲的商业机构最为青睐之首选。这也是华联企业未来长期成长策略所考量的主要元素。

整体业绩回顾

随着本集团在2010年的新举措获得成效，我们欣喜地看到集团的税前利润总额达9亿零460万新元。除了得益于公平值收益外加其他收益所取得的7亿7170万新元，也得益于集团的税前利润与上一年相比大幅度提升达1亿3290万新元。这些收益主要源于集团的酒店业务收入、从星展大厦两栋大楼所获得的商用物业租金收入、以及从文华购物廊所获得的零售物业租金收入。

截至2010年12月31日，随着新收购的星展大厦两栋大楼的加入，集团的总资产从过去的28亿新元上升到47亿新元，意味着每股净资产为2.86新元。倘若把未记入账的文华大酒店估价增值额10亿1600万新元也记录在册的话，则每股净资产甚至可以达到3.89新元。

持续成长策略

华联企业一向寻找契机拓展业务组合。我们认准新加坡为业务成长中心，重点投资于酒店、零售、商业地产等产业，并开发顶级地段的住宅项目用于发售。

我们坚信，把集团资产的绝大多数集中在新加坡将有利于提升这些顶级地段的资产价值，有助于稳固长期的成长。截至2010年12月31日，集团96.3%的固定资产均集中于新加坡。

我们对2011年充满期待，因为集团的两个资产提升项目即将在该年完成。首先，现已命名为“OUE Bayfront”的前华联商业大厦的重建工程将于2011年第一季度竣工。该大厦将成为华联企业集团总部和一些知名跨国企业租户的办公所在；其次，与第壹莱佛士坊之1号楼连体新建的38层高甲级办公楼第壹莱佛士坊之2号楼也将在2011年底竣工。

集团举措

为了回应股东的顾虑，集团最大的控股股东Golden Concord Asia Limited 通过在2010年6月和10月向市场批股以改善本公司股票的流动性及增加公众股东所持本公司股票的自由流通量(Free-float)。另外，华联企业于2010年6月底将本公司每股股票拆细，一分为五，从而扩大了股东阵容。

回报股东

自2010年6月，华联企业采纳的股息政策是，在考虑了公平值收益的调整，并将公司所需的资本需求、扩大发展计划以及其他资金要求考虑在内权衡之后再将不少于所余税后盈余的50%作为股息。我们致力于为股东带来回报，将股东价值极大化作为奋斗目标。

为了感谢广大股东坚持不懈的支持和忠诚，董事会建议在已于2010年9月所发放的每股新元2分中期股息的基础上，本财务年度发放每股新元2分的年终股息给股东。因此本财务年度向股东所发放的股息之和达到新元4分。

致谢

我在此向集团的各位董事、管理层人员和全体员工表示谢意，感谢他们的奉献精神和辛勤努力。尤其要感谢各位股东，没有你们的支持，我们将难以取得今天的成就。2011年我期待与大家一起努力，让华联企业再攀新的高峰。

李棕

董事长

2011年3月

CEO's Statement

A Stellar Performance

2010 was a year of exciting milestones and record successes for OUE. We registered total revenues of S$215.6 million, a 56.8% increase over 2009. Our full-year net profit before tax was S$904.6 million, as opposed to a loss of S$98.0 million in 2009. The Group's profit from operations grew 250% to S$78.1 million in 2010 from S$22.3 million in 2009.

With the improving global economy spurring strong tourist arrivals and receipts in Asia, the Group's hospitality division achieved revenues of S$172.3 million, up 32.1% year-on-year from S$130.5 million in 2009.

The Group's property investment division (comprising Mandarin Gallery and DBS Building Towers One and Two), closed the year strongly with a healthy revenue contribution of S$38.5 million.

Leveraging Growth Opportunities

OUE is an integrated property company deriving strong recurrent income from its portfolio, balanced with development profits. Our stellar performance in 2010 proves this to be a sound and rewarding strategy.

On the hospitality front, the Group's hospitality division under Meritus Hotels & Resorts brought in a new management team in early 2010 to spearhead operational efficiency, improve profitability through aggressive branding initiatives, implement business strategies, and drive new developments in tourism hubs in Southeast Asia and China. To support its expansion into new markets, Meritus Hotels & Resorts commenced a global brand campaign in November 2010 that centres on its signature "Asian grace, warmth, and care" that Meritus Hotels & Resorts hopes to bring to other parts of the world. Numerous awards conferred by various industry bodies including the TTG Travel Awards 2010 for Best City Hotel in Singapore awarded to Mandarin Orchard Singapore reflect the strong public recognition Meritus Hotels & Resorts has gained for the quality of its hospitality operations.

For OUE's retail arm, the S$200 million transformation of Mandarin Orchard Singapore's ground floor lobby, and the former retail space unveiled Mandarin Gallery – the epitome of high-end shopping and lifestyle services at the heart of Singapore's retail hub in January 2010. The Mandarin Gallery occupies the first four floors of Mandarin Orchard Singapore and is a gem of a shopping destination distinct in ambience and sophistication. Mandarin Gallery demonstrates our ability to maximise rental yield, by configuring a given GFA to effectively suit the space requirements.

On the residential front, OUE commenced sales of Twin Peaks, a luxury condominium project situated at 33 Leonie Hill Road in September 2010. Twin Peaks is the first condominium development in Singapore to be launched as "fully furnished" with iconic designer pieces. Twin Peaks' prime location, variety of unit types and flexibility in combining selected adjoining units will captivate the target market for this property. This project is expected to be completed by February 2015.

OUE is one of the leading commercial property owners in Singapore. A significant milestone was the acquisition of DBS Building Towers One and Two with gross floor area of 1,239,641 sq ft for S$870.5 million, completed on 30 September 2010. This acquisition came at a critical inflection point in the recovery of the commercial property market, and saw a healthy rebound in the commercial real estate sector thereafter. The office space market is poised to grow strongly in view of the limited supply coming on-stream in Singapore's Central Business District in the next few years. The Group is considering various options to enhance the value of this prime property.

Through its shareholding interest in OUB Centre Limited, the Group has a partial indirect interest in One Raffles Place. In July 2010, the enhancement of One Raffles Place Tower 1 with an addition of three storeys was completed. The building currently comprises a 62-storey office tower and a five-storey retail podium with one level of basement shopping. Two newly constructed floors, on levels 61 and 62, have been leased to a restaurant operator. One Raffles Place Tower 2, a 38-storey annex tower with one level of basement, will be completed by end of 2011.

Another asset enhancement project at the redevelopment site of the former Overseas Union House is expected to be completed in the first quarter of 2011. Recently named "OUE Bayfront," the office tower will be the new home for OUE's corporate head office. Strategically located in the heart of the CBD's Marina Bay area, OUE Bayfront has attracted multinational organisations with its ideal location, stylish design, state-of-the-art amenities, and waterfront views. The 18-storey premium Grade A office tower, and adjoining properties which comprise the iconic Change Alley Aerial Plaza Tower under conservation and the Change Alley Linkbridge, benefit from existing transportation and infrastructure links at Raffles Place whilst staying relevant to the new downtown at Marina Bay.

Conclusion

Spurred by Singapore's strong economic environment and growth forecasts, OUE continues to enhance and unlock the value of the assets under its portfolio. We intend to further capitalize on investment opportunities, in particular in the hospitality, retail and commercial sectors .

I would like to thank our management and staff for their tremendous dedication, and support.

Thio Gim Hock
CEO/Group Managing Director
March 2011

首席执行总裁致词

亮眼的业绩

2010年是华联企业立下多个里程碑并取得前所未有的成功之年。年总营业收入达到2亿1560万新元，比2009年提高了56.8%。全年税前利润总额达9亿零460万新元，与之相比，2009年则为亏损9800万新元。2010年集团的经营利润为7810万新元，与2009年的2230万新元相比，增幅达250%。

经济的好转带动了到访亚洲的游客量强劲增长，因此集团的酒店业务组合取得1亿7230万新元的营业收入，与2009年同期的1亿3050万新元营业收入相比，增幅达32.1%.

集团的物业投资组合（由文华购物廊、星展大厦两栋大楼组成）表现良好，在2010年为集团贡献了3850万新元的营业收入。

平衡发展

华联企业是一间整合型拥有多元化业务组合的公司，不但从旗下物业取得稳定的租金收入、客房收入，并且通过项目开发取得利润上的平衡。2010年公司所取得的亮眼成就证明该策略是成功且行之有效的。

在酒店业务组合方面，集团的子公司君华酒店集团在2010年年初带入了新的领导团队。旨在提高经营效率，积极推广品牌运动、采纳新措施来创收增利，以及在东南亚和中国等地的旅游旺区拓展生意。为了支援君华品牌进军新市场，君华酒店集团在 2010年11月推行了一个以“亚洲式的优雅、温馨与贴心”为主题的全球性品牌推广活动，旨在将君华的酒店服务文化传输给其他地区。文华大酒店获得无数权威机构的奖项，包括由TTG旅游杂志读者投选所评出的“2010年新加坡最佳城市酒店奖”，彰显出君华酒店集团酒店管理优质服务获得公众认可和称赞。

在零售业务组合方面，耗资2亿新元，将文华大酒店的原酒店大堂、原零售空间进行重新打造的工程令文华购物廊以焕然一新的面貌于2010年1月重新出现在最繁华的新加坡乌节路购物商圈的舞台中央，售卖高端时尚精品，引领时尚新生活。该购物中心位于文华大酒店大厦的首4层，以其独特的气质吸引着顾客群，是乌节路上最亮眼的一颗宝石。文华购物廊的成功体现了华联企业在提高租金回报方面的丰富经验，及擅长根据需求改造空间使之利用率更为高效的独特眼光。

在住宅开发业务组合方面，座落在利安尼山路33号的名为Twin Peaks的豪华公寓住宅项目已经在2010年9月开始向外发售。该住宅项目是新加坡首家全装修配备大师级名牌家私的新理念公寓。该公寓地处黄金地段，具备多种房型可供选择并提供可连套打通等灵活性，更能抓住买家的需求。开发工程将于2011年第一季度开工，预计将于2015年2月完工。

华联企业是新加坡最具实力的办公楼地产商之一。耗资8亿7050万新元收购建筑面积达1,239,641平方英尺的星展大厦两栋大楼是集团重大的里程碑，该收购交易已于2010年9月30日完成。该笔交易的发生时段恰恰正值办公楼地产复苏的转捩点，之后办公楼地产市场便一路回弹上行。在接下来的几年里新加坡CBD的办公楼供应比较稀缺，因此市场潜力巨大。集团正在考虑几种可行方案，来提升该顶级物业的价值。

集团通过关联公司OUB Centre Limited间接持有第壹莱佛士坊的部分利益，第壹莱佛士坊之1号楼加盖3层的工程已经于2010年7月竣工。该栋大楼共62层，附带5层楼高的群楼底座以及地下一层零售商场。新加盖的61楼和62楼已经租给餐饮业者。新建38层高附带地下一层的第壹莱佛士坊之2号楼将于2011年底完工。

前华联商业大厦的资产提升重建工程期望于2011年第一季度完工。新建大厦最近被命名为“OUE Bayfront”，并将成为华联企业新设立之集团总部。该项目地处滨海湾CBD中心的优越位置，并因建筑风格独特、一流的设施和窗外的滨海湾美景而吸引了众多的跨国公司租户。这栋18层高的高尚甲级办公大楼将与标志性保留建筑物真者里大厦以及真者里空中廊桥一起尽享莱佛士坊现有的交通及基础设施之便利，更可与滨海湾新金融区相得益彰。

结语

受到新加坡强劲的宏观经济环境和乐观的经济预测的鼓舞，华联企业将继续提升和释放各业务组合资产的价值。我们打算继续加大在酒店、零售和商用等地产方面的投资力度。

我在此衷心地向全体管理人员和员工表示谢意，感谢他们的热忱奉献和大力支持。

张清福

首席执行总裁/集团董事经理

2011年3月

Leaders of OUE Group

Mr. Kin Chan

Mr. Kelvin Lo Kee Wai

Mr. Thio Gim Hock

Dr. Stephen Riady

Mr. Christopher James Williams

Mr. Sin Boon Ann

Mag Rainer Silhavy Mr. Michael Sengol Mr. Rudi Chuan Hwee Hiow

Board of Directors

Dr. Stephen Riady
Executive Chairman

Mr. Christopher James Williams
Deputy Chairman

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

Mr. Kelvin Lo Kee Wai
Independent Director

Mr. Sin Boon Ann
Independent Director

Mag Rainer Silhavy
Non-executive non-independent Director

Mr. Kin Chan
Non-executive non-independent Director

Key Executives

Mr. Rudi Chuan Hwee Hiow
Chief Financial Officer, OUE

Mr. Michael Sengol
Chief Executive Officer, Meritus Hotels & Resorts

Board of Directors

Dr. Stephen Riady

Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of OUE on 9 March 2010. He had served as Executive Director since 30 November 2006. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2009.

Dr. Riady is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He has been Deputy Chairman and Managing Director of Lippo China Resources Limited since 1992, and has served as its Chief Executive Officer since 2005. He has been an Executive Director of Hongkong Chinese Limited since 1992 and has been its Chief Executive Officer since 2005. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a Director of Auric Pacific Group Limited, a company listed in Singapore, in 1997. He assumed the role of Group Managing Director of Auric Pacific Group Limited with effect from May 1999 to February 2006 and has served as Executive Director of Auric Pacific Group Limited since 2006. He was a non-Executive Director of Robinson and Company Limited, a company formerly listed in Singapore, from 2006 to 2008.

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

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

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

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

Mr. Christopher James Williams

Deputy Chairman

Mr. Christopher James Williams was appointed a non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 28 April 2010.

Mr. Williams is a Partner of Reed Smith Richards Butler, Hong Kong and of Reed Smith LLP (a Delaware U.S. limited liability partnership). He has been the non-Executive Chairman of Food Junction Holdings Limited since 2009. He was a non-Executive Chairman of Robinson and Company Limited, a company formerly listed in Singapore, from 2006 to 2008.

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

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

Mr. Thio Gim Hock

Chief Executive Officer/Group Managing Director

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was re-appointed a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 at the Annual General Meeting held on 28 April 2010.

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

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

Mr. Kelvin Lo Kee Wai

Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2009.

Mr. Lo has been engaged in the fund management business and practicing law in New South Wales, Australia at Alliance Law Group since 2007. He previously served as Chief Investment Officer of Value Creation Inc from 2002 to 2007, Chief Executive Officer of Mreferral Corporation Ltd from 2000 to 2001, Chief Financial Officer of Midland Realty Ltd from 1999 to 2001, and Financial Controller of Lippo Ltd from 1992 to 1999. Mr. Lo was a non-Executive Director of Medtech Group Company Ltd, a company listed in Hong Kong in 2001.

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an Associate of the Hong Kong Institute of Certified Public Accountants, an Associate of the General Accountants Association of Canada, a Chartered Financial Analyst of the CFA Institute of United States, and an Associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Masters of Law at University of Sydney, Australia.

Mr. Sin Boon Ann

Independent Director

Mr. Sin Boon Ann was appointed an independent Director on 25 May 2009. He serves as the Chairman of the Nominating Committee and the Remuneration Committee, and is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 28 April 2010.

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

Mr. Sin has held directorships in Courage Marine Group Limited since 2005, Transview Holdings Limited and CSE Global Ltd since 2002 and MFS Technology Ltd since 2001. He was an independent non-Executive Director of Japan Land Limited from 2008 to 2009 and an independent non-Executive Director of Auric Pacific Group Limited from 2006 to 2008, and a Board Member of Singapore Totalisator Board from 2007 to 2010.

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

Mag Rainer Silhavy

Non-executive non-independent Director

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

Mr. Silhavy is also a non-Executive Director of Bowsprit Capital Corporation Limited. Mr. Silhavy graduated from the University of World Trade Vienna, Austria in 1978 with a B.A. degree in Social Science and Economics. In 1985, he was a Correspondent Banking Officer in charge of Europe at RZB-Austria in Vienna, and was subsequently promoted, in 1986, to Senior Correspondent Banking Officer in charge of the Far East. He served as RZB's representative in Singapore from 1987 to 1990 where he oversaw operations in Southeast Asia and the Indian sub-continent. During the same period, he served as a Director at Bravona Singapore. In 1990, Mr. Silhavy was appointed as Chief Representative for Asia, Australia and New Zealand at RZB-Austria's representative office in Singapore, where he oversaw RZB's offices in the region. From 2004 to August 2005, he served as the Deputy Chairman of the Supervisory Board at PT Lippobank, Indonesia, and has been serving as a Director and Member of the Supervisory Board at Centrotrade Singapore Pte Ltd since 2002.

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

Mr. Kin Chan

Non-executive non-independent Director

Mr. Kin Chan was appointed as a non-Executive Director on 17 March 2010. Mr. Chan has been the Chief Investment Officer, Director of Argyle Street Management Limited since 2002 and a substantial shareholder of OUE. Details of his shareholdings can be found on page 162 of the Annual Report. He was last re-appointed as a Director at the Annual General Meeting held on 28 April 2010.

Mr. Chan has been the Chairman of Transpac Industrial Holdings Limited, a company listed in Singapore since 2005. Mr. Chan has been a non-Executive Director of Japan Residential Assets Manager Limited, the investment manager of Saizen REIT, a company listed in Singapore and a non-Executive Director of BTS Group Holdings Public Company Limited, a company listed in Thailand since 2010. He was a non-Executive Director of Guangdong Development Fund Limited, a company listed in London from 2005 to 2009 and Yu Ming Investments Limited, a company listed in Hong Kong from 2007 to 2008.

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

Key Executives

Dr. Stephen Riady

Executive Chairman

Overseas Union Enterprise Limited

For Dr. Stephen Riady's biography, please refer to Page 24 - the "Board of Directors" section of this Report.

Mr. Thio Gim Hock

Chief Executive Officer/Group Managing Director

Overseas Union Enterprise Limited

For Mr. Thio Gim Hock's biography, please refer to Page 25 - the "Board of Directors" section of this Report.

Mr. Rudi Chuan Hwee Hiow

Chief Financial Officer

Overseas Union Enterprise Limited

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

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

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

Mr. Michael Sengol

Chief Executive Officer

Meritus Hotels & Resorts

Mr. Michael Sengol is Chief Executive Officer of Meritus Hotels & Resorts (MHR), OUE's hospitality division.

He holds overall accountability for driving business profitability of assets within the Meritus portfolio, growing the brand, and establishing new benchmarks for hospitality where the Meritus brand is present.

Prior to this appointment, Mr. Sengol was based in London as Chief Operating Officer of Millennium & Copthorne Hotels plc.

He was also with the InterContinental Hotels Group, where he drove results for a cluster of 14 hotel properties across North and Southeast Asia.

Mr. Sengol's hospitality career, which started with Hilton Hotels, spans almost 40 years of dedication to the highest standards in hotel management and operations.

A seasoned and multi-awarded hotelier, Mr. Sengol's expertise has taken him on key assignments across Europe, Australia, Guam, and Asia Pacific. He spent over 20 years in China specialising in pre-opening hotels, establishing hospitality brands, and developing industry professionals.

Quarterly Results

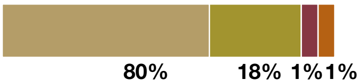
	1st Quarter $'000	2nd Quarter $'000	3rd Quarter $'000	4th Quarter $'000	Total $'000
Turnover					
2010	**47,996**	**51,698**	**51,209**	**64,698**	**215,601**
2009	32,948	28,506	33,495	42,555	137,504
Profit/(Loss) Before Income Tax					
2010	**211,142**	**20,559**	**152,972**	**519,953**	**904,626**
2009	8,637	(48,037)	9,103	(67,688)	(97,985)
Profit/(Loss) After Income Tax					
2010	**184,591**	**16,693**	**127,096**	**448,797**	**777,177**
2009	12,541	(48,154)	7,507	(65,295)	(93,401)
Profit/(Loss) Attributable to Owners of the Company					
2010	**184,568**	**16,739**	**127,343**	**443,823**	**772,473**
2009	12,581	(47,798)	7,813	(64,805)	(92,209)
Basic and Diluted Earnings Per Ordinary Share (in cents)					
2010	**18.8**	**1.7**	**13.0**	**45.2**	**78.7**
2009 [a]	1.3	(4.9)	0.8	(6.6)	(9.4)

(a) The shareholders had approved the sub-division of each ordinary share in the capital of the company into five shares (the "5-for-1 stock split") at the Extraordinary General Meeting held on 16 June 2010. Accordingly, the total number of issued ordinary shares increased from 196,320,372 to 981,601,860. The effect of the sub-division of shares is applied retrospectively.

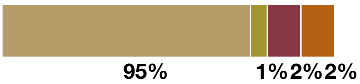
Segmental Performance Analysis

Total Turnover by Business Segment

2010



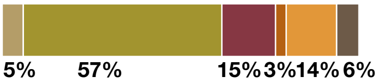
2009



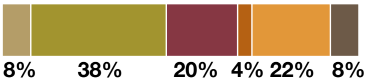
	2010 $'000	2010 %	2009 $'000	2009 %
Hospitality	172,321	80	130,451	95
Property investments	38,476	18	1,476	1
Property development	2,149	1	2,487	2
Others	2,655	1	3,090	2
	215,601	100	137,504	100

Total Assets by Business Segment

2010



2009

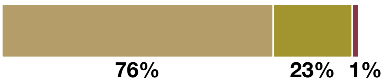


	2010 $'000	2010 %	2009 $'000	2009 %
Hospitality	238,585	5	210,829	8
Property investments	2,703,682	57	1,050,615	38
Property development	715,376	15	570,162	20
Others	132,860	3	109,798	4
Investment in associates	670,392	14	613,101	22
Unallocated assets	260,483	6	217,467	8
	4,721,378	100	2,771,972	100

Total Turnover by Geographical Segment

2010

2009



	2010 $'000	2010 %	2009 $'000	2009 %
Singapore	179,884	83	104,209	76
PRC	34,047	16	31,649	23
Others	1,670	1	1,646	1
	215,601	100	137,504	100

Total Assets by Geographical Segment

2010

2009

	2010 $'000	2010 %	2009 $'000	2009 %
Singapore	4,328,647	91	2,457,938	89
PRC	132,248	3	96,567	3
Unallocated assets	260,483	6	217,467	8
	4,721,378	100	2,771,972	100

COMMERCIAL

...prestigious developments in prime locations -

delivering quality assets to reputable tenants...

OUE Bayfront and Iconic Change Alley Aerial Plaza Tower

OUE Bayfront - The bay's newest business gateway

OUE Bayfront And Adjoining Properties Comprising Change Alley Aerial Plaza Tower And Change Alley Linkbridge

Overseas Union Enterprise Limited (OUE) has successfully transformed the former site of Overseas Union House comprising an existing building housing a restaurant and other facilities, into a premium development - an 18-storey office tower with prime Grade A specifications and adjacent retail/dining space at the iconic Change Alley Aerial Plaza Tower and refurbished Change Alley Linkbridge. This is yet another demonstration of OUE's capabilities in creating value through asset enhancement and adding value to its income stream. It also tapped into OUE's capability to provide for an optimal mix between the commercial and retail segments.

On 3 December 2010, OUE unveiled its flagship office tower as "OUE Bayfront", a name which was derived from a reflection of OUE's enduring business heritage as well as the building's vantage location fronting the new Marina Bay. The building was awarded the Green Mark Gold certification for its environmentally sustainable design by the Building & Construction Authority ("BCA") in 2009. The development is slated to be completed by Q1 2011.

OUE Bayfront is set to present the next level in prime Grade A business space solutions with its spectacular panorama of the new Marina Bay. Strategically located between the main financial hub of Raffles Place and the Marina Bay financial district, OUE Bayfront benefits from the existing transport and infrastructure links of Raffles Place and yet stays relevant to the new Marina Bay CBD extension and is primed to be the vital link between the existing and new downtowns.

Prime Grade A office space with picturesque views of the new Marina Bay

OUE Bayfront features spacious column-free floor plates ranging from 26,000 sq ft to 30,000 sq ft, with generous floor-to-ceiling heights and 2 dedicated trading floors. Four basement carpark levels provide convenience, while a rooftop restaurant presents the perfect setting for wining and dining. OUE Bayfront is complemented by a host of restaurants and retail shops at its adjoining properties namely, the conserved Change Alley Aerial Plaza Tower with its revolving platform, as well as the refurbished Change Alley Linkbridge which provides a quick and sheltered connection to Raffles Place MRT station. The development is also linked to Raffles Place via an underpass.

Standing at the forefront alongside the eclectic mix of attractions by the Marina Bay, including the Formula One night race and the Marina Bay Sands Integrated Resort, OUE Bayfront offers international businesses a myriad of exciting opportunities amidst the vibrant waterfront of Marina Bay.

OUE Bayfront has received positive responses and strong interests from tenants and as at 31 December 2010, the pre-commitment level of close to 60% from reputable organisations like Allen & Overy LLP, Citrix Systems Singapore Pte Ltd, Merrill Lynch International Bank Limited (Merchant Bank), Skandinaviska Enskilda Banken AB (PUBL), Singapore Branch had been achieved. OUE's corporate office will also be relocated from Mandarin Orchard Singapore to OUE Bayfront to join the line-up of prestigious tenants.

Grand sheltered drop-off to greet guests

Operations Review
Commercial

One Raffles Place

One Raffles Place is a beacon in the heart of Singapore's pulsing business district, where its central location and prestigious address speaks volumes to corporations of the value in setting their roots in this establishment. It is the financial heart of Singapore, home to multi-national companies, financial institutions, and insurance companies.

One Raffles Place currently comprises a prime Grade A 62-storey office tower and a 5-storey retail podium. The upcoming 38-storey annex tower, which is now under construction, will be completed in the fourth quarter of 2011.

Tower 1, the iconic skyscraper that has long reigned over the Singapore cityscape, houses efficient column-free office space, and is host to many movers and shakers of different industries. With Tower 2 due to contribute 350,000 square feet of prime office premises upon completion, One Raffles Place will soon contain 860,000 square feet of lettable space.

Complemented by the 5-storey retail mall (the largest in the Central Business District), One Raffles Place evolves from a mere office tower to a one-stop hub for quality dining, indulgent lifestyle services and convenient daily necessities. Situated above Raffles Place MRT station, One Raffles Place has widespread connections to other business hubs and the rest of Singapore.

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

One Raffles Place Tower 1 - Top of the World Dining and Entertainment

In 2010, One Raffles Place was topped off with 3 levels of top-notch dining and entertainment concepts. *Stellar*, an elegant fine dining restaurant with pristine views to match, and *Citygolf*, a casual dining concept with a unique indoor golfing stimulator, are One Raffles Place's latest contributions to Singapore's dining and entertainment scene.

Most notably, and truly the icing atop a classic skyscraper, Singapore's tallest observation point opened its doors at the tip of One Raffles Place in 2010, affording visitors with stunning views of Singapore that stretches into the horizon.

One Raffles Place Tower 2 - Award Winning Development

Paul Noritaka Tange, son of Tower 1 designer the late Kenzo Tange, showcases his mastery in his trade by moulding his father's iconic triangular theme with his own contemporary silhouette for Tower 2. With its crystalline façade embellished with bold lighting effects, this new development is set to make its mark on Singapore's skyline.

Not content with simply perfection through appearance, One Raffles Place Tower 2 proves its tenet as the *One Business Address* by being a proud recipient of the BCA Green Mark Platinum award.

DBS Building Towers One and Two

By leveraging further on its expertise to capitalize on opportunities in the commercial sector, OUE's recent acquisition of *DBS Building Towers One and Two* ("DBS Building") significantly enhances the Group's portfolio. The acquisition was completed in the third quarter of 2010.

DBS Building is a prime office building located in Shenton Way, at the heart of Singapore's Central Business District. Designed with a 262-metre wide pedestrian street frontage, the longest frontage along Shenton Way, the 49-storey Tower One and 37-storey Tower Two, comprise a total gross floor area of approximately 1,239,641 sq ft.

Plans to enhance and create more value out of this asset are now underway.

...contemporary facilities and Asian charm -

a modern tradition of Asian hospitality.

Presidential Suite Dining Room, Mandarin Orchard Singapore

Operations Review
Hospitality

Experience Asian grace, warmth and care at Meritus Hotels & Resorts

Meritus Hotels & Resorts is the hospitality division of Overseas Union Enterprise Limited. With close to 40 years of hotel management expertise, OUE's current portfolio includes Mandarin Orchard Singapore, Marina Mandarin Singapore, Meritus Pelangi Beach Resort & Spa Langkawi in Malaysia, and in China - Shanghai JC Mandarin, Meritus Mandarin Haikou, and Meritus Shantou China.

A longstanding icon of world-class hospitality in Singapore, Meritus founded its roots from Mandarin Orchard Singapore (formerly known as Meritus Mandarin Singapore). It was the first hotel to be built on Orchard Road in the late 1960s, and since then, it has become the heart of hospitality in Singapore, providing guests with its signature Asian grace, warmth and care for over three decades.

Having successfully built a brand name that is synonymous with charming Asian hospitality through the Mandarin Orchard Singapore, it was decided that this unique blend of service culture will be extended to the rest of the world, thus leading to the establishment of Meritus Hotels & Resorts.

Since its founding days, it has strived to deliver a distinctive Meritus service experience that is inspired by the virtues and richness of our Asian heritage. The Meritus Ambassador, elegant and graceful in her iconic red cheongsam, epitomises the virtues of grace, warmth and care, hallmarks of the Meritus experience. The mark or Seal of Quality, is a sign of our commitment to consistently deliver our signature Asian hospitality to our guests.

A modern tradition of Asian hospitality

For centuries, Asians have perfected the art of making guests feel right at home. As we open more hotels across the globe, it is this heritage that our brand uniquely embraces. New developments being eyed span fast-growing business and tourism hubs in Southeast Asia and China.

To support its expansion into new markets, Meritus has just commenced a global brand campaign that centres on the brand's signature 'Asian grace, warmth, and care' as the essence of the service culture that Meritus hopes to bring to other parts of the world. The campaign kicked off with a series of brand advertisements depicting the iconic Meritus Ambassador in her elegant red cheongsam, graciously embodying Asian hospitality in contemporary settings.

Meritus Milestones

Meritus continues to uphold its brand of signature hospitality, winning several awards presented by internationally acclaimed awarding bodies. Its flagship property Mandarin Orchard Singapore was awarded Best City Hotel – Singapore in the 21st TTG Travel Awards 2010. It was also among the Top 5 scorers of the Customer Satisfaction Index of Singapore 2010, being one of the few which has performed significantly above their sub-sector average, scoring the highest since 2008.

Over at the Marina Bay, with their distinctive support for the Singapore arts scene, Marina Mandarin Singapore was conferred the Friend of the Arts Award 2010 by the National Arts Council of Singapore. The hotel also bagged the Gold Medal for "Medley of Marine" in the East Meets West Culinary Challenge category of Food & Hotel Asia 2010.

At Meritus Pelangi, its General Manager, Mr. Roberto Pellicia was amongst the Top 10 General Managers of the Year in the Malaysian series of the Hospitality Asia Platinum Awards 2010.

Mandarin Orchard Singapore awarded Best City Hotel - Singapore at the 21st TTG Travel Awards 2010

And as Shanghai welcomed over 73 million visitors to the very successful Expo 2010 Shanghai China, it proved to be an excellent platform for Shanghai JC Mandarin to be showcased to the world.

Meritus Mandarin Haikou continues to outshine competition, achieving 1.33 Revenue Growth Index (RGI) in 2010. Revenue per available room is ahead of the competitive set average by 33%. The hotel achieved rooms revenue growth of 28% over 2009 and remained strong in the corporate segment, positioning itself very well as the leading corporate hotel in the city of Haikou.

Meritus Shantou China achieved first position in terms of RGI in 2010 and remains to be the firm market leader in Shantou. Revenue per available room was ahead of the competitive set by 25%, and rooms revenue growth over 2009 was 18%.

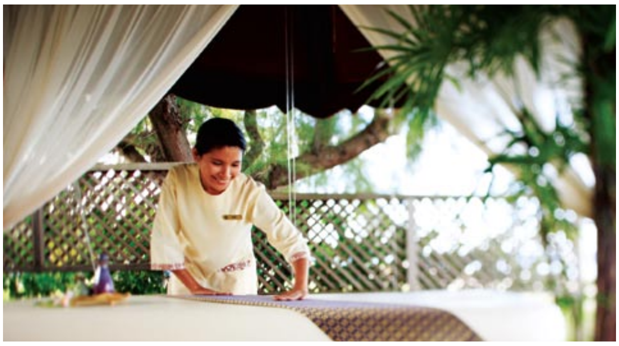
Global expansion underway

With close to four decades of expertise in hotel management and operation, Meritus Hotels & Resorts is a brand that is synonymous with Asian hospitality and heritage.

Striving to consistently deliver an impeccable hospitality experience steeped in Asian grace, warmth and care, Meritus has remained committed to growing and enhancing its hotel portfolio as well as brand equity.

2010 was a year of unprecedented growth for Meritus Hotels & Resorts, which saw the successful implementation of the industry-leading IDeaS V5i Revenue Optimization Solution, an advanced pricing infrastructure for rooms and ancillary services aimed to boost the revenue performance of all its hotels.

Coffee & Crust, Mandarin Orchard Singapore



Teratai Spa, Meritus Pelangi Beach Resort & Spa, Langkawi

Tatlers, Shanghai JC Mandarin

Backed by aggressive rate strategies and effective yield management, Meritus reported a growth in total room revenue of 31% in 2010 over 2009. Online distribution remains strong, with a revenue growth of 7%.

At the same time, Meritus' Central Reservations continues to perform outstandingly, with an increase in contribution to total hotel room revenue from 4% in 2009 to 10% in 2010.

In the last quarter of 2010, Meritus Hotels & Resorts marked its foray into international markets with the commencement of a global brand campaign to complement its exciting expansion plans slated to take shape from 2011.

The campaign invigorates Meritus' longstanding presence as Singapore's icon of world-class hospitality and centres around its signature 'Asian grace, warmth, and care' as the essence of the Meritus service culture that the brand hopes to bring to other parts of the world.

What's Next

With a vision to bring its distinct Asian brand of hospitality to a truly global level, 2011 will see Meritus focus on extending its network of properties in key gateway cities and breaking into under-penetrated markets.

Grand Mandarin Ballroom, Mandarin Orchard Singapore

Hospitality

Meritus is actively sourcing, assessing and securing hotel management opportunities in fast-growing business and tourism hubs in Southeast Asia and China. In addition, the group is also developing a brand that caters for business travellers and another targeted at value-conscious leisure travellers.

More than just the quantity of hotels it operates, Meritus is committed to ensuring the quality of product and service delivery. This is achieved through a robust guest satisfaction tracking system, continuous evaluation of the training and developmental needs of its people, and ensuring that business continuity measures and succession planning are in place. From a macro perspective, this can be seen as valuable contribution to the hospitality industry as a whole.

Mandarin Orchard Singapore

Established in 1971, Mandarin Orchard Singapore is the flagship hotel of Meritus Hotels & Resorts. A landmark on the world-renowned shopping belt of Orchard Road, Mandarin Orchard embodies rich Asian heritage and charm.

Boasting 1,051 guestrooms and suites, the hotel offers luxurious accommodation and gracious hospitality along with a host of award-wining cuisines. With Mandarin Gallery, a high-fashion shopping destination right at its doorstep, Mandarin Orchard is the preferred hotel of choice for many visitors.

Marina Mandarin Singapore

Marina Mandarin Singapore is a premium business hotel located in the heart of the city, within close proximity to Singapore's spectacular waterfront. With breathtaking views of Marina Bay and the financial district, the hotel also offers convenient access to the Marina Square Shopping Mall, the Suntec Convention & Exhibition Centre, and The Esplanade – Singapore's Performing Arts Centre.

With 575 guestrooms and suites, Marina Mandarin is one of the favourite trackside hotels for fans of the Formula 1 Singapore Grand Prix every year.

Atrium Lounge, Marina Mandarin Singapore

Meritus Suite, Meritus Mandarin Haikou

Presidential Suite Lounge, Meritus Shantou China

Meritus Pelangi Beach Resort & Spa, Langkawi

Set on 46 acres of beautifully landscaped gardens, Meritus Pelangi Beach Resort & Spa, Langkawi is inspired by a traditional Malaysian village concept. Full of ethnic charm, it is located along a quiet stretch of pristine white sandy beaches, offering a relaxing atmosphere amidst a lush tropical setting.

A hugely popular destination of choice with MICE organisers, Meritus Pelangi offers a distinctively refreshing and inspiring venue for meetings and incentive trips.

Meritus Mandarin Haikou

Bearing the most popular business address in Haikou, Meritus Mandarin Haikou is ideally located in the financial capital hub of the Special Economic Zone. The first international five-star hotel in Haikou, it has 318 well-appointed guestrooms and suites, four fine-dining restaurants, and the most extensive meeting facilities and the largest column-free ballroom in the city.

Meritus Shantou China

Known as the "pride of Shantou", Meritus Shantou China is located in the heart of the central business district, and is a mere 20-minute drive from the airport. With warm, friendly service and an exciting selection of food and beverage options, the 318-room hotel offers the best of Asian grace, warmth and care in Shantou, Eastern Guangdong's economic hub.

Shanghai JC Mandarin

Located at the heart of Shanghai, one of China's key gateway cities, Shanghai JC Mandarin was first opened in 1991.

Whether travelling for business or pleasure, the hotel is the epitome of modern comfort and convenience, blending the best of East and West. With 515 well-furnished guestrooms and suites, Shanghai JC Mandarin is adjacent to the famous Shanghai Exhibition Centre, Shanghai Centre and Plaza 66.

Awards & Accolades

Mandarin Orchard Singapore

- **21st TTG Travel Awards 2010**
  Best City Hotel - Singapore
- **Customer Satisfaction Index Survey for Tourism, Hotels and Accommodation Services**
  Top 5 - Mandarin Orchard Singapore (77.7%)
- **SHA (Singapore Hotel Association) Excellence**
  Hotel Security Award 2010
- **The Singapore Women's Weekly Gold Plate Awards 2010**
  Triple Three - Buffet Lovers' Dream
- **Singapore Tatler's Regional Best Restaurants Series 2010**
  Mandarin Court Chinese Restaurant
- **Simply Dining Restaurants Guide 2010**
  Triple Three - Platinum Award and Best Buffet Restaurant

  Mandarin Court Chinese Restaurant - Gold Award

  Chatterbox

Marina Mandarin Singapore

- **HotelClub Hotel Awards 2010**
  Outstanding Luxury Hotel Awards in Singapore

  Outstanding Value Hotel Awards in Singapore
- **National Arts Council's Friend of the Arts Award 2010**
  Marina Mandarin Singapore
- **Food & Hotel Asia 2010 - East Meets West Culinary Challenge Category**
  Gold Medal for "Medley of Marine"
  by Chef Daniel Tan from AquaMarine
- **The Singapore Women's Weekly Annual Best in Beauty Awards 2010**
  St Gregory Spa, Marina Mandarin - Best Tui Na Massage

Chatterbox's legendary Mandarin Chicken Rice

Triple Three, Mandarin Orchard Singapore

Meritus Pelangi Beach Resort & Spa, Langkawi

- **Hospitality Asia Platinum Awards 2010-2012 Malaysia Series**

  Top 10 General Managers of the Year
  - Mr. Roberto Pelliccia

Meritus Mandarin Haikou

- 中国酒店业品牌峰会组委会

  China's Top 10 City Business Hotels
  (中国酒店业十佳城市商务酒店)

Shanghai JC Mandarin

- **TimeOut Shanghai - 2010 Best Restaurants**

  Best Value For Money Restaurants in Hotels Award


AquaMarine, Marina Mandarin Singapore

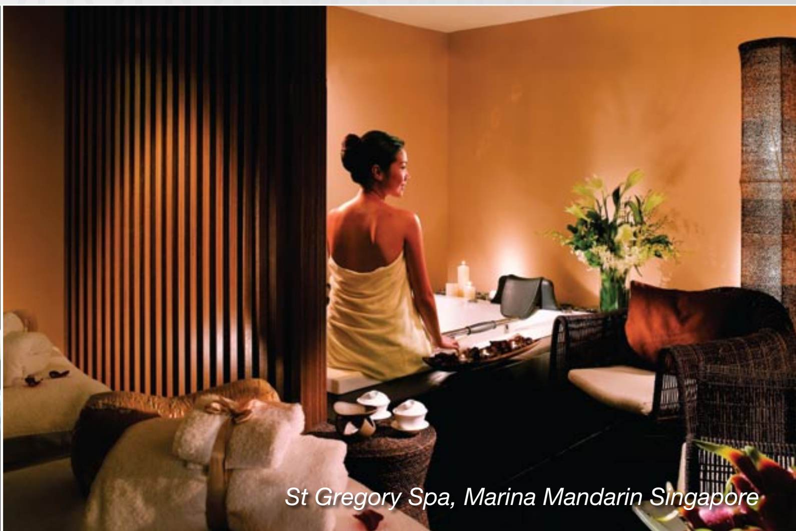

St Gregory Spa, Marina Mandarin Singapore

Image courtesy of DP Architects Pte Ltd

...refining and redefining the art of luxury retail -

a gem of a shopping destination...


BLVD
Mandarin
DeFRED
AUBOUSSIN

Image courtesy of DP Architects Pte Ltd

Fashion Shows unveil at Grand Opening of Mandarin Gallery

Singapore's gem of a shopping destination

Strategically located in the foreground of OUE's flagship hotel, Mandarin Orchard Singapore, *Mandarin Gallery* has re-emerged to bring the world of high-end shopping to the heart of Orchard Road.

Mandarin Gallery officially opened on 28 January 2010 after an extensive S$200 million facelift completed in November 2009. More than 2,000 guests attended the grand opening night, a glitzy occasion graced by President S R Nathan as Guest of Honour. DJs were especially flown in from Paris to provide topnotch entertainment for the evening, whilst a bevy of models strutted down the runway for a fashion show held along Mandarin Gallery's prominent frontage, featuring tenants such as *BOSS Orange, Just Cavalli, Y-3, a.i. by Ashley Isham,* and multi-label boutique *TriBeCa*.

Retail experience re-defined

Mandarin Gallery is an intimate luxury shopping and lifestyle services destination on Singapore's premier shopping belt, part of the *Takashimaya-Paragon-Mandarin* shopping triangle.

Comprising four storeys and a total gross floor area of more than 196,000 sq ft, Mandarin Gallery houses over 100 shops that offer high-end fashion, lifestyle services, cafes and restaurants, amongst others. The revamped mall features an amazing spread of shops that may not be found in other malls. One could call it the newest evolution of a mall – a premier lifestyle destination that proffers an enlightened shopping experience with style and distinction.

Whilst the mall is situated at the centre of Singapore's retail hub, its shopping environment is suitable for those seeking a more intimate and personal retail experience free from the hustle and bustle of the city centre.

A 'mix' of sophistication

Catering to sophisticated tastes of the fashion-conscious and affluent, Mandarin Gallery provides an artful tenant mix consistent with the upscale demands of its shoppers. Each tenant has been selected for their uniqueness, as well as their ability to deliver the vivacious yet luxurious spirit of the mall.

Think interesting and one-of-a-kind local boutiques like *inhabit – the other store, Hansel, The Denim Store, Ambush, Scarlet & Ebony and atomi*. For the design conscious, the mall also captivates those who appreciate fashion must-haves and international cult brands such as *D&G, Emporio Armani, Bathing Ape, Y-3, RM, Matthew Williamson, Ashley Isham,* and *Marc by Marc Jacobs*.

For palatable diversions, Mandarin Gallery caters for the consummate bon vivant with celebrated dining establishments such as *Lawry's The Prime Rib, Japanese Restaurant Suju, Jones the Grocer* and *Wild Honey,* alongside other excellent restaurants.

For beauty and health services, shoppers can also indulge in pampering treatments at outlets such as *Mendis Aesthetics, SMILE Inc Dental Surgeons, The Hair Shop, Strip & Browhaus,* and *Snails,* amongst others.

Grand Opening of Mandarin Gallery

RESIDENTIAL

...exquisite elegance and aesthetical distinction in luxury -

a haven for Urban Orchard Living...

Subtle expression of elegance and poise

Splendour of the night

The epitome of urban Orchard living

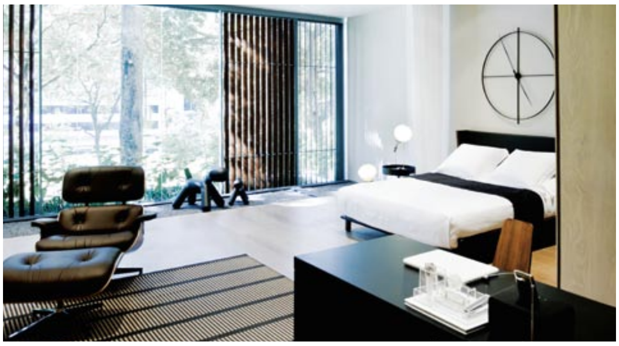
Twin Peaks, launched in September 2010, set new benchmark for luxury residential property developments in Singapore. Located at 33 Leonie Hill Road, *Twin Peaks* comprises two identical 35-storey towers with a total of 462 units. The 99-year leasehold residence will yield an allowable gross floor area of 396,520 sq ft with a land area of 130,982 sq ft, making the site one of the largest plots of real estate in its district. With a 10% balcony allowance, total GFA will be 436,167 sq ft.

Situated at one of Singapore's most exclusive residential enclaves, *Twin Peaks* is within walking distance to the world-class shopping belt of Orchard Road. Several international schools are also in the vicinity.

The exclusive residential development caters to the upper echelon of society with discerning taste for lifestyle choices.

Urban Orchard Living Re-defined

Twin Peaks merges distinction and luxury with its fully-furnished concept by iconic designers. From sofas and tables to beds and lighting, each piece bears the hallmarks of some of the world's best furniture designers – including the likes of *Tom Dixon, Ray and Charles Eames for Herman Millers, Matthew Hilton, Marc Newson and Hans Wegner* – and is thoughtfully chosen to create the timeless elegance suited for urban living.



Intimate living space

Furnished with timeless iconic pieces

Unique flexibility of space allows one-bedroom apartments to be combined with either two- or three-bedroom apartments. This flexibility appeals to extended multi-generation families, as privacy is retained with separate entrances while easy cross-movement between apartments is not sacrificed.

Ground floor amenities include a swimming pool, tennis court and dining suites featuring Western and Asian gourmet kitchens. Triple-volume, light-filled indoor and outdoor sky gyms are carved out from the 13th floor, whilst the top floor features a rooftop bar, reflection pools, and offers a panoramic view of the cityscape.

A dedicated concierge service ensures the comfort and needs of every resident, whilst the option of enjoying housekeeping and hospitality services by the Mandarin Orchard Singapore nearby adds to the lure of the development.

Twin Peaks is the address that lets one live it, embrace it, and escape it all, in Urban Orchard Living.

Unwind with cityscape view at Sky Loggias

Corporate Social Responsibility

Cheque presentation to Community Chest Singapore and China International Cultural Communication Centre

Overseas Union Enterprise Limited (OUE) has always been dedicated in its commitment towards Corporate Social Responsibility. We take a community-driven approach, together with the different business divisions, to caring for our society. Management and staff are actively involved in charitable events and fundraising campaigns.

In 2010, we took part in several charitable events focussing on aiding underprivileged individuals and terminally ill children.

Causes close to our hearts

To kickstart its fundraising initiatives for 2010, the company held the OUE Lunar New Year Charity Gala on 26 February 2010 at Mandarin Orchard Singapore, with Guest-of-Honour President S R Nathan in attendance.

Held to promote cross-cultural ties between Singapore and China, the event benefitted Community Chest Singapore and China International Cultural Communication Centre (CICCC).

OUE Lunar New Year Charity Gala at Mandarin Orchard Singapore

MHR CEO Mr. Michael Sengol welcoming the children at the Christmas Luncheon

OUE CEO Mr. Thio Gim Hock giving out Christmas presents to the children

Community Chest is the fund-raising division of the National Council of Social Service (NCSS) whilst the CICCC is an organisation founded in China, which plays an important role in cultural communication between the nation and its foreign counterparts.

A total of S$280,000 and RMB500,000 raised through table-sales, La-Mian and art painting auctions were presented to representatives of Community Chest and CICCC respectively by President S R Nathan and Dr. Stephen Riady, Executive Chairman of OUE.

The gala dinner welcomed 600 distinguished guests to a thrilling cultural night, starting off with a sumptuous feast prepared by the hotel's award-winning master chefs. Guests were wowed by the star performances that included the '*Thousand Hands Guan Yin*' by the China Disabled People's Performing Art Troupe, and a La Mian-making demonstration.

Spreading the joy of Christmas

OUE welcomed the children of Children's Cancer Foundation (CCF) and KK Women's & Children's Hospital (KKH) to the 'Stars of Christmas' Party on 8 December 2010, and to its Annual Christmas Luncheon on 23 December 2010. The children were accompanied by their parents, siblings and caregivers.

CCF is a non-profit organisation that aims to provide programmes and services through support channels such as CCF-KKH Resource Centre to aid children and families of childhood cancer and improve their quality of lives through enhancing their emotional, social and medical well-being.

Jointly supported by Meritus Hotels & Resorts (MHR), the children attended the 'Stars of Christmas' Party for an afternoon of fun and games filled with delectable festive treats. As part of our dedication to the community, the children were encouraged to hang 'stars', representing the wish of each patient, onto a giant Christmas tree at Mandarin Orchard Singapore. Management, staff and hotel guests were then encouraged to fulfil children's wishes by donating presents before Christmas Day.

The Christmas charity drive culminated in an Annual Christmas Luncheon hosted by OUE. Children accompanied by their caregivers were treated to a sumptuous banquet and gifts from Mr. Thio Gim Hock, Chief Executive Officer of OUE, and Mr. Michael Sengol, Chief Executive Officer of MHR. Our in-house choir group, Meritus Angels, also made its debut with their rendition of classic Christmas carols.

On Boxing Day, more than 200 gaily-wrapped presents were delivered to the children, making this one truly unforgettable Christmas!

Managing Risks

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

Operational Risk

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

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

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

The Internal Audit function also provides independent checks on operational issues and risk controls and reports directly to the Audit Committee.

Investment Risk

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

Financial Risk

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

Interest Rate and Foreign Exchange Risks

Interest rate and foreign exchange risks are the risks that the Group's earnings and capital, or its ability to meet its business objectives, will be adversely affected by movements in interest rates and foreign exchange rates. The Group hedges foreign exchange risk naturally as a general rule by financing asset purchases and borrowings in the local currency of the relevant markets in which it conducts business. Where necessary, the exposure to foreign exchange rate changes is hedged via forward foreign exchange contracts. The Group's exposure to interest rate volatility is reduced, and thereby funding costs are managed, by matching maturities of loans and term deposits, and maintaining an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps.

Liquidity Risk

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

Credit Risk

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

Compliance, Legal and Regulatory Risk

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

Human Resource Risk

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

Five-Year Financial Summary

	2010		2009		2008		2007		2006	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Group Turnover										
Hospitality	**172,321**	**80**	130,451	95	148,716	97	155,209	91	137,195	79
Property investments	**38,476**	**18**	1,476	1	702	0	8,881	5	10,753	6
Property development	**2,149**	**1**	2,487	2	149	0	6	0	-	0
Others	**2,655**	**1**	3,090	2	3,642	3	5,735	4	25,850	15
Total	**215,601**	**100**	137,504	100	153,209	100	169,831	100	173,798	100
Group Profit and Loss										
Operating profit	**78,110**		22,327		39,021		58,508		55,586	
Finance expense	**(8,126)**		(18)		(7,043)		(1,643)		(1,719)	
Share of results of associates, net of tax	**62,962**		(75,944)		114,707		273,485		15,752	
Other gains/(losses) - net	**771,680**		(44,350)		(102,115)		397,902		265,996	
Profit/(Loss) before income tax	**904,626**		(97,985)		44,570		728,252		335,615	
Income tax (expense)/credit	**(127,449)**		4,584		(3,810)		(82,724)		(12,590)	
Profit/(Loss) after income tax	**777,177**		(93,401)		40,760		645,528		323,025	
Non-controlling interests	**(4,704)**		1,192		144		339		7,821	
Profit attributable to owners of the Company	**772,473**		(92,209)		40,904		645,867		330,846	
Group Balance Sheet										
Available-for-sale financial assets	**128,350**		108,000		108,000		108,000		144,479	
Property, plant and equipment	**243,097**		214,347**		219,697		229,749		251,591	
Investments in associates	**670,392**		613,101		693,287		593,059		334,315	
Investment properties	**2,703,680**		1,052,513**		825,549		731,450		347,280	
Development properties	**715,376**		570,162		830,334		240,864		-	
Cash and cash equivalents	**226,407**		198,030		182,838*		492,750*		515,315	
Other assets	**34,076**		15,819		16,583		70,339		22,338	
Total assets	**4,721,378**		2,771,972		2,876,288		2,466,211		1,615,318	
Equity attributable to the owners of the Company	**2,804,853**		2,035,768		2,133,278		2,116,227		1,526,508	
Non-controlling interests	**(2,061)**		(6,622)		(5,704)		(6,125)		(6,245)	
Loans from minority shareholder of a subsidiary	**14,966**		14,966		15,300		10,900		10,900	
Borrowings	**1,581,413**		558,380		549,623		187,710		24,637	
Other liabilities	**322,207**		169,480		183,791		157,499		59,518	
Total equity and liabilities	**4,721,378**		2,771,972		2,876,288		2,466,211		1,615,318	
Earnings/(Loss) per share (cents)***	**78.7**		(9.4)		4.2		65.8		33.7	
Gross dividends paid per share (cents)***	**2.0**		-		3.2		2.4		70.9	
Dividend cover (times)	**39.4**		-		1.3		27.4		0.5	
Net asset backing per share ($)***	**2.86**		2.07		2.17		2.16		1.56	
Ratio										
Debt equity ratio	**1:2**		1:4		1:4		1:11		1:43	

*** The number of ordinary shares issued for 2006 - 2009 have been adjusted to 981,601,860 to take into account the 5-for-1 stock split approved in June 2010.

** Including non-current asset classified as held-for-sale of $1.7 million in Property, plant & equipment and $1.9 million in Investment properties.

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

Overseas Union Enterprise Limited (the "**Company**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2010 ("**FY2010**") with specific reference to the principles of the Code of Corporate Governance 2005 (the "**Code**").

BOARD MATTERS

Board's Conduct of Affairs (Principle 1)

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

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic aims and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

- establishing a framework of prudent and effective controls which enables risk to be assessed and managed;

- reviewing Management performance; and

- setting the Company's values and standards, and ensuring that obligations to shareholders and others are understood and met.

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

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are also convened when circumstances warrant. In 2010, the Board met four times. The report on the Directors' attendance for Board and Board committee meetings is set out below. Directors who are unable to attend Board or Board committee meetings may convey their views to the respective Chairmen or the Company Secretary. The Company's Articles of Association provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2010, certain Directors had participated in Board and Board committees meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings

	Number of meetings attended in FY2010			
Name of Director	Board	AC	NC	RC
Stephen Riady (Alternate: Leong Siew Loon[(1)])	2 1	- -	- -	- -
Christopher James Williams[(2)]	4	-	1	1 out of 1
Thio Gim Hock	4	-	-	-
Kelvin Lo Kee Wai[(3)]	4	4	-	2
Sin Boon Ann	3	4	1	2
Mag Rainer Silhavy[(4)]	2 out of 3	2 out of 3	-	-
Kin Chan[(5)]	2 out of 3	-	-	-
Yao Che Wan[(6)]	1 out of 1	-	-	-
Augustus Ralph Marshall[(7)]	1 out of 1	-	-	-
Jeremy Paul Abson[(8)]	1 out of 1	1 out of 1	-	-
Lim Ghee Keong[(7)]	1 out of 1	-	-	-
Chelva Retnam Rajah[(9)]	1 out of 1	-	1	1 out of 1
Number of meetings held in FY2010	**4**	**4**	**1**	**2**

Notes:

(1) Mr. Leong Siew Loon ceased to be alternate director to Dr. Stephen Riady with effect from 9 March 2010.

(2) Mr. Christopher James Williams was appointed a member of the RC with effect from 31 March 2010.

(3) Mr. Kelvin Lo Kee Wai was appointed a member of the NC with effect from 31 March 2010.

(4) Mag Rainer Silhavy was appointed as Director with effect from 9 March 2010, and as a member of the AC with effect from 31 March 2010.

(5) Mr. Kin Chan was appointed as Director with effect from 17 March 2010.

(6) Mr. Yao Che Wan resigned as Director with effect from 31 March 2010.

(7) Mr. Augustus Ralph Marshall and Mr. Lim Ghee Keong resigned as Directors with effect from 9 March 2010.

(8) Mr. Jeremy Paul Abson resigned as Director with effect from 9 March 2010, and accordingly, ceased to be a member of the AC with effect from 9 March 2010,

(9) Mr. Chelva Retnam Rajah resigned as Director with effect from 9 March 2010, and accordingly, ceased to be a member of the NC and the RC with effect from 9 March 2010.

Board Composition and Guidance (Principle 2)
Chairman and Chief Executive Officer (Principle 3)

The Board comprises seven Directors with five non-executive Directors who are independent of Management. Of the five non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.1 of the Code.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles. Key information on the Directors' particulars and background can be found on pages 24 to 27 of the Annual Report.

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

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

The Board believes that the present number of independent Directors does not diminish the ability of the independent Directors to constructively assist the Board in its deliberations. The two independent Directors have demonstrated an ability to exercise sound and independent judgement in deliberations in the interests of the Company. No individual or small group of individuals dominate the Board's decision making.

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

Access to Information (Principle 6)

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

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

BOARD COMMITTEES

Nominating Committee

Board Membership (Principle 4)
Board Performance (Principle 5)

The NC currently comprises three non-executive members, of whom two of them, including the Chairman, are independent. The NC met once in FY2010.

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

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

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

Remuneration Committee

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

The RC comprises three members, two of whom, including the Chairman, are independent. The RC met twice in 2010. The principal functions of the RC are to, *inter alia*,:

- recommend to the Board a framework of remuneration for Board members and also for key executives; and

- develop policies for fixing of, and recommending to, the Board the remuneration packages of individual Directors.

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

Fees payable to the Directors are proposed as a lump sum. The lump sum, subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting, will be divided among the Directors, as the Board deems appropriate. A breakdown (in percentage terms) showing the level and mix of each Director's remuneration payable for FY2010 is shown below.

Disclosure on Directors' Remuneration for FY2010

Name of Director	Salary	Bonuses	Directors' Fees	Others	Total Remuneration
	%	%	%	%	%
Directors					
Below $250,000					
Stephen Riady	100	-	-	-	100
Christopher James Williams	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann	-	-	100	-	100
Mag Rainer Silhavy(1)	-	-	100	-	100
Kin Chan(2)	-	-	100	-	100
Yao Che Wan(3)	-	-	100	-	100
Augustus Ralph Marshall(4)	-	-	100	-	100
Jeremy Paul Abson(5)	-	-	100	-	100
Lim Ghee Keong(6)	-	-	100	-	100
Chelva Retnam Rajah(7)	-	-	100	-	100
$250,000 to $499,999					
-	-	-	-	-	-
$500,000 and above					
Thio Gim Hock	68	28	-	4	100

Notes:

(1) Mag Rainer Silhavy was appointed as Director with effect from 9 March 2010.

(2) Mr. Kin Chan was appointed as Director with effect from 17 March 2010.

(3) Mr. Yao Che Wan resigned as Director with effect from 31 March 2010.

(4) Mr. Augustus Ralph Marshall resigned as Director with effect from 9 March 2010.

(5) Mr. Jeremy Paul Abson resigned as Director with effect from 9 March 2010.

(6) Mr. Lim Ghee Keong resigned as Director with effect from 9 March 2010.

(7) Mr. Chelva Retnam Rajah resigned as Director with effect from 9 March 2010.

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

Remuneration Bands	Number of Directors		Number of Key Executives[1] (who are not also Directors)	
	2010	2009	2010	2009
$500,000 and above	1	1	1[3]	-
$250,000 to $499,999	-	-	1[4]	1
Below $250,000	11[2]	10	-	2[5]
Total	12	11	2	3

Notes:

(1) The Company takes the view that a key executive is a person who occupies a significant and dominant role in the Company and has influence over the direction of the Company. Accordingly, the Company only has two key executives (who are not also Directors).

(2) This number includes the Directors who were appointed and the Directors who resigned during FY2010.

(3) Mr. Michael Sengol was appointed as chief executive officer of the Company's hospitality division on 12 February 2010.

(4) Mr. Rudi Chuan Hwee Hiow is the CFO of the Company.

(5) This number includes the former CFO, Mr. Chang Tong Wah and the present CFO, Mr. Rudi Chuan Hwee Hiow.

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $150,000 during FY2010. The Company does not have any employee share scheme.

Accountability (Principle 10)

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

Audit Committee *(Principle 11)*

The AC consists of three non-executive Directors, two of whom, including the Chairman, are independent. The AC met four times in 2010.

The principal functions of the AC include:

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

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

The AC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors in respect of FY2010 was $420,000. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 28 April 2011. The AC has met the external auditors and with the internal auditors without the presence of the Management.

The details of the remuneration of the auditors of the Company during FY2010 are as follows:

	2010	**2009**
	($'000)	**($'000)**
Auditors' remuneration paid/payable to:		
- Auditors of the Company	387	385[(1)]
- Other auditors	128	162
Other fees paid/payable to:		
- Auditors of the Company	420	-
- Other auditors	-	15

Note:

(1) Includes an underprovision of $24,000 for FY2008.

The Company has in place an arrangement whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The AC has full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

Internal Controls (Principle 12)
Internal Audit (Principle 13)

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

The Internal Audit department is headed by the Vice President, Internal Audit who reports directly to the Chairman of the AC and administratively to the CEO. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls. It also audits the operations, regulatory compliance and risk management processes of the Company. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Vice President, Internal Audit and approved by the AC.

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

Finance Committee

The Finance Committee established in FY2009 to review the banking and finance matters of the Group was abolished by the Board in April 2010.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders and Shareholder Participation (Principles 14 and 15)

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

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

Interested Person Transactions ("IPTs") Policy

The Company has established procedures to monitor and review IPTs. The AC reviews the IPTs on a quarterly basis.

There were no IPTs during FY2010 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Company's Securities

Directors and key employees are reminded on the implications of insider trading and the best practices on dealings in securities on a quarterly basis.

Financial Statements

We are pleased to submit this report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2010.

Directors

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

Stephen Riady
Christopher James Williams
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Mag Rainer Silhavy (Appointed on 9 March 2010)
Kin Chan (Appointed on 17 March 2010)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

Name of director and corporation in which interests are held	Holdings at beginning of the financial year/date of appointment	Holdings at end of the financial year
Overseas Union Enterprise Limited		
Kin Chan		
- ordinary shares		
- deemed interest	173,852,282	658,386,410[1]

[1] On 19 January 2011 and 20 January 2011, the nature of Kin Chan's deemed interest changed but there was no change in the number of ordinary shares in which Kin Chan has a deemed interest.

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

Except as disclosed in this report, there was no change in the directors' interest in the shares or debentures of the Company between the end of the financial year and 21 January 2011.

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 8 and 37 to the financial statements, since the end of the previous financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

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

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

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

Audit Committee

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

Kelvin Lo Kee Wai (Chairman)	
Sin Boon Ann	
Mag Rainer Silhavy	(Appointed on 31 March 2010)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee has met with the Company's external and internal auditors.

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Thio Gim Hock
Director

17 March 2011

Statement By Directors

Year ended 31 December 2010

In our opinion:

(a) the financial statements set out on pages 85 to 160 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Thio Gim Hock
Director

17 March 2011

Independent Auditor's Report

Year ended 31 December 2010

To the members of Overseas Union Enterprise Limited

Report on the financial statements

We have audited the accompanying financial statements of Overseas Union Enterprise Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 85 to 160.

The financial statements of the Group as at and for the year ended 31 December 2009 and the statement of financial position of the Company as at 31 December 2009 were audited by another auditor whose report dated 25 February 2010 expressed an unqualified opinion on those statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

17 March 2011

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Revenue	5	**215,601**	137,504
Cost of sales		**(88,785)**	(73,718)
Gross profit		**126,816**	63,786
Other income	6	**8,584**	4,488
Marketing expenses		**(16,567)**	(8,589)
Administrative expenses		**(22,409)**	(20,560)
Other operating expenses		**(18,314)**	(16,798)
Profit from operations		**78,110**	22,327
Finance expenses	9	**(8,126)**	(18)
Share of results of associates, net of tax	20	**62,962**	(75,944)
Other gains/(losses) - net	10	**771,680**	(44,350)
Profit/(Loss) before income tax		**904,626**	(97,985)
Income tax (expense)/credit	11	**(127,449)**	4,584
Profit/(Loss) after income tax		**777,177**	(93,401)
Other comprehensive income:			
Currency translation differences relating to foreign operations		**(1,267)**	(4,715)
Fair value gain on available-for-sale financial assets		**20,350**	–
Share of effective portion of changes in fair value of cash flow hedges of an associate		**(1,992)**	–
Share of foreign currency translation differences of associates		**(404)**	(312)
Other comprehensive income, net of tax		**16,687**	(5,027)
Total comprehensive income		**793,864**	(98,428)
Profit/(Loss) attributable to:			
Owners of the Company		**772,473**	(92,209)
Non-controlling interests		**4,704**	(1,192)
		777,177	(93,401)
Total comprehensive income attributable to:			
Owners of the Company		**789,977**	(97,510)
Non-controlling interests		**3,887**	(918)
		793,864	(98,428)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company (expressed in $ per share)			
Basic and diluted	12	**0.79**	(0.09)

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

Statements of Financial Position

As at 31 December 2010

		Group		Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
ASSETS					
Current assets					
Cash and cash equivalents	13	**226,407**	198,030	**83,142**	138,517
Trade and other receivables	14	**26,774**	8,709	**441,788**	571,996
Inventories	15	**675**	647	**118**	68
Development property	16	**715,376**	570,162	**–**	–
Other current assets	17	**6,627**	6,367	**2,172**	2,985
Loans to subsidiaries	21	**–**	–	**875,085**	86,198
		975,859	783,915	**1,402,305**	799,764
Non-current assets held for sale	18	**–**	3,618	**–**	1,900
		975,859	787,533	**1,402,305**	801,664
Non-current assets					
Available-for-sale financial assets	19	**128,350**	108,000	**128,350**	108,000
Investments in associates	20	**670,392**	613,101	**125,727**	125,850
Investments in subsidiaries	21	**–**	–	**352,542**	352,543
Loans to subsidiaries	21	**–**	–	**110,379**	–
Other receivables	14	**–**	–	**558**	–
Investment properties	22	**2,703,680**	1,050,613	**520,000**	418,000
Property, plant and equipment	23	**243,097**	212,629	**122,885**	128,181
Deferred income tax assets	26	**–**	96	**–**	–
		3,745,519	1,984,439	**1,360,441**	1,132,574
Total assets		**4,721,378**	2,771,972	**2,762,746**	1,934,238
LIABILITIES					
Current liabilities					
Trade and other payables	24	**69,940**	58,857	**188,471**	226,552
Current income tax liabilities		**25,490**	18,142	**17,406**	17,378
Borrowings	25	**481,114**	114,966	**50,000**	100,000
		576,544	191,965	**255,877**	343,930
Non-current liabilities					
Borrowings	25	**1,115,265**	458,380	**736,144**	–
Deferred income tax liabilities	26	**197,860**	78,392	**64,435**	47,337
Other liabilities	27	**28,917**	14,089	**4,829**	5,456
		1,342,042	550,861	**805,408**	52,793
Total liabilities		**1,918,586**	742,826	**1,061,285**	396,723
NET ASSETS		**2,802,792**	2,029,146	**1,701,461**	1,537,515
EQUITY					
Capital and reserves attributable to the owners of the Company					
Share capital	28	**693,315**	693,315	**693,315**	693,315
Other reserves	29	**124,717**	107,213	**135,457**	115,107
Accumulated profits	30	**1,986,821**	1,235,240	**872,689**	729,093
		2,804,853	2,035,768	**1,701,461**	1,537,515
Non-controlling interests		**(2,061)**	(6,622)	**–**	–
Total equity		**2,802,792**	2,029,146	**1,701,461**	1,537,515

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

	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 2010	693,315	107,213	1,235,240	2,035,768	(6,622)	2,029,146
Total comprehensive income for the year						
Profit for the year	–	–	772,473	772,473	4,704	777,177
Other comprehensive income						
Currency translation differences relating to foreign operations	–	(450)	–	(450)	(817)	(1,267)
Fair value gain on available-for-sale financial assets	–	20,350	–	20,350	–	20,350
Share of effective portion of changes in fair value of cash flow hedges of an associate	–	(1,992)	–	(1,992)	–	(1,992)
Share of foreign currency translation differences of associates	–	(404)	–	(404)	–	(404)
Total other comprehensive income, net of tax	–	17,504	–	17,504	(817)	16,687
Total comprehensive income for the year	–	17,504	772,473	789,977	3,887	793,864
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends paid (Note 31)	–	–	(19,632)	(19,632)	–	(19,632)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control (Note 39)	–	–	(1,260)	(1,260)	674	(586)
Total transactions with owners of the Company	–	–	(20,892)	(20,892)	674	(20,218)
At 31 December 2010	**693,315**	**124,717**	**1,986,821**	**2,804,853**	**(2,061)**	**2,802,792**

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

Consolidated Statement of Changes in Equity (Cont'd)

Year ended 31 December 2010

	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 2009	693,315	112,514	1,327,449	2,133,278	(5,704)	2,127,574
Total comprehensive income for the year						
Loss for the year	–	–	(92,209)	(92,209)	(1,192)	(93,401)
Other comprehensive income						
Currency translation differences relating to foreign operations	–	(4,989)	–	(4,989)	274	(4,715)
Share of foreign currency translation differences of associates	–	(312)	–	(312)	–	(312)
Total other comprehensive income, net of tax	–	(5,301)	–	(5,301)	274	(5,027)
Total comprehensive income for the year	–	(5,301)	(92,209)	(97,510)	(918)	(98,428)
At 31 December 2009	693,315	107,213	1,235,240	2,035,768	(6,622)	2,029,146

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

Consolidated Statement of Cash Flows

Year ended 31 December 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Profit/(Loss) after income tax	**777,177**	(93,401)
Adjustments for:		
Depreciation of property, plant and equipment	**17,137**	17,735
Dividend income	**(2,100)**	(1,800)
Fair value (gain)/loss on investment properties	**(664,728)**	23,803
Gain on sale of subsidiaries	**(4)**	(10,407)
(Gain)/Loss from sale of investment properties	**(92)**	24
Gain on sale of property, plant and equipment relating to commercial laundry business	**(2,270)**	–
Reversal of impairment losses on property, plant and equipment	**(40,345)**	–
(Reversal of)/Impairment losses on development properties	**(64,241)**	30,930
Finance expense	**8,126**	18
Interest income	**(242)**	(1,638)
Loss on disposal of property, plant and equipment	**154**	158
Unrealised exchange loss	**–**	141
Share of results of associates, net of tax	**(62,962)**	75,944
Income tax expense/(credit)	**127,449**	(4,584)
	93,059	36,923
Changes in trade and other receivables and other current assets	**(10,906)**	606
Changes in inventories	**(26)**	156
Changes in development property	**(83,053)**	(10,633)
Changes in trade and other payables and other liabilities	**23,176**	(1,375)
Cash generated from operating activities	**22,250**	25,677
Income tax paid	**(12,494)**	(11,786)
Net cash from operating activities carried forward	**9,756**	13,891

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

Consolidated Statement of Cash Flows (Cont'd)

Year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Net cash from operating activities brought forward		**9,756**	13,891
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	39	**(855,167)**	–
Additions to investment properties		**(119,565)**	(245,976)
Dividends received from associates, net of tax		**3,275**	4,150
Dividends received from available-for-sale financial assets, net of tax		**2,100**	1,800
Interest received		**242**	1,638
Proceeds from sale of property, plant and equipment		**4,558**	582
Proceeds from sale of investment properties		**1,992**	1,856
Proceeds from sale of subsidiaries, net of cash disposed of	40	**–**	282,947
Purchase of property, plant and equipment		**(6,510)**	(18,201)
Net cash (used in)/from investing activities		**(969,075)**	28,796
Cash flows from financing activities			
Acquisition of non-controlling interests	39	**(586)**	–
Dividends paid		**(19,632)**	–
Finance expense (including amounts capitalised in investment properties and development property)		**(31,980)**	(35,918)
Proceeds from borrowings		**1,539,894**	173,213
Repayment of borrowings		**(500,000)**	(164,790)
Net cash from/(used in) financing activities		**987,696**	(27,495)
Net increase in cash and cash equivalents		**28,377**	15,192
Cash and cash equivalents at the beginning of financial year		**198,030**	182,838
Cash and cash equivalents at the end of financial year	13	**226,407**	198,030

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 March 2011.

1 Domicile and activities

Overseas Union Enterprise Limited (the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 333 Orchard Road, #33-00, Singapore 238867.

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its subsidiaries are set out in note 41 to the financial statements.

The consolidated financial statements for the year ended 31 December 2010 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and measurement currency

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

2.4 Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the note 4 of the financial statements.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

(i) Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 *Business Combinations (2009)* in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see Note 3.1).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities of the acquired subsidiary is recognised as goodwill and is assessed for impairment annually. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition was credited to profit or loss in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements (2009)* in accounting for acquisitions of non-controlling interests (see Note 3.1 for the new accounting policy).

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Loss of control

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

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Associates

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

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

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and associates by the Company

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

3 Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates at the reporting 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the currency 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 re-attributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a 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 in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented within equity in the currency translation reserve. When the foreign operation is disposed of, the cumulative amount in currency translation reserve is transferred to profit or loss on disposal.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment

Measurement

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

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

Depreciation

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

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

Leasehold land and buildings are amortised evenly over the remaining period of the leases.

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

Subsequent expenditure

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

Disposal

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

3 Significant accounting policies (cont'd)

3.4 Development properties

Development properties include completed properties held for sale and properties under development.

Completed properties held for sale

Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Unsold properties under development

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

Sold properties under development

Revenue and cost on properties under development that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

3.5 Investment properties

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

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

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

3 Significant accounting policies (cont'd)

3.5 Investment properties (cont'd)

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

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

3.6 Leases

When the Group is the lessee of an operating lease:

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

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

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

When the Group is the lessor of an operating lease:

The Group leases out certain investment properties to third parties.

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

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

3.7 Inventories

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

3 Significant accounting policies (cont'd)

3.8 Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

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

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

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

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

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

3 Significant accounting policies (cont'd)

3.9 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than twelve months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "cash and cash equivalents", "other current assets", and "loans to subsidiaries" on the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within twelve months after the reporting date.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

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

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

3 Significant accounting policies (cont'd)

3.9 Financial assets (cont'd)

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any impairment losses.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

Available-for-sale financial assets

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss on debt securities. The impairment losses recognised in profit or loss on equity securities are not reversed through profit or loss.

3 Significant accounting policies (cont'd)

3.10 Cash and cash equivalents

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

3.11 Financial liabilities

The financial liabilities comprise borrowings and trade and other payables.

Recognition and derecognition

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

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

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

Initial measurement

Financial liabilities are initially recognised at fair value plus transaction costs.

Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

3.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the current bid prices, the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 Significant accounting policies (cont'd)

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.14 Non-current assets held for sale

Non-current assets are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3.15 Employee compensation

The Group's contributions are recognised as employee compensation expense in profit or loss in the periods which services are rendered by employees, unless they can be capitalised as an asset.

Defined contribution plans

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

Employee leave entitlements

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

Short-term benefits

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

3.16 Provisions for other liabilities or charges

Provisions for other liabilities or charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made.

3 Significant accounting policies (cont'd)

3.17 Revenue recognition

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

Hospitality services

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

Sale of development properties

The Group recognises revenue on property development projects when the risks and rewards of ownership have been transferred to the buyer. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or an equitable interest, revenue is recognised as the acts are performed based on the percentage of completion method under Recommended Accounting Practice (RAP) 11 *Pre-completion Contracts for the Sale of Development Property* issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under RAP 11, when (a) construction is beyond a preliminary stage, (b) the minimum down payment criterion is met, (c) sale prices are collectible, and (d) aggregate sales proceeds and costs can be reasonably estimated, the percentage of completion method is an allowed alternative. If any of the above criteria are not met, pre-completion proceeds received are accounted for as deposits until such criteria are met.

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

Rendering of services

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

Rental income

Rental income from operating leases on investment properties is recognised on a straight-line basis over the lease term.

Dividend income

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

Interest income

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

3 Significant accounting policies (cont'd)

3.18 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

3.19 Borrowing costs

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

3.20 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

3 Significant accounting policies (cont'd)

3.21 Dividends to Company's shareholders

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

3.22 Earnings per share

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

3.23 Segment reporting

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

3.24 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the consolidated financial statements.

4 Critical accounting estimates, assumptions and judgements

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

Fair value estimation on unlisted security

The Group has an investment in an unlisted security with an original cost of $30.0 million (2009: $30.0 million) and estimated fair value of $128.4 million (2009: $108.0 million). In estimating the fair value, the Group had estimated the net asset value as at 31 December 2010 of the investee entity, and adjusted for fair value of the properties held by the investee as at that date. A discount of approximately 13% (2009: 25%) has been applied to take into consideration the illiquid nature of the unlisted security.

If the discount rate used in estimating the fair value is to increase/decrease by 500 basis points from the management's estimates, the Group's fair value gain will decrease/increase by approximately $7.4 million (2009: $7.2 million). Correspondingly, the Group's carrying amount of the unlisted security will be decreased/increased by the same amount.

4 Critical accounting estimates, assumptions and judgements (cont'd)

Fair value assessment of investment and development properties

The fair value of each investment and development property is individually determined at the reporting date by independent professional valuers based on assumptions and estimates to reflect its current market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the current market conditions. In this aspect, the management has relied on the valuation reports for the fair value assessments of the investment properties (Note 22) and assessment of impairment of the development property (Note 16).

5 Revenue

	Group	
	2010	2009
	$'000	$'000
Hospitality income	172,321	130,451
Rental income	40,625	3,963
Dividend income	2,100	1,800
Others	555	1,290
	215,601	137,504

6 Other income

	Group	
	2010	2009
	$'000	$'000
Gain on foreign exchange	2,030	251
Interest income	242	1,638
Government grant – Job Credit Scheme	312	1,663
Income from partial release of space	4,580	–
Others	1,420	936
	8,584	4,488

The Job Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employers upon fulfilment of the conditions as stated in the scheme.

7 Expenses by nature

		Group	
		2010	2009
	Note	$'000	$'000
Advertising and promotion expenses		9,524	2,668
Depreciation of property, plant and equipment	23	17,137	17,735
Employee compensation	8	47,478	44,717
Hospitality supplies and services		28,386	22,878
Loss on disposal of property, plant and equipment		154	158
Other expenses		10,051	8,335
Professional and legal services		5,353	2,699
Property tax		10,043	5,828
Rental expense on operating leases		4	59
Repair and maintenance expenses		4,871	5,715
(Reversal of)/Allowance of impairment of trade receivables		(118)	431
Utility charges		13,192	8,442
Total cost of sales, marketing, administrative and other operating expenses		146,075	119,665

8 Employee compensation

	Group	
	2010	2009
	$'000	$'000
Wages, salaries and other benefits-in-kind	43,930	41,264
Employer's contribution to defined contribution plans including Central Provident Fund	3,548	3,453
	47,478	44,717

9 Finance expenses

		Group	
		2010	2009
	Note	$'000	$'000
Finance expenses		22,467	36,240
Less:			
Finance expense capitalised in development property	16	(11,000)	(29,551)
Finance expense capitalised in investment properties	22	(3,341)	(6,671)
		(14,341)	(36,222)
		8,126	18

10 Other gains/(losses) – net

	Note	Group 2010 $'000	Group 2009 $'000
Fair value gain/(loss) on investment properties	22	664,728	(23,803)
Gain on sale of property, plant and equipment relating to commercial laundry business		2,270	–
Gain on sale of subsidiaries	40	4	10,407
Gain/(Loss) on sale of investment property		92	(24)
Reversal of impairment losses on property, plant and equipment	23	40,345	–
Reversal of/(Impairment losses) on development property	16	64,241	(30,930)
		771,680	(44,350)

11 Income taxes

	Group 2010 $'000	Group 2009 $'000
Income tax expense		
Current tax expense		
Current year	14,352	6,211
Underprovision in respect of prior years	143	20
	14,495	6,231
Deferred tax expense		
Current year	112,695	(10,815)
Underprovision in respect of prior years	259	–
	112,954	(10,815)
Total income tax expense/(credit)	127,449	(4,584)

11 Income taxes (cont'd)

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

	Group 2010 $'000	Group 2009 $'000
Profit/(Loss) before income tax	904,626	(97,985)
Share of results of associates (net of tax)	(62,962)	75,944
	841,664	(22,041)
Income tax using the Singapore tax rate of 17%	143,083	(3,747)
Effects of change in Singapore tax rate	–	(4,956)
Effects of different tax rates on foreign-sourced income	561	502
Effects of expenses not deductible for tax purposes	2,057	5,393
Effects of income not subject to tax	(18,048)	(2,075)
Effects of Singapore statutory stepped income exemption	(181)	(118)
Effects of tax losses of certain subsidiaries not recognised	100	397
Effects of recognition of previously unrecognised tax losses	(525)	–
Effects of underprovision in the preceding financial years	402	20
Total income tax expense/(credit)	127,449	(4,584)

12 Earnings per share

	Group 2010	Group 2009
Net profit/(loss) attributable to owners of the Company ($'000)	772,473	(92,209)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	981,602	981,602
Basic earnings/(loss) per share ($ per share)	0.79	(0.09)

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

During the year, the Company had sub-divided each ordinary share into five shares (see Note 28). The effect of the sub-division of shares is applied retrospectively.

13 Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	13,090	–	–	–
Cash at bank and on hand	156,590	192,745	30,342	133,517
Fixed deposits with financial institutions	56,727	5,285	52,800	5,000
Cash and cash equivalents	226,407	198,030	83,142	138,517

14 Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade receivables:				
- Associates	2,426	2,654	–	–
- Subsidiaries	–	–	20	320
- Third parties	22,242	8,357	13,406	5,996
	24,668	11,011	13,426	6,316
Less: Allowance for impairment of receivables				
- Associates	(204)	(929)	–	–
- Third parties	(138)	(1,579)	(4)	(34)
	(342)	(2,508)	(4)	(34)
Trade receivables - net	24,326	8,503	13,422	6,282
Non-trade receivables				
- Associates	276	206	276	206
- Subsidiaries	–	–	426,631	565,508
- Related parties	2,172	–	2,208	–
	2,448	206	429,115	565,714
Less: Allowance for impairment of receivables				
- Subsidiaries	–	–	(191)	–
Non-trade receivables - net	2,448	206	428,924	565,714
Less: Non-current portion	–	–	(558)	–
Current non-trade receivables - net	2,448	206	428,366	565,714
	26,774	8,709	441,788	571,996

The current portion of non-trade receivables due from associates, subsidiaries and related parties are unsecured, interest-free and repayable on demand. As at end of last financial year, interest at 0.73% per annum over the bank's swap rate is charged on an amount due from a subsidiary of $258,000,000.

The non-current portion of non-trade receivables relates to rental deposits placed with a subsidiary. It is unsecured and interest-free.

14 Trade and other receivables (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Past due 1 to 30 days	3,317	2,685	1,839	1,531
Past due 31 to 60 days	1,112	451	706	122
Past due over 60 days	2,370	88	1,230	15
	6,799	3,224	3,775	1,668

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Beginning of financial year	2,508	2,163	34	34
Allowance (reversed)/made	(118)	431	(16)	–
Allowance utilised	(2,050)	(86)	(14)	–
Currency translation differences	2	–	–	–
End of financial year	342	2,508	4	34

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

	Company	
	2010	2009
	$'000	$'000
Beginning of financial year	–	–
Allowance made	191	–
End of financial year	191	–

15 Inventories

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Food and beverage	355	304	118	68
General supplies	165	235	–	–
Others	155	108	–	–
	675	647	118	68

The cost of inventories recognised as expense and included in "cost of sales" amounted to $13,557,000 (2009: $10,884,000).

16 Development property

		Group 2010 $'000	Group 2009 $'000
(a)	Land and related costs	725,291	644,333
	Other development expenditure	4,195	2,208
	Property tax and other overheads	1,196	764
	Finance expense	25,057	14,057
		755,739	661,362
	Less: Progress billings	(13,404)	–
	Less: Impairment losses	(26,959)	(91,200)
		715,376	570,162

(b) Finance expense capitalised during the year was $11,000,000 (2009: $29,551,000 of which, $15,836,000 was capitalised into a development property that was disposed during the year).

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

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

Description and location	Purpose of development	Group's effective interest 2010 %	Group's effective interest 2009 %	Site area (Square meter)	Gross floor area* (Square meter)	Stage of completion
Leasehold residential and at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521	Nil

* Includes balcony

(e) Completion of construction method
As stated in note 3.17, the Group recognises profit from sale of development properties using the percentage of completion method. Had the Group adopted the completion of construction method, there is no impact on the financial statements for the financial year ended 31 December 2010 as the construction of the development project was still at a preliminary stage at the reporting date and no profit had been recognised in the financial statements.

17 Other current assets

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Sundry receivables	6,261	7,022	2,788	4,070
Less: Allowance for impairment of receivables	(1,789)	(1,780)	(1,670)	(1,670)
	4,472	5,242	1,118	2,400
Deposits	800	483	628	157
Staff loans and advances	7	12	6	4
Loans and receivables	5,279	5,737	1,752	2,561
Prepayments	1,348	630	420	424
	6,627	6,367	2,172	2,985

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

Movement in the allowance for impairment is as follows:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Beginning of financial year	1,780	1,670	1,670	1,670
Allowance made	–	110	–	–
Currency translation differences	9	–	–	–
End of financial year	1,789	1,780	1,670	1,670

18 Non-current assets held for sale

Details of the non-current assets classified as held for sale are as follows:

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Investment property (1)	22	–	1,900	–	1,900
Property, plant and equipment (2)		–	1,718	–	–
		–	3,618	–	1,900

(1) Subsequent to the issue of an Option to Purchase in December 2009, an investment property was reclassified as non-current asset held for sale in the statement of financial position. The transaction was completed during the year.

(2) Following the approval of the Group's management in October 2009 to dispose of the commercial laundry business assets of a subsidiary in Singapore, the assets agreed in the Sales and Purchase Agreement were classified as non-current assets held for sale in the statement of financial position. The transaction was completed during the year.

19 Available-for-sale financial assets

	Group and Company	
	2010	2009
	$'000	$'000
Unlisted security:		
- Equity security in Singapore	128,350	108,000

The fair value of the unlisted security was based on an internal estimation. In determining the fair value, the Group had estimated the net asset value as at 31 December 2010 of the investee entity, and adjusted for fair value of the properties held by the investee entity as at that date. A discount of approximately 13% (2009: 25%) was applied to take into consideration the illiquid nature of the unlisted security.

20 Investments in associates

	Company	
	2010	2009
	$'000	$'000
Equity investment at cost	168,192	168,192
Less: Allowance for impairment of investments	(44,947)	(44,947)
	123,245	123,245
Subordinated loans and other loans	45,032	43,445
Less: Allowance for impairment of loans	(42,550)	(40,840)
	2,482	2,605
	125,727	125,850

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

These loans are interest-free except for an amount of $3,638,000 (2009: $3,820,000) for which interest is charged at a fixed rate of 1.00% (2009: 1.00%) per annum.

	Group	
	2010	2009
	$'000	$'000
Beginning of financial year	613,101	693,287
Share of currency translation differences	(404)	(92)
Share of hedging reserve	(1,992)	–
Share of results	62,962	(75,944)
Dividends received	(3,275)	(4,150)
End of financial year	670,392	613,101

20 Investments in associates (cont'd)

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

	Company	
	2010	2009
	$'000	$'000
Beginning of financial year	40,840	41,540
Currency translation differences	1,710	(700)
End of financial year	42,550	40,840

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

	Group	
	2010	2009
	$'000	$'000
Assets	1,868,046	1,766,480
Liabilities	540,986	554,612
Revenues	149,901	206,280
Net profit/(loss)	132,950	(145,346)
Share of associates' contingent liabilities incurred jointly with other investors	2,404	4,213
Unrecognised share of losses of associates is as follows:		
Beginning of financial year	4,550	4,430
Movement in the year	214	120
End of financial year	4,764	4,550

Details of associates' are included in note 41.

21 Investments in subsidiaries/Loans to subsidiaries

	Company	
	2010	2009
	$'000	$'000
Investments in subsidiaries		
Equity investment at cost		
Beginning of financial year	448,345	448,345
Disposal during the financial year (Note 40)	(1)	–
End of financial year	448,344	448,345
Less: Allowance for impairment of investments	(95,802)	(95,802)
	352,542	352,543

21 Investments in subsidiaries/Loans to subsidiaries (cont'd)

Details of subsidiaries are included in note 41.

	Company	
	2010	2009
	$'000	$'000
Loans to subsidiaries		
Loans to subsidiaries	1,062,468	194,946
Less: Allowance for impairment of loans	(77,004)	(108,748)
	985,464	86,198
Less: Current portion	(875,085)	(86,198)
Non-current portion	110,379	–

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

The current portion of the loans to subsidiaries were unsecured and repayable on demand. These balances are interest-free except for an amount $734,476,000 (2009: $Nil) for which interest is charged at 2.61% per annum on a weighted average basis.

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

	Company	
	2010	2009
	$'000	$'000
Beginning of financial year	108,748	109,080
Allowance made	2,036	1,658
Allowance reversed	(32,591)	–
Currency translation differences	(1,189)	(1,990)
End of financial year	77,004	108,748

During the year, the Company assessed the carrying amount of its loans to subsidiaries. Based on its assessment, the Company reversed impairment losses of $27,510,000 on certain loans to subsidiaries, to reflect the value of the underlying properties held by these subsidiaries. The recoverable amounts of the properties were estimated using the fair value less costs to sell approach.

22 Investment properties

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Beginning of financial year		1,050,613	825,549	418,000	228,750
Acquisition of a subsidiary	39	874,394	–	–	–
Additions		110,604	245,976	4,250	106,168
Disposal		–	(1,880)	–	(1,880)
Interest capitalised	9	3,341	6,671	–	2,569
Fair value gain/(loss) recognised in profit or loss	10	664,728	(23,803)	97,750	84,293
		2,703,680	1,052,513	520,000	419,900
Reclassified to non-current asset held for sale	18	–	(1,900)	–	(1,900)
End of financial year		2,703,680	1,050,613	520,000	418,000

As at 31 December 2010, investment properties with a total carrying amount of $1,303,680,000 (2009: $632,613,000) were pledged as security for banking facilities (Note 25).

The Group's investment properties are:

	Description and Location	**Tenure of Land**
OUE Bayfront (and adjoining properties comprising Aerial Tower and Change Alley Linkbridge)	Under development into an 18-storey office tower, as well as conservation and refurbishment of retail space and tower building at Collyer Quay, Singapore	99-year lease from 12 November 2007 15-year lease from 26 March 2010 (for Change Alley Linkbridge)
Mandarin Gallery	A 4-storey retail mall at Orchard Road, Singapore	99-year lease from The Ngee Ann Kongsi from 1 July 1957
DBS Building Tower One and Two	A 49-storey and a 37-storey commercial tower at Shenton Way, Singapore	99-year lease from 19 July 1967

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

22 Investment properties (cont'd)

The properties were appraised at the following open market values:

	Date of Appraisal	Open Market Value	
		2010	2009
		$'000	$'000
OUE Bayfront (and adjoining properties comprising Aerial Tower and Change Alley Linkbridge) [1]	31 December	571,000	526,900
Mandarin Gallery [2]	31 December	520,000	418,000
DBS Building Tower One and Two [3]	31 December	1,400,000	–

(1) The redevelopment site at Collyer Quay comprises the erection of an 18-storey office tower at the site of the former Overseas Union House, as well as conservation and refurbishment of Change Alley Aerial Plaza Tower (renamed "Aerial Tower") and the Change Alley Linkbridge, respectively. The income capitalisation method (i.e. the expectation of future benefit) and residual land method were used to arrive at the open market value of the land component of the combined redevelopment site as at 31 December 2010 based on a fresh lease of 99 years. OUE Bayfront obtained Temporary Occupancy Permit on 21 January 2011.

(2) Mandarin Gallery was redeveloped into a high-end luxury shopping mall last year. The open market value as at 31 December 2010 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

(3) DBS Building Tower One and Two were acquired by the Group during the year. The open market value as at 31 December 2010 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

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

The following amounts are recognised in profit or loss:

	Group	
	2010	2009
	$'000	$'000
Rental income	40,625	1,476
Direct operating expenses arising from investment properties that generated rental income	14,801	1,266
Direct operating expenses arising from an investment property that did not generate rental income	30	80

23 Property, plant and equipment

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group								
2010								
Cost								
Beginning of financial year	302,863	72,949	1,927	120,193	54,728	3,743	5	556,408
Exchange differences	385	–	–	189	77	3	–	654
Acquisition of a subsidiary (Note 39)	–	3	–	–	–	–	–	3
Additions	40	2,364	17	2,936	526	1,491	–	7,374
Disposals	(2,966)	(436)	–	(2,543)	(141)	–	–	(6,086)
Reclassifications	–	–	–	(6,600)	6,600	–	–	–
End of financial year	300,322	74,880	1,944	114,175	61,790	5,237	5	558,353
Accumulated depreciation and impairment losses								
Beginning of financial year	179,992	36,554	154	79,902	45,310	1,867	–	343,779
Exchange differences	(155)	–	–	109	90	3	–	47
Depreciation charge	3,378	3,577	39	5,229	4,370	544	–	17,137
Disposals	(2,928)	(436)	–	(1,877)	(121)	–	–	(5,362)
Reversal of impairment losses	(40,345)	–	–	–	–	–	–	(40,345)
End of financial year	139,942	39,695	193	83,363	49,649	2,414	–	315,256

23 Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group								
2009								
Cost								
Beginning of financial year	316,328	67,114	1,927	121,178	56,000	2,782	5	565,334
Exchange differences	(11,578)	–	–	(3,920)	(1,456)	(93)	–	(17,047)
Additions	36	6,370	–	9,755	440	1,600	–	18,201
Disposals	–	–	–	(1,836)	(178)	(194)	–	(2,208)
Reclassified to non-current assets held for sale (Note 18)	(1,923)	(535)	–	(4,984)	(78)	(352)	–	(7,872)
End of financial year	302,863	72,949	1,927	120,193	54,728	3,743	5	556,408
Accumulated depreciation								
Beginning of financial year	185,641	33,716	116	82,618	41,422	2,124	–	345,637
Exchange differences	(7,920)	–	–	(2,705)	(1,263)	(83)	–	(11,971)
Depreciation charge	3,394	3,251	38	5,406	5,345	301	–	17,735
Disposals	–	–	–	(1,158)	(116)	(194)	–	(1,468)
Reclassified to non-current assets held for sale (Note 18)	(1,123)	(413)	–	(4,259)	(78)	(281)	–	(6,154)
End of financial year	179,992	36,554	154	79,902	45,310	1,867	–	343,779

23 Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group								
Carrying amounts								
At 1 January 2009	130,687	33,398	1,811	38,560	14,578	658	5	219,697
At 31 December 2009	122,871	36,395	1,773	40,291	9,418	1,876	5	212,629
At 31 December 2010	160,380	35,185	1,751	30,812	12,141	2,823	5	243,097

23 Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Company							
2010							
Cost							
Beginning of financial year	104,059	72,331	1,927	52,982	29,887	2,362	263,548
Additions	–	2,366	17	2,113	676	1,492	6,664
Reclassifications	–	–	–	(6,600)	6,600	–	–
Disposals	–	–	–	(1,278)	(6)	–	(1,284)
End of financial year	104,059	74,697	1,944	47,217	37,157	3,854	268,928
Accumulated depreciation							
Beginning of financial year	42,403	35,934	155	33,567	22,671	637	135,367
Depreciation charge	1,319	3,577	37	3,276	2,647	506	11,362
Disposals	–	–	–	(680)	(6)	–	(686)
End of financial year	43,722	39,511	192	36,163	25,312	1,143	146,043

23 Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Company							
2009							
Cost							
Beginning of financial year	104,059	65,960	1,927	44,195	29,653	762	246,556
Additions	–	6,371	–	9,265	279	1,600	17,515
Disposals	–	–	–	(478)	(45)	–	(523)
End of financial year	104,059	72,331	1,927	52,982	29,887	2,362	263,548
Accumulated depreciation							
Beginning of financial year	41,084	32,690	116	30,330	20,591	415	125,226
Depreciation charge	1,319	3,244	39	3,243	2,113	222	10,180
Disposals	–	–	–	(6)	(33)	–	(39)
End of financial year	42,403	35,934	155	33,567	22,671	637	135,367
Carrying amounts							
At 1 January 2009	62,975	33,270	1,811	13,865	9,062	347	121,330
At 31 December 2009	61,656	36,397	1,772	19,415	7,216	1,725	128,181
At 31 December 2010	60,337	35,186	1,752	11,054	11,845	2,711	122,885

23 Property, plant and equipment (cont'd)

The Group's major leasehold land and buildings are:

	Description and Location	Tenure of Land
Mandarin Orchard Singapore	a 37-storey Main Tower with a 38-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from The Ngee Ann Kongsi from 1 July 1957
Meritus Mandarin Haikou	a 23-storey building known as the "Meritus Mandarin Haikou" in Haikou, Hainan, The People's Republic of China	70-year lease from 31 March 1989
Meritus Shantou China	a 21-storey building known as the "Meritus Shantou China" in Shantou, Guangdong, The People's Republic of China	50-year lease from 24 September 1997

As at 31 December 2010, the Company's hotel property, Mandarin Orchard Singapore, was appraised by professional valuers at open market value of $1,135,080,000 (2009: $800,000,000). The carrying amount of the hotel property as at 31 December 2010 is $118,353,000 (2009: $124,684,000). This valuation surplus of $1,016,727,000 (2009: $675,316,000) has not been incorporated in the financial statements.

The Group assessed the carrying amounts of its property, plant and equipment during the year. Based on this assessement, impairment losses of $40,345,000 relating to Meritus Mandarin Haikou and Meritus Shantou China were reversed. The recoverable amounts of Meritus Mandarin Haikou and Meritus Shantou China were based on market values determined by an independent professional valuer. The market values were based on the income capitalisation approach and discounted cash flow analysis. The discount rate applied to the future cash flows was approximately 14% (2009: 11%).

The total carrying amount of the hotel properties and plant and equipment of Meritus Mandarin Haikou and Meritus Shantou China as at 31 December 2010 was $120,167,000 (2009: $78,343,000).

Property, plant and equipment of the Group and Company with total carrying value of $118,353,000 (2009: $nil) are mortgaged to a financial institutions to secure credit facilities (see Note 25).

24 Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade payables:				
- Subsidiaries	–	–	1,070	1,490
- Third parties	9,773	9,051	3,216	2,329
	9,773	9,051	4,286	3,819
Non-trade payables:				
- Subsidiaries	–	–	149,735	182,323
Accruals and sundry creditors	52,117	41,354	30,421	32,870
Retention sum payables	3,851	7,493	3,681	7,493
Rental deposits	4,199	959	348	47
	69,940	58,857	188,471	226,552

Non-trade payables to subsidiaries are unsecured, repayable on demand and interest-free except for an amount $149,119,000 (2009: $181,631,000) for which interest is charged at 0.73% (2009: 0.73%) per annum over the bank's swap rate.

25 Borrowings

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
Current					
Loan from a minority shareholder of a subsidiary	(h)	–	14,966	–	–
Revolving credit facility	(a)	–	100,000	–	100,000
Revolving credit facility	(b)	50,000	–	50,000	–
Secured bank loan	(c)	431,114	–	–	–
		481,114	114,966	50,000	100,000
Non-current					
Secured bank loan	(c)	–	358,380	–	–
Secured bank loan	(d)	–	100,000	–	–
Secured bank loan	(e)	364,155	–	–	–
Secured bank loan	(f)	436,144	–	436,144	–
Secured notes	(g)	300,000	–	300,000	–
Loan from a minority shareholder of a subsidiary	(h)	14,966	–	–	–
		1,115,265	458,380	736,144	–
Total borrowings		1,596,379	573,346	786,144	100,000

25 Borrowings (cont'd)

(a) This is a $100 million revolving credit facility which was fully repaid in April 2010. Interest was charged at 1.00% per annum over the bank's swap rate. This facility had a negative pledge over all of the Company's assets.

(b) This is a $50 million revolving credit facility which matures in September 2011. This facility has a negative pledge over all of the Company's assets. Interest was charged at 2.90% per annum over the bank's swap rate.

(c) The secured bank loan is repayable in April 2011. Interest is calculated at 1.25% per annum over the bank's swap rate on $61 million of the bank loan and at 0.73% per annum over the bank's swap rate on the remaining portion of the loan.

The bank loan is secured by:

(i) a first legal mortgage over a subsidiary's investment property with carrying amount of $783,680,000 (2009: $632,613,000);

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

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

(d) The bank loan was fully repaid in July 2010. As at 31 December 2009, the secured bank loan was repayable in May 2012. Interest on the bank loan is calculated at 4.45% per annum over the bank's swap rate.

The bank loan was secured by:

(i) a first legal mortgage over a subsidiary's development property with carrying amount of $570,162,000; and

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

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

The bank loan is secured by:

(i) a first legal mortgage over a subsidiary's development property with carrying amount of $715,376,000; and

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

25 Borrowings (cont'd)

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

The loan is secured by:

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

(ii) a first legal mortgage over the Company's hotel property with carrying amount of $118,353,000; and

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

(g) This relates to $300 million secured notes ("Notes") issued by the Company. The Notes bear a fixed interest at 3.36% per annum and will mature on 27 September 2013. The Notes are secured and share the same security as the facility under note (f) above.

(h) In prior year, the loan from a minority shareholder of a subsidiary was unsecured, interest-free and repayable on demand. In current year, the settlement of this loan is neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, a part of the minority shareholder's net investment in the entity, it is stated at cost less accumulated impairment losses.

(i) Undrawn borrowing facilities

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Not later than one year	28,886	–	–	–
Later than one year	50,000	201,620	–	–
	78,886	201,620	–	–

26 Deferred income taxes

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

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

	Property, plant and equipment $'000	Investment properties $'000	Others $'000	Total $'000
Group				
Deferred income tax liabilities				
2010				
Beginning of financial year	5,455	72,937	–	78,392
Recognised in profit or loss	107	114,215	(1,464)	112,858
Acquisition of subsidiary	3,779	1,274	1,417	6,470
Others	–	–	140	140
End of financial year	9,341	188,426	93	197,860
2009				
Beginning of financial year	7,695	81,512	–	89,207
Effect of change in Singapore tax rate recognised in profit or loss	(428)	(4,528)	–	(4,956)
Recognised in profit or loss	(1,812)	(4,047)	–	(5,859)
End of financial year	5,455	72,937	–	78,392

	Group Provisions 2010 $'000	Group Provisions 2009 $'000
Deferred income tax assets		
Beginning financial year	(96)	(96)
Recognised in profit or loss	96	–
End of financial year	–	(96)

26 Deferred income taxes (cont'd)

	Property, plant and equipment $'000	Investment properties $'000	Others $'000	Total $'000
Company				
Deferred income tax liabilities				
2010				
Beginning of financial year	6,650	40,687	–	47,337
Recognised in profit or loss	(10)	16,612	496	17,098
End of financial year	6,640	57,299	496	64,435
2009				
Beginning of financial year	7,675	27,907	–	35,582
Effect of change in Singapore tax rate recognised in profit or loss	(427)	(1,550)	–	(1,977)
Recognised in profit or loss	(598)	14,330	–	13,732
End of financial year	6,650	40,687	–	47,337

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

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of $21,766,000 and $Nil (2009: $26,103,000 and $104,500) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses of $21,607,000 (2009: $25,800,000) will expire within one to five years. Deferred tax asset of $5,429,000 (2009: $2,007,000) arising from the tax losses and capital allowance has not been recognised.

27 Other liabilities

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Retention sum payables	9,346	9,268	–	635
Rental deposits	19,571	4,821	4,829	4,821
	28,917	14,089	4,829	5,456

28 Share capital

	Group and Company			
	Number of shares		Amount	
	2010	2009	2010	2009
	'000	'000	$'000	$'000
Beginning of financial year	196,320	196,320	693,315	693,315
Sub-division of shares	785,282	–	–	–
End of financial year	981,602	196,320	693,315	693,315

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

At an extraordinary general meeting held on 16 June 2010, the shareholders had approved the sub-division of each ordinary share in the capital of the Company into five shares. Accordingly, the total number of issued ordinary shares increased from 196,320,372 to 981,601,860.

29 Other reserves

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Asset revaluation reserve	46,135	46,135	37,107	37,107
Currency translation reserve	(43,574)	(42,720)	–	–
Hedging reserve	(1,992)	–	–	–
Fair value reserve	98,350	78,000	98,350	78,000
Other capital reserve	25,798	25,798	–	–
	124,717	107,213	135,457	115,107

Asset revaluation reserve

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

Currency translation reserve

The currency translation reserve comprises:

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

(b) share of currency translation reserves of foreign associates; and

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

Hedging reserve

This relates to the Group's share of the hedging reserve of an associate.

29 Other reserves (cont'd)

Fair value reserve

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

Other capital reserve

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

30 Accumulated profits

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

	Company	
	2010	2009
	$'000	$'000
Beginning of financial year	729,093	644,683
Net profit for the financial year	163,228	84,410
Dividends paid	(19,632)	–
End of financial year	872,689	729,093

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

31 Dividends

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

For the year ended 31 December	Group and Company	
	2010	2009
	$'000	$'000
2 cents per ordinary share (2009: Nil)	19,632	–

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	
	2010	2009
	$'000	$'000
2 cents per ordinary share (2009: Nil)	19,632	–

32 Contingent liabilities (unsecured)

As at 31 December 2009, the Group had contingent liabilities to cater to a legal claim of approximately RM66.0 million equivalent to $27.4 million, brought against the Company's wholly-owned subsidiary, Singapore Meritus International Hotels Pte Ltd ("SMI") by Riviera Bay Resort & Condo Management Sdn Bhd ("RBR"). The claim was a counter claim in response to a legal claim for recovery of a debt of approximately $2.0 million brought by SMI against RBR.

During the year, SMI and RBR had agreed to full and final settlement of the above claims, and have jointly filed the relevant Notice of Discontinuance in respect thereof. The settlement did not have a material impact on the Group's financial results for the year ended 31 December 2010.

33 Commitments

Capital commitments

As at 31 December 2010, the Group and the Company have the following capital commitments:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Property, plant and equipment	9,561	2,802	9,402	2,802
Investment properties	15,408	97,262	–	–
Development property	194,110	8,763	–	–

Operating lease commitments - where the Group is a lessee

The Group and Company lease office equipment and leases land and buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Not later than one year	40	228	1,322	223
Between two and five years	–	817	4,626	817
	40	1,045	5,948	1,040

33 Commitments (cont'd)

Operating lease commitments - where the Group is a lessor

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Not later than one year	231,119	35,233	33,306	33,554
Between two and five years	464,263	71,058	39,340	71,058
Later than five years	77,069	23	–	23
	772,451	106,314	72,646	104,635

Contingent rents, generally determined based on a percentage of tenants' revenue, of $373,000 (2009: $Nil) have been recognised as income by the Group and the Company respectively in profit or loss during the year.

34 Financial instruments by category and fair value

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

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
2010						
Assets						
Cash and cash equivalents	13	226,407	–	–	226,407	226,407
Trade and other receivables	14	26,774	–	–	26,774	26,774
Other current assets *	17	5,279	–	–	5,279	5,279
Available-for-sale financial assets	19	–	128,350	–	128,350	128,350
		258,460	128,350	–	386,810	386,810
Liabilities						
Trade and other payables	24	–	–	(69,940)	(69,940)	(69,940)
Borrowings	25	–	–	(1,596,379)	(1,596,379)	(1,595,359)
Other liabilities	27	–	–	(28,917)	(28,917)	(27,115)
		–	–	(1,695,236)	(1,695,236)	(1,692,414)

* Excluding prepayments

34 Financial instruments by category and fair value (cont'd)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group						
2009						
Assets						
Cash and cash equivalents	13	198,030	–	–	198,030	198,030
Trade and other receivables	14	8,709	–	–	8,709	8,709
Other current assets *	17	5,737	–	–	5,737	5,737
Available-for-sale financial assets	19	–	108,000	–	108,000	108,000
		212,476	108,000	–	320,476	320,476
Liabilities						
Trade and other payables	24	–	–	(58,857)	(58,857)	(58,857)
Borrowings	25	–	–	(573,346)	(573,346)	(573,346)
Other liabilities	27	–	–	(14,089)	(14,089)	(13,754)
		–	–	(646,292)	(646,292)	(645,957)

* Excluding prepayments

34 Financial instruments by category and fair value (cont'd)

	Note	Loans and receivables $'000	Available-for-sale financial assets $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Company						
2010						
Assets						
Cash and cash equivalents	13	83,142	–	–	83,142	83,142
Trade and other receivables	14	441,788	–	–	441,788	441,788
Other current assets *	17	1,752	–	–	1,752	1,752
Loans to other subsidiaries	21	875,085	–	–	875,085	875,085
Available-for-sale financial assets	19	–	128,350	–	128,350	128,350
Other receivables	14	558	–	–	558	558
		1,402,325	128,350	–	1,530,675	1,530,675
Liabilities						
Trade and other payables	24	–	–	(188,471)	(188,471)	(188,471)
Borrowings	25	–	–	(786,144)	(786,144)	(785,124)
Other liabilities	27	–	–	(4,829)	(4,829)	(4,554)
		–	–	(979,444)	(979,444)	(978,149)
2009						
Assets						
Cash and cash equivalents	13	138,517	–	–	138,517	138,517
Trade and other receivables	14	571,996	–	–	571,996	571,996
Other current assets *	17	2,561	–	–	2,561	2,561
Loans to other subsidiaries	21	86,198	–	–	86,198	86,198
Available-for-sale financial assets	19	–	108,000	–	108,000	108,000
		799,272	108,000	–	907,272	907,272
Liabilities						
Trade and other payables	24	–	–	(226,552)	(226,552)	(226,552)
Borrowings	25	–	–	(100,000)	(100,000)	(100,000)
Other liabilities	27	–	–	(5,456)	(5,456)	(5,121)
		–	–	(332,008)	(332,008)	(331,673)

* Excluding prepayments

The fair values above have been determined for disclosure purposes based on the methods described in note 35.

34 Financial instruments by category and fair value (cont'd)

Estimation of fair values

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

Debt security

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

Available-for-sale financial assets

The fair value of the Group's investment in an unlisted security is estimated based on the net asset value of the investee entity, adjusted for the fair value of the underlying properties. Further details are set out in note 35.

Non-derivative financial liabilities

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

Other financial assets and liabilities

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

Interest rate used for determining fair values

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

	2010 %	2009 %
Other liabilities	2.32	2.46

35 Financial risk management

Financial risk factors

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

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of these 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.

In addition, the Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on quarterly basis and independent internal audit reporting.

Foreign currency risk

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

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

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

35 Financial risk management (cont'd)

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

		Currency Exposure		
SGD equivalent	SGD $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2010				
Financial assets				
Cash and cash equivalents	207,945	3	18,459	226,407
Trade and other receivables	25,214	–	1,560	26,774
Other current assets*	5,279	–	–	5,279
Available-for-sale financial assets	128,350	–	–	128,350
	366,788	3	20,019	386,810
Financial liabilities				
Trade and other payables	(64,458)	(121)	(5,361)	(69,940)
Borrowings	(1,596,379)	–	–	(1,596,379)
Other liabilities	(28,917)	–	–	(28,917)
	(1,689,754)	(121)	(5,361)	(1,695,236)
Net financial (liabilities)/assets	(1,322,966)	(118)	14,658	(1,308,426)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,322,966	–	(14,289)	1,308,677
Net currency exposure	–	(118)	369	251

* Excluding prepayments

35 Financial risk management (cont'd)

		Currency Exposure		
SGD equivalent	SGD $'000	USD $'000	Others $'000	Total $'000
As at 31 December 2009				
Financial assets				
Cash and cash equivalents	187,283	41	10,706	198,030
Trade and other receivables	5,725	781	2,203	8,709
Other current assets*	4,788	–	949	5,737
Available-for-sale financial assets	108,000	–	–	108,000
	305,796	822	13,858	320,476
Financial liabilities				
Trade and other payables	(54,169)	(103)	(4,585)	(58,857)
Borrowings	(573,346)	–	–	(573,346)
Other liabilities	(14,089)	–	–	(14,089)
	(641,604)	(103)	(4,585)	(646,292)
Net financial (liabilities)/assets	(335,808)	719	9,273	(325,816)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	335,808	–	(9,208)	326,600
Net currency exposure	–	719	65	784

* Excluding prepayments

35 Financial risk management (cont'd)

The Company is not exposed to significant currency risk in 2010.

The Company's currency exposure (expressed in Singapore Dollar ("SGD") equivalent) in 2009 based on the information provided to key management is as follows:

	Currency Exposure		
SGD equivalent	SGD $'000	USD $'000	Total $'000
As at 31 December 2009			
Financial assets			
Cash and cash equivalents	138,517	–	138,517
Trade and other receivables	571,600	396	571,996
Other current assets*	2,561	–	2,561
Loans to subsidiaries	80,031	6,167	86,198
Available-for-sale financial assets	108,000	–	108,000
	900,709	6,563	907,272
Financial liabilities			
Trade and other payables	(226,552)	–	(226,552)
Borrowings	(100,000)	–	(100,000)
Other liabilities	(5,456)	–	(5,456)
	(332,008)	–	(332,008)
Net financial assets	568,701	6,563	575,264
Less: Net financial (liabilities)/assets denominated in the Company's functional currency	(568,701)	–	(568,701)
Net currency exposure	–	6,563	6,563

* Excluding prepayments

35 Financial risk management (cont'd)

Sensitivity analysis for foreign currency risk

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

	Increase/(Decrease)	
	2010	2009
	$'000	$'000
Group		
USD against SGD		
- strengthened 5% (2009: 2%)	(6)	14
- weakened 5% (2009: 2%)	6	(14)
Company		
USD against SGD		
- strengthened 5% (2009: 2%)	–	131
- weakened 5% (2009: 2%)	–	(131)

Interest rate risk

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

The Group's loans are mainly at floating rates. Where appropriate, the Group uses interest rate swaps as cash flow hedges of future interest payments. In the past two years, the Group has not entered into any interest rate swaps.

	Group Carrying amount		Company Carrying amount	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Loans to subsidiaries	–	–	476,476	–
Borrowings	(300,000)	–	(300,000)	–
	(300,000)	–	176,476	–

35 Financial risk management (cont'd)

	Group Carrying amount 2010 $'000	Group Carrying amount 2009 $'000	Company Carrying amount 2010 $'000	Company Carrying amount 2009 $'000
Variable rate instruments				
Cash and cash equivalents	56,727	5,285	52,800	5,000
Trade and other receivables	–	–	–	258,000
Loans to subsidiaries	–	–	258,000	–
Trade and other payables	–	–	(149,119)	(181,631)
Borrowings	(1,281,413)	(558,380)	(486,144)	(100,000)
	(1,224,686)	(553,095)	(324,463)	(18,631)

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of less than 3 months (2009: 6 months).

Sensitivity analysis for interest rate risk

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

	2010 Increase/ Decrease in basis points	2010 Effect on profit before tax $'000	2009 Increase/ Decrease in basis points	2009 Effect on profit before tax $'000
Group	+ 70	(8,573)	+ 50	(2,765)
	- 70	8,573	- 50	2,765
Company	+ 70	(2,271)	+ 50	(93)
	- 70	2,271	- 50	93

Credit risk

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

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

35 Financial risk management (cont'd)

Credit risk concentration profile

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	26,870	10,149	893,672	615,648
Indonesia	915	1,126	915	1,126
The People's Republic of China	903	2,285	19	43,561
Malaysia	393	446	15	21
Others	2,972	440	424,562	399
	32,053	14,446	1,319,183	660,755
By types of customers				
Related parties	5,408	1,842	1,304,094	651,958
Non-related parties:				
- Multi-national companies	7,939	800	1,208	800
- Other companies	18,317	11,801	13,875	7,994
- Individuals	389	3	6	3
	32,053	14,446	1,319,183	660,755

Financial assets that are neither past due nor impaired

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

Liquidity risk

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

35 Financial risk management (cont'd)

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

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	More than 5 years $'000
Group						
At 31 December 2010						
Trade and other payables and other liabilities	98,857	(98,857)	(69,940)	(12,308)	(13,197)	(3,412)
Borrowings	1,596,379	(1,749,870)	(517,201)	(32,967)	(1,199,702)	–
	1,695,236	(1,848,727)	(587,141)	(45,275)	(1,212,899)	(3,412)
At 31 December 2009						
Trade and other payables and other liabilities	72,946	(72,946)	(58,857)	(9,268)	(4,821)	–
Borrowings	573,346	(594,830)	(126,753)	(365,336)	(102,741)	–
	646,292	(667,776)	(185,610)	(374,604)	(107,562)	–
Company						
At 31 December 2010						
Trade and other payables and other liabilities	193,300	(193,300)	(188,471)	(2,680)	(2,149)	–
Borrowings	786,144	(861,176)	(73,257)	(21,668)	(766,251)	–
	979,444	(1,054,476)	(261,728)	(24,348)	(768,400)	–
At 31 December 2009						
Trade and other payables and other liabilities	232,008	(232,008)	(226,552)	(635)	(4,821)	–
Borrowings	100,000	(100,405)	(100,405)	–	–	–
	332,008	(332,413)	(326,957)	(635)	(4,821)	–

35 Financial risk management (cont'd)

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).

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

If the adjusted net asset value of the investee entity is to increase/decrease by 10%, the Group's fair value reserve will increase/decrease by approximately $12.8 million (2009: $10.8 million).

Fair value hierarchy

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 3 Available-for-sale financial assets	
	2010 $'000	2009 $'000
Group and Company		
Equity security in Singapore		
At 1 January	108,000	108,000
Fair value gain recognised in fair value reserve	20,350	–
At 31 December	128,350	108,000

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. In determining the fair value of its investment in an unlisted security, the Group had estimated the net asset value of the investee entity as at 31 December 2010, and adjusted for the fair value of the properties as at that date. The fair values of the properties were determined based on independent professional valuations and were based on market value determined using the profits method, comparable sales method and investment method, where appropriate. A discount of approximately 13% (2009: 25%) was applied to take into consideration the illiquid nature of the unlisted security.

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

36 Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of share capital, other reserves, accumulated profits and non-controlling interest.

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

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The Group's and the Company's strategies, which remain relatively unchanged from 2009, are to maintain a gearing ratio of within 40% to 50% and 60% to 70%, respectively.

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Net debt	1,468,829	448,262	896,302	193,491
Total equity	2,802,792	2,029,146	1,701,461	1,537,515
Total capital	4,271,621	2,477,408	2,597,763	1,731,006
Gearing ratio	34.4%	18.1%	34.5%	11.2%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2010 and 2009.

37 Related party transactions

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

	Group	
	2010 $'000	2009 $'000
With associates		
Management fees earned	3,927	5,331
Interest income from loans	36	39

37 Related party transactions (cont'd)

	Group 2010 $'000	Group 2009 $'000
<u>With other related parties:</u>		
Purchase of food and beverage products	315	203
Rental income	18	–
Hotel services income	246	–
Professional fees	539	–

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

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

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group 2010 $'000	Group 2009 $'000
Wages and salaries	4,094	1,988
Employer's contribution to defined contribution plans, including Central Provident Fund	26	20
	4,120	2,008

38 Segment information

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

Management considers the business from a business segment perspective.

Revenue from the business segments is derived as follows:

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

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

(iii) Property development - sale of residential properties.

Other operations include mainly investment in quoted and unquoted equity securities and commercial laundry operations (which was disposed of during the year). None of these segments meets any of the quantitative thresholds for determining reportable segments in 2010 and 2009.

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

Management assesses the performance of the operating segments based on a measure of profit before tax. This measurement basis is consistent with that in the statement of comprehensive income.

38 Segment information (cont'd)

Reportable business segments

Financial year ended 31 December 2010

	Hospitality							
	Singapore $'000	China $'000	Others $'000	Property investments $'000	Property development $'000	Others $'000	Elimination $'000	Group $'000
Revenue								
External revenue	136,604	34,047	1,670	38,476	2,149	2,655	–	215,601
Inter-segment revenue	1,344	–	–	–	–	282	(1,626)	–
Reportable segment revenue (including inter-segment revenue)	137,948	34,047	1,670	38,476	2,149	2,937	(1,626)	215,601
Reportable segment profit/(loss) before tax	63,784	44,936	1,624	747,019	58,080	(9,641)	(1,176)	904,626
Depreciation	(10,825)	(5,728)	–	(16)	–	(568)	–	(17,137)
Finance expenses	–	–	–	(6,811)	–	(9,870)	8,555	(8,126)
Interest income	–	111	6	2,260	–	7,596	(9,731)	242
Share of results of associates, net of tax	4,529	(21)	–	58,454	–	–	–	62,962
Other material items								
Fair value gain on investment properties	–	–	–	664,728	–	–	–	664,728
Reversal of impairment losses on property, plant and equipment	–	40,345	–	–	–	–	–	40,345
Reversal of impairment losses on development property	–	–	–	–	64,241	–	–	64,241
Reportable segment assets								
Property, plant and equipment	118,417	120,168	–	2	–	4,510	–	243,097
Investment properties	–	–	–	2,703,680	–	–	–	2,703,680
Development property	–	–	–	–	716,552	–	(1,176)	715,376
Investment in associates	29,438	12,080	–	628,874	–	–	–	670,392
Available-for-sale financial assets	–	–	–	–	–	128,350	–	128,350
	147,855	132,248	–	3,332,556	716,552	132,860	(1,176)	4,460,895
Reportable segment liabilities								
Borrowings	–	–	–	431,114	364,155	801,110	–	1,596,379
Capital expenditure	6,184	694	–	110,604	–	496	–	117,978

38 Segment information (cont'd)

Reportable business segments

Financial year ended 31 December 2009

	Hospitality							
	Singapore $'000	China $'000	Others $'000	Property investments $'000	Property development $'000	Others $'000	Elimination $'000	Group $'000
Revenue								
External revenue	97,156	31,649	1,646	1,476	2,487	3,090	–	137,504
Inter-segment revenue	810	–	–	–	–	658	(1,468)	–
Reportable segment revenue (including inter-segment revenue)	97,966	31,649	1,646	1,476	2,487	3,748	(1,468)	137,504
Reportable segment profit/(loss) before tax	35,702	(879)	490	(103,070)	(23,814)	(6,414)	–	(97,985)
Depreciation	(9,938)	(7,198)	–	(13)	–	(586)	–	(17,735)
Finance expenses	–	–	–	(4,457)	–	(4,475)	8,914	(18)
Interest income	–	55	5	4,457	–	6,035	(8,914)	1,638
Share of results of associates, net of tax	3,258	(5)	–	(79,197)	–	–	–	(75,944)
Other material items								
Fair value loss on investment properties	–	–	–	(23,803)	–	–	–	(23,803)
Gain on sale of subsidiaries	–	–	–	–	10,407	–	–	10,407
Impairment losses on development properties	–	–	–	–	(30,930)	–	–	(30,930)
Reportable segment assets								
Property, plant and equipment	126,495	84,334	–	2	–	1,798	–	212,629
Investment properties	–	–	–	1,050,613	–	–	–	1,050,613
Development property	–	–	–	–	570,162	–	–	570,162
Investment in associates	26,984	12,233	–	573,884	–	–	–	613,101
Available-for-sale financial assets	–	–	–	–	–	108,000	–	108,000
	153,479	96,567	–	1,624,499	570,162	109,798	–	2,554,505
Reportable segment liabilities								
Borrowings	–	–	–	458,380	100,000	14,966	–	573,346
Capital expenditure	17,114	623	–	245,976	–	464	–	264,177

38 Segment information (cont'd)

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

	2010 $'000	2009 $'000
Revenue		
Total revenue for reportable segments	214,290	135,224
Others	2,937	3,748
Elimination of inter-segment revenue	(1,626)	(1,468)
Consolidated total revenue	215,601	137,504
Profit or loss		
Total profit or loss for reportable segments	915,443	(91,571)
Others	(9,641)	(6,414)
Elimination of inter-segment profits	(1,176)	–
Consolidated profit before income tax	904,626	(97,985)

Reconciliations of reportable segment assets and liabilities

	2010 $'000	2009 $'000
Assets		
Total assets for reportable segments	4,329,211	2,444,707
Other assets	132,860	109,798
	4,462,071	2,554,505
Elimination of inter-segment profit	(1,176)	–
Other unallocated amounts		
- Cash and cash equivalents	226,407	198,030
- Trade and other receivables	26,774	8,709
- Inventories	675	647
- Other current assets	6,627	6,367
- Non-current assets held for sale	–	3,618
- Deferred income tax assets	–	96
Consolidated total assets	4,721,378	2,771,972
Liabilities		
Total liabilities for reportable segments	795,269	558,380
Other liabilities	801,110	14,966
	1,596,379	573,346
Other unallocated amounts		
- Trade and other payables	69,940	58,857
- Current income tax liabilities	25,490	18,142
- Deferred income tax liabilities	197,860	78,392
- Other liabilities	28,917	14,089
Consolidated total liabilities	1,918,586	742,826

38 Segment information (cont'd)

Geographical information

	Revenue		Non-current assets*	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Singapore	179,884	104,209	3,484,921	1,779,776
The People's Republic of China	34,047	31,649	132,248	96,567
Others	1,670	1,646	–	–
	215,601	137,504	3,617,169	1,876,343

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

There is no single external customer who attributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2009 and 2010.

39 Acquisition of subsidiary and non-controlling interests

Acquisition of subsidiary

On 30 September 2010, the Group acquired a 100% equity interest in Alkas Realty Pte. Ltd. ("Alkas"), a company which owns DBS Building Tower One and Two.

In the three months to 31 December 2010, Alkas contributed revenue of $6,723,000 and profit of $443,246,000 to the Group's results. If the acquisition had occurred on 1 January 2010, management estimates that consolidated revenue would have been $259,594,000, and consolidated profit after income tax would have been $788,046,000.

Identifiable assets acquired and liabilities assumed	Carrying values on acquisition $'000
Investment property	874,394
Property, plant and equipment	3
Cash and cash equivalents	42,926
Trade and other receivables	6,058
Other current assets	649
Deferred tax liabilities	(6,470)
Security deposits	(11,929)
Trade and other payables	(2,718)
Current tax payable	(4,820)
Total identifiable net assets	898,093

39 Acquisition of subsidiary and non-controlling interests (cont'd)

Identifiable assets acquired and liabilities assumed	Carrying values on acquisition $'000
Consideration paid, satisfied in cash	898,093
Cash acquired	(42,926)
Net cash outflow	855,167

Acquisition of non-controlling interests

On 31 March 2010, the Group acquired 1% equity interest in Meritus Shantou Hotel Co., Ltd ("MSH"), for a total cash consideration of approximately $586,000 (equivalent to RMB2,900,000) in cash, increasing its effective ownership from 79% to 80%. The carrying amount of MSH's net liabilities in the consolidated financial statements on the date of the acquisition was $61,734,000 (equivalent to RMB325,391,000). The Group recognised a decrease in non-controlling interests of $674,000 and a decrease in accumulated profits of $1,260,000.

The following summarises the effect of changes in the Group's ownership interest in MSH:

	$'000
Group's ownership interest at beginning of the year	(48,967)
Effect of increase in Group's ownership interest	(674)
Share of comprehensive income	16,406
Group's ownership interest at end of the year	(33,235)

40 Disposal of subsidiaries

On 1 November 2010, the Group disposed of its 100% interest in Nicoll Development Pte Ltd and its wholly-owned subsidiary, Oriental Grand Holdings Limited (incorporated during the year) for a cash consideration of $1. The carrying amounts of identifiable net liabilities disposed of amounted to $4,000, resulting in a gain of approximately $4,000.

	$'000
Identifiable assets and liabilities	
Accrued expenses	(4)
Identifiable net liabilities disposed	(4)

40 Disposal of subsidiaries (cont'd)

The net cash inflow arising from the sale of Nicoll Development Pte Ltd group were:

	$'000
Identifiable net liabilities disposed	(4)
Gain on sale of subsidiaries (Note 10)	4
Net cash inflow	– *

* Net cash inflow is less than $1,000.

In prior year, the Company disposed of its 100% interest in OUE Angullia Pte. Ltd. and its wholly-owned subsidiary, Angullia Development Pte. Ltd. ("OUEA Group") for a cash consideration of $283,003,000. The carrying amounts of identifiable net assets disposed of amounted to $269,422,000 at 17 December 2009, resulting in a gain on disposal of $10,407,000.

The aggregate effects of the sale of the above subsidiaries on the cash flows of the Group were:

	$'000
Identifiable assets and liabilities	
Cash and cash equivalents	56
Trade and other receivables	2
Development property	269,426
Trade and other payables	(62)
Identifiable net assets disposed	269,422

The net cash inflow arising from the sale of OUEA Group were:

	$'000
Identifiable net assets disposed	269,422
Transaction costs	3,174
Gain on sale of subsidiaries (Note 10)	10,407
Cash proceeds from disposal	283,003
Less: Cash and cash equivalents in subsidiaries disposed	56
Net cash inflow	282,947

41 Listing of Companies in the Group

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by The Company 2010 %	The Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %
Subsidiaries						
Singapore Mandarin International Hotels Pte Ltd	Hotel management	Singapore	100	100	–	–
Meritus Hotels & Resorts Sdn. Bhd. [(a)]	Hotel management	Malaysia	–	–	100	100
Meritus Hotels & Resorts Marketing Services Sdn. Bhd. [(a)]	Hotel promoters	Malaysia	–	–	100	100
Clifford Development Pte. Ltd.	Property investment	Singapore	100	100	–	–
Singapore Meritus International Hotels Pte Ltd	Hotel management	Singapore	100	100	–	–
Meritus Hotels & Resorts Limited [(b)]	Dormant	Hong Kong	–	–	100	100
Meritus Hospitality Services (Thailand) Co., Ltd. [(c)]	Managers and operators of service apartments	Thailand	–	–	49 [(e)]	49 [(e)]
SMI Services (Thailand) Co., Ltd. [(c)]	Managers and operators of food & beverage outlets	Thailand	–	–	49 [(e)]	49 [(e)]

41 Listing of Companies in the Group (cont'd)

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by The Company 2010 %	The Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %
Subsidiaries						
Meritus Hospitality Services Pte Ltd [h]	Dormant	Singapore	100	100	–	–
OUE Trading Private Limited	Trading and commission agent and commercial laundry operator	Singapore	100	100	–	–
e-magination.com Pte Ltd [h]	Dormant	Singapore	–	–	100	100
Hotel Investment (Marina) Private Limited	Investment holding	Singapore	100	100	–	–
Mandarin Hotel (Singapore) Private Limited [h]	Dormant	Singapore	100	100	–	–
Hotel Investment (Hainan) Private Limited	Investment holding	Singapore	100	100	–	–
Hainan Mandarin Hotel Limited [d]	Hotel operation	The People's Republic of China	–	–	100	100
Hotel Investment (Shantou) Private Limited	Investment holding	Singapore	80	80	–	–
Meritus Shantou Hotel Co., Ltd [d]	Hotel operation	The People's Republic of China	–	–	100	99

41 Listing of Companies in the Group (cont'd)

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by The Company 2010 %	The Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %
Subsidiaries						
Meritus Hotels & Resorts (Hainan) Company Limited [(d)]	Hotel management	The People's Republic of China	–	–	100	100
Seaview Property Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
Beachland Development Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Beach Development Pte. Ltd.	Property development	Singapore	–	–	100	100
Nicoll Development Pte. Ltd.	Property development	Singapore	–	100	–	–

41 Listing of Companies in the Group (cont'd)

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by The Company 2010 %	The Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %
Subsidiaries						
Overseas Union (Tianjin) Investment Management Co., Ltd [g]	Investment holding	The People's Republic of China	100	100	–	–
OUE Property Services Pte. Ltd.	Property Management	Singapore	100	100	–	–
Total Apex Limited [h]	Investment holding	British Virgin Islands	100	–	–	–
Alkas Realty Pte. Ltd.	Investment holding	Singapore	–	–	100	–
Meritus International Pte. Ltd.	Investment holding	Singapore	100	–	–	–
Meritus Hotels Pte. Ltd.	Investment holding	Singapore	–	–	100	–
Meritus International Hotels (Singapore) Pte. Ltd.	Hotel management	Singapore	–	–	100	–
Meritus Trademarks Pte. Ltd.	Receive royalties/ licensing fee for the use of trademarks/ service marks	Singapore	–	–	100	–

41 Listing of Companies in the Group (cont'd)

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by The Company 2010 %	The Company 2009 %	Subsidiaries 2010 %	Subsidiaries 2009 %
Associates						
Chung Sing Development (H.K.) Limited [f]	Investment holding	Hong Kong	50	50	–	–
OUB Centre Limited	Property investment	Singapore	50	50	–	–
TCB OUE Sdn. Bhd. [i]	Investment holding	Malaysia	30	30	–	–
Aquamarina Hotel Private Limited	Hotel operation	Singapore	–	–	25	25

All subsidiaries are audited by KPMG LLP, Singapore (2009: PricewaterhouseCoopers LLP, Singapore) and associates are audited by PricewaterhouseCoopers LLP, Singapore except as indicated below:

(a) Audited by KPMG Malaysia (2009: PricewaterhouseCoopers, Malaysia).

(b) Audited by KPMG China (2009: PricewaterhouseCoopers Limited, Hong Kong).

(c) Audited by KPMG Phoomchai Audit Limited (2009: PricewaterhouseCoopers ABAS Ltd, Thailand).

(d) Audited by KPMG China (2009: PricewaterhouseCoopers Zhong Tian CPAs Limited Company).

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

(f) Audited by Deloitte Touche, Hong Kong.

(g) Audited by Tianjin Jinhua CPA Ltd.

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

(i) Audited by BDO, Malaysia.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associates would not compromise the standard and effectiveness of the audit of the Company.

Shareholding Statistics

As at 17 March 2011

Voting Rights of Ordinary Shareholders

Every member shall have the right to attend any General Meeting and to speak and vote on any resolution before the Meeting in person or by proxy. On a show of hands every member present in person or by proxy shall have one vote, provided that if a member is represented by two proxies only one of the proxies shall be entitled to vote and on a poll, every member present in person or by proxy shall have one vote for each share he holds.

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
1 - 999	42	0.89	9,022	0.00
1,000 - 10,000	3,966	83.92	16,824,329	1.71
10,001 - 1,000,000	699	14.79	26,615,654	2.71
1,000,001 and above	19	0.40	938,152,855	95.58
TOTAL	**4,726**	**100.00**	**981,601,860**	**100.00**

Twenty Largest Shareholders

Name of Shareholder	Number of Shares	% of Issued Share Capital
1. DBS NOMINEES PTE LTD	653,209,573	66.55
2. CITIBANK NOMINEES SINGAPORE PTE LTD	61,887,577	6.30
3. DBSN SERVICES PTE LTD	58,311,483	5.94
4. RAFFLES NOMINEES (PTE) LTD	44,759,257	4.56
5. HSBC (SINGAPORE) NOMINEES PTE LTD	39,068,000	3.98
6. UNITED OVERSEAS BANK NOMINEES PTE LTD	26,197,299	2.67
7. GOLDEN RAINBOW INTERNATIONAL LIMITED	20,813,000	2.12
8. BNP PARIBAS SECURITIES SERVICES SINGAPORE	9,488,670	0.97
9. DB NOMINEES (SINGAPORE) PTE LTD	6,005,751	0.61
10. ROYAL BANK OF CANADA (ASIA) LTD	3,684,000	0.37
11. PHILLIP SECURITIES PTE LTD	2,705,940	0.27
12. OCBC SECURITIES PRIVATE LTD	1,997,005	0.20
13. UOB KAY HIAN PTE LTD	1,736,000	0.18
14. DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,540,000	0.16
15. LEE PINEAPPLE COMPANY PTE LTD	1,500,000	0.15
16. MORGAN STANLEY ASIA (SINGAPORE) PTE LTD	1,469,300	0.15
17. KIM ENG SECURITIES PTE. LTD.	1,327,000	0.14
18. MERRILL LYNCH (SINGAPORE) PTE LTD	1,270,000	0.13
19. BANK OF SINGAPORE NOMINEES PTE LTD	1,183,000	0.12
20. LIEW CHEE KONG	698,000	0.07
TOTAL	**938,850,855**	**95.64**

Substantial Shareholders

As shown in the Company's Register of Substantial Shareholders

		Direct Interests		Deemed Interests	
		Number of Shares	% of Issued Share Capital	Number of Shares	% of Issued Share Capital
1.	OUE Realty Pte. Ltd. ("OUER")	502,513,060	51.19	-	-
2.	Credit Suisse International ("CSI")	53,283,583 (1)	5.43	-	-
3.	Golden Concord Asia Limited ("GCAL")	102,589,767	10.45	555,796,643 (2)	56.62
4.	Fortune Code Limited ("FCL")	-	-	658,386,410 (3)	67.07
5.	Lippo ASM Asia Property LP ("LAAP")	-	-	658,386,410 (4)	67.07
6.	LAAP General Partner Limited ("LGP")	-	-	658,386,410 (5)	67.07
7.	LAAP General Partner Holdings Limited ("LGPH")	-	-	658,386,410 (6)	67.07
8.	Argyle Street Management Limited ("ASML")	-	-	658,386,410 (7)	67.07
9.	Argyle Street Management Holdings Limited ("ASMHL")	-	-	658,386,410 (8)	67.07
10.	Kin Chan ("KC")	-	-	658,386,410 (9)	67.07
11.	V-Nee Yeh ("VY")	-	-	658,386,410 (10)	67.07
12.	Credit Suisse AG ("CSAG")	-	-	67,892,583 (11)	6.92
13.	Credit Suisse Group AG ("CSGAG")	-	-	67,892,583 (12)	6.92

Notes:

(1) CSI holds 53,283,583 shares in the Company pursuant to a credit support annex between GCAL and CSI to collateralize a share financing transaction between GCAL and CSI involving up to 53,283,583 shares in the Company. CSI has a combined direct and deemed interest in 53,283,583 shares in the Company.

(2) GCAL is deemed to be interested in shares in the Company held by OUER and the underlying shares of the Company involved in the share financing transaction referred to in note (1) above. OUER is a wholly-owned subsidiary of GCAL.

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

(4) LAAP has a deemed interest in shares in the Company through the direct and deemed interests of its indirect subsidiary, GCAL.

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

(6) LGPH has a deemed interest in shares in the Company through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. LGPH is the immediate holding company of LGP.

(7) ASML has a deemed interest in shares in the Company through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. ASML is the intermediate holding company of LGP.

(8) ASMHL has a deemed interest in shares in the Company through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. ASMHL is the ultimate holding company of LGP.

(9) KC has a deemed interest in shares in the Company through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. KC is the beneficial holder of more than 20% of the issued share capital of ASMHL.

(10) VY has a deemed interest in shares in the Company through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. VY is the beneficial holder of more than 20% of the issued share capital of ASMHL.

(11) CSAG is deemed to be interested in shares in the Company held by CSI and CSAG's affiliate. CSI is a subsidiary of CSAG.

(12) CSGAG has a deemed interest in shares in the Company held by CSI and CSAG's affiliate. CSAG is a subsidiary of CSGAG.

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("the Exchange") requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed ("Shares") is at all times held by the public. The Company has complied with this requirement. As at 17 March 2011, approximately 31.43% of its Shares listed on the Exchange were held in the hands of the public.

Interested Person Transaction

entered into during the financial year 2010

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Auric Pacific Marketing Pte Ltd	$313,555	-
Lippo China Resources Limited	$218,604	-

Notice of Annual General Meeting

Overseas Union Enterprise Limited

Company Registration No. 196400050E

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of Overseas Union Enterprise Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Thursday, 28 April 2011 at 10:00 a.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 December 2010 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 2 cents per ordinary share for the year ended 31 December 2010.

3. To approve Directors' Fees of $448,412 for the year ended 31 December 2010 (2009: $614,333).

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

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

   (a) Dr. Stephen Riady

   (b) Mr. Kelvin Lo Kee Wai

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

As Special Business

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

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

NG NGAI
Secretary
12 April 2011
Singapore

Explanatory Notes:

Resolution 4

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

Resolution 5(a)

To re-appoint Dr. Stephen Riady, who is a non-independent Director. Dr. Riady is also the executive Chairman of the Board.

Resolution 5(b)

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

Resolution 7

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

Notes:

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

2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 333 Orchard Road, #33-00, Singapore 238867, not less than 48 hours before the time set for the meeting.

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PROXY FORM

Annual General Meeting

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

IMPORTANT:

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

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the **Forty-Eighth Annual General Meeting** of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on **Thursday, 28 April 2011 at 10:00 a.m.** and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/ proxies will vote or abstain as he/they may think fit.)

No.	Ordinary Resolutions	For	Against
1.	Directors' Report and Financial Statements		
2.	Final dividend		
3.	Directors' fees		
4.	Re-appointment of Mr. Thio Gim Hock as Director		
5.	(a) Re-appointment of Dr. Stephen Riady as Director		
	(b) Re-appointment of Mr. Kelvin Lo Kee Wai as Director		
6.	Re-appointment of Auditors		
7.	Authority for Directors to issue shares		

Dated this ______________ day of ______________ 2011

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

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

IMPORTANT: Please read notes on the reverse

Notes:

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

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

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 333 Orchard Road, #33-00, Singapore 238867, not less than 48 hours before the time set for the Meeting.

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

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

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

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

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

Corporate Information

Board of Directors

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

Audit Committee

Kelvin Lo Kee Wai *(Chairman)*
Sin Boon Ann
Mag Rainer Silhavy

Nominating Committee

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

Remuneration Committee

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

Secretary

Ng Ngai

Share Registrar

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Telephone : (65) 6227 6660
Facsimile : (65) 6225 1452
Email : MCSVC@mncsingapore.com

Auditors

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in charge: Mr. Tan Huay Lim
Date of appointment: 28 April 2010

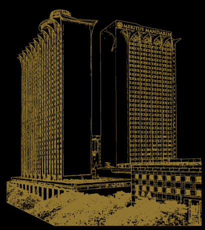
Registered Office

333 Orchard Road
#33-00
Singapore 238867
Telephone : (65) 6737 4411
Facsimile : (65) 6235 9688
Website : www.oue.com.sg

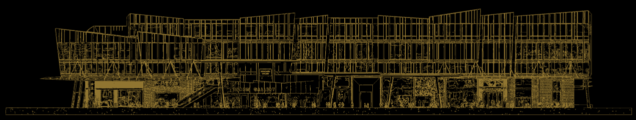
Investor Relations

Rudi Chuan
T.L. Woo
Telephone : (65) 6831 6235
Email : investorrelations@oue.com.sg

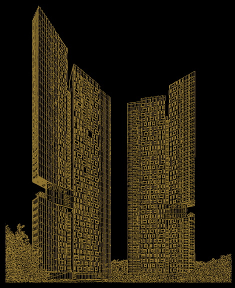
COMMERCIAL



HOSPITALITY



RETAIL



RESIDENTIAL

OVERSEAS UNION ENTERPRISE LIMITED

www.oue.com.sg

Company Reg. No.: 196400050E