



ENDURING VALUES

OVERSEAS UNION ENTERPRISE LIMITED • ANNUAL REPORT 2011

OUE In Focus



COMMERCIAL

HOSPITALITY

RETAIL

RESIDENTIAL

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

OUE consistently grows its businesses by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors primarily in Singapore.

With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value.



**What's New
at the Bayfront**

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**A Crowne of
Achievement**

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**View from
the Gallery**

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**The Peak
of Luxury**

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Cover

The state-of-the-art OUE Bayfront is a proud addition to OUE's iconic assets that share a common thread - long-term growth built upon OUE's enduring values.

OVERSEAS UNION ENTERPRISE LIMITED

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Group at a Glance

Commercial

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



OUE BAYFRONT (INCLUDING OUE TOWER AND OUE LINK)

Fair Value (\$m)

1,073.0

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 OUE Link)

Approximate Gross Floor Area (sq ft)

503,502



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

Fair Value (\$m)

1,676.1

(Fair value attributable to OUB Centre Limited)

One Raffles Place is an integrated development featuring two office towers and a retail podium. One Raffles Place Tower 1 and 2 are 62-storey and 38-storey Grade A office buildings respectively. The 5-storey retail podium is equipped with one level basement, offering all rounded convenience under one roof. The integrated development is located at the heart of Singapore CBD and is well connected to the Raffles Place MRT station

(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 lease from 1 November 1985
99-year lease from 26 May 1983

Approximate Gross Floor Area (sq ft)

1,282,271

Hospitality

2,913 rooms 26 F&B establishments



MANDARIN ORCHARD SINGAPORE

Fair Value (\$m)

1,180.0

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 1 July 1957

Approximate Gross Floor Area (sq ft)

(excluding Mandarin Gallery)

990,286



CROWNE PLAZA CHANGI AIRPORT SINGAPORE

Fair Value (\$m)

268.8

A 9-storey Hotel with 320 well-appointed rooms, including 27 suites, directly connected to Changi Airport Terminal 3 and within short distance to Changi Business Park and Singapore Expo

Tenure of Land

77-year lease from 12 December 2006

Approximate Gross Floor Area (sq ft)

336,945



MARINA MANDARIN SINGAPORE

Fair Value (\$m)

435.0

A 21-storey hotel with 575 rooms within the vicinity of Marina Bay and the financial district
(OUE has a 30% effective interest in the property)

Tenure of Land

99-year lease from 9 September 1980

Approximate Gross Floor Area (sq ft)

651,531



MERITUS MANDARIN HAIKOU

Fair Value (RMB million)

298.0

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)

313.0

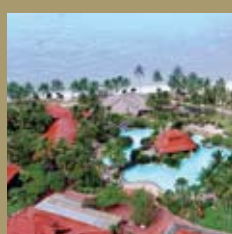
A 21-storey hotel with 318 rooms located at Jin Sha East Road, the heart of the financial district of Shantou, Guangdong, the People's Republic of China

Tenure of Land

50-year lease from 24 September 1997

Approximate Gross Floor Area (sq ft)

711,845



HOTELS UNDER MANAGEMENT

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

A resort of 331 rooms on 35 acres of beachfront setting in Langkawi, Malaysia

Group at a Glance

Retail

196,337 sq ft GFA 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 1 July 1957

Approximate Gross Floor Area (sq ft)

196,337

Mandarin Gallery Tenants' Listings

adidas & TaylorMade	Folli Follie	Platform
ADpost	Frank & Co.	POA People of Asia
Agatha Paris	Green Light	RIMOWA
Aliya	Guardian Health & Beauty	ROOM by Sunny Ang
Ambush	Hansel	Salon Elite
Ambush O2	Haute Alteration Initiative	Samas
Antoinette	in:Famous	SAMSONITE
Arteastiq Tea Lounge & Jamming Studio	inhabit - the other store	Scarlet & Ebony
Art Tree Gallery	Ippudo	Simon Perele
Ashley Isham	Japanese Restaurant Suju	SMILE INC. DENTAL SURGEONS
atomi	JNBY	Snails
AZIMUTH	jones the grocer	Strip & Browhaus
Bathing Ape	J. Lindeberg	Sweets Garibaldi
Béjwl	Just Cavalli	Terra Plana
Bell & Ross	Kokon Tozai	Thai Thai - Royal Thai Cuisine
Body Wrap	La Putri	The Denim Store
BLOSSOM FLORAL DESIGN	Lalique	The Hair Shop
BOSS Shop	Lawry's The Prime Rib	The OAKS CELLARS
Bread & Butter	Leica Camera	The Touch, House of Art & Design
bud Cosmetics	M.A.D - Museum of Art & Design	Tonkatsu Ma Maison
Che Che	Marc by Marc Jacobs	Transview
Chinois Spa	Mauboussin	TriBeCa
Clariancy	Melissa	trioon
Colorwash	Mendis Aesthetics	TUMI
ck Calvin Klein Accessories	Montblanc	undress
D&G	Mt. Sapola	Vertu
DeFRED Jewellers	nano PHILOSOPHY	V'Zion Galleria
E'COLLEZIONE	Nancy	Wild Honey
Egg3	NeuGlow Medical Hair Centre	.woodwould..
Elephant & Coral	Number Fifty	Xi Apparel & Jade
Emporio Armani		Y-3
Flaming Queen		

Residential

462 stylish homes for Urban Orchard Living



TWIN PEAKS

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)

436,172

(includes balcony)

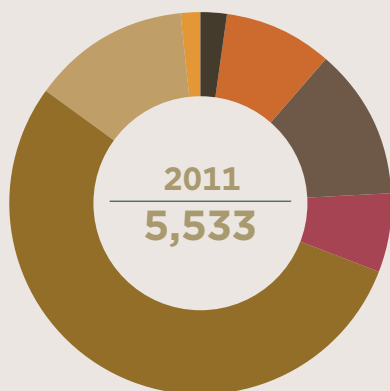


A RARE GEM FOR STYLISH URBAN ORCHARD LIVING

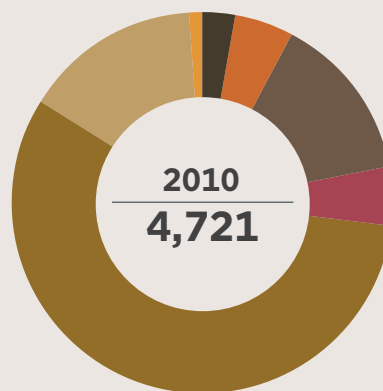
Lush with greenery and only a stone's throw away to Orchard Road, Twin Peaks on Leonie Hill offers both tranquility and convenience of location for those who appreciate the finer things in life.

Overview of Group Financial Position

TOTAL ASSETS OWNED (\$ MILLION)

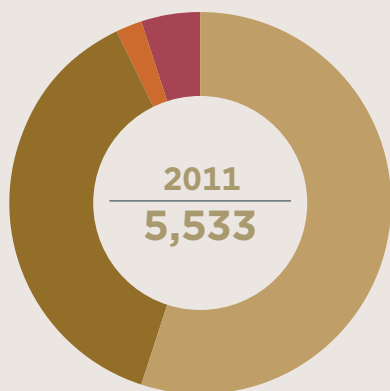


● Available-for-sale financial assets	128
● Property, plant and equipment	508
● Investments in associates	707
● Cash and cash equivalents	368
● Investment properties	2,993
● Development property	743
● Others	86

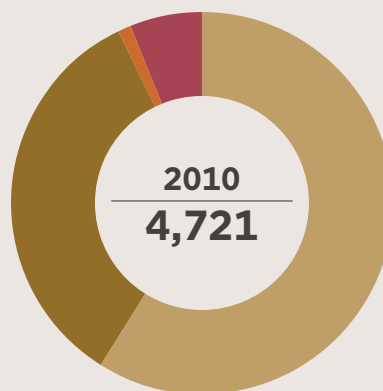


● Available-for-sale financial assets	128
● Property, plant and equipment	243
● Investments in associates	670
● Cash and cash equivalents	226
● Investment properties	2,704
● Development property	715
● Others	35

TOTAL LIABILITIES OWNED AND CAPITAL INVESTED (\$ MILLION)

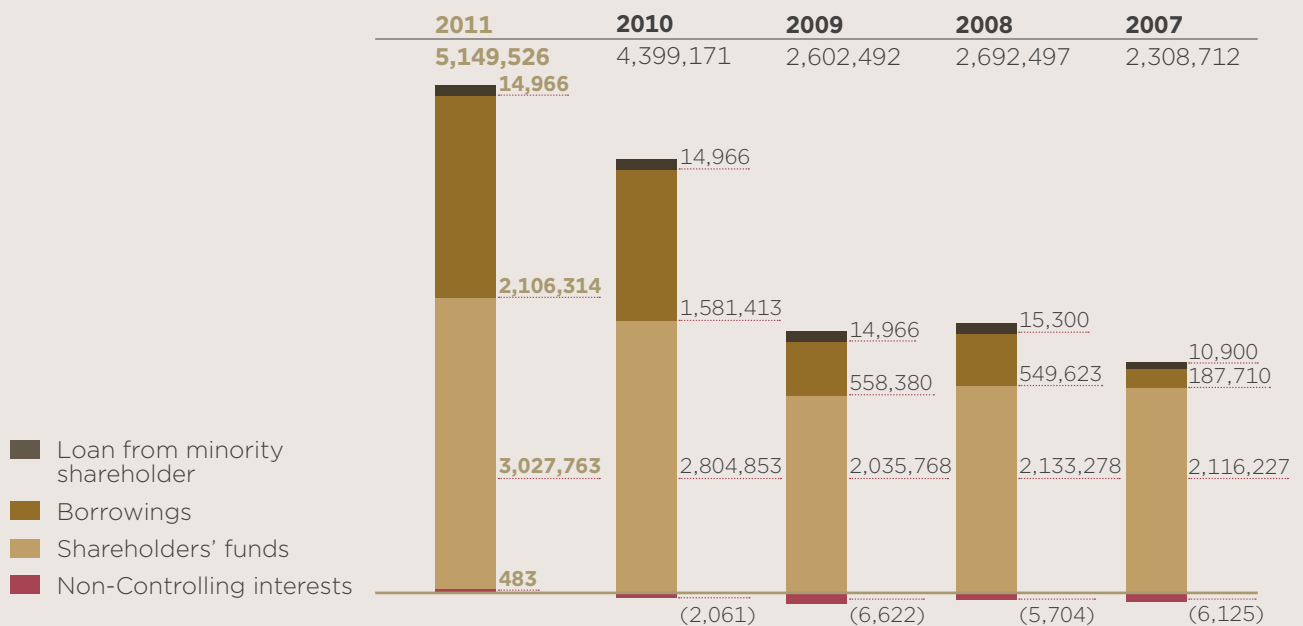


● Shareholders' funds	3,028
● Borrowings	2,121
● Trade and other payables	103
● Other liabilities	281

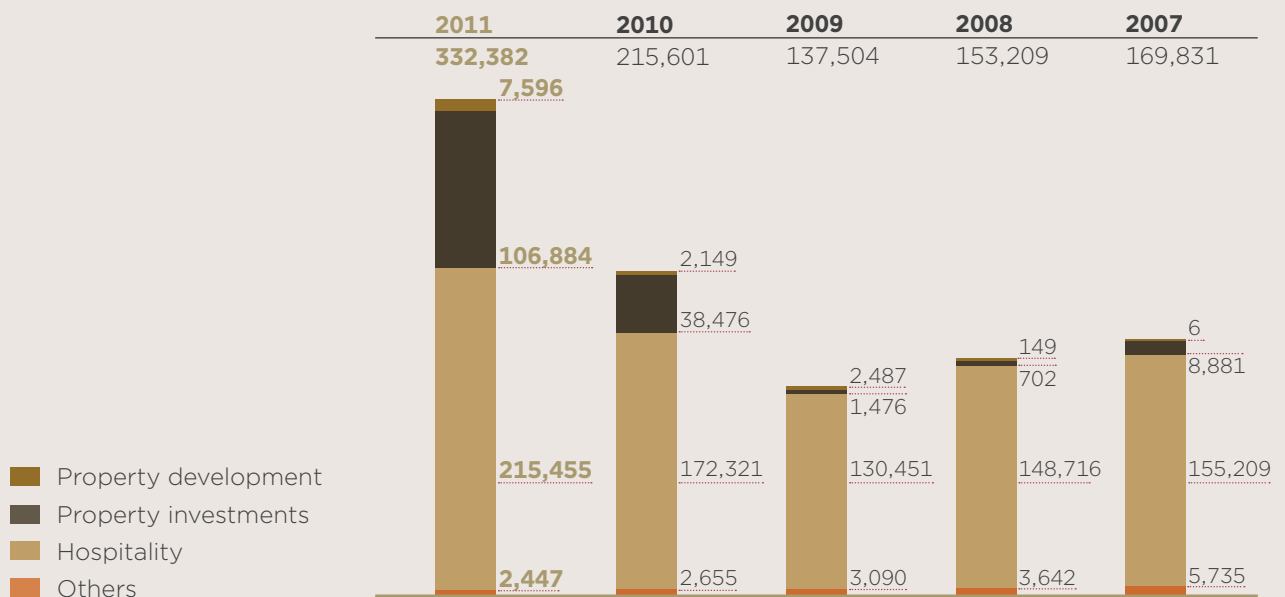


● Shareholders' funds	2,803
● Borrowings	1,596
● Trade and other payables	70
● Other liabilities	252

SOURCES OF FINANCE (\$'000)



GROUP TURNOVER (\$'000)



Chairman's Statement

“ Our commitment starts with a promise of sound business practices and enduring values that continue to drive our business. ”



Dear Shareholders,

When I consider the challenges and opportunities faced by today's global business community, I am more convinced than ever that Singapore is one of the best places to do business in – and OUE is in the perfect position to capitalise on this.

COMMITMENT TO SINGAPORE

Singapore is a nation that is safe, clean and governed by a highly proactive government which adopts forward-looking economic policies and welcomes foreign talent. All these have made Singapore very attractive to investors and businesses. It is only a matter of time before we see improved global market sentiment, and the Singapore market can be expected to reach new heights.

FY2011 has been a robust year for us. Certain long-term strategies are now bearing fruit. In 2011, we saw the revenue from DBS Building Towers One and Two, our newly completed flagship OUE Bayfront, as well as our recently acquired Crowne Plaza Changi Airport Hotel, contribute in a material way. In addition, continued growth in our existing hotel

business in Singapore due to the healthy tourism sector also contributed to our record revenue.

DIVERSIFIED STRATEGY

At OUE, we have four core lines of business – Commercial, Hospitality, Retail and Residential – which buffer us through the economic cycles of each sector which do not coincide. When one sector trends downwards, another may be on the rise. Some sectors that are not doing well are in a temporary lull and will pick up once macro factors improve.

Comparatively, the Commercial and Residential sectors are down from their peaks and there is definite room for recovery. In the meantime, our Retail and Hospitality sectors have been thriving, a trend which will be sustained in the long-term with the Singapore government's investment in infrastructure and commitment to promote tourism.

MAXIMISING SHAREHOLDER VALUE

In 2011 we delivered on our commitment to becoming a leading player in the Singapore real estate sector when our assets reached a new high of S\$5.5 billion, enhancing our

net asset value per share from S\$2.86 in FY2010 to S\$3.21 in FY2011. In September 2011, we embarked on a share buy-back programme approved by our shareholders. To date, we have bought 71,684,000 shares from the market, or 7.30% of our issued share capital. These are being held as treasury shares.

ENDURING VALUES

Our commitment starts with a promise to our shareholders who have supported us every step of this journey. This is a promise of sound business practices and enduring values that continue to drive our business. With that promise, we wish to declare a final dividend of S\$0.03 and a special dividend of S\$0.08 per share, in addition to the interim dividend of S\$0.02 per share distributed in August 2011.

I would like to express my sincere gratitude to all shareholders. On behalf of the Board of Directors, thank you for your confidence in us. To my fellow board members, management team and employees, thank you for your hard work and dedication. May we continue to grow OUE to greater heights together.

STEPHEN RIADY

Executive Chairman
March 2012

董事主席致词



尊敬的各位股东，

每当我环顾当今全球经济环境中的机遇和挑战时，我就越发坚信新加坡是适合做生意的最佳地区之一，华联企业集中在新加坡发展也是其最恰到好处定位。

致力于以新加坡为基地发展业务

在精明强干的新加坡政府领导下的新加坡是一个安全、廉洁的国家。颇具效率的政府能够高瞻远瞩，采纳目光长远的经济政策并提供欢迎外来人才的宽松环境，都令新加坡成为对外商投资和业务经营最具吸引力的地区。或早或迟，我们一定会看到随着全球经济环境的改善，新加坡的经济将会步上新台阶。

整体业绩回顾

2011财务年度是集团业务兴旺的一年，因为在这一年里，我们长期的经营策略已经开花结果。在2011年，不但星展银行大厦两栋大楼和我们刚刚盖好的总部大楼－华联海湾大厦(OUE Bayfront)都开始产生收入，甚至我们不久前

收购的位于樟宜机场的皇冠假日酒店(Crowne Plaza Changi Airport Hotel) 都贡献良多。除此之外，随着新加坡旅游业强劲发展，我们现有酒店的生意也不断增长，同样为我们营业收入的历史新纪录做出了重大贡献。

多元化经营策略

华联企业拥有四大核心业务－商用产业、酒店产业、零售产业和住宅产业。让我们从容地从各自不同步的经济周期中获益。因为当其中一个业务组合的生意不景气时，另一个业务组合的生意却可能生机勃勃。即使某个业务组合暂时没有起色，但一旦宏观环境改善，很快就能恢复元气。

相对而言，目前商用产业和住宅产业从高峰期回落，但绝对有回弹的空间。同时，我们的零售产业组合和酒店产业组合的生意都一直很旺，这个好势头将随着新加坡政府大力扶持旅游业基础设施、增强旅游业的发展政策而长期保持下去。

“华联企业坚守行之有效的经营措施和持之以恒价值观的承诺，该承诺一直驱动着我们的生意不断进步。”

股东价值极大化

2011年集团的总资产达到55亿新元的新高点，从而令每股净资产从2010财务年度的2.86新元提升到2011财务年度的3.21新元，实现了我们立志成为新加坡地产业佼佼者的承诺。2011年9月，经股东同意，我们采纳了股票回购措施，迄今为止，我们从公开交易市场上回购了71,684,000股本公司股票，相当于发行总额的7.30%，集团以库存股票的形式持有这些股票。

持之以恒的价值观

我们信守回报股东的承诺，特别是那些一直忠实陪伴我们走过旅途中每一步的股东们。行之有效的措施和持之以恒价值观的承诺一直驱动着我们的生意不断进步。因此，董事会建议在已于2011年8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3分的年终股息以及每股新元8分的特别股息。

致谢

我在此谨代表董事会的同仁感谢所有股东，衷心感谢你们对我们的忠诚和支持。对集团的各位董事、管理层和全体员工的奉献精神 and 辛勤努力致以谢意。2012年我期待与大家一起努力，让华联企业再攀新的高峰。

李棕

董事主席
2012年3月

CEO's Statement

“ We will continue to seek investment opportunities and build values via strategic acquisitions and asset enhancements. ”



REWARDING PERFORMANCE

In 2011, the Group reaped the rewards of its strategy to acquire, develop and enhance a diversified portfolio of prime assets.

The acquisition of DBS Building Towers One and Two in September 2010 and the completion of OUE Bayfront in 2011, coupled with the purchase of Crowne Plaza Changi Airport Hotel in July 2011, boosted recurring income for our Commercial and Hospitality divisions.

With our enlarged portfolio, the Group's revenue jumped 54.2% to S\$332.4 million in FY2011. Profit from operations increased by 79.3% year-on-year to S\$140.1 million. Net profit dipped by 56.6% to S\$337.4 million largely due to the smaller fair value gain of S\$253.1 million on our investment properties, compared to S\$664.7 million recorded a year ago.

SEGMENTAL PERFORMANCE REVIEW

Revenue from the Group's Property Investment Division, comprising Mandarin Gallery, DBS Building Towers One and Two, and OUE Bayfront, surged 177.8% to S\$106.9 million in FY2011.

Through our shareholding in OUB Centre Limited, the Group has a significant indirect interest in One Raffles Place. A new 38-storey office tower at the site has recently been completed and leasing for this new premium Grade A office tower has commenced.

On the hospitality front, the 25.0% increase in revenue recorded in FY2011 was largely attributable to improved performance of our existing hotels as well as contributions from the newly-acquired Crowne Plaza Changi Airport Hotel. The robust performance of Singapore's tourism sector continues to benefit us. Visitor arrivals rose about 13.1% to over 13.2 million in 2011, surpassing the previous high of 11.6 million arrivals a year ago, while the standard average hotel occupancy rate in Singapore remained high at 86.0%.

Meritus Hotels and Resorts continue to promote its service philosophy of "*Asian Grace, Warmth and Care*" as the essence of the Meritus experience. In 2011 alone, Meritus received more than 260 industry awards – a fitting tribute to our 40-year heritage as Singapore's icon of world-class hospitality. You can expect to see wider appeal of the Meritus brand as it extends beyond Singapore.

On the retail front, the iconic OUE Tower (formerly the Change Alley Aerial Plaza Tower) has welcomed its new tenant Tóng Lè Private Dining, the latest concept by Tung Lok Group, which offers a premium Chinese dining experience. A section of the restaurant is dedicated to a special collaboration with Shinji By Kanesaka – helmed by Chef Shinji Kanesaka of the 2-Michelin-starred Sushi Kanesaka in Tokyo. This new establishment, under the Tung Lok Group, takes up a net lettable area ("NLA") of 11,800 sq ft over two levels with a commanding view of the waterfront. The higher of the two levels revolves hourly.

OUE Link (formerly the Change Alley Link Bridge) has been refurbished and now provides a new pedestrian route between Raffles Place and the new Marina Bay financial district. This stylish-in-white cool finish overhead link has a NLA of 2,854 sq ft. It has been fully leased to various retail and F&B outlets.

Riding on the Urban Redevelopment Authority's concept plans to develop Tanjong Pagar into a vibrant live-work-play environment, OUE is developing plans to reconfigure the existing DBS Building Towers One and Two's podium into leading-edge retail space.

For the Group's Property Development division, we recorded S\$7.6 million revenue from the sale of off-plan units of our flagship luxury residential property, Twin Peaks.

CONCLUSION

Despite global economic uncertainties, we will continue to seek investment opportunities and build value via strategic acquisitions and asset enhancements.

The price of success is hard work, dedication and determination. I would like to take this opportunity to thank our management and staff for applying the best of themselves and for delivering another year of stellar performance. And last but not least a hearty thank you to the shareholders who have supported us with faith and loyalty.

THIO GIM HOCK
CEO/Group Managing Director
March 2012

首席执行官致词



回报丰厚的业绩表现

在2011年，公司取得了几年来所采纳的收购、开发、优化多元化组合资产等经营策略见效之后的好收成，真可谓丰收之年。

2010年9月集团收购的星展大厦两栋大楼与2011年竣工的华联海湾大厦(OUE Bayfront)令集团商用产业组合获益匪浅。无独有偶，在2011年7月买下位于樟宜机场的皇冠假日酒店(Crowne Plaza Changi Airport Hotel)的举措令集团的酒店产业组合从中受益。

随着集团业务组合的扩张，集团2011财务年度的总营业收入达到3亿3240万新元，增幅达54.2%。经营利润达1亿4010万新元，比上一年提高了79.3%。税后净利总额为3亿3740万新元，下滑了56.6%，造成净利下滑的主要原因是该年度集团所开发的投资物业的公平值收益为2亿5310万新元，低于上一年的6亿6470万新元。

各大领域业务回顾

包括文华购物廊、星展大厦两栋大楼、以及华联海湾大厦在内的投资物业所产生的营业收入在2011财务年度提高了177.8%，达到1亿零690万新元。

集团通过关联公司 OUB Centre Limited 间接持有第壹莱佛士坊 (One Raffles Place) 的部分利益，依傍现有楼群所盖建的一栋全新38层高的第壹莱佛士坊之2号楼的工程不久前已经完工，该栋新建超甲级办公楼的租赁经营活动也已经展开。

集团来自酒店业务的营业收入增长了25.0%，归功于集团现有的酒店经营业绩的改善和不久前收购的位于樟宜机场的皇冠假日酒店的贡献。新加坡旅游业的蓬勃发展令集团受益，到访新加坡的游客在2011年增长了13.1%达到1320万人次的新高，刷新了一年所创下的1160万人次的历史纪录。新加坡整体酒店业的平均客房率继续保持高达86.0%的水平。

君华酒店集团继续发扬“亚洲式的优雅、温馨与贴心”的经营理念提供住在君华体验君华的核心服务。仅在2011年这一年当中，君华就获得了260个行业奖项 - 集40年传统经验作为新加坡著名世界级标志性酒店业者果然名不虚传，当之无愧。不但在新加坡赫赫有名，随着君华品牌跨越国界的发展，君华酒店将更具吸引力和影响力。

“我们仍将不断地寻找投资机会，通过策略性的收购活动和资产优化提升来打造企业价值。”

集团的零售产业项目当中，标志性保留建筑物-华联圆楼 (OUE Tower, 原名为真者里大厦) 已经迎来了新租客，隶属于同乐集团 (Tung Lok Group) 的最新餐饮概念-同樂 (Tóng Lè Private Dining) 包含了提供精致菜肴的中餐馆，及由该餐馆的一角附设的名为 Shinji 的寿司吧，由在东京荣获米其林双星的金坂真次 (Shinji Kanosaka) 师傅亲自主理。该餐馆占用了圆楼两个楼层共11,800平方英尺的可租让面积，其中大部分面向水景。两层中较高的一层楼是可旋转的，每小时自转一周。

华联廊桥 (OUE Link, 原名为真者里空中廊桥) 已经翻新，新铺设的有盖人行天桥是连接莱佛士坊金融区与滨海湾金融新区的必经要道，用崭新的白色大理石铺就而成的华联廊桥光可鉴人，气派非凡，其2854平方英尺的可租让面积目前已全部租出给零售业者和餐饮业者。

为了响应市区重建局要把丹戎巴葛改造成为一个充满活力的融生活、工作、娱乐于一体新环境的宏伟规划的号召，华联企业正在筹划和探讨如何把现有星展大厦两栋大楼的底座改造成引领购物新潮流的零售商场的可行性，具体方案仍在酝酿中。

集团的住宅物业开发取得了760万新元的营业收入，主要来自出售集团已开盘的旗舰项目-豪华精品公寓 Twin Peaks 的销售所得。

结语

尽管全球经济走向存在诸多不确定因素，我们仍将不断地寻找投资机会，通过策略性的收购活动和资产优化提升来打造企业价值。

勤奋努力、奉献精神 and 意志坚定是成功之母。我谨在此感谢所有的管理人员和员工，感谢他们尽其所能为集团在本年度再度取得亮眼的业绩所作出的贡献。最后也是最重要的一点，我要衷心感谢忠实的股东们对华联企业集团的信任和支持。

张清福

首席执行官/集团董事经理
2012年3月

Leaders of OUE Group



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



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 28 April 2011.

Dr. Riady is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He was appointed a Director of Lippo China Resources Limited in 1992. On 25 March 2011, he resigned as Deputy Chairman, Managing Director and Chief Executive Officer of Lippo China Resources Limited and has been appointed as its Chairman. He has been an Executive Director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he resigned as its Chief Executive Officer and has been appointed as its Chairman. 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.

On public service, Dr. Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997 appointed by the Hong Kong and Macao 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 of 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 founding Partner of Howse Williams Bowers, Hong Kong and was previously a Partner of Reed Smith Richards Butler, Hong Kong and of Reed Smith LLP (a Delaware U.S. limited liability partnership) from where he resigned in December 2011. He has been the non-Executive Chairman of Food Junction Holdings Limited since 2009.

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 2011.

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.

Board of Directors

Mr. Kelvin Lo Kee Wai Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 28 April 2011.

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

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an Associate of the Hong Kong Institute of Certified Public Accountants, an Associate of the General Accountants Association of Canada, a Chartered Financial Analyst of the CFA Institute of United States, and an Associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a 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 was a Member of Parliament for Tampines GRC from 1996 to 2011. Mr. Sin was a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011. Mr. Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992.

Mr. Sin has held directorships in Courage Marine Group Limited since 2005, Transview Holdings Limited and CSE Global Ltd since 2002, MFS Technology Ltd since 2001 and OSIM International Ltd since 2010. He has been the Chairman of SE Hub Ltd since 2011. Mr Sin 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 resigned as a member of the Audit Committee on 19 October 2011 but continue to serve as a board member of the Company. He was last re-appointed as a Director at the Annual General Meeting held on 28 April 2010.

Mr. Silhavy is a non-Executive Director of Bowsprit Capital Corporation Limited since 2006. Mr. Silhavy graduated from the University of World Trade Vienna, Austria in 1984 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. He serves as a member of the Audit Committee with effect from 19 October 2011. 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 and the Chairman of the Board of Directors of United Fiber System Limited, a company listed in Singapore since 2011. 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.

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 18 - 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 19 - 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 OUE's Hospitality Division. He holds overall accountability for driving business profitability of assets within the Meritus portfolio and expanding the iconic brand in strategic locations, targeting fast-growing business and tourism hubs.

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 illustrious career in hospitality began with Hilton Hotels and spans almost four decades 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 the Asia Pacific. He spent over 20 years in China specialising in successfully launching hotels, establishing hospitality brands, and developing industry professionals.

In recognition of his invaluable contribution to the industry, Mr Sengol was recently conferred the Leading CEO Award at The Singapore HR Awards 2011 by Singapore Human Resources Institute; the Lifetime Achievement Award at the World Gourmet Summit 2011; and the Lifetime Achievement Award at the Hospitality Asia Platinum Awards Regional Series 2011-2013.

Quarterly Results

	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
Turnover					
2011	68,244	72,266	86,372	105,500	332,382
2010	47,996	51,698	51,209	64,698	215,601
Profit/(Loss) Before Tax					
2011	274,259	24,490	23,889	72,241	394,879
2010	211,142	20,559	152,972	519,953	904,626
Profit/(Loss) After Tax					
2011	227,557	20,088	19,873	69,893	337,411
2010	184,591	16,693	127,096	448,797	777,177
Profit/(Loss) Attributable to Owners of the Company					
2011	227,604	20,097	19,791	68,192	335,684
2010	184,568	16,739	127,343	443,823	772,473
Basic and Diluted Earnings Per Ordinary Share (in cents)					
2011	23.2	2.0	2.0	7.1	34.4
2010	18.8	1.7	13.0	45.2	78.7

Segmental Performance Analysis

TOTAL TURNOVER BY BUSINESS SEGMENT



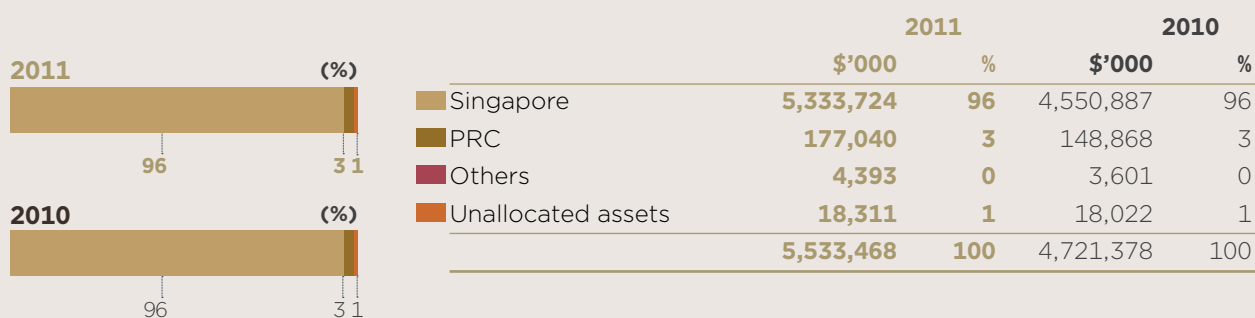
TOTAL ASSETS BY BUSINESS SEGMENT



TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT



TOTAL ASSETS BY GEOGRAPHICAL SEGMENT





What's New *at the* Bayfront

OUE

CUSTOMS HOUSE

Operations Review

Commercial

Breaking New Ground on the Bayfront

With its strategic location, environmentally sustainable architecture and sophisticated amenities, OUE Bayfront is the new frontier of prime business space overlooking a spectacular panorama of the Marina Bay. OUE's flagship features a rooftop restaurant, amongst a host of dining and shopping options in the adjoining OUE Tower and OUE Link.



The One Business Address

One Raffles Place boasts arguably the most prestigious business address in the financial heart of Singapore. Tower 1 and its adjacent retail mall – the largest in the Central Business District – is a familiar landmark at the centre of Raffles Place. Located just above Raffles Place MRT station, it is a one-stop business and lifestyle destination that connects conveniently to other key hubs in Singapore.



Landmark Asset on Shenton Way

The landmark DBS Building Towers One and Two will be enhanced to capitalise on the 262-metre pedestrian frontage along Shenton Way. Riding on the Urban Redevelopment Authority's plans to develop Tanjong Pagar into a vibrant live-work-play environment, OUE will be redeveloping the existing podium into a retail mall to cater to the rising number of residents in the revitalised downtown.

A Bold Architectural Statement

The spanking new 38-storey annex to One Raffles Place, Tower 2 is designed by Paul Noritaka Tange, son of the late Kenzo Tange – world-renowned architect and designer of the adjacent Tower 1. With a triangular theme echoing that of the adjacent tower, Tower 2 makes a bold statement on Singapore's skyline with its distinctive architecture.



Operations Review Commercial





OUE BAYFRONT AND ADJOINING OUE TOWER AND OUE LINK

FY 2011 has seen OUE successfully transformed the former site of Overseas Union House into a premium commercial development comprising a prime Grade A office building, complemented by retail facilities at its ancillary properties, OUE Tower (the former Change Alley Aerial Plaza Tower) and OUE Link (the former Change Alley Linkbridge). This is a testament to OUE's capabilities in creating value through asset enhancement and striking an optimal balance between commercial and retail elements.

OUE Bayfront – OUE's flagship commercial property is aptly named for its vantage location along Marina Bay, offering unrivalled views of the waterfront. Strategically located between the main financial hub Raffles Place and the new Marina Bay downtown, OUE Bayfront enjoys the best of both worlds by leveraging on the existing infrastructure and transport links of Raffles Place, while staying relevant to the new Marina Bay CBD extension.

Awarded Green Mark Gold certification by Singapore's Building and Construction Authority ("BCA"), the 18-storey office building features spacious, column-free floor plates ranging from 26,000 sq ft to 30,000 sq ft over 14 floors. OUE Bayfront's rooftop will also showcase a restaurant adopting a unique dining concept, an ideal venue for dining and entertainment.

< OUE Bayfront with its iconic OUE Tower (formerly known as Change Alley Aerial Plaza Tower)

Operations Review

Commercial



OUE Bayfront is positioned as a unique modern waterfront development with ideal accessibility to transportation links, business services and amenities.

- < OUE Bayfront is characterised by its glass exterior and unique V-shaped twin columns
- > Situated at the gateway between the new Marina Bay downtown and the Raffles Place financial hub, OUE Bayfront offers unrivalled views of the bay
- ↘ OUE Bayfront is graced with a spacious main lobby, with an impressive ceiling height of 12 metres

Positioned as a unique modern waterfront development with ideal accessibility to transportation links, business services and amenities, OUE Bayfront received strong interests from international businesses and has achieved a committed occupancy rate of 82.3% (as at 31 December 2011). Its notable tenant base comprises reputable global firms such as Allen & Overy LLP, Citrix Systems Singapore Pte Ltd, Hogan Lovells International LLP, Merrill Lynch International Bank Limited (Merchant Bank), Skandinaviska Enskilda Banken AB (PUBL), Singapore Branch and Union Bancaire Privee (Singapore) Ltd, amongst others.

Complementing OUE Bayfront's commercial space is an excellent retail mix at the adjoining re-branded OUE Tower and OUE Link.

The iconic **OUE Tower**, formerly known as Change Alley Aerial Plaza Tower, is a heritage site well reputed for its revolving platform. The fully restored OUE Tower comprises a net lettable area of 11,800 sq ft spread over two levels. Occupying this space would be Tung Lok Group's latest food and beverage ("F&B") concept, Tóng Lè Private Dining. This new F&B establishment offers a premium Chinese dining experience. A section of the

restaurant is dedicated to a special collaboration with Shinji By Kanesaka – helmed by Chef Shinji Kanesaka of the 2-Michelin-starred Sushi Kanesaka in Tokyo – which features a private 8-seater sushi counter.

OUE Link, previously named Change Alley Link Bridge, has been refurbished into a vital pedestrian access way between Raffles Place MRT and the new Marina Bay financial district. The sheltered, dual-passage overhead link has a net lettable area of 2,854 sq ft, OUE Link is now fully leased to an exciting lineup of retail and F&B outlets.



Operations Review

Commercial

DBS BUILDING TOWERS ONE AND TWO

Acquired by OUE in 3Q 2010, **DBS Building Towers One and Two** saw full-year rental contributions for FY2011. As at end of December 2011, lease commitment rate for the property stood at 91%, with major tenants like Aviva Ltd, Daiwa Capital Markets Singapore Limited, DBS Bank Ltd, Deloitte & Touche LLP and Deutsche Bank Aktiengesellschaft.

DBS Building Towers One and Two, standing prominently at 49 and 37 storeys respectively, are prime office towers located in the heart of Singapore's Central Business with over 870,000 sq ft of let nettable area, and a gross floor area of approximately 1.24 million sq ft.

Plans are underway for a project involving the conversion of podium of DBS Building Towers One and Two into a retail mall for greater rental yield. The new retail mall will complement the offices in both towers. OUE's intention is to capitalise on the Urban Redevelopment Authority's long term plans to develop Tanjong Pagar into a vibrant area.



- ▲ DBS Building Tower One towering at 49 storeys above street level
- 37-storey DBS Building Tower Two evening aspect
- Artist's impression of proposed retail space facing Shenton Way



DBS Building Towers One and Two are prime office buildings standing prominently on a 262-metre wide street frontage along Shenton Way. OUE plans to capitalise on this feature and envisages converting the podium into a retail space.



Operations Review Commercial





ONE RAFFLES PLACE

One Raffles Place is strategically located in the heart of Singapore's Central Business District, and is well-served by the Raffles Place MRT interchange station that affords direct connection via the basement of the development.

The highly distinctive One Raffles Place encompasses two magnificent Grade A office towers and a retail mall, with a lettable area of over 860,000 sq ft of office, retail and entertainment space.

Tower 1, a landmark 62-storey Grade A office building, is the tallest building in Singapore at 282 metres high. The skyscraper houses leading financial, banking

and other professional firms since 1986. The observation deck on the rooftop and the restaurants on 61st and 62nd floors offer panoramic views of the city, becoming amongst the popular entertainment and tourism spots in Singapore.

Newly completed Tower 2, a 38-storey Grade A office building, has drawn keen demand from international companies and professional firms, following the success of Tower 1. The new tower has a Green Mark Platinum certification for its energy efficiency and environmentally sustainable design, awarded by the Building & Construction Authority (BCA).

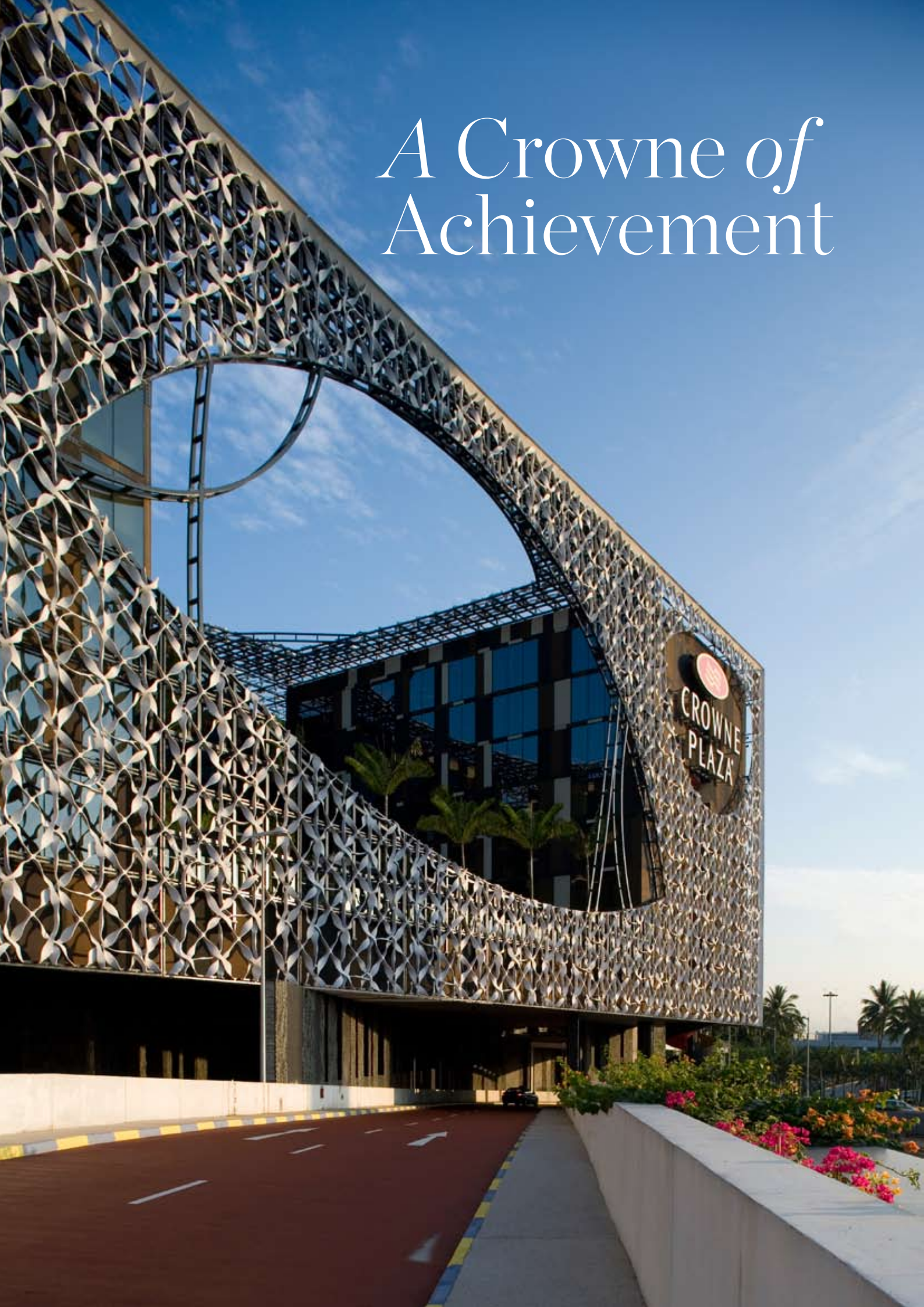
Tower 2 is also one of only a few commercial buildings in the financial district to capitalise on both lighting and art incentives provided by the Urban Redevelopment Authority (URA), incorporating special lighting on the tower's façade and showcasing artworks by world-renowned artists Tony Cragg, Hiroshi Senju, Anna Chiara Spellini and Han Sai Por at the lobby and outdoor space.

The 5-storey retail mall, which includes a basement level, is currently the largest shopping space in Raffles Place, complementing offices with a host of facilities for dining, shopping, lifestyle services and convenient daily necessities.

< The office towers of One Raffles Place make an impressive mark in the city skyline

▲ The 5-storey retail mall is a one-stop shopping destination located above Raffles Place MRT station

A Crowne of Achievement



Operations Review

Hospitality



Creating Value that Exceeds Expectations

The strong growth and rising prosperity exhibited in emerging markets continue to boost long-term prospects for travel and tourism in Singapore and elsewhere.

Despite subdued sentiments due to the Eurozone's debt crisis and its widespread impact worldwide, the 2011 annual research by the World Travel & Tourism Council points to the industry's robust prospects as one of the world's fastest growing sectors and a key pillar of economic expansion, with growth expectations of an average 4.0% annually from 2012 through to 2021.

The industry's resilience is also echoed in data gathered by the UN World Tourism Organisation, which reported a global increase of around 4.5% in tourist arrivals for the first eight months of 2011, along with higher hotel occupancy and average

daily room rates. Europe and the Asia Pacific emerged as the best-performing regions, with growth in the latter being driven by China (12.3%) and India (5.1%), two of the world's fastest emerging economies.

In Singapore, the tourism sector charted new highs in 2011, with preliminary tourism receipts estimated at S\$22.2 billion and international visitor arrivals at 13.2 million.

Leveraging the growth momentum, the Hospitality Division of OUE enjoyed improved performance across all hotels, including the Crowne Plaza Changi Airport Hotel which was acquired in July 2011. Accounting for close to 65.0% of OUE's overall FY 2011 revenue, the division registered a 25.0% year-on-year increase in income to S\$215.5 million.

Operations Review

Hospitality



ANOTHER RECORD YEAR FOR MERITUS

BRAND AWARDS

2011 was marked by even more milestones for Meritus Hotels & Resorts, the iconic hospitality brand of OUE.

Validating the overall strategy and enhancing the equity of the brand, Meritus celebrated win after win of an impressive slew of region-wide brand recognition and service excellence awards.

On the home front, Meritus Hotels & Resorts emerged as Singapore's Most Popular Heritage Brand at the 2011 Singapore

Prestige Brand Awards (SPBA), following a public polling and a stringent evaluation process by an esteemed panel of judges. SPBA is supported by SPRING Singapore, International Enterprise Singapore, the Intellectual Property Office of Singapore and Singapore Press Holdings.

With its growing popularity as a home-grown hospitality brand representing the very best of Singapore, Meritus has now become an important benchmark for values and winning practices that other local brand owners strive to attain.

The 'Meritus Difference' service culture, continuously championed by all employees and effectively translated into the signature 'Meritus Experience' delivered to guests, is key to the Meritus brand promise of *Asian Grace, Warmth, and Care* at every touch point.

Testament to this drive for excellence within the organisation from top down, the team at flagship Mandarin Orchard Singapore broke ground by achieving an unprecedented 251 individual Excellent Service Awards (EXSA). Launched in 1994, EXSA is a coveted national award that recognises individuals who have achieved



service excellence, and serve as outstanding service champions for others to emulate. EXSA is managed by seven industry lead bodies (the Association of Singapore Attractions, the Land Transport Authority, the Public Service Division, the Restaurant Association of Singapore, the Singapore Hotel Association, the Singapore Retailers Association, the Association of Banks in Singapore) and supported by SPRING Singapore.

For the second year in a row, Mandarin Orchard Singapore also made the national list of top 5 scorers on the Customer Satisfaction Index of Singapore

(CSISG) under the Hotels sector, outperforming the sector average of 74.5% with its score of 79.8%. The CSISG computes customer satisfaction scores at the national, sector, sub-sector and company levels. The CSISG serves as a quantitative benchmark of the quality of goods and services produced by the Singapore economy over time and across countries. Scores are generated based on the econometric modelling of survey data collected from end-users after the consumption of products and services. CSISG scores customer satisfaction on a scale of 0 to 100 with higher scores representing better performance. There are

- The magnificent 21-storey atrium of Marina Mandarin Singapore
- Exclusive privileges at Meritus Club Lounge
- Dream wedding by Meritus

Operations Review

Hospitality



In 2011 alone, Meritus received more than 260 industry awards – a fitting celebration of its 40-year heritage as Singapore’s iconic brand of world-class hospitality.

three drivers of satisfaction in the CSISG model, namely: customer expectations, overall quality and value.

At the regional level, Mandarin Orchard Singapore received the ASEAN Most Admired Enterprise Award for Corporate Social Responsibility at the ASEAN Business Awards (ABA) 2011. Held in conjunction with the 19th ASEAN Business & Investment Summit and spearheaded by Ernst & Young, the annual ABA recognises the most outstanding and successful ASEAN companies contributing to ASEAN’s economic growth and prosperity, and operated in environmentally friendly principles.

In 2011 alone, the Meritus brand received more than 260 industry awards – a fitting celebration of its 40-year heritage as Singapore’s iconic brand of world-class hospitality, and a precursor to the wider appeal of the brand as it extends its footprint to more locations around the world.

MODELS OF GROWTH

In a year end report released by the Singapore Tourism Board (STB), Singapore registered double-digit growth in both visitor arrivals and tourism receipts, exceeding expectations as the Lion City welcomed a record 13.2 million visitors versus 11.6 million in 2010.

Growth in the Meetings, Incentives, Conventions and Exhibitions (MICE) sector contributed to the overall figures, with MICE delegates constituting a third of total visitor arrivals into Singapore.

Despite the addition of more than 2,400 rooms in 2010, the strong demand in 2011 pushed the average occupancy rate to 86.0% and the average room rate to S\$245, up 13.0% from the previous year.

Outperforming the industry, OUE's hotels in Singapore closed 2011 with an average occupancy rate of 86.6% at the average rate of S\$274.9. Leading the pack in terms of average room rate is Mandarin Orchard Singapore with S\$277.3, whilst Crowne Plaza Changi Airport Hotel, acquired by OUE in July 2011, topped the average occupancy rate at 90.3%.

Overall, the hospitality division posted a robust 11.4% increase in Gross Operating Profit over 2010, with total revenues contributing close to S\$345 million to OUE.



➤ The foyer at Crowne Plaza Changi Airport

➤ Successful meetings by Meritus

Operations Review Hospitality



MANDARIN ORCHARD SINGAPORE

Standing eminently in the heart of Singapore's most prestigious shopping and commercial district, Mandarin Orchard Singapore made its debut in 1971 as the first hotel of its scale and caliber to open on world-renowned Orchard Road. Forty years on, Mandarin Orchard remains the hotel of choice for discerning international travellers, consistently providing guests with the brand's signature *Asian Grace, Warmth, and Care*.

Some 1,051 luxuriously appointed rooms and suites - each a harmonious blend of comfort and elegance - offer panoramic views

of the city, along with a host of modern conveniences like express check-out and in-room dining services at the touch of a button through the Internet Protocol Television (IPTV) system.

The hotel also features a smorgasbord of award-winning cuisines from Chatterbox, home of the legendary Mandarin Chicken Rice; Mandarin Court Chinese Restaurant which has views at 35 levels high; Triple Three for all-day buffet dining; Coffee & Crust, a popular café; and Bar on 5, a chill-out bar.

Mandarin Orchard also offers exclusive privileges at Meritus Club,

as well as 20,000 sq ft of versatile meeting spaces equipped with advanced audio-visual amenities, making the hotel the ideal venue for successful events. In addition, the synergistic pairing of Mandarin Orchard and Mandarin Gallery enables guests to revel in an all-encompassing lifestyle experience on Orchard Road.

- < Luxurious hospitality in the heart of Orchard Road
- ▲ Swimming pool at Mandarin Orchard Singapore
- ▲ Unique shopping experience at Mandarin Gallery
- > The iconic Mandarin Orchard Singapore



Operations Review

Hospitality



CROWNE PLAZA CHANGI AIRPORT

Crowne Plaza Changi Airport is a luxury upscale business hotel and the first global brand name hotel situated within the immediate vicinity of the passenger terminals of Singapore Changi Airport. The hotel is seamlessly connected to Terminal 3 via an air-conditioned sheltered link bridge and easily accessible from Terminals 1 and 2 by the airport Skytrain. It is also a mere 25 minutes drive to the city.

Designed by multi award-winning architects, WOHA, Crowne Plaza Changi Airport's dramatic exterior consists of a metallic latticework of tropical flowers, a motif that permeates the hotel's modern

interior. The hotel encapsulates elements of both a city and resort hotel with sleek modern architecture with a contemporary Asian theme.

Crowne Plaza Changi Airport's 320 well-appointed guest rooms, including 27 spacious suites, provide guests a soothing respite from the strains of travelling. All rooms are sound-proofed and complete with indulgent en-suite bathrooms. Intelligent and innovative design helps effectively maximise the room space for both rest and work.

Take pleasure in a cosmopolitan dining experience at Crowne Plaza Changi Airport with its selection

of bars and restaurants. Relax, unwind or hold informal corporate cocktail events at bar'75, Meet and Eat at Lobby Lounge, indulge in international and local cuisine at Azur, or treat yourself to excellent Cantonese cuisine at Imperial Treasure restaurant.

- Modern interior with a uniquely Singaporean feel
- ▲ One-of-a-kind airport location
- Direct access from guestrooms to poolside sundeck
- The lobby lounge faces a tranquil tropical-style gardens



An ideal location for business travellers, Crowne Plaza Changi Airport is strategically located near the Singapore Expo and Changi Business Park. It boasts 8 meeting rooms and a ballroom equipped with state of the art audio visual technology. In addition, the hotel goes the extra mile with its dedicated Crowne Meetings Team, Meet & Greet service as well as its own Singapore Airlines and SilkAir Check-In counters.

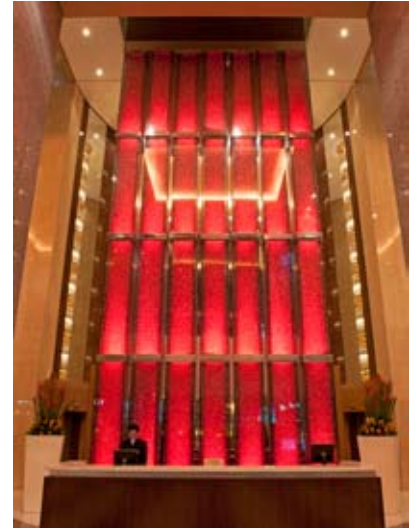
The hotel was voted one of the World's Best Airport Hotels at the Skytrax World Airport Awards 2011, and one of the Best Airport Hotels in Asia Pacific at the Business Traveller Asia-Pacific Awards 2010.



Voted one of the World's Best Airport Hotels.

Operations Review

Hospitality



MARINA MANDARIN SINGAPORE

Internationally acclaimed Marina Mandarin Singapore is a luxury business hotel that enjoys an excellent location in the heart of the Central Business District, steps from Suntec Convention & Exhibition Centre and The Esplanade – Singapore’s Performing Arts Centre.

With breathtaking views of Marina Bay and the financial district, each of Marina Mandarin’s 575 guestrooms and suites features a private balcony overlooking the bay, with facilities especially tailored to meet the needs of the well-travelled. It ranks high on the list of all-time favourite hotels amongst fans of the Formula 1 Singapore Grand Prix.

Featuring a distinctively majestic atrium soaring through 21 levels of the hotel, Marina Mandarin Singapore exudes an atmosphere of relaxed elegance and oriental charm. It offers an exciting selection of dining options including the newly renovated Peach Blossoms, renowned for its authentic Cantonese fare; AquaMarine, a themed, all-day dining buffet restaurant; and Atrium Lounge and Senses Patisserie for a cosy tête-à-tête in one the largest atriums in Southeast Asia.

Boasting more than 20,000 sq ft of extensive meeting facilities that spell stylish versatility and contemporary convenience, every event is supported by a dedicated Convention Services team looking after every detail.

Internationally acclaimed luxury business hotel in the heart of the Lion City’s Central Business District.

- Spectacular view of the Marina Bay from guestroom balconies
- ▲ An atmosphere of relaxed elegance and oriental charm
- The waterfront hotel is a favourite amongst fans of the Formula 1 Singapore Grand Prix
- ↗ International cuisines by a stellar cast of celebrated chefs
- ↘ Plush interior of the newly renovated Peach Blossoms



Operations Review

Hospitality



MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

Be ushered into a world of ethnic charm and tropical tranquillity at Meritus Hotels & Resorts' flagship resort. Architecturally designed to depict a traditional Malay village, the 35-acre complex of Meritus Pelangi Beach Resort & Spa, Langkawi is along a kilometre stretch of white sandy shores on Langkawi's popular Cenang Beach.

Featuring a cluster of wooden chalets with private balconies that overlook stunning sea views and lush landscapes, this tropical sanctuary showcases the ethnic charm of the East and the contemporary comforts of the West.

Be spoilt for choice with exciting dining options by the poolside or fresh barbecue delights at the beachfront; water sports and outdoor activities for the more adventurous; or rejuvenating treatments at Teratai Spa. The resort also makes for the perfect tropical location for rest and relaxation, corporate and teambuilding retreats, incentive groups, and beach weddings.

A series of exciting new enhancements to the resort facilities are now underway, set to start being unveiled from summer of 2012. Once completed, multi-awarded Meritus Pelangi becomes uniquely positioned as the true 'Jewel of Langkawi,' establishing

new hospitality benchmarks on the island of Langkawi.

MERITUS MANDARIN HAIKOU

The first international luxury hotel to be established in Haikou, Meritus Mandarin Haikou is in the new financial capital of Haikou's Special Economic Zone. A mere 45 minutes drive from Meilan International Airport, the hotel offers 318 well-appointed guestrooms and suites complemented by facilities especially designed for the business-focused traveller.

Meritus Mandarin Haikou features four fine dining outlets, and more than 8,000 sq ft of high-ceilinged, column-free ballroom space that



can be partitioned into smaller function rooms to cater for small to mid-scale meetings and events.

The hotel made the list of the *Top 10 Themed Hotels in China* at the 6th China Hotels Starlight Awards in 2011, and *China's Top 10 City Business Hotels* awarded by the China Hotel Industry Brand Summit Committee.

MERITUS SHANTOU CHINA

Marking its 10th anniversary in 2011, Meritus Shantou China remains the pride of Shantou and a prominent symbol of the city's prosperity and entrepreneurial success.

Located in the Central Business District and within walking

distance to shopping and entertainment districts, the hotel is within a 20-minute drive from the airport.

Meritus Shantou China boasts 318 guestrooms that epitomises classic elegance and contemporary chic, from a combination of modern architecture and an interior that evokes a warm Asian welcome.

Meritus Shantou China has the business traveller in mind and provides world class services and facilities for the business traveller amidst a sophisticated ambience. The hotel's dining outlets offer an array of international cuisines. The business traveller with the time can also enjoy a number of

recreational options. Top-notch meeting and banquet facilities are available. Events held at the hotel are supported by a professional Convention Services team that helps to ensure a smooth and seamless experience.

- ▾ Blissful rejuvenation at Teratai Spa
- ↳ The first international luxury hotel in Haikou's Special Economic Zone
- ◀ Tropical tranquility and ethnic charm at Langkawi's award-winning resort
- ▲ A warm Asian welcome amidst contemporary chic
- ↗ A landmark hotel at the heart of Shantou's Central Business District

Dining & Entertainment



HOTEL

MANDARIN ORCHARD SINGAPORE

DINING & ENTERTAINMENT (clockwise, from top left)

- Chatterbox
- Triple Three
- Mandarin Court
- Bar On 5
- Coffee & Crust



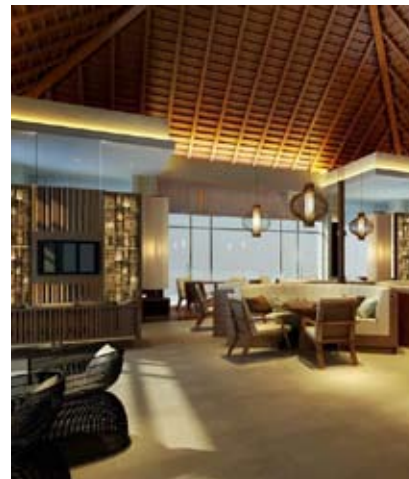
HOTEL

MARINA MANDARIN SINGAPORE

DINING & ENTERTAINMENT (clockwise, from top left)

- AquaMarine
- Peach Blossoms
- Atrium Lounge & Senses Patisserie
- Café Mocha

Dining & Entertainment



HOTEL

MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

DINING & ENTERTAINMENT (clockwise, from top left)

- Spice Market
- The Boat House BBQ Restaurant & Pub
- Pelangi Lounge
- Horizon Pool Bar
- Cascade Pool Bar
- Cenang Beach Bar



HOTEL

MERITUS MANDARIN HAIKOU

DINING & ENTERTAINMENT (clockwise, from top left)

- The Chatterbox
- The Promenade
- Pine Court
- Ristorante Bologna

Dining & Entertainment



HOTEL

MERITUS SHANTOU CHINA

DINING & ENTERTAINMENT (clockwise, from top left)

- Brasserie Tatler
- Peach Garden
- Pool Garden Café
- Tatler Bar

**HOTEL****CROWNE PLAZA CHANGI AIRPORT****DINING & ENTERTAINMENT** (clockwise, from top left)

- Azur
- bar'75
- Lobby Lounge

Awards & Accolades



MERITUS HOTELS & RESORTS

- **Singapore Brand Prestige Award 2011,**
by ASME and Lianhe Zao Bao
Heritage Brand
Most Popular Heritage Brand
- **Asian Gastronomic Awards of Excellence 2011,**
in conjunction with the World Gourmet Summit
Lifetime Achievement Award - Michael Sengol
- **The Singapore HR Awards 2011,**
by Singapore Human Resources Institute
Leading CEO Award - Michael Sengol
- **2011 ASEAN Most Admired Enterprises,**
by ASEAN Business Awards
Most Admired Enterprise - Corporate Social Responsibility
- **Hospitality Asia Platinum Awards Regional Series 2011-2013,**
by World Asia Publishing
Lifetime Achievement Award - Michael Sengol

-
- ▲ MHR CEO Michael Sengol accepting the Lifetime Achievement Award at the HAPA Regional Series 2011-2013
 - MHR Executives at the Singapore Prestige Brand Award 2011 where Meritus was recognised as Singapore's Most Popular Heritage Brand
 - MHR CEO Michael Sengol receiving the cash prize and championship trophy on behalf of Mandarin Orchard Singapore at the PATA Productivity Competition 2011
 - Mandarin Orchard's Executive Sous Chef Liew Tien Heong receiving Gold Award for Master Chef (Asian Cuisine) Category at the HAPA Regional Series 2011-2013



MANDARIN ORCHARD SINGAPORE

- **'Our Productivity Story' 2011 Competition**,
by Pacific Asia Travel Association (PATA)
Champion, Hotel Category
- **Hotel Security Excellence Award 2011**,
by Singapore Hotel Association
- **Singapore Green Hotel Awards 2011**,
by Singapore Hotel Association
- **Meritorious Defence Partner Awards 2011**,
by Ministry of Defence, Singapore
- **Fire Safety Award 2011**,
by Singapore Hotel Association
- **Employee of the Year Award 2011**,
by Singapore Hotel Association
Recipient - Anne Wong
- **Singapore Best Restaurant Series 2011**,
by Singapore Tatler
Recipients - Mandarin Court Chinese Restaurant
and Triple Three
- **Singapore's Top Restaurants 2010/2011**,
by Wine & Dine
Triple Three
- **The Customer Satisfaction Index of Singapore (CSISG) 2011**, by the Institute of Service Excellence at Singapore Management University
Top 4 in Hotel Industry Category - Mandarin Orchard Singapore, at 79.8%
- **Hospitality Asia Platinum Awards (HAPA) Regional Series 2011-2013**,
by World Asia Publishing
Gold Winner, HAPA Master Chef (Asian Cuisine) - Executive Sous Chef Liew Tien Heong
Platinum Winner HAPA Chef of the Year - Executive Chef Shigeru Akashi
- **Excellent Service Award (EXSA) 2011**,
by SPRING Singapore
264 Individual Silver, Gold, and Platinum Recipients

Awards & Accolades



MARINA MANDARIN SINGAPORE

- **Meritorious Defence Partner Awards 2011,**
by Ministry of Defence, Singapore
- **Arts Supporter Award 2011,**
by the National Arts Council of Singapore
- **Asian Gastronomic Awards of Excellence 2011,**
by World Gourmet Summit
Executive Chef of the Year - Tony Khoo
- **The World Luxury Spa Awards 2011**
Country Spa Finalist, Best Luxury Hotel Spa -
Gregory at Marina Mandarin Singapore
- **Best Employers for Workers over 50 International 2011,**
by the American Association of Retired Persons
Certificate of Commendation
- **Pattaya City Gourmet Seafood Challenge, in conjunction with Pattaya Food & Hoteliers Expo 2011**
Overall Champion, Gourmet Team -
Daniel Tan & Adrian Phua
- **HOFEX 2011, Hong Kong**
Gold Medal, Gourmet Team - Eddie Wong
- **Oceanafest Pacific Rims Restaurant of Champions, Perth, Australia**
Gold Medal, Best Overseas Team
Overall Champion - Chan Tuck Wai
- **Singapore's Top Restaurants 2010/2011,**
by Simply Dining
Special Award, Best Ambience (Asian Cuisine) -
Peach Blossoms
- **Singapore's Top Restaurants 2010/2011,**
by Wine & Dine
'House of Stars' Recognition: Peach Blossoms and
Ristorante Bologna
- **Singapore Best Restaurant Series 2011,**
by Singapore Tatler
AquaMarine
- **Hospitality Asia Platinum Awards (HAPA) Regional Series 2011-2013,**
by World Asia Publishing



- **HAPA General Manager of the Year**
Platinum Winner - Kurt O. Wehinger
- **HAPA Chef of the Year**
Platinum Winner - Chef Tony Khoo
- **HAPA King of Kitchens**
Platinum Winner - Chef Tony Khoo
- **HAPA Master Chef – Western Cuisine**
Platinum Winner - Chef Carlo Marengoni
- **HAPA Most Exquisite Dining Experience – Western Cuisine**
Platinum Winner - Ristorante Bologna
- **HAPA Most Authentic Asian Cuisine Restaurant**
Platinum Winner - Peach Blossoms

CROWNE PLAZA CHANGI AIRPORT SINGAPORE

- **Enabling Employers Award 2011,**
by Enabling Employers Network
- **Aon Hewitt Best Employers in Singapore 2011,**
by Aon Hewitt
- **Best Leadership Development Practices 2010/11**
Centre Creative Leadership Award by HRM magazine
- **Most Outstanding Crowne Plaza 2010**
by AMEA Leaders Conference 2011

MERITUS MANDARIN HAIKOU

- **6th China Hotels Starlight Awards**
Top 10 Themed Hotels in China

◀ General Manager Mr Kurt Wehinger and Executive Chef Tony Khoo of Marina Mandarin Singapore accepting the Executive Chef of the Year Award at the Asian Gastronomic Awards of Excellence 2011

▲ Team Meritus celebrating the achievements and recognition garnered in 2011

➤ Meritus Mandarin Haikou receiving the Top 10 Themed Hotels Award in China at the 6th China Hotels Starlight Awards

*View from
the Gallery*



Operations Review

Retail



Courtesy of DP Architects Pte Ltd

Four Floors of Unique Experiences. One Unrivalled Shopping Destination.

Step into Mandarin Gallery and one can immediately feel the ambience and vibe of a truly luxe mall. Each floor is carefully conceptualised and designed to complement the wide range of offerings and brands available.

Connected by a simple linear passageway, every level has its own unique ceiling and floor design. Level 1 and 2 reflect the chic and sophisticated styles of international labels, while the vibrancy of one-of-a-kind cult labels emanates on Level 3. Moving on to Level 4, a relaxed atmosphere completes the overall experience with a broad array of dining options.

- ▶ Level One: Street front and designer flagship stores
- ▶ Level Two: Vibrant mix of chic quintessential local boutiques and café
- ▶ Level Three: Edgier and energetic stores such as M.A.D. – Museum of Art & Design
- ▶ Level Four: Formal cuisines and casual chill-out dining experiences

Operations Review

Retail



Anyone travelling down Orchard Road will not miss Mandarin Gallery's 152-metre prominent street frontage. Large glass walls bring out the mall's luxuriousness and captivate shoppers, both outside and within. The sleek and modern façade wrapped around six duplexes interposed with a strategically-located pair of escalators to the mall's second floor, is a timeless architectural beauty.

Nestled in the heart of Orchard Road and strategically annexed to Mandarin Orchard Singapore is **Mandarin Gallery** - OUE's flagship retail mall which just turned two in January 2012.

Following an extensive S\$200 million facelift completed in November 2009, Mandarin Gallery is a high-end retail haven spread over four storeys and a total gross floor area of more than 196,000 sq ft. Fully leased to close to 100 shops, Mandarin Gallery's niche brand mix has set itself apart from the other mainstream malls and continues to draw interest from new brands which identify themselves with the existing tenant base.

Within a short span of time, Mandarin Gallery not only gained a strong foothold in the retail scene but also earned a reputation as *the* place to go for the quintessential shopper with sophisticated tastes.

-
- ▲ The frontage of Mandarin Gallery forms an undulating, modern yet timeless façade with lightings to create spatial impact
 - > International flagship stores fronting Orchard Road and adjoining to entrance of Mandarin Orchard Singapore



Operations Review

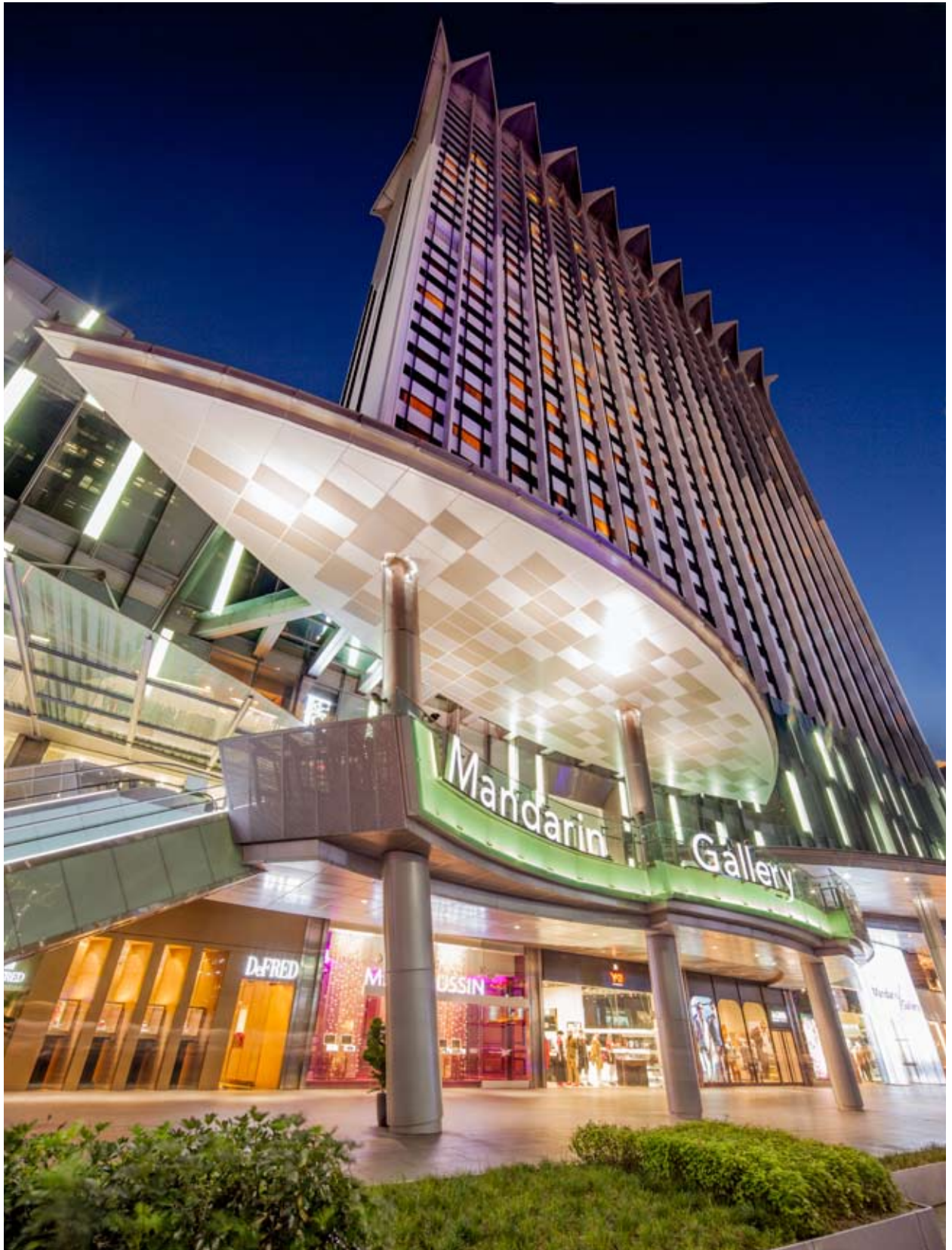
Retail



It takes pride in being an intimate-sized mall housing some of the best international cult brands such as *D&G*, *Emporio Armani*, *Bathing Ape*, *Y-3*, *Vanessa Bruno*, *Marc by Marc Jacobs* and *BOSS Orange*, as well as one-of-a-kind local boutiques like *atomi*, *inhabitate the other store*, *Hansel*, *The Denim Store*, *Ambush*, and *Scarlet & Ebony*.

Mandarin Gallery is also a dining destination for food aficionados who appreciate boutique restaurants. Whether it is highly acclaimed ramen at *Ippudo*, all-day breakfasts at *Wild Honey*, succulent steaks at *Lawry's The Prime Rib*, gourmet dining at *Jones the Grocer*, or homemade cake at *Arteastiq Tea Lounge*, there is something for every taste bud.

- OUE CEO, Mr Thio Gim Hock launching the 1st Anniversary Party
- Winner of BMW X5 xDrive35i
- Winner of BMW 120i Convertible
- Opening performance by Urban Drum Crew
- Located below OUE's hospitality flagship, Mandarin Orchard Hotel, Mandarin Gallery is indeed a site to behold



*The Peak
of Luxury*



Operations Review

Residential

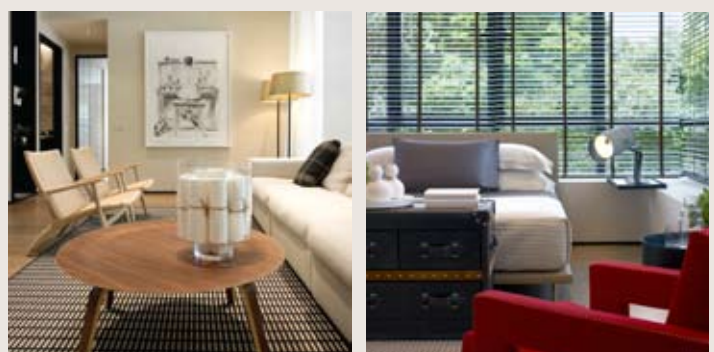


Perched on the 36th floor and set against a gorgeous city skyline, these sky loggias offer a panoramic view of the surrounding greenery and urban landscape of Orchard Road. A rooftop bar, shaded pavilions, lawns and reflection pools for private parties and chill-out sessions with family and friends make for a coveted residential address in one of Asia's most vibrant shopping and entertainment enclaves.

Unwind at the Peak of Luxury and against a Gorgeous City Skyline

A Statement of Style and Sophistication

Each ready-to-live-in luxury apartment – whether it is the one-, two-, or three-bedroom unit – offers a tasteful mix of designer furniture by celebrated master craftsmen such as Hans Wegner, Gerrit T. Rietveld, Charles & Ray Eames, Tom Dixon and Matthew Hilton, to name a few. Uber-chic interiors exude comfort, style, and timeless elegance.



- Gracious Expanse of Space
- Luxury in Simplicity
- Blissful Comfort

Operations Review Residential



In the Lap of Privileged Urban Living

Twin Peak's luxurious amenities include a dedicated concierge service, swimming pool with stylish cabanas, a 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.



Nestled in the lush and exclusive surroundings of Leonie Hills, *Twin Peaks* is an address that lets one live and embrace the ultimate, urban Orchard lifestyle.

Begin the day with a relaxing stroll amidst lush gardens, or a jog at the sky gym on 13th floor while enjoying breath-taking city views. A mere 10-minute stroll to Orchard Road allows you convenient access to prominent shopping malls, eateries and several international schools. In the evening, chill with friends at the open-air sky loggias on the 36th floor, featuring a rooftop bar, shaded pavilion and reflection pools. Host private parties against a backdrop of glittering skyline and panoramic views of the city.

Emanating style and sophistication each of *Twin Peak's* 462 apartments is fully furnished with iconic designer pieces by the likes of Ray and Charles Eames, Tom Dixon, Matthew Hilton, Hans Wegner, and ready to move into. Unique flexibility of space allows one-bedroom apartments to be combined with either two- or three-bedroom apartments for multi-generation living. Residents also enjoy a dedicated concierge service, as well as the option to engage exclusive housekeeping, catering and hospitality services from Mandarin Orchard Singapore.

Comprising two identical 35-storey towers situated at 33 Leonie Hill Road, the 99-year leasehold development sits on a land area of 130,983 sq ft, one of the largest plots of land in this prime location, and offers a total gross floor area of 436,172 sq ft (includes balcony).

- Rest and relax by the sculpted cabanas surrounded with water plant
- Unwind by the pool under a star-lit sky
- Triple-volume, light-filled indoor and outdoor sky gyms on 13th floor

Corporate Social Responsibility



Overseas Union Enterprise has always been dedicated in its commitment towards Corporate Social Responsibility. At the heart of how we operate our business is our responsibility to take a proactive role in making a positive difference to the communities where we operate, the customers we serve, the people that make our organisation and the sustainability of our environment.

SUPPORTING LOCAL COMMUNITIES

At OUE, we are cognisant of the needs and values of local communities that are home to

our customers, our personnel and our business partners. We take a hands-on, community-minded approach to caring for our society through financial contributions, in-kind donations and volunteer work by the different teams within our organisation.

Closest to our heart are causes that seek to alleviate hunger, poverty and illness, particularly amongst underprivileged and seriously ill children.

OUE donated S\$300,000 in support of 'ComChest TrueHearts 2011' - a charity show that aimed

to raise awareness and encourage the younger generation to participate in charitable causes. It was the first televised charity show at Marina Bay. The programme line-up included performances by beneficiaries of Community Chest and popular MediaCorp artistes. Community Chest raises funds on a yearly basis to support critical social service programmes to help children with special needs, at-risk youth, people with disabilities, frail and lonely elderly, as well as families in need.

At the heart of how we operate our business is our responsibility to take the lead in making a positive difference in the community





In December 2011, following the success of OUE's 'Stars of Christmas' charity drive the previous year, we spread the joy of the Yuletide season to beneficiaries of the Children's Cancer Foundation (CCF) and Club Rainbow.

CCF and Club Rainbow are non-profit organisations committed to providing programmes and services to help children who are

suffering from a range of chronic and life-threatening illnesses. The debilitating effects of the children's illnesses extend to their families and caregivers too. Recognising this, CCF and Club Rainbow, with the philanthropic support of donors and volunteers, work together to improve the physical, social, emotional and mental well-being of these families and caregivers - giving them hope and encouraging them to lead as close to a normal life as possible.

The 2011 'Stars of Christmas' programme, jointly championed by OUE and Meritus Hotels & Resorts, saw the generous involvement of our customers, business partners and internal teams with the donation of over 400 Christmas presents to fulfil the wishes of the children and their siblings.



Club Rainbow (Singapore)



- < Community Chest representatives with President Tony Tan Keng Yam, receive donation from OUE Executive Chairman Stephen Riady (far left)
- ▲ Launch of 'Star of Christmas' Charity Projects 2011
- ▼ Each star represent a child's Christmas wish

Corporate Social Responsibility

Respect for the environment is central to our business strategy.

CARING FOR THE ENVIRONMENT

We aim to increase our operational efficiency through a greener approach - working to reduce our direct impact on the environment and create more sustainable ways of doing business.

Our deepening commitment to protect the environment is reflected in the sustainability programmes rolled out across our key business divisions.

Mandarin Orchard Singapore, our hospitality division's flagship hotel, was conferred the 2011 Singapore Green Hotel Award. Organised by the Singapore Hotel Association (SHA) and supported by the Building and Construction Authority (BCA), National Environment Agency (NEA),

Public Utilities Board (PUB) and Singapore Tourism Board (STB), the annual Singapore Green Hotel Award seeks to recognise hotels for their endeavours in adopting environmentally-friendly practices to conserve the Earth.

As part of the 'Meritus Loves the Earth' green campaign at every one of our hotels and resorts under the Meritus portfolio, guests and employees alike are actively engaged in waste reduction and energy conservation measures, practising the 3 'Rs' (Reduce, Re-use, and Recycle) where possible. The hotels' food and beverage operations also champion sustainable alternatives to certain endangered seafood items, amongst other eco-friendly initiatives.



- > MHR CEO Michael Sengol (right) accepts the 2011 ASEAN Most Admired Enterprise Award for Corporate Social Responsibility from ASEAN Secretary General Surin Pitsuwan



CREATING OPPORTUNITIES FOR TALENT GROWTH AND EXCELLENCE

Developing and growing a talent pool remain an essential part of our long-term strategy. We are committed to tackling this issue not only within our business divisions, but throughout society at large for sectors relevant to us.

We aim to continually raise the bar for product and service excellence in the markets where we are present, embracing change and looking out for new ideas to optimise and new goals to achieve. We aim to provide opportunities for others to gain more knowledge and experience, so they in turn can share these and together contribute to the betterment of the community.

In July 2011, OUE announced a landmark partnership with Singapore Institute of Technology (SIT), providing a scholarship grant totalling S\$2 million over a period of ten years to outstanding SIT hospitality students.

“We are privileged to partner with an esteemed institution such as SIT in elevating Singapore’s hospitality and culinary excellence through this long-running scholarship programme,” said Dr Stephen Riady, Executive Chairman of OUE.

“Travel and tourism continue to be an integral part of Singapore’s economy, and we at OUE are committed to nurturing this exciting growth by equipping deserving hospitality students with the educational development they need to become tomorrow’s industry leaders.”

**SINGAPORE
INSTITUTE OF
TECHNOLOGY**

- ▲ From Left: Mr Thio Gim Hock, Chief Executive Officer, Overseas Union Enterprise Ltd; Mr Michael Sengol, Chief Executive Officer, Meritus Hotels & Resorts; Mr Lawrence Wong, Minister of State, Ministry of Defense & Ministry of Education; Mr Ng Chor Pong, Deputy Chairman, Singapore Institute of Technology; and Professor Tan Chin Tiong, President, Singapore Institute of Technology

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. The Group Finance Department establishes cash flow statements and carries out periodic cash flow forecasts on a rolling twelve-month basis.

CREDIT RISK

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors

its exposure to credit risk arising from trade consumers and corporate customers on an on-going basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are of acceptable credit ratings.

COMPLIANCE, LEGAL AND REGULATORY RISK

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

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

HUMAN RESOURCE RISK

The Group recognises the importance of recruiting and retaining skilled employees with particular expertise in order to develop and market the products and services offered by the Group and to expand the Group's businesses. The achievement of the Group's business objectives can be undermined by the failure to recruit or retain skilled employees, or the loss of key senior executives. In this respect, the Group places great emphasis on ensuring 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

As at 31 December 2011

	2011		2010		2009		2008		2007	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Group Turnover										
Hospitality	215,455	65	172,321	80	130,451	95	148,716	97	155,209	91
Property investments	106,884	32	38,476	18	1,476	1	702	0	8,881	5
Property development	7,596	2	2,149	1	2,487	2	149	0	6	0
Others	2,447	1	2,655	1	3,090	2	3,642	3	5,735	4
Total	332,382	100	215,601	100	137,504	100	153,209	100	169,831	100
Group Profit and Loss										
Operating profit	140,067		78,110		22,327		39,021		58,508	
Finance expenses	(50,149)		(8,126)		(18)		(7,043)		(1,643)	
Share of results										
of associates, net of tax	39,435		62,962		(75,944)		114,707		273,485	
Other gains/(losses) - net	265,526		771,680		(44,350)		(102,115)		397,902	
Profit/(Loss) before tax	394,879		904,626		(97,985)		44,570		728,252	
Tax (expense)/credit	(57,468)		(127,449)		4,584		(3,810)		(82,724)	
Profit/(Loss) after tax	337,411		777,177		(93,401)		40,760		645,528	
Non-controlling interests	(1,727)		(4,704)		1,192		144		339	
Profit attributable to owners of the Company	335,684		772,473		(92,209)		40,904		645,867	
Group Balance Sheet										
Available-for-sale financial assets	128,350		128,350		108,000		108,000		108,000	
Property, plant and equipment	508,164		243,097		214,347**		219,697		229,749	
Investments in associates	707,142		670,392		613,101		693,287		593,059	
Investment properties	2,993,000		2,703,680		1,052,513**		825,549		731,450	
Development properties	742,891		715,376		570,162		830,334		240,864	
Cash and cash equivalents	367,856		226,407		198,030		182,838*		492,750*	
Other assets	86,065		34,076		15,819		16,583		70,339	
Total assets	5,553,468		4,721,378		2,771,972		2,876,288		2,466,211	
Share capital	693,315		693,315		693,315		693,315		693,315	
Other reserves	51,207		124,717		107,213		112,514		104,956	
Accumulated profits	2,283,241		1,986,821		1,235,240		1,327,449		1,317,956	
Interests of the shareholders	3,027,763		2,804,853		2,035,768		2,133,278		2,116,227	
Non-controlling interests	483		(2,061)		(6,622)		(5,704)		(6,125)	
Loans from minority shareholder of a subsidiary	14,966		14,966		14,966		15,300		10,900	
Borrowings	2,106,314		1,581,413		558,380		549,623		187,710	
Other liabilities	383,942		322,207		169,480		183,791		157,499	
Total equity and liabilities	5,553,468		4,721,378		2,771,972		2,876,288		2,466,211	
Earnings/(Loss) per share (cents)***	34.4		78.7		(9.4)		4.2		65.8	
Gross dividends paid per share (cents)***	4.0		2.0		-		3.2		2.4	
Dividend cover (times)	8.6		39.4		-		1.3		27.4	
Net asset per share (\$)***	3.21		2.86		2.07		2.17		2.16	
Ratio										
Debt equity ratio	1:1		1:2		1:4		1:4		1:11	

*** The number of ordinary shares issued for Yr 2007 - Yr 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 \$204.4m in December 06 has been utilised in 2007 and 2008, \$30.0m and \$174.4m respectively.

Corporate Governance Report

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 2011 (“**FY2011**”) with specific reference to the principles of the Code of Corporate Governance 2005 (the “**Code**”). The Company is pleased to confirm that it has adhered to the principles and guidelines of the Code. The Annual Report should be read in totality for the Company’s full compliance.

A. BOARD MATTERS

Principle 1 : Board’s Conduct of Affairs

The Company is headed by an effective Board comprising a majority of non-executive Directors 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 2011, the Board met four times. The report on the Directors’ attendance for Board and Board committee meetings is set out below. Directors who are unable to attend Board or Board committee meetings may convey their views to the Chairmen or the Company Secretary. The Company’s 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 FY2011, certain Directors participated in Board and Board committees meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Corporate Governance Report

Directors' Attendance for Board and Board Committees Meetings

Name of Director	Number of meetings attended in FY2011			
	Board	AC	NC	RC
Stephen Riady	4	-	-	-
Christopher James Williams	4	-	1	1
Thio Gim Hock	4	-	-	-
Kelvin Lo Kee Wai	4	4	1	1
Sin Boon Ann	3	4	1	1
Mag Rainer Silhavy ⁽¹⁾	4	2 out of 3	-	-
Kin Chan ⁽²⁾	4	1 out of 1	-	-
Number of meetings held in FY2011	4	4	1	1

Notes:

- ⁽¹⁾ Mag Rainer Silhavy resigned as member of Audit Committee ("AC") with effect from 19 October 2011. He continues as Director of the Company notwithstanding his resignation as member of AC.
- ⁽²⁾ Mr. Kin Chan was appointed as member of Audit Committee with effect from 19 October 2011.

Principle 2 : Board Composition and Guidance

Principle 3 : Chairman and Chief Executive Officer

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. Even though the independent Directors form less than one-third of the Board (and there is therefore a departure from the recommendation under Guideline 2.1 of the Code), the Board nevertheless 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. In addition, there are three non-executive Directors who also contribute constructively to recommendations from the Management.

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

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles. Key information on the Directors' particulars and background can be found on pages 18 to 21 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.

Corporate Governance Report

Principle 6 : Access to Information

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.

B. BOARD COMMITTEES

Nominating Committee

Principle 4 : Board Membership

Principle 5 : Board Performance

The NC currently comprises three non-executive members, of whom two of them, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The NC met once in FY2011.

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 and being mindful of 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.

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

Corporate Governance Report

Remuneration Committee

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

The RC comprises three members, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. The RC met once in 2011.

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.

The RC sets compensation to ensure that the Company is competitive and can attract, retain and motivate Directors and key executives of the required experience and expertise to run the Company successfully. In setting remuneration packages for Directors and key executives, the remuneration and other conditions within the industry and in comparable companies are taken into consideration. While structured to attract and retain highly qualified people, the overall goal is to encourage sustained value-oriented management.

Fees payable to the Directors are proposed as a lump sum. The lump sum, subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting, will be divided among the Directors, as the Board deems appropriate. The amount for each Director will take into account the level of responsibilities held. The compensation framework is made up of fixed pay and incentives. The Company links executive remuneration to corporate and individual performance, based on appraisal, performance assessment, competencies and potential of individuals. Incentives are put in place to motivate and reward executive Directors and key executives to compensate them and encourage them to maximise long-term shareholder value. The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities, including attendance, time and effort at Board meeting and Board committee meetings.

Corporate Governance Report

A breakdown (in percentage terms) showing the level and mix of each Director's remuneration payable for FY2011 is shown below:

Disclosure on Directors' Remuneration for FY2011

Name of Director	Salary	Bonuses	Directors' Fees	Others	Total Remuneration
	%	%	%	%	%
<u>Below \$250,000</u>					
Stephen Riady	100	-	-	-	100
Christopher James Williams	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann	-	-	100	-	100
Mag Rainer Silhavy	-	-	100	-	100
Kin Chan	-	-	100	-	100
<u>\$250,000 to \$499,999</u>					
-	-	-	-	-	-
<u>\$500,000 to \$749,999</u>					
-	-	-	-	-	-
<u>\$750,000 to \$999,999</u>					
-	-	-	-	-	-
<u>\$1,000,000 to \$1,249,999</u>					
-	-	-	-	-	-
<u>\$1,250,000 to \$1,499,999</u>					
-	-	-	-	-	-
<u>\$1,500,000 to \$1,749,999</u>					
-	-	-	-	-	-
<u>\$1,750,000 to \$1,999,999</u>					
-	-	-	-	-	-
<u>\$2,000,000 to \$2,249,999</u>					
Thio Gim Hock	29.47	68.76	-	1.77	100

Corporate Governance Report

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 (who are not also Directors)	
	2011	2010	2011	2010
Below \$250,000	6	11	-	-
\$250,000 to \$499,999	-	-	-	1
\$500,000 to \$749,999	-	-	1	-
\$750,000 to \$999,999	-	1	-	-
\$1,000,000 to \$1,249,999	-	-	-	-
\$1,250,000 to \$1,499,999	-	-	-	-
\$1,500,000 to \$1,749,999	-	-	-	-
\$1,750,000 to \$1,999,999	-	-	-	-
\$2,000,000 to \$2,249,999	1	-	1	1
Total	7	12	2	2

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds \$150,000 during FY2011. The Company does not have any employee share scheme.

Principle 10 : Accountability

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators. 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.

Corporate Governance Report

Principle 11 : Audit Committee

The AC consists of three non-executive Directors, namely the Chairman, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan (replacing Mag Rainer Silhavy). All members of the AC have many years of experience in senior management positions. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities. The AC met four times in 2011.

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 Guidelines 12.1 and 13.4 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 FY2011 was \$329,000. 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 27 April 2012. 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 FY2011 are as follows:

	2011 (\$'000)	2010 (\$'000)
Auditors' remuneration paid/payable to:		
- Auditors of the Company	443	387
- Other auditors	136	128
Other fees paid/payable to:		
- Auditors of the Company	329	420
- Other auditors	551	-

Corporate Governance Report

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.

Principle 12 : Internal Controls**Principle 13 : Internal Audit**

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 and effective, and addresses financial, operational and compliance risks.

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 and effectiveness of the internal audit function and its resources.

C. COMMUNICATION WITH SHAREHOLDERS

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

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

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

Corporate Governance Report

D. INTERESTED PERSON TRANSACTIONS POLICY

The Company has established procedures to monitor and review Interested Person Transactions (“**IPTs**”), including ensuring compliance with the provisions of the Listing Manual related to IPTs (as defined therein). The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. There were no IPTs during FY2011 which, pursuant to the Listing Manual, required immediate announcement or shareholders’ approval.

E. DEALINGS IN COMPANY’S SECURITIES

The Company has issued guidelines on dealing in the Company’s securities. These point to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company’s securities by its Directors and officers. The Company has sent out memoranda and emails to its Directors and officers on the “black-out” periods to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company’s shares. In addition, the Company also discourages the Directors and officers from dealing in the Company’s securities on short-term considerations.

Financial Statements

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Directors' Report

Year ended 31 December 2011

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 2011.

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
 Kin Chan

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

Name of director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
Overseas Union Enterprise Limited		
Kin Chan		
- ordinary shares		
- deemed interest	658,386,410	619,549,410

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

Except as disclosed in this report, there were changes in the directors' interest in the shares of the Company between the end of the financial year and 21 January 2012 as a result of the Company acquiring its own shares under the share buy-back mandate.

Except as disclosed in this report, there was no change in the directors' interest in the debentures of the Company between the end of the financial year and 21 January 2012.

Directors' Report

Year ended 31 December 2011

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 8 and 36 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

Kin Chan

(Appointed on 19 October 2011)

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).

Directors' Report

Year ended 31 December 2011

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Christopher James Williams

Deputy Chairman

19 March 2012

Thio Gim Hock

CEO/Group Managing Director

Statement By Directors

Year ended 31 December 2011

In our opinion:

- (a) the financial statements set out on pages 93 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 2011 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
CEO/Group Managing Director

19 March 2012

Independent Auditors' Report

Year ended 31 December 2011

Members of the Company
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 2011, 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 93 to 160.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Independent Auditors' Report

Year ended 31 December 2011

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

19 March 2012

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Revenue	5	332,382	215,601
Cost of sales		(128,888)	(88,785)
Gross profit		203,494	126,816
Other income	6	1,086	8,584
Marketing expenses		(15,165)	(16,567)
Administrative expenses		(30,632)	(22,409)
Other operating expenses		(18,716)	(18,314)
		140,067	78,110
Finance expenses	9	(50,149)	(8,126)
Share of results of associates, net of tax	20	39,435	62,962
		129,353	132,946
Other gains - net	10	265,526	771,680
Profit before tax		394,879	904,626
Tax expense	11	(57,468)	(127,449)
Profit after tax		337,411	777,177
Other comprehensive income:			
Currency translation differences relating to foreign operations		8,975	(1,267)
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		840	(1,992)
Share of foreign currency translation differences of associates		215	(404)
Other comprehensive income, net of tax		10,030	16,687
Total comprehensive income		347,441	793,864
Profit attributable to:			
Owners of the Company		335,684	772,473
Non-controlling interests		1,727	4,704
		337,411	777,177
Total comprehensive income attributable to:			
Owners of the Company		344,897	789,977
Non-controlling interests		2,544	3,887
		347,441	793,864
Earnings per share for profit attributable to the owners of the Company (expressed in \$ per share)			
Basic and diluted	12	0.34	0.79

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

Statements of Financial Position

As at 31 December 2011

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	367,856	226,407	194,187	83,142
Trade and other receivables	14	25,054	26,774	457,491	441,788
Inventories	15	1,135	675	205	118
Other investments	16	7,632	-	-	-
Development property	17	742,891	715,376	-	-
Other assets	18	7,252	6,627	3,470	2,172
Loans to subsidiaries	21	-	-	1,206,771	875,085
		1,151,820	975,859	1,862,124	1,402,305
Non-current assets					
Available-for-sale financial assets	19	128,350	128,350	128,350	128,350
Investments in associates	20	707,142	670,392	125,734	125,727
Investments in subsidiaries	21	-	-	355,553	352,542
Loans to subsidiaries	21	-	-	130,248	110,379
Other receivables	14	-	-	-	558
Other assets	18	1,000	-	663	-
Investment properties	22	2,993,000	2,703,680	520,000	520,000
Property, plant and equipment	23	508,164	243,097	126,279	122,885
Intangible asset	24	43,200	-	-	-
Deferred tax assets	27	792	-	-	-
		4,381,648	3,745,519	1,386,827	1,360,441
Total assets		5,533,468	4,721,378	3,248,951	2,762,746
LIABILITIES					
Current liabilities					
Trade and other payables	25	102,807	69,940	188,870	188,471
Current tax liabilities		23,320	25,490	17,542	17,406
Borrowings	26	55,581	481,114	50,000	50,000
		181,708	576,544	256,412	255,877
Non-current liabilities					
Borrowings	26	2,065,699	1,115,265	1,237,163	736,144
Deferred tax liabilities	27	240,576	197,860	63,427	64,435
Other liabilities	28	17,239	28,917	2,779	4,829
		2,323,514	1,342,042	1,303,369	805,408
Total liabilities		2,505,222	1,918,586	1,559,781	1,061,285
Net assets		3,028,246	2,802,792	1,689,170	1,701,461
EQUITY					
Capital and reserves attributable to the owners of the Company					
Share capital	29	693,315	693,315	693,315	693,315
Other reserves	30	51,207	124,717	52,734	135,457
Accumulated profits	31	2,283,241	1,986,821	943,121	872,689
		3,027,763	2,804,853	1,689,170	1,701,461
Non-controlling interests		483	(2,061)	-	-
Total equity		3,028,246	2,802,792	1,689,170	1,701,461

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

	Attributable to owners of the Company				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000		
At 1 January 2011	693,315	124,717	1,986,821	2,804,853	(2,061)	2,802,792
Total comprehensive income for the year						
Profit for the year	-	-	335,684	335,684	1,727	337,411
Other comprehensive income						
Currency translation differences relating to foreign operations	-	8,158	-	8,158	817	8,975
Share of effective portion of changes in fair value of cash flow hedges of an associate	-	840	-	840	-	840
Share of foreign currency translation differences of associates	-	215	-	215	-	215
Total other comprehensive income, net of tax	-	9,213	-	9,213	817	10,030
Total comprehensive income for the year	-	9,213	335,684	344,897	2,544	347,441
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Own shares acquired (Note 30)	-	(82,723)	-	(82,723)	-	(82,723)
Dividends paid (Note 32)	-	-	(39,264)	(39,264)	-	(39,264)
Total transactions with owners of the Company	-	(82,723)	(39,264)	(121,987)	-	(121,987)
At 31 December 2011	693,315	51,207	2,283,241	3,027,763	483	3,028,246

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2011

	Attributable to owners of the Company				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'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 32)	-	-	(19,632)	(19,632)	-	(19,632)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control (Note 38)	-	-	(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 Cash Flows

Year ended 31 December 2011

	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Profit after tax	337,411	777,177
Adjustments for:		
Depreciation of property, plant and equipment	19,918	17,137
Dividend income	(2,137)	(2,100)
Fair value gain on investment properties	(253,086)	(664,728)
Net change in fair value of other investments	397	-
Gain on sale of subsidiaries	-	(4)
Gain from sale of investment properties	-	(92)
Gain on sale of property, plant and equipment relating to commercial laundry business	-	(2,270)
Reversal of impairment losses on property, plant and equipment	(12,837)	(40,345)
Reversal of impairment losses on development property	-	(64,241)
Finance expense	50,149	8,126
Interest income	(561)	(242)
Loss on disposal of property, plant and equipment	1,587	154
Share of results of associates, net of tax	(39,435)	(62,962)
Tax expense	57,468	127,449
	158,874	93,059
Changes in trade and other receivables and other assets	4,924	(10,906)
Changes in inventories	(352)	(26)
Changes in development property	(14,447)	(83,053)
Changes in trade and other payables and other liabilities	9,849	23,176
Cash generated from operating activities	158,848	22,250
Tax paid	(17,717)	(12,494)
Net cash from operating activities carried forward	141,131	9,756

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

Consolidated Statement of Cash Flows (cont'd)

Year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Net cash from operating activities brought forward		141,131	9,756
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	38	(289,572)	(855,167)
Additions to investment properties		(36,673)	(119,565)
Dividends received from:			
- associates, net of tax		3,740	3,275
- available-for-sale financial assets, net of tax		2,100	2,100
- other investments, net of tax		37	-
Interest received		349	242
Purchase of other investments		(18,786)	-
Proceeds from sale of other investments		10,757	-
Proceeds from sale of property, plant and equipment		151	4,558
Proceeds from sale of investment properties		-	1,992
Purchase of property, plant and equipment		(15,341)	(6,510)
Net cash used in investing activities		(343,238)	(969,075)
Cash flows from financing activities			
Acquisition of non-controlling interests	38	-	(586)
Repurchase of own shares		(82,723)	-
Dividends paid		(39,264)	(19,632)
Finance expense (including amounts capitalised in investment properties and development property)		(69,774)	(31,980)
Proceeds from borrowings		974,311	1,539,894
Repayment of borrowings		(439,844)	(500,000)
Net cash from financing activities		342,706	987,696
Net increase in cash and cash equivalents		140,599	28,377
Cash and cash equivalents at the beginning of financial year		226,407	198,030
Effect of exchange rate fluctuations on cash held		850	-
Cash and cash equivalents at the end of financial year	13	367,856	226,407

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

Notes to the Financial Statements

Year ended 31 December 2011

The notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 March 2012.

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 40 to the financial statements.

The consolidated financial statements for the year ended 31 December 2011 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.

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

Notes to the Financial Statements

Year ended 31 December 2011

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Identification of related party relationships and related party disclosures (cont'd)

Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 38 and other relevant notes to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

Revenue recognition from sale of development properties

The Group has adopted INT FRS 115 *Agreements for the Construction of Real Estate* and the Accompanying Note on Application of INT FRS 115 in Singapore ("AN") in its accounting for revenue from sales of development properties for the year ended 31 December 2011.

Prior to the adoption of INT FRS 115 and the AN, revenue from sales of development properties was recognised using the percentage of completion ("POC") method as allowed under Recommended Accounting Practice 11 *Pre-Completion Contracts For The Sale Of Development Property* ("RAP 11"). RAP 11 was withdrawn with effect from 1 January 2011 following the adoption of INT FRS 115.

Under INT FRS 115 and the AN, revenue from sales of Singapore residential properties within the scope of the AN continues to be recognised using the POC method. The Group's sales of Singapore residential properties are within the scope of the AN. Accordingly, the adoption of INT FRS 115 and the AN did not have a significant impact on the financial statements.

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 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.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

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.

Investment in 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 the carrying amounts of assets and liabilities are not changed and goodwill is not 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. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

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.

Notes to the Financial Statements

Year ended 31 December 2011

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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional 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 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 in equity.

3.3 Property, plant and equipment

Recognition and Measurement

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

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

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

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 lease period ranging from 20 years to 81 years.

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.

3.4 Intangible assets

Measurement

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

Amortisation

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

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

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Development properties

Development properties include properties under development.

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 in Singapore that have been sold are recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably. The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

3.6 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.

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.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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.

3.8 Inventories

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

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

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 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.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of non-financial assets (cont'd)

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.

3.10 Financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity and debt securities that otherwise would have been classified as available for sale.

Loans and receivables

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

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

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial assets (cont'd)

Available-for-sale financial assets

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

Available-for-sale financial assets comprise equity securities.

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. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event has a negative effect on the estimated cash flows of that asset that can be estimated reliably.

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.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed through profit or loss. The impairment losses recognised in profit or loss on available-for-sale equity securities are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.11 Cash and cash equivalents

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

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 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 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.

Financial liabilities are initially recognised at fair value plus transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.13 Share capital

Ordinary shares

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

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

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

3.14 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.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 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.

3.16 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.

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. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

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.

3.17 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.

3.18 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.

3.19 Tax

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

Current tax is the expected tax payable or 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.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Tax (cont'd)

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

3.20 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.

3.21 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.

3.22 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.

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

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

3.23 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except for the Amendments to FRS 12 Income Taxes - *Deferred Tax: Recovery of Underlying Assets* which will become mandatory for the Group and the Company's financial statements for 2012.

Notes to the Financial Statements

Year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 New standards and interpretations not adopted (cont'd)

The adoption of the Amendments to FRS 12 would result in the derecognition of deferred tax liabilities on the fair value differences of investment properties.

The estimated impact of this change in accounting policy, which is to be applied retrospectively, is set out below:

	The Group		
	31 December	31 December	1 January
	2011	2010	2010
	\$'000	\$'000	\$'000
Statement of financial position			
Increase in investments in associates	13,978	12,880	8,266
Decrease in deferred tax liabilities	230,378	188,426	72,937
Increase in accumulated profits	244,356	201,306	81,203
Statement of comprehensive income			
Increase in net profit attributable to owners of the Company	43,050	120,103	
Increase in basic and diluted earnings per share (cents)	4.41	12.24	

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 (2010: \$30.0 million) and estimated fair value of \$128.4 million (2010: \$128.4 million). In estimating the fair value, the Group had estimated the net asset value as at 31 December 2011 of the investee entity, and adjusted for the fair value of the properties held by the investee as at that date. A discount of approximately 25% (2010: 13%) was 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 loss/gain will decrease/increase by approximately \$8.4 million (2010: \$7.4 million). Correspondingly, the Group's carrying amount of the unlisted security will be decreased/increased by the same amount.

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 17).

Notes to the Financial Statements

Year ended 31 December 2011

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

Estimation of tax liabilities

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Revenue recognised on development property

The Group uses the percentage-of-completion method to recognise revenue on its development property. The stage of completion is measured by reference to the development costs incurred to date compared to the estimated total costs of the property.

Significant assumptions are required to estimate the total contract costs that affect the stage of completion and the revenue recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the estimated total contract costs of uncompleted contracts is to increase/decrease by 5% from management's estimates, the Group's profit will decrease/increase by \$339,000.

5 REVENUE

	Group	
	2011	2010
	\$'000	\$'000
Hospitality income	215,455	172,321
Investment properties income	106,884	38,476
Development property income	7,596	2,149
Dividend income	2,100	2,100
Others	347	555
	332,382	215,601

6 OTHER INCOME

	Group	
	2011	2010
	\$'000	\$'000
(Loss)/Gain on foreign exchange	(31)	2,030
Interest income	561	242
Government grant - Job Credit Scheme	-	312
Income from partial release of space by tenant	-	4,580
Others	556	1,420
	1,086	8,584

The Job Credit Scheme was 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 fulfillment of the conditions as stated in the scheme which had ceased in June 2010.

Notes to the Financial Statements

Year ended 31 December 2011

7 EXPENSES BY NATURE

	Note	Group	
		2011 \$'000	2010 \$'000
Advertising and promotion expenses		7,836	9,524
Depreciation of property, plant and equipment	23	19,918	17,137
Employee compensation	8	53,942	47,478
Hospitality supplies and services		37,779	28,386
Development costs included in cost of sales		6,442	-
Loss on disposal of property, plant and equipment		1,587	154
Professional and legal services		3,522	5,353
Property tax		16,930	10,043
Operating lease expense		-	4
Bad debts written off		220	-
Repair and maintenance expenses		10,104	4,871
Allowance/(Reversal of allowance) for impairment of trade receivables		31	(118)
Utility charges		20,721	13,192
Others		14,369	10,051
Total cost of sales, marketing, administrative and other operating expenses		193,401	146,075

8 EMPLOYEE COMPENSATION

	Group	
	2011 \$'000	2010 \$'000
Wages, salaries and other benefits-in-kind	49,237	43,930
Employer's contribution to defined contribution plans including Central Provident Fund	4,705	3,548
	53,942	47,478

9 FINANCE EXPENSES

	Note	Group	
		2011 \$'000	2010 \$'000
Finance expenses		66,206	22,467
Less:			
Finance expense capitalised in development property	17	(15,833)	(11,000)
Finance expense capitalised in investment properties	22	(224)	(3,341)
		(16,057)	(14,341)
		50,149	8,126

Notes to the Financial Statements

Year ended 31 December 2011

10 OTHER GAINS - NET

	Note	Group	
		2011 \$'000	2010 \$'000
Fair value gain on investment properties	22	253,086	664,728
Net change in fair value of other investments designated at fair value through profit or loss		(397)	-
Gain on sale of property, plant and equipment relating to commercial laundry business		-	2,270
Gain on sale of subsidiaries	39	-	4
Gain on sale of investment property		-	92
Reversal of impairment losses on property, plant and equipment	23	12,837	40,345
Reversal of impairment losses on development property		-	64,241
		<u>265,526</u>	<u>771,680</u>

11 TAX EXPENSE

	Group	
	2011 \$'000	2010 \$'000
Current tax expense		
Current year	15,725	14,352
(Over)/under provision in respect of prior years	(181)	143
	<u>15,544</u>	<u>14,495</u>
Deferred tax expense		
Current year	41,924	112,695
Underprovision in respect of prior years	-	259
	<u>41,924</u>	<u>112,954</u>
Total tax expense	<u>57,468</u>	<u>127,449</u>

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	
	2011 \$'000	2010 \$'000
Profit before tax	394,879	904,626
Share of results of associates, net of tax	(39,435)	(62,962)
	<u>355,444</u>	<u>841,664</u>
Tax using the Singapore tax rate of 17%	60,425	143,083
Effects of different tax rates on foreign-sourced income	52	561
Effects of expenses not deductible for tax purposes	3,882	2,057
Effects of income not subject to tax	(6,739)	(18,048)
Effects of Singapore statutory stepped income exemption	(142)	(181)
Effects of tax losses of certain subsidiaries not recognised	2,277	100
Effects of recognition of previously unrecognised tax losses	(2,106)	(525)
Effects of (over)/under provision in the preceding financial years	(181)	402
Total tax expense	<u>57,468</u>	<u>127,449</u>

Notes to the Financial Statements

Year ended 31 December 2011

12 EARNINGS PER SHARE

	Note	Group	
		2011 \$'000	2010 \$'000
Net profit attributable to owners of the Company (\$'000)		335,684	772,473
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January ('000)	29	981,602	981,602
Effect of own shares held ('000)	29	(5,788)	-
Weighted average number of ordinary shares during the year ('000)		975,814	981,602
Basic earnings per share (\$ per share)		0.34	0.79

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

In 2010, the Company had sub-divided each ordinary share into five shares (see Note 29). The effect of the sub-division of shares was applied retrospectively.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Amount held under the "Project Account Rules - 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	422	13,090	-	-
Cash at bank and on hand	195,586	156,590	57,868	30,342
Fixed deposits with financial institutions	171,848	56,727	136,319	52,800
Cash and cash equivalents	367,856	226,407	194,187	83,142

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade receivables				
- Associates	3,199	2,426	-	-
- Subsidiaries	-	-	185	20
- Third parties	21,763	22,242	13,629	13,406
	24,962	24,668	13,814	13,426
Less: Allowance for impairment of receivables				
- Associates	-	(204)	-	-
- Third parties	(372)	(138)	(44)	(4)
	(372)	(342)	(44)	(4)
Trade receivables - net	24,590	24,326	13,770	13,422

Notes to the Financial Statements

Year ended 31 December 2011

14 TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-trade receivables				
- Associates	310	276	310	276
- Subsidiaries	-	-	443,236	426,631
- Related parties	154	2,172	175	2,208
	464	2,448	443,721	429,115
Less: Allowance for impairment of receivables				
- Subsidiaries	-	-	-	(191)
Non-trade receivables - net	464	2,448	443,721	428,924
Less: Non-current portion	-	-	-	(558)
Current non-trade receivables - net	464	2,448	443,721	428,366
	25,054	26,774	457,491	441,788

The current portion of non-trade receivables due from associates, subsidiaries and related parties are unsecured, interest-free and repayable on demand.

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Past due 1 to 30 days	4,377	3,317	2,231	1,839
Past due 31 to 60 days	2,390	1,112	297	706
Past due over 60 days	1,164	2,370	1,029	1,230
	7,931	6,799	3,557	3,775

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Beginning of financial year	342	2,508	4	34
Allowance made/(reversed)	31	(118)	40	(16)
Allowance utilised	-	(2,050)	-	(14)
Currency translation differences	(1)	2	-	-
End of financial year	372	342	44	4

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

	Company	
	2011 \$'000	2010 \$'000
Beginning of financial year	191	-
Allowance made	-	191
Allowance utilised	(191)	-
End of financial year	-	191

Notes to the Financial Statements

Year ended 31 December 2011

15 INVENTORIES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Food and beverage	820	355	205	118
General supplies	212	165	-	-
Others	103	155	-	-
	1,135	675	205	118

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$17,660,000 (2010: \$13,557,000).

16 OTHER INVESTMENTS

	Group	
	2011 \$'000	2010 \$'000
Financial assets designated at fair value through profit or loss		
- Equity securities	5,779	-
- Debt securities	1,853	-
	7,632	-

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

17 DEVELOPMENT PROPERTY

	Group	
	2011 \$'000	2010 \$'000
(a) Land and related costs	725,291	725,291
Other development expenditure	19,066	4,195
Property tax and other overheads	3,743	1,196
Finance expense	40,890	25,057
	788,990	755,739
Add: Development profits	1,154	-
Less: Progress billings	(20,294)	(13,404)
Less: Impairment losses	(26,959)	(26,959)
	742,891	715,376

(b) Finance expense capitalised during the year was \$15,833,000 (2010: \$11,000,000)

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

(d) The amount of revenue recognised on development property sold using the percentage of completion method was \$7,596,000 (2010: Nil) for the current year.

(e) Advances received from these contracts amounted to \$20,294,000 (2010: \$13,404,000).

Notes to the Financial Statements

Year ended 31 December 2011

17 DEVELOPMENT PROPERTY (CONT'D)

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

Description and location	Purpose of development	Group's effective interest		Site Area (Square meter)	Gross Floor Area* (Square meter)
		2011 %	2010 %		
Leasehold residential land at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521

* Includes balcony

18 OTHER ASSETS

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sundry receivables	5,280	6,261	3,976	2,788
Less: Allowance for impairment of receivables	(1,785)	(1,789)	(1,670)	(1,670)
	3,495	4,472	2,306	1,118
Deposits				
- Third parties	2,055	800	745	628
- Subsidiary	-	-	663	-
Staff loans and advances	13	7	2	6
Loans and receivables	5,563	5,279	3,716	1,752
Prepayments	2,689	1,348	417	420
	8,252	6,627	4,133	2,172
Less: Non-current portion	(1,000)	-	(663)	-
Current portion	7,252	6,627	3,470	2,172

Included in the sundry receivables of the Group and the Company is \$1,670,000 (2010: \$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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Beginning of financial year	1,789	1,780	1,670	1,670
Currency translation differences	(4)	9	-	-
End of financial year	1,785	1,789	1,670	1,670

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2011 \$'000	2010 \$'000
Unlisted security		
- Equity security in Singapore	128,350	128,350

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 2011 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 25% (2010: 13%) was applied to take into consideration the illiquid nature of the unlisted security.

Notes to the Financial Statements

Year ended 31 December 2011

20 INVESTMENTS IN ASSOCIATES

	Company	
	2011	2010
	\$'000	\$'000
Equity investment at cost	168,192	168,192
Less: Allowance for impairment of investments	(44,947)	(44,947)
	123,245	123,245
Loan to associates	44,315	45,032
Less: Allowance for impairment of loans	(41,826)	(42,550)
	2,489	2,482
	125,734	125,727

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 \$3,649,000 (2010: \$3,638,000) for which interest is charged at a fixed rate of 1.00% (2010: 1.00%) per annum.

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

	Company	
	2011	2010
	\$'000	\$'000
Beginning of financial year	42,550	40,840
Currency translation differences	(724)	1,710
End of financial year	41,826	42,550

	Group	
	2011	2010
	\$'000	\$'000
Beginning of financial year	670,392	613,101
Share of currency translation differences	215	(404)
Share of hedging reserve	840	(1,992)
Share of results	39,435	62,962
Dividends received	(3,740)	(3,275)
End of financial year	707,142	670,392

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

	Group	
	2011	2010
	\$'000	\$'000
Assets	2,012,416	1,868,046
Liabilities	614,827	540,986
Revenues	125,069	149,901
Net profit/(loss)	90,100	132,950
Share of associates' contingent liabilities incurred jointly with other investors	2,404	2,404

Notes to the Financial Statements

Year ended 31 December 2011

20 INVESTMENTS IN ASSOCIATES (CONT'D)

Unrecognised share of losses of associates is as follows:

	Group	
	2011	2010
	\$'000	\$'000
Beginning of financial year	4,764	4,550
Movement in the year	3,245	214
End of financial year	8,009	4,764

Details of associates' are included in Note 40.

21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO SUBSIDIARIES

	Company	
	2011	2010
	\$'000	\$'000
Investments in subsidiaries		
Equity investment at cost	448,194	448,344
Less: Allowance for impairment of investments	(92,641)	(95,802)
	355,553	352,542

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

	Company	
	2011	2010
	\$'000	\$'000
Beginning of financial year	95,802	95,802
Allowance reversed	(3,161)	-
End of financial year	92,641	95,802

Details of subsidiaries are included in Note 40.

	Company	
	2011	2010
	\$'000	\$'000
Loans to subsidiaries		
Loans to subsidiaries	1,394,244	1,062,468
Less: Allowance for impairment of loans	(57,225)	(77,004)
	1,337,019	985,464
Less: Current portion	(1,206,771)	(875,085)
Non-current portion	130,248	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 are unsecured and repayable on demand. These balances are interest-free except for an amount \$1,033,949,000 (2010: \$734,476,000) for which interest is charged at 3.23% (2010: 2.61%) per annum on a weighted average basis.

Notes to the Financial Statements

Year ended 31 December 2011

21 INVESTMENTS IN SUBSIDIARIES AND LOANS TO SUBSIDIARIES (CONT'D)

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

	Company	
	2011 \$'000	2010 \$'000
Beginning of financial year	77,004	108,748
Allowance made	-	2,036
Allowance reversed	(19,851)	(32,591)
Currency translation differences	72	(1,189)
End of financial year	57,225	77,004

The Company assessed the carrying amount of its loans to subsidiaries. Based on its assessment, the Company reversed impairment losses of \$19,851,000 (2010: \$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

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Beginning of financial year		2,703,680	1,050,613	520,000	418,000
Acquisition of a subsidiary	38	-	874,394	-	-
Additions		36,010	110,604	81	4,250
Interest capitalised	9	224	3,341	-	-
Fair value gain/(loss) recognised in profit or loss	10	253,086	664,728	(81)	97,750
End of financial year		2,993,000	2,703,680	520,000	520,000

As at 31 December 2011, investment properties with a total carrying amount of \$1,593,000,000 (2010: \$1,303,680,000) were pledged as security for banking facilities (Note 26).

The Group's investment properties are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	99-year lease from 12 November 2007 (OUE Bayfront and OUE Tower) 15-year lease from 26 March 2010 (for OUE Link)
Mandarin Gallery	A 4-storey retail mall at Orchard Road, Singapore	99-year lease from 1 July 1957
DBS Building Towers 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.

Notes to the Financial Statements

Year ended 31 December 2011

22 INVESTMENT PROPERTIES (CONT'D)

The properties were appraised at the following open market values:

	Date of appraisal	Open market value	
		2011 \$'000	2010 \$'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) ⁽¹⁾	31 December	1,073,000	571,000
Mandarin Gallery ⁽²⁾	31 December	520,000	520,000
DBS Building Towers One and Two ⁽³⁾	31 December	1,400,000	1,400,000

⁽¹⁾ OUE Bayfront comprises an 18-storey office building ("OUE Bayfront"), a conserved tower building ("OUE Tower") and a retail link bridge ("OUE Link") at Collyer Quay. OUE Bayfront obtained Temporary Occupancy Permit on 21 January 2011. The open market value as at 31 December 2011 was based on the income capitalisation method, discounted cashflow analysis and market comparison method. The open market value of the land component of the development as at 31 December 2010 was based on the income capitalisation method (i.e. the expectation of future benefit) and residual land method based on a fresh lease of 99 years.

⁽²⁾ Mandarin Gallery is a high-end luxury shopping mall. The open market value as at 31 December 2011 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

⁽³⁾ The open market value as at 31 December 2011 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

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

The following amounts are recognised in profit or loss:

	Group	
	2011 \$'000	2010 \$'000
Rental income	99,656	40,625
Direct operating expenses arising from investment properties that generated rental income	34,969	14,801
Direct operating expenses arising from an investment property that did not generate rental income	-	30

Notes to the Financial Statements

Year ended 31 December 2011

23 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
2011								
Cost								
Beginning of financial year	300,322	74,880	1,944	114,175	61,790	5,237	5	558,353
Exchange differences	11,799	-	-	3,922	1,402	94	-	17,217
Acquisition of a subsidiary (Note 38)	232,237	-	-	13,063	3,544	-	-	248,844
Additions	1,239	633	-	2,670	483	338	11,945	17,308
Disposals	(34)	(4,497)	-	(2,238)	(2,202)	-	-	(8,971)
Reclassifications	(176)	2	-	211	(103)	66	-	-
End of financial year	545,387	71,018	1,944	131,803	64,914	5,735	11,950	832,751
Accumulated depreciation and impairment losses								
Beginning of financial year	139,942	39,695	193	83,363	49,649	2,414	-	315,256
Exchange differences	5,159	-	-	2,845	1,390	89	-	9,483
Depreciation charge	6,533	3,394	39	5,981	3,240	731	-	19,918
Disposals	(12)	(3,151)	-	(2,018)	(2,052)	-	-	(7,233)
Reversal of impairment losses	(12,837)	-	-	-	-	-	-	(12,837)
Reclassifications	(2,548)	-	-	3,350	(894)	92	-	-
End of financial year	136,237	39,938	232	93,521	51,333	3,326	-	324,587

Notes to the Financial Statements

Year ended 31 December 2011

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
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 38)	-	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
Carrying amounts								
At 1 January 2010	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
At 31 December 2011	409,150	31,080	1,712	38,282	13,581	2,409	11,950	508,164

Notes to the Financial Statements

Year ended 31 December 2011

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
Company								
2011								
Cost								
Beginning of financial year	104,059	74,697	1,944	47,217	37,157	3,854	-	268,928
Additions	-	633	-	2,355	317	338	11,847	15,490
Disposals	-	(4,497)	-	(1,142)	(1,016)	-	-	(6,655)
End of financial year	104,059	70,833	1,944	48,430	36,458	4,192	11,847	277,763
Accumulated depreciation								
Beginning of financial year	43,722	39,511	192	36,163	25,312	1,143	-	146,043
Depreciation charge	1,319	3,393	39	2,920	1,986	703	-	10,360
Disposals	-	(3,151)	-	(803)	(965)	-	-	(4,919)
End of financial year	45,041	39,753	231	38,280	26,333	1,846	-	151,484

Notes to the Financial Statements

Year ended 31 December 2011

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
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
Disposals	-	-	-	(1,278)	(6)	-	-	(1,284)
Reclassifications	-	-	-	(6,600)	6,600	-	-	-
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
Carrying amounts								
At 1 January 2010	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
At 31 December 2011	59,018	31,080	1,713	10,150	10,125	2,346	11,847	126,279

Notes to the Financial Statements

Year ended 31 December 2011

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's major leasehold land and buildings are:

	Description and Location	Tenure of Land
Mandarin Orchard Singapore	a 37-storey Main Tower with a 38-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from 1 July 1957
Crowne Plaza Changi Airport Singapore	a 320-room hotel located within Singapore Changi Airport with a direct link to Terminal 3	77-year lease from 12 December 2006
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 2011, the Company's hotel property, Mandarin Orchard Singapore, was appraised by professional valuers at an open market value of \$1,180,000,000 (2010: \$1,135,080,000). The carrying amount of Mandarin Orchard Singapore as at 31 December 2011 is \$119,331,000 (2010: \$118,353,000). This valuation surplus of \$1,060,669,000 (2010: \$1,016,727,000) has not been incorporated in the financial statements.

During the year, the Group acquired the Crowne Plaza Changi Airport. As at 31 December 2011, the Crowne Plaza Changi Airport was appraised by professional valuers at an open market value of \$268,800,000. The carrying amount of the hotel property as at 31 December 2011 is \$244,937,000. This valuation surplus of \$23,863,000 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 assessment, impairment losses of \$12,837,000 (2010: \$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% (2010: 14%).

The total carrying amount of the hotel properties and plant and equipment of Meritus Mandarin Haikou and Meritus Shantou China as at 31 December 2011 was \$131,671,000 (2010: \$120,167,000).

Property, plant and equipment of the Group and the Company with total carrying value of \$119,331,000 (2010: \$118,353,000) are mortgaged to financial institutions to secure credit facilities (see Note 26).

Notes to the Financial Statements

Year ended 31 December 2011

24 INTANGIBLE ASSET

	Note	Group	
		2011 \$'000	2010 \$'000
Cost and carrying amount			
At 1 January		-	-
Acquisition through business combination	38	43,200	-
At 31 December		43,200	-

The intangible asset represents the amount paid to the vendors of Crowne Plaza Changi Airport (the "Hotel") for the potential development of the site adjacent to the Hotel, which is subject to a conditional sub-lease to be granted.

As the intangible asset is not yet available for use, it is not subject to amortisation as at the reporting date.

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables				
- Subsidiaries	-	-	2,157	1,070
- Third parties	12,027	9,773	3,558	3,216
	12,027	9,773	5,715	4,286
Non-trade payables				
- Subsidiaries	-	-	146,783	149,735
Accruals and sundry creditors	72,452	52,117	33,403	30,421
Retention sum payables	7,005	3,851	95	3,681
Rental deposits	11,323	4,199	2,874	348
	102,807	69,940	188,870	188,471

Payables to subsidiaries are unsecured, repayable on demand and interest-free except for an amount \$143,356,000 (2010: \$149,119,000) for which interest is charged at 2.60% (2010: 0.73%) per annum over the bank's swap rate.

26 BORROWINGS

	Note	Group		Company	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Current					
Revolving credit facility	(a)	50,000	50,000	50,000	50,000
Revolving credit facility	(b)	5,581	-	-	-
Secured bank loan	(c)	-	431,114	-	-
		55,581	481,114	50,000	50,000
Non-current					
Secured bank loan	(d)	365,005	364,155	-	-
Secured bank loan	(e)	441,287	436,144	441,287	436,144
Secured bank loan	(f)	448,565	-	-	-
Secured bonds	(g)	299,979	300,000	299,979	300,000
Unsecured notes	(h)	495,897	-	495,897	-
Loan from a minority shareholder of a subsidiary	(i)	14,966	14,966	-	-
		2,065,699	1,115,265	1,237,163	736,144
Total borrowings		2,121,280	1,596,379	1,287,163	786,144

Notes to the Financial Statements

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26 BORROWINGS (CONT'D)

- (a) This is a \$50 million revolving credit facility which has no fixed maturity. This facility has a negative pledge over all of the Company's assets. Interest is charged at 2.90% per annum over the bank's swap rate.
- (b) This is a US\$15 million credit facility which has no fixed maturity. This facility is extended to a subsidiary on an uncommitted basis, and is secured by a charge on the subsidiary's assets. Interest is charged at 1.00% per annum above cost of funds of the bank.
- (c) The secured bank loan was fully paid in April 2011. Interest was 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.

As at 31 December 2010, the bank loan was secured by:

- (i) a first legal mortgage over a subsidiary's investment property with a carrying amount of \$783,680,000;
 - (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 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 \$742,891,000 (2010: \$715,376,000); and
 - (ii) a fixed and floating charge over all the assets of the subsidiary.
- (e) 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 (2010: \$520,000,000);
- (ii) a first legal mortgage over the Company's hotel property with carrying amount of \$119,331,000 (2010: \$118,353,000); and
- (iii) fixed and floating charge over all the assets in relation to the charged properties at the Company.

Notes to the Financial Statements

Year ended 31 December 2011

26 BORROWINGS (CONT'D)

- (f) The secured bank loan is repayable in April 2016. Interest is calculated at 2.60% per annum over the bank's swap rate.

The bank loan is secured by:

- (i) a first legal mortgage over a subsidiary's investment property with carrying amount of \$1,073,000,000 (2010: \$783,680,000);
- (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.
- (g) This relates to \$300 million secured bonds ("Bonds") issued by the Company. The Bonds bear a fixed interest at 3.36% per annum and will mature in September 2013. The Bonds are secured and share the same security as the facility under note (e) above.
- (h) Under the \$1 billion medium term note programme established in 2010, the Group and the Company has issued 2 (2010: Nil) series of notes ("Notes") amounting to \$500 million as at the reporting date. The notes are unsecured and bear fixed interest ranging from 3.95% to 4.30% per annum. \$300 million and \$200 million of the Notes will mature in April 2014 and September 2015, respectively.
- (i) 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 an entity, it is stated at cost less accumulated impairment losses.
- (j) Undrawn borrowing facilities

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Expiring:				
Not later than one year	14,324	28,886	-	-
Later than one year	50,000	50,000	-	-
	64,324	78,886	-	-

Notes to the Financial Statements

Year ended 31 December 2011

27 DEFERRED TAXES

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

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

	Property, plant and equipment \$'000	Investment properties \$'000	Others \$'000	Total \$'000
Group				
Deferred tax liabilities				
2011				
Beginning of financial year	9,341	188,426	93	197,860
Recognised in profit or loss	536	41,952	228	42,716
End of financial year	9,877	230,378	321	240,576
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

	Property, plant and equipment \$'000	Provision \$'000	Total \$'000
Group			
Deferred tax assets			
2011			
Beginning financial year	-	-	-
Recognised in profit or loss	761	31	792
End of financial year	761	31	792
2010			
Beginning financial year	-	(96)	(96)
Recognised in profit or loss	-	96	96
End of financial year	-	-	-

Notes to the Financial Statements

Year ended 31 December 2011

27 DEFERRED TAXES (CONT'D)

	Property, plant and equipment \$'000	Investment properties \$'000	Others \$'000	Total \$'000
Company				
Deferred tax liabilities				
2011				
Beginning of financial year	6,640	57,299	496	64,435
Recognised in profit or loss	(679)	(14)	(315)	(1,008)
End of financial year	5,961	57,285	181	63,427
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

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 of \$4,535,000 (2010: \$21,766,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Tax losses of \$4,535,000 (2010: \$21,607,000) will expire within one to five years. Deferred tax assets of \$1,134,000 (2010: \$5,429,000) arising from the tax losses and capital allowance have not been recognised.

28 OTHER LIABILITIES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Retention sum payables	1,437	9,346	195	-
Rental deposits	15,802	19,571	2,584	4,829
	17,239	28,917	2,779	4,829

29 SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2011 '000	2010 '000	2011 \$'000	2010 \$'000
Beginning of financial year	981,602	196,320	693,315	693,315
Sub-division of shares	-	785,282	-	-
End of financial year	981,602	981,602	693,315	693,315

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

At an extraordinary general meeting held on 16 June 2010, the shareholders 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.

Notes to the Financial Statements

Year ended 31 December 2011

29 SHARE CAPITAL (CONT'D)

At 31 December 2011, the Group held 38,533,000 (2010: Nil) of the Company's shares as treasury shares. These shares were purchased from the open market for \$82,723,000 (2010: Nil).

30 OTHER RESERVES

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Asset revaluation reserve	46,135	46,135	37,107	37,107
Currency translation reserve	(35,201)	(43,574)	-	-
Hedging reserve	(1,152)	(1,992)	-	-
Fair value reserve	98,350	98,350	98,350	98,350
Reserve for own shares	(82,723)	-	(82,723)	-
Other capital reserve	25,798	25,798	-	-
	51,207	124,717	52,734	135,457

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.

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.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group.

Other capital reserve

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

Notes to the Financial Statements

Year ended 31 December 2011

31 ACCUMULATED PROFITS

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

	Company	
	2011	2010
	\$'000	\$'000
Beginning of financial year	872,689	729,093
Net profit for the financial year	109,696	163,228
Dividend paid	(39,264)	(19,632)
End of financial year	943,121	872,689

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

32 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	
	2011	2010
	\$'000	\$'000
Interim dividend of 2 cents per ordinary share (2010: 2 cents) in respect of current year	19,632	19,632
Final dividend of 2 cents (2010 : Nil cents) per ordinary share in respect of prior year	19,632	-
	39,264	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	
	2011	2010
	\$'000	\$'000
Final dividend of 3 cents (2010: 2 cents) per ordinary share	28,292*	19,632
Special dividend of 8 cents (2010: Nil cents) per ordinary share	75,446*	-
	103,738	19,632

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 943,068,860 as at 31 December 2011.

33 COMMITMENTS

Capital commitments

As at 31 December 2011, the Group and the Company have the following capital commitments:

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	8,173	9,561	6,103	9,402
Investment properties	16,419	15,408	-	-
Development property	174,241	194,110	-	-

Notes to the Financial Statements

Year ended 31 December 2011

33 COMMITMENTS (CONT'D)

Operating lease commitments - where the Group and the Company are lessees

The Group and Company lease office equipment, office and a site at Terminal 3 of Changi International Airport under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not later than one year	67	40	2,405	1,322
Between two and five years	1,003	-	3,206	4,626
Later than five years	16,667	-	-	-
	17,737	40	5,611	5,948

Contingent rent recognised as an expense amounted to \$553,000 (2010: Nil).

Operating lease commitments - where the Group and the Company are lessors

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Not later than one year	111,010	231,119	31,803	33,306
Between two and five years	147,750	464,263	13,480	39,340
Later than five years	64,879	77,069	-	-
	323,639	772,451	45,283	72,646

Contingent rents, generally determined based on a percentage of tenants' revenue, of \$582,000 and \$564,000 (2010: \$373,000 and \$373,000) have been recognised as income by the Group and the Company respectively in profit or loss during the year.

34 FINANCIAL INSTRUMENTS

Overview

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

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

Risk management framework

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

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

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

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.

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

SGD equivalent	Currency Exposure			
	SGD \$'000	USD \$'000	Others \$'000	Total \$'000
As at 31 December 2011				
Cash and cash equivalents	334,888	3,948	29,020	367,856
Trade and other receivables	23,001	52	2,001	25,054
Other investments	4,445	3,187	-	7,632
Other assets *	4,963	-	600	5,563
Available-for-sale financial assets	128,350	-	-	128,350
Trade and other payables	(97,117)	(134)	(5,556)	(102,807)
Borrowings	(2,115,699)	(5,581)	-	(2,121,280)
Other liabilities	(17,239)	-	-	(17,239)
Net financial (liabilities)/assets	(1,734,408)	1,472	26,065	(1,706,871)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,734,408	-	(26,051)	1,708,357
Net currency exposure	-	1,472	14	1,486
As at 31 December 2010				
Cash and cash equivalents	207,945	3	18,459	226,407
Trade and other receivables	25,214	-	1,560	26,774
Other assets *	5,279	-	-	5,279
Available-for-sale financial assets	128,350	-	-	128,350
Trade and other payables	(64,458)	(121)	(5,361)	(69,940)
Borrowings	(1,596,379)	-	-	(1,596,379)
Other liabilities	(28,917)	-	-	(28,917)
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

The Company is not exposed to significant currency risk in 2011 and 2010.

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (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)	
	2011	2010
	\$'000	\$'000
Group		
USD against SGD		
- strengthened 1% (2010: 5%)	15	6
- weakened 1% (2010: 5%)	(15)	(6)

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, investment in debt securities, non-trade receivables from associates and subsidiaries and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate. In the past two years, the Group has not entered into any interest rate swaps.

Profile

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

	Group		Company	
	Carrying amount		Carrying amount	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Loans to subsidiaries	-	-	775,949	476,476
Investments in debt securities	1,853	-	-	-
Borrowings	(795,876)	(300,000)	(795,876)	(300,000)
	(794,023)	(300,000)	(19,927)	176,476
Variable rate instruments				
Cash and cash equivalents	169,164	56,727	136,319	52,800
Loans to subsidiaries	-	-	258,000	258,000
Trade and other payables	-	-	(143,356)	(149,119)
Borrowings	(1,310,438)	(1,281,413)	(491,287)	(486,144)
	(1,141,274)	(1,224,686)	(240,324)	(324,463)

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of less than 6 months (2010: 3 months).

Sensitivity analysis for interest rate risk

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

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

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

	2011		2010	
	Increase/ Decrease in basis points	Effect on profit before tax \$'000	Increase/ Decrease in basis points	Effect on profit before tax \$'000
Group	+ 70	(7,989)	+ 70	(8,573)
	- 70	7,989	- 70	8,573
Company	+ 70	(1,682)	+ 70	(2,271)
	- 70	1,682	- 70	2,271

Credit risk

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

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

Credit risk concentration profile

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

	Group		Company	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
By geographical areas				
Singapore	25,099	26,870	1,244,509	893,672
Indonesia	1,140	915	1,140	915
The People's Republic of China	2,274	903	22	19
Malaysia	557	393	42	15
Others	1,547	2,972	422,265	424,562
	30,617	32,053	1,667,978	1,319,183

By types of customers

Related parties	3,726	5,408	1,651,364	1,304,094
Non-related parties				
- Multi-national companies	6,223	7,939	4,621	1,208
- Other companies	20,260	18,317	11,986	13,875
- Individuals	408	389	7	6
	30,617	32,053	1,667,978	1,319,183

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

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.

The Group has contractual commitments to purchase property, plant and equipment and to incur capital expenditure with regard to its investment properties and development property (note 33).

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (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:

Group	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
At 31 December 2011						
Trade and other payables and other liabilities	120,046	(120,046)	(102,807)	(4,783)	(8,967)	(3,489)
Borrowings	2,121,280	(2,305,870)	(113,322)	(811,791)	(1,380,757)	-
	2,241,326	(2,425,916)	(216,129)	(816,574)	(1,389,724)	(3,489)
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)
Company						
At 31 December 2011						
Trade and other payables and other liabilities	191,649	(191,649)	(188,870)	(1,578)	(1,089)	(112)
Borrowings	1,287,163	(1,399,899)	(94,443)	(787,331)	(518,125)	-
	1,478,812	(1,591,548)	(283,313)	(788,909)	(519,214)	(112)
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)	-

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity.

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

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (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).

Equity price risk

Equity price risk arises from available-for-sale equity securities as well as investments at fair value through profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on its fair value.

- (a) The Group has an investment in an unlisted security and 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 (2010: \$12.8 million).

- (b) The Group is also exposed to price changes arising from its quoted investment in equity and debt securities. If the underlying prices of the investment increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately \$763,200 (2010: Nil).

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)**Accounting classifications and fair values***Fair value versus carrying amounts*

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

Group	Note	Loans and receivables \$'000	Financial assets designated at fair value \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
2011							
Assets							
Cash and cash equivalents	13	367,856	-	-	-	367,856	367,856
Trade and other receivables	14	25,054	-	-	-	25,054	25,054
Other investments	16	-	7,632	-	-	7,632	7,632
Other assets *	18	5,563	-	-	-	5,563	5,563
Available-for-sale financial assets	19	-	-	128,350	-	128,350	128,350
		398,473	7,632	128,350	-	534,455	534,455
Liabilities							
Trade and other payables	25	-	-	-	(102,807)	(102,807)	(102,807)
Borrowings	26	-	-	-	(2,121,280)	(2,121,280)	(2,133,744)
Other liabilities	28	-	-	-	(17,239)	(17,239)	(15,440)
		-	-	-	(2,241,326)	(2,241,326)	(2,251,991)

* Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

Group	Note	Loans and receivables \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
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 assets *	18	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	25	-	-	(69,940)	(69,940)	(69,940)
Borrowings	26	-	-	(1,596,379)	(1,596,379)	(1,595,359)
Other liabilities	28	-	-	(28,917)	(28,917)	(27,115)
		-	-	(1,695,236)	(1,695,236)	(1,692,414)

* Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

Company	Note	Loans and receivables \$'000	Available-for-sale financial assets \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
2011						
Assets						
Cash and cash equivalents	13	194,187	-	-	194,187	194,187
Trade and other receivables	14	457,491	-	-	457,491	457,491
Other assets *	18	3,716	-	-	3,716	3,716
Loans to other subsidiaries	21	1,206,771	-	-	1,206,771	1,206,771
Available-for-sale financial assets	19	-	128,350	-	128,350	128,350
		1,862,165	128,350	-	1,990,515	1,990,515
Liabilities						
Trade and other payables	25	-	-	(188,870)	(188,870)	(188,870)
Borrowings	26	-	-	(1,287,163)	(1,287,163)	(1,299,627)
Other liabilities	28	-	-	(2,779)	(2,779)	(2,621)
		-	-	(1,478,812)	(1,478,812)	(1,491,118)

* Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

Company	Note	Loans and receivables \$'000	Available- for-sale financial assets \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
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 assets *	18	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	25	-	-	(188,471)	(188,471)	(188,471)
Borrowings	26	-	-	(786,144)	(786,144)	(785,124)
Other liabilities	28	-	-	(4,829)	(4,829)	(4,554)
		-	-	(979,444)	(979,444)	(978,149)

* Excluding prepayments

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (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.

Other investments at fair value through profit or loss

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

Debt security

The fair value of the debt security is its quoted asking 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 19.

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, or the quoted price of the debt instrument at the reporting date, where applicable.

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 statement of financial position 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 rates used to discount estimated cash flows were as follows:

	2011	2010
	%	%
Borrowings	1.25 - 4.30	1.40 - 4.98
Other liabilities	3.02	2.32

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 (i.e. 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).

Notes to the Financial Statements

Year ended 31 December 2011

34 FINANCIAL INSTRUMENTS (CONT'D)

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group					
31 December 2011					
Other investments	16	7,632	-	-	7,632
Available-for-sale financial assets	19	-	-	128,350	128,350
		<u>7,632</u>	<u>-</u>	<u>128,350</u>	<u>135,982</u>
31 December 2010					
Available-for-sale financial assets	19	-	-	128,350	128,350
Company					
31 December 2011					
Available-for-sale financial assets	19	-	-	128,350	128,350
31 December 2010					
Available-for-sale financial assets	19	-	-	128,350	128,350

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Available-for-sale financial assets	
	2011 \$'000	2010 \$'000
Group and Company		
Equity security in Singapore		
At 1 January	128,350	108,000
Fair value gain recognised in fair value reserve	-	20,350
At 31 December	<u>128,350</u>	<u>128,350</u>

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 2011, 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 25% (2010: 13%) 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.

Notes to the Financial Statements

Year ended 31 December 2011

35 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.

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

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The Group's and the Company's strategies, which remain relatively unchanged from 2010, 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Net debt	1,873,470	1,468,829	1,284,625	896,302
Total equity	3,028,246	2,802,792	1,689,170	1,701,461
Total capital	4,901,716	4,271,621	2,973,795	2,597,763
Gearing ratio	38.2%	34.4%	43.2%	34.5%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

36 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	
	2011 \$'000	2010 \$'000
With associates		
Management fees earned	4,735	3,927
Interest income from loans	36	36
Purchase of food and beverage products	54	-
With other related parties		
Purchase of food and beverage products	491	315
Rental income	1,136	18
Hotel services income	214	246
Professional fees	46	539
Purchase of property, plant and equipment	258	-

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

Notes to the Financial Statements

Year ended 31 December 2011

36 RELATED PARTY TRANSACTIONS (CONT'D)

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

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2011	2010
	\$'000	\$'000
Short-term employee benefits	5,152	4,094
Post-employment benefits (including Central Provident Fund)	143	26
	5,295	4,120

37 SEGMENT INFORMATION

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

The Group has the following reportable segments:

- (i) Hospitality (Singapore, China and Others) - operation of hotels and hotel management in the respective countries.
- (ii) Property investments - rental income from investment properties owned by the Group.
- (iii) Property development - sale of residential properties.

Other operations include mainly investment holding and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2010 and 2011.

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

Information regarding the results of each reportable segment is included below. Management assesses the performance of the operating segments based on a measure of profit before tax. This measurement basis is consistent with that in the statement of comprehensive income.

Notes to the Financial Statements

Year ended 31 December 2011

37 SEGMENT INFORMATION (CONT'D)

Reportable business segments

Financial year ended 31 December 2011

	Hospitality							Elimination and unallocated items \$'000	Segment total \$'000	Total \$'000
	Singapore \$'000	China \$'000	Others \$'000	Property investments \$'000	Property development \$'000	Others \$'000	Segment total \$'000			
Revenue										
External revenue	174,835	38,900	1,720	106,884	7,596	2,447	332,382	-	332,382	
Inter-segment revenue	106	-	-	1,523	-	2,740	4,369	(4,369)	-	
Segment revenue (including inter-segment revenue)	174,941	38,900	1,720	108,407	7,596	5,187	336,751	(4,369)	332,382	
Segment profit/(loss) before tax	78,171	19,914	1,631	334,577	(3,267)	(32,741)	398,285	(3,406)	394,879	
Depreciation	(13,601)	(5,511)	-	(21)	-	(785)	(19,918)	-	(19,918)	
Finance expenses	(1,276)	-	-	(28,976)	-	(44,191)	(74,443)	24,294	(50,149)	
Interest income	5	256	59	3,512	-	23,821	27,653	(27,092)	561	
Share of results of associates, net of tax	5,790	(35)	-	33,680	-	-	39,435	-	39,435	
Other material items										
Fair value gain on investment properties	-	-	-	253,086	-	-	253,086	-	253,086	
Reversal of impairment losses on property, plant and equipment	-	12,837	-	-	-	-	12,837	-	12,837	
Segment assets	447,347	165,038	4,393	3,044,789	747,921	402,767	4,812,255	14,071	4,826,326	
Investment in associates	32,688	12,002	-	662,452	-	-	707,142	-	707,142	
Segment liabilities	10,365	5,485	66	503,530	371,322	1,307,848	2,198,616	306,606	2,505,222	
Capital expenditure	12,066	1,618	-	36,083	-	3,551	53,318	-	53,318	

Notes to the Financial Statements

Year ended 31 December 2011

37 SEGMENT INFORMATION (CONT'D)

Reportable business segments

Financial year ended 31 December 2010

	Hospitality							Segment total \$'000	Elimination and unallocated items \$'000	Total \$'000
	Singapore \$'000	China \$'000	Others \$'000	Property investments \$'000	Property development \$'000	Others \$'000	Segment total \$'000			
Revenue										
External revenue	136,604	34,047	1,670	38,476	2,149	2,655	215,601	-	215,601	
Inter-segment revenue	1,344	-	-	-	-	282	1,626	(1,626)	-	
Segment revenue (including inter-segment revenue)	137,948	34,047	1,670	38,476	2,149	2,937	217,227	(1,626)	215,601	
Segment profit/(loss) before tax	63,784	44,936	1,624	747,019	58,080	(9,641)	905,802	(1,176)	904,626	
Depreciation	(10,825)	(5,728)	-	(16)	-	(568)	(17,137)	-	(17,137)	
Finance expenses	-	-	-	(6,811)	-	(9,870)	(16,681)	8,555	(8,126)	
Interest income	-	111	6	2,260	-	7,596	9,973	(9,731)	242	
Share of results of associates, net of tax	4,529	(21)	-	58,454	-	-	62,962	-	62,962	
Other material items										
Fair value gain on investment properties	-	-	-	664,728	-	-	664,728	-	664,728	
Reversal of impairment losses on property, plant and equipment	-	40,345	-	-	-	-	40,345	-	40,345	
Reversal of impairment losses on development property	-	-	-	-	64,241	-	64,241	-	64,241	
Segment assets	132,245	136,788	3,601	2,774,077	730,268	257,161	4,034,140	16,846	4,050,986	
Investment in associates	29,438	12,080	-	628,874	-	-	670,392	-	670,392	
Segment liabilities	2,459	4,201	71	476,764	367,999	801,263	1,652,757	265,829	1,918,586	
Capital expenditure	6,184	694	-	110,604	-	496	117,978	-	117,978	

Notes to the Financial Statements

Year ended 31 December 2011

37 SEGMENT INFORMATION (CONT'D)

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

	2011 \$'000	2010 \$'000
Revenue		
Total revenue for reportable segments	331,564	214,290
Others	5,187	2,937
Elimination of inter-segment revenue	(4,369)	(1,626)
Consolidated total revenue	<u>332,382</u>	<u>215,601</u>
Profit or loss		
Total profit or loss for reportable segments	431,026	915,443
Others	(32,741)	(9,641)
Elimination of inter-segment profits	(3,406)	(1,176)
Consolidated profit before tax	<u>394,879</u>	<u>904,626</u>

Reconciliations of reportable segment assets and liabilities

	2011 \$'000	2010 \$'000
Assets		
Total assets for reportable segments	4,409,488	3,776,979
Other assets	402,767	257,161
Investment in associates	707,142	670,392
	<u>5,519,397</u>	<u>4,704,532</u>
Elimination of inter-segment profit	(4,240)	(1,176)
Other unallocated amounts		
- Trade and other receivables	14,048	15,850
- Other assets	3,471	2,172
- Deferred tax assets	792	-
Consolidated total assets	<u>5,533,468</u>	<u>4,721,378</u>
Liabilities		
Total liabilities for reportable segments	890,768	851,494
Other liabilities	1,307,848	801,263
	<u>2,198,616</u>	<u>1,652,757</u>
Other unallocated amounts		
- Trade and other payables	39,931	37,650
- Current tax liabilities	23,320	25,490
- Deferred tax liabilities	240,576	197,860
- Other liabilities	2,779	4,829
Consolidated total liabilities	<u>2,505,222</u>	<u>1,918,586</u>

Notes to the Financial Statements

Year ended 31 December 2011

37 SEGMENT INFORMATION (CONT'D)

Geographical information

	Revenue		Non-current assets*	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore	291,762	179,884	4,102,679	3,484,921
The People's Republic of China	38,900	34,047	148,827	132,248
Others	1,720	1,670	-	-
	<u>332,382</u>	<u>215,601</u>	<u>4,251,506</u>	<u>3,617,169</u>

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

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 2010 and 2011.

38 ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS

Acquisition of subsidiary

2011

On 25 July 2011, the Group acquired a 100% equity interest in OUE Airport Hotel Pte. Ltd. ("OUE Airport"), which owns Crowne Plaza Changi Airport.

The acquisition will significantly enhance the Group's hospitality portfolio.

From 25 July 2011 to 31 December 2011, OUE Airport contributed revenue of \$18,498,000 and profit of \$3,173,000 to the Group's results. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been \$354,709,000 and consolidated profit after tax would have been \$338,522,000.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date, and the consideration transferred :

	Note	\$'000
Property, plant and equipment	23	248,844
Intangible asset	24	43,200
Other assets		2,343
Cash and cash equivalents		10,914
Trade and other receivables		2,135
Inventories		97
Trade and other payables		(7,047)
Total identifiable net assets		<u>300,486</u>

Notes to the Financial Statements

Year ended 31 December 2011

38 ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)

Identifiable assets acquired and liabilities assumed

	\$'000
Consideration paid, satisfied in cash	300,486
Cash acquired	(10,914)
Net cash outflow	<u>289,572</u>

Acquisition-related costs

The Group incurred acquisition-related costs of \$840,000 related to external legal and due diligence costs. The legal and due diligence costs have been included in administrative expenses in the Group's statement of comprehensive income.

2010

On 30 September 2010, the Group acquired a 100% equity interest in Alkas Realty Pte. Ltd. ("Alkas"), which owns DBS Building Towers 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 tax would have been \$788,046,000.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date, and the consideration transferred:

	\$'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	<u>898,093</u>
Consideration paid, satisfied in cash	898,093
Cash acquired	(42,926)
Net cash outflow	<u>855,167</u>

Acquisition of non-controlling interests

On 31 March 2010, the Group acquired 1% equity interest in Meritus Shantou 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.

Notes to the Financial Statements

Year ended 31 December 2011

38 ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS (CONT'D)

Acquisition of non-controlling interests (cont'd)

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	<u>(33,235)</u>

39 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	<u>(4)</u>

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	<u>-*</u>

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

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Year ended 31 December 2011

40 LISTING OF COMPANIES IN THE GROUP

Name of Company	Principal activities	Country of incorporation and business	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2011	2010	2011	2010
			%	%	%	%
Subsidiaries						
Singapore Mandarin International Hotels Pte Ltd	Hotel management	Singapore	-	100	100	-
Meritus Hotels & Resorts Sdn. Bhd. ^(a)	Hotel management	Malaysia	-	-	100	100
Meritus Hotels & Resorts Marketing Services Sdn. Bhd. ^(a)	Hotel promoters	Malaysia	-	-	100	100
Clifford Development Pte. Ltd.	Property investment	Singapore	100	100	-	-
Singapore Meritus International Hotels Pte Ltd	Hotel management	Singapore	-	100	100	-
Meritus Hotels & Resorts Limited ^(f)	Dormant	Hong Kong	-	-	100	100
Meritus Hospitality Services (Thailand) Co., Ltd. ^(c)	Managers and operators of service apartments	Thailand	-	-	49 ^(h)	49 ^(h)
SMI Services (Thailand) Co., Ltd. ^(c)	Managers and operators of food & beverage outlets	Thailand	-	-	49 ^(h)	49 ^(h)
Meritus Hospitality Services Pte Ltd ^(f)	Dormant	Singapore	100	100	-	-

Notes to the Financial Statements

Year ended 31 December 2011

40 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		Subsidiaries	
			2011	2010	2011	2010
			%	%	%	%
Subsidiaries						
OUE Trading Private Limited	Trading and commission agent and commercial laundry operator	Singapore	100	100	-	-
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	-	-	100	-
Imperial Development Holdings Pte. Ltd.	Investment holding	Singapore	100	-	-	-
Imperial Development Pte. Ltd.	Investment holding	Singapore	-	-	100	-
Reef Development Holdings Pte. Ltd. ^(f)	Investment holding	Singapore	100	-	-	-
OUE Reef Development Pte. Ltd. ^(f)	Investment holding	Singapore	-	-	100	-
e-magination.com Pte Ltd ^(f)	Dormant	Singapore	-	-	100	100
Hotel Investment (Marina) Private Limited	Investment holding	Singapore	100	100	-	-
Mandarin Hotel (Singapore) Private Limited ^(f)	Dormant	Singapore	100	100	-	-
Hotel Investment (Hainan) Private Limited	Investment holding	Singapore	100	100	-	-
Hainan Mandarin Hotel Limited ^(b)	Hotel operation	The People's Republic of China	-	-	100	100

Notes to the Financial Statements

Year ended 31 December 2011

40 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		Subsidiaries	
			2011	2010	2011	2010
			%	%	%	%
Subsidiaries						
Hotel Investment (Shantou) Private Limited	Investment holding	Singapore	80	80	-	-
Meritus Shantou Hotel Co., Ltd. ^(b)	Hotel operation	The People's Republic of China	-	-	100	100
Meritus Hotels & Resorts (Hainan) Company Limited ^(b)	Hotel management	The People's Republic of China	-	-	100	100
Seaview Property Holdings Pte. Ltd.	Investment holding	Singapore	100	100	-	-
Cove Development Pte. Ltd.	Property development	Singapore	-	-	100	100
OUE Investments Pte. Ltd. (formerly known as Beachland Development Pte. Ltd.)	Investment trading	Singapore	100	100	-	-
OUE Hotels (Asia) Pte. Ltd. (formerly known as Beach Development Pte. Ltd.)	Investment holding	Singapore	100	-	-	100
Overseas Union (Tianjin) Investment Management Co., Ltd ^{(e)*}	Investment holding	The People's Republic of China	100	100	-	-
OUE Property Services Pte. Ltd.	Property management	Singapore	100	100	-	-
Total Apex Limited ^(f)	Investment holding	British Virgin Islands	100	100	-	-
Alkas Realty Pte. Ltd.	Investment holding	Singapore	-	-	100	100

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Year ended 31 December 2011

40 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		Subsidiaries	
			2011	2010	2011	2010
			%	%	%	%
Subsidiaries						
Meritus International Pte. Ltd.	Hotel management	Singapore	100	100	-	-
Meritus Hotels Pte. Ltd.	Investment holding	Singapore	-	-	100	100
OUE Hotels (Japan) Pte. Ltd. (formerly known as Meritus International Hotels (Singapore) Pte. Ltd.)	Investment holding	Singapore	-	-	100	100
Meritus Trademarks Pte. Ltd.	Receive royalties/licensing fee for the use of trademarks/service marks	Singapore	-	-	100	100
OUE Hotel Properties (Narita) Pte. Ltd.	Investment holding	Singapore	-	-	100	-
OUE Hotel Services (Narita) Pte. Ltd.	Investment holding	Singapore	-	-	100	-
OUE Hotels (Narita) Co., Ltd. ^(f)	Hotel management and operation	Japan	-	-	100	-
OUE Hotels (Narita) TMK ^(f)	Investment holding	Japan	-	-	100	-

Notes to the Financial Statements

Year ended 31 December 2011

40 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		Subsidiaries	
			2011	2010	2011	2010
			%	%	%	%

Associates

Chung Sing Development (H.K.) Limited ^(d)	Investment holding	Hong Kong	50	50	-	-
OUB Centre Limited	Property investment	Singapore	50	50	-	-
TCB OUE Sdn. Bhd. ^(g)	Investment holding	Malaysia	30	30	-	-
Aquamarina Hotel Private Limited	Hotel operation	Singapore	-	-	25	25

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

^(a) Audited by KPMG Malaysia.

^(b) Audited by KPMG China.

^(c) Audited by KPMG Phoomchai Audit Limited.

^(d) Audited by Deloitte Touche, Hong Kong.

^(e) Audited by Tianjin Jinhua CPA Ltd.

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

^(g) Audited by BDO, Malaysia.

^(h) 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.

* On 28 December 2011, the Company has taken steps to voluntarily liquidate its wholly-owned subsidiary, Overseas Union (Tianjin) Investment Management Co., Ltd.

Shareholding Statistics

As at 16 March 2012

Total number of issued ordinary shares	: 981,601,860
Total number of issued ordinary shares excluding treasury shares	: 909,917,860
Class of shares	: Ordinary Shares
Total number of treasury shares held	: 71,684,000
Percentage of treasury shares held against the total number of issued ordinary shares excluding treasury shares	: 7.88%
Voting rights (excluding treasury shares)	: 1 vote per share

Voting Rights of Ordinary Shareholders

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

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 - 999	39	0.63	7,907	0.00
1,000 - 10,000	5,043	82.19	22,445,838	2.46
10,001 - 1,000,000	1,037	16.90	38,817,173	4.27
1,000,001 and above	17	0.28	848,646,942	93.27
TOTAL	6,136	100.00	909,917,860	100.00

Twenty Largest Shareholders

No.	Name of Shareholder	Number of Shares	% of Issued Share Capital*
1.	DBS NOMINEES PTE LTD	545,914,589	60.00
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	175,722,438	19.31
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	35,754,550	3.93
4.	DBSN SERVICES PTE LTD	23,861,943	2.62
5.	GOLDEN RAINBOW INTERNATIONAL LIMITED	20,813,000	2.29
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	15,255,440	1.68
7.	RAFFLES NOMINEES (PTE) LTD	13,061,634	1.44
8.	BANK OF SINGAPORE NOMINEES PTE LTD	3,008,445	0.33
9.	PHILLIP SECURITIES PTE LTD	2,745,530	0.30
10.	OCBC SECURITIES PRIVATE LTD	2,676,005	0.29
11.	UOB KAY HIAN PTE LTD	2,332,000	0.26
12.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,751,000	0.19
13.	LEE PINEAPPLE COMPANY PTE LTD	1,500,000	0.16
14.	HENG SIEW ENG	1,139,000	0.13
15.	DB NOMINEES (SINGAPORE) PTE LTD	1,085,368	0.12
16.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,024,000	0.11
17.	MAYBANK KIM ENG SECURITIES PTE LTD	1,002,000	0.11
18.	BNP PARIBAS SECURITIES SERVICES	918,670	0.10
19.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	820,000	0.09
20.	OCBC NOMINEES SINGAPORE PTE LTD	795,000	0.09
TOTAL		851,180,612	93.55

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

Substantial Shareholders

As shown in the Company's Register of Substantial Shareholders

		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	55.14	-	-
2.	Golden Concord Asia Limited ("GCAL")	115,711,350	12.56	502,513,060 ⁽¹⁾	54.56
3.	Fortune Code Limited ("FCL")	-	-	618,224,410 ⁽²⁾	67.12
4.	Lippo ASM Asia Property LP ("LAAP")	-	-	618,224,410 ⁽³⁾	67.12
5.	LAAP General Partner Limited ("LGP")	-	-	618,224,410 ⁽⁴⁾	67.12
6.	LAAP General Partner Holdings Limited ("LGPH")	-	-	618,224,410 ⁽⁵⁾	67.12
7.	Argyle Street Management Limited ("ASML")	-	-	619,549,410 ⁽⁶⁾	68.09
8.	Argyle Street Management Holdings Limited ("ASMHL")	-	-	619,549,410 ⁽⁷⁾	68.09
9.	Kin Chan ("KC")	-	-	619,295,410 ⁽⁸⁾	68.06
10.	V-Nee Yeh ("VY")	-	-	619,549,410 ⁽⁹⁾	68.09

Notes:

- ⁽¹⁾ GCAL is deemed to be interested in the shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.
- ⁽²⁾ FCL has a deemed interest in the shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.
- ⁽³⁾ LAAP has a deemed interest in the shares through the direct and deemed interests of its indirect subsidiary, GCAL.
- ⁽⁴⁾ LGP has a deemed interest in the shares 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.
- ⁽⁵⁾ LGPH has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP. LGPH is the immediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP.
- ⁽⁶⁾ ASML is the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, ASML:
- (i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and
- (ii) is deemed to be interested in the shares held by funds it manages, which includes ASM Asia Recovery (Master) Fund ("ASMARMF") and ASM Co-Investment Opportunity Trust I LP ("COPT").
- ⁽⁷⁾ ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, ASMHL:
- (i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and
- (ii) is deemed to be interested in the shares held by funds managed by ASML, which includes ASMARMF and COPT.
- ⁽⁸⁾ KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, KC:
- (i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and
- (ii) is deemed to be interested in the shares held by funds managed by ASML, which includes ASMARMF and COPT.
- ⁽⁹⁾ VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. ASMHL is the ultimate holding company of ASML, which is in turn the intermediate holding company of LGP. LGP, being the general partner of LAAP, manages, controls the operation of and determines the policy with respect to LAAP. Therefore, VY:
- (i) has a deemed interest in the shares through the direct and deemed interests of GCAL, the indirect subsidiary of LAAP; and
- (ii) is deemed to be interested in the shares held by funds managed by ASML, which includes ASMARMF and COPT.

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 16 March 2012, approximately 31.93% of its Shares listed on the Exchange were held in the hands of the public.

Interested Person Transaction

entered into during the financial year 2011

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	\$311,967	-
Delifrance Singapore Wholesale Pte. Ltd.	\$164,495	-
Lippo China Resources Limited	\$152,564	-
Lippo Realty (Singapore) Pte. Limited	\$360,720	-
Auric Pacific Group Limited	\$579,250	-
LMIRT Management Ltd.	\$277,302	-
Bowsprit Capital Corporation Limited	\$164,266	-

Notice of Annual General Meeting

Overseas Union Enterprise Limited

Company Registration No. 196400050E

NOTICE IS HEREBY GIVEN that the Forty-Ninth 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 Friday, 27 April 2012 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 2011 and the Auditors’ Report thereon.
2. To declare a tax exempt (one-tier) final dividend of 3 cents per ordinary share and a tax exempt (one-tier) special dividend of 8 cents per ordinary share for the year ended 31 December 2011.
3. To approve Directors’ Fees of \$518,750 for the year ended 31 December 2011 (2010: \$448,412).
4. To re-appoint Mr. Thio Gim Hock as a Director under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting.
5. To re-elect the following Directors retiring pursuant to Article 91 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:
 - (a) Mr. Christopher James Williams
 - (b) Mr. Sin Boon Ann
6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

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

7. That authority be and is hereby given to the Directors to:
 - (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or;
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Notice of Annual General Meeting

Overseas Union Enterprise Limited

Company Registration No. 196400050E

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

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

By Order of the Board

NG NGAI
Secretary
12 April 2012
Singapore

Notice of Annual General Meeting

Overseas Union Enterprise Limited

Company Registration No. 196400050E

Explanatory Notes:

Resolution 4

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

Resolution 5(a)

To re-elect Mr. Christopher James Williams, who is a non-executive non-independent Director. Mr. Williams is also the Deputy Chairman of the Board. Mr. Williams will, upon re-election, continue to serve as member of each of the Nominating Committee and Remuneration Committee.

Resolution 5(b)

To re-elect Mr. Sin Boon Ann, who is an independent Director. Mr. Sin will, upon re-election, continue to serve as chairman of each of the Nominating Committee and Remuneration Committee and member of the Audit Committee.

Resolution 7

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

Notes:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 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-Ninth 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 **Friday, 27 April 2012 at 10:00 a.m.** and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. If you do not indicate your voting intentions below, the proxy may vote or abstain as he/she thinks fit.)

No.	Ordinary Resolutions	For	Against
1.	Directors' Report and Financial Statements		
2.	Final dividend and Special dividend		
3.	Directors' fees		
4.	Re-appointment of Mr. Thio Gim Hock as Director		
5.	(a) Re-appointment of Mr. Christopher James Williams as Director		
	(b) Re-appointment of Mr. Sin Boon Ann as Director		
6.	Re-appointment of Auditors		
7.	Authority for Directors to issue shares		

Dated this _____ day of _____ 2012

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

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

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
Kin Chan

Nominating Committee

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

Remuneration Committee

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

Secretary

Ng Ngai

Share Registrar

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906
Telephone : (65) 6227 6660
Facsimile : (65) 6225 1452
Email : MCSVC@mnscsingapore.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: With effect from financial year
ended 31 December 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
TL Woo
Telephone : (65) 6831 6346
Email : investorrelations@oue.com.sg



COMMERCIAL

HOSPITALITY

RETAIL

RESIDENTIAL

OVERSEAS UNION ENTERPRISE LIMITED

Company Reg. No.: 196400050E

www.oue.com.sg