



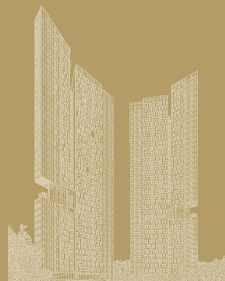
HOTEL



RETAIL



COMMERCIAL



RESIDENTIAL

OVERSEAS UNION ENTERPRISE LIMITED  
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 Tel: (65) 6737 4411 Fax: (65) 6235 9688 Email: info@oue.com.sg  
 www.oue.com.sg

Company Reg. No.: 196400050E

OVERSEAS UNION ENTERPRISE LIMITED

Unveiling A New Phase of Growth

Annual Report 2009

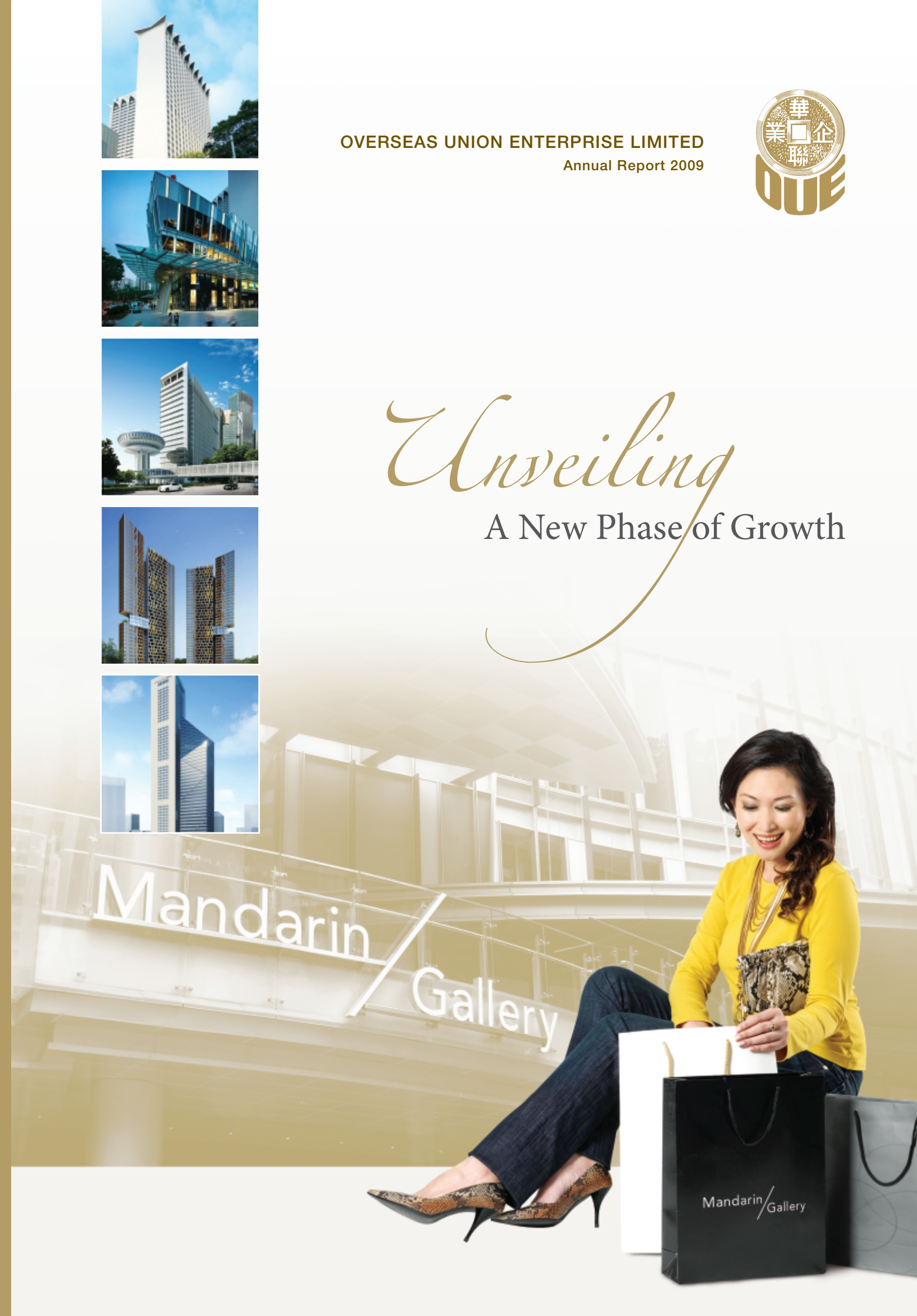


OVERSEAS UNION ENTERPRISE LIMITED  
 Annual Report 2009



# Unveiling

## A New Phase of Growth



## THE GROUP IN FOCUS

### UNDERSTANDING OUE

With long-term growth at the heart of our corporate thrust, our core strategy is to invest in and enhance a diverse and distinctive stable of versatile developments.

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## PROPERTY HIGHLIGHTS



OVERSEAS UNION BUILDING, MANDARIN ORCHARD SINGAPORE HOTEL

Fair Value (\$m)  
**800.0**

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 The Ngee Ann Kongsi from 1 July 1957*

Approximate Gross Floor Area (sq ft)  
*(excluding Mandarin Gallery)*  
**990,286**

Car Parking Spaces  
*Sharing with Mandarin Gallery*  
**442**



MERITUS MANDARIN HAIKOU HOTEL

Fair Value (\$m)  
**51.0**

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**

Car Parking Spaces  
**128**



OVERSEAS UNION BUILDING, MANDARIN GALLERY RETAIL

Fair Value (\$m)  
**418.0**

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

Tenure of Land  
*99-year lease from The Ngee Ann Kongsi from 1 July 1957*

Approximate Gross Floor Area (sq ft)  
**196,337**

Car Parking Spaces  
*Sharing with Mandarin Orchard Singapore*



50 COLLYER QUAY (INCLUDING CHANGE ALLEY AERIAL PLAZA) COMMERCIAL

Fair Value (\$m)  
**526.9**

Situated along the city's shoreline, this sophisticated 18-storey office development boasts of spectacular views of the Marina Bay

Tenure of Land  
*99-year lease from Urban Redevelopment Authority ("URA") from 12 Nov 2007*

Approximate Gross Floor Area (sq ft)  
**503,469**

Car Parking Spaces  
**245**



ONE RAFFLES PLACE TOWER 1 AND RETAIL PODIUM COMMERCIAL

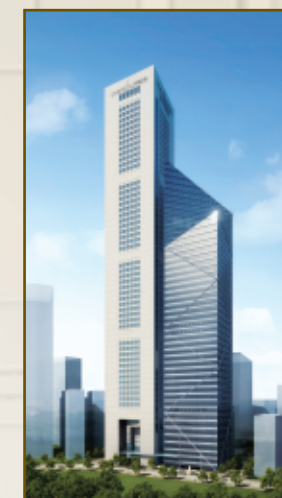
Fair Value (\$m)  
**1192.6**

A 282-metre tall office tower comprising 63 storeys of prime Grade A office space and a 5-storey retail podium equipped with 1 level of basement, with an unparallel location at the heart of Singapore's CBD  
*(This property is 81.54% owned by OUB Centre Limited, an associated company of OUE)*

Tenure of Land  
*841-year from 1 Nov 1985 and 99-year from 1 Nov 1983*

Approximate Gross Floor Area (sq ft)  
**798,910**

Car Parking Spaces  
*Sharing with Tower 2*  
**350**



ONE RAFFLES PLACE TOWER 2 COMMERCIAL

Fair Value (\$m)  
**441.9**

A 38-storey commercial building equipped with 1 level of basement located within seconds walk from the Raffles Place MRT station offering all rounded convenience under one roof  
*(This property is 81.54% owned by OUB Centre Limited, an associated company of OUE)*

Tenure of Land  
*99-year lease from 26 May 1983*

Approximate Gross Floor Area (sq ft)  
**482,314**

Car Parking Spaces  
*Sharing with Tower 1*



25 LEONIE HILL ROAD RESIDENTIAL

Fair Value (\$m)  
**570.2**

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

Tenure of Land  
*99-year from URA from 1 Dec 1974*

Approximate Gross Floor Area (sq ft)  
*(Max Permissible)*  
**396,520**

Car Parking Spaces  
*(subject to refinement)*

## PROPERTY HIGHLIGHTS

## CORPORATE INFORMATION

### Board of Directors

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

### Share Registrar

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

### Audit Committee

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

### Auditors

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424  
Partner in charge: Mrs Quek Bin Hwee  
Date of appointment: 23 April 2008

### Nominating Committee

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

### Registered Office

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

### Remuneration Committee

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

### Secretary

Ng Ngai




## CULTIVATING GROWTH

For years, we have been cultivating a development pipeline that is expected to generate gains moving forward.

And our expertise in the full spectrum of real estate disciplines plants us squarely in a vantage point from which we can capitalise on opportunities and effectively execute our growth strategies.

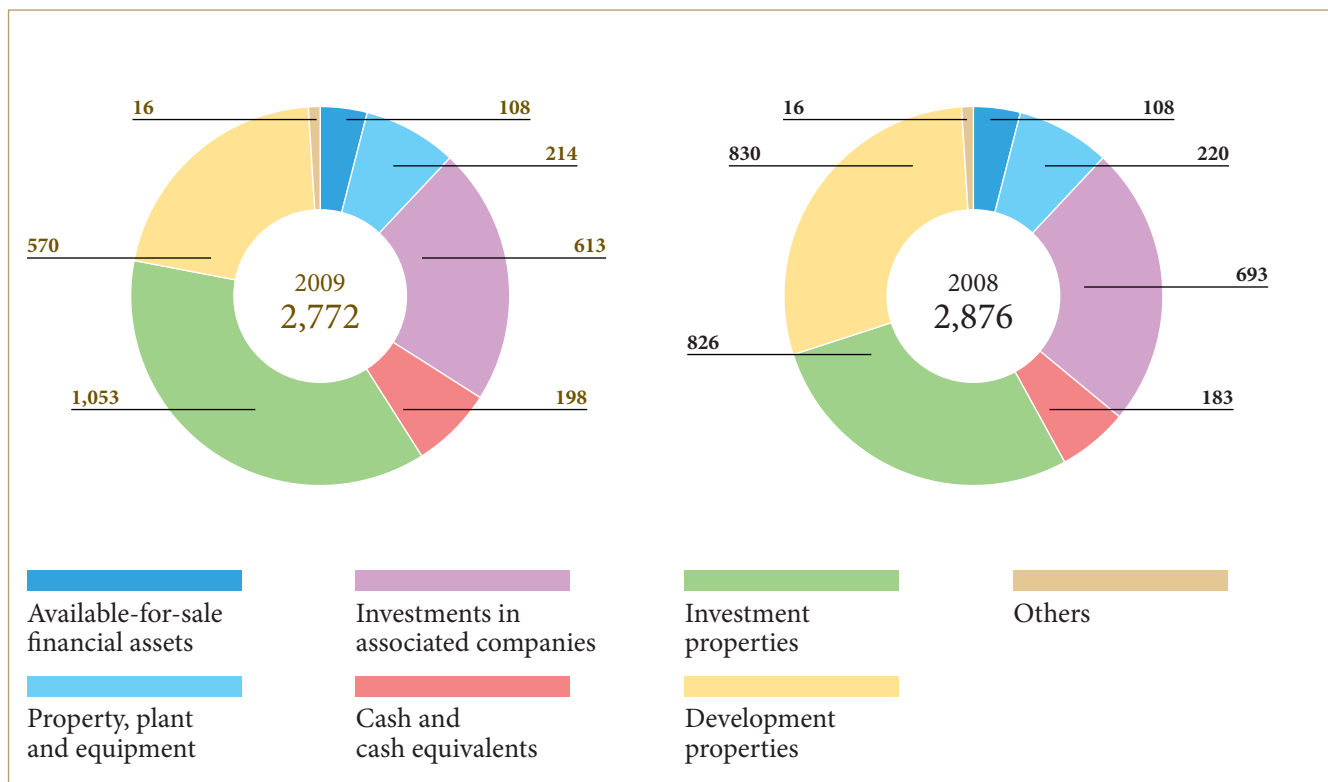




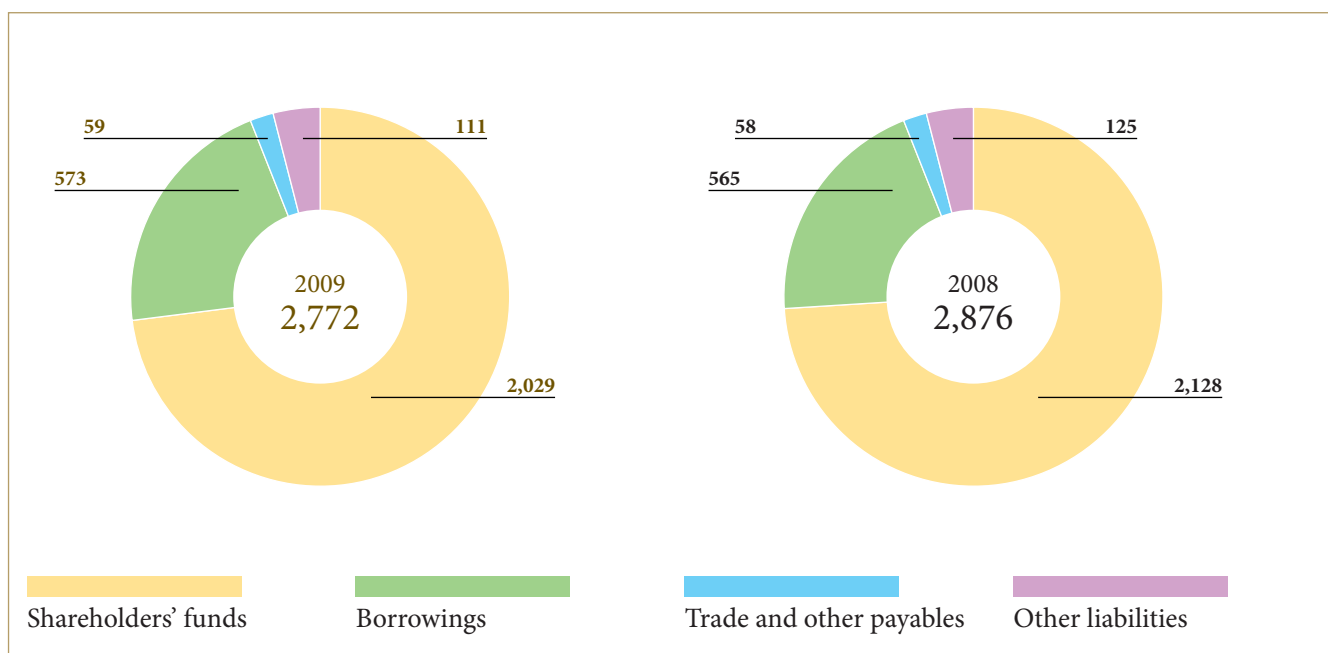
*Marking a new milestone in a  
longstanding history of building value,  
we are unveiling our new phase of  
growth with focus and vitality.*

## OVERVIEW OF GROUP FINANCIAL POSITION

### TOTAL ASSETS OWNED (\$ MILLION)

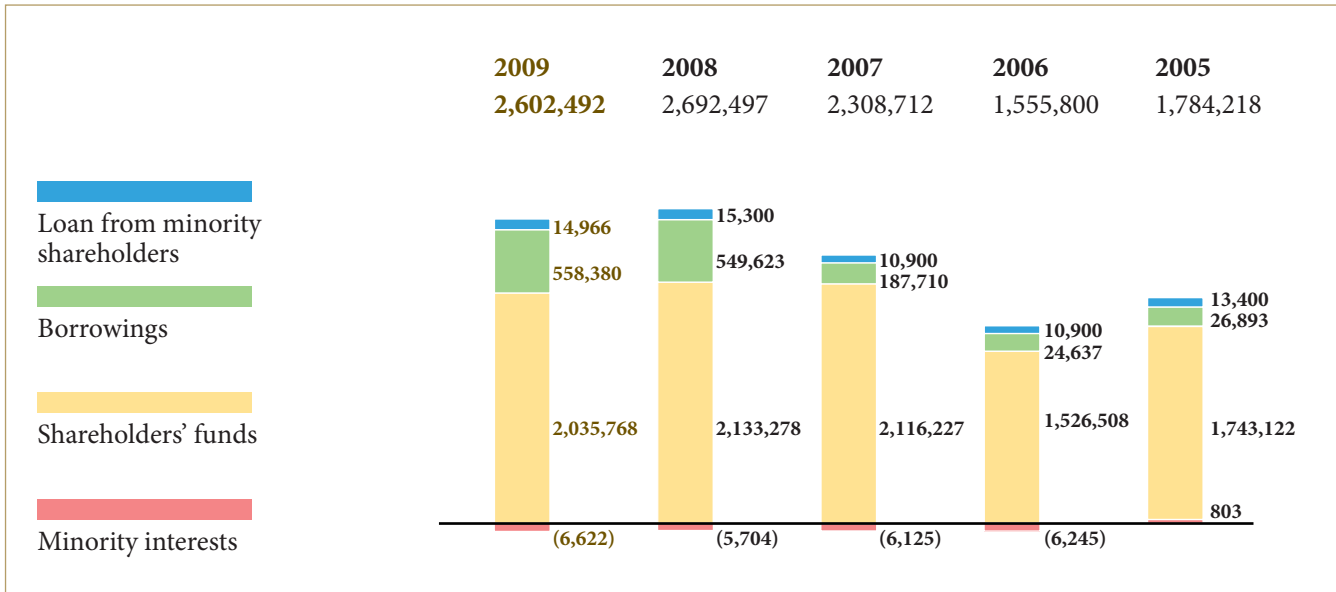


### TOTAL LIABILITIES OWNED AND CAPITAL INVESTED (\$ MILLION)

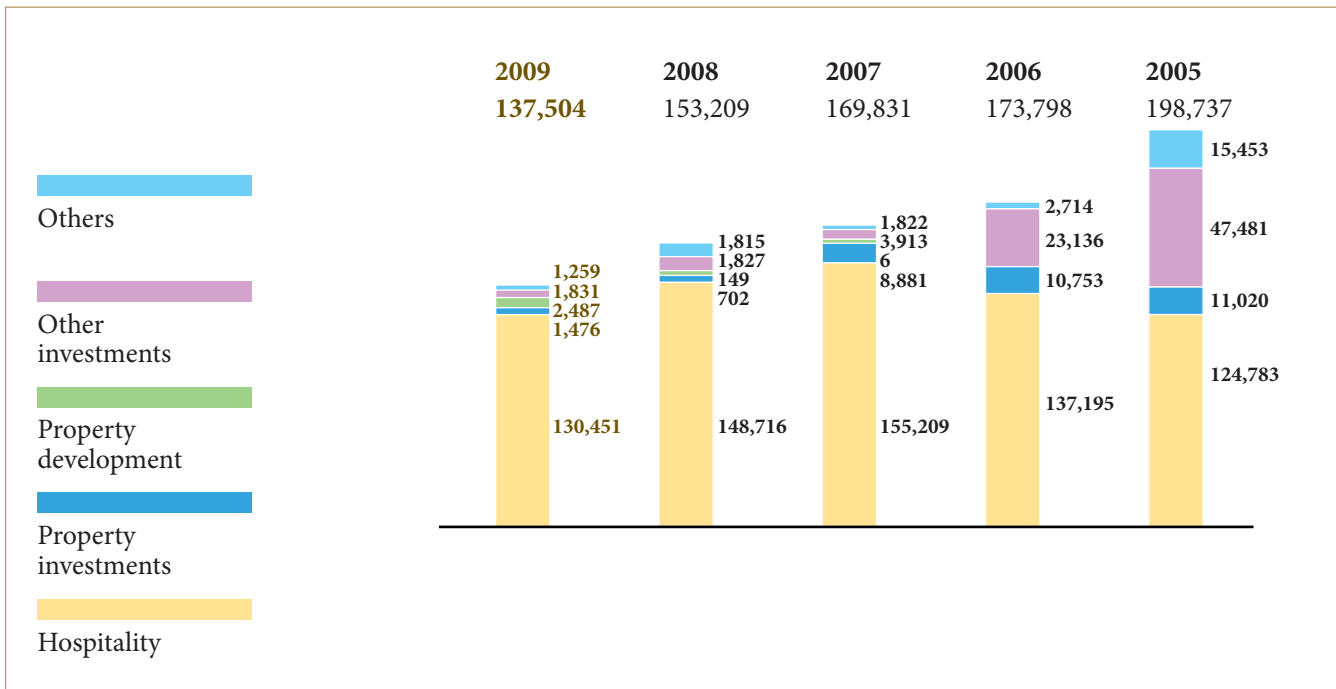


## OVERVIEW OF GROUP FINANCIAL POSITION

### SOURCES OF FINANCE (\$'000)



### GROUP TURNOVER (\$'000)





# OUR LEADERSHIP

Our commitment to value creation, substantiated by invaluable market insight, plants us squarely in a vantage point from which we can capitalise on opportunities and effectively execute our growth strategies.

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## GROWING A STRONG AND RESILIENT OUE

“We remain committed to making further progress towards revenue growth and margin improvement by building and leveraging our businesses in the hotel, retail, commercial and residential property sectors.”

On behalf of the Board, I am pleased to present our Annual Report for our Group for the financial year ending 31 December 2009.

The slowdown of the global economy due to the financial turmoil continued to be felt during 2009. The tourism and hospitality sectors worldwide were badly affected by the recession as well as the outbreak of Influenza A (H1N1). International visitor arrivals to the Asia Pacific region declined by 7 percent between January and June, but saw a modest 3 percent growth in the second half of the year. Visitor arrivals to Singapore reached 9.7 million in 2009, registering a year-on-year percentage decline of 4.3 percent.

### Overall Performance Review

As a result of the weak economy, the Group faced a challenging year. Business and leisure travel were curtailed and property values dropped, thus affecting all sectors of the Group's business. The Group's total revenue decreased from \$153.2 million in FY2008 to \$137.5 million in FY2009 and profit from operations decreased from \$39.0 million to \$22.3 million in FY2009, arising mainly from the lower revenue. The Group made a net after-tax loss of \$93.4 million, compared to the after-tax profit of \$40.8 million in FY2008. The loss was mainly due to the fair value

loss (revaluation) of \$130.7 million on the investment properties of the Group and its associated company (OUB Centre), and the impairment charge of \$30.9 million on the Group's development properties; which arose from the valuations required to be carried out in line with accounting standards. The fair value loss and impairment charge are non-cash items.

### Hospitality Resilience

OUE's hotel arm Meritus Hotels & Resorts, experienced a difficult first half in FY2009. However, as visitor arrivals started to increase in the latter half of FY2009, along with improved economic growth and consumer confidence, the hotel group's performance in regional tourism grew in tandem. Meanwhile, Meritus' hotels in the provincial cities in mainland China, which rely largely on the domestic market, were less affected by the global economic recession. Our China-owned hotels registered a 7.3 percent growth in gross operating profit (GOP) in FY2009.

The rebound in demand drove our hotel portfolio's full year occupancy to 68.4 percent in FY2009, an improvement from 66.1 percent in FY2008. However, the average room rate for FY2009 was lower at \$172 than the rate of \$227 in FY2008, resulting in a hotel portfolio GOP margin of 42.9 percent for the year, which is lower than the 48.4 percent of FY2008.



## CHAIRMAN'S STATEMENT

### Unveiling a New Phase of Growth

As we strengthen our hotel management arm, Meritus Hotels & Resorts will maintain its platform of providing hotel management and marketing services for our owned and operating hotels, along with technical consultation and project management services for hotels under development or refurbishment. The Group is actively sourcing to expand its brand portfolio and grow rooms under its management by securing management contracts in key cities and fast-growing tourism destinations in Asia. This new strategy to further heighten the brand is intended to ensure that the Group's hotel division will emerge from this global crisis in a strong and viable brand positioning.

Over the last few years, the Group has also been leveraging our expertise to invest and develop in the retail, commercial and residential property sectors. These projects are intended to broaden the Group's property portfolio and thus help achieve our growth strategies.

Mandarin Gallery has returned to the heart of Singapore's very own fashion runway on Orchard Road with a \$200 million facelift. Featuring 152 metres of prominent frontage along Singapore's premier shopping strip and five flagship duplexes, Mandarin Gallery, which underwent a year of extensive renovations from June 2008 to November 2009, now offers a vibrant mix of 103 fashion, lifestyle and food & beverage tenants – both international and local. On 28 January 2010, Mandarin Gallery celebrated its grand opening with over 2,000 invited guests who came for a night of fashion glitz and glamour, grand shopping, wining and dining.

The Group is redeveloping and marketing 50 Collyer Quay and Change Alley Aerial Plaza, slated for completion in 4Q FY2010. This Grade A, 18-storey building is in a prime office location along the Marina Bay shoreline, next to Raffles Place and its MRT Station. Within close proximity to the civic and cultural district, and with a cluster of the finest restaurants and hotels at its doorstep, it is attracting reputable tenants to this enviable business address.

Also in the pipeline is the development of a luxury condominium project at 25 Leonie Hill Road. OUE is considering launching in 2010 when the residential market conditions become more favourable.

We remain committed to making further progress towards revenue growth and margin improvement by building and leveraging our businesses in the hotel, retail, commercial and residential property sectors. We are cautiously optimistic that 2010 will be a year of progress and growth for the OUE Group.

### Acknowledgements

The Board of Directors would like to welcome the new directors, who will be helping to strengthen OUE for the next growth phase. My heart-felt appreciation goes out to the dedication and enthusiasm of all the Group's management and staff.

I wish to thank our hotel guests for supporting the Meritus Hotels and Resorts through their regular patronage and loyalty. To our shareholders and tenants, thank you for your unwavering support and commitment to OUE.

Finally, my sincere appreciation goes out to my fellow Directors for their devotion and sound advice.

**Stephen T. Riady**

Executive Chairman

March 2010

## 董事长致词

“我们将继续巩固和平衡发展酒店产业、零售产业、商用产业、住宅产业等多元化业务组合，为收入和利润的增长而努力。”

本人谨代表董事会，向大家宣布本集团截至2009年12月31日的财务年度报告。

全球经济在2009年受到金融风暴的波及而继续放缓，全球范围内的旅游业和酒店行业均受到经济萧条和H1N1流感的重创。到访亚太地区的游客人次在上半年1月至6月间减少了7%，不过在下半年小幅回升了3%。到访新加坡的游客在2009年达970万人次，比上一年下降了4.3%。

### 整体业绩回顾

疲弱的经济环境导致本集团在2009年经受了严峻的考验。经济衰退不但造成商务旅行和休闲旅游生意的萎缩，同时也导致了地产价格的下降，因而直接影响了集团各方面的业绩表现。集团的总营业收入从2008财务年度的1亿5320万新元滑落到2009财务年度的1亿3750万新元，这也是造成集团的经营利润从上一财务年度的3900万新元下降到本财务年度的2230万新元的主要原因。集团的全年税后净亏损为9340万新元，上一年则为税后净利4080万新元。造成亏损主要有两个方面的原因，一是集团与联营公司(OUB Centre)所投资的房产经重新评估的公平值在本年度损失了1亿3070万新元；二是本年度集团所开发的住宅项目资产减值损失为3090万新元，这些经估价后的调整都是应现行会计标准的要求而进行的。公平值损失和资产减值损失均属于非现金会计项目。

### 具弹性的酒店业务

君华酒店集团负责华联企业集团的酒店管理业务。2009年上半年严峻的形势令君华酒店集团困难重重，但在下半年，随着到访游客的增加、经济回暖以及消费者信心的增强，君华酒店集团的业绩也随着本区域旅游业的复苏而有所提高。与此同时，座落在中国境内省城里的君华酒店因生

意多半来自国内市场，因此受全球经济衰退冲击的程度较轻。2009年本集团所拥有的在中国境内酒店的经营毛利润甚至取得了7.3%的增幅。

需求的回弹推动本集团酒店产业组合的全年客房入住率在2009年达到68.4%，比去年的66.1%略高。但由于本年度酒店平均房价为172新元，低于上一年的227新元，因此导致本年度酒店产业组合的毛利率只有42.9%，低于上一年度所取得的48.4%。

### 揭开成长新篇章

为了增强集团的酒店管理业务，君华酒店集团将继续保持为本集团所拥有的和所管理的酒店提供酒店管理服务、市场营销服务这个平台，并为那些在建酒店和在装修酒店提供技术援助服务和项目管理服务。本集团积极地在亚洲枢纽城市和快速成长的旅游旺区通过签订管理合同来扩张品牌组合、增加所管理的酒店客房总数。进一步增强集团酒店品牌实力这个新策略是为了确保集团的酒店产业组合能够以更加稳固和灵活应变的品牌定位来摆脱全球性经济危机的影响。

过去几年来，本集团发挥自己的专长，在零售产业、商用产业和住宅产业方面的多个项目进行投资。这些投资有助于使本集团的业务组合更加多元化，帮助我们实现成长目标。

经过耗资2亿新元的精心打造，文华购物廊以焕然一新的面貌重新展现在新加坡本土的顶级时尚舞台-乌节路的正中央。该购物中心门前有一个宽达152米的步行广场与乌节路并行，临街有五大双层旗舰商铺。从2008年6月至2009年11月进行了一年多的大规模装修之后，共吸纳了103个以时装、时尚生活、餐饮为主题的国际租户和本地租户进驻。文华购物廊于2010年1月28日举行了隆重的开



*Coffee & Crust, Mandarin Orchard Singapore*

业仪式，共有2000多位受邀来宾盛装出席了这个高贵典雅的盛会，星光熠熠的时装表演、美酒佳肴与购物体验等交织相伴令来宾们度过了一个愉快的良宵。

哥烈码头50号(包括真者里大厦在内)的重建及推广活动同时在进行中，计划于2010年第四季度竣工。这座18层高的甲级办公楼地处滨海湾畔、毗邻莱佛士坊和地铁站，地理位置相当优越。城市文化中心、高级餐馆和酒店都近在咫尺，其独特的商业地段将吸引那些有实力的租户。

另外，本集团的发展大纲上还有利安尼山路25号这个高档公寓项目。华联企业正在考虑待2010年房地产市场时机成熟之时推出该项目。

我们将继续巩固和平衡发展酒店产业、零售产业、商用产业、住宅产业等多元化业务组合，为收入和利润的增长而努力。我们谨慎且乐观地期待华联企业在2010年有所进步和成长。

### 致谢

董事会在此欢迎新上任的各位董事，相信他们能带动华联企业迈向更高的发展进程。我在此衷心感谢集团全体管理人员和员工的奉献和热忱。

感谢酒店宾客们对君华各大酒店的忠实惠顾和参与我们的忠诚客户计划，同时要感谢集团所有的股东和租户，谢谢你们给予华联企业坚定不移的支持和贡献。

最后，我愿借此机会，向董事会的同仁们致上我个人诚挚的谢意，感谢他们睿智的决策力和奉献精神。

**李棕**

董事长

2010年3月

## CEO'S STATEMENT

**“Together with the newly launched Mandarin Gallery, Mandarin Orchard Singapore is set to be the latest gem along the iconic Orchard Road.”**

### **New Name**

Formerly known as Meritus Mandarin Singapore, the flagship hotel of Meritus was renamed to “Mandarin Orchard Singapore” in January 2010 to reflect how the “Mandarin” name still resonates with the general public and its prime location in the heart of Singapore’s famous Orchard Road.

2009 marks the year in which the refurbishment of Mandarin Orchard Singapore came to a close. With the completion of its major renovations work, the hotel unveiled a new look complete with a brand new facade, a smorgasbord of new food and beverage outlets, a fitness centre, business centre and a series of new meeting rooms. Together with the newly launched Mandarin Gallery, Mandarin Orchard Singapore is set to be the latest gem along the iconic Orchard Road.

### **Performance Affected**

OUE made a net after-tax loss of \$93.4 million, compared to an after-tax profit of \$40.8 million last year. The loss was mainly due to the fair value loss (revaluation) on the investment properties of the Group and its associated company (OUB Centre) and impairment charge on the Group’s development properties.

Our hospitality division’s underlying results were significantly affected by the depressed demand from the global economic recession. At the same time, the redevelopment works of the new retail mall – Mandarin Gallery – adversely affected the total revenue of the primary driver, Mandarin Orchard Singapore.

Hotel portfolio’s revenue saw a drop from last year’s \$148.7 million to \$130.5 million in FY2009. As a result, the gross operating profit of the owned hotels slid to \$53.8 million from \$73.6 million last year. Total hotel portfolio combined average room yield (revenue per available room or “RevPAR”) registered a 21.9 percent drop mainly due to the 24.5 percent drop in average room rate (“ARR”).

### **Proactive Action**

The management has responded by taking proactive action to manage its costs, defend market share, lower operating cost while at the same time maintaining its high service standards through implementation of comprehensive plans in each hotel and at the corporate level.

As we strengthen our hotel management arm, Meritus Hotels & Resorts will maintain its platform of providing hotel management and marketing services for our owned and operating hotels, along with technical consultation and project management services for hotels under development or refurbishment.

### **Our key objectives are:**

- **Expand Market Presence.** Our main focus and expansion efforts are on key locations and under-penetrated markets. We will also actively evaluate potential acquisitions or alliances that complement our ability to enhance customer preference by providing a greater selection of locations, properties and services. We may pursue these opportunities in alliance with existing or prospective owners to strengthen our brand presence.

- **Explore to Expand our Brand Portfolio.** We believe that a mid-tier brand could support our overall growth. The opportunity for properties that provide a select offering of services at a lower price point is particularly compelling in the regional hospitality markets with an increasing number of local business and leisure travellers.
- **Utilise our Capital Base for Targeted Growth.** We will continue to commit capital to fund the renovation of key assets in our existing owned portfolio.

### **Hospitality with Merit**

With an increasing importance in online distribution, Meritus Hotels & Resorts was recognised as one of the Top 3 Most Outstanding Performers – Chains by the HotelClub Awards 2009. Its revenue in the online channel year-to-date has grown by 42 percent over FY2008.

At the same time, Meritus' Central Reservations continues to perform well, with an increase in contribution to total hotel room revenue from 21.9 percent in FY2008 to 27.9 percent in FY2009 year-to-date.

Meanwhile, Meritus continues to uphold its brand of signature hospitality, winning several awards presented by internationally acclaimed awarding bodies.

### **Mandarin Gallery Returns to Orchard**

Mandarin Gallery's \$200 million facelift was completed at the end of FY2009. Featuring 152 metres of prominent frontage along Orchard Road are four levels of shopping and dining establishments along with five flagship duplexes. Before it was opened, the mall had been completely leased out. Among Mandarin Gallery's list of carefully selected tenants are new-to-market brands such as Bathing Ape, Y-3, a.i. by Ashley Isham and benWU; prominent tenants such as Marc by Marc Jacobs, Montblanc, Emporio Armani and Mauboussin, several food & beverage offerings that include Lawry's The Prime Rib, Jones the grocer, Ippudo, and The Society Bistro as well as an array of beauty services and lifestyle products.

### **Sustained Marketing and Developmental Activities**

Set against the historical landmark of Collyer Quay and boasting spectacular views of Marina Bay, the redevelopment site of the former Overseas Union House is being transformed into a new 18-storey office tower, next to a conserved iconic Change Alley Aerial Plaza, connected by an aerial mall bridge which provides a quick and sheltered link to the Raffles Place MRT station. With its multi-million dollar makeover, Greenmark certified 50 Collyer Quay represents an expansion of OUE's commitment in the commercial property sector. The office tower, slated for completion in 4Q 2010, offers 394,253 sq ft of prime lettable area with floor plates ranging from 19,396 sq ft to 30,284 sq ft, two of which are designed as trading floors. Marketing is underway to lease office space to both multinational corporations as well as local reputable firms.

We can expect the residential property market in Singapore to recover and command premium prices for luxury-tier addresses such as our property at Leonie Hill Road. We are considering launching the project in 2010 when the market conditions become favourable.

### **Conclusion**

I would like to thank all our management and staff for their passion and dedication to drive toward service excellence. OUE is committed to sustain new phases of growth and remains well-positioned to capitalise on the expected improved global economic climate in 2010.

**Thio Gim Hock**

*CEO / Group Managing Director*

March 2010

## 首席执行官致词

**“新装修的文华大酒店与新开业的文华购物廊一起成为新加坡乌节路上标志性建筑物当中最耀眼的宝石。”**

### 酒店重新命名

新加坡文华大酒店英文原名为 Meritus Mandarin Singapore, 是君华酒店集团的旗舰酒店。从2010年1月起其英文名重新命名为 “Mandarin Orchard Singapore”。既保留在大众心目中传统的 “文华” 印象, 同时凸显出该酒店坐落在乌节路正中央顶级黄金地段的重要地理位置。

文华大酒店装修工程在2009年结束。随着主要装修工程的完成, 酒店面貌焕然一新, 崭新的立面、新设餐饮店面、健身中心、商务中心和一系列新会议功能厅装备, 令新装修的文华大酒店与新开业的文华购物廊一起成为新加坡乌节路上标志性建筑物当中最耀眼的宝石。

### 整体业绩受到环境影响

本年度华联企业税后净亏损9340万新元, 而上一年度则为税后净盈利4080万新元。造成亏损主要有两个方面的原因, 一是集团与联营公司(OUB Centre)所投资的房产经重新评估后的公平值损失, 二是集团所开发的住宅项目资产的减值损失。

全球经济衰退直接令酒店需求缩减, 严重地影响了集团的酒店业务表现。与此同时, 本年度重新打造文华购物廊这个新购物中心的工程也影响了集团最主要收入来源文华大酒店的营业收入。

集团酒店产业组合的营业收入从上一财务年度的1亿4870万新元滑落到2009财务年度的1亿3050万新元。导致集团旗下所拥有的几家酒店之毛利从上一年的7360万新元滑落到本年度的5380万新元。由于平均房价(ARR)降低了24.5%, 造成整体酒店产业组合的客房收益率(RevPAR)也下降了21.9%。

### 积极采取应对措施

管理层积极采取了成本管理、保住市场份额、降低营运成本等应对措施, 同时通过在每间酒店和集团内部实施更加行之有效的策略计划来保持其高水准的服务水平。

为了增强集团的酒店管理业务, 君华酒店集团将继续保持为集团所拥有的和所管理的酒店提供酒店管理服务、市场营销服务这个平台, 并为那些在建酒店和在装修酒店提供技术援助服务和项目管理服务。

### 我们的主要目标是:

- **扩大市场份额。**注重和拓展具战略性地理位置的市场和已经有所渗透的市场。也积极寻求和衡量潜在的收购或联盟机会, 注重于那些能够为增强客户偏好指数提供更佳位置、更好的酒店物业和更多服务选择的收购作为我们能力的补充。有机会我们也将同那些现有的或有潜力的业主组成联盟来丰满我们的品牌羽翼, 扩大市场占有率。



- **扩大品牌组合阵容。**我们相信中档品牌会很好地支持集团的整体发展。随着本地商务客和休闲客的增加，尤其是那些能够以较低价格提供更多服务优惠选择的酒店将成为推动区域酒店业市场发展的动力。
- **为达到增长目标注入资金。**我们将继续为集团目前拥有的主要酒店产业的装修项目投入资金。

### 君华卓越服务

鉴于集团在线上营销的突出表现，君华酒店集团在2009年度获得the HotelClub Awards 的青睐，被评为2009年度前三名最杰出的酒店连锁集团之一。通过线上营销渠道所获得的营业收入比2008财年度增长了42%。

同时君华中央订房系统继续表现出色，对客房营业收入的贡献从2008财年度的21.9% 增加到本财年度截至目前的27.9%。

另外，君华酒店集团继续保持酒店品牌的影响力，获得国际权威性机构的多个奖项。

### 文华购物廊重新开张

文华购物廊耗资2亿新元的大规模装修工程已经于2009年财年度末竣工。顺着乌节路的方向，该购物中心正前方有一个宽达152米的步行广场，四层高的购物中心临街有五大双层旗舰商铺。甚至在开张之前，所有的店铺就已经被抢租一空。精挑细选的租户名单上首次登陆新加坡的品牌就包括了Bathing Ape、 Y-3、 a.i. by Ashley Isham 和 benWU。高档国际知名品牌则包括了Marc by Marc Jacobs、 Montblanc、 Emporio Armani 和 Mauboussin。几家餐饮门店当中包括了Lawry's The Prime Rib、 jones the grocer、 一風堂(Ippudo)和 The Society Bistro，除此之外，尚有一连串的美容服务和生活时尚店面。

### 商用产业推广与重建持续进行

坐拥滨海湾的无敌景观，位于哥烈码头这个历史性地标的原华联商业大厦正在重建成为一栋18层的办公大楼，通过紧邻的标志性保留建筑物真者里大厦的有盖空中廊桥，能够便捷地通往莱佛士地铁站。耗资上亿新元打造且已通过绿色环保标准认证的哥烈码头50号象征着华联企业在商业产业组合的扩张。该座办公大楼计划于2010第四季度完工，每层楼的楼面面积介于19,396平方英尺至30,284平方英尺之间，总可出租面积达394,253平方英尺，其中有两层楼可用作金融交易场地。面向跨国公司和本地知名商家的办公租赁推广活动已经展开。

我们寄希望于新加坡住宅产业市场的复苏，令高尚地段的物业譬如我们集团在利安尼山路的项目能够取得丰厚的回报。如果市场时机成熟，我们会考虑在2010年发售这个项目。

### 结论

我在此感谢所有的管理人员和员工，谢谢他们为本集团迈向卓越服务所做出的贡献和热忱。华联企业在掀开成长新篇章的同时将不遗余力地保持良好的定位，以便在2010年从期望能有所改善的全球经济环境当中获利。

**张清福**

首席执行官/集团董事经理

2010年3月

## BOARD OF DIRECTORS

### **DR STEPHEN T. RIADY**

#### *Executive Chairman*

Dr Stephen T. Riady was appointed an Executive Director of OUE on 30 November 2006 and appointed as the Executive Chairman of the Board with effect from 9 March 2010. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2009.

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

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

His service to society includes such civic engagements as Founding Honorary Advisor to the University of Hong Kong Foundation for Education Development and Research, member of the Board of Trustees of the Better Hong Kong Foundation, member of the

Advisory Council of One Country, Two Systems Research Institute, Fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, USA. He was member of the Council and the Court of Hong Kong Baptist University.

Accolades he has received includes 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. He is an Honorary Citizen of Shenzhen, PRC.

Dr Riady is an Executive Director of Lippo Limited and has been its Chairman since 1991. He is also the Deputy Chairman, Managing Director, and Chief Executive Officer of Lippo China Resources Limited, and an Executive Director and Chief Executive Officer of Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited.

He is an Executive Director of Auric Pacific Group Limited, a company listed in Singapore. He was a director of Robinson and Company Limited, a company formerly listed in Singapore.

**MR CHRISTOPHER JAMES WILLIAMS**

*Deputy Chairman*

Mr Christopher James Williams was appointed a non-executive Director of OUE on 19 July 2006 and elected as the Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2007.

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 specialisation 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.

A Partner of Richards Butler, Hong Kong and of Reed Smith LLP, Mr Williams is a non-executive Director of Food Junction Holdings Limited. He was a non-executive Chairman of Robinson and Company Limited, a company formerly listed in Singapore.

**MR THIO GIM HOCK**

*Chief Executive Officer/Group Managing Director*

Mr Thio Gim Hock has been the Chief Executive Officer/Group Managing Director of OUE 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 30 April 2009.

Mr Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He has held senior executive appointments in numerous companies. Prior to joining the Group, he was the Chief Executive Officer of Target Realty Ltd, an Executive Director for City Project Management/Property Development at City Developments Ltd, and an executive Director of Hotel Properties Ltd.

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

## BOARD OF DIRECTORS

### **MR KELVIN LO KEE WAI**

#### *Independent Director*

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

Mr Lo is currently engaged in the fund management business and practising law in New South Wales, Australia at Alliance Law Group. He has previously served as Chief Investment Officer of Value Creation Inc, Chief Executive Officer of Mreferral Corporation Ltd, Chief Financial Officer of Midland Realty Ltd and Financial Controller of Lippo Ltd. Mr Lo was previously a non-executive Director of Medtech Group Company Ltd, a company listed in Hong Kong.

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 USA, and an Associate of the Chartered Secretaries Australia. He is also an Associate of Law Society of New South Wales, Australia and obtained a Master of Laws at University of Sydney.

### **MR SIN BOON ANN**

#### *Independent Director*

Mr Sin Boon Ann was appointed an independent Director of OUE 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.

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

Mr Sin is currently the Deputy Managing Director of Corporate & Finance Department in Drew & Napier LLC, a legal practice which he joined in 1992. Mr Sin is principally engaged in corporate finance and mergers and acquisitions. Prior to joining Drew & Napier LLC, Mr Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992. He is currently also a Member of Parliament for Tampines Group Representation Constituency (GRC) and Advisor to Union of Power and Gas Employees (UPAGE). Mr Sin is a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs, and a Board Member of Singapore Totalisator Board.

Mr Sin presently holds directorships in Courage Marine Group Limited, Transview Holdings Limited, CSE Global Ltd and MFS Technology Ltd. He was an independent non-executive Director of Japan Land Limited and Auric Pacific Group Limited.

## BOARD OF DIRECTORS

### **MAG RAINER SILHAVY**

#### *Non-executive non-independent Director*

Mag Rainer Silhavy was appointed as a non-executive Director on 9 March 2010. He serves as a member of the Audit Committee.

He graduated from the University of World Trade Vienna, Austria in 1978 with a B.A. degree in Social Science and Economics. He is Chairman and Chief Executive Officer of RZB-Austria, Asia Pacific Regional Office overlooking RZB's Asian operation inclusive RZB Singapore Branch as well the bank's branches in China and Labuan and its finance company in Hong Kong. Mr Silhavy has spent 23 years of his professional career in Asia.

Mr Silhavy is also a Director of Bowsprit Capital Corporation Limited.

### **MR KIN CHAN**

#### *Non-executive non-independent Director*

Mr Kin Chan was appointed as a non-executive Director on 17 March 2010.

Mr Chan holds an MBA from the Wharton School of the University of Pennsylvania where he was a Palmer Scholar and A.B. degree from Princeton University.

Mr Chan is currently the Chief Investment Officer, Director of Argyle Street Management Limited and a substantial shareholder of OUE. Details of his shareholdings can be found on page 148 of the Annual Report. He has previously served as Chief Executive and Managing Director of Lazard Asia Limited as well as Executive Director of Goldman, Sachs & Co.

Mr Chan is the Chairman of Transpac Industrial Holdings Limited, a company listed in Singapore.

Mr Chan was a non-executive Director of Bowsprit Capital Corporation Limited. He was previously a non-executive Director of Guangdong Development Fund Limited, a company listed in London and Yu Ming Investments Limited, a company listed in Hong Kong.

## HEADS OF DEPARTMENTS

### **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 Tan Kim Seng**

*Acting President*

*Meritus Hotels & Resorts*

Mr Tan joined OUE Group in July 2008, tasked with overseeing the operations at Meritus Hotels & Resorts (as Executive Vice President).

He was appointed as Acting President of Meritus Hotels & Resorts since October 2009, with the retirement of Mr Frank Kuhn.

Prior to joining the Group, Mr Tan was Senior Vice President in charge of the Asia region for Millennium & Copthorne Hotels & Resorts.

Mr Tan graduated as class valedictorian from Cornell University's School of Hotel Management with a Bachelor of Science. He is also a member of the Singapore Institute of Directors.

## HEADS OF DEPARTMENTS

### **Dr Clement Wang**

*Executive Vice President – Investor Relations*

*Overseas Union Enterprise Limited*

Dr Wang joined OUE Group in December 2007. His responsibilities include spearheading business development and other investment/divestment projects. He also coordinates the Corporate Social Responsibility (CSR) activities for the Group. He has over 25 years of experience in R&D engineering, management consulting and academia. He was formerly Director, Business Development with Lippo Realty (Singapore).

Dr Wang earned a PhD in Engineering (Management Sciences) from the University of Waterloo and has published numerous articles in books, journals and newspapers.

### **Mr Ng Ngai**

*Group Corporate Counsel & Company Secretary*

*Overseas Union Enterprise Limited*

Mr Ng joined OUE Group in August 2006 and oversees the Group's corporate secretariat and legal matters.

Mr Ng holds a Master of Laws (Commercial Law) from the University of Queensland and a Bachelor of Laws (Honours) from the University of London. A Fellow of the Institute of Chartered Secretaries and Administrators, UK and Singapore, he is also a member of the Singapore Corporate Counsel Association and the Singapore Institute of Directors.

### **Ms Irene Meta**

*Senior Vice President – Development & Projects*

*Overseas Union Enterprise Limited*

Ms Meta joined OUE in November 2007. She is responsible for feasibility studies, planning and design for new projects, and project management. With 30 years experience in the property and construction industry, Ms Meta's previous appointment was Deputy General Manager for Development and Projects at Lippo Realty (Singapore) Pte Ltd.

Ms Meta holds a Bachelor of Science degree in Building (Honours) from the National University of Singapore and is a member of The Royal Institution of Chartered Surveyors.





# OUR OPERATIONS

Thriving in every aspect of our business is an adherence to peerless quality that continues to define the service standards we uphold, as well as the landmarks we own and manage.



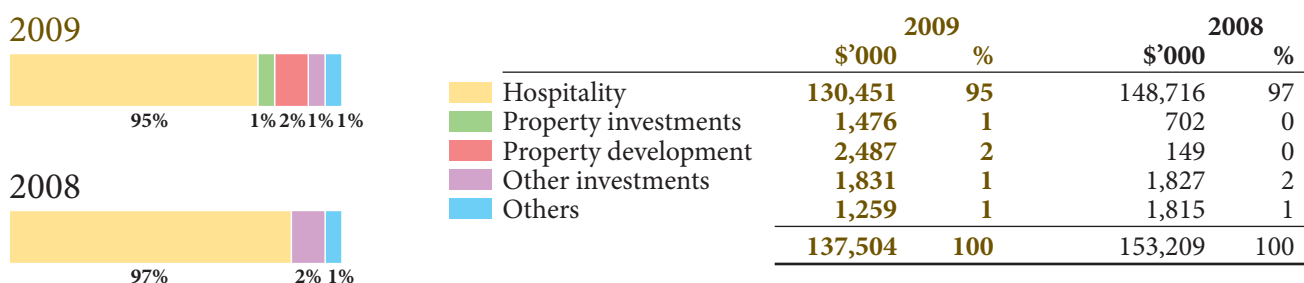


## QUARTERLY RESULTS

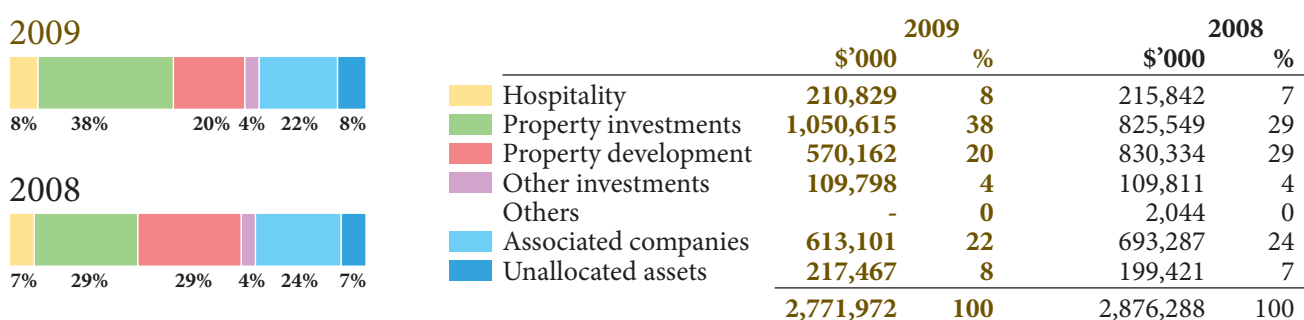
	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
<b>Turnover</b>					
<b>2009</b>	<b>32,948</b>	<b>28,506</b>	<b>33,495</b>	<b>42,555</b>	<b>137,504</b>
2008	42,940	38,061	36,247	35,961	153,209
<b>Profit/(Loss) Before Income Tax</b>					
<b>2009</b>	<b>8,637</b>	<b>(48,037)</b>	<b>9,103</b>	<b>(67,688)</b>	<b>(97,985)</b>
2008	25,831	16,061	11,581	(8,903)	44,570
<b>Profit/(Loss) After Income Tax</b>					
<b>2009</b>	<b>12,541</b>	<b>(48,154)</b>	<b>7,507</b>	<b>(65,295)</b>	<b>(93,401)</b>
2008	23,744	12,012	9,716	(4,712)	40,760
<b>Profit/(Loss) Attributable to Equity Holders of the Company</b>					
<b>2009</b>	<b>12,581</b>	<b>(47,798)</b>	<b>7,813</b>	<b>(64,805)</b>	<b>(92,209)</b>
2008	23,667	12,132	9,974	(4,869)	40,904
<b>Basic and Diluted (Loss)/Earnings Per Ordinary Share (in cents)</b>					
<b>2009</b>	<b>6.4</b>	<b>(24.4)</b>	<b>4.0</b>	<b>(33.0)</b>	<b>(47.0)</b>
2008	12.1	6.2	5.1	(2.5)	20.8

## SEGMENTAL PERFORMANCE ANALYSIS

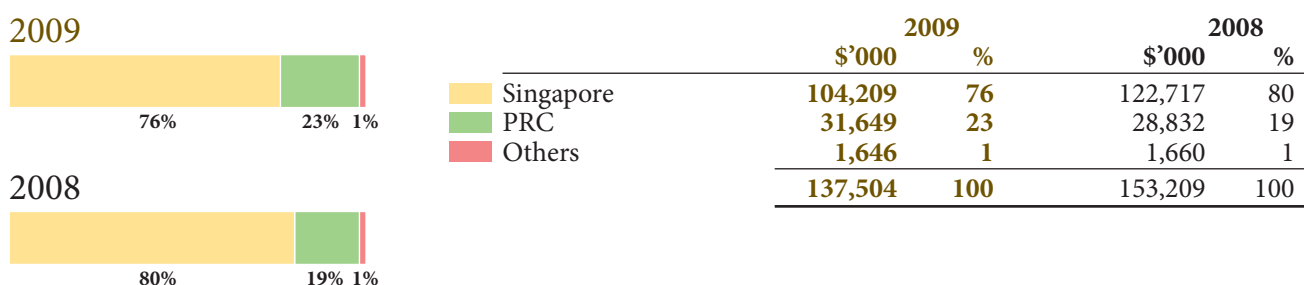
### TOTAL TURNOVER BY BUSINESS SEGMENT



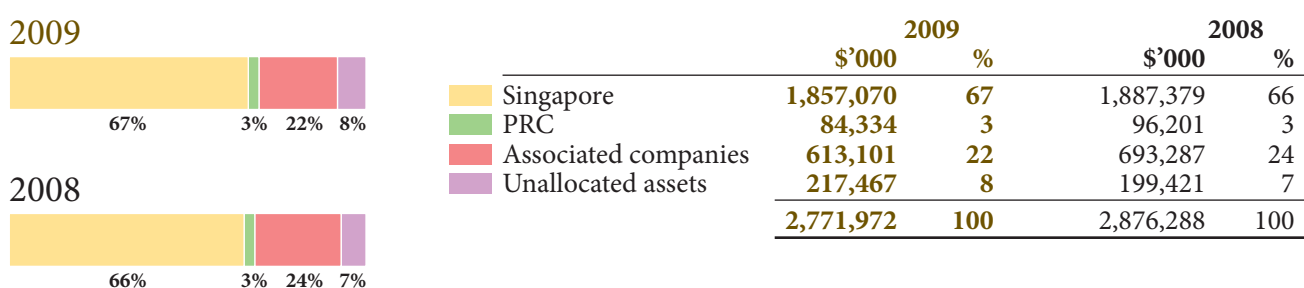
### TOTAL ASSETS BY BUSINESS SEGMENT



### TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT



### TOTAL ASSETS BY GEOGRAPHICAL SEGMENT



## GROUP AT A GLANCE



### HOTEL

GFA (sq ft)

# 990,286

Our hospitality division achieved revenue of \$130.5 million in 2009 (2008: \$148.7 million). The results of the hospitality division were impacted by the depressed demand from the global economic downturn. After a challenging first half in 2009, the regional tourism performance has been augmented with improving economic growth and visitor arrival statistics.

The Group's hotels in the provincial cities in mainland China which largely rely on domestic patronage have been less affected by the global economic downturn than those in key gateway cities and registered a positive GOP growth.

#### HIGHLIGHTS

- Hotel portfolio occupancy improved to 68.4% from 66.1% last year
- Weighted average room yield ("RevPAR") was 21.9% lower year-on-year
- China owned hotels registered a 7.3% GOP growth
- Owned hotel portfolio GOP margin was 42.9% (2008: 48.4%)



### RETAIL

GFA (sq ft)

# 196,337

The extensive S\$200 million makeover has made Mandarin Gallery a prime landmark in the heart of Orchard Road. Comprising a superior mix of fashion, lifestyle and food & beverage brands amongst other categories, Mandarin Gallery provides a unique shopping experience to its primary target of the younger affluent segment of the market, as well as its ready catchment of guests from Mandarin Orchard Singapore, in addition to local and global shoppers.

Mandarin Gallery is now home to high-end local and international brands, as well as new-to-market brands – all of aligned brand positioning, fulfilling the fashion, accessories and lifestyle needs of shoppers.

#### HIGHLIGHTS

- Soft launched on 27 November 2009, officially opened on 28 January 2010
- High-end mall comprising 103 shops
- 100% leased
- Intimate-sized mall providing a tailor-made shopping experience



## COMMERCIAL

GFA (sq ft)

503,469

Ideally located between Raffles Place and Marina Bay, the redeveloped 50 Collyer Quay will become a strategic connection between the existing CBD and the new downtown.

Slated for completion in 4Q 2010, the building offers some 394,253 sq ft of premium lettable space with a window to the Bay.

It is designed to provide a premium quality office environment to attract into its fold, a tenant base comprising the best of the corporate sector.

### HIGHLIGHTS

- Prime Grade A office space in CBD
- Scheduled completion in 4Q 2010
- Spectacular views of Marina Bay



## RESIDENTIAL

GFA (sq ft)

396,520

OUE acquired prime residential sites at 25 Leonie Hill Road and 21 Angullia Park in 2008 and 2007 respectively for redevelopment. 21 Angullia Park has been sold.

Plans are in progress to transform 25 Leonie Hill Road into a luxury residential development.

### HIGHLIGHTS

- 25 Leonie Hill Road to be developed into luxury residences
- Prime location next to Orchard Road
- Signs of improving market sentiments for upper end segment

2009 IN REVIEW  
OPERATIONS



## HOTEL



*The Group's hotel sector is managed by Meritus Hotels & Resorts. It comprises six hotels in Singapore, Malaysia and China – Mandarin Orchard Singapore (formerly known as Meritus Mandarin Singapore), Marina Mandarin Singapore, Meritus Pelangi Beach Resort & Spa, Langkawi, Meritus Mandarin Haikou, Meritus Shantou China and Shanghai JC Mandarin.*

3,108

Rooms

31

F&amp;B establishments

OUE's hotel sector is managed by Meritus Hotels & Resorts, which operates six award-winning luxury hotels in Singapore, Malaysia and China, namely Mandarin Orchard Singapore, Marina Mandarin Singapore, Meritus Pelangi Beach Resort & Spa, Langkawi, Meritus Mandarin Haikou, Meritus Shantou China and Shanghai JC Mandarin.

### **Hospitality with Merit**

OUE manages and operates deluxe hotels and resorts through its subsidiary, Meritus Hotels & Resorts. With over three decades of experience in hotel operation and management, Meritus Hotels & Resorts has evolved to become an Asian trademark focused on providing exceptional service to discerning business and leisure travellers.

Guided by the hospitality promise of 'Asian Grace, Warmth & Care', Meritus has remained consistently committed to growing and enhancing its hotel portfolio as well as brand equity.

In spite of a challenging first half of 2009, whereby the hospitality industry was generally affected by the global economic downturn, while the H1N1 influenza also impeded demand in the travel market, Meritus has remained resilient, continuing to push forth its aggressive rate and branding strategies. It had cost effective measures in place to defend market share, while still maintaining high levels of service standards in each hotel and at the corporate level.

## OPERATIONS REVIEW - HOTEL



*Reception, Mandarin Orchard Singapore*

As visitor arrivals started to increase, and economic growth and consumer confidence picked up later in the year, the hotel group's performance in regional tourism was augmented correspondingly. Meanwhile, Meritus' hotels in the provincial cities in mainland China, which rely largely on the domestic market, were affected by the global economic downturn to a lesser extent.

With an increasing importance in online distribution, Meritus Hotels & Resorts was recognised as one of the Top 3 Most Outstanding Performers – Chains by the HotelClub Awards 2009. Its revenue in the online channel year-to-date, has grown by 42 percent over 2008.

At the same time, Meritus' Central Reservations continues to perform outstandingly, with an increase in contribution to total hotel room revenue from 21.9 percent in 2008 to 27.9 percent in 2009 year-to-date.

Meanwhile, Meritus continues to uphold its brand of signature hospitality, winning several awards presented by internationally acclaimed awarding bodies. Its flagship property Mandarin Orchard Singapore was once again recognised by the Hospitality Asia Platinum Awards, walking away with the Best Purchasing Team and Top 3 HAPA Best Front of the House awards. The ever renowned Mandarin Chicken Rice at Chatterbox also won the Best Local Food Award presented by Singapore Tatler The Best of Singapore 2009, while Pine Court Chinese Restaurant was awarded Wine & Dine Singapore's Top Restaurant 2009. Most recently in December 2009, Mandarin Orchard Singapore was audited and certified to be in conformance with the standards of ISO 9001:2008.

Formerly known as Meritus Mandarin Singapore, the flagship hotel of Meritus was renamed to Mandarin Orchard Singapore in January 2010 to reflect how the "Mandarin" name still resonates with the general public and its prime location in the heart of the famous Orchard Road of Singapore.

Over at the Marina Bay, with their distinctive support for the Singapore arts scene, Marina Mandarin Singapore was once again awarded Distinguished Patron of the Arts 2009 by the National Arts Council of Singapore. And in recognition of Meritus Pelangi's comprehensive understanding of the online distribution model, they were presented the Gold Circle Award by Agoda.com.

Over in China, where the country celebrated a glorious 60 years, Shanghai JC Mandarin was awarded the Welcome Expo Excellent Service Award, setting the tone for a strong 2010 during which the World Expo will be held in Shanghai. Meritus Mandarin Haikou was named one of Hainan's Top 10 Business Hotels by the Hainan Hotel and Catering Association while Meritus Shantou China scored the Golden Horse Award of China Renowned Hotel – 60 Brands in 60 Splendor Years of China Hotel Industry.

2009 also marks the year in which the refurbishment of Mandarin Orchard Singapore came to a close. With the completion of its major renovations work, the hotel unveiled a new look complete with a brand new façade, a smorgasbord of well-received new food and beverage outlets, a fitness centre, business centre and a series of new meeting rooms.

Together with the newly launched Mandarin Gallery, Mandarin Orchard Singapore continues to reign as the Grand Dame along the iconic Orchard Road.

Finally, Meritus saw the launch of a major loyalty dining and accommodation programme named eat@Meritus at Mandarin Orchard, Marina Mandarin and Meritus Pelangi. Launched in collaboration with OCBC, the initiative has since garnered respectable business returns and valuable media coverage both in traditional print media and online. eat@Meritus has thus achieved significant brand awareness and market penetration for the hotel group.

### **What's Next**

Committed to growing and enhancing its hotel portfolio, 2010 will see Meritus embarking on an even more aggressive strategy to increase market recognition and penetration, further espousing its values of Asian grace, warmth & care.

Backed by our mission, vision and values, Meritus believes that the strengthening of its brands, people, capital and assets will provide the platform for long-term value creation.

### **Mandarin Orchard Singapore (Formerly known as Meritus Mandarin Singapore)**

Boasting 1,051 guestrooms, our flagship hotel is a landmark on the iconic Orchard Road, Singapore's prime shopping and entertainment district.



*Horizon Pool, Meritus Pelangi Beach Resort & Spa,  
Langkawi*



*Regency Suite, Mandarin Orchard Singapore*

## OPERATIONS REVIEW - HOTEL

Beginning since November 2008, the hotel embarked on an extensive multi-phased, multi-million dollar renovation plan to enhance guest experience and take its brand of Asian hospitality to new heights.

With the completion of the major renovation works, Mandarin Orchard unveiled its new look. Enter the hotel reception on Level 5 and be awed by a stunning crystal-pixel artwork that suspends from the ceiling. Designed entirely by Singaporean-born artist, Suzann Victor, it is the first of its kind and marks Victor's virgin foray into this area of art. Using different coloured crystals strung together, they are hung from the ceiling and form a landscape in the style reminiscent of Chinese art. Special effects are used to enhance the artwork, both in the day and night, throwing light on the white, gold and silver crystal beads and giving it an enchanting aura.

To add to the buzz of Level 5, there are some four new food and beverage outlets to choose from. Taste the legendary Mandarin Chicken Rice and other Asian signatures at the iconic Chatterbox, where it has made a landing down from Level 39. The hotel welcomes the return of its international buffet restaurant, Triple Three. Named for the address of the hotel – 333 Orchard Road – it features a Japanese-inspired international buffet spread, helmed by its Japanese Executive Chef, Shigeru Akashi.



*The New Level 5, Mandarin Orchard Singapore*

Over at the café, Coffee & Crust, there are exquisite cakes, mouth-watering pastries and premium coffee from Italian brand, illy, to savour. The fourth outlet is the proverbial hotel bar, Bar on 5. With indoor and outdoor seating areas, it is the ideal place to unwind after a hard day's work.

The 239 sq m function room, Mandarin Suite, completes the heart of Level 5. Accommodating up to 140 people in a theatre-style configuration, it is suitable for both corporate and social events, in a cosy environment.

All these changes have come hot on the heels of the growing demands of the hospitality industry, and in line with Singapore Tourism Board's multi-million dollar upgrading of Orchard Road, ensuring that Mandarin Orchard Singapore remains at the forefront of hospitality standards.

### **Marina Mandarin Singapore**

Marina Mandarin is a premium business hotel located in the heart of the city, with close proximity to both the financial district and the Marina Bay. It is also a trackside hotel for the Singapore Formula One Night Race, widely anticipated every third quarter of the year.

The 575-room hotel boasts one of Singapore's first outdoor mineral water swimming pools, a full-fledged spa and extensive banquet and meeting facilities that accommodate up to 700 people in the Marina Mandarin Ballroom.



*Mineral Water Swimming Pool,  
Marina Mandarin Singapore*



*Deluxe Room, Meritus Mandarin Haikou*



*Meritus Executive Lounge, Meritus Shantou China*

### **Meritus Pelangi Beach Resort & Spa, Langkawi**

Designed like a traditional Malay 'kampong' (village), Meritus Pelangi spreads over 31 acres of landscaped garden along a one-kilometre stretch of white sandy palm-fringed beach. Located in Langkawi, where the first UNESCO Geopark in S.E.A. can be found, Meritus Pelangi is an ecologically-friendly resort. Hugely popular with MICE organisers as a distinctively refreshing venue for meetings, the meeting rooms are well-equipped with the latest state-of-the-art audio-visual facilities and can cater for up to 700 guests in natural daylight setting.

### **Meritus Mandarin Haikou**

The 318-room Meritus Mandarin Haikou is located in the new financial capital hub of the Special Economic Zone. The first international five-star hotel in Haikou, it sets the bar for the city's accommodation and meeting standards. Boasting the most extensive convention facilities and the largest column-free ballroom in the city, Meritus Mandarin Haikou is a first-choice venue for many events.

### **Meritus Shantou China**

Strategically located in the city's financial district and a short 20-minute drive from the airport, Meritus Shantou China is a landmark heralding a warm welcome to the second-largest city in the Province of Guangdong.

Combining classic elegance with contemporary chic, the 318-room hotel is deemed the 'pride of Shantou' with its first class décor and facilities.

### **Shanghai JC Mandarin**

Located at the heart of Nanjing Xi Road, one of China's key gateway cities and the world's busiest shopping streets, Shanghai JC Mandarin was first opened in 1991. It is next to the famous Shanghai Exhibition Centre and right opposite the city's main commercial office buildings like Shanghai Centre, Plaza 66, Citic Building, as well as Westgate Mall and Shanghai Airport Bus Terminal.

With 515 tastefully furnished guest rooms and suites, a plethora of international gourmet cuisines by master chefs and state-of-the-art meeting and banquet facilities, Shanghai JC Mandarin is the mark of modern comfort and convenience.



## AWARDS & ACCOLADES



### MERITUS HOTELS & RESORTS

#### HotelClub Awards 2009

- Top 3 Most Outstanding Performers-Chains

### MANDARIN ORCHARD SINGAPORE

#### Agoda Gold Circle Awards 2009

- Best Practice in Online Distribution

#### Hospitality Asia Platinum Awards 2009 - 2011 Singapore Series

- Best Purchasing Team
- Top 3 HAPA Best Front of the House

#### SMU Customer Satisfaction Index of Singapore 2009

- Meritus Mandarin 73.5 - Top 5

#### Singapore Tatler The Best of Singapore 2009 presents Chicken Rice @ Chatterbox

- Best Local Food Award

#### Simply Dining Singapore's Top Restaurants 2009

- Pine Court Chinese Restaurant
- Chatterbox

#### Wine & Dine Singapore's Top Restaurant 2009

- Pine Court Chinese Restaurant

#### Hospitality Asia Platinum Awards 2009 - 2011 Singapore Series

- Top 5 Best Asian Cuisine Restaurant (Hotel)
- Pine Court Chinese Restaurant

### MARINA MANDARIN SINGAPORE

#### Singapore Hotel Association

- Excellence in Security Award 2009 (Special Mention Award)
- Honesty Award 2009 (Special Mention Award)

#### National Arts Council

- Distinguished Patron of the Arts Award 2009

#### Singapore Human Resources Institute

- Leading HR Practice (Special Mention) Award 2009

#### HotelClub Award 2009

- Top 5 Most Popular Hotels in Asia
- Top 3 Five Stars Hotel

### MERITUS PELANGI BEACH RESORT & SPA, LANGKAWI

#### Agoda.com

- Gold Circle Award



MANDARIN GALLERY TENANTS' LISTINGS

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

Nestled in the heart of Orchard Road, **MANDARIN GALLERY** is set to redefine the luxe retail experience, bringing the world's premier brands into Singapore's shopping nucleus.

## OPERATIONS REVIEW - RETAIL



### RETAIL

*Mandarin Gallery, the new gem in the heart of Orchard Road is the Group's prime retail development. Fronting the Group's flagship hotel, Mandarin Orchard Singapore, the 4-storeyed mall recently completed its extensive makeover that has transformed it into a high-end shopping destination with a sophisticated tenant mix.*

#### Revamped and Revitalised

Soft opened on 27 November 2009 and officially opened on 28 January 2010, Mandarin Gallery is the preferred intimate-sized mall for the younger affluent. After an extensive S\$200 million facelift which began in the second half of 2008 and ended in the last quarter of 2009, Mandarin Gallery has returned to the heart of Singapore's fashion runway, Orchard Road, and brings the world of high-end shopping closer to everyone. The mall now boasts a total gross floor area of more than 196,000 sq ft, and has since attracted over 100 international and local brand names and restaurants – many of whom have either launched for the first time or are operating standalone stores in Singapore.

Spanning more than 126,000 sq ft of net lettable area and well-spread across four levels, Mandarin Gallery houses 103 shops that offer high-end fashion, lifestyle and food & beverage categories amongst others. The revamped mall boasts a 152-metre street frontage along



Exterior, Mandarin Gallery

Orchard Road, and comprises five flagship duplexes that come together to form an undulating, modern yet timeless glass facade, punctuated by a pair of escalators that directly bring pedestrians along Orchard Road up to the mall's second floor. The facade, which is accentuated by a large scale glass curtain wall, further allows for visual connectivity between the public areas outside the mall and the interior spaces – specially designed to captivate shoppers.

The mall's redevelopment was effected by replacing some of the hotel's function space with higher-yield space, thus allowing the Group to maximise profits.

#### An Unrivalled Shopping Environment

Designed by AIM Create (Marui Group) and DP Architects Pte Ltd, Mandarin Gallery's interior concept was inspired by the Japanese modern tea ceremony room, which is small yet rich, so as to highlight its unique internal spatial features and set the tone for a



Level 2, Mandarin Gallery

## AWARDS & ACCOLADES



AquaMarine, Marina Mandarin Singapore



Bar on 5, Mandarin Orchard Singapore

#### SHANGHAI JC MANDARIN

##### BOOKING.COM

- Top Achiever 2008

##### Shanghai Municipal Government

- 2009 Welcome Expo 600 - Day Contribution Award
- 2009 Welcome Expo 400 - Day Countdown Contribution Award

##### Shanghai Welcome Expo Service Office

- Welcome Expo Excellent Service Award

#### MERITUS MANDARIN HAIKOU

##### Hainan Hotel and Catering Association

- Hainan Top 10 Business Hotels
- Hainan Top 10 General Managers of Hotel Industry

##### Hainan Provincial Department of Commerce & Nalichi Gourmet Website

- Famous Catering Enterprises of the Year 2009

#### MERITUS SHANTOU CHINA

##### Tourism Research Center of CASS (China Academy of Social Science) and China Hotel Magazine

- Golden Horse Award of China Renowned Hotel - 60 Brands in 60 Splendor Years of China Hotel Industry

##### Tourism Research Center of CASS (China Academy of Social Science) and China Hotel Magazine

- Golden Five Star Award - 60 People in 60 Splendor Years of China Hotel Industry

##### Guangdong Cuisine Association

- Top 100 Famous Hotel in Food and Beverage

##### Guangdong Province Tourism Bureau

- National Travel and Leisure Recommended Hotel

Mandarin / Gallery

## MANDARIN GALLERY

A new epitome of class and pizzazz takes shape in Singapore's prime retail hub.

196,337

Square feet of luxe retail space

4

Floors of exquisitely designed shops

103

Shops comprising world-class luxury brands

100%

Committed leases

decidedly different ambience. This is achieved through the use of many louvers to enhance air flow, the illusion effect of a larger space, as well as myriad materials – all of which culminate to offer an emotionally varied consumption experience that is unique to Mandarin Gallery.

Each of its four floors is designed to complement the different offerings and brands. Levels 1 and 2 reflect the chic and sophisticated styles of international labels. Level 3 reflects edgier and energetic styles of casual and sports labels, and level 4 features formal, casual and chill-out dining experiences as well as essentials that complete the shopper's lifestyle needs.

Each level dons a different ceiling and floor design, which is complemented by a simple linear corridor that encourages circulation, thus transforming the mall into a visually exciting walkway. Comfortable rest areas on each floor allows for a short break amidst the eventful shopping. Each rest area is uniquely designed to enhance the overall theme of that level.





*Grand Opening of Mandarin Gallery*

Mandarin Gallery's unrivalled shopping experience injects new energy into Singapore's dynamic retail landscape.

**Tailor-Made for its Target's Needs**

Leveraging on its unique selling point – its intimate size, Mandarin Gallery is a fashion ready-to-wear mall

that fits and meets the needs of the target market. Its primary target market is the younger highly affluent, fashion-forward, attitudinal, well-informed, discerning and confident. This group is not togged in main stream luxury brands though they have the means to do so. The mall fills the gap in the market, which has not been completely and holistically serviced in the retail scene.



*Level 4, Mandarin Gallery*



*Level 3, Mandarin Gallery*

Mandarin Gallery's interpretation of luxury goes beyond pricing. In setting up the mall, the Group's intention was to create a retail environment that engages the target shopper, so that he or she enjoys a pampered shopping experience.

Mandarin Gallery is a destination for elevated contemporary shoppers, and it reflects the evolution of the modern customer – one who is being lured from the designer brands.

### **The Labels**

Prominent Mandarin Gallery tenants include leading fashion houses such as Emporio Armani, D&G, Marc by Marc Jacobs, Y-3, as well as home grown labels such as Ashley Isham and benWU. An array of beauty services and lifestyle products are also available.

For culinary connoisseurs, the mall boasts a variety of restaurants and cafes that include Lawry's The Prime Rib, The Society Bistro and Japan's Ippudo, which makes its Southeast Asian debut in Mandarin Gallery, alongside other quality restaurants.

### **Ongoing Marketing & Promotional Activities**

Since its soft opening in November 2009, the Group has rolled out many marketing and promotional activities to continuously reward and engage both target and general customers who shop in the mall. These activities will continue to position Mandarin Gallery as the icon of prestigious shopping and lifestyle.

Traffic flow to the mall has been encouraging and constantly increasing since the day of its opening. The Group looks forward to stakeholders' sustainability, while Mandarin Gallery continues to introduce and reinforce its uniqueness and unrivalled tenant mix.





**COMMERCIAL**



*The development of 50 Collyer Quay (including Change Alley Aerial Plaza) and One Raffles Place positions the Group to generate a steady income stream, so as to maximise shareholders' interest in the commercial sector.*

*50 Collyer Quay  
(including Change Alley Aerial Plaza)*

**503,469**

Square feet of state-of-the-art office space

*One Raffles Place*

**1,281,224**

Square feet of prime office,  
retail and entertainment space

**50 Collyer Quay  
(including Change Alley Aerial Plaza)**

Set against the historical landmark of Collyer Quay, the redevelopment site of the former Overseas Union House is being transformed into a new 18-storey office tower, a conserved iconic Change Alley Aerial Plaza, connected by an aerial mall bridge which provides a quick and sheltered link to the Raffles Place MRT station. With its strategic location, 50 Collyer Quay is destined to be an important connection between the existing CBD and the new downtown.

With its multi-million dollar makeover, Greenmark certified 50 Collyer Quay represents an expansion of OUE's commitment in the commercial property sector. Situated along the city's shoreline, this sophisticated development boasts of spectacular views of the Marina Bay. The office tower, slated for completion in 4Q 2010, offers 394,253 sq ft of prime lettable area with floor plates ranging from 19,396 sq ft to 30,284 sq ft, two

of which are designed as trading floors. Four levels of basement carpark with 245 lots provide added convenience to both tenants and visitors. Coupled with the building's state-of-the-art architecture and the latest building technology, 50 Collyer Quay is designed to provide a premium quality office environment to attract into its fold, a tenant base comprising the best of the corporate sector.



*Boardroom, 50 Collyer Quay*

## OPERATIONS REVIEW - COMMERCIAL

Restaurants at the top of the office tower and two levels of the Change Alley Aerial Plaza offer convenient dining options at the doorstep, not forgetting the ample food options in the vicinity - the nearby One Fullerton, the newly refurbished Clifford Pier, the to-be-opened Fullerton Bay Hotel and Customs House. In addition, the heart of Raffles Place, a mere 3-minute walk away, offers the various ancillary facilities for businesses.

Forming part of the loop of the current and future attractions around the Marina Bay like the Formula One night race, and Marina Bay Sands Integrated Resort, 50 Collyer Quay offers prominent corporations a window to the Bay and the opportunity to be part of this exciting and vibrant waterfront.

### **One Raffles Place**

One Raffles Place is prominently located in the heart of Raffles Place on top of the Raffles Place MRT station. It is the address magnet for prolific businesses with a priority for location and quality service.

Previously known as OUB Centre and now renamed as One Raffles Place, the development comprises two prime Grade A office towers and the only shopping centre in the financial district. 81.54% of One Raffles Place is owned by OUB Centre Limited, an associated company of OUE; whilst 18.46% of One Raffles Place is owned by UOB Limited.

### **World Class Entertainment in the Making**

One Raffles Place's Tower 1, has been home to leading corporations for more than two decades. Designed by the late Kenzo Tange, it was the tallest building in the world outside the United States when it opened in 1988.



*Main Lobby, 50 Collyer Quay*

By mid 2010, 3 additional storeys will be added on top of the existing office tower. Two newly constructed floors, on levels 61 and 62, have since been leased to a restaurant operator. The newly constructed roof level on level 63 will be Singapore's tallest open-air viewing gallery. Visitors can drink in the 360-degree views of the entire city and beyond to the Straits of Singapore; or enjoy a meal to remember from this stunning location.

### **Pre-leasing Activities for New Office Tower 2 Underway**

One Raffles Place's Tower 2 is currently under development. When completed, the prime 38 storey office tower with 1 level of basement will offer about 350,000 sq ft of office space with column free floor plates of about 11,000 sq ft. State-of-the-art and environmentally sustainable, the office building will be ready in year 2011 to usher in a new era of business success at One Raffles Place.

### **Exciting Lifestyle Additions**

The only shopping centre in the core financial district to provide 5 shopping floors and 1 level of basement retail respite to the most densely packed workplace in Singapore; over the years, new shop space has been constantly added to cater to increasing demand. The current net leasable area stands at 84,700 sq ft. In year 2009, a new atrium space was created to cater to exciting events all year round. By year 2011, 3 more levels (about 1,500 sq ft) of new shopping experience will join the One Raffles Place family.



*Exterior, One Raffles Place*

Together, the entire One Raffles Place development will offer over 860,000 sq ft of lettable Prime Grade A office, retail and entertainment space. A mere 40 seconds sheltered walk away from the Singapore's MRT station, One Raffles Place forms an exciting gateway to Singapore's established centre of business and commerce.

## RESIDENTIAL



*25 Leonie Hill Road and 21 Angullia Park, were acquired in 2008 and 2007 respectively. 21 Angullia Park has been sold.*

# 35

Storeys each; Two towers

# 396,520

Square feet of well-appointed residential space

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### **25 Leonie Hill Road**

Formerly known as The Grangeford, this development comprises two identical 35-storey blocks situated in an oasis of serenity and tranquility, and yet located close to the heart of Orchard Road. The residence will yield an allowable gross floor area (GFA) of 396,520 sq ft with a land area of 130,983 sq ft and plot ratio of 3.027. With a 10% balcony area allowance, total GFA will be 436,172 sq ft.

The expansive common grounds include extensive waterscape, and lush gardens with recreational and leisure facilities.

### **21 Angullia Park**

The sale of 21 Angullia Park was completed on 17 December 2009.



With a strong commitment to being a responsible corporate citizen, OUE believes firmly in giving back to society. In 2009, we embarked on two charity events as part of our effort to bring joy to the underprivileged.

**OUE Spreads Chinese New Year Joy**

400 senior citizens from the Central Singapore District were treated to a delectable Lo Hei lunch at Mandarin Orchard Singapore’s ballroom (formerly known as Meritus Mandarin Singapore) to celebrate Chinese New Year on 21 January 2009. Organised by OUE and supported by the Central Singapore Community Development Council (CS CDC), the luncheon, titled “OUE Celebrates The Golden Years”, was graced by guest-of-honour Mr Zainudin Nordin, Mayor of Central Singapore District.

The 400 elderly beneficiaries were from the Central Singapore CDC’s Bright Home programme, which aims to provide sustainable assistance and social interaction to low income elderly residents in the Central Singapore District. Entertained by staff performances and music from a local Chinese orchestra, they were also presented with goodie bags filled with red packets and Mandarin oranges.

About 120 staff volunteers from OUE, Meritus Hotels & Resorts, Mandarin Orchard Singapore and Marina Mandarin Singapore were present to help serve lunch and interact with the senior citizens.



*Chinese New Year Lo Hei with Mr Zainudin Nordin, management staff of OUE and guests from CDC*



*Mr Thio Gim Hock presenting hamper to a guest from CDC*



*Dr Stephen Riady interacting with children from Sunbeam Place*

### **OUE Holds Christmas Luncheon for Underprivileged Kids**

17 children from the Sunbeam Place were invited to join OUE and Meritus Hotels & Resorts staff for a Christmas Luncheon on 21 December 2009, bringing even more meaning to a traditional festive occasion marked by the gift of giving.

Sunbeam Place is gazetted as a Place of Safety for abused and neglected children in need of protection or whose parents are unable to provide proper care. At Sunbeam Place, a caring and loving environment is created for children aged between 2 and 18 years old.

The children were treated to a delectable Christmas spread including the quintessential turkey, roast beef, honey glazed ham and kids' favourites like French fries, chocolate pralines and log cakes.

A total of \$6,600 was collected from staff donations to purchase gift vouchers from Popular Bookstore for the children, with the excess donated to Sunbeam Place in the form of a cheque. The children were each presented with a voucher by OUE's Executive Chairman Dr Stephen Riady and Chief Executive Officer Mr Thio Gim Hock.



A sepia-toned photograph of a modern city street. In the foreground, a dark car is driving on the road. Above the road, a long, white, glass-enclosed pedestrian bridge spans across the street. In the background, several tall, modern skyscrapers with glass facades rise against a cloudy sky. The overall scene is a mix of urban architecture and infrastructure.

# OUR POTENTIAL

Upholding the level of excellence that made our founding business a distinctive value proposition, we will continue to be grounded on our disciplined management approach to achieve optimal results and sustainable growth.





## FIVE-YEAR FINANCIAL SUMMARY

	2009		2008		2007		2006		2005	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
<b>Group Turnover</b>										
Hospitality	130,451	95	148,716	97	155,209	91	137,195	79	124,783	63
Property investments	1,476	1	702	0	8,881	5	10,753	6	11,020	5
Property development	2,487	2	149	0	6	0	-	0	-	0
Other investments	1,831	1	1,827	2	3,913	3	23,136	13	47,481	24
Others	1,259	1	1,815	1	1,822	1	2,714	2	15,453	8
<b>Total</b>	<b>137,504</b>	<b>100</b>	<b>153,209</b>	<b>100</b>	<b>169,831</b>	<b>100</b>	<b>173,798</b>	<b>100</b>	<b>198,737</b>	<b>100</b>
<b>Group Profit and Loss</b>										
Operating profit	22,327		39,021		58,508		55,586		73,396	
Finance expense	(18)		(7,043)		(1,643)		(1,719)		(1,085)	
Share of results										
of associated companies	(75,944)		114,707		273,485		15,752		9,110	
Other (losses)/gains	(44,350)		(102,115)		397,902		265,996		(1,488)	
Profit before income tax	(97,985)		44,570		728,252		335,615		79,933	
Income tax expense	4,584		(3,810)		(82,724)		(12,590)		(16,579)	
Profit after income tax	(93,401)		40,760		645,528		323,025		63,354	
Minority interests	1,192		144		339		7,821		785	
<b>Profit attributable to equity holders of the company</b>	<b>(92,209)</b>		<b>40,904</b>		<b>645,867</b>		<b>330,846</b>		<b>64,139</b>	
<b>Group Balance Sheet</b>										
Available-for-sale financial assets	108,000		108,000		108,000		144,479		854,980	
Property, plant and equipment	214,347 **		219,697		229,749		251,591		330,770	
Investments in associated companies	613,101		693,287		593,059		334,315		237,786	
Investment properties	1,052,513 **		825,549		731,450		347,280		144,265	
Development properties	570,162		830,334		240,864		-		-	
Cash and cash equivalents	198,030		182,838 *		492,750 *		515,315		248,302	
Other assets	15,819		16,583		70,339		22,338		19,218	
<b>Total assets</b>	<b>2,771,972</b>		<b>2,876,288</b>		<b>2,466,211</b>		<b>1,615,318</b>		<b>1,835,321</b>	
Share capital	693,315		693,315		693,315		693,315		488,885	
Other reserves	107,213		112,514		104,956		358,335		487,285	
Retained earnings	1,235,240		1,327,449		1,317,956		474,858		766,952	
Interests of the shareholders	2,035,768		2,133,278		2,116,227		1,526,508		1,743,122	
Minority interests	(6,622)		(5,704)		(6,125)		(6,245)		803	
Loans from minority shareholders of a subsidiary	14,966		15,300		10,900		10,900		13,400	
Borrowings	558,380		549,623		187,710		24,637		26,893	
Other liabilities	169,480		183,791		157,499		59,518		51,103	
<b>Total equity and liabilities</b>	<b>2,771,972</b>		<b>2,876,288</b>		<b>2,466,211</b>		<b>1,615,318</b>		<b>1,835,321</b>	
(Loss)/earnings per share (cents)	(47.0)		20.8		328.8		187.5		36.4	
Gross dividends paid (cents)	-		12.0		12.0		394.5		16.0	
Dividend cover (times)	-		1.7		30.1		0.5		2.8	
Net asset backing per share (\$)	10.37		10.87		10.78		7.78		9.89	
<b>Ratio</b>										
Debt equity ratio	1:4		1:4		1:11		1:43		1:43	

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

\* Net proceeds from share placement of \$204.4 million in December 06 has been utilised in 2007 and 2008, \$30 million and \$174.4 million respectively.

## MANAGING RISKS

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

### OPERATIONAL RISK

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

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

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

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

### INVESTMENT RISK

The Group's investment decision process is based on an investment framework and guided by a set of investment criteria. Balancing risk and return across asset types and geographic regions are key considerations of the investment framework. Risk assessment is an important aspect of the investment decision process. Each investment proposal submitted to the Board of Directors for approval is accompanied

by an assessment of risk factors and risk mitigation strategies, including rigorous due diligence, financial modeling and sensitivity analysis on key investment assumptions and variables.

### FINANCIAL RISK

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

#### *Interest Rate and Foreign Exchange Risks*

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

#### *Liquidity Risk*

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

## MANAGING RISKS

### *Credit Risk*

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

### **COMPLIANCE, LEGAL AND REGULATORY RISK**

Compliance risk arises from the potential violations of regulations and laws that may result in adverse 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 Group Legal Department. Legal risk arises from the potential failure of the Group to meet the legal requirements that may result in unenforceable contracts, litigation or other adverse consequences. The Group identifies and manages legal risk through effective use of its internal and external legal counsel. Regulatory risk is the risk that laws or regulations may change in a way that adversely affects the Group's operations and competitive viability. Group Legal Department monitors changes to applicable laws and regulations with the support from external legal advisors.

### **HUMAN RESOURCE RISK**

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

## 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 2009 (“**FY2009**”) with specific reference to the principles of the Code of Corporate Governance 2005 (the “**Code**”).

### **BOARD MATTERS**

#### *Board’s Conduct of Affairs (Principle 1)*

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

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 set out the matters that require Board approval. These matters include investments and disposal of assets above a certain dollar limit.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are also convened when circumstances warrant. In 2009, the Board met six times. The attendance report of the Directors for Board and Board committees meetings are set out below. Directors who are unable to attend Board or Board committees meetings may convey their views to the respective Chairmen or the Company Secretary. The Company’s Articles of Association provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. During FY2009, certain Directors had participated in Board and Board committees meetings via telephone conference. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

## CORPORATE GOVERNANCE REPORT

### Directors' Attendance for Board and Board Committees Meetings

<b>Name of Director</b>	<b>Number of meetings attended in FY2009</b>			
	<b>Board</b>	<b>AC</b>	<b>NC</b>	<b>RC</b>
Christopher James Williams	6	-	2	-
Thio Gim Hock	6	-	-	-
Stephen T. Riady	2	-	-	-
(Alternate: Leong Siew Loon)	4	-	-	-
Yao Che Wan	6	-	-	-
Augustus Ralph Marshall	5	-	-	-
Jeremy Paul Abson	6	4	-	-
Lim Ghee Keong	6	-	-	-
Chelva Retnam Rajah	6	-	2	2
Sin Boon Ann <sup>(1)</sup>	2 out of 2	2 out of 2	-	1 out of 1
Kelvin Lo Kee Wai <sup>(2)</sup>	5	4	1 out of 1	2
Leong Hee Tean <sup>(3)</sup>	3 out of 3	1 out of 1	1 out of 1	1 out of 1
<b>Number of meetings held in FY2009</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>2</b>

#### Notes:

- (1) Mr Sin Boon Ann was appointed as Director, a member of the AC and Chairman of the RC and the NC with effect from 25 May 2009.
- (2) Mr Kelvin Lo Kee Wai was appointed as member and Chairman of the NC with effect from 30 April 2009. He resigned as member and Chairman of the NC with effect from 25 May 2009.
- (3) Mr Leong Hee Tean retired as Director under Article 93 of the Articles of Association of the Company at the last Annual General Meeting held on 30 April 2009. Accordingly, he ceased to be member of the AC and Chairman of the RC and the NC with effect from 30 April 2009.

## CORPORATE GOVERNANCE REPORT

### *Board Composition and Guidance (Principle 2)*

### *Chairman and Chief Executive Officer (Principle 3)*

The Board comprises 10 Directors with eight non-executive Directors who are independent of Management. Of the eight non-executive Directors, the NC considers Mr Chelva Retnam Rajah, Mr Sin Boon Ann and Mr Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.1 of the Code.

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

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

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

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

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

## CORPORATE GOVERNANCE REPORT

### *Access to Information (Principle 6)*

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

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

### **BOARD COMMITTEES**

#### **Nominating Committee**

##### *Board Membership (Principle 4)*

##### *Board Performance (Principle 5)*

The NC currently comprises 3 non-executive members, of whom 2 of them, including the Chairman, are independent. The NC met twice in FY2009.

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

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

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

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

*Procedures for Developing Remuneration Policies (Principle 7)*

*Level and Mix of Remuneration (Principle 8)*

*Disclosure on Remuneration (Principle 9)*

The RC comprises 3 members, all of whom are independent. The RC met twice in 2009. 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 external consultants to review the compensation framework and package for its executive Directors and key executives.

Fees payable to the Directors are proposed as a lump sum. The lump sum, subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting, will be divided among the Directors, as the Board deems appropriate. A breakdown (in percentage terms) showing the level and mix of each Director's remuneration payable for FY2009 is shown below.

### Disclosure on Directors' Remuneration for FY2009

Name of Director	Directors'				Total Remuneration
	Salary	Bonuses	Fees	Others	
	%	%	%	%	%
<b>Directors</b>					
<u>Below \$250,000</u>					
Christopher James Williams	-	-	100	-	100
Stephen T. Riady	100	-	-	-	100
Yao Che Wan	-	-	100	-	100
Augustus Ralph Marshall	-	-	100	-	100
Jeremy Paul Abson	-	-	100	-	100
Lim Ghee Keong	-	-	100	-	100
Chelva Retnam Rajah	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann <sup>(1)</sup>	-	-	100	-	100
Leong Hee Tean <sup>(2)</sup>	-	-	100	-	100
<u>\$250,000 to \$499,999</u>					
-	-	-	-	-	-
<u>\$500,000 and above</u>					
Thio Gim Hock	94	-	-	6	100

#### Notes:

(1) Mr Sin Boon Ann was appointed as Director with effect from 25 May 2009.

(2) Mr Leong Hee Tean retired as Director at the last Annual General Meeting held on 30 April 2009.

## 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 <sup>(1)</sup> (who are not also Directors)	
	2009	2008	2009	2008
\$500,000 and above	1	1	-	-
\$250,000 to \$499,999	-	-	1	2
Below \$250,000	10	10	2 <sup>(2)</sup>	-
Total	11	11	3	2

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

(2) This include the former CFO, Mr Chang Tong Wah and the present CFO, Mr Chuan Hwee Hiow.

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds \$150,000 during FY2009. The Company does not have any employee share scheme.

### *Accountability (Principle 10)*

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

### *Audit Committee (Principle 11)*

The AC consists of 3 non-executive Directors, 2 of whom, including the Chairman, are independent. The AC met four times in 2009.

The principal functions of the AC include:

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

## CORPORATE GOVERNANCE REPORT

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. There is no non-audit fee paid to the external auditors in respect of FY2009. The AC met the external auditors and with the internal auditors without the presence of the Management.

Messrs KPMG LLP has been nominated by a member for appointment as the auditors of the Group. The present auditors, Messrs PricewaterhouseCoopers LLP will resign at the forthcoming Annual General Meeting and will not be seeking re-appointment. The Board upon the recommendation of the AC recommend the appointment of Messrs KPMG LLP for appointment as auditors of the Group at the forthcoming Annual General Meeting.

The details of the remuneration of the auditors of the Company during FY2009 are as follows:

	<b>2009</b>	<b>2008</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Auditors' remuneration paid/payable to:</b>		
- Auditors of the Company	385 <sup>(1)</sup>	405 <sup>(2)</sup>
- Other auditors	162	156
<b>Other fees paid/payable to:</b>		
- Auditors of the Company	-	66
- Other auditors	15	14

Note:

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

(2) Includes an underprovision of \$44,000 for FY2007.

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.

## CORPORATE GOVERNANCE REPORT

### *Internal Controls (Principle 12)*

### *Internal Audit (Principle 13)*

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

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

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

### *Finance Committee*

The Board has established a committee known as "Finance Committee" ("FC") to review the banking and finance matters of the Group. The FC comprises Mr Kelvin Lo Kee Wai (as Chairman of the FC), Mr Yao Che Wan, Mr Lim Ghee Keong and Mr Leong Siew Loon.

## COMMUNICATION WITH SHAREHOLDERS

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

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

In addition, shareholders are given the opportunity to communicate their views and raise pertinent questions to the Board members and to vote at shareholders' meetings. The Chairman 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 can visit the Company's website at [www.oue.com.sg](http://www.oue.com.sg) for information on the Company.

## CORPORATE GOVERNANCE REPORT

### **Interested Person Transactions (“IPTs”) Policy**

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

There were no IPTs during FY2009 which, pursuant to the Listing Manual, required immediate announcement or shareholders’ approval.

### **Dealings in Company’s Securities**

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





# FINANCIAL STATEMENTS



## DIRECTORS' REPORT

For the financial year ended 31 December 2009

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2009 and the balance sheet of the Company as at 31 December 2009.

### **Directors**

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

Christopher James Williams  
Thio Gim Hock  
Stephen T. Riady  
Yao Che Wan  
Augustus Ralph Marshall  
Jeremy Paul Abson  
Lim Ghee Keong  
Chelva Retnam Rajah  
Lo Kee Wai Kelvin  
Leong Siew Loon (Alternate to Stephen T. Riady)  
Sin Boon Ann (Appointed on 25 May 2009)

### **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 object was 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**

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.
- (b) There was no change in the directors' interests in the shares or debentures of the Company between the end of the financial year and 21 January 2010.

### **Directors' contractual benefits**

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, except as disclosed in the accompanying financial statements, and except that certain directors have employment relationships with the Company and/or with related corporations and have received remuneration in those capacities.

## DIRECTORS' REPORT

For the financial year ended 31 December 2009

### Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

### Audit Committee

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

Lo Kee Wai Kelvin (Chairman)  
Jeremy Paul Abson  
Sin Boon Ann (Appointed on 25 May 2009)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the annual plans of the external and internal auditors and their findings on evaluation of the system of internal controls and management responses thereto;
- the scope and results of the internal and external audit procedures;
- the assistance given by the Company's officers to the external auditors and internal auditors, where applicable;
- interested person transactions;
- effectiveness of the Company's internal audit function and adequacy of internal audit resources;
- the quarterly and full-year balance sheets and profit and loss accounts of the Group and the Company; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the year ended 31 December 2009 before their submission to the Board of Directors, as well as the auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board of Directors that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as independent auditor at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity before confirming their re-nomination.

## DIRECTORS' REPORT

For the financial year ended 31 December 2009

### **Independent Auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Christopher James Williams  
Chairman

Thio Gim Hock  
Director

25 February 2010

## STATEMENT BY DIRECTORS

For the financial year ended 31 December 2009

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 83 to 146 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the Board of Directors

Christopher James Williams  
Chairman

Thio Gim Hock  
Director

25 February 2010

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEAS UNION ENTERPRISE LIMITED

We have audited the accompanying financial statements of Overseas Union Enterprise Limited (the "Company") and its subsidiaries (the "Group") set out on pages 83 to 146, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditor's 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 as to 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 and fair presentation of the financial statements 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEAS UNION ENTERPRISE LIMITED

## *Opinion*

In our opinion,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) 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 auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore, 25 February 2010

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>Revenue</b>	4	<b>137,504</b>	153,209
Cost of sales		(73,718)	(70,957)
<b>Gross profit</b>		<b>63,786</b>	82,252
Other operating income	5	4,488	4,221
Marketing expenses		(8,589)	(7,125)
Administrative expenses		(20,560)	(22,948)
Other operating expenses		(16,798)	(17,379)
<b>Profit from operations</b>		<b>22,327</b>	39,021
Finance expenses	8	(18)	(7,043)
Share of results of associated companies	19	(75,944)	114,707
Other losses - net	9	(44,350)	(102,115)
<b>(Loss)/Profit before income tax</b>		<b>(97,985)</b>	44,570
Income tax credit/(expense)	10	4,584	(3,810)
<b>(Loss)/Profit after income tax</b>		<b>(93,401)</b>	40,760
<b>Other comprehensive (loss)/income:</b>			
Currency translation differences arising from consolidation		(5,027)	8,123
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(5,027)</b>	8,123
<b>Total comprehensive (loss)/income</b>		<b>(98,428)</b>	48,883
<b>(Loss)/Profit attributable to:</b>			
Equity holders of the Company		(92,209)	40,904
Minority interests		(1,192)	(144)
		<b>(93,401)</b>	40,760
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		(97,510)	48,462
Minority interests		(918)	421
		<b>(98,428)</b>	48,883
<b>(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company (expressed in \$ per share)</b>			
Basic and diluted	11	(0.47)	0.21

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

## BALANCE SHEETS

As at 31 December 2009

	Note	The Group		The Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	198,030	182,838	138,517	122,866
Trade and other receivables	13	8,709	10,834	571,996	5,887
Inventories	14	647	803	68	71
Development properties	15	570,162	830,334	-	-
Other current assets	16	6,367	4,850	2,985	1,126
Loans to subsidiary companies	20	-	-	86,198	43,364
		<b>783,915</b>	<b>1,029,659</b>	<b>799,764</b>	<b>173,314</b>
Non-current assets held-for-sale	17	3,618	-	1,900	-
		<b>787,533</b>	<b>1,029,659</b>	<b>801,664</b>	<b>173,314</b>
<b>Non-current assets</b>					
Available-for-sale financial assets	18	108,000	108,000	108,000	108,000
Investments in associated companies	19	613,101	693,287	125,850	126,139
Investments in subsidiary companies	20	-	-	352,543	352,543
Loans to subsidiary companies	20	-	-	-	50,580
Other receivables	13	-	-	-	749,422
Investment properties	21	1,050,613	825,549	418,000	228,750
Property, plant and equipment	22	212,629	219,697	128,181	121,330
Deferred income tax assets	25	96	96	-	-
		<b>1,984,439</b>	<b>1,846,629</b>	<b>1,132,574</b>	<b>1,736,764</b>
<b>Total assets</b>		<b>2,771,972</b>	<b>2,876,288</b>	<b>1,934,238</b>	<b>1,910,078</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	23	58,857	57,500	226,552	290,395
Current income tax liabilities	10	18,142	23,697	17,378	21,819
Borrowings	24	114,966	15,300	100,000	-
		<b>191,965</b>	<b>96,497</b>	<b>343,930</b>	<b>312,214</b>
<b>Non-current liabilities</b>					
Borrowings	24	458,380	549,623	-	100,000
Deferred income tax liabilities	25	78,392	89,207	47,337	35,582
Other liabilities	26	14,089	13,387	5,456	9,177
		<b>550,861</b>	<b>652,217</b>	<b>52,793</b>	<b>144,759</b>
<b>Total liabilities</b>		<b>742,826</b>	<b>748,714</b>	<b>396,723</b>	<b>456,973</b>
<b>NET ASSETS</b>		<b>2,029,146</b>	<b>2,127,574</b>	<b>1,537,515</b>	<b>1,453,105</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	27	693,315	693,315	693,315	693,315
Other reserves	28	107,213	112,514	115,107	115,107
Retained earnings	29	1,235,240	1,327,449	729,093	644,683
		<b>2,035,768</b>	<b>2,133,278</b>	<b>1,537,515</b>	<b>1,453,105</b>
<b>Minority interests</b>		<b>(6,622)</b>	<b>(5,704)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>2,029,146</b>	<b>2,127,574</b>	<b>1,537,515</b>	<b>1,453,105</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2009

	Note	Attributable to equity holders of the Company			Total \$'000	Minority interests \$'000	Total equity \$'000
		Share capital \$'000	Other reserves \$'000	Retained earnings \$'000			
<b>2009</b>							
Beginning of financial year		693,315	112,514	1,327,449	2,133,278	(5,704)	2,127,574
Total comprehensive loss for the year		-	(5,301)	(92,209)	(97,510)	(918)	(98,428)
<b>End of financial year</b>		<b>693,315</b>	<b>107,213</b>	<b>1,235,240</b>	<b>2,035,768</b>	<b>(6,622)</b>	<b>2,029,146</b>
<b>2008</b>							
Beginning of financial year		693,315	104,956	1,317,956	2,116,227	(6,125)	2,110,102
Dividends	30	-	-	(31,411)	(31,411)	-	(31,411)
Total comprehensive income for the year		-	7,558	40,904	48,462	421	48,883
End of financial year		693,315	112,514	1,327,449	2,133,278	(5,704)	2,127,574

An analysis of the movement in each category within "Other reserves" is presented in Note 28.

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

## CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2009

	Note	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit after income tax		(93,401)	40,760
<i>Adjustments for:</i>			
Income tax		(4,584)	3,810
Depreciation of property, plant and equipment		17,735	21,986
Loss on disposal of property, plant and equipment		158	759
Interest expense		18	7,043
Interest income		(1,638)	(1,831)
Dividend income		(1,800)	(1,800)
Share of results of associated companies		75,944	(114,707)
Unrealised translation loss/(gain)		141	(582)
Gain from sale of subsidiary companies		(10,407)	-
Loss from sale of investment property		24	-
Fair value loss on investment properties		23,803	17,715
Impairment loss on development properties		30,930	84,400
		<b>130,324</b>	<b>16,793</b>
Operating cash flow before working capital changes		<b>36,923</b>	<b>57,553</b>
Changes in operating assets and liabilities			
- Trade and other receivables and other current assets		<b>606</b>	53,948
- Inventories		<b>156</b>	(80)
- Trade and other payables and other liabilities		<b>(1,375)</b>	36,063
- Development properties		<b>(10,633)</b>	(669,275)
		<b>(11,246)</b>	<b>(579,344)</b>
Cash generated from/(used in) operations		<b>25,677</b>	(521,791)
Income tax paid		<b>(11,786)</b>	(13,382)
<b>Net cash provided by/(used in) operating activities</b>		<b>13,891</b>	<b>(535,173)</b>
<b>Cash flows from investing activities</b>			
Interest received		<b>1,638</b>	1,831
Dividends received from available-for-sale financial assets (net of tax)		<b>1,800</b>	1,800
Dividends received from associated companies (net of tax)		<b>4,150</b>	15,325
Proceeds from disposal of property, plant and equipment		<b>582</b>	53
Purchase of property, plant and equipment		<b>(18,201)</b>	(5,198)
Proceeds from sale of investment property		<b>1,856</b>	-
Proceeds from sale of subsidiary companies, net of cash disposed of	12	<b>282,947</b>	-
Additions in investment properties		<b>(245,976)</b>	(108,928)
<b>Net cash provided by/(used in) investing activities</b>		<b>28,796</b>	<b>(95,117)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>173,213</b>	389,567
Repayment of borrowings		<b>(164,790)</b>	(23,254)
Interest paid		<b>(35,918)</b>	(14,524)
Dividends paid to shareholders		<b>-</b>	(31,411)
<b>Net cash (used in)/provided by financing activities</b>		<b>(27,495)</b>	<b>320,378</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>15,192</b>	<b>(309,912)</b>
Cash and cash equivalents at beginning of the financial year		<b>182,838</b>	492,750
<b>Cash and cash equivalents at end of the financial year</b>	12	<b>198,030</b>	<b>182,838</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General

Overseas Union Enterprise Limited (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office is 333 Orchard Road, #33-00, Singapore 238867.

The Company is listed on the Singapore Exchange Securities Trading Limited Main Board.

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.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### *Interpretations and amendments to published standards effective in 2009*

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised), *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of comparatives as at 1 January 2008 in the current financial year.
- FRS 108, *Operating segments* (effective from 1 January 2009) replaces FRS 14, ‘Segment reporting’, and requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- Amendments to FRS 107 *Improving Disclosures about Financial Instruments* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see note 33). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

#### 2.2 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:

(a) 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.

(b) Sale of development properties

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

(c) Rendering of services

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

(d) Rental income

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

(e) Dividend income

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

(f) Interest income

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting

##### (a) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

##### (b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting (continued)

##### (c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet include goodwill (net of accumulated impairment losses) identified on acquisition, where applicable.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

#### 2.4 Property, plant and equipment

##### (a) Measurement

Property, plant and equipment are initially recorded at cost. Certain leasehold land and building have been included at valuation made by the directors on 31 December 1975 with subsequent additions recorded at cost, less accumulated depreciation. All other 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. 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.4 Property, plant and equipment (continued)

##### (b) 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 - 33½
Furniture and fittings	10 - 20
Motor vehicles	10 - 25

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

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

##### (c) 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 the profit or loss when incurred.

##### (d) 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 the profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

#### 2.5 Development properties

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

##### (a) Completed properties held for sale

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

##### (b) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.5 *Development properties (continued)*

##### (c) Sold properties under development

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

The aggregated cost incurred and the profit/loss recognised in each property under development that has been sold are compared against progress billings up to the financial year end. 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”.

#### 2.6 *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 the profit or loss.

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 the profit or loss. The cost of maintenance, repairs and minor improvements is charged to the profit or loss when incurred.

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

#### 2.7 *Borrowing costs*

Borrowing costs are recognised in the 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 property under development.

#### 2.8 *Investments in subsidiaries and associated companies*

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company’s balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between the net disposal proceeds and the carrying amounts of the investments are taken to the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.9 Impairment of non-financial assets

Property, plant and equipment

Investments in subsidiaries and associated companies

Property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

An impairment loss for an asset is reversed if, and only 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 the 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 the profit or loss, a reversal of that impairment is also recognised in the profit or loss.

#### 2.10 Financial assets

##### (a) Classification

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

##### (i) Loans and receivables

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.10 Financial assets (continued)

##### (a) Classification (continued)

##### (ii) Available-for-sale financial assets

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

##### (b) Recognition and derecognition

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

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

##### (c) Initial measurement

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

##### (d) Subsequent measurement

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

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

##### (e) Impairment

The Group assesses at each balance sheet 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.

##### (i) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.10 Financial assets (continued)

##### (e) Impairment (continued)

##### (i) Loans and receivables (continued)

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 the profit or loss.

The allowance for impairment loss account is reduced through the 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.

##### (ii) 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 the 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 the profit or loss on debt securities. The impairment losses recognised in the profit or loss on equity securities are not reversed through the profit or loss.

#### 2.11 Borrowings

Borrowings are recognised initially at fair value (net of transaction costs) and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are presented in non-current borrowings in the balance sheet.

#### 2.12 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.13 Fair value estimation of financial assets and liabilities

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

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

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

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

#### 2.14 Leases

- (a) 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 the 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.

- (b) 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 the profit or loss over the lease term on the same basis as the lease income.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.15 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.

#### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.17 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.18 Employee compensation

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

##### (a) 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.

##### (b) 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 balance sheet date.

#### 2.19 Currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars which is also the functional currency of the Company.

##### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.19 Currency translation (continued)

##### (c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated 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); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

#### 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

#### 2.21 Cash and cash equivalents

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

#### 2.22 Share capital

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

#### 2.23 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.

#### 2.24 Non-current assets held-for-sale

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 2. Significant accounting policies (continued)

#### 2.25 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. 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.

#### (a) Fair value estimation on unlisted security

The Group has investment in unlisted security with original cost amounting to \$30.0 million and estimated fair value of \$108.0 million. In estimating the fair value, the Group had estimated the net asset value as at 31 December 2009 of the investee equity, and adjusted for fair value of the properties as at that date. A discount of approximately 25% (2008: 22%) has been applied to account for the illiquidity nature of the unlisted security.

If the discount rate used in estimating the fair value is to increase/decrease by 5% from the management's estimates, the Group's fair value gain will decrease/increase by approximately \$7.2 million (2008: \$6.9 million). Correspondingly, the Group's carrying amount of the unlisted security will be decreased/increased by the same amount.

#### (b) Fair value assessments on Investment and Development Properties

The fair value of each investment/development property is individually determined at balance sheet 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 on the fair value assessments of the investment properties (Note 21) and assessment of impairment on the development properties (Note 15).

### 4. Revenue

	Group	
	2009 \$'000	2008 \$'000
Hospitality revenue	130,451	148,716
Rental income	3,963	702
Dividend income	1,800	1,800
Others	1,290	1,991
	<b>137,504</b>	<b>153,209</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 5. Other operating income

Other operating income comprises the following:

	Group	
	2009	2008
	\$'000	\$'000
Interest income	1,638	1,831
Gain on foreign exchange	251	1,691
Government grant – Jobs Credit scheme	1,663	-
Others	936	699
	<b>4,488</b>	<b>4,221</b>

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

### 6. Expenses by nature

	Group	
	2009	2008
	\$'000	\$'000
Advertising and promotion expenses	2,668	3,110
Depreciation of property, plant and equipment (Note 22)	17,735	21,986
Employee compensation (Note 7)	44,717	34,329
Hospitality supplies and services	22,878	25,637
Loss on disposal of property, plant and equipment	158	759
Professional and legal services	2,699	4,900
Property tax	5,828	4,146
Allowance for impairment of trade receivables	431	22
Rental expense on operating leases	59	62
Repair and maintenance expenses	5,715	4,308
Utility charges	8,442	10,233
Other expenses	8,335	8,917
Total cost of sales, marketing, administrative and other operating expenses	<b>119,665</b>	<b>118,409</b>

### 7. Employee compensation

	Group	
	2009	2008
	\$'000	\$'000
Wages, salaries and other benefits-in-kind	41,264	30,998
Employer's contribution to defined contribution plans including Central Provident Fund	3,453	3,331
	<b>44,717</b>	<b>34,329</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 8. Finance expenses

	Group	
	2009	2008
	\$'000	\$'000
Finance expenses	36,240	14,524
Less: Finance expense capitalised in development properties (Note 15)	(29,551)	(4,595)
Finance expense capitalised in investment properties (Note 21)	(6,671)	(2,886)
	(36,222)	(7,481)
	18	7,043

### 9. Other losses – net

	Group	
	2009	2008
	\$'000	\$'000
Fair value loss on investment properties (Note 21)	(23,803)	(17,715)
Gain on sale of subsidiary companies (Note 12)	10,407	-
Loss on sale of investment property	(24)	-
Impairment losses on development properties (Note 15)	(30,930)	(84,400)
	(44,350)	(102,115)

### 10. Income taxes

#### (a) Income tax expense

	Group	
	2009	2008
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	5,902	8,917
- Foreign	309	661
	6,211	9,578
Deferred income tax (Note 25)	(10,815)	(4,330)
	(4,604)	5,248
Under/(Over) provision in the preceding financial years		
- Current income tax	20	(1,726)
- Deferred income tax	-	288
	20	(1,438)
Total income tax (credit)/expense	(4,584)	3,810

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 10. Income taxes (continued)

#### (a) Income tax expense (continued)

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	
	2009 \$'000	2008 \$'000
(Loss)/Profit before income tax	(97,985)	44,570
Share of results of associated companies (net of tax)	75,944	(114,707)
	(22,041)	(70,137)
Tax calculated at a tax rate of 17% (2008: 18%)	(3,747)	(12,625)
Effects of		
- Singapore statutory stepped income exemption	(118)	(59)
- Income not subject to tax	(2,075)	(351)
- Expenses not deductible for tax purposes	5,393	17,111
- Tax losses of certain subsidiaries not recognised	397	504
- Change in Singapore tax rate	(4,956)	-
- Effects of different tax rates on foreign-sourced income	502	668
Tax charge	(4,604)	5,248

During the financial year, the Singapore corporate tax rate was reduced from 18% to 17% for the year of assessment 2010 and onwards.

#### (b) Movements in current income tax liabilities

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Beginning of financial year	23,697	29,227	21,819	27,558
Income tax paid	(11,786)	(13,382)	(9,880)	(11,703)
Tax expense				
- Current financial year	6,211	9,578	5,439	7,764
- Under/(Over) provision in preceding financial years	20	(1,726)	-	(1,800)
End of financial year	18,142	23,697	17,378	21,819

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 11. Earnings per share

	Group	
	2009	2008
Net (loss)/profit attributable to equity holders of the Company (\$'000)	(92,209)	40,904
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	196,320	196,320
Basic (loss)/earnings per share (\$ per share)	(0.47)	0.21

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

### 12. Cash and cash equivalents

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and on hand	192,745	67,547	133,517	7,866
Fixed deposits with financial institutions	5,285	115,291	5,000	115,000
	<b>198,030</b>	<b>182,838</b>	<b>138,517</b>	<b>122,866</b>

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

The aggregate effects of the sale of subsidiary companies on the cash flows of the Group were:

	Group \$'000
<i>Identifiable assets and liabilities</i>	
Cash and cash equivalents	56
Trade and other receivables	2
Development property	269,426
<b>Total assets</b>	<b>269,484</b>
Trade and other payables	(62)
<b>Total liabilities</b>	<b>(62)</b>
<b>Identifiable net assets disposed</b>	<b>269,422</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 12. Cash and cash equivalents (continued)

The aggregate cash inflows arising from the sale of OUEA Group were:

	<b>Group \$'000</b>
Identifiable net assets disposed (as above)	269,422
Transaction cost	3,174
Gain on sale of subsidiary companies (Note 9)	10,407
Cash proceeds from disposal	283,003
Less: Cash and cash equivalents in subsidiaries disposed	(56)
Net cash inflow on disposal	<u>282,947</u>

### 13. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Trade receivables				
- Associated companies	2,654	4,544	-	-
- Subsidiary companies	-	-	320	-
- Third parties	8,357	8,279	5,996	5,492
	<b>11,011</b>	12,823	<b>6,316</b>	5,492
Less: Allowance for impairment of receivables				
- Associated companies	(929)	(611)	-	-
- Third parties	(1,579)	(1,552)	(34)	(34)
Trade receivables - net	<b>8,503</b>	10,660	<b>6,282</b>	5,458
Non-trade receivables				
- Associated companies	206	174	206	174
- Subsidiary companies	-	-	565,508	749,677
Non-trade receivables - net	<b>206</b>	174	<b>565,714</b>	749,851
Less: Non-current portion	-	-	-	(749,422)
Current non-trade receivables - net	<b>206</b>	174	<b>565,714</b>	429
	<b>8,709</b>	10,834	<b>571,996</b>	5,887

Non-trade receivables due from associated and subsidiary companies are unsecured and repayable on demand. These balances are interest-free except for an amount of \$258,000,000 for which interest at 0.73% per annum over the bank's swap rate is charged.

As at 31 December 2008, included in the non-trade receivables due from associated and subsidiary companies was an amount of \$749,422,000 due from subsidiary companies for which repayment was not expected within the next twelve months.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 14. Inventories

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Food and beverage	304	437	68	71
General supplies	235	274	-	-
Others	108	92	-	-
	<b>647</b>	<b>803</b>	<b>68</b>	<b>71</b>

The cost of inventories recognised as expense and included in “cost of sales” amounted to \$10,884,000 (2008: \$12,073,000).

### 15. Development properties

#### (a) Unsold properties under development

	Group	
	2009 \$'000	2008 \$'000
Land and related costs	644,333	896,193
Other development expenditure	2,208	6,243
Property tax and other overheads	764	2,590
Finance cost	14,057	9,708
	<b>661,362</b>	<b>914,734</b>
Less: Impairment losses	(91,200)	(84,400)
	<b>570,162</b>	<b>830,334</b>

(b) Finance costs capitalised during the year were \$29,551,000 (2008: \$4,595,000) (Note 8) of which, \$15,836,000 was capitalised into a development property that was disposed during the year.

(c) As at 31 December 2009, development property with net book value of \$570,162,000 (2008: \$267,520,000) was pledged as security for a banking facility (Note 24).

(d) 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	Stage of Completion
				Floor Area* (Square meter)	
Leasehold residential land at Leonie Hill, Singapore	Condominium	100%	12,169	40,521	Nil
* Includes balcony					

The Group disposed off its freehold residential land at 21 Angullia Park, Singapore during the financial year with the disposal of OUEA Group (Note 9).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 15. Development properties (continued)

#### (e) Completion of construction method

As stated in Note 2.2, the Group recognises profit from sale of development properties using the percentage of completion method. Had the Group adopted the completion of construction method, the effect on the financial statements for the financial year ended 31 December 2009 would not be affected as there were no sold properties during the year.

### 16. Other current assets

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sundry receivables	7,022	4,593	4,070	1,905
Less: Allowance for impairment of receivables	(1,780)	(1,670)	(1,670)	(1,670)
	5,242	2,923	2,400	235
Prepayments	630	837	424	733
Deposits	483	1,081	157	154
Staff loans and advances	12	9	4	4
	6,367	4,850	2,985	1,126

Included in the Group and the Company sundry receivables is \$1,670,000 from the sale of the Group's 20% interest in an associated company to its joint venture partner in 2006. The provision for impairment amounting to \$1,670,000 was made in prior years against this receivable due to uncertainty of receipt.

Movement in the allowance for impairment is as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Beginning of financial year	1,670	1,670	1,670	1,670
Allowance made	110	-	-	-
End of financial year	1,780	1,670	1,670	1,670

### 17. Non-current assets held-for-sale

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

	Group	Company
	2009 \$'000	2009 \$'000
Property, plant and equipment* (Note 22)	1,718	-
Investment property** (Note 21)	1,900	1,900
	3,618	1,900

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 17. Non-current assets held-for-sale (continued)

- \* Following the approval of the Group's management in October 2009 to dispose the commercial laundry business assets of a subsidiary in Singapore, the assets agreed in the Sales and Purchase Agreement are classified as non-current assets held-for-sale on the balance sheet. The transaction was completed in January 2010.
- \*\* Subsequent to the issue of an Option to Purchase in December 2009, an investment property was reclassified as non-current asset held-for-sale on the balance sheet.

### 18. Available-for-sale financial assets

	<b>Group and Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Unlisted security:		
- Equity security in Singapore	<b>108,000</b>	108,000

The fair value of 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 2009 of the investee entity, and adjusted for fair value of the properties held by the investee entity as at that date. A discount at approximately 25% (2008: 22%) was applied for the illiquidity nature of the unlisted security.

### 19. Investments in associated companies

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity investment at cost	<b>168,192</b>	168,192
Less: Allowance for impairment of investments	<b>(44,947)</b>	(44,947)
	<b>123,245</b>	123,245
Subordinated loans and other loans	<b>43,445</b>	44,434
Less: Allowance for impairment of loans	<b>(40,840)</b>	(41,540)
	<b>2,605</b>	2,894
	<b>125,850</b>	126,139
	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>693,287</b>	593,059
Currency translation differences	<b>(92)</b>	846
Share of results	<b>(75,944)</b>	114,707
Dividends received	<b>(4,150)</b>	(15,325)
End of financial year	<b>613,101</b>	693,287

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 19. Investments in associated companies (continued)

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

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>41,540</b>	43,425
Currency translation differences	<b>(700)</b>	(1,885)
End of financial year	<b>40,840</b>	41,540

(a) The summarised financial information of associated companies is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
- Assets	<b>1,766,480</b>	1,988,786
- Liabilities	<b>554,612</b>	609,530
- Revenues	<b>206,280</b>	163,120
- Net (loss)/profit	<b>(145,346)</b>	240,223
Share of associated companies' contingent liabilities incurred jointly with other investors	<b>4,213</b>	4,169

(b) Unrecognised share of losses of associated companies is as follows:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>4,430</b>	4,311
Movement in the year	<b>120</b>	119
End of financial year	<b>4,550</b>	4,430

Details of associated companies are included in Note 40.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 20. Investments in subsidiary companies/Loans to subsidiary companies

#### (a) Investments in subsidiary companies

	Company	
	2009 \$'000	2008 \$'000
Equity investment at cost		
Beginning of financial year	448,345	448,343
Incorporation/acquisition during the financial year	-	2
Disposal *	-	-
End of financial year	448,345	448,345
Less: Allowance for impairment of investments	(95,802)	(95,802)
	<b>352,543</b>	<b>352,543</b>

\* The Company disposed of OUE (Angullia) Pte. Ltd. and its wholly-owned subsidiary on 17 December 2009. The cost of investment disposed amounted to \$1. Please refer to Note 12 for details.

Details of subsidiary companies are included in Note 40.

#### (b) Loans to subsidiary companies

	Company	
	2009 \$'000	2008 \$'000
Loans to subsidiary companies	194,946	203,024
Less: Allowance for impairment of loans	(108,748)	(109,080)
	<b>86,198</b>	93,944
Less: Current portion	(86,198)	(43,364)
	-	50,580

As at 31 December 2008, current portion of the loans to subsidiary companies were unsecured, interest-free and repayable on 25 October 2009. Non-current portion of loans to subsidiary companies were unsecured, interest-free and repayments were not expected within the next twelve months. The carrying amounts of the loans to subsidiary companies approximated their fair values.

As at 31 December 2009, loans to subsidiary companies were unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 20. Investments in subsidiary companies/Loans to subsidiary companies (continued)

#### (b) Loans to subsidiary companies (continued)

Movement in the allowance for impairment is as follows:

	Company	
	2009	2008
	\$'000	\$'000
Beginning of financial year	109,080	110,332
Allowance made/(utilised)	1,658	(1,252)
Currency translation differences	(1,990)	-
End of financial year	108,748	109,080

### 21. Investment properties

	Group		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	825,549	731,450	228,750	138,750
Additions	245,976	108,928	106,168	61,964
Disposal	(1,880)	-	(1,880)	-
Interest capitalised (Note 8)	6,671	2,886	2,569	-
Fair value (loss)/gain recognised in profit or loss (Note 9)	(23,803)	(17,715)	84,293	28,036
	1,052,513	825,549	419,900	228,750
Reclassified to non-current asset held-for-sale (Note 17)	(1,900)	-	(1,900)	-
End of financial year	1,050,613	825,549	418,000	228,750

As at 31 December 2009, investment property with a fair value of \$632,613,000 (2008: \$596,799,000) was pledged as security for a banking facility (Note 24).

#### (a) The Group's investment properties are:

	<u>Description and Location</u>	<u>Tenure of Land</u>
Overseas Union House	Under redevelopment into a 18-storey Grade A office at Collyer Quay, Singapore	99-year lease from Singapore Land Authority from 12 November 2007
Change Alley Aerial Plaza	Under conservation and refurbishment of retail space and tower building at Collyer Quay, Singapore	99-year lease from Urban Redevelopment Authority from 12 November 2007

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 21. Investment properties (continued)

(a) The Group's investment properties are:

	<u>Description and Location</u>	<u>Tenure of Land</u>
Overseas Union Building (Mandarin Gallery)	A shopping gallery at Meritus Mandarin Singapore, Orchard Road, Singapore	99-year lease from The Ngee Ann Kongsi from 1 July 1957
Asiawide Industrial Building*	1 factory/office unit at 5 Pereira Road, Singapore	Freehold

\* Asiawide Industrial Building has been reclassified to non-current asset held-for-sale as at 31 December 2009. Please refer to Note 17 for details.

(b) The properties below were appraised at the following open market values:

	<b>Date of appraisal</b>	<b>Open Market Value</b>	
		<b>2009</b>	<b>2008</b>
		<b>\$'000</b>	<b>\$'000</b>
Overseas Union House and Change Alley Aerial Plaza*	31 December	<b>526,900</b>	532,000
Overseas Union Building (Mandarin Gallery)**	31 December	<b>418,000</b>	225,000

\* Overseas Union House ("OUH") and Change Alley Aerial Plaza ("CAAP") ceased to operate after 31 December 2006. The OUH site will be redeveloped into a 18-storey Grade A office building, whereas CAAP will be conserved and refurbished. The valuation by an independent professional valuer as at 31 December 2009 was based on the open market value of the combined redevelopment site based on a fresh lease of 99 years.

\*\* Mandarin Gallery was redeveloped into a high-end luxury shopping mall during the year. The valuation by an independent professional valuer as at 31 December 2009 was made on an income capitalisation method (i.e. the expectation of future benefits).

The following amounts are recognised in the profit or loss:

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	<b>1,476</b>	702
Direct operating expenses arising from investment properties that generated rental income	<b>1,266</b>	519
Property tax and other direct expenses arising from an investment property that did not generate rental income	<b>80</b>	120

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 22. 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
<b>2009</b>									
<u>Cost or Valuation</u>									
Beginning of financial year	233,020	67,114	962	121,178	56,000	2,782	5	481,061	
Valuation	83,308	-	965	-	-	-	-	84,273	
Exchange differences	316,328	67,114	1,927	121,178	56,000	2,782	5	565,334	
Additions	(11,578)	-	-	(3,920)	(1,456)	(93)	-	(17,047)	
Disposals	36	6,370	-	9,755	440	1,600	-	18,201	
Reclassified to non-current assets held-for-sale (Note 17)	-	-	-	(1,836)	(178)	(194)	-	(2,208)	
End of financial year	(1,923)	(535)	-	(4,984)	(78)	(352)	-	(7,872)	
	302,863	72,949	1,927	120,193	54,728	3,743	5	556,408	
<b>Representing:</b>									
Cost	219,555	72,949	962	120,193	54,728	3,743	5	472,135	
Valuation	83,308	-	965	-	-	-	-	84,273	
	302,863	72,949	1,927	120,193	54,728	3,743	5	556,408	
<u>Accumulated depreciation</u>									
Beginning of financial year	185,641	33,716	116	82,618	41,422	2,124	-	345,637	
Exchange differences	(7,920)	-	-	(2,705)	(1,263)	(83)	-	(11,971)	
Depreciation charge	3,394	3,251	38	5,406	5,345	301	-	17,735	
Disposals	-	-	-	(1,158)	(116)	(194)	-	(1,468)	
Reclassified to non-current assets held-for-sale (Note 17)	(1,123)	(413)	-	(4,259)	(78)	(281)	-	(6,154)	
End of financial year	179,992	36,554	154	79,902	45,310	1,867	-	343,779	
<b>Net book value</b>									
<b>End of financial year</b>	<b>122,871</b>	<b>36,395</b>	<b>1,773</b>	<b>40,291</b>	<b>9,418</b>	<b>1,876</b>	<b>5</b>	<b>212,629</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 22. Property, plant and equipment (continued)

	Leasehold		Freehold		Plant, Machinery and Office Equipment		Furniture and Fittings		Motor Vehicles		Construction in Progress		Total \$'000
	Buildings \$'000	Improvements \$'000	Premises \$'000	Premises \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>													
<b>2008</b>													
<u>Cost or Valuation</u>													
Beginning of financial year													
Cost	216,868	82,614	962	962	146,325	65,179	2,955	5	514,908				
Valuation	83,308	-	965	965	-	-	-	-	84,273				
Exchange differences	300,176	82,614	1,927	1,927	146,325	65,179	2,955	5	599,181				
Additions	16,605	-	-	-	5,629	2,092	134	-	24,460				
Disposals	252	2,110	-	-	2,352	461	23	-	5,198				
	(705)	(17,610)	-	-	(33,128)	(11,732)	(330)	-	(63,505)				
End of financial year	316,328	67,114	1,927	1,927	121,178	56,000	2,782	5	565,334				
<u>Representing:</u>													
Cost	233,020	67,114	962	962	121,178	56,000	2,782	5	481,061				
Valuation	83,308	-	965	965	-	-	-	-	84,273				
	316,328	67,114	1,927	1,927	121,178	56,000	2,782	5	565,334				
<u>Accumulated depreciation</u>													
Beginning of financial year	171,389	45,078	77	77	105,755	45,058	2,075	-	369,432				
Exchange differences	11,201	-	-	-	3,716	1,569	115	-	16,601				
Depreciation charge	3,207	6,142	39	39	5,886	6,454	258	-	21,986				
Disposals	(156)	(17,504)	-	-	(32,739)	(11,659)	(324)	-	(62,382)				
End of financial year	185,641	33,716	116	116	82,618	41,422	2,124	-	345,637				
Net book value													
End of financial year	130,687	33,398	1,811	1,811	38,560	14,578	658	5	219,697				

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 22. Property, plant and equipment (continued)

Company	Leasehold Land and Buildings \$'000	Leasehold Improvements \$'000	Freehold Premises \$'000	Plant, Machinery and Office Equipment			Motor Vehicles \$'000	Total \$'000
				Furniture and Fittings \$'000	Equipment \$'000	Furniture and Fittings \$'000		
<b>2009</b>								
<u>Cost or Valuation</u>								
Beginning of financial year	20,751	65,960	962	44,195	29,653	762	162,283	
Cost	83,308	-	965	-	-	-	84,273	
Valuation (Note (c))	104,059	65,960	1,927	44,195	29,653	762	246,556	
Additions	-	6,371	-	9,265	279	1,600	17,515	
Disposals	-	-	-	(478)	(45)	-	(523)	
End of financial year	104,059	72,331	1,927	52,982	29,887	2,362	263,548	
<u>Representing:</u>								
Cost	20,751	72,331	962	52,982	29,887	2,362	179,275	
Valuation	83,308	-	965	-	-	-	84,273	
	104,059	72,331	1,927	52,982	29,887	2,362	263,548	
<u>Accumulated depreciation</u>								
Beginning of financial year	41,084	32,690	116	30,330	20,591	415	125,226	
Depreciation charge	1,319	3,244	39	3,243	2,113	222	10,180	
Disposals	-	-	-	(6)	(33)	-	(39)	
End of financial year	42,403	35,934	155	33,567	22,671	637	135,367	
<b>Net book value</b>								
<b>End of financial year</b>	<b>61,656</b>	<b>36,397</b>	<b>1,772</b>	<b>19,415</b>	<b>7,216</b>	<b>1,725</b>	<b>128,181</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 22. Property, plant and equipment (continued)

Company	Leasehold Land and Buildings \$'000	Leasehold Improvements \$'000	Freehold Premises \$'000	Plant, Machinery and Office Equipment			Motor Vehicles \$'000	Total \$'000
				\$'000	Furniture and Fittings \$'000	\$'000		
<b>2008</b>								
<u>Cost or Valuation</u>								
Beginning of financial year	20,751	81,459	962	75,819	40,767	838	220,596	
Cost	83,308	-	965	-	-	-	84,273	
Valuation (Note (c))	104,059	81,459	1,927	75,819	40,767	838	304,869	
Additions	-	2,110	-	1,321	355	-	3,786	
Disposals	-	(17,609)	-	(32,945)	(11,469)	(76)	(62,099)	
End of financial year	104,059	65,960	1,927	44,195	29,653	762	246,556	
Representing:								
Cost	20,751	65,960	962	44,195	29,653	762	162,283	
Valuation	83,308	-	965	-	-	-	84,273	
	104,059	65,960	1,927	44,195	29,653	762	246,556	
<u>Accumulated depreciation</u>								
Beginning of financial year	39,765	44,059	77	59,228	28,784	372	172,285	
Depreciation charge	1,319	6,135	39	3,690	3,231	119	14,533	
Disposals	-	(17,504)	-	(32,588)	(11,424)	(76)	(61,592)	
End of financial year	41,084	32,690	116	30,330	20,591	415	125,226	
Net book value								
End of financial year	62,975	33,270	1,811	13,865	9,062	347	121,330	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 22. Property, plant and equipment (continued)

- (a) The Group's major leasehold land and buildings are:

	<u>Description and Location</u>	<u>Tenure of Land</u>
Overseas Union Building	a 37-storey Main Tower with a 39-storey Orchard Wing known as the "Meritus Mandarin Singapore" at Orchard Road, Singapore	99-year lease with The Ngee Ann Kongsi from 1 July 1957
Meritus Mandarin Haikou	a 23-storey building known as the "Meritus Mandarin Haikou" in Haikou, Hainan, The People's Republic of China	70-year lease from 31 March 1989
Meritus Shantou	a 21-storey building known as "Meritus Shantou" in Shantou, Guangdong, The People's Republic of China	50-year lease from 24 September 1997

- (b) The leasehold land and building at Orchard Road is leased from The Ngee Ann Kongsi with a remaining lease period of approximately 48 years. The land and building is stated at valuation made by the directors on 31 December 1975 at \$83,308,000. This valuation was substantially lower than the professional valuation made at that time using the earnings method. Subsequent additions to the buildings, including the Main Tower extension (previously known as South Wing), are stated at cost.
- (c) As at 31 December 2009, the Company's hotel property, Overseas Union Building (excluding Mandarin Gallery), was appraised by professional valuers at open market value of \$800,000,000 (2008: \$780,000,000). The carrying amount of the hotel property as at 31 December 2009 is \$124,684,000 (2008: \$119,103,000). This valuation surplus of \$675,316,000 (2008: \$660,897,000) has not been incorporated in the financial statements.
- (d) The recoverable amounts of hotel properties, plant and equipment of Meritus Mandarin Haikou and Meritus Shantou were based on market values determined by an independent professional valuer. The market values were determined by applying the Income Approach using the Discounted Cash Flow analysis on cash flow projections determined by the independent professional valuer and the discount rate applied to these future cash flows is approximately 11% (2008: 14%).

The total carrying amount of the hotel properties, plant and equipment of Meritus Mandarin Haikou and Meritus Shantou as at 31 December 2009 was \$78,343,000 (2008: \$89,888,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 23. Trade and other payables

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables:				
- Subsidiary companies	-	-	1,490	1,106
- Third parties	9,051	5,630	2,329	2,620
	9,051	5,630	3,819	3,726
Non-trade payables:				
- Subsidiary companies	-	-	182,323	247,339
Accruals and sundry creditors	41,354	50,923	32,870	39,275
Retention sum payables	7,493	-	7,493	-
Rental deposits	959	947	47	55
	58,857	57,500	226,552	290,395

Non-trade payables to subsidiary companies are unsecured, interest-free and are repayable on demand.

### 24. Borrowings

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<i>Current</i>				
Loan from a minority shareholder of a subsidiary company (Note (e))	14,966	15,300	-	-
Revolving Credit Facility (Note (a))	100,000	-	100,000	-
	114,966	15,300	100,000	-
<i>Non-current</i>				
Revolving Credit Facility (Note (a))	-	100,000	-	100,000
Secured bank loan (Note (b))	-	164,456	-	-
Secured bank loan (Note (c))	358,380	285,167	-	-
Secured bank loan (Note (d))	100,000	-	-	-
	458,380	549,623	-	100,000
Total borrowings	573,346	564,923	100,000	100,000

(a) The \$100 million revolving credit facility was utilised on 5 October 2008. This facility has a negative pledge over all of the Company's assets. As at balance sheet date, the carrying amount of the bank loan approximated its fair value. This facility matures on 25 March 2010.

(b) The bank loan has been fully paid on 6 July 2009. As at 31 December 2008, the secured bank loan was repayable 6 months from the issuance of Temporary Occupation Permit of the redevelopment of The Parisian condominium or before 22 July 2010, whichever was earlier. Interest on the bank loan was calculated at 0.60% per annum over the bank's swap rate.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 24. Borrowings (continued)

- (c) The secured bank loan is repayable on 10 April 2011 (36 months from the first utilisation date). Interest on the bank loan is calculated at 1.25% per annum over the bank's swap rate on \$61 million portion of the loan and at 0.73% per annum over the bank's swap rate on the remaining portion of the loan.

At the balance sheet date, the carrying amount of the bank loan approximated its fair value.

The loan is secured by:

- (i) a first legal mortgage over a subsidiary's investment property with carrying amount of \$632,613,000 (2008: \$596,799,000);
  - (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 on 30 June 2012 (36 months from the first utilisation date). Interest on the bank loan is calculated at 4.45% per annum over the bank's swap rate.

At the balance sheet date, the carrying amount of the bank loan approximated its fair value.

The loan is secured by:

- (i) a first legal mortgage over a subsidiary's development property with carrying amount of \$570,162,000 (2008: nil); and
  - (ii) fixed and floating charge over all the assets of the subsidiary.
- (e) The loan to a subsidiary company from a minority shareholder of the subsidiary company is unsecured, interest-free and repayable on demand. The carrying amount of the loan from minority shareholder of a subsidiary approximates its fair value.

(f) Undrawn borrowing facilities

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Not later than one year	-	-	-	-
Later than one year	201,620	174,833	-	-
	<b>201,620</b>	<b>174,833</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 25. Deferred income taxes

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

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred income tax assets:				
- to be recovered after one year	(96)	(96)	-	-
Deferred income tax liabilities:				
- to be settled within one year	15,910	1,352	15,910	1,333
- to be settled after one year	62,482	87,855	31,427	34,249
	<b>78,392</b>	<b>89,207</b>	<b>47,337</b>	<b>35,582</b>
	<b>78,296</b>	<b>89,111</b>	<b>47,337</b>	<b>35,582</b>

The movement in the deferred income tax account is as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Beginning of financial year	89,111	93,153	35,582	31,606
Effect of change in Singapore tax rate recognised in profit or loss (Note 10)	(4,956)	-	(1,977)	-
Tax (credited)/charged to profit or loss (Note 10)	(5,859)	(4,330)	13,732	3,976
Under provision in preceding financial years	-	288	-	-
End of financial year	<b>78,296</b>	<b>89,111</b>	<b>47,337</b>	<b>35,582</b>

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of \$26,103,000 and \$104,500 (2008: \$24,408,000 and \$131,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. Tax losses of \$25,800,000 (2008: \$23,976,000) will expire five years following the first profit making year. The deferred income tax asset of \$2,007,000 (2008: \$1,900,000) arising from the tax losses and capital allowance has not been recognised.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 25. Deferred income taxes (continued)

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

#### Group

##### Deferred income tax liabilities

	<b>Accelerated tax depreciation \$'000</b>	<b>Fair value gains \$'000</b>	<b>Total \$'000</b>
<b>2009</b>			
Beginning of financial year	7,695	81,512	89,207
Effect of change in Singapore tax rate recognised in profit or loss	(428)	(4,528)	(4,956)
Recognised in profit or loss	(1,812)	(4,047)	(5,859)
<b>End of financial year</b>	<b>5,455</b>	<b>72,937</b>	<b>78,392</b>
<b>2008</b>			
Beginning of financial year	8,747	84,701	93,448
Recognised in profit or loss	(1,052)	(3,189)	(4,241)
End of financial year	7,695	81,512	89,207

#### Group

##### Deferred income tax assets

	<b>Provisions \$'000</b>
<b>2009</b>	
<b>Beginning and end of financial year</b>	<b>(96)</b>
<b>2008</b>	
Beginning of financial year	(295)
Recognised in profit or loss	199
End of financial year	(96)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 25. Deferred income taxes (continued)

#### *Company*

#### *Deferred income tax liabilities*

	<b>Accelerated tax depreciation \$'000</b>	<b>Fair value gains \$'000</b>	<b>Total \$'000</b>
<b>2009</b>			
Beginning of financial year	7,675	27,907	35,582
Effect of change in Singapore tax rate recognised in profit or loss	(427)	(1,550)	(1,977)
Recognised in profit or loss	(598)	14,330	13,732
<b>End of financial year</b>	<b>6,650</b>	<b>40,687</b>	<b>47,337</b>
<b>2008</b>			
Beginning of financial year	8,746	22,860	31,606
Recognised in profit or loss	(1,071)	5,047	3,976
End of financial year	7,675	27,907	35,582

The Group's and Company's deferred tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On 22 January 2009, the Singapore Minister for Finance announced a reduction in corporate tax rate from 18% to 17% with effect from the year of assessment 2010.

### 26. Other liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Retention sum payables	<b>9,268</b>	9,924	<b>635</b>	5,714
Rental deposits	<b>4,821</b>	3,463	<b>4,821</b>	3,463
	<b>14,089</b>	13,387	<b>5,456</b>	9,177

The rental deposits mainly relates to the future operating lease commitment in Mandarin Gallery.

The carrying amount of other liabilities approximates its fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 27. Share capital

<b>The Group and The Company 2009 and 2008</b>	<b>No. of ordinary share</b>	<b>Amount</b>
	<b>Issued share capital '000</b>	<b>Issued share capital \$'000</b>
Beginning and end of financial year	196,320	693,315

All issued ordinary shares are fully paid.

### 28. Other reserves

(a) Composition:

	<b>Group</b>		<b>Company</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
<u>Non-distributable</u>				
Asset revaluation reserve	46,135	46,135	37,107	37,107
Currency translation reserve	(42,720)	(37,419)	-	-
Fair value reserve	78,000	78,000	78,000	78,000
Other capital reserve	25,798	25,798	-	-
	<b>107,213</b>	112,514	<b>115,107</b>	115,107

(b) Movements in asset revaluation reserve are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Beginning and end of financial year	46,135	46,135	37,107	37,107

(c) Movements in currency translation reserve are as follows:

	<b>Group</b>	
	<b>2009 \$'000</b>	<b>2008 \$'000</b>
Beginning of financial year	(37,419)	(44,977)
Exchange differences on consolidation	(5,301)	7,558
End of financial year	(42,720)	(37,419)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 28. Other reserves (continued)

(d) Movements in fair value reserve are as follows:

	<b>Group and Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning and end of financial year	<b>78,000</b>	78,000

(e) Other capital reserve

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

### 29. Retained earnings

Movements in the retained earnings of the Company are as follows:

	<b>Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>644,683</b>	610,838
Net profit for the financial year	<b>84,410</b>	65,256
Dividends paid (Note 30)	-	(31,411)
End of financial year	<b>729,093</b>	644,683

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

### 30. Dividends

	<b>Group and Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Ordinary dividends paid:		
Nil (2008: Final of 10 cents per share tax exempt (one-tier) paid in respect of financial year ended 31 December 2007)	-	19,632
Nil (2008: Interim of 6 cents per share tax exempt (one-tier) paid in respect of financial year ended 31 December 2008)	-	11,779
	<b>-</b>	<b>31,411</b>

(b) No final dividend has been proposed or declared by the directors for and in respect of the financial year ended 31 December 2009.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 31. Contingent liabilities (unsecured)

As at 31 December 2009, the Group is the defendant in a legal claim of approximately RM66.0 million (2008: RM66.0 million) equivalent to \$27.4 million (2008: \$31.8 million), brought against Singapore Meritus International Hotels Pte Ltd (“SMI”) by Riviera Bay Resort & Condo Management Sdn Bhd (“RBR”). The claim is a counter claim in response to a legal claim for recovery of a debt of approximately \$2.0 million (2008: \$2.0 million) brought by SMI against RBR. In the opinion of the directors, after considering all the circumstances of the case, the directors believe it is unlikely that any material losses will arise from this contingent liability.

### 32. Commitments

(a) As at 31 December 2009, the Group and the Company have the following capital commitments:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Property, plant and equipment	2,802	958	2,802	892
Investment properties	97,262	257,798	-	127,145
Development properties	8,763	18,237	-	-

(b) Operating lease commitments - where the Group is a lessee

The Group and Company lease office equipment and leases lands and buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Not later than one year	228	130	223	70
Between two and five years	817	470	817	207
Later than five years	-	304	-	-
	1,045	904	1,040	277

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 32. Commitments (continued)

(c) Operating lease commitments - where the Group is a lessor

The Group and Company lease out retail space to non-related parties under non-cancellable leases. The lessees are required to pay absolute fixed annual increases to the lease payments and contingent rents computed based on their sales achieved during the lease period.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Not later than one year	35,233	12,383	33,554	6,472
Between two and five years	71,058	77,018	71,058	72,049
Later than five years	23	-	23	-
	<b>106,314</b>	89,401	<b>104,635</b>	78,521

### 33. Financial risk management

#### *Financial risk factors*

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

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of these risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (a) Foreign currency risk

Foreign currency risk arises from transactions denominated or settled in foreign currencies and translations of net assets of investments in foreign subsidiaries and associated companies.

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 associated companies are 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:

	<b>Currency Exposure</b>			
	<b>SGD</b>	<b>USD</b>	<b>Others</b>	<b>Total</b>
<b>SGD equivalent</b>	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>	<b>\$’000</b>
<u>As at 31 December 2009</u>				
<b>Financial assets</b>				
Cash and cash equivalents	187,283	41	10,706	198,030
Trade and other receivables	5,725	781	2,203	8,709
Other current assets	4,788	-	949	5,737
Available-for-sale financial assets	108,000	-	-	108,000
	<u>305,796</u>	<u>822</u>	<u>13,858</u>	<u>320,476</u>
<b>Financial liabilities</b>				
Trade and other payables	(54,169)	(103)	(4,585)	(58,857)
Borrowings	(573,346)	-	-	(573,346)
Other liabilities	(14,089)	-	-	(14,089)
	<u>(641,604)</u>	<u>(103)</u>	<u>(4,585)</u>	<u>(646,292)</u>
<b>Net financial (liabilities)/assets</b>	<b>(335,808)</b>	<b>719</b>	<b>9,273</b>	<b>(325,816)</b>
Less: Net financial (liabilities)/assets denominated in the respective entities’ functional currencies	375,265	-	(9,176)	
<b>Net currency exposure</b>	<b><u>39,457</u></b>	<b><u>719</u></b>	<b><u>97</u></b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (a) Foreign currency risk (continued)

	Currency Exposure			
	SGD \$'000	USD \$'000	Others \$'000	Total \$'000
<b>SGD equivalent</b>				
<u>As at 31 December 2008</u>				
<b>Financial assets</b>				
Cash and cash equivalents	173,506	94	9,238	182,838
Trade and other receivables	9,162	174	1,498	10,834
Other current assets	2,256	-	1,757	4,013
Available-for-sale financial assets	108,000	-	-	108,000
	292,924	268	12,493	305,685
<b>Financial liabilities</b>				
Trade and other payables	(51,812)	-	(5,688)	(57,500)
Borrowings	(564,923)	-	-	(564,923)
Other liabilities	(13,387)	-	-	(13,387)
	(630,122)	-	(5,688)	(635,810)
Net financial (liabilities)/assets	(337,198)	268	6,805	(330,125)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	377,224	-	(6,796)	
Net currency exposure	40,026	268	9	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (a) Foreign currency risk (continued)

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (a) Foreign currency risk (continued)

	<b>Currency Exposure</b>		
	<b>SGD \$'000</b>	<b>USD \$'000</b>	<b>Total \$'000</b>
<b>SGD equivalent</b>			
<u>As at 31 December 2008</u>			
<b>Financial assets</b>			
Cash and cash equivalents	122,823	43	122,866
Trade and other receivables	755,135	174	755,309
Other current assets	393	-	393
Loans to subsidiary companies	89,262	4,682	93,944
Available-for-sale financial assets	108,000	-	108,000
	<u>1,075,613</u>	<u>4,899</u>	<u>1,080,512</u>
<b>Financial liabilities</b>			
Trade and other payables	(290,395)	-	(290,395)
Borrowings	(100,000)	-	(100,000)
Other liabilities	(9,177)	-	(9,177)
	<u>(399,572)</u>	<u>-</u>	<u>(399,572)</u>
Net financial assets	676,041	4,899	680,940
Less: Net financial assets denominated in the Company's functional currency	(676,041)	-	
Net currency exposure	<u>-</u>	<u>4,899</u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (a) Foreign currency risk (continued)

##### 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 after tax.

	<b>Increase/(decrease)</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>		
USD against SGD		
- strengthened 2% (2008: 4%)	<b>14</b>	11
- weakened 2% (2008: 4%)	<b>(14)</b>	(11)
<b>Company</b>		
USD against SGD		
- strengthened 2% (2008: 4%)	<b>131</b>	196
- weakened 2% (2008: 4%)	<b>(131)</b>	(196)

#### (b) 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 and loans from financial institutions.

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

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 (2008: 6 months).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (b) Interest rate risk (continued)

##### Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit after tax (through the impact on interest income on fixed deposits with financial institution and interest expense on floating rate loans and borrowings).

	2009		2008	
	Increase/ decrease in basis points	Effect on profit after tax \$'000	Increase/ decrease in basis points	Effect on profit after tax \$'000
<b>Group</b>	+50	(2,765)	+150	(1,483)
	-50	2,765	-150	1,483
<b>Company</b>	+50	(475)	+150	836
	-50	475	-150	(836)

#### (c) Credit risk

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

The Group's objective is 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (c) Credit risk (continued)

##### Credit risk concentration profile

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<u>By geographical areas</u>				
Singapore	10,149	11,136	615,648	802,541
Indonesia	1,126	426	1,126	426
The People's Republic of China	2,285	2,414	43,561	46,321
Malaysia	446	399	21	32
Others	440	472	399	326
	<b>14,446</b>	14,847	<b>660,755</b>	849,646
<u>By types of customers</u>				
Related parties	1,842	4,106	651,958	843,795
Non-related parties:				
- Multi-national companies	800	554	800	554
- Other companies	11,801	10,179	7,994	5,289
- Individuals	3	8	3	8
	<b>14,446</b>	14,847	<b>660,755</b>	849,646

#### (i) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (c) Credit risk (continued)

##### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables, loans to subsidiary companies and sundry receivables.

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Past due 1 to 30 days	2,685	1,612	1,531	1,301
Past due 31 to 60 days	451	703	122	555
Past due over 60 days	88	46	15	46
	<b>3,224</b>	<b>2,361</b>	<b>1,668</b>	<b>1,902</b>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Gross amount	3,701	3,277	34	34
Less: Allowance for impairment	(2,508)	(2,163)	(34)	(34)
	<b>1,193</b>	<b>1,114</b>	<b>-</b>	<b>-</b>
Beginning of financial year	2,163	2,138	34	204
Allowance made	431	22	-	(170)
Allowance utilised	(86)	3	-	-
End of financial year	<b>2,508</b>	<b>2,163</b>	<b>34</b>	<b>34</b>

The carrying amounts of loans to subsidiary companies and sundry receivables individually determined to be impaired and the movement in the related allowance for impairment is disclosed in Note 20 and 16 respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (d) 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 table below highlights the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	<b>Less than 1 year \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>
<b>Group</b>			
<u>At 31 December 2009</u>			
Trade and other payables and other liabilities	58,857	9,268	4,821
Borrowings	126,753	365,336	102,741
	<u>185,610</u>	<u>374,604</u>	<u>107,562</u>
 <u>At 31 December 2008</u>			
Trade and other payables and other liabilities	57,500	9,946	3,441
Borrowings	31,547	275,652	287,083
	<u>89,047</u>	<u>285,598</u>	<u>290,524</u>
 <b>Company</b>			
<u>At 31 December 2009</u>			
Trade and other payables and other liabilities	226,552	635	4,821
Borrowings	100,405	-	-
	<u>326,957</u>	<u>635</u>	<u>4,821</u>
 <u>At 31 December 2008</u>			
Trade and other payables and other liabilities	290,395	5,736	3,441
Borrowings	3,040	100,760	-
	<u>293,435</u>	<u>106,496</u>	<u>3,441</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 33. Financial risk management (continued)

#### (e) Market price risk

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

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

If the adjusted net asset value of the investee equity is to increase/decrease by 10%, the Group's fair value reserve will increase/decrease by approximately \$10.8 million (2008: \$10.8 million).

#### (f) Fair value measurements

Effective 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the assets measured at fair value as at 31 December 2009.

	<b>Level 3 Available-for-sale financial assets \$'000</b>
<b>Group and Company</b>	
Equity security in Singapore	
Opening balance and closing balance	<b>108,000</b>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	<b>-</b>

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, the Group had estimated the net asset value as at 31 December 2009 of the investee entity, and adjusted for fair value of the properties as at that date. A discount at approximately 25% (2008: 22%) has been applied for the illiquidity nature of the unlisted security.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 34. 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.

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

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The Group's and the Company's strategies, which remain relatively unchanged from 2008, are to maintain gearing ratio 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	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net debt	448,262	452,972	193,491	276,706
Total equity	2,029,146	2,127,574	1,537,515	1,453,105
Total capital	2,477,408	2,580,546	1,731,006	1,729,811
Gearing ratio	18.1%	17.6%	11.2%	16.0%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2008 and 2009.

### 35. Related party transactions

- (a) 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	
	2009 \$'000	2008 \$'000
Purchase of food and beverage products from a fellow subsidiary	203	255
<u>With associated companies</u>		
Management fees earned	5,331	6,308
Revenue from commercial laundry services	2	974
Interest income from loans	39	41
Service fees paid	-	(125)

The Company made loans to associated companies and subsidiaries as disclosed in Notes 19 and 20 of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 35. Related party transactions (continued)

#### (b) Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2009	2008
	\$'000	\$'000
Wages and salaries	1,988	2,411
Employer's contribution to defined contribution plans, including Central Provident Fund	20	17
	<b>2,008</b>	<b>2,428</b>

### 36. Segment information

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

Management considers the business from a business segment perspective.

Revenue from the business segments is derived as follows:

- (i) Hospitality (Singapore, China and Others) - operation of hotels and hotel management in the respective countries.
- (ii) Property investments - rental income from investment properties owned by the Group.
- (iii) Property development - sale of residential properties.
- (iv) Investment holding - investment in quoted/unquoted shares for dividend income.
- (v) Others - income from commercial laundry operations.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 36. Segment information (continued)

### (a) Reportable business segments

#### Financial year ended 31 December 2009

	Hospitality							Elimination \$'000	Others \$'000	Investment Holding \$'000	Group \$'000
	Singapore \$'000	China \$'000	Others \$'000	Property Investments \$'000	Property Development \$'000	Others \$'000	Investment Holding \$'000				
<b>Revenue</b>											
External revenue	97,157	31,649	1,646	1,476	2,487	1,258	1,831	1,37,504	-	-	137,504
Inter-segment revenue	810	-	-	-	-	658	-	-	(1,468)	-	-
<b>Total revenue</b>	<b>97,967</b>	<b>31,649</b>	<b>1,646</b>	<b>1,476</b>	<b>2,487</b>	<b>1,916</b>	<b>1,831</b>	<b>137,504</b>	<b>(1,468)</b>	<b>-</b>	<b>137,504</b>
Profit/(Loss) before material non-cash items, depreciation, finance income/ (expenses), share of results from associated companies and tax	22,506	(8,127)	485	(59)	(3,291)	(1,465)	(7,095)	2,954	-	-	2,954
Finance income	-	55	5	4,457	-	-	6,035	1,638	(8,914)	-	1,638
Finance expenses	-	-	-	(4,457)	-	-	(4,475)	(18)	8,914	-	(18)
Share of results of associated companies	3,258	(5)	-	(79,197)	-	-	-	(75,944)	-	-	(75,944)
<b>Material non-cash items</b>											
Fair value loss on investment properties	-	-	-	(23,803)	-	-	-	(23,803)	-	-	(23,803)
Gain on sale of subsidiary companies	-	-	-	-	10,407	-	-	10,407	-	-	10,407
Loss on sale of investment property	-	-	-	(24)	-	-	-	(24)	-	-	(24)
Impairment loss on development properties	-	-	-	-	(30,930)	-	-	(30,930)	-	-	(30,930)
Depreciation	9,938	7,198	-	13	-	300	286	17,735	-	-	17,735
<b>Profit/(Loss) before tax</b>	<b>35,702</b>	<b>(879)</b>	<b>490</b>	<b>(103,070)</b>	<b>(23,814)</b>	<b>(1,165)</b>	<b>(5,249)</b>	<b>(97,985)</b>	<b>-</b>	<b>-</b>	<b>(97,985)</b>
Income tax credit	-	-	-	-	-	-	4,584	-	-	-	4,584
<b>Loss after tax</b>											<b>(93,401)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 36. Segment information (continued)

### (a) Reportable business segments (continued)

#### Financial year ended 31 December 2009 (continued)

	Hospitality			Property Investments \$'000	Property Development \$'000	Investment Holding \$'000	Others \$'000	Elimination \$'000	Group \$'000
	Singapore \$'000	China \$'000	Others \$'000						
Total assets includes:									
Property, plant and equipment	126,495	84,334	-	2	-	1,798	-	-	212,629
Investment properties	-	-	-	1,050,613	-	-	-	-	1,050,613
Development properties	-	-	-	-	570,162	-	-	-	570,162
Investment in associated companies	26,984	12,233	-	573,884	-	-	-	-	613,101
Available-for-sale financial assets	-	-	-	-	-	108,000	-	-	108,000
<b>Segment assets</b>	<b>153,479</b>	<b>96,567</b>	<b>-</b>	<b>1,624,499</b>	<b>570,162</b>	<b>109,798</b>	<b>-</b>	<b>-</b>	<b>2,554,505</b>
Unallocated assets:									
Cash and cash equivalents									198,030
Trade and other receivables									8,709
Inventories									647
Non-current assets held-for-sale									3,618
Other current assets									6,367
Deferred income tax assets									96
<b>Total consolidated assets</b>									<b>2,771,972</b>
Total liabilities includes:									
Borrowings	-	-	-	458,380	100,000	14,966	-	-	573,346
Unallocated liabilities:									
Trade and other payables									58,857
Current income tax liabilities									18,142
Deferred income tax liabilities									78,392
Other liabilities									14,089
<b>Total consolidated liabilities</b>									<b>742,826</b>
<b>Other segment items</b>									
Capital expenditure	17,114	623	-	245,976	-	464	-	-	264,177

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 36. Segment information (continued)

### (a) Reportable business segments (continued)

#### Financial year ended 31 December 2008

	Hospitality					Property Investments \$'000	Property Development \$'000	Investment Holding \$'000	Others \$'000	Elimination \$'000	Group \$'000
	Singapore \$'000	China \$'000	Others \$'000	Property Investments \$'000	Property Development \$'000						
Revenue	118,118	28,938	1,660	702	149	1,827	1,815	153,209	-	-	153,209
External revenue	-	-	-	-	-	-	1,582	-	(1,582)	-	-
Inter-segment revenue	118,118	28,938	1,660	702	149	1,827	3,397	153,209	(1,582)	-	153,209
Total revenue											
Profit/(Loss) before material non-cash items, depreciation, finance income/ (expenses), share of results from associated companies and tax	32,991	(8,014)	730	(201)	(291)	(8,999)	(1,012)	15,204	-	-	15,204
Finance income	-	52	10	4,158	-	1,655	114	1,831	(4,158)	-	1,831
Finance expenses	-	(1,252)	-	(4,158)	-	(5,791)	-	(7,043)	4,158	-	(7,043)
Share of results of associated companies	4,830	7,184	-	102,693	-	-	-	114,707	-	-	114,707
Material non-cash items											
Fair value loss on investment properties	-	-	-	(17,715)	-	-	-	-	-	-	(17,715)
Impairment loss on development properties	-	-	-	-	(84,400)	-	-	-	-	-	(84,400)
Depreciation	14,422	6,986	-	-	-	188	390	21,986	-	-	21,986
Profit/(Loss) before tax	52,243	4,956	740	84,777	(84,691)	(12,947)	(508)	44,570	-	-	44,570
Income tax expense											(3,810)
Profit after tax											40,760

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

## 36. Segment information (continued)

### (a) Reportable business segments (continued)

#### Financial year ended 31 December 2008 (continued)

	Hospitality			Property Investments \$'000	Property Development \$'000	Investment Holding \$'000	Others \$'000	Elimination \$'000	Group \$'000
	Singapore \$'000	China \$'000	Others \$'000						
Total assets includes:									
Property, plant and equipment	119,641	96,201	-	-	1,811	2,044	-	-	219,697
Investment properties	-	-	-	825,549	-	-	-	-	825,549
Development properties	-	-	-	-	830,334	-	-	-	830,334
Investment in associated companies	26,676	12,571	-	654,040	-	-	-	-	693,287
Available-for-sale financial assets	-	-	-	-	108,000	-	-	-	108,000
Segment assets	146,317	108,772	-	1,479,589	830,334	2,044	-	-	2,676,867
Unallocated assets:									
Cash and cash equivalents									182,838
Trade and other receivables									10,834
Inventories									803
Other current assets									4,850
Deferred income tax assets									96
Total consolidated assets									2,876,288
Total liabilities includes:									
Borrowings	-	-	-	285,167	164,456	115,300	-	-	564,923
Unallocated liabilities:									
Trade and other payables									57,500
Current income tax liabilities									23,697
Deferred income tax liabilities									89,207
Other liabilities									13,387
Total consolidated liabilities									784,714
Other segment items									
Capital expenditure	3,532	1,374	-	108,928	-	288	4	-	114,126

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 36. Segment information (continued)

#### (b) Geographical information

	Revenue		Non-current assets*	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Singapore	104,209	122,717	1,779,776	1,629,760
The People's Republic of China	31,649	28,832	96,567	108,773
Others	1,646	1,660	-	-
	<b>137,504</b>	153,209	<b>1,876,343</b>	1,738,533

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

There is no single external customer who attributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2008 and 2009.

### 37. Events occurring after balance sheet date

In October 2009, the Group entered into a Sale & Purchase Agreement for the disposal of the commercial laundry business assets of a subsidiary for approximately \$4.0 million. This transaction was completed on 29 January 2010.

### 38. New accounting standards and FRS Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

- (a) *FRS 27 (revised) Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009).

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 38. New accounting standards and FRS Interpretations (continued)

#### (b) FRS 103 (revised) Business Combinations

(effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (Revised) prospectively to all business combinations from 1 January 2010.

### 39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Overseas Union Enterprise Limited on 25 February 2010.

### 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	
			2009	2008	2009	2008
			%	%	%	%
<u>Subsidiary companies</u>						
Singapore Mandarin International Hotels Pte Ltd	Hotel management	Singapore	100	100	-	-
Meritus Hotels & Resorts Sdn. Bhd. <sup>(a)</sup>	Hotel management	Malaysia	-	-	100	100
Meritus Hotels & Resorts Marketing Services Sdn Bhd <sup>(a)</sup>	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 <sup>(b)</sup>	Marketing and promotion of hotels and resorts	Hong Kong	-	-	100	100
Meritus Hospitality Services (Thailand) Co., Ltd <sup>(c)</sup>	Managers and operators of service apartments	Thailand	-	-	49 <sup>(e)</sup>	49 <sup>(e)</sup>
SMI Services (Thailand) Co., Ltd <sup>(c)</sup>	Managers and operators of food & beverage outlets	Thailand	-	-	49 <sup>(e)</sup>	49 <sup>(e)</sup>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 40. Listing of Companies in the Group (continued)

Name of Company	Principal activities	Country of Incorporation and Business	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2009 %	2008 %	2009 %	2008 %
<u>Subsidiary companies</u>						
Meritus Hospitality Services Pte Ltd <sup>(h)</sup>	Dormant	Singapore	100	100	-	-
OUE Trading Private Limited	Trading and commission agent and commercial laundry operator	Singapore	100	100	-	-
e-magination.com Pte Ltd <sup>(h)</sup>	Dormant	Singapore	-	-	100	100
Hotel Investment (Marina) Private Limited	Investment holding	Singapore	100	100	-	-
Mandarin Hotel (Singapore) Private Limited <sup>(h)</sup>	Dormant	Singapore	100	100	-	-
Hotel Investment (Hainan) Private Limited	Investment holding	Singapore	100	100	-	-
Hainan Mandarin Hotel Limited <sup>(d)</sup>	Hotel operation	The People's Republic of China	-	-	100	100
Hotel Investment (Shantou) Private Limited	Investment holding	Singapore	80	80	-	-
Meritus Shantou Hotel Co., Ltd <sup>(d)</sup>	Hotel operation	The People's Republic of China	-	-	99	99
Meritus Hotels & Resort (Hainan) Company Limited <sup>(d)</sup>	Hotel management	The People's Republic of China	-	-	100	100
OUE (Angullia) Pte. Ltd.	Investment holding	Singapore	-	100	-	-
Angullia Development Pte. Ltd.	Property development	Singapore	-	-	-	100
Seaview Property Holding Pte Ltd	Investment holding	Singapore	100	100	-	-
Cove Development Pte Ltd	Property development	Singapore	-	-	100	100
Beachland Development Pte Ltd	Investment holding	Singapore	100	100	-	-
Beach Development Pte Ltd	Property development	Singapore	-	-	100	100

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 40. Listing of Companies in the Group (continued)

Name of Company	Principal activities	Country of Incorporation and Business	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2009	2008	2009	2008
			%	%	%	%
<u>Subsidiary companies</u>						
Nicoll Development Pte Ltd	Property development	Singapore	100	100	-	-
Overseas Union (Tianjin) Investment Management Co., Ltd <sup>(e)</sup>	Investment holding	The People's Republic of China	100	100	-	-
OUE Property Services Pte. Ltd.	Property management	Singapore	100	100	-	-
<u>Associated companies</u>						
Chung Sing Development (H.K.) Limited <sup>(f)</sup>	Investment holding	Hong Kong	50	50	-	-
OUB Centre Limited	Property investment	Singapore	50	50	-	-
TCB OUE Sdn. Bhd. <sup>(i)</sup>	Investment holding	Malaysia	30	30	-	-
Aquamarina Hotel Pte Ltd	Hotel operation	Singapore	-	-	25	25

All subsidiary companies and associated companies are audited by PricewaterhouseCoopers LLP, Singapore except as indicated below:

- (a) Companies audited by PricewaterhouseCoopers, Malaysia.
- (b) Companies audited by PricewaterhouseCoopers Limited, Hong Kong.
- (c) Companies audited by PricewaterhouseCoopers ABAS Ltd, Thailand.
- (d) Companies audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company.
- (e) The Group holds more than half of the voting rights in these companies and consequently, it has the power to govern the financial and operating policies of these companies
- (f) Audited by Deloitte Touche, Hong Kong.
- (g) Audited by Tianjin Jinhua CPA Ltd.
- (h) Not required to be audited under the laws of the country of incorporation.
- (i) Audited by BDO, Malaysia.
- (j) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

### 41. Immediate and ultimate holding corporations

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.

## SHAREHOLDING STATISTICS

As at 18 March 2010

### 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	70	14.46	20,101	0.01
1,000 - 10,000	383	79.14	813,925	0.41
10,001 - 1,000,000	26	5.37	2,116,362	1.08
1,000,001 and above	5	1.03	193,369,984	98.50
<b>TOTAL</b>	<b>484</b>	<b>100.00</b>	<b>196,320,372</b>	<b>100.00</b>

### Twenty Largest Shareholders

Name of Shareholder	Number of Shares	% of Issued Share Capital
1. DBS NOMINEES PTE LTD	173,878,384	88.57
2. GOLDEN RAINBOW INTERNATIONAL LIMITED	8,325,000	4.24
3. DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,499,000	2.29
4. RAFFLES NOMINEES (PTE) LTD	3,424,600	1.75
5. HSBC (SINGAPORE) NOMINEES PTE LTD	3,243,000	1.65
6. CITIBANK NOMINEES SINGAPORE PTE LTD	781,000	0.40
7. AMFRASER SECURITIES PTE. LTD.	388,000	0.20
8. DB NOMINEES (SINGAPORE) PTE LTD	156,000	0.08
9. UOB KAY HIAN PTE LTD	148,000	0.08
10. TARNVANICHKUL WALLOB	112,750	0.06
11. TITUS HANDOJO	83,000	0.04
12. UNITED OVERSEAS BANK NOMINEES PTE LTD	60,000	0.03
13. CIMB-GK SECURITIES PTE. LTD.	49,000	0.02
14. KHOO KAY BOON	40,000	0.02
15. SINGAPORE ISLAND BANK NOMINEES PTE. LTD.	26,000	0.01
16. PHILLIP SECURITIES PTE LTD	22,562	0.01
17. NG POH CHENG	21,000	0.01
18. ONG POI HWA	21,000	0.01
19. KWEK SUWANDI KOESWOYO	20,000	0.01
20. LAM THIAM NGE E & SON (PTE) LTD	20,000	0.01
21. MALAYAN BANKING BERHAD	20,000	0.01
22. OCBC NOMINEES SINGAPORE PTE LTD	20,000	0.01
<b>TOTAL</b>	<b>195,358,296</b>	<b>99.51</b>

## 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. ("OUE")	100,502,612	51.19	-	-
2. Golden Concord Asia Limited ("GCAL")	73,274,670	37.32	100,502,612 <sup>(1)</sup>	51.19
3. Fortune Code Limited ("FCL")	-	-	173,777,282 <sup>(2)</sup>	88.52
4. Lippo ASM Asia Property LP ("LAAP")	-	-	173,777,282 <sup>(3)</sup>	88.52
5. LAAP General Partner Ltd ("LGP")	-	-	173,777,282 <sup>(4)</sup>	88.52
6. LAAP General Partner Holdings Ltd ("LGPH")	-	-	173,777,282 <sup>(5)</sup>	88.52
7. Argyle Street Management Limited ("ASML")	-	-	173,852,282 <sup>(6)</sup>	88.56
8. Argyle Street Management Holdings Limited ("ASMHL")	-	-	173,852,282 <sup>(7)</sup>	88.56
9. Kin Chan ("KC")	-	-	173,852,282 <sup>(8)</sup>	88.56
10. V-Nee Yeh ("VY")	-	-	173,852,282 <sup>(9)</sup>	88.56

### Notes:

- GCAL is deemed to be interested in the shares held by OUE in Overseas Union Enterprise Limited ("OUE").
- FCL is deemed to be interested in the shares held by OUE and its related corporations in OUE.
- LAAP is deemed to be interested in the shares held by OUE and its related corporations in OUE.
- LGP is deemed to be interested in the shares held by OUE and its related corporations in OUE.
- LGPH is deemed to be interested in the shares held by OUE and its related corporations in OUE.
- ASML is deemed to be interested in the shares held by its managed funds, OUE and its related corporations in OUE.
- ASMHL is deemed to be interested in the shares held by ASML's managed funds, OUE and its related corporations in OUE.
- KC is deemed to be interested in the shares held by ASML's managed funds, OUE and its related corporations in OUE.
- VY is deemed to be interested in the shares held by ASML's managed funds, OUE and its related corporations in OUE.

## 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 18 March 2010, approximately 11.44% of its Shares listed on the Exchange were held in the hands of the public.

## INTERESTED PERSON TRANSACTION

entered into during the financial year 2009

<b>Name of interested person</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Auric Pacific Marketing Pte Ltd	\$203,253	-

# NOTICE OF ANNUAL GENERAL MEETING

## Overseas Union Enterprise Limited

Company Registration No. 196400050E

NOTICE IS HEREBY GIVEN that the Forty-Seventh 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 Wednesday, 28 April 2010 at 2:30 p.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 2009.
2. To approve Directors’ Fees of \$614,333 for 2009 (2008: \$570,000).
3. 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.
4. To re-appoint the following Directors retiring pursuant to Article 93 of the Company’s Articles of Association:
  - (a) Mr Sin Boon Ann
  - (b) Mag Rainer Silhavy
  - (c) Mr Kin Chan
5. To re-appoint Mr Christopher James Williams retiring pursuant to Article 102 of the Company’s Articles of Association.
6. To appoint KPMG LLP as the Auditors of the Company in place of the retiring Auditors, PricewaterhouseCoopers LLP, to hold office until the conclusion of the next Annual General Meeting of the Company, and to authorise the Directors to fix their remuneration.

### As Special Business

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

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 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

## NOTICE OF ANNUAL GENERAL MEETING

### Overseas Union Enterprise Limited

Company Registration No. 196400050E

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

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
  - (A) by way of renounceable rights issue on a *pro rata* basis to shareholders of the Company (“**Renounceable Rights Issue**”) shall not exceed 100 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below); and
  - (B) otherwise than by way of Renounceable Rights Issues (“**Other Share Issues**”) shall 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 paragraph (3) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall 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 paragraph (3) below);
- (2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (3) below);
- (3) (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 paragraphs (1)(A) and (1)(B) 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 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;
- (4) 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
- (5) (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.

## NOTICE OF ANNUAL GENERAL MEETING

### Overseas Union Enterprise Limited

Company Registration No. 196400050E

8. That contingent on the passing of Resolution 7 above, authority be and is hereby given to the Directors of the Company to fix the issue price for shares that may be issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 7 above, at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST.
9. To transact any other business of an Annual General Meeting.

### By Order of the Board

NG NGAI  
Secretary  
13 April 2010  
Singapore

### Explanatory Notes:

#### Resolution 3

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

#### Resolution 4(a)

To re-appoint Mr Sin Boon Ann, who is independent. Mr Sin is the Chairman of the Nominating Committee and Remuneration Committee, and is also a member of Audit Committee.

#### Resolution 4(b)

To re-appoint Mag Rainer Silhavy, who is non-executive and non-independent. Mag Sihavy is a member of the Audit Committee.

#### Resolution 4(c)

To re-appoint Mr Kin Chan, who is non-executive and non-independent.

#### Resolution 5

To re-appoint Mr Christopher James Williams, who is non-executive and non-independent. Mr Williams is the Deputy Chairman of the Board and a member of the Nominating Committee and the Remuneration Committee.

## NOTICE OF ANNUAL GENERAL MEETING

### **Overseas Union Enterprise Limited**

Company Registration No. 196400050E

#### **Resolution 6**

To approve the appointment of KPMG LLP as the Auditors of the Company in place of the retiring Auditors, PricewaterhouseCoopers LLP, and to authorise the Directors to fix their remuneration.

PricewaterhouseCoopers LLP, the retiring Auditors, have served as external Auditors of the Company for the last 10 years. The Directors are of the view that it would be timely to effect a change of external Auditors with effect from the financial year ending 31 December 2010. PricewaterhouseCoopers LLP, the retiring Auditors, will accordingly not be seeking re-election at the forthcoming Annual General Meeting.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”):

- (a) the outgoing Auditors, PricewaterhouseCoopers LLP, have confirmed that they are not aware of any professional reasons why the new Auditors, KPMG LLP, should not accept appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with the outgoing Auditors, PricewaterhouseCoopers LLP, on accounting treatments within the last 12 months; and
- (c) the Company confirms that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of members.

The Audit Committee has reviewed and deliberated on the proposed change of Auditors and has recommended the same for approval, after taking into consideration the suitability of KPMG LLP and the requirements of Rule 712(1) of the Listing Manual of the SGX-ST.

The Directors have taken into account the Audit Committee’s recommendation, and considered factors such as the adequacy of the resources and experience of KPMG LLP and the persons to be assigned to the audit, KPMG LLP’s audit engagements, the size and complexity of the Company and its subsidiaries, and the number and experience of supervisory and professional staff to be assigned to the audit, and is satisfied that KPMG LLP will be able to meet the audit requirements of the Company.

The Directors are therefore of the opinion that the proposed change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that shareholders vote in favour of Resolution No. 6, being the Ordinary Resolution relating to the proposed change of Auditors to be proposed at this Annual General Meeting.

Pursuant to Section 205 of the Companies Act, Chapter 50, a copy of the notice of nomination of the proposed new Auditors dated 25 March 2010 from a member of the Company is enclosed with this Notice.

The SGX-ST assumes no responsibility for the correctness of any statements or opinions set out in this explanatory note to Resolution No. 6. The Directors collectively and individually accept full responsibility for the accuracy of the information set out in this explanatory note to Resolution No. 6 and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate and that there are no material facts the omission of which would make any statement in this explanatory note to Resolution No. 6 misleading.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## NOTICE OF ANNUAL GENERAL MEETING

### Overseas Union Enterprise Limited

Company Registration No. 196400050E

#### 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 (i) 100 per cent. for Renounceable Rights Issues and (ii) 50 per cent. for Other Share Issues, of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100 per cent. of the issued shares (excluding treasury shares) in the capital of the Company. 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 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.

The authority for 100 per cent. Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 entitled “SGX introduces further measures to facilitate fund raising” which introduced further measures to accelerate and facilitate listed issuers’ fund raising efforts (“**SGX News Release**”) with effect from 20 February 2009, and will expire on 31 December 2010.

#### Resolution 8

Resolution No. 8, if passed, is to authorise the Directors to fix the issue price for shares that are issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution No. 7 at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST.

Resolution No. 8 is also proposed pursuant to the SGX News Release which allows issuers to undertake non *pro rata* placements of new shares priced at discounts of up to 20 per cent.

#### 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.
3. The instrument appointing a proxy or proxies must be under the hand of the appointer 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.

25 March 2010

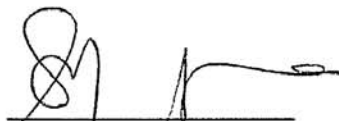
The Board of Directors  
Overseas Union Enterprise Limited  
333 Orchard Road  
#33-00  
Singapore 238867

Dear Sirs

**Notice of Nomination**

Pursuant to Section 205 of the Companies Act, Chapter 50, we, DBS (Nominees) Limited of 60 Alexandra Terrace #05-27, Singapore 118502 being the appointed custodian for Golden Concord Asia Limited and registered with 73,274,670 shares of Overseas Union Enterprise Limited (as at 9<sup>th</sup> March 2010) in our name, hereby, pursuant to the instructions of Golden Concord Asia Limited, nominate KPMG LLP, Certified Public Accountants, Singapore, of 16 Raffles Quay #22-00 Hong Leong Building, Singapore 048581 for appointment as auditors of the Company in place of the retiring auditors, PricewaterhouseCoopers LLP, at the forthcoming Annual General Meeting of the Company.

Yours faithfully

  
DBS (Nominees) Limited

# 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-Seventh 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 **Wednesday, 28 April 2010 at 2:30 p.m.** and at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	Directors' Report and Financial Statements		
2.	Directors' fees		
3.	Re-appointment of Mr Thio Gim Hock as Director		
4.	(a) Re-appointment of Mr Sin Boon Ann as Director		
	(b) Re-appointment of Mag Rainer Silhavy as Director		
	(c) Re-appointment of Mr Kin Chan as Director		
5.	Re-appointment of Mr Christopher James Williams as Director		
6.	Appointment of KPMG LLP in place of the retiring Auditors, PricewaterhouseCoopers LLP		
7.	Approval of share issue mandate		
8.	Authority to fix issue price for shares		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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

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

**IMPORTANT: Please read notes on the reverse**

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 333 Orchard Road, #33-00, Singapore 238867, not less than 48 hours before the time set for the Meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100% of the shareholding and the second named proxy shall be deemed as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



