OVERSEA ENTERPRISE BERHAD (317155-U)

海外天集团有限公司

OVERSEA ENTERPRISE BERHAD

(Company No. 317155-U)

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Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated",
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Annual Report 2010

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海外天集团有限公司

OVERSEA ENTERPRISE BERHAD

(Company No. 317155-U)

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Calendar of Events

1977
Opened our first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur.

1982
Ventured into Ipoh, Perak. Opened a restaurant under the brand name of "Restoran Oversea" (海外天).

1986
- Expanded our business vertically into the making of moon cakes.
- Opened a Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Central Market, Kuala Lumpur.

1994
Opened a Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Plaza Armada, Petaling Jaya.

1995
Moved into the manufacturing facility at Sungai Buloh.

1997
Incorporated Haewaytian Food Industries Sdn. Bhd., focus on marketing of our in-house manufactured moon cakes and other baked products.

1997
Opened a Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Subang Parade.

1998
Opened a Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Amcorp Mall.

1999
Ventured into the manufacturing of egg rolls.

2000
Exported moon cakes to Australia.

2002
Moved the manufacturing facility in Sungai Buloh to Shah Alam.

2003
Shifted the restaurant located in Central Market, Kuala Lumpur to Sri Petaling.

2004
Ventured into the operation of a café outlet under the brand name of "Tsim Tung" in Kuala Lumpur.

2005
Expanded into the operation of a "dim sum" outlet under the brand name of "Restoran Oversea" (海外天) in Kuala Lumpur.

2008
Shifted the restaurant located in Amcorp Mall to Jaya One, Petaling Jaya.

2009
Opened an additional restaurant in Ipoh, Perak under the brand name of "Restoran Oversea" (海外天).

22 Feb 2010
Signing of the Underwriting Agreement with OSK Investment Bank Berhad.

15 Mar 2010
Launching of Oversea Enterprise Berhad's prospectus at JW Marriott Hotel, Kuala Lumpur.

1 Apr 2010
Listing of Oversea Enterprise Berhad on the ACE Market, Bursa Malaysia Securities Berhad.

18 Jun 2010
Annual General Meeting.

30 Jan 2011
Penetrated into Singapore market. Opened a Chinese Restaurant under the brand name "Restoran Oversea" (海外天). The restaurant is situated at Shaw Tower, Beach Road.

Financial Highlights

The following table sets out a summary of the proforma consolidated results of Oversea Enterprise Berhad and its subsidiaries (Group) for the financial years ended 31 December 2008 and 31 December 2009 prepared based on the assumption that the Group has operated as a single economic entity throughout the financial years and summary of Statements of Comprehensive Income for the financial year ended 31 December 2010:-

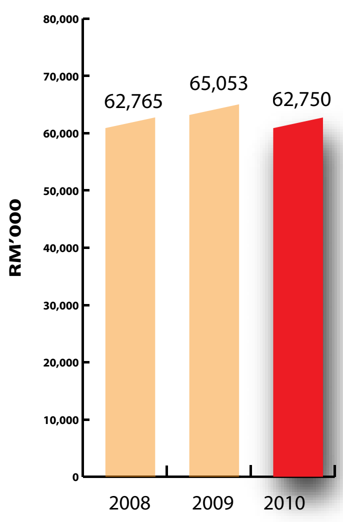
Year Ended	Revenue RM'000	Profit Before Taxation RM'000	Profit/(loss) After Taxation RM'000
31 December 2008*	62,765	7,906#	5,973#
31 December 2009*	65,053	6,823@	5,152@
31 December 2010	62,750	483@	(324)@

Notes:

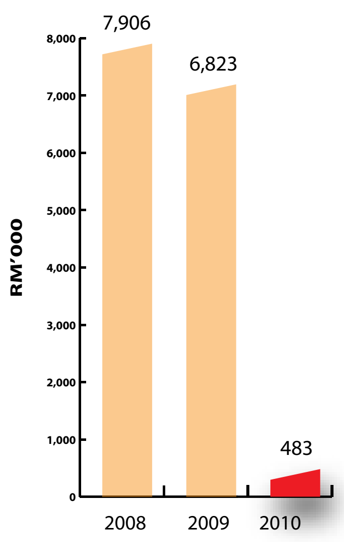
\# *Included in the profit before tax and profit after tax for financial year ended 31 December 2008 is other income from insurance claim of approximately RM1.6 million relating to a fire accident in 2006 at Haewaytian Cake House Sdn. Bhd.*

@ *Inclusive of expenses incurred pursuant to our Listing exercise amounting to approximately RM742,000, and RM614,000 for the financial year ended 31 December 2009 and 31 December 2010 respectively which was recognized in accordance with FRSIC Consensus 13.*

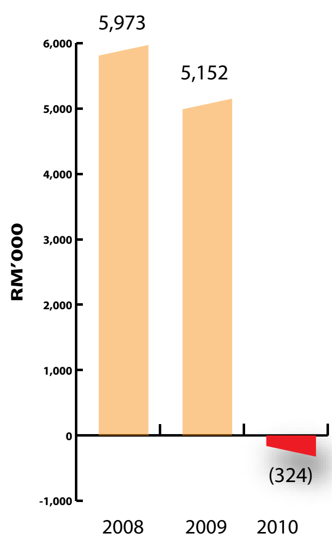
* *The proforma consolidated results are prepared for illustrative purposes only and are prepared based on the audited financial statements of Oversea Enterprise Berhad and its subsidiaries for the financial years under review. The proforma consolidated results for the financial years under review have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of Oversea Enterprise Berhad and its subsidiaries.*



REVENUE



PROFIT BEFORE TAXATION



PROFIT/(LOSS) AFTER TAXATION

Corporate Structure

OPERATION OF A CHAIN OF CHINESE RESTAURANTS

Restoran Oversea (Imbi) Sdn. Bhd. (**100%**)

Restoran Oversea (PJ) Sdn. Bhd. (**100%**)

Restoran Oversea (Subang Parade) Sdn. Bhd. (**100%**)

Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd. (**100%**)

Restoran Oversea (Jaya 1) Sdn. Bhd. (**100%**)

Haewaytian Restaurant Sdn. Bhd. (**100%**)

Restoran Oversea JV (Singapore) Sdn. Bhd. (**100%**)

- Grand Ocean Restaurant Pte. Ltd. (**100%**)

OPERATION OF CAFÉ

Restoran Tsim Tung Sdn. Bhd. (**100%**)

OPERATION OF DIM SUM OUTLET

Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd. (**100%**)

MANUFACTURING OF MOON CAKES AND OTHER BAKED PRODUCTS

Haewaytian Cake House Sdn. Bhd. (**100%**)

Restoran Oversea Confectioneries Sdn. Bhd. (**100%**)

TRADING

Haewaytian Food Industries Sdn. Bhd. (**100%**)

Haewaytian Trading Sdn. Bhd. (**100%**)

Tenshou International Sdn. Bhd. (*Formerly known as Tenshou Trading Sdn. Bhd.*) (**100%**)

OWNER OF TRADEMARKS

Restoran Oversea Holdings Sdn. Bhd. (**100%**)

Corporate Information

BOARD OF DIRECTORS

Yu Soo Chye @ Yee Soo Chye
Chairman/Group Managing Director

Lee Pek Yoke
Executive Director

Khong Yik Kam
Executive Director

Lee Seng Fan
Executive Director

Koong Lin Loong
Independent Non-Executive Director

Chiam Soon Hock
Independent Non-Executive Director

Yau Ming Teck
Independent Non-Executive Director

SECRETARIES

Ng Bee Lian *(MAICSA 7041392)*
Tan Enk Purn *(MAICSA 7045521)*

AUDIT COMMITTEE

Koong Lin Loong – *Chairman*
Yau Ming Teck
Chiam Soon Hock

REMUNERATION COMMITTEE

Chiam Soon Hock – *Chairman*
Yu Soo Chye @ Yee Soo Chye
Yau Ming Teck

NOMINATING COMMITTEE

Yau Ming Teck – *Chairman*
Koong Lin Loong
Chiam Soon Hock

SPONSOR

OSK Investment Bank Berhad (14152-V)
20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : 03-2333 8333
Fax No. : 03-2175 3217

REGISTERED OFFICE

Lot 13, Jalan Utarid U5/16
Seksyen U5
Kawasan Perindustrian
"Mah Sing Integrated"
40150 Shah Alam
Selangor Darul Ehsan
Tel. No. : 03-7845 9680
Fax No. : 03-7845 8060/7845 4848
Email : info@oversea.com.my

PRINCIPAL BANKERS

Public Bank Berhad (6463-H)
Hong Leong Bank Berhad (97141-X)
United Overseas Bank (Malaysia) Bhd. (271809-K)

AUDITORS AND REPORTING ACCOUNTANTS

Crowe Horwath (AF 1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. No. : 03-2166 0000
Fax No. : 03-2166 1000

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd. (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-7841 8000
Fax No. : 03-7841 8151/8152

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Code: 0153

WEBSITE ADDRESS

www.oversea.com.my

INVESTOR RELATION

Persons to contact:-
Yap Teck Beng
(Group General Manager)
email: tbyap@oversea.com.my
Catherine Wong
(In-house Secretary)
email: cathwong@oversea.com.my

Chairman's Statement

"Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Oversea Enterprise Berhad and of the Group for the financial year ended 31 December 2010."

ECONOMIC REVIEW

2010 proved to be a challenging year in spite of the Malaysian economy experiencing a strong rebound of growth of 7.2%. The impact of the global recession in 2009 on the domestic economy would have been more severe if not for the fiscal stimulus measures implemented by the Malaysian Government.

After the downturn in 2009, consumers' sentiment was to source for products and services that are "cheap and good", "value for money", "affordable" and "within budget". The Malaysian Budget 2011 ("Budget 2011") detailed out initiatives towards achieving a developed and high income economy by 2020, thus with the implementation of projects under Budget 2011, the Malaysian economy is expected to register growth of between 5%-6% in year 2011. Henceforth, growth is expected to be supported by resilient domestic demand with the expectation of higher per capita income in 2011.

FINANCIAL PERFORMANCE

The Malaysian economy experienced an expansion of growth in 2010 with prices remaining high especially for raw materials used in the food services industry. Hence, cost cutting measures by the Group as well as other industry players were necessary to remain competitive in the market. Despite these measures, revenue did not perform to expectation, and thus, the Group did not perform well for the financial year ended (FYE) 31 December 2010.

For the financial year under review, the Group reported a lower revenue of RM62.8 million as compared to revenue of RM65.1 million, being the full year revenue for 2009 as disclosed in the proforma combined income statement in the prospectus. (Please refer to Note 1 below). The lower revenue registered was broad-based led by a decline of 11% from the manufacturing segment and 2% from the restaurant segment.

For the financial year under review, the Group registered a loss after taxation of RM323,961 as compared to profit after taxation of RM5.2 million, being the full year profit after taxation as disclosed in the proforma combined income statement in the prospectus (Please refer to Note 1 below).

Under the restaurant segment, profit after taxation decreased to approximately RM0.639 million from RM4.2 million for the full year 2009, due primarily to the decrease in revenue as well as an increase in expenses. During the FYE 2009, our restaurant in Jalan Datoh, Ipoh, which commenced operations in August 2009, registered revenue of approximately RM3.4 million as compared to a full year revenue of RM5.2 million in FYE 2010. Profit after taxation also decreased from RM218,407 in FYE 2009 to a loss after taxation of RM535,858 in FYE 2010. Total revenue from the restaurant segment (excluding the Jalan Datoh, Ipoh outlet) has also decreased from approximately RM51.2 million to RM48.5 million for the FYE 2009 and FYE 2010 respectively.The profit after taxation from the restaurant segment (excluding the Jalan Datoh, Ipoh outlet) decreased from RM4.0 million to RM1.4 million for the FYE 2009 and FYE 2010 respectively.

The restaurant segment experienced a slow down in banquet operations for the Year 2010, being the Year of the Tiger, which is widely believed by many Chinese to be an inauspicious year for wedding. Less walk-in customers to its restaurants were due to increase in competition from operators of Chinese restaurants within the vicinity of its outlets. Furthermore, increase in expenses of approximately RM1.9 million was largely attributable to increased labour expenses for our new restaurant in Jalan Datoh, Ipoh, coupled with corresponding higher depreciation expenses arising from renovation works. For the financial year under review, the Group's new restaurant in Singapore has incurred pre-opening expenses of approximately RM0.231 million without any corresponding revenue as operations had only commenced on 30 January 2011.

Chairman's Statement
cont'd

Under the manufacturing segment, the Group recorded a loss after taxation of RM4,523, a decline from the profit after taxation for the full year 2009 of approximately RM1.65 million primarily due to decrease in revenue as a result of a fall in demand for moon cakes arising from the sharp increase in retail prices due to higher prices of raw materials. These had resulted in stiff competition and moon cake manufacturers started engaging in price war activities during the period of lower demand for this seasonal product. Eventually, the price war activities cannibalized the market and adversely affected the demand for the Group's moon cake products.

In addition to the above, the expenses of the Group had increased due to higher overall labour expenses of approximately RM0.5 million coupled with listing expenses of approximately RM0.6 million.

Note:-

1. For the financial year ended 31 December 2009, the Group achieved a turnover of RM10.4 million and a profit before and after tax of RM2.2 million and RM1.9 million respectively. These results represented the post acquisition contributions from its subsidiary companies which were acquired on 28 October 2009 and 5 November 2009 respectively as an integral part of the Company's listing exercise. Consequently, the results announced was for a period of only about two (2) months. Had the acquisition of the subsidiary companies been completed at the beginning of Oversea Enterprise Berhad's financial year, the Group would have announced a turnover of RM65.1 million and profit before and after tax of RM6.8 million and RM5.2 million respectively.

GOING FORWARD

The Group remains committed to its future strategic plans in expanding and upgrading its existing Chinese restaurants as well as expanding its chain of casual and contemporary Chinese restaurants and cafés, while embarking on licensing programs via market penetration in new countries in the long term.

In the immediate future, the Board plans to re-strategise its focus on improving the results of its existing restaurant segment. The Group intends to implement stricter cost control measures, to improve its standard operating procedures pertaining to customer service programs as well as accelerating its continuous innovation in producing new products. The Group endeavors to remain competitive in the market by upgrading some of its restaurants as well as introducing a wider variety of food products at competitive prices and packages.

For the manufacturing segment, the Board is mindful of the escalating prices of raw materials and will monitor raw material prices closely and strive to formulate new innovative moon cake products for the Mid Autumn Festival of 2011.

The Group also plans to strengthen the brand name of "Oversea" by creating awareness and to promote brand loyalty to our customers by way of advertising and other promotional activities. The Group will continue to focus on its core business activities and hence will concentrate on improving its retail sales and profit margins and on expanding its presence in other South East Asian markets.

In addition, the Group's new restaurant located at Shaw Tower, Singapore, which commenced operations on 30 January 2011, has received positive response and has been performing well to date. The new restaurant is expected to contribute positively to the Group in the future.

Barring any other unforeseen circumstances and with the successful implementation of the various strategies stated above, the Board is optimistic that the FYE 31 December 2011 will show positive results in view of the upbeat Malaysian economy underpinned by stronger domestic demand.

Chairman's Statement
cont'd

CORPORATE DEVELOPMENTS

In line with the Company's oversea expansion plans, the Company had on 6 July 2010 incorporated a wholly-owned subsidiary, namely Restoran Oversea JV (Singapore) Sdn. Bhd. Subsequently, the newly incorporated subsidiary opened the first Chinese restaurant in Singapore through the acquisition of Grand Ocean Restaurant Pte. Ltd. on 21 October 2010. The new restaurant, which is located at Shaw Tower, Beach Road, has a seating capacity of approximately 200 diners and has successfully commenced operations on 30 January 2011.

DIVIDENDS

For the financial year under review, the Board of Directors does not recommend the payment of any dividend.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to our valued customers for their continuous support and our business partners, bankers and regulatory authorities for their trust, confidence and cooperation given to us.

To my fellow directors, management and staff, I would like to express my gratitude and appreciation for their hard work, dedication and commitment.

Last but not least, my sincere thanks to all valued shareholders for your continued support and confidence in Oversea Enterprise Berhad.

YU SOO CHYE @ YEE SOO CHYE
Chairman/Group Managing Director

Corporate Social Responsibility

The Company believes that it shall not only deliver high quality food to the customers in fulfilling its key business objectives, but will always be mindful of the Corporate Social Responsibility (CSR) obligation towards our employees, stakeholders, business partners, social community and the environment. During the financial year under review, our corporate social responsibility covered the following areas:-

(i) Employees' Development and Welfare

The Company values employees as its important assets and as a strategic investment for our future success. Various training programs such as skills and job improvement programs and on-the-job trainings have been provided to improve the performance and further enhance the skills of the employees. The Company hosted a Business Success Academy Boot camp at Genting View Resort for all the management and senior level staffs from 11.10.2010 to 13.10.2010. The business boot camp aimed to refresh the mind and strengthen the leadership qualities and managerial capacities of the staff in order to move forward to a more challenging future.

(ii) Occupational Health and Safety

The Company is committed to protect the safety, health and welfare of the people engaged at the workplace. On-the-job operating instructions including first aid training are held to educate and inculcate safety awareness on all aspects of safety practices. In-house safety programs are also organized to ensure that the workers know how to handle the machineries, tools, equipment and vehicles. Safety and Health committee meetings are held regularly to ensure that the safety and health of all employees at the workplace is not compromised and the safety rules and regulations of the government authorities, which includes the Fire Department and Department of Environment, are complied with.

(iii) Environment

Consideration for adopting eco-friendly practices is an important issue to the Company. A new wastewater treatment plant has been installed at the factory to minimize the impact on the environment as we are striving to protect our unique legacy for a greener tomorrow.

Staff are also encouraged to fully utilize the paperless facilities such as email and online messages for documentation and communication purposes. Recycling of papers by printing on both side is also practiced to minimize paper usage.

(iv) Social Community

The Company holds strongly to its policy on being a responsible corporate organization to continuously help the less fortunate groups. The head quarters has organized a charity visit to T-Ratana Welfare Society in Desa Petaling. Some funds were donated and lots of goodies were contributed to the centre. During the moon cake festive season, various flavours of moon cakes were contributed to:-

- PIBG SJK @ Serdang Baru 1;
- Monsfort Boys Town, Shah Alam;
- Persatuan Penduduk-penduduk Kampong Tasik Ampang, Selangor;
- Persatuan Bekas Murid Tsung Wah Selangor dan Wilayah Persekutuan;
- Grace home, Rumah Kids, Graces Centre Klang;
- Persatuan Ibu Bapa dan Guru Sekolah Jenis Kebangsaan (Cina) Ladang Harcroft, Puchong;
- PIBG SJK @ Confucian, Sg. Besi;
- Spring Single Mother Society, Kuchai Lama;
- Sekolah Ugama Rakyat (Kafa Integrasi) Darul Raudhah USJ 1; and
- Pusat Perkhidmatan Aduan Kawasan Damak (Jerantut, Pahang).

Board of Directors' Profile

YU SOO CHYE @ YEE SOO CHYE
Chairman/Group Managing Director
66 years of age, Malaysian

Mr. Yu has approximately fifty one (51) years of experience in the Chinese restaurant industry. As Group Managing Director and founder, he has been instrumental in the development, growth and success of our Group. He started his career in the early 1950s when he started working in the kitchen as a kitchen helper. In 1970s, he started his first Chinese restaurant operations under a partnership arrangement under Oversea Imbi in Kuala Lumpur. Subsequently in 1983, he converted the partnership into a private limited company. Since then, he has established a chain of seven (7) Chinese restaurants in Malaysia, which operates under the brand name of "Restoran Oversea" (海外天). In 1986, he initiated the manufacturing of moon cakes by setting up a small manufacturing facility located in Jalan Imbi, Kuala Lumpur. In 2004, he was also involved in the establishment of our first café in Kuala Lumpur under the brand name "Tsim Tung". Subsequently in 2005, he established our first "dim sum" outlet in Sri Petaling, Kuala Lumpur. In 2007, he obtained his Diploma of Membership from Les Amis d'Escoffer Society, Inc. for the meritorious service recognition for outstanding contributions to promote fine dining. He is currently the Honoured Chairman of Perak Ku Su Shin Chuan Hung, Deputy Chairman of various associations including World Association of Chinese Cuisine, Wilayah Cooks' Friendly Association, The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association and The Selangor and Federal Territory Restaurant Keepers' Association. He is also the Chief Judge of Malaysia Cuisine Championship and Deputy Judge of The 4th World Championship of Chinese Cuisine. He has extensive experience in the operation and management of food services outlets and he is currently responsible for the overall operations of the Group with emphasis on strategic business planning.

Mr. Yu was appointed to the Board on 6 November 2009 and he is the member of the Remuneration Committee.

He is the spouse of Mdm. Lee Pek Yoke and the brother-in-law of Mr. Khong Yik Kam and Mr. Lee Seng Fan.

He has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

LEE PEK YOKE
Executive Director
57 years of age, Malaysian

Mdm. Lee is the co-founder of the partnership that started with the first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur in 1970s. Since then, she has assisted in the establishment of the chain of Chinese restaurants and has accumulated thirty four (34) years of experience in the Chinese restaurant industry. In 1986, together with our Group Managing Director, she was involved in the setting up of the manufacturing of moon cakes. She is currently responsible in overseeing the overall planning and management of our Group, including implementation of promotional programmes, menu management and customer services.

Mdm. Lee was appointed to the Board on 6 November 2009.

She is the spouse of Mr. Yu Soo Chye @ Yee Soo Chye, sister of Mr. Lee Seng Fan and sister-in-law of Mr. Khong Yik Kam.

She has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

Board of Directors' Profile

cont'd

KHONG YIK KAM
Executive Director
62 years of age, Malaysian

Mr. Khong started his career in 1968 when he joined United Engineering Group as a supervisor. He joined the Group in 1985 and has approximately twenty six (26) years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipments and tools, management of licenses and banking facilities.

Mr. Khong was appointed to the Board on 6 November 2009.

He is the brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye, Mdm. Lee Pek Yoke and Mr. Lee Seng Fan.

He has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

LEE SENG FAN
Executive Director
45 years of age, Malaysian

Mr. Lee started his career in 1986 when he joined the Group as a chef and is currently the Chief Chef of our Group. He has twenty five (25) years of experience as a chef in the Chinese restaurant industry and is mainly responsible for the overall planning and management of the kitchen operations that oversees the cooking, quality control, cost control and personnel management.

Mr. Lee was appointed to the Board on 6 November 2009.

He is the brother of Mdm. Lee Pek Yoke and brother-in-law of Mr. Yu Soo Chye @ Yee Soo Chye and Mr. Khong Yik Kam.

He has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

KOONG LIN LOONG
Independent Non-Executive Director
47 years of age, Malaysian

Mr. Koong is qualified as a Chartered Management Accountant in the United Kingdom; a member of the Malaysian Institute of Accountants; Certified Practising Accountant Australia; Certified Management Accountants Australia; Chartered Tax Institute of Malaysia; Associate Member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors. Mr. Koong has extensive cross-border experiences in various industries which includes Internal Audit and control, feasibility study for Malaysian Listed Corporations and Hong Kong joint venture assignments in China. Currently, amongst others, he is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Deputy Chairman of its Small and Medium Enterprises (SMEs); Audit Committee Member of SME Corp, Ministry of International Trade and Industry of Malaysia, member of Franchise Advisory Board, Ministry of Domestic Trade, Co-operatives and Consumerism and Executive Council Member of the Negeri Sembilan Chinese Chamber of Commerce and Industry (NSCCCI).

Mr. Koong is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies. He is also an Independent Non-Executive Director of INS Bioscience Berhad and Ideal Jacobs (Malaysia) Corporation Bhd.

Mr. Koong was appointed to the Board on 6 November 2009. He is the Chairman of the Audit Committee and member of the Nominating Committee.

Mr. Koong has no family relationship with any Director/ major shareholder of the Company.

Mr. Koong has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

Board of Directors' Profile
cont'd

CHIAM SOON HOCK
Independent Non-Executive Director
63 years of age, Malaysian

Mr. Chiam graduated with a Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973 and obtained his Master of Science (Planning) degree from the University of Science Malaysia in 1975. In 1988, he was awarded a Fulbright scholarship by the US Government and obtained a Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US. He is a professional town planner registered with the Board of Town Planners of Malaysia. He is a Fellow of the Malaysian Institute of Planners and a Corporate Member of the Institute of Engineers, Malaysia. He served City Hall Kuala Lumpur for twenty nine (29) years and retired in 2004 as a Director of Planning and Building Control Department. Currently he is an Independent Non-Executive Director of P. A. Resources Berhad.

Mr. Chiam was appointed to the Board on 6 November 2009. He is the Chairman of the Remuneration Committee, member of the Audit Committee and Nominating Committee.

He has no family relationship with any Director/major shareholder of the Company.

Mr. Chiam has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

YAU MING TECK
Independent Non-Executive Director
40 years of age, Malaysian

Mr. Yau graduated with an Economics Degree from Monash University, Melbourne in 1993. Currently, he is a qualified Certified Practicing Accountant ("CPA") of the Australia Society of CPA and a Chartered Accountant of Malaysia Institute of Accountants.

He is a skilled financial expert with skills predominantly in the area of corporate finance, financial management and strategic planning honed over almost sixteen (16) years. He started his career in Coopers & Lybrand in the Insolvency & Corporate Division and remained there for three (3) years. Whilst with Coopers, he handled a wide portfolio of clients with diverse background and industries.

In 1997, he joined a company listed on the Main Board of Bursa Securities as a corporate finance manager and last served as a financial controller of another company listed on the Main Board of Bursa Securities in 2003. During his tenure in the public listed companies, his main functions were taking charge of various corporate exercises and their implementations.

In 2004, he embarked on his private business practice in corporate and financial advisory in the area of corporate finance, mergers and acquisitions and restructuring with the main focus of the business in the PRC, Singapore and Australia.

Mr. Yau was appointed to the Board on 6 November 2009. He is the Chairman of the Nominating Committee, member of the Audit Committee and Remuneration Committee.

He has no family relationship with any Director/major shareholder of the Company.

Mr. Yau has no conflict of interest with the Group and has not been convicted of any offences within the past ten (10) years.

Statement of Corporate Governance

The Malaysian Code on Corporate Governance (the Code) sets out basic principles and best practices on structures and processes that companies may adopt in their operations towards achieving the optimal governance framework.

The Board of Directors of Oversea Enterprise Berhad (the Company) is committed to ensure the highest standards of corporate governance throughout the Group as a fundamental basis in the discharge of their fiduciary duties and responsibilities to protect and enhance long term shareholder values whilst taking into account the interests of other stakeholders.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), the Board of Directors are pleased to present the report on how the Group has applied the principles of the Code and the extent of compliance with the best practices provision.

THE BOARD OF DIRECTORS

The Board assumes responsibility for leading and controlling the Group towards realizing long term shareholders value. The Board has the overall responsibilities for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group. The Board has established a formal schedule of matters reserved to itself for decision, this include the overall Group strategy and direction, corporate plans and budget, acquisition and divestment policies, major capital expenditures and significant financial matters.

The Board has in place clear terms of reference for the Board, the Chairman and the Executive Directors, spelling out their duties and responsibilities.

Composition of the Board

The Board currently has seven (7) members, comprising of three (3) Independent Non-Executive Directors and four (4) Executive Directors. The Company is in compliance with the Listing Requirements which requires one third (⅓) of total number of directors being Independent Directors. Collectively the Directors have a wide range of business, financial and technical experience. This mix of skills and experience is vital for the successful direction of the Group.

A brief profile of each Director is presented in this annual report on pages 10 to 12.

Board Balance

The role of the Chairman and the Group Managing Director are currently not separated. The Group Managing Director is primarily responsible for the orderly conduct and the working of the Board, day-to-day running of the business and implementation of Board policies and decisions. There is sufficient balance of Executive Directors such that decisions made are fully discussed and examined taking into account the long term interest of shareholders, employees, customers and other communities in which the Group conducts its business. Represented on the Board, are three (3) Independent Non-Executive Directors who provide unbiased and independent views, advice and judgment, as well as to safeguard the interest of other parties such as minority shareholders.

The Board would review the term of office and performance of each and every Audit Committee member at least once in every three (3) years pursuant to paragraph 15.20 of the Listing Requirements.

Board Meetings

The Board will meet regularly and all proceedings at the Board Meetings are to be properly minuted and signed by the Chairman. The Board meetings are to be scheduled in advanced prior to the start of the financial year and are formally structured with pre-set agenda and Board papers covering corporate and financial developments circulated to the Directors before the meetings are held.

Statement of Corporate Governance
cont'd

THE BOARD OF DIRECTORS *cont'd*

Board Meetings *cont'd*

At the Board meetings, the Board reviews the Group's business operations by analyzing the Consolidated Statements of Comprehensive Income and Statement of Financial Position of the Group as compared to the same corresponding period. The Board also noted the decision and salient issues deliberated by the Audit Committee which are tabled to the Board. All Board members have full and timely access to information on the Group's business and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staffs as well as advisors and professionals appointed to act for the Group on any corporate proposal may be invited to attend the Board meeting to furnish the Board their comments and advice on the relevant proposal tabled.

The Board met three (3) times during the FYE 31 December 2010.

In the intervals between board meetings, for any matters requiring board decisions, board approvals are obtained through circular resolutions.

Details of attendance of each Director at the Board meetings held during the financial year are as set out below:-

Name of Director	Number of Board meetings held	Number of Board meetings attended
Yu Soo Chye @ Yee Soo Chye	3	3
Lee Pek Yoke	3	2
Khong Yik Kam	3	3
Lee Seng Fan	3	3
Koong Lin Loong	3	3
Chiam Soon Hock	3	3
Yau Ming Teck	3	3

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

The Articles of Association of the Company provides that at least one third (⅓) of the Directors including the Group Managing Director are subject to retirement by rotation at each Annual General Meeting (AGM) but shall be eligible for re-election and that each Directors shall offer himself for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM held following their appointments. Directors over seventy (70) years of age are required to subject themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The re-appointment and re-election of Directors at the AGM is subject to the prior assessment by the Nominating Committee.

Group Managing Director Mr. Yu Soo Chye @ Yee Soo Chye and Executive Director Mdm. Lee Pek Yoke are due for retirement pursuant to Article 85 of the Articles of Association of the Company at the AGM scheduled to be held on 30 June 2011 and will be recommended for re-election by the Board pursuant to the Articles.

SUPPLY OF INFORMATION

Board Members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance to the agenda for discussion. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings and expedites the decision making process. Senior management staff are invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as and when and where necessary.

Statement of Corporate Governance
cont'd

SUPPLY OF INFORMATION *cont'd*

The Board have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and the regulatory requirements are met.

The Directors are also given access to seek independently professional advice when necessary at the Company's expense.

DIRECTORS' TRAINING AND EDUCATION

The Directors are mindful that appropriate trainings are required from time to time to keep them abreast with the development of the industry as well as comply with the statutory and regulatory requirements.

All the Directors have completed the Mandatory Accredition Programme (MAP) pursuant to the requirements of the ACE Market of Bursa Malaysia Securities Berhad. The Board encourages the Directors to attend talks, workshops, seminars and conferences to update and enhances their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

During the financial year and up to the date of report, the conferences, seminars and training programmes attended by the Directors were in respect of the following areas:-

(a) 2010 Goods & Service Tax Seminar (GST)
(b) National Tax Conference 2009
(c) Seminar on Understanding the Basic Concepts of GST
(d) Fundamentals of Accounting for Financial Instruments
(e) Fundamentals of Preparing Consolidated Financial
(f) Overview of Chapter 10 Transactions
(g) Disclosure of Interest in Shares and Dealings in Securities
(h) Recent Developments to Most Frequently Used
(i) 2011 Budget Talk
(j) 2011 Budget Seminar
(k) 18th World Congress of Accountants 2010
(l) Corporate governance guide: Towards Boardroom Excellence

BOARD COMMITTEE

The following Board Committees have been established to assist the Board in the execution of its duties and responsibilities. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

Audit Committee

The Board is assisted by the Audit Committee, whose composition, duties and responsibilities and summary of its activities during the financial year are set out in the Audit Committee Report on pages 20 to 24 of the Annual Report.

Statement of Corporate Governance
cont'd

BOARD COMMITTEE *cont'd*

Nominating Committee

The Nominating Committee consists of three (3) Independent Non-Executive Directors. The members of the Nominating Committee are:-

(i) Yau Ming Teck *(Chairman)*
(ii) Koong Lin Loong
(iii) Chiam Soon Hock

The Nominating Committee assists the Board in assessing the effectiveness of the Board as a whole and the Board Committees as well as assessing the contributions of each individual Director including Chief Executive Director, if any, on an annual basis.

The Nominating Committee is also responsible for nominating the right candidate with the required skills, experience and attributes for recommendation to and appointment by the Board wherever the need arises.

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). Recommendations of the Company are submitted to the Board for approval.

In the FYE 31 December 2010, the Nominating Committee met once which was attended by all members.

Remuneration Committee

The Remuneration Committee consists of three (3) Directors, with majority being Independent Non-Executive Directors. The members of the Remuneration Committee are:-

(i) Chiam Soon Hock *(Chairman)*
(ii) Yu Soo Chye @ Yee Soo Chye
(iii) Yau Ming Teck

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. Individual Directors do not participate in discussion or decision concerning their own remuneration packages.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2). Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

For the FYE 31 December 2010 the Remuneration Committee had one (1) meeting, which was attended by all members to review and recommend to the Board on the remuneration of the Directors.

Investment Committee

The Investment Committee (IC) was established on 17 May 2010 and consists of one (1) Executive Director and two (2) Management staff.

The members of the IC are as follows:-

(i) Yu Soo Chye @ Yee Soo Chye *(Chairman)*
(ii) Yu Tack Tein
(iii) Yap Teck Beng

Statement of Corporate Governance
cont'd

BOARD COMMITTEE *cont'd*

Investment Committee *cont'd*

The role of the IC is to assist the Board in assessing and approving all significant investment matters which include the capital budget, investment transactions and proposals on new investment capital.

The IC shall meet as and when required and shall report to the Board on its proceedings on all matters within its duties and responsibilities.

DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

It is the Board's and Remuneration Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors of the caliber needed to run the Group successfully.

The Remuneration Committee will deliberate and submit its recommendations to the Board for their endorsement. During the Board's deliberation in the respective Director's remuneration, the Directors play no part in deciding their own remuneration and shall abstain from discussion and decision in respect of their own remuneration.

The Directors are satisfied that the current level of remuneration is in line with the responsibilities expected in the Group.

The aggregate remuneration paid/payable to the Directors of the Company for the financial year ended 31 December 2010 is as follows:-

Category	Fees	Salaries & Allowance	Other Emoluments	Total
	RM'000	RM'000	RM'000	RM'000
Executive Directors	-	1,402,977	-	1,402,977
Non-Executive Directors	108,000	-	-	108,000

The number of Directors whose remuneration falls into the respective bands is as follows:-

Range of Remuneration inclusive of Attendance Allowance (RM)	Executive Directors	Non-Executive Directors
Below 50,000	-	3
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	2	-
200,001 to 250,000	-	-
300,001 to 350,000	1	-
700,001 to 750,000	1	-

Statement of Corporate Governance
cont'd

INVESTORS RELATIONS AND SHAREHOLDERS COMMUNICATION

Shareholders

The Group recognizes the importance of accountability to its shareholders and investors through timely and proper communications. Press release and announcements for public dissemination are made as and when there are significant corporate events. Bursa Malaysia Securities Berhad also provides for the Company to electronically publish all its announcements, including full version of its quarterly financial results, announcements and Annual Report which can be accessed through Bursa Securities' website at www.bursamalaysia.com.

The AGM is the principal forum of dialogue with the shareholders and also an avenue for the Chairman and Board members to respond personally to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders.

Other than the forum of the AGM, the other medium of communication between the Company and shareholders and/or investors are as follows:-

- quarterly financial statements and annual reports;
- announcements on major developments to the Bursa Malaysia Securities Berhad;
- the Company's general meetings; and
- the Company's website at www.oversea.com.my.

Disclosures

The Board is fully committed in providing and presenting a true and fair view of the financial performances and future prospects in the industry. This is provided through the quarterly, half yearly and annual financial statements as well as the Annual Reports.

The Board also recognizes the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosures requirement by Bursa Malaysia Securities Berhad as well as other corporate disclosures, the Company also maintains a website (www.oversea.com.my) for access by the public and shareholders.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors is responsible for presenting a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Company's financial statements are drawn up in accordance with the provision of the Companies Act, 1965 and the approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Group give a true and fair view of the state of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 39 of the Annual Report.

Statement of Corporate Governance
cont'd

ACCOUNTABILITY AND AUDIT *cont'd*

Internal Control Statement

The Board has overall responsibilities for corporate governance and the development of sound internal control system for the Group to achieve its objectives within the acceptable risk profile as well as safeguarding shareholders' interest and the Group's assets.

The Internal Audit Function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

The Statement of Internal Control furnished in the annual report provides an overview of the state of internal controls within the Group.

Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee which comprises of three (3) Independent Non-Executive Directors. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

Relationship with Auditors

The Company has established transparent and appropriate relationship with the Company's Internal and External Auditors. The Auditors are also under the obligation to highlight to the Audit Committee and the Board on matters that require their attention. The Internal and External Auditors attend meetings of the Audit Committee when necessary to review issues in relation to the audit of the Group's financial statements.

COMPLIANCE WITH BEST PRACTICES

Save as disclosed below, the Group is generally in compliance with the Best Practices in Corporate Governance set out in Part 2 of the Code.

The Board is mindful of the dual roles held by the Chairman/Group Managing Director but is of the view that there are sufficient independent minded Directors with wide board room experience to provide the necessary check and balance. Besides, the board has various Board Committees to discuss and decide on policy matters and related issues on a regular basis. The Chairman/Group Managing Director, as a rule, will abstain from all deliberations and voting on matters, which he is directly or deemed interested in.

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealt with by the 'band disclosure' presented in this Statement.

Audit Committee Report

The Board of Directors is pleased to present the report of the Audit Committee for the FYE 31 December 2010.

MEMBERS

CHAIRMAN
Koong Lin Loong
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

MEMBERS
Yau Ming Teck
Independent Non-Executive Director

Chiam Soon Hock
Independent Non-Executive Director

Membership and Attendance

Composition of Audit Committee	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Koong Lin Loong, *Chairman, Independent Non-Executive Director*	3	3
Yau Ming Teck, *Independent Non-Executive Director*	3	3
Chiam Soon Hock, *Independent Non-Executive Director*	3	3

The Audit Committee (AC) convened three (3) meetings during the year which were attended by all the members. Upon invitation by the AC, the Directors, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The AC also met up with the External Auditors without the presence of the employees during the financial year 2010.

COMPOSITION

The AC was established on 6 November 2009 and its composition complies with the Listing Requirements.

The Board shall elect an AC from amongst themselves which fulfils the following requirements:-

- the AC shall consist of not less than three (3) members;
- all AC members must be Non-Executive Directors, with a majority of them being Independent Directors; and

Audit Committee Report
cont'd

COMPOSITION *cont'd*

- At least one (1) of the members of the AC

  (a) must be a member of the Malaysian Institute of Accountants (MIA); or
  (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years of working experience; and

    (i) he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    (ii) he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
    (iii) he/she has a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
    (iv) is a member of a professional accountancy organisation which has been admitted as a full member of the International federation of Accountants and at least three (3) years post qualification in accounting or finance; or
    (v) at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

  (c) fulfils such other requirements as prescribed or approved by the Bursa Securities.

The members of the AC shall elect the Chairman from among themselves who shall be an Independent Non-Executive Director. No Alternate Director shall be appointed as a member of the AC.

If the number of members is reduced below three (3), due to whatsoever reasons, the Directors of the Company shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the terms of office and performance of the members of the AC at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

OBJECTIVES

The primary objectives of the AC are:-

(i) to assist the Board in discharging its duties to identify principal risks, ensuring the implementation of appropriate systems of internal controls to manage such risks, and that such systems are working effectively to safeguard shareholders' investment and the long term viability of the Group; and

(ii) to undertake such additional duties as may be appropriate and necessary to assist the Board.

MEETINGS

- The AC shall convene a minimum of four (4) meetings a year, although additional meetings maybe called at any time at the AC Chairman's discretion or if requested by any AC member, the management, the External or Internal Auditors.

- The Head of Finance and Head of Internal Audit, if any, shall be invited to attend the meetings, as the AC deems necessary. Other Board and representatives of the External Auditors may attend meetings upon the invitation of the AC.

Audit Committee Report
cont'd

MEETINGS *cont'd*

- The AC members shall meet with the External Auditors without the Executive Board members at least twice a year.

- The Chairman of the AC shall engage on a continuous basis with senior management such as the Chairman, Chief Executive Officer if any, Finance Director, the Head of Internal Control and the External Auditors in order to be kept informed of matters affecting the Company.

- The quorum for each meeting shall be at least two (2) independent members.

- The Company Secretary shall be the Secretary to the AC.

- Minutes of each meeting will be circulated to each member of the AC and the AC Chairman shall report on each meeting to the Board.

TERMS OF REFERENCE

Authority

a) The AC is authorized by the Board of Directors with the authority to investigate any matter within its terms of reference and shall have unlimited access to both the Internal and External Auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.

b) The Committee shall have unlimited access to any records, information and documents relevant to its activities, to the Internal and External Auditors, and to senior management of the Group.

c) The Committee shall, at the Company's expense, have the authority to obtain independent legal or other professional advice as it considers necessary.

d) The Committee shall be able to convene meetings with the External/Internal Auditors, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.

e) The Audit Committee shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

f) The Company shall have the resources which are required to perform its duties.

Duties and Responsibilities

The duties and responsibilities of the AC shall include:

a) to recommend the appointment of the External Auditors, their audit fee and any question of their resignation or dismissal to the Directors of the Company;

b) to discuss and review with the External Auditors, the audit plan, the nature and scope of the audit and the areas of audits of the Group and to ensure co-ordination where more than one (1) audit firm is involved;

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Duties and Responsibilities *cont'd*

c) to review the annual audited financial statements of the Group and quarterly results of the Group and before submission to the Board of Directors, focusing particularly on:

- public announcements of results and dividend payment;
- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumptions;
- compliance with accounting standards; and
- compliance with stock exchange and legal requirements.

d) to discuss problems and reservations arising from the interim and final audits and any other matters the External/ Internal Auditors may wish to discuss (in the absence of the Management and employees of the Company);

e) to review the Internal Audit programme, processes, the results of the Internal Audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;

f) to review and report the adequacy of the scope, functions, competency and resources of the Internal Audit function and to ensure that it has the necessary authority to carry out its works;

g) to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;

h) to review the appraisal or assessment of the performance of the staff of the Internal Audit function; to approve any appointment or termination of senior staff of the Internal Audit function, if applicable;

i) to verify the allocation of Employees' Share Option Scheme (ESOS) in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

j) to keep under review the effectiveness of internal control system and in particular, review External Auditors' management letter and management's response;

k) to review any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

l) to carry out such other functions and consider other topics, as may be agreed upon by the Board of Directors.

Reporting Procedures

The AC is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Company Secretary shall circulate the minutes of meetings of the AC to all members of the Board of Directors.

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Summary of Activities

In line with the terms of reference of the AC, the following activities were carried out by the Committee for the financial year ended 31 December 2010 under review in accordance with its functions and duties:-

Internal Audit

- reviewed the Internal Audit plan, resources and scope of audit;
- reviewed the major findings of Internal Audit reports and their recommendations relating thereto; and
- reviewed the Group's systems and practices for the identification and management of risk.

Financial Results

- reviewed the annual audited financial statements of the Group, quarterly results of the Group and thereafter, recommend to the Board for approval; and
- reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

External Audit

- reviewed the suitability of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof;
- discussed and reviewed the External Auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
- reviewed the External Auditors' evaluation of the system of internal controls;
- reviewed the External Auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate actions is being taken; and
- reviewed the External Auditors' audit report.

Related Party Transactions

- reviewed the recurrent related party transactions of a revenue nature that had arisen within the Group and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were carried out on normal commercial terms which were not prejudicial to the interests of the shareholders and that the terms of the related party transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

INTERNAL AUDIT FUNCTION

The Company recognised that an Internal Audit function is essential to ensure the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The Company's Internal Audit function is outsourced to an independent consultant at a cost amounted to RM31,500.00 for the FYE 31 December 2010 to assist the Audit Committee. The function which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Audit function reports directly to the Audit Committee and assists the Board in monitoring the internal controls and mitigate the risks.

In year 2010, a total of three (3) audit reviews were carried out.

Remuneration Committee Report

REMUNERATION COMMITTEE AND TERMS OF REFERENCE

The Remuneration Committee comprises of the following Directors:-

Chiam Soon Hock
Chairman
Independent Non-Executive Director

Yu Soo Chye @ Yee Soo Chye
Member
Group Managing Director

Yau Ming Teck
Member
Independent Non-Executive Director

The Terms of Reference of the Remuneration Committee (RC) are as follows:

1. **Objectives**

   In accordance with the Malaysian Code on Corporate Governance, the RC is set up to provide recommendations to the Board on the remuneration of the Executive Directors in all its forms so that the remuneration are structured to link rewards to corporate and individual performance.

   Executive Directors should play no part in decisions on their own remuneration while the remuneration of the Non-Executive Directors should be a matter solely for the Board as a whole to determine. The individuals concerned should abstain from discussion and voting on their own remuneration.

2. **Size and Composition**

   The RC shall consist wholly or mainly of Non-Executive Directors. The members of the RC shall elect a Chairman from amongst its members who shall be a Non-Executive Director. The members of the RC shall consist not less than three (3) members. If the number of members for any reasons fall below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. **Meetings and Procedures**

   The RC shall meet at least once a year. The quorum of the meeting shall be two (2) Non-Executive Directors. The RC will decide its own procedures and other administrative arrangements. The Chairman of the RC will report to the Board after each RC meeting.

4. **Secretary**

   The Company Secretary shall act as Secretary to the RC and shall be responsible for keeping minutes of meetings of the RC and circulating them to the RC members.

5. **Duties and Responsibilities**

   i. to determine and agree with the Board the framework or broad policy for the remuneration, in all forms, of the Executive Directors and/or any other persons as the RC is designated to consider by the Board and getting professional advice as and when necessary;

   ii. to determine and recommend to the Board any performance related pay schemes for the Executive Directors and/or any other persons as the RC is designated to consider by the Board;

Remuneration Committee Report
cont'd

REMUNERATION COMMITTEE AND TERMS OF REFERENCE *cont'd*

5. Duties and Responsibilities *cont'd*

iii. to determine the policy for and scope of service agreements for the Executive and Non-Executive Directors, termination payment and compensation commitments;

iv. to recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities;

v. to produce any required reports as may be required from time to time; and

vi. to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

6. Circular Resolution

A resolution in writing signed by all the RC Members shall be as effective for all purposes as a resolution passed at a meeting of the RC duly convened, held and constituted. In case any RC Member is absent from Malaysia a resolution signed by the other RC Members, (not being less than two (2)), shall be valid and effectual.

During the FYE 31 December 2010, one (1) meeting was held, which was attended by all members of the RC.

Nominating Committee Report

The Nominating Committee comprises of the following Directors:-

Yau Ming Teck
Chairman
Independent Non-Executive Director

Koong Lin Loong
Member
Independent Non-Executive Director

Chiam Soon Hock
Member
Independent Non-Executive Director

The Terms of Reference of the Nominating Committee (NC) are as follows:

1. Objectives

In accordance with the Malaysian Code on Corporate Governance, the NC is set up to provide recommendations to the Board candidates for all directorships of the Company. The final decision on the appointment of any Directors of the Company shall be made by the Board.

The NC shall:

- recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the NC should consider the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, the NC should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from Independent Non-Executive Directors;
- consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other Senior Executive or any Director or shareholder; and
- recommend to the Board, Directors to fill the seats on Board Committees.

2. Size and Composition

The NC shall consist wholly of Non-Executive Directors. The members of the NC shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director. The members of the NC shall consist not less than three (3) members. If the number of members for any reasons fall below three (3), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval appropriate Director to fill the vacancy.

3. Meetings and Procedures

The NC shall meet at least once a year. The Meetings are to be held as and when necessary. The quorum of the meeting shall be two (2) members. The NC will decide its own procedures and other administrative arrangements. The Chairman of the NC will report to the Board after each NC meeting.

4. Secretary

The Company Secretary shall act as Secretary to the NC and shall be responsible for keeping minutes of meetings of the NC and circulating them to the NC members.

Nominating Committee Report
cont'd

5. **Duties and Responsibilities**

   i. to review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments thereof and/or the appointment of Directors, as the NC deems necessary;

   ii. to consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and within the bounds of practicability, by any other Senior Executive or any Director or shareholder as well as to make recommendations to put in place the plans for succession;

   iii. to recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;

   iv. to recommend Directors who are retiring by rotation to be put forward for re-election;

   v. to recommend the continuation (or not) in service of any Director who has reached the age of seventy (70);

   vi. to establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of the Board's various committees and the performance of the Group Managing Director and other key Senior Management Officers. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board;

   vii. to recommend to the Board the removal of a Director/Group Managing Director/key Senior Management Officers from the Board/Management if the said Director/Group Managing Director/key Senior Management Officer is ineffective, errant and negligent in discharging his responsibilities;

   viii. to ensure that all the Directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements;

   ix. to recommend to the Board the engagement of the services of such adviser as it deems necessary to fulfil the Board's responsibilities; and

   x. to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

6. **Circular Resolution**

   A resolution in writing signed by all the NC Members shall be as effective for all purposes as a resolution passed at a meeting of the NC duly convened, held and constituted. In case any NC Member is absent from Malaysia a resolution signed by the other NC Members, (not being less than two (2)), shall be valid and effectual.

During the FYE 31 December 2010, one (1) meeting was held, which was attended by all members of the NC.

Statement of Internal Control

Pursuant to Paragraph 15.26(b) of the Listing Requirements, the Board of Directors is pleased to provide the following statement on the state of internal control of the Group, which had been prepared in accordance with the “Statement of Internal Control: Guidance for Directors of Public Listed Companies” (the “Internal Control Guidance”).

RESPONSIBILITY

The Board of Directors recognises the importance of maintaining a sound internal control system covering risk management and the financial, operational and compliance controls to safeguard shareholders’ investments and the Group’s assets. The Board acknowledges that it is responsible for the Group’s system of internal controls to safeguard shareholders’ investments and the Group’s assets and for the continuing review of its adequacy and integrity. Due to the limitations that are inherent in any system of internal controls, those systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has put in place an ongoing process to review the effectiveness, adequacy and integrity of the system of internal controls.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group’s internal control system include:

(a) An organisation structure with clearly defined lines of responsibility, authority and accountability;
(b) Documented internal policies, guidelines, procedures and manuals, which are updated from time to time;
(c) Regular Board and management meetings where information is provided to the Board and management covering financial performance and operation;
(d) Quarterly review of financial results by the Board and Audit Committee;
(e) Regular training and development programs attended by employees with the objective of enhancing their knowledge and competency;
(f) Existence of risk management team to enhance its risk management practice; and
(g) Ongoing reviews on the system of internal controls by an independent internal audit function. Results of such reviews are reported to the Audit Committee, which in turn reports to the Board.

In addition, the Executive Directors have day to day involvement with the business and are responsible for monitoring risks affecting the business and control activities.

INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit function to a professional firm of consultants to support its internal audit function to provide much of the assurance required regarding the effectiveness as well as the adequacy and integrity of the Group’s system of internal controls. Internal audit function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group. The internal audit plan was presented to and approved by Audit Committee. Periodic internal audit review is carried out and the audit findings are presented to the Audit Committee via internal audit reports whilst Management formulates action plans to address issues noted from internal audit to improve the system of internal controls.

Based on the internal auditors’ report for the FYE 31 December 2010, there is a reasonable assurance that the Group’s system of internal controls is generally adequate. Nevertheless, the internal control systems will continue to be reviewed, added on or updated in line with changes in the operating environment.

Statement of Internal Control
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the FYE 31 December 2010 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board having considered all audit findings is of the opinion that the Group's system of internal controls is adequate and accords with the guidance provided by the "Internal Control Guidance". The Management will endeavour to take the necessary measures to strengthen the control environment within the Group.

This statement was made in accordance with a Board of Directors' resolution dated 16 May 2011.

Other Information

1. **NON AUDIT FEES**
There was no non audit-fees paid/payable to External Auditors and its affiliates for the FYE 31 December 2010.

2. **REVALUATION POLICY ON LANDED PROPERTIES**
The Group has not adopted any revaluation policy on landed properties.

3. **SHARE BUY BACKS**
There was no share buy-back during the FYE 31 December 2010.

4. **SANCTIONS AND/OR PENALTIES IMPOSED**
There was no public sanctions and/or penalties imposed on the Company and its other subsidiaries, Directors or management by any other relevant authorities.

5. **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)**
The Company did not sponsor any ADR or GDR programme during the financial year.

6. **MATERIAL CONTRACTS**
During the financial year, there were no material contracts entered into by the Company or its subsidiary companies involving Directors and major shareholders of the Company that have not been reflected in the financial statement for the FYE 31 December 2010.

7. **VARIATION IN RESULTS**
There was no material variance between the results for the financial year and the unaudited results previously announced.

8. **PROFIT ESTIMATE, FORECAST OR PROJECTION**
There was no profit estimate, forecast and projection made or released by the Company during the FYE 31 December 2010.

9. **UTILIZATION OF PROCEEDS**
As at the date of this report, the status of utilization of the proceeds are as follows:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe	Balance Unutilized RM'000
Capital Expenditure and Business expansion plan	6,050	1,249	within 2 years after listing	4,801
Working capital	3,310	2,467*	within 2 years after listing	843
Repayment of borrowings	2,000	2,000	-	-
Estimated listing expenses	1,727	1,727	upon listing	-
Total	**13,087**	**7,443**		**5,644**

Note:
* *inclusive of excess in listing expenses amounting to RM298,000.*

Other Information
cont'd

10. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the FYE 31 December 2010.

11. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There was no exercise of options, warrants or convertible securities during the financial year ended 31 December 2010.

12. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the forthcoming Sixteenth Annual General Meeting to be held on 30 June 2011, the Company intends to seek the renewal of shareholders' general mandate in respect of recurrent related party transactions of a revenue or trading nature. The details of the general mandate to be sought will be furnished in the Circular to Shareholders dated 3 June 2011 attached to this Annual Report.

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Directors' Report

The Directors of Oversea Enterprise Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the FYE 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after taxation attributable to owners of the Company	(323,961)	(921,611)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM37,620,000 to RM49,000,000 by the allotment of 56,900,000 new ordinary shares of RM0.20 each at an issue price of RM0.23 per ordinary share pursuant to the initial public offering. The new shares issued rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Directors' Report
cont'd

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:-

(a) any charge that has arisen since the end of the financial year which has arisen on the assets of the Group and of the Company which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report
cont'd

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The Directors who served since the date of the last report are as follows:-

YU SOO CHYE @ YEE SOO CHYE
LEE PEK YOKE
KHONG YIK KAM
LEE SENG FAN
YAU MING TECK
CHIAM SOON HOCK
KOONG LIN LOONG

DIRECTORS' INTERESTS

In accordance with the register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	Number Of Ordinary Shares Of RM0.20 Each			
	As At 1.1.2010	**Allotted/ Bought**	**Sold**	**As At 31.12.2010**
DIRECT INTERESTS				
YU SOO CHYE @ YEE SOO CHYE	82,044,270	600,000	-	82,644,270
LEE PEK YOKE	22,255,593	100,000	(2,000,000)	20,355,593
KHONG YIK KAM	12,752,438	-	(3,000,000)	9,752,438
LEE SENG FAN	5,668,496	200,000	-	5,868,496
CHIAM SOON HOCK	-	100,000	-	100,000
KOONG LIN LOONG	-	100,000	-	100,000
INDIRECT INTERESTS				
LEE SENG FAN#	68,150,796	-	(7,500,000)	61,447,796
KHONG YIK KAM##	-	650,000	-	650,000

Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and the shareholdings of his family members pursuant to Section 6A of the Companies Act, 1965 as well as his spouse's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

Deemed interested by virtue of his substantial shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c)of the Companies Act, 1965.

Directors' Report
cont'd

DIRECTORS' INTERESTS *cont'd*

By virtue of their interests in shares in the Company, Yu Soo Chye @ Yee Soo Chye and Lee Seng Fan are deemed to have interests in shares in its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

The other Directors holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Group and the Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 19 APRIL 2011

YU SOO CHYE @ YEE SOO CHYE **KHONG YIK KAM**

Statement by Directors

We, Yu Soo Chye @ Yee Soo Chye and Khong Yik Kam, being two of the Directors of Oversea Enterprise Berhad, state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flows for the FYE 31 December 2010.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 19 APRIL 2011

YU SOO CHYE @ YEE SOO CHYE

KHONG YIK KAM

Statutory Declaration

I, Yu Soo Chye @ Yee Soo Chye, I/C No. 450307-08-5175, being the Director primarily responsible for the financial management of Oversea Enterprise Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Yu Soo Chye @ Yee Soo Chye, I/C No. 450307-08-5175
at Kuala Lumpur in the Federal Territory
on this 19 APRIL 2011

YU SOO CHYE @ YEE SOO CHYE

Before me

Independent Auditors' Report
to the Members of Oversea Enterprise Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Oversea Enterprise Berhad, which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 99.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report
to the Members of Oversea Enterprise Berhad
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *cont'd*

The supplementary information set out in Note 43 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CROWE HORWATH
Firm No: AF 1018
Chartered Accountants

LEE KOK WAI
Approval No: 2760/06/12 (J)
Chartered Accountant

19 April 2011
Kuala Lumpur

Statements of Financial Position
at 31 December 2010

	Note	The Group 2010 RM	The Group 2009 RM (Restated)	The Company 2010 RM	The Company 2009 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	37,720,010	37,620,010
Property, plant and equipment	6	29,262,535	29,615,075	-	-
Investment properties	7	7,722,404	7,722,404	-	-
Other investments	8	1,021,602	653,062	-	-
Intangible asset	9	71,541	82,826	-	-
Long-term receivables	10	250,124	32,000	-	-
Goodwill on consolidation	11	91,999	-	-	-
		38,420,205	38,105,367	37,720,010	37,620,010
CURRENT ASSETS					
Inventories	12	5,346,873	5,165,018	-	-
Trade receivables	13	3,061,359	3,439,059	-	-
Other receivables, deposits and prepayments	14	2,843,089	2,312,827	93,000	199,432
Amount owing by subsidiaries	15	-	-	5,220,110	-
Tax refundable		2,321,585	1,289,732	42,858	-
Fixed deposits with licensed banks	16	9,597,804	3,302,398	5,070,624	-
Cash and bank balances		4,862,024	5,946,262	394,399	4
		28,032,734	21,455,296	10,820,991	199,436
TOTAL ASSETS		66,452,939	59,560,663	48,541,001	37,819,446

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

Statements of Financial Position
at 31 December 2010
cont'd

	Note	The Group 2010 RM	The Group 2009 RM (Restated)	The Company 2010 RM	The Company 2009 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	49,000,000	37,620,000	49,000,000	37,620,000
Reserves	18	2,992,501	1,910,365	(614,524)	(731,070)
TOTAL EQUITY		51,992,501	39,530,365	48,385,476	36,888,930
NON-CURRENT LIABILITIES					
Long-term borrowings	19	1,933,597	7,309,024	-	-
Deferred tax liabilities	22	647,882	686,500	-	-
		2,581,479	7,995,524	-	-
CURRENT LIABILITIES					
Trade payables	23	4,696,921	6,106,876	-	-
Other payables and accruals	24	3,577,207	4,341,368	100,000	39,002
Amount owing to a subsidiary	15	-	-	55,525	891,502
Amount owing to directors	25	156,847	8,486	-	12
Short-term borrowings	26	3,431,621	715,913	-	-
Bank overdrafts	27	16,363	853,798	-	-
Provision for taxation		-	8,333	-	-
		11,878,959	12,034,774	155,525	930,516
TOTAL LIABILITIES		14,460,438	20,030,298	155,525	930,516
TOTAL EQUITY AND LIABILITIES		66,452,939	59,560,663	48,541,001	37,819,446

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

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2010

	Note	The Group 2010 RM	The Group 2009 RM	The Company 2010 RM	The Company 2009 RM
REVENUE	28	62,750,057	10,395,635	-	-
COST OF SALES		(29,078,935)	(4,743,983)	-	-
GROSS PROFIT		33,671,122	5,651,652	-	-
OTHER INCOME		4,940,668	3,199,276	115,278	-
		38,611,790	8,850,928	115,278	-
SELLING AND DISTRIBUTION EXPENSES		(29,186,915)	(3,943,413)	(230)	-
ADMINISTRATIVE EXPENSES		(8,441,318)	(2,588,666)	(1,036,659)	(698,832)
FINANCE COSTS		(500,444)	(77,278)	-	-
PROFIT/(LOSS) BEFORE TAXATION	29	483,113	2,241,571	(921,611)	(698,832)
INCOME TAX EXPENSE	30	(807,074)	(298,968)	-	-
(LOSS)/PROFIT AFTER TAXATION		(323,961)	1,942,603	(921,611)	(698,832)
OTHER COMPREHENSIVE INCOME/ (EXPENSES):					
- fair value changes of available-for-sale financial assets		409,486	-	-	-
- foreign currency translation		(600)	-	-	-
		408,886	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		84,925	1,942,603	(921,611)	(698,832)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(323,961)	1,942,603	(921,611)	(698,832)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		84,925	1,942,603	(921,611)	(698,832)
(LOSS)/EARNINGS PER SHARE (SEN)	31				
- Basic		(0.14)	6.21	-	-
- Diluted		N/A	N/A	-	-

NOTE:-
N/A - Not Applicable.

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

Statements of Changes in Equity
for the Financial Year Ended 31 December 2010

The Group	Note	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Foreign Exchange Translation Reserve RM	(Accumulated Losses)/ Retained Profits RM	Total RM
			← Non-Distributable		→	Distributable	
Balance at 1.1.2009		4	-	-	-	(32,238)	(32,234)
Transaction with owners:							
- shares issued pursuant to the acquisition of subsidiaries	17	37,619,996	-	-	-	-	37,619,996
Total comprehensive income for the financial year		-	-	-	-	1,942,603	1,942,603
Balance at 31.12.2009		37,620,000	-	-	-	1,910,365	39,530,365
Effect of adopting FRS 139	3(a)(iv)	-	-	(40,946)	-	-	(40,946)
Balance at 1.1.2010 - restated		37,620,000	-	(40,946)	-	1,910,365	39,489,419
Transactions with owners:							
- shares issued pursuant to the initial public Offering	17	11,380,000	1,707,000	-	-	-	13,087,000
- listing expenses set off against share premium^		-	(668,843)	-	-	-	(668,843)
		11,380,000	1,038,157	-	-	-	12,418,157
Total comprehensive income for the financial year		-	-	409,486	(600)	(323,961)	84,925
Balance at 31.12.2010		49,000,000	1,038,157	368,540	(600)	1,586,404	51,992,501

NOTE:-
^ - *Represents expenses not recognised in profit or loss.*

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

Statements of Changes in Equity
for the Financial Year Ended 31 December 2010
cont'd

The Company	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Accumulated Losses RM	Total RM
Balance at 1.1.2009		4	-	(32,238)	(32,234)
Transaction with owners:					
- shares issued pursuant to the acquisition of subsidiaries	17	37,619,996	-	-	37,619,996
Total comprehensive expenses for the financial year		-	-	(698,832)	(698,832)
Balance at 31.12.2009/1.1.2010		37,620,000	-	(731,070)	36,888,930
Transactions with owners:					
- shares issued pursuant to the initial public offering	17	11,380,000	1,707,000	-	13,087,000
- listing expenses set off against share premium^		-	(668,843)	-	(668,843)
		11,380,000	1,038,157	-	12,418,157
Total comprehensive expenses for the financial year		-	-	(921,611)	(921,611)
Balance at 31.12.2010		49,000,000	1,038,157	(1,652,681)	48,385,476

NOTE:-

^ - *Represents expenses not recognised in profit or loss*

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

Statements of Cash Flows
for the Financial Year Ended 31 December 2010

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	483,113	2,241,571	(921,611)	(698,832)
Adjustments for:-				
Amortisation of intangible asset	13,862	6,309	-	-
Bad debts written off	-	3,808	-	-
Depreciation of property, plant and equipment	2,753,482	522,506	-	-
Impairment loss on:				
- goodwill on consolidation	-	772,326	-	-
- trade and other receivables	64,891	50,110	-	-
Interest expense	487,632	76,932	-	-
Listing expenses	696,905	658,951	696,905	658,951
Property, plant and equipment written off	2,083	-	-	-
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of subsidiaries	-	(3,025,071)	-	-
Gain on disposal of property, plant and equipment	(3,705)	(18,999)	-	-
Interest income	(190,415)	(9,731)	(73,817)	-
Writeback of impairment loss on trade receivables	(16,743)	(57,338)	-	-
Operating profit/(loss) before working capital changes	4,291,105	1,221,374	(298,523)	(39,881)
(Increase)/Decrease in inventories	(181,855)	186,751	-	-
(Increase)/Decrease in trade and other receivables	(137,794)	35,454,609	106,432	(199,432)
(Decrease)/Increase in trade and other payables	(3,693,508)	(29,171,532)	60,998	38,002
CASH FROM/(FOR) OPERATIONS	277,948	7,691,202	(131,093)	(201,311)
Income tax paid	(1,885,878)	(345,462)	(42,858)	-
Interest paid	(51,034)	(7,034)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	(1,658,964)	7,338,706	(173,951)	(201,311)

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

Statements of Cash Flows

for the Financial Year Ended 31 December 2010

cont'd

		The Group		The Company	
	Note	2010	2009	2010	2009
		RM	RM	RM	RM
NET CASH (FOR)/FROM OPERATING ACTIVITIES BROUGHT FORWARD		(1,658,964)	7,338,706	(173,951)	(201,311)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(5,220,110)	-
Interest received		190,415	9,731	73,817	-
Incorporation of a subsidiary	32	-	-	(2)	-
Additional investment in a subsidiary	32	-	-	(99,998)	-
Net cash inflows from the acquisition of subsidiaries	32	1,146,353	4,735,009	-	(14)
Payment for intangible asset		(2,577)	(2,364)	-	-
Proceeds from disposal of property, plant and equipment		7,500	19,001	-	-
Purchase of property, plant and equipment		(2,406,820)	(2,876,663)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,065,129)	1,884,714	(5,246,293)	(14)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
(Repayment to)/Advances from subsidiaries		-	-	(835,977)	860,264
Advances from/(Repayment to)directors		148,361	8,486	(12)	12
Proceeds from issuance of shares		13,087,000	-	13,087,000	-
Interest paid		(436,598)	(69,898)	-	-
Listing expenses paid		(1,365,748)	(658,951)	(1,365,748)	(658,951)
Repayment of hire purchase obligations		(114,004)	(18,465)	-	-
Repayment of term loans		(2,545,715)	(89,734)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		8,773,296	(828,562)	10,885,263	201,325
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,049,203	8,394,858	5,465,019	-
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(600)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		8,394,862	4	4	4
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	14,443,465	8,394,862	5,465,023	4

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

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010

1. **GENERAL INFORMATION**

The Company is a public company limited by shares and is incorporated under the Companies Act, 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 19 April 2010.

2. **PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. **BASIS OF PREPARATION**

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

3. **BASIS OF PREPARATION** *cont'd*

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):- *cont'd*

FRSs and IC Interpretations (including the Consequential Amendments)

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 has no material impact on the financial statements of the Group during the financial year.

(ii) The FRS 7 requires additional disclosures about the Group's financial instruments. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(iii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 39(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

3. **BASIS OF PREPARATION** *cont'd*

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:- *cont'd*

(iv) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments. The financial impact to the financial statements is summarised as follows:-

	The Group At 1.1.2010 RM
Fair value reserve	
Fair value of non-current quoted shares	40,946

Prior to 1 January 2010, investments in non-current quoted shares were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, these quoted investments are designated as available-for-sale financial assets and are measured at their fair values at the end of each reporting period. The adjustment to the previous carrying amounts is recognised to the fair value reserve.

(v) The Group has adopted the amendments made to FRS 117 – Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments. The earliest comparative period of the Group was in respect of financial year ended 31 December 2009.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

3. **BASIS OF PREPARATION** *cont'd*

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- *cont'd*

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2011
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interprétation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for its future transactions or arrangements.

4. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(a) **Critical Accounting Estimates and Judgements** *cont'd*

(i) ***Depreciation of Property, Plant and Equipment*** *cont'd*

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development may impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) ***Income Taxes***

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) ***Impairment of Non-Financial Assets***

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) ***Allowance for Inventories***

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) ***Impairment of Trade and Other Receivable*****s**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) ***Impairment of Available-for-Sale Financial Assets***

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Critical Accounting Estimates and Judgements *cont'd*

(vii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(viii) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ix) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(x) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Basis of Consolidation *cont'd*

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(c) Goodwill on Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Functional and Foreign Currencies *cont'd*

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

  As at the end of the reporting period, there were no financial assets classified under this category.

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(e) **Financial Instruments** *cont'd*

(i) Financial Assets *cont'd*

- *Held-to-Maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-Sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Financial Instruments *cont'd*

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2%
Long leasehold land	Over the lease periods
Plant and machinery	20%
Motor vehicles	20%
Renovation, furniture and fittings	10 - 20%
Equipment and electrical installation	10 - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Property, Plant and Equipment *cont'd*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets is recognised in profit or loss.

In the previous financial year, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Group adopted the amendments made to FRS 117 - Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

(h) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

(i) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Intangible Assets *cont'd*

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(i) Trademarks

The purchased trademark is stated at cost less accumulated amortisation and impairment losses, if any. The trademark is amortised over its remaining useful life. In the event that the expected future economic benefits are no longer probable of being recovered, the trademark is written down to its recoverable amount.

(j) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Impairment *cont'd*

(ii) Impairment of Non-Financial Assets *cont'd*

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(g). Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income over the periods of the respective hire purchase agreements.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(n) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Income Taxes *cont'd*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(q) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(r) Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-
   (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   (ii) has an interest in the entity that gives it significant influence over the entity; or
   (iii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(s) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(t) Revenue Recognition

(i) Sale of Food and Beverages

Revenue is recognised upon delivery of food and beverages and customers' acceptance, and where applicable, net of service charge and service tax.

(ii) Service Fee Income

Service fee income represents service charge to customers at the Group's restaurants and is recognised at the point of sales.

(iii) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(vi) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

4. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

(t) **Revenue Recognition** *cont'd*

(v) **Rental Income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements unless collectability is in doubt.

(u) **Operating Segments**

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

5. **INVESTMENTS IN SUBSIDIARIES**

	The Company	
	2010	2009
	RM	RM
Unquoted shares, at cost	37,720,010	37,620,010

Details of the subsidiaries, are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Restoran Oversea (Imbi) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (P.J.) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Subang Parade) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea (Jaya 1) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Haewaytian Restaurant Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Restoran Tsim Tung Sdn. Bhd.	Malaysia	100	100	Restaurant operator.
Haewaytian Cake House Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.
Haewaytian Food Industries Sdn. Bhd.	Malaysia	100	100	Distributor of food products.
Restoran Oversea Confectioneries Sdn. Bhd.	Malaysia	100	100	Manufacturer and wholesaler of confectioneries.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

5. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of Company	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Tenshou International Sdn. Bhd. (formerly known as Tenshou Trading Sdn. Bhd.)	Malaysia	100	100	Retailer of foodstuff.
Haewaytian Trading Sdn. Bhd.	Malaysia	100	100	Distributing general products.
Restoran Oversea Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding.
Restoran Oversea JV (Singapore) Sdn. Bhd.	Malaysia	100	-	Investment holding.
Grand Ocean Restaurant Pte. Ltd. # ^	Singapore	100	-	Restaurant operator.

NOTE:-

\# *Not audited by Messrs. Crowe Horwath.*

^ *Held through Restoran Oversea JV (Singapore) Sdn. Bhd.*

6. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2010 RM	Additions RM	Disposals RM	Write Off RM	Depreciation Charge RM	At 31.12.2010 RM
THE GROUP						
NET BOOK VALUE						
Freehold land	2,618,988	-	-	-	-	2,618,988
Freehold buildings	6,918,706	20,521	-	-	(139,524)	6,799,703
Long leasehold land	2,745,604	-	-	-	(34,527)	2,711,077
Long leasehold buildings	5,285,179	-	-	-	(61,833)	5,223,346
Plant and machinery	407,010	72,131	-	-	(199,520)	279,621
Motor vehicles	662,580	-	-	-	(202,367)	460,213
Renovation, furniture and fittings	7,009,877	534,870	(502)	-	(1,186,575)	6,357,670
Equipment and electrical installation	3,967,131	352,548	(3,293)	(2,083)	(929,136)	3,385,167
Capital work-in-progress	-	1,426,750	-	-	-	1,426,750
	29,615,075	2,406,820	(3,795)	(2,083)	(2,753,482)	29,262,535

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

6. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	At 1.1.2009 RM	Acquisition Of Subsidiaries RM	Additions RM	Disposal RM	Depreciation Charge RM	At 31.12.2009 RM
THE GROUP						
NET BOOK VALUE						
Freehold land	-	2,618,988	-	-	-	2,618,988
Freehold buildings	-	6,931,230	22,091	-	(34,615)	6,918,706
Long leasehold land	-	2,757,975	-	-	(12,371)	2,745,604
Long leasehold buildings	-	5,286,232	-	-	(1,053)	5,285,179
Plant and machinery	-	412,790	33,800	-	(39,580)	407,010
Motor vehicles	-	712,585	-	(2)	(50,003)	662,580
Renovation, furniture and fittings	-	5,775,323	1,450,277	-	(215,723)	7,009,877
Equipment and electrical installation	-	2,765,797	1,370,495	-	(169,161)	3,967,131
	-	27,260,920	2,876,663	(2)	(522,506)	29,615,075

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
AT 31.12.2010			
Freehold land	2,618,988	-	2,618,988
Freehold buildings	6,987,742	(188,039)	6,799,703
Long leasehold land	2,854,460	(143,383)	2,711,077
Long leasehold buildings	5,351,968	(128,622)	5,223,346
Plant and machinery	7,247,942	(6,968,321)	279,621
Motor vehicles	2,432,508	(1,972,295)	460,213
Renovation, furniture and fittings	17,206,111	(10,848,441)	6,357,670
Equipment and electrical installation	11,568,963	(8,183,796)	3,385,167
Capital work-in-progress	1,426,750	-	1,426,750
	57,695,432	(28,432,897)	29,262,535

6. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
AT 31.12.2009			
Freehold land	2,618,988	-	2,618,988
Freehold buildings	6,967,221	(48,515)	6,918,706
Long leasehold land	2,854,460	(108,856)	2,745,604
Long leasehold buildings	5,351,968	(66,789)	5,285,179
Plant and machinery	7,175,811	(6,768,801)	407,010
Motor vehicles	2,432,508	(1,769,928)	662,580
Renovation, furniture and fittings	16,724,221	(9,714,344)	7,009,877
Equipment and electrical installation	11,225,184	(7,258,053)	3,967,131
	55,350,361	(25,735,286)	29,615,075

The net book value of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	The Group	
	2010 RM	2009 RM
Freehold land	2,053,988	2,053,988
Freehold buildings	6,650,903	6,766,806
Long leasehold land	2,236,330	2,263,426
Long leasehold buildings	4,902,662	4,962,298
	15,843,883	16,046,518

Included in the property, plant and equipment are motor vehicles with a total net book value of RM434,027 (2009 - RM567,551) which were acquired under hire purchase terms.

7. INVESTMENT PROPERTIES

	The Group	
	2010 RM	2009 RM
At 1 January	7,722,404	-
Arising from acquisition of subsidiaries	-	7,722,404
At 31 December	7,722,404	7,722,404

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

7. INVESTMENT PROPERTIES *cont'd*

Investment properties comprise the following:-

	The Group	
	2010	2009
	RM	RM
At fair value:-		
Freehold land and buildings	7,549,500	7,549,500
Long leasehold land and buildings	172,904	172,904
	7,722,404	7,722,404

Investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting date. Valuations were performed by independent valuers based on the open market value basis.

The following investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group:-

	The Group	
	2010	2009
	RM	RM
Freehold land and buildings	5,950,000	5,950,000

8. OTHER INVESTMENTS

	The Group	
	2010	2009
	RM	RM
At 1 January:		
- as previously stated	653,062	-
- fair value adjustment upon adoption of FRS 139	(40,946)	-
As restated	612,116	-
Arising from acquisition of subsidiaries	-	694,236
Accumulated impairment loss arising from acquisition of subsidiaries	-	(41,174)
Fair value adjustment	409,486	-
At 31 December	1,021,602	653,062

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

8. OTHER INVESTMENTS *cont'd*

Other investments comprise the following:-

	The Group	
	2010	**2009**
	RM	**RM**
At cost:-		
Quoted shares in Malaysia, net of impairment loss	-	545,292
Golf club membership	-	107,770
	-	653,062
At fair value:-		
Quoted shares in Malaysia	913,832	-
Golf club membership	107,770	-
	1,021,602	-
	1,021,602	653,062
Market value of quoted shares in Malaysia	913,832	504,346

Upon adoption of FRS 139 during the financial year, the Company designated its investments that were previously measured using the cost model as available-for-sale financial assets and are measured at fair value.

9. INTANGIBLE ASSET

	The Group	
	2010	**2009**
	RM	**RM**
Trademark, at cost:-		
At 1 January	104,385	-
Arising from acquisition of subsidiaries	-	102,021
Addition during the financial year	2,577	2,364
At 31 December	106,962	104,385
Amortisation of intangible asset	(35,421)	(21,559)
	71,541	82,826
Amortisation of intangible asset:-		
At 1 January	(21,559)	-
Arising from acquisition of subsidiaries	-	(15,250)
Amortisation during the financial year	(13,862)	(6,309)
At 31 December	(35,421)	(21,559)

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

10. LONG-TERM RECEIVABLES

Long-term receivables comprise staff loans as follows:-

	The Group	
	2010	2009
	RM	RM
Minimum staff loan repayments:		
- within one year	187,547	413,450
- within two to five years	223,800	32,000
- more than five years	98,744	-
	510,091	445,450
Less: Prepaid operating expenses	(72,420)	-
	437,671	445,450

The fair value of staff loans are repayable as follows:-.

	The Group	
	2010	2009
	RM	RM
Current (Note 14):		
- within one year	187,547	413,450
Non-current:		
- within two to five years	186,812	32,000
- more than five years	63,312	-
	250,124	32,000
	437,671	445,450
Prepaid operating expenses:-		
At 1 January	-	-
Recognised in profit or loss during the financial year	(72,420)	-
At 31 December	(72,420)	-

The staff loans are unsecured, interest-free and to be settled by cash. The staff loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

11. GOODWILL ON CONSOLIDATION

	The Group	
	2010	**2009**
	RM	**RM**
At 1 January	-	-
Arising from acquisition of a subsidiary	91,999	-
At 31 December	91,999	-

(a) Allocation Of Goodwill On Consolidation

The goodwill arose from the acquisition Grand Ocean Restaurant Pte. Ltd. ("GOR"), a wholly-owned subsidiary of the Company. GOR was incorporated in Singapore and has been identified as the Group's Cash Generating Unit ("CGU") according to the country of operation.

(b) Impairment Test For Goodwill On Consolidation

Goodwill on consolidation is stated at cost and is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of the goodwill on consolidation of GOR. No impairment loss on goodwill is recognised during the current financial year as the recoverable amount of the goodwill is higher than its carrying amount.

The recoverable amount of the goodwill was determined based on value-in-use calculations using cash flow projection based on financial budget approved by the management covering a period of one (1) year.

Management determined the budgeted gross margin and growth rate based on the past experience and its expectations of market development. The discount rate used is based on the average market borrowing rate of 8%.

(c) Sensitivity To Changes In Assumptions

With regard to the assessment of the value-in-use of the CGU, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

12. INVENTORIES

	The Group	
	2010	**2009**
	RM	**RM**
At Cost:-		
Food	4,242,437	2,508,112
Beverages	183,637	126,518
Raw materials	800,942	2,440,069
Packing materials	91,485	56,795
Finished goods	28,372	33,524
	5,346,873	5,165,018

None of the inventories is carried at net realisable value.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

13. TRADE RECEIVABLES

	The Group	
	2010	2009
	RM	RM
Trade receivables	3,899,005	4,244,557
Allowance for impairment losses	(837,646)	(805,498)
	3,061,359	3,439,059
Allowance for impairment losses:-		
At 1 January	(805,498)	-
Arising from acquisition of subsidiaries	-	(812,726)
Addition during the financial year	(48,891)	(50,110)
Writeback during the financial year	16,743	57,338
At 31 December	(837,646)	(805,498)

The Group's normal trade credit terms range from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

14. OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other receivables	101,516	74,875	-	271
Long-term receivables (Note 10)	187,547	413,450	-	-
Deposits	2,306,129	1,500,508	93,000	199,161
Prepayments	263,897	323,994	-	-
	2,859,089	2,312,827	93,000	199,432
Less: Allowance for impairment losses	(16,000)	-	-	-
	2,843,089	2,312,827	93,000	199,432
Allowance for impairment losses:-				
At 1 January	-	-	-	-
Addition during the financial year	(16,000)	-	-	-
At 31 December	(16,000)	-	-	-

15. AMOUNTS OWING (BY)/TO SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks bore effective interest rates ranging from 2.00% - 3.25% (2009 – 1.50% to 3.50%) per annum at the end of the reporting period. The fixed deposits have maturity periods ranging from 1 to 24 months (2009 – 1 to 24 months).

The fixed deposits of RM314,713 (2009 – RM302,916) have been pledged to licensed banks as security for banking facilities granted to the Group.

The fixed deposits of RM115,232 (2009 – RM112,443) at the end of the reporting period were held in trust for the Group by a Director. The fixed deposits will be transferred to the Group upon the maturity date of the fixed deposits or at a time to be directed by the Group.

17. SHARE CAPITAL

	Par Value RM	The Company 2010 Number Of Shares	2009 Number Of Shares	2010 RM	2009 RM
AUTHORISED					
Ordinary shares					
At 1 January	1.00	-	100,000	-	100,000
At 1 January	0.20	500,000,000	-	100,000,000	-
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.20 each	0.20	-	400,000	-	-
Created during the financial year	0.20	-	499,500,000	-	99,900,000
At 31 December	0.20	500,000,000	500,000,000	100,000,000	100,000,000
ISSUED AND FULLY PAID-UP					
Ordinary shares					
At 1 January	1.00	-	4	-	4
At 1 January	0.20	188,100,000	-	37,620,000	-
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.20 each	0.20	-	16	-	-
Allotment of shares pursuant to the initial public offering	0.20	56,900,000	188,099,980	11,380,000	37,619,996
At 31 December	0.20	245,000,000	188,100,000	49,000,000	37,620,000

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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17. SHARE CAPITAL *cont'd*

During the financial year, the Company increased its issued and paid-up share capital from RM37,620,000 to RM49,000,000 by the allotment of 56,900,000 new ordinary shares of RM0.20 each at an issue price of RM0.23 per ordinary share pursuant to the initial public offering. The new shares issued rank pari passu in all respects with the existing shares of the Company.

18. RESERVES

Reserves comprise the following:-

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Share premium	(a)	1,038,157	-	1,038,157	-
Fair value reserve	(b)	368,540	-	-	-
Foreign exchange translation reserve	(c)	(600)	-	-	-
Retained profits/(Accumulated losses)		1,586,404	1,910,365	(1,652,681)	(731,070)
		2,992,501	1,910,365	(614,524)	(731,070)

(a) Share Premium

The movements in the share premium of the Group and the Company are as follows:-

	The Group/The Company	
	2010 RM	2009 RM
At 1 January	-	-
Premium arising from public issue	1,707,000	-
Listing expenses	(668,843)	-
At 31 December	1,038,157	-

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

(b) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

(c) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the foreign subsidiary and is not distributable by way of dividends.

Notes to the Financial Statements
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19. LONG-TERM BORROWINGS

	The Group	
	2010	2009
	RM	RM
Hire purchase payables (Note 20)	74,383	195,239
Term loans (Note 21)	1,859,214	7,113,785
	1,933,597	7,309,024

20. HIRE PURCHASE PAYABLES

	The Group	
	2010	2009
	RM	RM
Minimum hire purchase payments:		
- not later than one year	130,490	129,885
- later than one year and not later than five years	76,546	205,232
	207,036	335,117
Less: Future finance charges	(10,947)	(25,024)
Present value of hire purchase payables	196,089	310,093
The net hire purchase payables are repayable as follows:-		
Current (Note 26):		
- not later than one year	121,706	114,854
Non-current (Note 19):		
- later than one year and not later than five years	74,383	195,239
	196,089	310,093

The hire purchase payables bore effective interest rates ranging from 5.27% to 7.21% (2009 – 5.27% to 7.21%) per annum at the end of the reporting period.

21. TERM LOANS

	The Group	
	2010	2009
	RM	RM
Current (Note 26):		
- repayable within one year	3,309,915	601,059
Non-current (Note 19):		
- repayable between one and two years	632,053	604,150
- repayable between two and five years	1,227,161	1,485,755
- repayable after five years	-	5,023,880
	1,859,214	7,113,785
	5,169,129	7,714,844

21. TERM LOANS *cont'd*

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalment	Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding 2010	2009
		RM		RM	RM
1	180	10,526	5.11.2008	1,089,656	1,132,447
2	180	5,196	5.11.2008	537,827	558,983
3	180	5,196	5.11.2008	537,837	558,969
4	180	5,169	5.11.2008	537,888	559,016
5	120	Note 1	14.12.2002	397,304	572,371
6	180	Note 2	28.1.2009	1,859,670	4,063,414
7	180	3,112	5.5.2000	100,397	141,847
8	180	1,679	5.5.2000	54,275	65,985
9	180	1,679	5.5.2000	54,275	61,812
				5,169,129	7,714,844

The term loans bore effective interest rates ranging from 4.80% to 7.50% (2009 – 1.80% to 7.50%) per annum at the end of the reporting period and are secured by:-

(a) a first legal charge over certain properties of the Group as disclosed in Note 6 and Note 7 to the financial statements; and

(b) a joint and several guarantee of certain Directors of the Group.

Notes:-

1. *Term loan 5 is repayable as follows:-*

   (i) *RM15,330 per month from the date of the first drawdown to month 12;*
   (ii) *RM16,529 per month from month 13 to month 24; and*
   (iii) *RM17,494 per month from month 25 to month 120.*

2. *Term loan 6 is repayable as follows:-*

   (i) *RM28,469 per month from the date of the first drawdown to month 12;*
   (ii) *RM32,843 from month 13 to month 24;*
   (iii) *RM36,362 from month 25 to month 120; and*
   (iv) *RM36,277 from month 121 to month 180.*

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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22. DEFERRED TAX LIABILITIES

	The Group	
	2010	**2009**
	RM	**RM**
At 1 January	686,500	-
Arising from acquisition of subsidiaries	-	692,500
Recognised in profit or loss (Note 30)	(38,618)	(6,000)
At 31 December	647,882	686,500

The deferred tax assets/(liability) recognised in the statement of financial position are as follows:-

	The Group	
	2010	**2009**
	RM	**RM**
Deferred tax liability:-		
Accelerated capital allowances over depreciation	1,393,882	843,050
Deferred tax assets:-		
Allowance for impairment losses	(35,000)	(48,000)
Unabsorbed capital allowances	(601,700)	(35,000)
Unutilised tax losses	(109,300)	(73,550)
	(746,000)	(156,550)
	647,882	686,500

No deferred tax assets are recognised at the end of the reporting period on the following items:-

	The Group	
	2010	**2009**
	RM	**RM**
Allowance for impairment losses	96,000	-
Unutilised tax losses	457,000	127,500
	553,000	127,500

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

Included in trade payables of the Group in the previous financial year was an amount of RM55,316 owing to companies in which certain Directors have substantial financial interests. The amount owing was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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24. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group in the previous financial year was an amount of RM18,294 owing to companies in which certain Directors have substantial financial interests. The amount owing was unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

25. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

26. SHORT-TERM BORROWINGS

	The Group	
	2010	2009
	RM	RM
Hire purchase payables (Note 20)	121,706	114,854
Term loans (Note 21)	3,309,915	601,059
	3,431,621	715,913

27. BANK OVERDRAFTS

The bank overdrafts bore an effective interest rate of 7.30% (2009 – 5.55% to 6.55%) per annum at the end of the reporting period.

The bank overdrafts are secured in the same manner as the term loans disclosed in Note 21 to the financial statements.

28. REVENUE

	The Group	
	2010	2009
	RM	RM
Sale of food and beverages	53,611,130	10,370,929
Sale of moon cakes and other baked products	9,113,022	-
Others	25,905	24,706
	62,750,057	10,395,635

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of intangible asset	13,862	6,309	-	-
Audit fee	147,738	38,750	20,000	20,000
Bad debts written off	-	3,808	-	-
Depreciation of property, plant and equipment	2,753,482	522,506	-	-
Directors' fee	108,000	18,000	108,000	18,000
Directors' non-fee emoluments:				-
- salaries, wages, bonuses and allowances	1,269,801	219,140	-	-
- defined contribution plans	133,176	24,412	-	-
Property, plant and equipment written off	2,083	-	-	-
Interest expense:				
- bank overdrafts	51,034	7,034	-	-
- hire purchase	15,895	3,184	-	-
- term loans	420,703	66,714	-	-
Impairment loss on:				
- goodwill on consolidation	-	772,326	-	-
- trade and other receivables	64,891	50,110	-	-
Listing expenses	696,905	658,951	696,905	658,951
Realised loss on foreign exchange	17,833	-	-	-
Rental of premises	4,188,211	798,676	-	-
Rental of plant and machineries	81,571	23,395	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	18,923,416	3,464,292	-	-
- defined contribution plans	1,644,114	306,204	-	-
- other benefits	884,247	141,037	-	-
Gain on disposal of property,				
Gain on disposal of property, plant and equipment	(3,705)	(18,999)	-	-
Interest income	(190,415)	(9,731)	(73,817)	-
Investment property:				
- rental income	(137,260)	(22,000)	-	-
- direct expenses for revenue generating properties	56,730	1,679	-	-
- direct expenses for non-revenue generating properties	-	637	-	-

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

29. PROFIT/(LOSS) BEFORE TAXATION *cont'd*

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Rental income	(3,300)	(380)	-	-
Service fee income	(4,412,151)	(857,413)	-	-
Writeback of impairment loss on trade receivables	(16,743)	(57,338)	-	-
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of subsidiaries	-	(3,025,071)	-	-

Included in the staff costs is an amount of RM72,420 (2009 – Nil) in respect of prepaid operating expenses recognised in profit or loss as disclosed in Note 10 to the financial statements.

30. INCOME TAX EXPENSE

	The Group	
	2010	2009
	RM	RM
Current tax:		
- for the financial year	880,000	316,944
- overprovision in the previous financial year	(34,308)	(11,976)
	845,692	304,968
Deferred taxation (Note 22):		
- relating to origination and reversal of temporary differences	(65,003)	94,000
- under/(over)provision in the previous financial year	26,385	(100,000)
	(38,618)	(6,000)
At 31 December	807,074	298,968

As gazetted in the Finance Act 2009, the Group will no longer enjoy the preferential tax rate of 20% on its chargeable income of up to RM500,000 effective from year of assessment 2010. Therefore, the corporate tax rate applicable to the Group for the current financial year is 25%.

In the previous financial year, the corporate tax rate on the first RM500,000 of chargeable income was 20%. The tax rate applied to the balance of the chargeable income was 25%.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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30. INCOME TAX EXPENSE *cont'd*

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(Loss) before taxation	483,113	2,241,571	(921,611)	(698,832)
Tax at the statutory tax rate of 25%	120,778	560,393	(230,403)	(174,708)
Tax effects of:-				
Non-taxable gains	-	(784,844)	-	-
Non-deductible expenses	598,173	886,792	230,403	174,708
Double deduction	(10,329)	-	-	-
Utilisation of reinvestment allowances	-	(173,579)	-	-
Utilisation of deferred tax assets not recognised in prior years	-	(15,600)	-	-
Deferred tax assets not recognised during the financial year	106,375	-	-	-
(Under)/Overprovision in the previous financial year:				
- current tax	(34,308)	(11,976)	-	-
- deferred tax	26,385	(100,000)	-	-
Differential in tax rates	-	(62,218)	-	-
Tax for the financial year	807,074	298,968	-	-

31. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is arrived at by dividing the Group's loss after tax attributable to the equity holders of the Company of RM323,961 (2009 - profit after taxation of RM1,942,603) by the weighted average number of ordinary shares in issue during the financial year of 232,016,096 (2009 - 31,263,852).

The fully diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

32. ACQUISITION OF SUBSIDIARIES

The details of the changes in the composition of the Group and of the Company during the financial year are as follows:-

(a) On 6 July 2010, the Company subscribed for 2 ordinary shares of RM1 each at par representing a 100% equity interest in Restoran Oversea JV (Singapore) Sdn. Bhd. ("OJV") for a total cash consideration of RM2.

Notes to the Financial Statements
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32. ACQUISITION OF SUBSIDIARIES *cont'd*

The details of the changes in the composition of the Group and of the Company during the financial year are as follows:- *cont'd*

(b) On 15 October 2010, the Company subscribed for the additional 99,998 new ordinary shares of RM1 each at par in OJV for a total cash consideration of RM99,998 to retain its equity interest; and

(c) On 21 October 2010, OJV acquired the entire issued and paid-up share capital of Grand Ocean Restaurant Pte. Ltd. ("GOR") comprising 2 ordinary shares of SGD1 each. On an even date, GOR increased its issued and paid-up share capital from SGD2 to SGD100,000 through the allotment of 99,998 ordinary shares of SGD1 each at par to OJV for a total cash consideration of SGD99,998.

The fair values of the identifiable assets and liabilities of GOR as at the date of acquisition were as follows:-

	At Date of Acquisition	
	Carrying Amount	**Fair Value Recognised**
	RM	**RM**
Other receivables	281,040	281,040
Cash and cash equivalents	1,146,358	1,146,358
Other payables and accruals	(1,519,392)	(1,519,392)
Net identifiable assets and liabilities	(91,994)	(91,994)
Add: Goodwill on acquisition		91,999
Total purchase consideration		5
Less: Cash and cash equivalents of subsidiary acquired		(1,146,358)
Net cash inflow for acquisition of a subsidiary		(1,146,353)

In the previous financial year, the Company had acquired the entire equity interests of 14 companies for a total purchase consideration of RM37,620,010, which were satisfied by a combination of the allotment of 188,099,980 new ordinary shares of RM0.20 each of the Company and cash of RM14, as follows:-

(a) Restoran Oversea (Imbi) Sdn. Bhd.
(b) Restoran Oversea (P.J.) Sdn. Bhd.
(c) Restoran Oversea (Subang Parade) Sdn. Bhd.
(d) Restoran Oversea (Bandar Baru Sri Petaling) Sdn. Bhd.
(e) Restoran Oversea (Jaya 1) Sdn. Bhd.
(f) Haewaytian Restaurant Sdn. Bhd.
(g) Restoran Oversea Dian Xin (Sri Petaling) Sdn. Bhd.
(h) Restoran Tsim Tung Sdn. Bhd.
(i) Haewaytian Cake House Sdn. Bhd.
(j) Haewaytian Food Industries Sdn. Bhd.
(k) Restoran Oversea Confectioneries Sdn. Bhd.
(l) Tenshou International Sdn. Bhd. *(formerly known as Tenshou Trading Sdn. Bhd.)*
(m) Haewaytian Trading Sdn. Bhd.
(n) Restoran Oversea Holdings Sdn. Bhd.

32. ACQUISITION OF SUBSIDIARIES *cont'd*

The effects of net assets acquired and cash flow arising from the acquisition of the subsidiaries in the previous financial year were as follows:-

	At Date of Acquisition	
	Carrying Amount	**Fair Value Recognised**
	RM	**RM**
Property, plant and equipment	24,502,945	24,502,945
Investment properties	7,722,404	7,722,404
Prepaid land lease payments	2,757,975	2,757,975
Other investments	653,062	653,062
Intangible asset	86,771	86,771
Inventories	5,351,769	5,351,769
Trade and other receivables	41,235,075	41,235,075
Tax refundable	1,240,905	1,240,905
Cash and cash equivalents	4,735,023	4,735,023
Trade and other payables	(39,587,538)	(39,587,538)
Borrowings	(8,133,136)	(8,133,136)
Deferred taxation	(692,500)	(692,500)
Net identifiable assets and liabilities	39,872,755	39,872,755
Goodwill on acquisition		772,326
Excess of the acquirer's interest in the net fair valueof the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of subsidiaries		(3,025,071)
Total purchase consideration		37,620,010
Purchase consideration satisfied by the issuance of 188,099,980 new ordinary shares of RM0.20 each		(37,619,996)
Purchase consideration satisfied by cash		14
Less: Cash and cash equivalents of subsidiaries		(4,735,023)
Net cash inflow from acquisition of subsidiaries		(4,735,009)

The acquired subsidiaries have contributed the following results to the Group:-

	2010	**2009**
	RM	**RM**
Revenue	-	10,395,635
(Loss)/Profit after taxation	(213,278)	1,942,603

Notes to the Financial Statements
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32. ACQUISITION OF SUBSIDIARIES *cont'd*

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and (loss)/profit after taxation would have been as follows:-

	2010 RM	2009 RM
Revenue	-	65,053,000
(Loss)/Profit after taxation	(305,277)	5,152,000

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks (Note 16)	9,597,804	3,302,398	5,070,624	-
Cash and bank balances	4,862,024	5,946,262	394,399	4
Bank overdrafts	(16,363)	(853,798)	-	-
	14,443,465	8,394,862	5,465,023	4

34. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by the Directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive Directors:				
- salaries and other emoluments	1,402,977	243,552	-	-
Non-Executive Directors:				
- fee	108,000	18,000	108,000	18,000
	1,510,977	261,552	108,000	18,000

Notes to the Financial Statements
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34. DIRECTORS' REMUNERATION *cont'd*

The number of Directors of the Company whose total remuneration were received from the Group during the financial year within the following bands are analysed as follows:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive Directors:				
- Below RM50,000	-	2	-	-
- RM50,001 – RM100,000	-	1	-	-
- RM100,001 – RM150,000	-	1	-	-
- RM150,001 – RM200,000	2	-	-	-
- RM200,001 – Rm250,000	-	-	-	-
- RM300,001 – RM350,000	1	-	-	-
- RM700,001 – RM750,000	1	-	-	-
Non-Executive Directors:				
- Below RM50,000	3	3	3	3
	7	7	3	3

35. COMMITMENTS

(a) Non-cancellable lease commitments

	The Group	
	2010	2009
	RM	RM
Current:		
- within one year	2,521,825	2,330,380
Non-current:		
- between one and two years	1,220,450	1,750,384
- between two and five years	34,500	727,003
	1,254,950	2,477,387
	3,776,775	4,807,767

The non-cancellable lease commitments are in respect of rental of premises.

(b) Capital commitments

	The Group	
	2010	2009
	RM	RM
Approved and contracted for:-		
Property, plant and equipment	437,000	-

Notes to the Financial Statements
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36. CONTINGENT LIABILITY

	The Company	
	2010	2009
	RM	RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	2,257,000	-

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the key management personnel in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

(i) Restaurants segment - involved in the business as restaurants operator.

(ii) Manufacturing segment - involved in the manufacturing and wholesale of moon cake and other baked products.

(iii) Trading and investment holding segment - involved in the trading of general and food products and providing corporate services and treasury functions.

The key management personnel assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Operating segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets, liabilities and expenses. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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37. OPERATING SEGMENTS *cont'd*

(a) Business Segments

	Restaurants	Manufacturing	Trading and Investment Holding	Elimination	The Group
	RM	RM	RM	RM	RM
THE GROUP					
2010					
REVENUE:					
External revenue	53,611,130	9,113,022	25,905	-	62,750,057
Inter-segment revenue	-	151,150	2,391,747	(2,542,897)	-
Total revenue	53,611,130	9,264,172	2,417,652	(2,542,897)	62,750,057
RESULTS					
Segment results	1,781,363	83,984	(881,790)	-	983,557
Finance costs	(473,500)	(26,944)	-	-	(500,444)
Profit from ordinary activities before taxation					483,113
Income tax expense					(807,074)
Net loss attributable to equity holders of the Company					(323,961)
OTHER INFORMATION					
Segment assets	49,888,095	13,371,778	49,924,356	(49,052,875)	64,131,354
Unallocated asset					2,321,585
Total assets					66,452,939
Segment liabilities	18,742,182	5,318,902	917,903	(11,166,430)	13,812,557
Unallocated liabilities					647,882
Total liabilities					14,460,439
Amortisation	-	10,899	2,963	-	13,862
Capital expenditure:					
- Property, plant and equipment	2,263,406	143,414	-	-	2,406,820
Depreciation	2,368,163	384,329	990	-	2,753,482
Impairment loss on trade and other receivables	16,000	48,891	-	-	64,891
Listing expenses	-	-	696,905	-	696,905
Writeback of impairment loss on trade receivables	-	(16,743)	-	-	(16,743)

Notes to the Financial Statements
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37. OPERATING SEGMENTS *cont'd*

(a) Business Segments *cont'd*

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
THE GROUP					
2009					
REVENUE:					
External revenue	10,370,929	-	24,706	-	10,395,635
Inter-segment revenue	-	17,139	363,607	(380,746)	-
Total revenue	10,370,929	17,139	388,313	(380,746)	10,395,635
RESULTS					
Segment results	1,353,907	(629,932)	1,594,874	-	2,318,849
Finance costs	(72,574)	(4,704)	-	-	(77,278)
Profit from ordinary activities before taxation					2,241,571
Income tax expense					(298,968)
Profit after taxation attributable to equity holders of the Company					1,942,603

37. OPERATING SEGMENTS *cont'd*

(a) Business Segments *cont'd*

	Restaurants RM	Manufacturing RM	Trading and Investment Holding RM	Elimination RM	The Group RM
THE GROUP					
2009					
OTHER INFORMATION					
Segment assets	50,111,260	13,732,427	39,332,733	(44,905,489)	58,270,931
Unallocated asset					1,289,732
Total assets					59,560,663
Segment liabilities	19,177,311	5,535,694	1,907,939	(7,285,479)	19,335,465
Unallocated liabilities					694,833
Total liabilities					20,030,298
Amortisation	-	5,210	1,099	-	6,309
Depreciation	456,740	65,436	330	-	522,506
Capital expenditure:					
- Property, plant and equipment	2,837,689	38,974	-	-	2,876,663
Impairment loss on goodwill on consolidation	-	-	772,326	-	772,326
Listing expenses	-	-	658,951	-	658,951
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over the business combination costs arising from the acquisition of subsidiaries	-	-	(3,025,071)	-	(3,025,071)

(b) Geographical Segments

No segmental information by geographical location is provided as the Group operates predominantly in Malaysia.

In the opinion of the Directors, all inter-segment transactions have been entered into in the ordinary course of business on terms that were mutually agreed between the parties.

(c) Information About Major Customers

There are no single external customers for which the revenue generated exceeded 10% of the Group's revenue.

38. RELATED PARTY DISCLOSURES

(a) For the purpose of the financial statements, the Group and the Company have related party relationships with:-

(i) its subsidiaries,

(ii) entities controlled by the Directors; and

(iii) the Directors who are the key management personnel; and

(iv) close members of the family of certain Directors.

(b) In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:-

		The Group		The Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
(i)	**Subsidiaries**				
	Expenses paid by	-	-	385,821	860,264
	Advances to	-	-	2,000,000	-
(ii)	**Related parties**				
	Sales	8,317	28,757	-	-
	Rental income	3,300	1,300	-	-
	Rental expenses	1,059,600	30,100	-	-
	Perishable goods transferred from	268,419	124,788	-	-
	Perishable goods transferred to	7,855	7,275	-	-
	Expenses paid on behalf of	10,119	120,117	-	-
(iii)	**Key management personnel (including Directors)**				
	Short-term employee benefits	2,551,880	437,581	108,000	18,000

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk management. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currencies. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

The Group's exposure to foreign currency is as follows:-

	The Group	
	2010	**2009**
	RM	**RM**
Trade payables		
United States Dollar	91,353	-

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currency as at the end of the reporting period, with all other variables held constant:-

	The Group
	2010
	RM
Effects on (loss)/profit after taxation/equity	
United States Dollar:	
- strengthened by 5%	(4,568)
- weakened by 5%	4,568

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(i) Market Risk *cont'd*

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:-

	The Group		The Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fixed rate instruments				
Fixed deposits with licensed banks	9,597,804	3,302,398	5,070,624	-
Hire purchase payables	(79,396)	(136,378)	-	-
	9,518,408	3,166,020	5,070,624	-

	The Group	
	2010	2009
	RM	RM
Floating rate instruments		
Bank overdrafts	(16,363)	(853,798)
Hire purchase payables	(116,693)	(173,715)
Term loans	(5,169,129)	(7,714,844)
	(5,302,185)	(8,742,357)

Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis on the fixed rate instrument is not disclosed as this financial instrument is measured at amortised cost.

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(i) Market Risk *cont'd*

(ii) Interest Rate Risk cont'd

Interest rate risk sensitivity analysis *cont'd*

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	The Group 2010 RM
Effects on (loss)/profit after taxation/equity	
Increase of 100 basis points	(53,022)
Decrease of 100 basis points	53,022

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The equity price risk is monitored closely and managed to an acceptable level.

Exposure to equity price risk

The equity price risk profile of the Group based on carrying amount as at the end of the reporting period was:-

	The Group	
	2010 RM	2009 RM
Quoted shares in Malaysia	913,832	545,292

Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	2010 RM
Effects on equity	
Increase of 10%	91,383
Decrease of 10%	(91,383)

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's does not have major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2010	**2009**
	RM	**RM**
Malaysia	3,061,359	3,439,059

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2010 is as follows:-

	Gross Amount	Individual Impairment	Collective Impairment	Carrying Value
	RM	**RM**	**RM**	**RM**
THE GROUP				
2010				
Not past due	844,236	-	-	844,236
Past due:				
- less than 3 months	163,554	(10)	-	163,544
- 3 to 6 months	1,818,975	(112)	-	1,818,863
- over 6 months	1,072,240	(837,524)	-	234,716
	3,899,005	(837,646)	-	3,061,359

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(ii) Credit Risk *cont'd*

Ageing analysis *cont'd*

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are in respect of customers using credit card transactions which are aged within 7 to 30 days. The balance of the trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of these trade receivables.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
2010						
Trade payables	-	4,696,921	4,696,921	4,696,921	-	-
Other payables and accruals	-	3,577,207	3,577,207	3,577,207	-	-
Amount owing to directors	-	156,847	156,847	156,847	-	-
Bank overdrafts	7.30%	16,363	16,363	16,363	-	-
Hire purchase payables	5.27% - 7.21%	196,089	207,036	130,490	76,546	-
Term loans	4.80% - 7.50%	5,169,129	5,678,714	3,608,759	2,069,955	-
		13,812,556	14,333,088	12,186,587	2,146,501	-

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Risk Management Policies *cont'd*

(iii) Liquidity Risk *cont'd*

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- *cont'd*

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
2009						
Trade payables	-	6,106,876	6,106,876	6,106,876	-	-
Other payables and accruals	-	4,341,368	4,341,368	4,341,368	-	-
Amount owing to directors	-	8,486	8,486	8,486	-	-
Bank overdrafts	5.55% - 6.55%	853,798	853,798	853,798	-	-
Hire purchase payables	5.27% - 7.21%	310,093	335,117	129,885	205,232	-
Term loans	1.80% - 7.50%	7,714,844	11,178,976	968,808	3,942,707	6,267,461
		19,335,465	22,824,621	12,409,221	4,147,939	6,267,461

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1-5 Years RM	Over 5 Years RM
2010						
Other payables and accruals	-	100,000	100,000	100,000	-	-
Amount owing to subsidiaries	-	55,525	55,525	55,525	-	-
		155,525	155,525	155,525	-	-
2009						
Other payables and accruals	-	39,002	39,002	39,002	-	-
Amount owing to subsidiaries	-	891,502	891,502	891,502	-	-
Amount owing to directors	-	12	12	12	-	-
		930,516	930,516	930,516	-	-

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(b) Capital Risk Management

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification of Financial Instruments

	The Group 2010 RM	The Company 2010 RM
Financial assets		
Available-for-sale financial assets		
Other investments, at fair value	1,021,602	-
Loans and receivables financial assets		
Trade receivables	3,061,359	-
Other receivables, deposits and staff loans	2,829,316	93,000
Amount owing by subsidiaries	-	5,220,110
Fixed deposits with licensed banks	9,597,804	5,070,624
Cash and bank balances	4,862,024	394,399
	20,350,503	10,778,133

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

39. FINANCIAL INSTRUMENTS *cont'd*

(c) Classification of Financial Instruments *cont'd*

	The Group 2010 RM	The Company 2010 RM
Financial liabilities		
Other financial liabilities		
Trade payables	4,696,921	-
Other payables and accruals	3,577,207	100,000
Amount owing to a subsidiary	-	55,525
Amount owing to directors	156,847	-
Bank overdrafts	16,363	-
Hire purchase payables	196,089	-
Term loans	5,169,129	-
	13,812,556	155,525

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

(iii) The carrying amounts of the term loans and certain hire purchase payables approximated their fair values as these instruments bear interest at variable rates.

(iv) The fair value of certain hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group and the Company during the financial year are as follows:-

(i) On 27 January 2010 and 28 January 2010, the Company obtained approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and the Securities Commission, respectively for the Flotation Exercise comprising the following transactions:-

(a) public issue of 56,900,000 new ordinary shares of RM0.20 each in the Company at an offer price of RM0.23;

(b) offer for sale by the offerors of 9,500,000 ordinary shares of RM0.20 each in the Company by way of private placement to identified investors at an offer price of RM0.23; and

(The Public Issue and Offer For Sale are collectively referred to as the "IPO")

(c) the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 245,000,000 ordinary shares of RM0.20 each on the ACE Market of Bursa Securities.

(ii) On 1 April 2010, the Company's shares were listed on the ACE Market of Bursa Malaysia;

(iii) On 6 July 2010, the Company subscribed for 2 ordinary shares of RM1 each at par representing a 100% equity interest in Restoran Oversea JV (Singapore) Sdn. Bhd. ("OJV") for a total cash consideration of RM2.

(iv) On 15 October 2010, the Company subscribed for the additional 99,998 new ordinary shares of RM1 each at par in OJV for a total cash consideration of RM99,998 to retain its equity interest; and

(v) On 21 October 2010, OJV acquired the entire issued and paid-up share capital of Grand Ocean Restaurant Pte. Ltd. ("GOR") comprising 2 ordinary shares of SGD1 each. On an even date, GOR had increased its issued and paid-up share capital from SGD2 to SGD100,000 through the allotment of 99,998 ordinary shares of SGD1 each at par to OJV for a total cash consideration of SGD99,998.

41. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 24 January 2011, Restoran Oversea (Imbi) Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Yayasan Dazhi for the disposal of four units of two-storey shop offices classified as investment properties for a total cash consideration of RM5,650,000. The disposal of the investment properties has not been completed at the date of this report.

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
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42. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the adoption of the amendments to FRS 117 Leases as disclosed in Note 3(a)(iv) to the financial statements:-

	As Previously Reported RM	Effects of Adoption of Amendments to FRS 117 RM	As Restated RM
STATEMENTS OF FINANCIAL POSITION (EXTRACT):-			
Property, plant and equipment	26,869,471	2,745,604	29,615,075
Prepaid land lease payments	2,745,604	(2,745,604)	-

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Previously Reported RM	As Restated RM	As Previously Reported RM	As Restated RM
STATEMENTS OF CASH FLOWS (EXTRACT):-				
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Listing expenses	-	658,951	-	658,951
Operating profit/(loss) before working capital changes	562,423	1,221,374	(698,832)	(39,881)
Cash from/(for) operations	7,032,251	7,691,202	(860,262)	(201,311)
Interest paid	-	(7,034)	-	-
Net cash from/(for) operating activities	6,686,789	7,338,706	(860,262)	(201,311)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Interest paid	(76,932)	(69,898)	-	-
Listing expenses paid	-	(658,951)	-	(658,951)
Net cash (for)/from financing activities	(176,645)	(828,562)	860,276	201,325

Notes to the Financial Statements
for the Financial Year Ended 31 December 2010
cont'd

43. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group 2010 RM	The Company 2010 RM
Retained profits/(Accumulated losses):		
- realised	1,559,619	(1,652,681)
- unrealised	26,785	-
	1,586,404	(1,652,681)

List of Properties
Held by the Group

Registered owner	Location	Existing Use	Type of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (sq ft)	Built-up area (sq ft)	Cost (RM'000)	Net Book Value As at 31-12-2010 (RM,000)	Date of Acquisition	Year of last revaluation
Haewaytian Cake House Sdn. Bhd.	Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor	2-storey detached warehouse cum factory with 1-storey office attached/ warehouse, factory cum office	Industrial Land/ Building	Leasehold 99 years	85 years (11.12.2096)	8	84,066	58,330	6,770	6,751	30/06/2003	2008
Restoran Oversea (Imbi) Sdn. Bhd.	H-0-07 & H-1-07 (Lot H-07) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/property investment	Commercial/ Building	Freehold	-	3	1,430	2,487	775.5	1,227	21/02/2006	2008
Restoran Oversea (Imbi) Sdn. Bhd.	H-0-08 & H-1-08 (Lot H-08) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/property investment	Commercial/ Building	Freehold	-	3	1,430	2,487	775.5	1,227	21/02/2006	2008
Restoran Oversea (Imbi) Sdn. Bhd.	H-0-09 & H-1-09 (Lot H-09) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/property investment	Commercial/ Building	Freehold	-	3	1,430	2,487	749	1,200	21/02/2006	2008

List of Properties
Held by the Group
cont'd

Registered owner	Location	Existing Use	Type of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (sq ft)	Built-up area (sq ft)	Cost (RM'000)	Net Book Value As at 31-12-2010 (RM,000)	Date of Acquisition	Year of last revaluation
Restoran Oversea (Imbi) Sdn. Bhd.	H-0-10 & H-1-10 (Lot H-10) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/ property investment	Commercial/ Building	Freehold	-	3	2,379	3,983	1,516	2,000	21/02/2006	2008
Restoran Oversea (PJ) Sdn. Bhd.	H-0-02 & H-1-02 (Lot H-02) Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	2-storey shop office/property investment	Commercial/ Building	Freehold	-	3	1,430	2,487	708.5	1,227	21/02/2006	2008
Haewaytian Restaurant Sdn. Bhd.	No. 28, Jalan Datoh, 30000 Ipoh, Perak	Restaurant	Commercial/ Building	Freehold	-	3	25,764	27,185	8,866	8,705	23/8/2002	2008
Haewaytian Restaurant Sdn. Bhd.	No. 57, Jalan Seenivasagam, 30450 Ipoh, Perak	Restaurant, storage facilities and staff hostel	Commercial/ Building	Leasehold 99 years	67 years (20.12.2078)	32	1,900	4,800	384	390	16/5/1985	2008
Restoran Oversea (Jaya 1) Sdn. Bhd.	No. 477, Jalan 5/46, Section 5, 46000 Petaling Jaya, Selangor	Accommodation	Residential/ Building	Freehold	-	41	1,700	2400	218	350	30/11/1998	2008
Restoran Oversea (Subang Parade) Sdn. Bhd.	No. 29, Jalan SS 15/2B, 47500 Subang Jaya, Selangor	Hostel	Residential/ Building	Freehold	-	32	2,560	1,524	340	387	10/09/1997	2008

Note: -

1) Other disclosure on land building owned by the Group are immaterial to disclose individually.

Analysis of Shareholdings
as at 9 May 2011

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM49,000,000.00
Class of Shares	:	Ordinary shares of RM0.20 each
Voting Rights	:	One vote per share
Number of Shareholders	:	1,285

ANALYSIS OF SHAREHOLDINGS AS AT 9 MAY 2011

Holdings	No. of Holders	Total Shareholdings	%
Less than 100	16	500	0.00
100 - 1,000	76	46,800	0.02
1,001 - 10,000	491	3,149,500	1.29
10,001 - 100,000	600	22,297,910	9.10
100,001 to less than 5% of issued shares	99	65,607,069	26.78
5% and above of issued shares	3	153,898,221	62.81
	1,285	**245,000,000**	**100.00**

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED AS AT 9 MAY 2011
(without aggregating the securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%
1	Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73
2	Lee Lim & Sons Sdn. Bhd.	50,898,358	20.77
3	Lee Pek Yoke	20,355,593	8.31
4	Khong Yik Kam	9,752,438	3.98
5	Kwan Sia Hock	9,417,493	3.84
6	HLB Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Chen Khai Voon)*	6,710,000	2.74
7	Lee Seng Fan	5,868,496	2.40
8	Proactive Approach Sdn. Bhd.	3,620,000	1.48
9	Teoh Kwee Hock	3,242,400	1.32
10	BHLB Trustee Berhad *(Exempt An for Phillip Capital Management Sdn. Bhd.)*	1,203,800	0.49
11	Yap Fong Yi	1,200,000	0.49
12	Wong Weng Tien	1,130,000	0.46
13	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Johnity @ Maximus bin Ongkili)*	1,000,000	0.41
14	Soong Poh Choo	800,000	0.33
15	Phang Kok Woei	793,100	0.32
16	Yap Wai Fun	700,000	0.29

Analysis of Shareholdings
as at 9 May 2011
cont'd

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED AS AT 9 MAY 2011
(without aggregating the securities from different securities accounts belonging to the same person) *cont'd*

No.	Name	No. of Shares Held	%
17	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Tay Chun Gee)*	614,000	0.25
18	Yu Tack Tein	560,333	0.23
19	Chan Wu Lee Yun	520,000	0.21
20	Andrew Lim Cheong Seng	500,000	0.20
21	Chan Hon Chaw	500,000	0.20
22	Jimmy Lim Thaw Chay	500,000	0.20
23	Lee Seng Pun	500,000	0.20
24	EB Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Chen Khai Voon)*	490,000	0.20
25	Yap Chew Yoon	490,000	0.20
26	Mayban Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Chang Siew Wah)*	483,000	0.20
27	Leong Woon Ming	450,000	0.18
28	Kwan Soon Lin	430,000	0.18
29	Lee Siak Fai	420,000	0.17
30	Siew Kek Kee	410,500	0.17
	Total	206,203,781	84.15

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 9 MAY 2011

	No. of Shares Held			
Name of Substantial Shareholders	**Direct Interest**	**%**	**Indirect Interest**	**%**
Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73	-	-
Lee Lim & Sons Sdn. Bhd.	50,898,358	20.77	-	-
Lee Pek Yoke	20,355,593	8.31	-	-
Lee Seng Fan	5,868,496	2.40	61,457,796*	25.08
Lee Seng Pun	500,000	0.20	66,826,292@	27.28
Lee Pek Chan	30,000	0.01	16,378,934#	6.69
Lee Pek Ling	18,000	0.01	16,395,934#	6.69
Lee Sow Kam	100,000	0.04	16,327,934#	6.66

* *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and the shareholdings of his family members pursuant to Section 6A of the Companies Act, 1965 as well as his spouse's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.*

@ *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company as well as the shareholdings of his family members in the Company pursuant to Section 6A of the Companies Act, 1965.*

Deemed interested by virtue of the shareholdings of her family members in the Company pursuant to Section 6A of the Companies Act, 1965.

Analysis of Shareholdings
as at 9 May 2011
cont'd

DIRECTORS' SHAREHOLDINGS AS AT 9 MAY 2011
(Based on the Register of Directors' Shareholdings)

	No. of Shares Held			
Name of Directors	Direct Interest	%	Indirect Interest	%
Yu Soo Chye @ Yee Soo Chye	82,644,270	33.73	-	-
Lee Pek Yoke	20,355,593	8.31	-	-
Khong Yik Kam	9,752,438	3.98	650,000[#]	0.27
Lee Seng Fan	5,868,496	2.40	61,457,796[##]	25.08
Koong Lin Loong	100,000	0.04	-	-
Chiam Soon Hock	100,000	0.04	-	-
Yau Ming Teck	-	-	-	-

[#] *Deemed interested by virtue of his substantial shareholdings and directorship in Rurng Juang Realty Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 as well as his spouse and children's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.*

[##] *Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn. Bhd. which in turn is a substantial shareholder of the Company and the shareholdings of his family members in the Company pursuant to Section 6A of the Companies Act, 1965 as well as his spouse's shareholdings in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting (AGM) of the Company will be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 30 June 2011 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. ***Resolution 1***

2. To approve the payment of Directors' Fee for the financial year ended 31 December 2010. ***Resolution 2***

3. To re-elect the following Directors retiring pursuant to Article 85 of the Company's Articles of Association:

   (i) Mr. Yu Soo Chye @ Yee Soo Chye ***Resolution 3***
   (ii) Mdm. Lee Pek Yoke ***Resolution 4***

4. To re-appoint Messrs. Crowe Horwath as Auditors and to authorise the Directors to fix their remuneration. ***Resolution 5***

5. As Special Business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

   (i) Proposed Renewal of Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution)

   "THAT pursuant to Section 132D of the Companies Act, 1965 (the Act) and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company." ***Resolution 6***

   (ii) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate") (Ordinary Resolution)

   "That subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and /or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular To Shareholders dated 3 June 2011, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. ***Resolution 7***

   That such approval shall continue to be in force until:-

Notice of Annual General Meeting
cont'd

(a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by shareholders in a general meeting before the next AGM;

whichever is earlier;

And That the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

6. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN
TAN ENK PURN
Company Secretaries

Shah Alam
3 June 2011

Notes:

1. *A proxy may but need not be a member of the Company or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Sections 149(1)(b) and 149(1)(c) of the Act shall not apply to the Company.*

   To be valid, the Form of Proxy duly completed, must be deposited at the Registered Office of the Company at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor, not less than forty-eight (48) hours before the time appointed for holding the Meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/ their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

2. *A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *If the appointor is a corporation, the form of proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

Notice of Annual General Meeting
cont'd

Explanatory Notes on Special Business

Ordinary Resolution No. 6
Proposed Renewal of Authority to issue shares not exceeding ten per centum (10%) of the issued capital of the Company.

The Company continues to consider opportunities to broaden its earnings potential. The proposed Ordinary Resolution No. 6, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of share, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The general mandate sought for issue of securities is a new mandate which the Company wish to seek from its shareholders at this Annual General Meeting.

Ordinary Resolution 7
Proposed Renewal of Shareholders' Mandate

If passed, will benefit the Company by facilitating entry by members of the Group into transactions with Related Party specified in Section 2.2 of the Circular To Shareholders dated 3 June 2011 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations and enhance the Group's ability to pursue business opportunities which are time-sensitive in nature in a more expeditious manner.

Statement Accompanying Notice of Annual General Meeting

CONTENTS OF STATEMENT ACCOMPANYING NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING OF OVERSEA ENTERPRISE BERHAD

Pursuant to Rule 8.29 of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad.

1. The names of individuals standing for election under Article 85 of the Articles of Association are as follows:-

   Mr. Yu Soo Chye @ Yee Soo Chye
   Mdm. Lee Pek Yoke

   The shareholdings of the Directors standing for re-election in the Company are disclosed in the Directors' Report under Directors' Interest of this annual report and under Directors' Profile on pages 36 and 37 in this annual report.

2. Annual General Meeting of Oversea Enterprise Berhad

Place	: Restoran Oversea Bandar Baru Sri Petaling No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling 57000 Kuala Lumpur
Date and Time	: Thursday, 30 June 2011 at 10.00 a.m.

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海外天集团有限公司

OVERSEA ENTERPRISE BERHAD (317155-U)

(Incorporated in Malaysia)

PROXY FORM

I/We ______________________________ NRIC No. ______________

of ______________________________

being a member(s) of Oversea Enterprise Berhad hereby appoint ______________________________

of ______________________________

______________________________or failing him/her ______________________________

of ______________________________

______________________________or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Restoran Oversea Bandar Baru Sri Petaling, No. 62-66, Jalan 1/149D, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 30 June 2011 at 10.00 a.m. or at any adjournment thereof:

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.		
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2010.		
3. To re-elect Mr. Yu Soo Chye @ Yee Soo Chye as Director.		
4. To re-elect Mdm. Lee Pek Yoke as Director.		
5. To re-appoint Messrs. Crowe Horwath as Auditors.		
6. To approve Proposed Renewal of Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution).		
7. To approve Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions (Ordinary Resolution).		

(Please indicate with an "X" in the spaces provided above, how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.)

As witness my hand this .... day of 2011

....

Signature

Number of Ordinary Shares held	

NOTES:

1. *A proxy may but need not be a member of the Company or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Sections 149(1)(b) and 149(1)(c) of the Act shall not apply to the Company.*

   To be valid, the Form of Proxy duly completed, must be deposited at the Registered Office of the Company at Lot 13, Jalan Utarid U5/16, Seksyen U5, Kawasan Perindustrian "Mah Sing Integrated", 40150 Shah Alam, Selangor, not less than forty-eight (48) hours before the time appointed for holding the Meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).

2. *A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *If the appointor is a corporation, the form of proxy must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

Fold This Flap For Sealing

Then Fold Here

STAMP

The Company Secretary

OVERSEA ENTERPRISE BERHAD (317155-U)
(Incorporated in Malaysia)

Lot 13, Jalan Utarid U5/16, Seksyen U5
Kawasan Perindustrian “Mah Sing Integrated”
40150 Shah Alam
Selangor Darul Ehsan
Malaysia.

1st Fold Here