



DRIVING INSPIRATIONS FULFILLING ASPIRATIONS

ANNUAL REPORT 2009



华业集团有限公司
UOL Group Limited

Contents

| | |
|-----|---|
| 01 | Performance Highlights |
| 02 | Quality Portfolio, Strong Fundamentals |
| 04 | Broadening Income Drivers, Delivering Growth |
| 06 | Two-Year Financial Highlights & Quarterly Results |
| 07 | Key Financial Trends & Financial Calendar |
| 08 | About us, Vision and Mission |
| 10 | Our Core Values |
| 12 | Milestones |
| 14 | Awards & Accolades |
| 16 | Chairman's Statement |
| 20 | Board of Directors |
| 24 | Key Management Executives |
| 27 | Corporate Information |
| 28 | UOL Group Structure |
| 30 | Operation Highlights |
| 48 | Property Summary 2009 |
| 51 | Simplified Group Financial Position |
| 52 | Five-Year Financial Summary |
| 54 | Segmental Performance Analysis |
| 56 | Value-Added Statement |
| 58 | Report of the Directors |
| 62 | Statement by Directors |
| 63 | Independent Auditor's Report to the Members of UOL Group Limited |
| 64 | Income Statements |
| 65 | Statements of Comprehensive Income |
| 66 | Statements of Financial Position |
| 67 | Consolidated Statement of Changes in Equity |
| 68 | Statement of Changes in Equity |
| 69 | Consolidated Statement of Cash Flows |
| 71 | Notes to the Financial Statements |
| 140 | Corporate Governance Report |
| 150 | Interested Person Transactions and Material Contracts |
| 151 | Shareholding Statistics |
| 153 | Share Price and Turnover |
| 154 | Notice of Annual General Meeting Proxy Form |

Performance Highlights

Year in Review
(2009 versus 2008)

Compounded Annual
Growth Rate
(2005 to 2009)

\$1,007.1m
+12%

+19%

Revenue

The increase was attributed to higher progressive recognition of revenue from residential projects and higher average rental rates from most of the Group's investment properties.

\$363.8m
+3%

+25%

Pre-tax profit before fair value and other gains/losses

The increase was due mainly to higher income from property development, property investments and associated companies.

\$424.2m
+188%

+44%

Profit after tax and minority interests

The increase was due to strong operating profit and recognition of negative goodwill on acquisition of UIC shares.

10.23%
+136%

+25%

Return on equity

The increase was due to improved earnings and negative goodwill.



Quality Portfolio, Strong Fundamentals

Our strong balance sheet is the foundation upon which we grow our businesses. We build this foundation by maintaining a consistent record of underlying earnings and adopting a disciplined approach to capital management.



Artist's Impression of Nassim Park Residences

(2009 versus 2008)

\$7,328.0m
+20%

Total assets

Total assets rose due to new acquisition of land, increased stake in UIC and fair value gains on available-for-sale financial assets.

\$281.5m
+7%

Net Cash

Healthy net cash position demonstrated consistent discipline in ensuring adequate funds for deployment.

\$3,189.0m
+80%

Market Capitalisation

Increased share price led to significant jump in market capitalisation.



Broadening Income Drivers, Delivering Growth

We actively leverage on positive market dynamics to broaden our income drivers for growth. We will continue to scale up capital investment in growth markets such as China and Vietnam and forge strategic alliances to gain market foothold.



Artist's Impression of 海河华鼎, Tianjin, China

(2009 versus 2008)

\$155.1m
+26%

**Operating profit -
Property Development**

Strong sales from property development boosted earnings.

\$100.6m
+32%

**Operating profit -
Property Investments**

Pro-active lease management resulted in higher average rental rates for most of the Group's investment properties.

53.72 cents
+190%

Earnings per share

Attributed to strong growth in bottomline.

Two-Year Financial Highlights & Quarterly Results

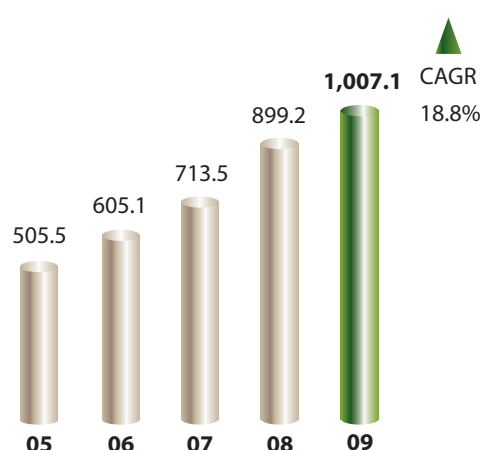
| Two-Year Financial Highlights | 2009 \$'000 | 2008 \$'000 | Increase/ (Decrease) % |
|--|----------------|----------------|------------------------------|
| For the year | | | |
| Revenue | 1,007,061 | 899,176 | 12.0 |
| Profit before income tax | 493,512 | 210,439 | 134.5 |
| Profit after income tax and minority interests | 424,178 | 147,246 | 188.1 |
| Return on equity (%) | 10.23 | 4.34 | 135.7 |
| At 31 December | | | |
| Share capital | 1,058,527 | 1,075,315 | (1.6) |
| Reserves | 789,422 | 359,386 | 119.7 |
| Retained earnings | 2,300,284 | 1,960,003 | 17.4 |
| Total assets | 7,327,986 | 6,093,594 | 20.3 |
| Per ordinary share | | | |
| Basic earnings (cents) | 53.7 | 18.5 | 190.3 |
| Gross dividend declared (cents) | 10.0 | 7.5 | 33.3 |
| Dividend cover (times) | 5.4 | 2.5 | 116.0 |
| Net tangible asset backing (\$) | 5.25 | 4.22 | 24.4 |

| Quarterly Results | 1 st Quarter \$'000 % | | 2 nd Quarter \$'000 % | | 3 rd Quarter \$'000 % | | 4 th Quarter \$'000 % | | Total \$'000 % | |
|--|-------------------------------------|----|-------------------------------------|-----|-------------------------------------|----|-------------------------------------|------|-------------------|-----|
| Revenue | | | | | | | | | | |
| 2009 | 196,699 | 20 | 213,708 | 21 | 323,938 | 32 | 272,716 | 27 | 1,007,061 | 100 |
| 2008 | 161,718 | 18 | 209,334 | 23 | 267,853 | 30 | 260,271 | 29 | 899,176 | 100 |
| Profit/(loss) before income tax | | | | | | | | | | |
| 2009 | 348,495 | 71 | (2,896) | (1) | 135,094 | 27 | 12,819 | 3 | 493,512 | 100 |
| 2008 | 60,164 | 29 | 168,382 | 80 | 102,933 | 49 | (121,040) | (58) | 210,439 | 100 |
| Total profit/(loss) | | | | | | | | | | |
| 2009 | 343,874 | 75 | (8,960) | (2) | 119,880 | 26 | 6,718 | 1 | 461,512 | 100 |
| 2008 | 50,471 | 30 | 156,913 | 96 | 87,969 | 54 | (131,191) | (80) | 164,162 | 100 |
| Profit/(loss) after income tax and minority interests | | | | | | | | | | |
| 2009 | 331,786 | 78 | (20,143) | (5) | 105,596 | 25 | 6,939 | 2 | 424,178 | 100 |
| 2008 | 42,851 | 29 | 144,964 | 98 | 73,539 | 50 | (114,108) | (77) | 147,246 | 100 |
| Basic earnings per ordinary share (in cents) | | | | | | | | | | |
| 2009 | 41.7 | 78 | (2.5) | (5) | 13.3 | 25 | 1.2 | 2 | 53.7 | 100 |
| 2008 | 5.4 | 29 | 18.2 | 98 | 9.2 | 50 | (14.3) | (77) | 18.5 | 100 |

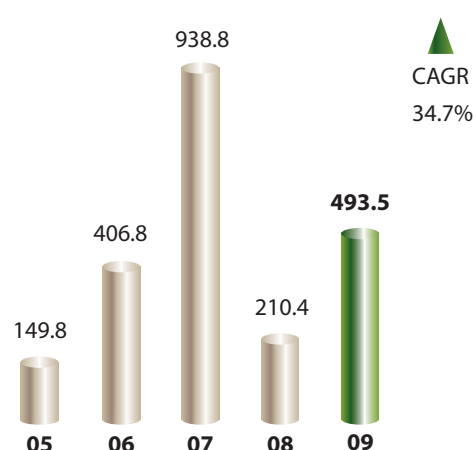
Key Financial Trends & Financial Calendar

Key Financial Trends

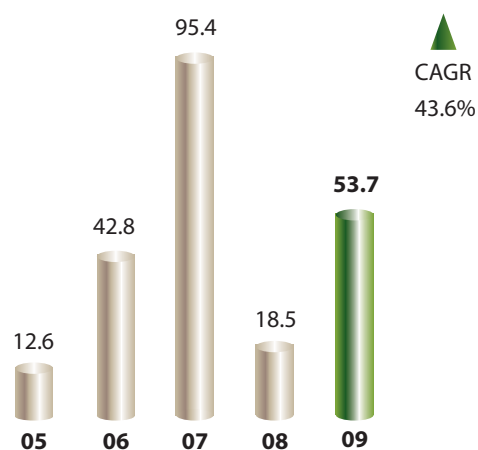
Revenue (\$m)



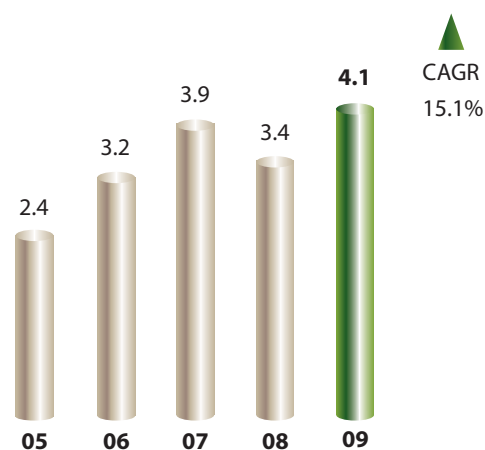
Profit before income tax (\$m)



Earnings per share (¢)



Shareholders' funds (\$b)



CAGR: Compounded Annual Growth Rate

| Financial Calendar | 2009 | 2008 |
|---|----------------------|----------------------|
| Announcement of first quarter results | 12.05.09 | 14.05.08 |
| Announcement of second quarter results | 12.08.09 | 12.08.08 |
| Announcement of third quarter results | 13.11.09 | 05.11.08 |
| Announcement of unaudited full year results | 23.02.10 | 24.02.09 |
| Annual General Meeting | 21.04.10 | 28.04.09 |
| Books closure dates | 03.05.10 to 04.05.10 | 08.05.09 to 11.05.09 |
| First & final dividends payment date | 13.05.10 | 21.05.09 |

About Us

One of Singapore's established property companies, with an impressive portfolio of investment and development properties, UOL is embarking on an exciting phase of expansion. Our aim is to create a robust portfolio in high-growth regions through direct investment or strategic collaborations with overseas partners.

Founded on a spirit of enterprise and innovation in 1963, our unwavering commitment to design and quality excellence is reflected in all our development projects, winning us prestigious prizes such as the FIABCI Prix d'Excellence Award, the Aga Khan Award for Architecture, the International Architecture Award, Singapore's very own President's Design Award and being in the top 5 finalists for the International Highrise Award.

The Group's diversified portfolio comprises residential apartments, offices, retail malls, hotels, spas and restaurants. Through our listed hotel subsidiary, Pan Pacific Hotels Group Limited (PPHG), we own two acclaimed brands namely "Pan Pacific" and "PARKROYAL". PPHG now owns, manages and/or markets over 25 hotels and serviced suites in Asia, Australia and North America with more than 8,000 rooms in its portfolio.

As we stay rooted to our core values of Passion, Innovation, Enterprise and People, we will continue to leverage on our strengths to create value for our stakeholders.

Vision

A robust property group dedicated to creating value, shaping future.

We seek to be resourceful, resilient and self-renewing.

We strive to create value for all our stakeholders.

We shape a world-class environment for people to live, work and play.

Mission

Driving Inspirations, Fulfilling Aspirations.

We are goal-seeking and inspiring, working together to fulfil the aspirations of our stakeholders.

We are insightful of customers' needs, striving to deliver products & services above expectations.

We are committed to be a positive influence in all that we do.





1 Moulmein Rise



Our Core Values

Passion Drives Us

We are passionate about our business and purposeful in all that we do. From residential to commercial and hospitality, we've burnished the UOL brand name by meeting customers' needs, expectations, preferences and lifestyles.

Innovation Defines Us

We are imaginative about the future. It starts with originality of thought and sees fruition in decisive action. We dare to deviate from the beaten path and put to work groundbreaking ideas that make us a trendsetter in many ways. We innovate, simply because it keeps us ahead.

Enterprise Propels Us

We are expansive in our vision and entrepreneurial in our dealings. It's a quality that spurs us to hone our competitive edge and create market niche that will sustain our long-term growth.

People, Our Leading Assets

It is our people's passion that drives our growth, their integrity and professionalism that shape our achievements, and their loyalty and teamwork that take us from strength to strength. Not least, our people's sense of value and social responsibility have made UOL synonymous with a business enterprise that cares.



Milestones

January

- UOL Equity Investments Pte Ltd (UEI), a wholly-owned subsidiary, announced a mandatory conditional cash offer (Offer) for United Industrial Corporation Limited (UIC) at an offer price of \$1.20 for each ordinary share in UIC (UIC Share). The Offer was conditional upon UEI and its concert parties having more than 50% of the voting rights in UIC at the close of the Offer.

March

- As the condition of the Offer was not fulfilled, the Offer lapsed. However, the Group acquired additional shares resulting in it beneficially owning approximately 30.78% of the total issued capital of UIC at the close of the Offer, thereby making UIC an associated company of UEI and UOL.
- Sales launch of Double Bay Residences, a 646-unit development, at Simei Street 4.
- Velocity@Novena Square hosted the launch of the official mascot and theme song of the inaugural Asian Youth Games Singapore 2009. The event was graced by Mr Teo Ser Luck, Mayor, North East District, Senior Parliamentary Secretary, Ministry of Community Development, Youth and Sports & Ministry of Transport.

April

- Our hospitality subsidiary, Hotel Plaza Limited, was renamed Pan Pacific Hotels Group Limited to reflect its growing reputation as a leading branded hotel management company.
- Completed de-registration and dissolution of UOL's 80%-owned dormant subsidiary in The People's Republic of China, Chengdu United Development Co., Ltd.

May

- Commenced liquidation of VOU Investment Limited, a joint venture company between ORIX-UOL Investments Pte. Ltd. and Vietnam Building Glass and Ceramic Construction Corporation, in relation to a proposed commercial and residential development in Hanoi city, Vietnam.



Meadows@Peirce sales launch

July

- Sales launch of Meadows@Peirce at Upper Thomson Road. The 479-unit freehold condominium is opposite the lush greenery of Peirce Reservoir.
- Temporary Occupation Permit was obtained for one-north Residences, which comprises 405 residential units and 22 retail units and Pavilion 11, a 180-unit residential development.
- Velocity@Novena Square, the dedicated sports mall, welcomed Liverpool Football Club players, Fernando Torres and Jamie Carragher, as part of their Asian Tour.
- UOL's inaugural participation in Nomura Asia Equity Forum, a key event catering to the investor and corporate communities with participation from over 160 companies and more than 1,000 investors from Asia-Pacific.

August

- Sofitel Xiamen hotel was rebranded Pan Pacific Xiamen, marking the Pan Pacific brand's entry into China.



Asian Youth Games mascot launch



Unveiling Pan Pacific Hotels Group Limited



Artist's Impression of Double Bay Residences



Pavilion 11



Pan Pacific Xiamen

September

- UOL Development (Dakota) Pte. Ltd. (UDD) (formerly known as UOL Development (Novena) Pte. Ltd.), a wholly-owned subsidiary, successfully tendered for the URA Residential Land Parcel 758 at Dakota Crescent for \$329 million. The 99-year site of approximately 17,189.7 square metres can be developed into a condominium project of approximately 616 units.

October

- UOL Venture Investments Pte. Ltd. (formerly known as United Venture Furnishings Pte Ltd), a wholly-owned subsidiary, entered into a 50-50 conditional joint venture with Garden Residence Ltd, a wholly-owned company of LaSalle Asia Opportunity II S.A.R.L., to develop the former Rainbow Gardens and its adjoining site. The total area of 12,092.6 square metres can be developed into a condominium project of approximately 172 units.

Awards & Accolades

Newton Suites, Singapore

- Awarded the world's most prestigious International Architecture Award (IAA) 2009. The IAA, organised by The Chicago Athenaeum: Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies, is the only global awards programme to give an overview of design and architecture on a world scale.
- Received the Green Good Design Award by the same organiser. The award aims to raise public appreciation and awareness for the most innovative design approach for new buildings that embrace sustainable and ecological alternatives.
- Winner of MIPIM Asia Award 2009 for Residential Developments. The award honours outstanding projects in Asia Pacific for their innovative, technical, environmental and architectural qualities.
- 1st Runner Up for FIABCI Prix d'Excellence Award (Residential Category), an international competition that recognises excellence in property development. It is organised by FIABCI – the French acronym for International Real Estate Federation.

Meadows@Peirce, Singapore

- Conferred the Green Mark Gold award by the Building Construction Authority (BCA). The BCA Green Mark, endorsed and supported by the National Environment Agency, is a green building rating system to evaluate a building for its environmental impact and performance to promote sustainable design, construction and operations practices in buildings.



SRA Award



one-north Residences

one-north Residences, Singapore

- Received Asia Pacific Residential Property Awards for Best Architecture (Multiple Units). It is located in Singapore's Science Hub, a 200-hectare development master-planned by award-winning architect Zaha Hadid.
- Won Best Urban Design & Master Planning (Highly Commended) at Cityscape Asia Real Estate Awards 2009. The awards pay tribute to developments which have made significant contributions to Asia's progress in the real estate sector.

United Square Shopping Mall, Singapore

- Won Singapore Retailers Association (SRA) Best Centre Management Award 2009. The annual award is presented to the best managed shopping centre in Singapore. Tenants from each mall rate their landlord in terms of management of relationship with tenants and mall maintenance efforts.



Newton Suites



Pan Pacific Vancouver



Patron of the Arts Award

Pan Pacific Hotels and Resorts

- Pan Pacific Hotels and Resorts is top in Hospitality Index in third quarter of 2009 and customer satisfaction in second quarter of 2009 measured by Market Metrix Hospitality Index.

The following hotels managed by "Pan Pacific" also won numerous awards in the year:

- At the 16th World Travel Awards, Pan Pacific Singapore was recognised as Asia's and World's Leading Business Hotel, and Pan Pacific Kuala Lumpur International Airport was named Asia's and World's Leading Airport Hotel. The annual travel awards recognise the best in the industry and are hailed as the 'Oscars' of the global travel and tourism industry.

- The Conde Nast Traveler's Reader's Choice Awards listed Pan Pacific Manila in the Top Hotels in Asia category; Pan Pacific Whistler Mountainside Hotel and Pan Pacific Whistler Village Centre in the Top Resorts in Canada category; Pan Pacific Vancouver in the Top Hotels in Canada category and Mauna Lani Bay Hotel & Bungalows in the Top Resorts in Hawaii category.
- Pan Pacific Manila is also recognised as one of the Best Places to stay in the world by Conde Nast Traveler's Gold List 2009.
- Pan Pacific Singapore is also ranked among the Top City Hotels in Asia by Travel + Leisure's World's Best Awards 2009 readers' survey.

Parkroyal Hotels & Resorts

- Parkroyal Hotels & Resorts received the Patron of the Arts Award 2009 from the Singapore National Arts Council for contributions to the promotion and organisation of artistic activities in Singapore.

Sheraton Perth Hotel, Australia

- Sheraton Perth Hotel was named Western Australia's "Best Deluxe Accommodation" at the 2009 Australian Hotel Association (AHA) Aon Hotel Awards for Excellence. The premier hospitality awards acknowledge, reward and celebrate the achievements that exemplify excellence in performance and service within the hospitality industry.

Chairman's Statement



"The increase in pre-tax profit before fair value and other gains/losses was due mainly to higher income from property development, property investments and associated companies."

2009 Review

Singapore

2009 was a volatile year for the Singapore economy. At the start of the year, we encountered a global economic crisis resulting in sharp declines in trade and investments. Like many governments elsewhere, Singapore introduced a slew of stimulus measures to combat the economic slowdown. As a consequence the Singapore economy contracted by just over 2.0%. The stock market and the residential property market rebounded strongly in the second half of the year.

For the year 2009, 14,688 new homes were sold by developers, just 0.8% below the record 14,811 new homes sold in 2007 and 3.4 times the 4,264 units sold in 2008. The price levels of private residential properties also surged, reversing the price declines in the first half of the year. Overall there was an increase of 1.8% in 2009. In contrast, rentals of office space declined by 23.6% on the back of new supply entering the market.

Visitor arrivals in Singapore registered a 4.3% decline from 10.1 million in 2008 to 9.7 million in 2009. Average occupancy of the hotel industry decreased from 81% to 76% while the average room rate decreased by 22.3% from \$246 to \$191. The Group's three hotels in Singapore reported lower revenue in 2009.



Meadows@Peirce

Overseas

With the exception of the hotels in Malaysia and Myanmar, all the Group's hotels outside Singapore were affected by the economic crisis and registered declines in both occupancy and average room rates.

Profit and Dividend

For the year ended 31 December 2009, the Group's pre-tax profit before fair value and other gains/losses was \$363.8 million, a 2.7% increase over the comparable profit of \$354.2 million in 2008. The increase was due mainly to higher income from property development, property investments and associated companies.

In February 2009, United Industrial Corporation Limited (UIC) became an associated company and its results are equity accounted thenceforth. The Group's pre-tax profit for the year ended 31 December 2009 was \$493.5 million or a 134.5% increase as compared with the profit of \$210.4 million in 2008. The increase was due mainly to the inclusion of negative goodwill from the acquisition of shares in UIC which was offset in part by fair value losses on investment

properties. Consequently, the Group's profit after tax and minority interests increased by 188.1% to \$424.2 million in 2009 (2008: \$147.2 million).

The Group shareholders' funds increased from \$3.39 billion as at 31 December 2008 to \$4.15 billion as at 31 December 2009. The increase was due mainly to (i) fair value gains on available-for-sale financial assets; (ii) operating profits of the Group for the financial year ended 31 December 2009; and (iii) recognition of negative goodwill and capital reserves arising from the acquisition of additional interest in UIC. Consequently, the net tangible asset per ordinary share of the Group increased to \$5.25 as at 31 December 2009 from \$4.22 as at 31 December 2008.

In consideration of the creditable performance, the Board recommends a first and final dividend of 10.0 cents per share (2008: 7.5 cents per share) amounting to \$78.4 million (2008: \$59.7 million) for the year ended 31 December 2009.

Corporate Developments

Sale of Residential Properties

During the year, the Group launched the sales of Double Bay Residences, a 646-unit project at Simei Street 4 and Meadows@Peirce, a 479-unit project at Tagore Avenue. Both projects were well received. As at end 2009, 598 units of Double Bay Residences and 348 units of Meadows@Peirce had been sold.

Acquisition of Development Site

In September 2009, the Company's wholly-owned subsidiary, UOL Development (Dakota) Pte. Ltd. (formerly known as UOL Development (Novena) Pte. Ltd.), successfully tendered for the Urban Redevelopment Authority's site at Dakota Crescent for S\$329.0 million or \$508 psf based on permissible gross floor area. This 17,189.7 square metres leasehold site which is near to the future Dakota MRT Station will be developed into approximately 616 residential apartments.

Joint Venture for a Residential Development

Pursuant to the terms of a joint venture agreement, wholly-owned subsidiary, UOL Venture Investments Pte. Ltd. (UVI) (formerly known as United Venture Furnishings Pte Ltd) has subscribed for 50% of the issued share capital of Premier Land Development Pte Ltd (PLD) in February 2010. PLD, a property development company incorporated in Singapore, owns the residential development site formerly known as Rainbow Gardens at Toh Tuck Road. This 12,092.6 square metres 999-year leasehold site will be developed into approximately 172 units of condominium apartments.

Acquisition of Additional Interests in UIC

On 14 January 2009, UOL Equity Investments Pte Ltd (UEI), a wholly-owned subsidiary, announced a mandatory conditional cash offer (Offer) for UIC at an offer price of \$1.20 for each ordinary share. The Offer was conditional upon UEI and its concert parties having more than 50% of the voting rights in UIC at the close of the Offer. As this condition was not fulfilled at the close of the Offer on 3 March 2009,

the Offer lapsed. However, during the Offer period, the UOL Group acquired an additional 227,198,465 UIC Shares which resulted in the UOL Group beneficially owning an aggregate 423,975,665 UIC Shares or approximately 30.78% of the total issued capital of UIC, thereby making UIC an associated company of UEI and UOL. In the course of the year, UEI further acquired 16,598,000 UIC Shares, bringing the beneficial interests of the UOL Group in UIC to approximately 31.98% as at 31 December 2009.

Change of Name of Listed Hotel Subsidiary

On 28 April 2009, listed subsidiary, Hotel Plaza Limited changed its name to Pan Pacific Hotels Group Limited (PPHG). The "Pan Pacific" brand has a rich heritage and is a well established name in the hospitality industry and in the Asia Pacific region. Together with the "PARKROYAL" brand, PPHG is able to offer its customers a wider choice of hotels and extended-stay brands.

Termination of Joint Venture in Hanoi, Vietnam

In 2007, ORIX-UOL Investments Pte. Ltd. (OUI) in which the Company has a 50% interest, entered into a joint venture with Vietnam Building Glass and Ceramic Construction Corporation (VN Co) to establish VOU Investment Limited (VOU) for the purpose of constructing a mixed development project in Hanoi, Vietnam. As certain of the conditions for the joint venture were not fulfilled by VN Co, VOU is in the process of being liquidated.

Outlook for 2010

Although there remain concerns over the pace of economic recovery in the United States and the developed countries, the outlook for the global economy has generally improved. For Singapore, the Ministry of Trade and Industry forecasts the economy to grow by 4.5% to 6.5% in 2010.



Central Business District, Singapore

In Singapore, demand for the residential property market is expected to remain resilient. But the huge supply of new office space slated for completion in 2010 and beyond will exert further pressure on rental rates. The opening of the two integrated resorts in 2010 is expected to boost tourist arrivals and have a positive impact on the retail sector. For the hotel sector, the increase in room supply from the two integrated resorts will moderate the increase in room rates and increase the competition for hotel staff. Outside Singapore, the Group expects higher occupancies for its hotels but room rates are expected to recover at a slower pace.

Acknowledgement

I wish to thank my fellow Board members for their wise counsel and guidance during the past year. My appreciation also goes to the management and staff for their hard work, and to our shareholders and business associates for their continuing support.

DR WEE CHO YAW
Chairman

February 2010

Board of Directors

1.



2.



3.



4.



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9.



1. Wee Cho Yaw Chairman

A career banker with 50 years of experience. Received Chinese high school education. Dr Wee Cho Yaw has been the Chairman of the Company (UOL) and its listed subsidiary, Pan Pacific Hotels Group Limited (PPHG) since 1973. He was appointed to the Board since 23 April 1973 and was last re-appointed as Director at UOL's Annual General Meeting on 28 April 2009. Dr Wee who is a non-executive and non-independent Director of UOL, is also the Chairman of the Executive Committee and Member of the Nominating and Remuneration Committees.

He is the Chairman of United Overseas Bank Limited, Far Eastern Bank Limited, United Overseas Insurance Ltd, United International Securities Ltd, Haw Par Corporation Limited, United Industrial Corporation Limited, Singapore Land Limited and Marina Centre Holdings Private Limited. He is also the Chairman of Wee Foundation. He was previously the Chairman of Overseas Union Enterprise Limited.

He is the President of the Singapore Federation of Chinese Clan Associations and also the Honorary President of Singapore Chinese Chamber of Commerce & Industry and a Pro-Chancellor of Nanyang Technological University.

In 2008, Dr Wee was conferred an honorary Doctor of Letters by the National University of Singapore for his accomplishments in banking, education and community leadership.

Dr Wee is a recipient of the Credit Suisse Ernst & Young Lifetime Achievement Award in 2006 and named Businessman of the Year in 1990 and 2001. In 2009, he was conferred a Lifetime Achievement Award by The Asian Banker.

2. Gwee Lian Kheng Group Chief Executive

Mr Gwee is the Group Chief Executive of UOL and PPHG, and has been with the UOL Group since 1973. An executive and non-independent Director, he was appointed to the Board since 20 May 1987 and was last re-elected as Director at UOL's Annual General Meeting on 25 April 2007. He is also a member of the Executive Committee.

Mr Gwee sits on the board of various subsidiaries in the UOL Group and PPHG Group. He is also a Director of United Industrial Corporation Limited and Singapore Land Limited and was previously a Director of Overseas Union Enterprise Limited.

Mr Gwee holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a Fellow Member of the Chartered Institute of Management Accountants and Association of Chartered Certified Accountants in the United Kingdom, as well as a Fellow of the Institute of Certified Public Accountants of Singapore.

3. Alan Choe Fook Cheong

An architect and town planner by profession, Mr Choe was appointed to the Board since 28 March 1979 and was last re-appointed as Director at UOL's Annual General Meeting on 28 April 2009. An independent and non-executive Director, he chairs the Nominating Committee and is a Member of the Executive, Audit and Remuneration Committees. He is also a Director of PPHG.

Mr Choe was the first General Manager of the Urban Redevelopment Authority and a Senior Partner of one of the largest architectural practices in Singapore. He was the Chairman of Sentosa Development Corporation, Sentosa Cove Pte Ltd, Pasir Ris Resort Pte Ltd, a Trustee of NTUC Income and Member of Singapore Tourism Board. He was previously a Director of Keppel Land Limited and Frasers Centrepoint Limited.

Mr Choe holds a Bachelor of Architecture degree, a Diploma in Town & Regional Planning from University of Melbourne and a Fellowship Diploma from the Royal Melbourne Institute of Technology. He is a Fellow Member of the Singapore Institute of Architects, Singapore Institute of Planners and Royal Australian Institute of Architects. He is also a member of the Royal Institute of British Architects, Royal Town Planning Institute, Royal Australian Planning Institute and American Planning Association.

He was awarded the Public Administration Medal (Gold) in 1967, the Meritorious Service Medal in 1990, and the Distinguished Service Order in 2001.

Board of Directors

4. Lim Kee Ming

Dr Lim Kee Ming was appointed to the Board since 23 April 1973 and was last re-appointed as Director at UOL's Annual General Meeting on 28 April 2009. An independent and non-executive Director, Dr Lim also chairs the Audit and Remuneration Committees and is a Member of the Nominating Committee. He is also a Director of PPHG.

Dr Lim is the Chairman of Lim Teck Lee Group of companies. He is also a Director of Haw Par Corporation Limited. He is presently the President of Ngee Ann Kongsi and Chairman of Ngee Ann Development Pte Ltd, as well as an Honorary President of Singapore Chinese Chamber of Commerce & Industry and Teochew Poit Ip Huay Kuan and Advisor of Network China.

Dr Lim holds a Master of Science (International Trade & Finance) degree from Columbia University, New York, and a Bachelor of Science (Business Administration) degree from New York University, USA. He was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star in 1995 and 2004 respectively by the President of Singapore and also The Royal Order of the Polar Star "Class of Commander" by His Excellency, the King of Sweden in 1982.

In 2009, Dr Lim Kee Ming was conferred the degree of Doctor of the University of Adelaide *honoris causa*, for his distinguished service to education and service to the community.

5. Wee Ee Chao

Appointed to the Board since 9 May 2006, Mr Wee was last re-elected as Director at UOL's Annual General Meeting on 28 April 2009. A non-executive and non-independent Director, he is also a member of the Executive Committee and a Director of PPHG.

Mr Wee has led the management of UOB-Kay Hian Holdings Limited for more than 25 years. He is currently the Chairman and Managing Director of UOB-Kay Hian Holdings Limited and a Director of most of the UOB-Kay Hian Group of companies. Mr Wee also manages Kheng Leong Company (Private) Limited which is involved in real estate development and investments and is a non-executive director of Haw Par Corporation Limited. He had previously served as Chairman of the Singapore Tourism Board between 2002 to 2004.

Mr Wee holds a Bachelor of Business Administration degree from The American University, Washington DC, USA.

6. James Koh Cher Siang

Appointed to the Board since 23 November 2005, Mr Koh was last re-elected as Director at UOL's Annual General Meeting on 23 April 2008. An independent and non-executive Director, he is also a Director of PPHG.

Mr Koh is the Chairman of the Housing & Development Board (HDB), which he joined in July 2005 after retiring from 35 years of distinguished service in the civil service. His prior appointments included Permanent Secretary, Ministry of National Development (1979), Ministry of Community Development (1987) and Ministry of Education (1994) as well as Commissioner of Inland Revenue and Chief Executive Officer of Inland Revenue Authority of Singapore.

Mr Koh is also the Chairman of CapitaMall Trust Management Limited and Singapore Deposit Insurance Corporation Limited and a Director of CapitaLand Limited, Singapore Airlines Limited, Singapore Cooperation Enterprise and CapitaLand Hope Foundation. He is also a member of the Presidential Council for Religious Harmony and an Adjunct Professor of the Lee Kuan Yew School of Public Policy.

Mr Koh holds a Bachelor of Arts (Honours) degree in Philosophy, Political Science and Economics, Master of Arts degree from University of Oxford, UK and holds a Master in Public Administration degree from Harvard University, USA.

He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002.

7. Low Weng Keong

Appointed to the Board since 23 November 2005, Mr Low was last re-elected as Director at UOL's Annual General Meeting on 23 April 2008. An independent and non-executive Director, he is also a member of the Audit Committee and a Director of PPHG.

Mr Low is also an independent Director of listed companies Riverstone Holdings Limited and Unionmet (Singapore) Limited. He was a former Country Managing Partner of Ernst & Young, Singapore and is currently a Deputy President and Deputy Chair, Board of Directors of CPA Australia Limited.

Mr Low is a Fellow Member of CPA Australia, Institute of Chartered Accountants in England & Wales, Institute of Certified Public Accountants of Singapore and an Associate Member of Chartered Institute of Taxation (UK).

8. Wee Ee Lim

Appointed to the Board since 9 May 2006, Mr Wee was last re-elected as Director at UOL's Annual General Meeting on 28 April 2009. A non-executive and non-independent Director, he is also a Director of PPHG.

He joined Haw Par Corporation Limited (Haw Par) in 1986 and is currently the President and Chief Executive Officer of Haw Par. He is also a Director of United Industrial Corporation Limited, Singapore Land Limited, Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the

Hong Kong Stock Exchange) and Wee Foundation. He was previously a board member of Sentosa Development Corporation.

Mr Wee holds a Bachelor of Arts (Economics) degree from Clark University, USA.

9. Pongsak Hoontrakul

Appointed to the Board since 21 May 2008, Dr Hoontrakul was last re-elected as Director at UOL's Annual General Meeting on 28 April 2009. He is a non-executive and independent Director.

Currently the Senior Research Fellow at Sasin Institute, Chulalongkorn University, Thailand and a Director of the International Advisory Council of the Schulich School of Business, York University, Toronto, Canada, he is also a member of the Advisory Panel for the International Association of Deposit Insurance, Switzerland.

He served as an independent Director of United Overseas Bank (Thai) Pcl. from 2005 to April 2008, and was the Chairman of the Audit Committee from 2005 to 2006. He was also the Advisor to the Senate Committee for Fiscal, Banking and Financial Institutions, Parliamentary Committee for Economic Affairs and Parliamentary Committee for Justice and Human Rights, in Thailand.

Dr Hoontrakul received a Doctoral degree in Business Administration in the Finance Thammasat University, a Master in Business Administration from Sasin Institute, Chulalongkorn University and a Bachelor of Science

degree in Industrial and System Engineering at San Jose State University, USA.

He was the recipient of the Best Research Paper Award for ASEAN Scholars at the annual Asia Pacific Finance Association in 2001.

Key Management Executives



1. Gwee Lian Kheng **Group Chief Executive**

Information on Mr Gwee is found in the “Board of Directors” section of this Report.

2. Liam Wee Sin **Chief Operating Officer**

Mr Liam joined the Group in 1993 and oversees property investment and development, marketing and engineering services. He also sits on the boards of several UOL subsidiaries. Prior to joining the Group, Mr Liam practised with an architectural firm, as well as spent eight years in the public sector handling architectural works and facilities management. He also worked two years with Jones Lang Wootton undertaking project management and consultancy. Mr Liam holds a Bachelor of Architecture degree from the National University of Singapore. He is a Council Member of the Real Estate Developers Association of Singapore, as well as a Member of the URA Design Advisory Committee, URA Architecture and Urban Design Excellence Committee, and National Crime Prevention Council. He had previously served as a Member of Preservation of Monuments Board.

3. Foo Thiam Fong, Wellington **Chief Financial Officer / Company Secretary**

Mr Foo joined the Group in 1977 and oversees financial management and corporate secretarial matters. He is Company Secretary of both UOL and Pan Pacific Hotels Group, and a director of several of their subsidiaries. Mr Foo holds a Bachelor of Accountancy (Honours) degree from the University of Singapore. He is a Fellow of the Institute of Certified Public Accountants of Singapore and CPA Australia, and an Associate of both the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

4. Kam Tin Seah **Senior General Manager** **(Investment & Strategic Development)**

Mr Kam joined the Group in 2005 and is responsible for formulating business strategy, identifying suitable investment opportunities, as well as developing investor relations. He serves as a director in several of the Group’s subsidiaries. Previously, Mr Kam spent over 17 years with Parkway Properties Pte Ltd and Centrepont Properties Limited in multi-functional and key managerial roles. He holds a Bachelor in Estate Management (Honours) degree from the National University of Singapore.

5. Kwan Weng Foon **Senior General Manager** **(Development)**

Mr Kwan oversees property development projects and sits on the boards of several UOL subsidiaries. He joined the Group in 2006, bringing with him over 30 years of experience in construction and property development, having worked in various capacities in residential, commercial, retail and hotel development. His previous employers include GuocoLand Limited and Equus Land Pte Ltd. Mr Kwan holds a Bachelor of Science degree in Building Science from the University of Singapore and a Master of Business Administration from the University of Hull, UK.

6. Chan Weng Khoon **General Manager** **(Property & Engineering)**

Mr Chan joined the Group in 2007 and is responsible for engineering and property management. He is also a director of several of the Group’s subsidiaries. He previously worked with Indeco Engineers Pte Ltd where he was responsible for facilities management. Mr Chan holds a Bachelor of Electrical and Electronics Engineering (Honours) degree and a Master of Business Administration (International Business) from Nanyang Technological University. He is a member of the Fire Safety and Shelter Department Standing Committee and Fire Code Review Committee of the Singapore Civil Defence Force.

Key Management Executives

7. Lian Ah Cheok, Dolly

General Manager (Marketing)

Ms Lian has been with UOL for 18 years and is responsible for marketing activities for the Group's residential and commercial properties in Singapore and overseas. Previously, she was with PSA Corporation Limited, DBS Land Limited, Citibank Singapore Ltd and Knight Frank Pte Ltd where her responsibilities included land and facility management, property valuation, business development and marketing. Ms Lian graduated from the National University of Singapore with a Bachelor in Estate Management degree. She is a Licensed Appraiser and a Member of the Singapore Institute of Surveyors and Valuers.

8. Yeong Sien Seu

Deputy Company Secretary / Legal Manager

Mr Yeong joined the Group in 2006 and assists the Company Secretary on corporate secretarial matters and compliance with listing requirements. He also oversees legal matters for the Group and Pan Pacific Hotels Group, and facilitates UOL's risk management programme. Mr Yeong is a director of several of the Group's subsidiaries. Before joining UOL, he was responsible for legal matters at Fraser and Neave Limited. Mr Yeong completed his pupillage and practised at Rajah & Tann before joining Sembcorp Limited. He graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1995. He is a member of the Singapore Academy of Law.

9. Yeo Bin Hong

Senior Manager (Internal Audit)

Mr Yeo oversees internal audit for both UOL and Pan Pacific Hotels Group. Prior to joining UOL in 1997, he spent four years as an external auditor with PricewaterhouseCoopers Singapore, working on statutory audit assignments for various companies. Mr Yeo holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University. He is a non-practising member of the Institute of Certified Public Accountants of Singapore and a member of the Institute of Internal Auditors (Singapore).

Corporate Information

Board of Directors

Wee Cho Yaw
Chairman

Gwee Lian Kheng
Group Chief Executive

Alan Choe Fook Cheong
Lim Kee Ming
Wee Ee Chao
Low Weng Keong
James Koh Cher Siang
Wee Ee Lim
Pongsak Hoontrakul

Executive Committee

Wee Cho Yaw
Chairman

Gwee Lian Kheng
Alan Choe Fook Cheong
Wee Ee Chao

Audit Committee

Lim Kee Ming
Chairman

Alan Choe Fook Cheong
Low Weng Keong

Nominating Committee

Alan Choe Fook Cheong
Chairman

Wee Cho Yaw
Lim Kee Ming

Remuneration Committee

Lim Kee Ming
Chairman

Wee Cho Yaw
Alan Choe Fook Cheong

Management

Gwee Lian Kheng
Group Chief Executive

Liam Wee Sin
Chief Operating Officer

Foo Thiam Fong Wellington
Chief Financial Officer

Kam Tin Seah
Senior General Manager
(Investment & Strategic Development)

Kwan Weng Foon
Senior General Manager
(Development)

Chan Weng Khoon
General Manager
(Property & Engineering)

Lian Ah Cheok Dolly
General Manager (Marketing)

Yeong Sien Seu
Legal Manager

Yeo Bin Hong
Senior Manager (Internal Audit)

Company Secretary

Foo Thiam Fong Wellington

Deputy Company Secretary

Yeong Sien Seu

Auditors

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge:
Mr Sim Hwee Cher
Year of appointment: 2008

Principal Bankers

United Overseas Bank Limited

DBS Bank Ltd

Malayan Banking Berhad

Bank of Tokyo-Mitsubishi UFJ, Ltd.

**Sumitomo Mitsui Banking
Corporation Limited**

Registered Office

101 Thomson Road
#33-00 United Square
Singapore 307591
Telephone : (65) 6255 0233
Facsimile : (65) 6252 9822
Website : www.uol.com.sg

Share Registrar

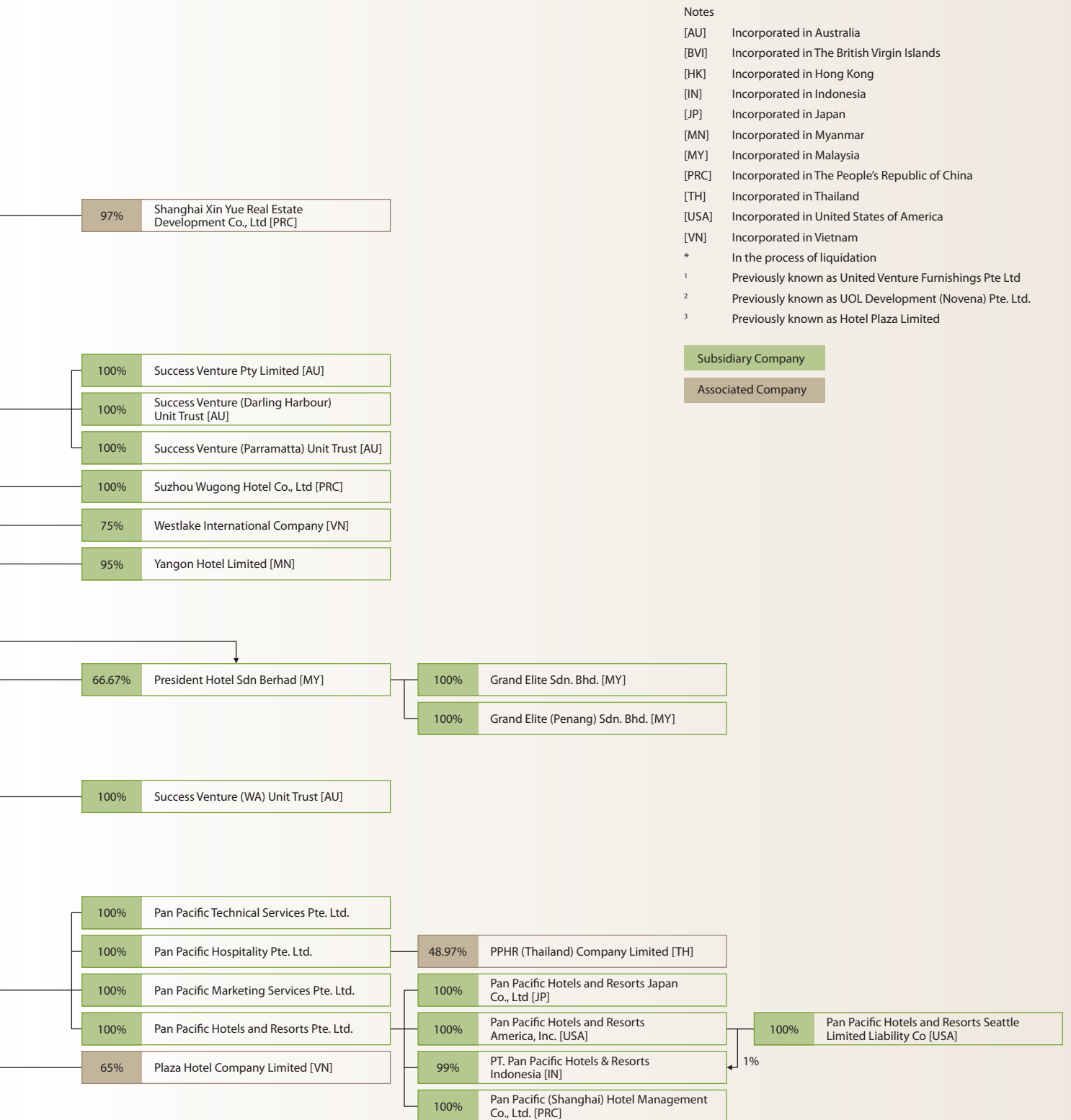
**Boardroom Corporate & Advisory
Services Pte. Ltd.**
50 Raffles Place,
#32-01 Singapore Land Tower
Singapore 048623
Telephone : (65) 6536 5355
Facsimile : (65) 6536 1360

UOL Group Structure

as at 8 March 2010

UOL Group Limited





Operation Highlights

Property Investments



United Square



United Square

+12%

Revenue from Property Investments



Revenue from property investments improved due to higher average rental rates from most of the Group's investment properties.

"Active lease management and asset enhancement efforts led to higher rental rates and occupancy rates of above 90% "

Commercial Properties

United Square

United Square, the kids learning mall, won the Singapore Retailers Association Award for "Best in Centre Management" in 2009. This prestigious award was presented to the best managed shopping mall in Singapore for its efforts in mall maintenance and landlord/tenant relationship.

As part of its commitment to create a more conducive environment for shoppers, United Square upgraded its amenities and services. It added two more passenger lifts to improve traffic circulation and air-conditioned the lift lobbies at the carpark decks.

In 2009, United Square also collaborated with external partners such as the National Library Board and Health Promotion Board to provide value-added services to tenants and shoppers. New F&B tenants secured during the year included Thai Express, Xin Wang Hong Kong Café, Toast Box, Grandma's Restaurant and Cedele by Bakery Depot, while new retail tenants included Cotton On Kids, Gamers Hub and Prize Station. Office tenants secured include SSL Healthcare Singapore Pte Ltd, Stuart Wright Pte Ltd and Extra Excellence (S) Pte Ltd.

During the year, the mall organised a flurry of entertainment events for children, including Ben 10 in June, Kids in the Big World to celebrate the mall's 7th Anniversary in August and Barney & Friends in World of Imagination in December.

With lettable office space of 27,169 sqm and retail space of 18,580 sqm, United Square saw an improvement in rental revenue by 13%, with occupancy rate maintained above 90%.



United Square

Operation Highlights

Property Investments



Velocity@Novena Square

Novena Square

Velocity@Novena Square strengthened its position as a sports mall with a slew of high-profile sporting events in 2009. Besides mall-organised events such as cycling, water polo, underwater hockey, street caged basketball and ice skating competitions, Velocity also worked with the sports fraternity to bring in well-publicised events such as the visit of Liverpool soccer players, the World Slalom Free Style Skating Competitions and the Lianhe Zaobao Table Tennis Cup. More than 60% of the popular runs such as New Balance Real Run, Saucony 100 Plus Passion Run and Mizuno Runs also held their registration road shows at Velocity.

The mall has extended its working relationship with the Singapore Sports Council (SSC) with the launch of the official mascot and song for the Asian Youth Games as well as the launch of the SSC's revamped sports website at the mall.

New retail tenants secured during the year included Levi's, Cotton-On, Puma outlet store, Sports Station by Royal Sporting House, Key Power International and Believer Music. New F&B tenants included Kenny Rogers Roasters, My Mum's Cuisine, Subway, Coffee Bean & Tea Leaf. New office tenants who came onboard included Pan Pacific Hotels Group Limited and Procter & Gamble Asia Pte Ltd.

Novena Square has total lettable office space of 41,380 sqm and retail space of 15,817 sqm. Rental revenue improved by 6% and the occupancy rate decreased from 99% to 98%.

Odeon Towers

New tenants during the year included Glory Money Handling Machines Pte Ltd, TNT Express Worldwide N.V. and Genexco International Pte Ltd, a high-end furniture retailer. Rental revenue improved by 25% and occupancy remained above 90%.

Faber House

La Perla Asia Pte Ltd, Lend Lease Retail Pte Ltd and JCB International Asia Pacific Pte Ltd were among the new tenants at Faber House. Rental revenue improved by 9% and occupancy improved from 91% to 95%.



Pan Pacific Serviced Suites, Singapore

Serviced Suites

Pan Pacific Serviced Suites, Singapore

Pan Pacific Serviced Suites, a 16-storey, 126-suite extended-stay property is located in the heart of Orchard Road. A flagship property of our new business model for the extended-stay segment in South East Asia, the Serviced Suites offer guests a differentiated stay experience with its unique service touchpoint of Personal Assistants (PA), whom residents can rely on to provide seamless local connections to the new city.

Since its opening in April 2008, the Serviced Suites have commanded the highest room rates in the premium extended-stay segment in Singapore. The occupancy rate has risen from 65% at the end of 2008 to 76% by December 2009.

PARKROYAL Serviced Suites, Singapore

Held by subsidiary Pan Pacific Hotels Group Limited, the PARKROYAL Serviced Suites comprises 90 units of serviced suites at The Plaza on Beach Road. The Group completed the renovation of 40 units and the upgrading of the air-conditioning system in all 90 units in February 2009. The Group has also commenced the renovation of the remaining 50 units in mid-October 2009. All units will be fully renovated by February 2010. The refurbished suites will be contemporary with welcoming interiors and well-defined spaces. The spacious living area offers panoramic views of the sea or city skyline.

Occupancy closed at 69%, down from 86% the year before, due to the renovations in 1Q2009 and 4Q2009.

South Tower, One Residency, Kuala Lumpur, Malaysia

One Residency is a mixed-use development comprising an office block and two apartment blocks. It is situated in the Golden Triangle area, close to Jalan Sultan Ismail and Jalan Bukit Bintang. The location is within walking distance to Kuala Lumpur City Centre as well as the shopping, entertainment and dining facilities along Jalan Bukit Bintang.

The Group intends to manage the 287-unit development bought in 2005 as serviced residences under the "PARKROYAL Serviced Suites" brand. Plans are underway to furnish the apartments ranging from studios to 3-bedroom units, and soft opening is scheduled for the second half of this year.

Operation Highlights

Property Development



“Timely sales launches and award of construction contracts led to record annual sale and enhanced project margins.”

+41%

Revenue from Property Development



The increase in revenue was mainly from higher progressive recognition of revenue from the Group's residential projects.

Singapore

Southbank

Kings & Queens Development Pte. Ltd., a 70%-owned subsidiary of UOL, is developing the site into a 40-storey residential block with 197 apartments, and a 20-storey SoHo (Small office/Home office) block with 60 SoHo units and 16 retail units. The development is 100% sold. As at December 2009, the project was 91% completed. TOP is expected in 1Q2010.

The Regency at Tiong Bahru

The Regency at Tiong Bahru, a project undertaken by United Regency Pte. Ltd., a 60%-owned subsidiary of UOL, comprises 158 apartment units in two 35-storey blocks. All units have been sold. As at December 2009, the project was 95% completed. TOP is expected in 1Q2010.

Pavilion 11

Pavilion 11, a project undertaken by UOL Development (Dakota) Pte. Ltd. (UDD), a wholly-owned subsidiary of UOL, comprises 180 apartment units, has been completely sold. TOP was obtained in July 2009.



Artist's Impression of Southbank

Operation Highlights

Property Development



+15%

Sales Value of Residential Units Sold



Record annual sale of over 1,000 residential units and sales value of \$1.2 billion.

Duchess Residences

The 999-year leasehold property, in which the Group has a 70% interest, will be developed into 120 apartment units, of which 99% have been sold. The project was 66% completed as at December 2009. TOP is expected in 3Q2010.

Nassim Park Residences

Nassim Park Developments Pte. Ltd., in which the Group has a 50% interest, is developing Nassim Park Residences. The 100-unit freehold residential development was launched in May 2008, of which 85% were sold as at December 2009.

As at December 2009, the project was 32% completed. TOP is expected in 4Q2010.

Breeze by the East

UOL Development Pte Ltd (UDPL), a wholly-owned subsidiary, is developing Breeze by the East into a seven-block five-storey condominium comprising 88 units. The project was launched for sale in April 2008 and all units were sold. Construction works commenced in June 2008 and as at December 2009, the project was 40% completed. TOP is expected in 4Q2010.

Double Bay Residences

Secure Venture Development (Simei) Pte. Ltd., in which the Group has a 60% interest, is developing Double Bay Residences. The 99-year leasehold development consists of 646 residential units and six retail units. The project was launched for sale in March 2009, of which 92% were sold as at December 2009. The main contract works commenced in October 2009. TOP is expected in 2Q2012.

Meadows @ Peirce

UDPL is developing the freehold property into 479 apartment units. The project was launched for sale in July 2009. As at December 2009, the project was 21% completed and 73% of the units were sold. TOP is expected in 3Q2011.

one-north Residences

Vista Development Pte Ltd, a 30%-owned associated company, developed one-north Residences which comprises 405 apartment units and 22 retail units, all of which were sold. TOP was obtained in July 2009.

One Amber

The property, in which the Group has a 30% interest, comprises four 23-storey blocks with 562 apartment units, all of which have been sold. As at December 2009, the project was 80% completed. TOP is expected in 1Q2010.

Sites currently known as

Spottiswoode Park/ Oakswood Heights

The freehold sites which were acquired in 2007 under UDPL, will be developed into approximately 350 apartment units.

Site currently known as

Rainbow Gardens

Premier Land Development Pte Ltd, a 50%-owned associated company of UOL, is developing the site at Toh Tuck Road, into three 5-storey residential blocks of approximately 172 apartment units.

Waterbank at Dakota

UDD, a wholly-owned subsidiary, successfully tendered for the URA Residential Land Parcel 758 at Dakota Crescent for \$329 million. The 99-year site will be developed into a condominium project of approximately 616 units.

Kuala Lumpur, Malaysia

Panorama

Promatik Emas Sdn. Bhd., a 55%-owned subsidiary, is developing Panorama into 223 luxury apartment units. As at December 2009, 88% of the units were sold. Piling works have been completed and the main construction works are 31% completed. TOP is expected in 1Q2011.



Artist's Impression of Meadows@Peirce

Operation Highlights

Hotel Operations



PARKROYAL on Beach Road, Singapore



PARKROYAL on Beach Road, Singapore

Singapore

PARKROYAL on Beach Road

Average occupancy of the 343-room PARKROYAL on Beach Road declined by six percentage points to 73% in 2009, while the average room rate decreased by 25% to \$166.

PARKROYAL on Kitchener Road

The 534-room PARKROYAL on Kitchener Road saw average occupancy increased by one percentage point to 76% in 2009. Average room rate decreased by 28% to \$134.

Pan Pacific Orchard

The 21-storey, 206-room hotel on Claymore Road saw average occupancy in 2009 declined by four percentage points to 75%, while the average room rate decreased by 29% to \$209.

Site at Upper Pickering Street

The 99-year leasehold property will be developed into a city hotel with approximately 367 rooms and an office block of approximately 7,320 sqm of office space.

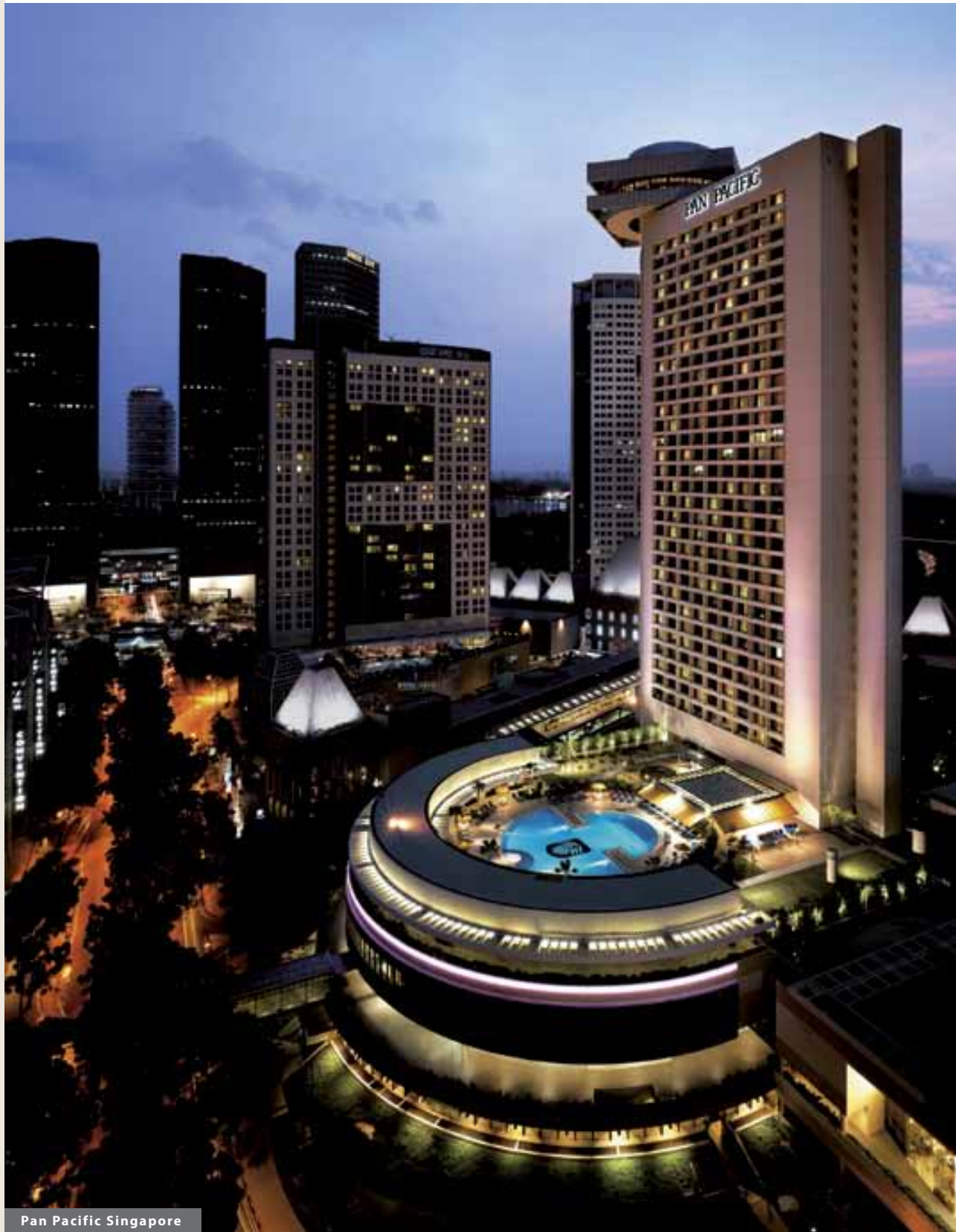
The development is expected to complete by 3Q2012.

Marina Mandarin Singapore

The Marina Mandarin Singapore is a 22-storey, 575-room hotel at Raffles Boulevard. It is owned by Aquamarina Hotel Private Limited, in which UOL has a 25% interest. During the year, average occupancy dipped by one percentage point to 74%. The hotel's average room rate reduced by 26% as compared to the preceding year.

Pan Pacific Singapore

The Group has a 22.67% equity interest in Marina Centre Holdings Pte Ltd which owns the 778-room Pan Pacific Singapore located in the Marina Bay area. The hotel maintained its occupancy at 75% in 2009 with its average room rate decreasing by 27% to \$228.



Pan Pacific Singapore

Operation Highlights

Hotel Operations

Australia

Crowne Plaza Darling Harbour, Sydney

UOL's subsidiary Pan Pacific Hotels Group Limited, formerly known as Hotel Plaza Limited, has a 60% interest in the 345-room Crowne Plaza Darling Harbour, located at Day Street near the scenic waterfront. During the year, average occupancy has increased marginally by one percentage point to 83% although the average room rate decreased by about 13% to AUD166.

Crowne Plaza Parramatta, Sydney

The 196-room Crowne Plaza Parramatta, in which Pan Pacific Hotels Group has a 60% interest, is located at Phillip Street in the heart of the business district of Parramatta. In 2009, average occupancy decreased by four percentage points to 74% and the average room rate declined by 15% to AUD144.

To give the property a competitive edge, the hotel will be embarking on a AUD3 million refurbishment of the 196 guestrooms from May to August 2010.

Sheraton Perth Hotel, Perth

Pan Pacific Hotels Group has a 100% interest in the 486-room Sheraton Perth Hotel. Average occupancy dipped two percentage points to 73%, while the average room rate declined by five percent to AUD212.

The People's Republic of China

Pan Pacific Xiamen

The hotel was rebranded Pan Pacific Xiamen from Sofitel Xiamen in August 2009. Average occupancy was 50%, a 13 percentage point drop from 2008. The average room rate decreased by 10% to RMB668.

Pan Pacific Suzhou (formerly known as Sheraton Suzhou Hotel & Towers)

Pan Pacific Hotels Group has a 100% interest in Sheraton Suzhou Hotel & Towers, located at Xinshi Road within the Suzhou city precinct. During the year, average occupancy maintained at 50%. However, total rooms sold had increased in 2009 due to the additional 99 rooms added to the hotel inventory in March 2009. The average room rate registered a 22% drop to RMB656 as a result of increased competition and a general decline in rates in the market.

The hotel has been rebranded to Pan Pacific Suzhou with effect from January 2010.

Vietnam

Hotel Sofitel Plaza Hanoi, Hanoi

Pan Pacific Hotels Group has a 75% interest in the 309-room Hotel Sofitel Plaza Hanoi. The hotel commands a scenic view of the West Lake and Red River in Hanoi, with convenient access to the central business district. During the year, average occupancy declined by nine percentage points to 62%, while the average room rate decreased by 18% to USD110.

As part of the re-positioning of the hotel to the new Sofitel brand standard, the hotel will be renovating the guestrooms, F&B outlets and meeting facilities in 2010.

PARKROYAL Saigon, Ho Chi Minh City

The 193-room PARKROYAL Saigon is wholly-owned by Pan Pacific Hotels Group. Average occupancy for the year decreased by 11 percentage points to 59%. The average room rate dropped by 17% to USD85.



PARKROYAL Penang



Pan Pacific Suzhou

Hotel Sofitel Saigon Plaza and Central Plaza, Ho Chi Minh City

The 287-room Hotel Sofitel Saigon Plaza, in which Pan Pacific Hotels Group has a 26% interest, is conveniently located in the main commercial and diplomatic precinct. Average occupancy dropped by 12 percentage points to 53% in 2009 while the average room rate declined by 17% to USD135.

As part of its re-positioning to the new Sofitel brand standard, the hotel will be renovating the guestrooms, F&B outlets and meeting facilities in 2010.

Adjoining the hotel is the Central Plaza, a 16-storey office block. Its total lettable area of 7,895 sqm was fully let out during the year.

Malaysia

PARKROYAL Kuala Lumpur

The 426-room PARKROYAL Kuala Lumpur, with the adjoining President House, is strategically located in the Golden Triangle, the capital's main commercial and retail district. Average occupancy of the hotel was 79%, an increase of eight percentage points year on year. The average room rate reduced by 10% to RM239.

PARKROYAL Penang

PARKROYAL Penang, with 309 rooms, saw its average occupancy increased by four percentage points to 71%. The average room rate increased by 12% to RM370.

Myanmar

PARKROYAL Yangon

Pan Pacific Hotels Group has a 95% interest in the 267-room hotel. Average occupancy for the hotel saw a 19 percentage point increase to 62% in 2009 while the average room rate rose by six percent to USD36.

Operation Highlights

Hotel Management



Pan Pacific Kuala Lumpur

In 2009, Hotel Plaza Limited was renamed Pan Pacific Hotels Group Limited, to reflect its growing reputation as a leading branded hotel management company.

The Singapore-listed Pan Pacific Hotels Group Limited owns and manages two brands, "Pan Pacific Hotels and Resorts" and "PARKROYAL Hotels and Resorts," with properties across Asia and North America. This renaming initiative follows the successful integration of the two brands into one core business since October 2008 when the Group acquired "Pan Pacific" from its holding company, UOL Group Limited.

The "Pan Pacific" brand, with strong brand equity built over 30 years of international recognition, was chosen to represent the new identity of the Group, Pan Pacific Hotels Group Limited.

Pan Pacific Hotels Group also unveiled its new corporate logo, represented by a strong, simple and distinct "P", representing the Group's focus and continued commitment to its key stakeholders - patrons, partners and principals.

In addition, Pan Pacific Hotels Group consolidated its corporate headquarters in Singapore from multiple prime business district locations into a centralised new location. The move will contribute towards increasing team efficiency and enhancing group communications.

Pan Pacific Hotels and Resorts

Pan Pacific Hotels and Resorts is a leading premium hotel brand synonymous with personalised care and a culture of subtleness, delicate service and attention to detail. It has a portfolio of 16 hotels, resorts and serviced suites (including those under development) throughout Asia and North America, with Global Sales Offices in Australia, Hong Kong, London, San Francisco, Singapore, Shanghai and Tokyo.

The brand has won major industry accolades such as World Travel Awards, AAA Four Diamond Award, Condé Nast Gold List and Reader's Choice Awards.



Pan Pacific Xiamen



PARKROYAL Yangon

Pan Pacific Xiamen opened on 1 August 2009, marking the Group's strategy to build a strong presence in China, a key market. Following this, Pan Pacific Suzhou, a 481-room property set in traditional Suzhou gardens, opened on 11 January 2010. Other key growth markets for the brand included the United States, Australia and Asia.

This year kicked off with the opening of the Pan Pacific Serviced Suites, in Bangkok in February.

PARKROYAL Hotels & Resorts

PARKROYAL Hotels & Resorts began in Australia in 1962 and has since established itself as a trustworthy provider of quality, value and hospitality distinct to Asia. The brand promises a lifestyle approach to hospitality.

It has a portfolio of seven hotels, resorts and serviced suites in Southeast Asia, including Singapore, Kuala Lumpur, Penang, Yangon and Saigon. Each hotel and resort has its own individual character and exemplifies the charm and culture of its location.

In 2009, "PARKROYAL" joined the Global Hotel Alliance (GHA), the world's largest, and growing alliance of independent hotel brands with over 260 upscale and luxury hotels and more than 60,000 rooms in 47 different countries.

In 3Q2010, the brand's first extended-stay property outside of Singapore PARKROYAL Serviced Suites will open in Kuala Lumpur. Following this, the flagship PARKROYAL@CBD, a 367-room city hotel designed by leading architecture firm WOHA, will open in Singapore in 2012, serving as a gateway to the city's central business district.

Operation Highlights

Overseas Projects & Investments



Artist's Impression of Jalan Conlay, Kuala Lumpur

Tianjin

The project known as “Hai He Hua Ding”, has been selected as one of the 20 key projects in Tianjin city and a landmark development along Hai He, the city’s mother river. This project is 90%-owned by UOL Capital Investments Pte. Ltd., and has a gross development area of approximately 154,600 sqm comprising 120,000 sqm above ground and 34,600 sqm basement area. The mixed development will comprise approximately 538 residential apartments, a 328-room hotel, 17,600 sqm of office space and 9,800 sqm of retail space.

Construction work began in 2009 and it is four percent completed. The project is expected to enhance the cosmopolitan appeal of the area, which is already a vibrant business district with special historic interests. Sales launch for the residential units is scheduled to be in the later part of 2010.

Kuala Lumpur

The freehold property at Jalan Conlay, Kuala Lumpur, located near Kuala Lumpur City Centre and the popular Bukit Bintang shopping area, is owned by Suasana Simfoni Sdn. Bhd., a 60%-owned subsidiary. Plans are underway to obtain authority approvals to develop the site into approximately 494 luxury apartments.

| Counter | Percentage Holdings in Investee | | Fair Value | | Gross Dividend Received | |
|--|------------------------------------|-----------|-------------|-------------|----------------------------|-------------|
| | 2009 % | 2008 % | 2009 \$m | 2008 \$m | 2009 \$m | 2008 \$m |
| Listed Securities | | | | | | |
| United Overseas Bank Limited | 2.2 | 2.2 | 669.1 | 438.6 | 20.4 | 22.1 |
| United Industrial Corporation Limited (UIC)* | – | 14.3 | – | 204.6 | – | 5.8 |
| Others | | | 33.7 | 22.8 | 0.7 | 2.0 |
| | | | 702.8 | 666.0 | 21.1 | 29.9 |
| Unlisted Securities | | | 43.4 | 29.6 | 0.1 | 0.9 |
| Total | | | 746.2 | 695.6 | 21.2 | 30.8 |

*UIC became an associated company of the Group in 2009.

Investments in Securities

The equity market in Singapore rebounded from its low level in end 2008 with a 64.5% gain in the Straits Times Index as of end 2009. In line with this recovery, the fair value of the Group's available-for-sale securities increased to \$746.2 million as at 31 December 2009 as compared with \$695.6 million as at 31 December 2008. An unrealised gain of \$291.0 million arising from changes in the fair value of investments has been credited to the fair value reserve account.

Following acquisition of additional shares, UIC became an associated company of the Group in the first quarter of 2009. The investment was transferred from 'available-for-sale financial assets' to 'associated companies' and the Group henceforth applies the equity method of accounting for this investment.

Dividend income for 2009 was \$21.2 million, a decrease of \$9.6 million as compared with the dividend of \$30.8 million for the preceding year. The reduction was due mainly to lower dividends declared by the investee companies and the non-inclusion of dividend income from UIC for reasons mentioned above.

Operation Highlights

Management Services & Human Resources



St. Gregory Spa

Management Services

As in previous years, UOL Management Services Pte Ltd continues to provide property management services for the Group's various properties in Singapore.

UOL Project Management Services Pte. Ltd., a wholly-owned subsidiary, continues to provide project management and related services to the Group's commercial development projects and properties.

The Group transferred Parkroyal Serviced Residences Pte. Ltd. (PSR), a 100%-owned subsidiary, to Pan Pacific Hotels Group in July 2009. Through Pan Pacific Hotels Group, the Group holds 81.6% indirect shareholding interest in PSR which continues to provide hospitality management services for the PARKROYAL Serviced Residences at The Plaza on Beach Road.

Spa/Lifestyle-Related Operations

St. Gregory Spa

Established in Singapore in 1997, St. Gregory is an integrated lifestyle management spa built on the four pillars of therapy, fitness, aesthetics and active-ageing. A pioneer and market leader in the spa industry, St. Gregory continues to set the trend for excellent spa expertise, offering specialised and traditional healing therapies ranging from Chinese Tui Na to Javanese massages and Ayurveda, combined with advanced technologies and techniques from the United States and Europe.

The Group now owns and/or manages seven spas in the Asia Pacific region including Singapore, Malaysia and Japan.

Si Chuan Dou Hua Restaurant

Driven by the desire of wanting to continue the fine tradition of bringing authentic tastes of China to the world, Si Chuan Dou Hua opened its first branch at PARKROYAL on Beach Road in 1996.

The success led to the second restaurant in Singapore at UOB Plaza in 2002 and a third Si Chuan Dou Hua restaurant in 2003 at PARKROYAL Kuala Lumpur, followed by a fourth in Tokyo in 2007.

Besides the authentic cuisine, a unique aspect of dining at Si Chuan Dou Hua is the presence of the traditional tea master who integrates Chinese martial arts, dance and gymnastics when pouring tea.

Tian Fu Teahouse

TianFuTeahouse by Si Chuan Dou Hua Restaurant was first introduced in 2005 at PARKROYAL on Beach Road. It is the first to integrate a teahouse within a Chinese restaurant in Singapore, and it carries a wide selection of over 25 types of fine tea.

A second Tian Fu Teahouse opened at UOB Plaza in 2008.



Tian Fu Teahouse

Human Resources

People, our Leading Asset

People are the key to UOL's success and we value them as our greatest asset. It is our people's passion that drives the business performance, their innovative nature that shapes the competitive advantages and their enterprising spirit that sustains the consistent growth.

We reaffirm our commitment to our people when we refined the Company's vision and mission in 2009.

Together with the management, our people played a crucial role in mustering the guiding principles for UOL. Their teamwork and loyalty towards the Company have become the underlying strength and will continue to be the driving force in fulfilling the Company's vision and mission.

Positioning for Growth

In preparation for the next phase of growth, we embarked on an overhaul of the HR structure and practices to align them to our people philosophy of recruiting and retaining talents, as well as developing a competent, passionate and innovative work team.

A job evaluation exercise was conducted to update our job grade and compensation structure. Several talent engagement and development projects are also in the pipeline to strengthen our greatest asset – People.

Employee Wellness

Throughout the year, the Group organises several social and recreational activities to promote work-life harmony for our people. Besides having a grand Annual Dinner & Dance, we also organise mini celebrations in our new staff lounge named InterRec for our people to bond.

Service Excellence

In recognition of employees who have displayed exemplary performance, the Singapore Tourism Board presented the Excellent Service Award 2009 to 16 of our Group's hotel employees. The prestigious Star Award was presented to Jimmy Quek (Concierge) and Asiah binte Ismail (F&B Supervisor). Two received the Gold Award and another 12 employees received the Silver Award.

Abdul Rahman bin Hassan, Driver at Parkroyal on Beach Road was named Employee of the Year 2009 by the Singapore Hotel Association.

The Union of Security Employees also honoured Ahmad bin Abdul Jaafar, Security Officer at Parkroyal on Beach Road with the Comrade of Labour Award.



December Birthday Celebration

Property Summary 2009

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Gross Floor* Area (sqm) | Car Park Facilities | 2009 Average Occupancy % | Present Capital Value (\$m) |
|---|---------------------|-----------|--------------------------|---|---------------------|--------------------------|-----------------------------|
| Investment Properties Owned by the Group | | | | | | | |
| FABER HOUSE 230 Orchard Road, Singapore 12-storey commercial building (excluding first storey which was sold) | 1973 | – | Freehold | 3,866 | 48 | 95 | 54.2 |
| ODEON TOWERS 331 North Bridge Road, Singapore 23-storey commercial building with 3 basement levels and a 2-storey podium block | 1992 & 2003 | – | 999-Year Lease from 1827 | 18,360 | 167 | 93 | 258.3 |
| UNITED SQUARE 101 Thomson Road, Singapore Commercial building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks Shops Offices | 1982 & 2002 1982 | 1987 | Freehold | 18,580 27,169 | 658 | 98 90 | 654.3 |
| NOVENA SQUARE 238/A/B Thomson Road, Singapore Office cum retail development above the Novena MRT station, comprising 2 blocks of 18- and 25-storey office towers and a 3-storey retail podium with elevated carparks (excluding #01-38 which was sold) Shops Offices | 2000 2000 | – | 99-Year Lease from 1997 | 15,817 41,380 | 491 | 99 97 | 769.5 |
| THE PLAZA 7500 Beach Road, Singapore Retained interests in a 32-storey tower block comprising restaurants, hotel function rooms, shops, offices and serviced suites, two adjacent commercial buildings and a multi-storey carpark block Shops & Offices 90 serviced suites and 1 owner-occupied unit | 1974 & 1979 1979 | – – | 99-Year Lease from 1968 | 18,597 6,125 & 165 respectively | 659 | 93 69 | 162.6 |
| PAN PACIFIC SERVICED SUITES 96 Somerset Road, Singapore 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark | 2008 (redeveloped) | 1979 | Freehold | 8,821 | 37 | 76 | 134.0 |
| Hotels Owned and Managed by the Group | | | | | | | |
| PAN PACIFIC ORCHARD 10 Claymore Road, Singapore 21-storey hotel with 206 rooms | 1995 | 2006 | Freehold | 17,597* | 67 | 76 | 130.0 |
| PARKROYAL ON BEACH ROAD 7500C Beach Road, Singapore 7-storey hotel building with 343 rooms | 1971 & 1979 | – | 99-Year Lease from 1968 | 19,900* | 41 | 79 | 112.0 |
| PARKROYAL ON KITCHENER ROAD 181 Kitchen Road, Singapore Comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower Hotel with 534 rooms | 1976 & 1981 | 1989 | Freehold | 37,811* | 273 | 75 | 183.0 |
| PAN PACIFIC XIAMEN (formerly known as Sofitel Plaza Xiamen) Hubin North Road, Xiamen, The People's Republic of China Comprising two towers of 19-storey and 29-storey each with 390 rooms, including a two-storey basement carpark | 2005 (redeveloped) | 2001 | 70-Year Lease from 1991 | 31,775* | 76 | 52 | 61.9 |
| PAN PACIFIC SUZHOU (formerly known as Sheraton Suzhou Hotel & Towers) Xinshi Road, Suzhou, Jiangsu, The People's Republic of China Comprising an establishment built in the Ming Dynasty style, with 481 rooms accommodated within a cluster of low-rise buildings | 1998 | 2001 | 50-Year Lease from 1994 | 63,232* | 100 | 50 | 119.6 |
| PARKROYAL SAIGON Nguyen Van Troi Street, Ho Chi Minh City, Vietnam Comprising a 10-storey hotel building with a 9-storey extension wing, with a total of 193 rooms and a 4-storey annex office building | 1997 | – | 49-Year Lease from 1994 | 12,165* | 25 | 70 | 37.7 |

| | Completed | Purchased | Tenure of Land | Approximate Net Lettable/ Gross Floor* Area (sqm) | Car Park Facilities | 2009 Average Occupancy % | Present Capital Value (\$m) |
|---|-----------|-----------|-----------------------------|---|---------------------|--------------------------|-----------------------------|
| Hotels Owned and Managed by the Group (continued) | | | | | | | |
| PARKROYAL YANGON At the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar 8-storey V-shaped tower comprising 267 rooms | 1997 | 2001 | 30-Year Lease from 1997 | 17,700* | 140 | 43 | 7.8 |
| PARKROYAL KUALA LUMPUR AND PRESIDENT HOUSE Jalan Sultan Ismail, Kuala Lumpur, Malaysia Comprising a 23-storey tower with a 6-storey podium together with an annexed 8-storey carpark building, with the 426-room hotel occupying the tower and part of the podium Hotel and President House | 1974 | 1999 | Freehold | 56,707* | – | 71 | 95.0 |
| Car Park Annexe | – | | Leasehold, expiring in 2080 | 11,128* | 320 | | |
| PARKROYAL PENANG Batu Ferringhi Beach, Penang, Malaysia 309-room 8-storey beachfront resort hotel | 1990 | 1999 | Freehold | 31,502* | 147 | 67 | 56.8 |
| Hotels Owned by the Group and Managed by Third Parties | | | | | | | |
| CROWNE PLAZA DARLING HARBOUR 150 Day Street, Sydney, Australia 13-level hotel with 345 rooms | 1991 | 1993 | Freehold | 24,126* | 53 | 82 | 91.4 |
| CROWNE PLAZA PARAMATTA 30 Phillip Street, Parramatta, New South Wales, Australia 13-level hotel with 196 rooms | 1986 | 1994 | Freehold | 16,694* | 176 | 78 | 36.0 |
| SHERATON PERTH HOTEL At the corner of Adelaide Terrace and Hill Street, Perth, Australia Comprising a 23-storey hotel tower with a 4-level extension wing with a total of 486 rooms | 1973 | 1995 | Freehold | 31,513* | 220 | 75 | 157.8 |
| HOTEL SOFITEL PLAZA HANOI Thanh Nien Road, Hanoi, Vietnam 20-storey hotel with 309 rooms and 36 serviced apartments | 1998 | 2001 | 48-Year Lease from 1993 | 39,250* | 40 | 71 | 95.0 |
| Other Properties Owned by the Group | | | | | | | |
| EUNOS WAREHOUSE COMPLEX 1 Kaki Bukit Road 2, Singapore Retained interests in 2 units of a 4-storey flatted warehouse | 1983 | – | 60-Year Lease from 1982 | 1,134 | – | – | 1.4 |

| | Purchased | Tenure of Land | Approximate Gross Floor Area (sqm) | Stage of Completion as at 31.12.2009 | Expected Completion | Percentage of Interest |
|--|-----------|--|------------------------------------|--------------------------------------|------------------------------|------------------------|
| Properties under Construction | | | | | | |
| ONE RESIDENCY Jalan Nagasari, off Jalan Raja Chulan, Kuala Lumpur, Malaysia Under construction to build a 287-unit serviced suite with ground floor commercial space and a carpark | 2005 | Freehold | 21,359* | 88% | 2 nd Quarter 2010 | 100% |
| HAI HE HUA DING (formerly known as Tianjin Hai He Huang Guan) Zhang Zi Zhong Road, Hong Qiao District, Tianjin, The People's Republic of China Proposed mixed-use development comprising approximately 538 residential apartments, a 328-room hotel, 17,600 sqm of office space and 9,800 sqm of retail space | 2007 | 50-Year & 40-Year Lease from 2007 for residential & commercial components respectively | 120,429* | 4% | 4 th Quarter 2013 | 90% |
| SITE AT UPPER PICKERING STREET Upper Pickering Street Proposed development comprising a 367-room hotel and approximately 7,320 sqm of office space | 2008 | 99-Year Lease from 2008 | 29,227* | – | 3 rd Quarter 2012 | 100% |

Property Summary 2009

| | Type of Development | Tenure of Land | Approximate Gross Floor Area (sqm) | Site Area (sqm) | Sale Status as at 31.12.2009 | Stage of Completion as at 31.12.2009 | Expected Completion | Percentage of Interest |
|---|----------------------|--|------------------------------------|-----------------|------------------------------|--------------------------------------|------------------------------|------------------------|
| Properties for sale under development | | | | | | | | |
| THE REGENCY AT TIONG BAHRU Chay Yan Street 158 units of condominium apartments | Residential | Freehold | 18,201 | 6,129 | 100% | 95% | 1 st Quarter 2010 | 60% |
| DUCHESS RESIDENCES Duchess Walk 120 units of condominium apartments | Residential | 999-Year leasehold commencing 27.12.1875 | 19,802 | 14,144 | 99% | 66% | 3 rd Quarter 2010 | 70% |
| SOUTHBANK North Bridge Road 273 units of mixed office and residential condominium apartments | Office & Residential | 99-Year leasehold commencing 27.1.2006 | 24,161 | 3,852 | 100% | 91% | 1 st Quarter 2010 | 70% |
| BREEZE BY THE EAST Upper East Coast Road 88 units of condominium apartments | Residential | Freehold | 12,566 | 8,976 | 100% | 40% | 4 th Quarter 2010 | 100% |
| MEADOWS@PEIRCE Tagore Avenue 479 units of condominium apartments | Residential | Freehold | 63,970 | 42,828 | 73% | 21% | 3 rd Quarter 2011 | 100% |
| DOUBLE BAY RESIDENCES Simei Street 4 652 units of residential apartments and retail components | Residential & Retail | 99-Year leasehold commencing 7.4.2008 | 76,260 | 32,211 | 92% | 5% | 2 nd Quarter 2012 | 60% |
| SITE AT SPOTTISWOODE PARK/OAKSWOOD HEIGHTS Spottiswoode Park/Oakswood Heights Proposed 350 units of condominium apartments | Residential | Freehold | 29,586 | 9,531 | – | – | 1 st Quarter 2013 | 100% |
| WATERBANK AT DAKOTA Dakota Crescent 616 units of condominium apartments | Residential | 99-year leasehold commencing 7.12.2009 | 60,164 | 17,190 | – | – | 3 rd Quarter 2013 | 100% |
| PANORAMA Persiaran Hampshire, Kuala Lumpur, Malaysia 223 units of condominium apartments | Residential | Freehold | 32,578 | 4,573 | 88% | 31% | 1 st Quarter 2011 | 55% |
| SITE AT JALAN CONLAY Kuala Lumpur, Malaysia Proposed 494 units of condominium apartments | Residential | Freehold | 125,997 | 15,989 | – | – | 3 rd Quarter 2013 | 60% |
| NASSIM PARK RESIDENCES Nassim Road 100 units of condominium apartments | Residential | Freehold | 32,186 | 23,065 | 85% | 32% | 4 th Quarter 2010 | 50% |
| ONE AMBER Amber Gardens 562 units of condominium apartments | Residential | Freehold | 64,850 | 23,161 | 100% | 80% | 1 st Quarter 2010 | 30% |

Simplified Group Financial Position

Total assets owned



| | 2009 \$m | 2008 \$m | 2009 % | 2008 % |
|-------------------------------------|--------------|--------------|------------|------------|
| Property, plant and equipment | 1,097 | 1,029 | 15 | 17 |
| Investment properties | 2,027 | 2,202 | 28 | 35 |
| Available-for-sale financial assets | 746 | 696 | 10 | 12 |
| Associated companies | 1,508 | 521 | 21 | 9 |
| Development properties | 1,563 | 1,275 | 21 | 21 |
| Other assets & cash | 387 | 371 | 5 | 6 |
| | 7,328 | 6,094 | 100 | 100 |

Total liabilities owed & capital invested



| | 2009 \$m | 2008 \$m | 2009 % | 2008 % |
|---------------------------------|--------------|--------------|------------|------------|
| Shareholders' funds | 4,148 | 3,395 | 57 | 56 |
| Minority interests | 460 | 421 | 6 | 7 |
| Borrowings | 2,267 | 1,883 | 31 | 31 |
| Trade and other payables | 171 | 143 | 2 | 2 |
| Deferred income tax liabilities | 202 | 174 | 3 | 3 |
| Other liabilities | 80 | 78 | 1 | 1 |
| | 7,328 | 6,094 | 100 | 100 |

Five-Year Financial Summary

| | 2005 \$'000 | 2006 \$'000 | 2007 \$'000 | 2008 \$'000 | 2009 \$'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Group Revenue | | | | | |
| Property development | 104,411 | 169,297 | 230,442 | 379,161 | 533,843 |
| Hotel operations | 259,576 | 300,062 | 322,941 | 339,040 | 294,485 |
| Property investments | 95,138 | 92,000 | 99,080 | 126,104 | 141,674 |
| Investments | 34,926 | 32,939 | 51,199 | 30,776 | 21,192 |
| Trading and retail operations and management services | 11,431 | 10,823 | 9,830 | 24,095 | 15,867 |
| | 505,482 | 605,121 | 713,492 | 899,176 | 1,007,061 |
| Group Profit and Loss | | | | | |
| Property development | 21,635 | 32,930 | 71,527 | 122,907 | 155,149 |
| Property investments | 65,468 | 57,236 | 62,639 | 76,166 | 100,572 |
| Hotel operations | 28,885 | 43,151 | 61,930 | 70,533 | 44,175 |
| Investments | 51,246 | 33,107 | 50,944 | 30,720 | 20,915 |
| Trading and retail operations and management services | 1,120 | 2,956 | 3,449 | 6,758 | 3,032 |
| | 168,354 | 169,380 | 250,489 | 307,084 | 323,843 |
| Unallocated costs | (4,792) | (5,676) | (6,702) | (7,667) | (7,467) |
| Profit from operations | 163,562 | 163,704 | 243,787 | 299,417 | 316,376 |
| Finance income | 13,674 | 6,634 | 9,678 | 8,977 | 3,887 |
| Finance expense | (26,694) | (25,842) | (16,989) | (18,748) | (44,728) |
| Share of profit of associated companies | (1,201) | 14,138 | 55,253 | 64,587 | 88,270 |
| Profit before fair value and other gains/(losses) | 149,341 | 158,634 | 291,729 | 354,233 | 363,805 |
| Other gains/(losses) | 494 | 248,165 | 56,549 | (37,000) | 277,269 |
| Fair value gains/(losses) on investment properties | — | — | 590,534 | (106,794) | (147,562) |
| Profit before income tax | 149,835 | 406,799 | 938,812 | 210,439 | 493,512 |
| Profit attributable to equity holders of the Company | 100,070 | 339,444 | 758,915 | 147,246 | 424,178 |
| Group Balance Sheet | | | | | |
| Property, plant and equipment | 616,390 | 658,516 | 696,635 | 1,029,276 | 1,096,866 |
| Investment properties | 1,545,193 | 1,658,085 | 2,284,659 | 2,202,260 | 2,027,476 |
| Associated companies, receivables and other assets (non-current) | 115,391 | 309,392 | 501,698 | 480,470 | 1,448,250 |
| Available-for-sale financial assets (non-current) | 410,639 | 544,129 | 685,979 | 323,189 | 228,897 |
| Intangibles | 14,516 | 14,663 | 39,225 | 38,398 | 37,571 |
| Deferred tax assets | 9,154 | 10,360 | 5,043 | 4,439 | 5,099 |
| Net current assets (excluding borrowings) | 620,821 | 1,251,033 | 1,715,833 | 1,828,010 | 2,263,988 |
| Non-current liabilities (excluding borrowings) | (133,366) | (174,392) | (237,437) | (207,702) | (233,027) |
| | 3,198,738 | 4,271,786 | 5,691,635 | 5,698,340 | 6,875,120 |
| Share capital | 1,068,264 | 1,071,987 | 1,075,266 | 1,075,315 | 1,058,527 |
| Reserves | 1,295,935 | 2,084,017 | 2,871,864 | 2,319,389 | 3,089,706 |
| Interests of the shareholders | 2,364,199 | 3,156,004 | 3,947,130 | 3,394,704 | 4,148,233 |
| Minority interests | 232,237 | 293,547 | 421,996 | 420,528 | 459,666 |
| Borrowings | 602,302 | 822,235 | 1,322,509 | 1,883,108 | 2,267,221 |
| | 3,198,738 | 4,271,786 | 5,691,635 | 5,698,340 | 6,875,120 |

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|--------|---------|---------|--------|---------------|
| Financial Ratios | | | | | |
| Basic earnings per ordinary share* (cents) | 12.62 | 42.75 | 95.40 | 18.50 | 53.72 |
| Gross dividend declared (\$'000) | 59,492 | 119,236 | 119,408 | 59,705 | 78,353 |
| Gross dividend declared | | | | | |
| Interim & Final (cents) | 7.5 | 7.5 | 10.0 | 7.5 | 10.0 |
| Special (cents) | - | 7.5 | 5.0 | - | - |
| Cover (times) | 1.7 | 2.8 | 6.4 | 2.5 | 5.4 |
| Net tangible asset backing per ordinary share (\$) | | | | | |
| Before accounting for surplus | | | | | |
| on revaluation of hotel properties | 2.96 | 3.95 | 4.91 | 4.22 | 5.25 |
| After accounting for surplus | | | | | |
| on revaluation of hotel properties | 3.23 | 4.29 | 5.46 | 4.72 | 5.75 |
| Gearing ratio | 0.19 | 0.20 | 0.21 | 0.42 | 0.43 |
| *Note : Basic earnings per ordinary share is calculated by reference to the weighted average number of ordinary share in issue during the year. | | | | | |

Segmental Performance Analysis

Total revenue by business segments

| | 2009 | | 2008 | |
|----------------------|------------------|--------------|----------------|--------------|
| | \$'000 | % | \$'000 | % |
| Property development | 533,843 | 53.0 | 379,161 | 42.2 |
| Property investments | 294,485 | 29.2 | 126,104 | 14.0 |
| Hotel operations | 141,674 | 14.1 | 339,040 | 37.7 |
| Investments | 21,192 | 2.1 | 30,776 | 3.4 |
| Management services | 15,867 | 1.6 | 24,095 | 2.7 |
| | 1,007,061 | 100.0 | 899,176 | 100.0 |

Adjusted EBITDA* by business segments

| | 2009 | | 2008 | |
|----------------------|----------------|--------------|----------------|--------------|
| | \$'000 | % | \$'000 | % |
| Property development | 215,076 | 47.4 | 160,230 | 38.9 |
| Property investments | 127,473 | 28.1 | 98,645 | 24.0 |
| Hotel operations | 86,474 | 19.0 | 113,938 | 27.7 |
| Investments | 20,915 | 4.6 | 30,720 | 7.5 |
| Management services | 4,040 | 0.9 | 7,838 | 1.9 |
| | 453,978 | 100.0 | 411,371 | 100.0 |

* Excludes unallocated costs, other gains/losses and fair value losses on investment properties

Total assets by business segments

| | 2009 | | 2008 | |
|----------------------|------------------|--------------|------------------|--------------|
| | \$'000 | % | \$'000 | % |
| Property investments | 3,310,013 | 45.2 | 2,451,225 | 40.2 |
| Property development | 1,979,520 | 27.0 | 1,717,523 | 28.2 |
| Hotel operations | 1,014,499 | 13.8 | 1,003,849 | 16.5 |
| Investments | 752,187 | 10.3 | 695,584 | 11.4 |
| Management services | 24,424 | 0.3 | 25,627 | 0.4 |
| | 7,080,643 | 96.6 | 5,893,808 | 96.7 |
| Unallocated assets | 247,343 | 3.4 | 199,786 | 3.3 |
| | 7,327,986 | 100.0 | 6,093,594 | 100.0 |

Total revenue by geographical segments

| | 2009 | | 2008 | |
|--------------------------------|------------------|--------------|----------------|--------------|
| | \$'000 | % | \$'000 | % |
| Singapore | 774,653 | 76.8 | 645,032 | 71.7 |
| Australia | 90,316 | 9.0 | 104,025 | 11.5 |
| Malaysia | 57,337 | 5.7 | 54,584 | 6.1 |
| The People's Republic of China | 39,325 | 3.9 | 44,207 | 4.9 |
| Vietnam | 32,822 | 3.3 | 41,198 | 4.6 |
| Myanmar | 7,829 | 0.8 | 5,986 | 0.7 |
| Others | 4,779 | 0.5 | 4,144 | 0.5 |
| | 1,007,061 | 100.0 | 899,176 | 100.0 |

Adjusted EBITDA* by geographical segments

| | 2009 | | 2008 | |
|--------------------------------|----------------|--------------|----------------|--------------|
| | \$'000 | % | \$'000 | % |
| Singapore | 390,050 | 86.0 | 332,862 | 80.9 |
| Australia | 23,172 | 5.1 | 28,952 | 7.0 |
| Vietnam | 16,658 | 3.7 | 22,870 | 5.6 |
| Malaysia | 15,513 | 3.4 | 11,505 | 2.8 |
| The People's Republic of China | 6,913 | 1.5 | 13,630 | 3.3 |
| Myanmar | 1,100 | 0.2 | 519 | 0.1 |
| Others | 572 | 0.1 | 1,033 | 0.3 |
| | 453,978 | 100.0 | 411,371 | 100.0 |

* Excludes unallocated costs, other gains/losses and fair value losses on investment properties

Total assets by geographical segments

| | 2009 | | 2008 | |
|--------------------------------|------------------|--------------|------------------|--------------|
| | \$'000 | % | \$'000 | % |
| Singapore | 6,500,455 | 88.7 | 5,309,973 | 87.1 |
| The People's Republic of China | 286,835 | 3.9 | 296,285 | 4.9 |
| Malaysia | 254,393 | 3.5 | 239,761 | 3.9 |
| Australia | 208,130 | 2.8 | 161,581 | 2.7 |
| Vietnam | 63,895 | 0.9 | 69,716 | 1.1 |
| Myanmar | 9,807 | 0.1 | 10,255 | 0.2 |
| Others | 4,471 | 0.1 | 6,023 | 0.1 |
| | 7,327,986 | 100.0 | 6,093,594 | 100.0 |

Value-Added Statement

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Sales of goods and services | 985,869 | 868,400 |
| Purchase of materials and services | (539,676) | (391,872) |
| Gross value added | 446,193 | 476,528 |
| Share of profit of associated companies | 88,270 | 64,587 |
| Income from investments and interest | 25,079 | 36,912 |
| Other gains/(losses) | 277,269 | (37,000) |
| Fair value losses on investment properties | (147,562) | (106,794) |
| Currency exchange differences | (584) | 2,841 |
| TOTAL VALUE ADDED | 688,665 | 437,074 |
| DISTRIBUTION OF VALUE ADDED: | | |
| Property development | | |
| Employees' salaries, wages and benefits | 117,927 | 126,861 |
| Directors' remuneration | 2,943 | 3,650 |
| | 120,870 | 130,511 |
| To government | | |
| Corporate and property taxes | 46,845 | 65,656 |
| To providers of capital | | |
| Interest expense | 70,949 | 46,013 |
| Net dividend attributable to minority shareholders | 9,561 | 5,934 |
| Net dividend to shareholders | 59,705 | 119,408 |
| | 140,215 | 171,355 |
| TOTAL VALUE ADDED DISTRIBUTED | 307,930 | 367,522 |
| Retained in the business | | |
| Depreciation | 41,038 | 38,873 |
| Retained earnings | 185,724 | 135,532 |
| | 226,762 | 174,405 |
| Non-production cost and income | | |
| Bad debts | (229) | (812) |
| Income from investments and interest | 25,079 | 36,912 |
| Other gains/(losses) | 277,269 | (37,000) |
| Fair value losses on investment properties | (147,562) | (106,794) |
| Currency exchange differences | (584) | 2,841 |
| | 153,973 | (104,853) |
| | 688,665 | 437,074 |
| PRODUCTIVITY RATIOS: | \$ | \$ |
| Value added per employee | 101,500 | 102,589 |
| Value added per \$ employment costs | 3.69 | 3.65 |
| Value added per \$ investment in property, plant and equipment and investment properties (before depreciation) | | |
| - at cost | 0.20 | 0.21 |
| - at valuation | 0.14 | 0.15 |
| Value added per \$ net sales | 0.45 | 0.55 |

Contents

| | |
|-----|---|
| 58 | Report of the Directors |
| 62 | Statement by Directors |
| 63 | Independent Auditor's Report to the Members of UOL Group Limited |
| 64 | Income Statements |
| 65 | Statements of Comprehensive Income |
| 66 | Statements of Financial Position |
| 67 | Consolidated Statement of Changes in Equity |
| 68 | Statement of Changes in Equity |
| 69 | Consolidated Statement of Cash Flows |
| 71 | Notes to the Financial Statements |
| 140 | Corporate Governance Report |
| 150 | Interested Person Transactions and Material Contracts |
| 151 | Shareholding Statistics |
| 153 | Share Price and Turnover |
| 154 | Notice of Annual General Meeting Proxy Form |

Report of the Directors

For the financial year ended 31 December 2009

The directors have pleasure in submitting this report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2009.

Directors

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

| | | |
|-----------------------|---|-----------------------|
| Wee Cho Yaw | – | Chairman |
| Gwee Lian Kheng | – | Group Chief Executive |
| Alan Choe Fook Cheong | | |
| Lim Kee Ming | | |
| Wee Ee Chao | | |
| Low Weng Keong | | |
| Koh Cher Siang James | | |
| Wee Ee Lim | | |
| Pongsak Hoontrakul | | |

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under “Share Options” on pages 59 to 61 of this report.

Directors’ interests in shares or debentures

- (a) The directors holding office at 31 December 2009 are also the directors holding office at the date of this report. Their interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors’ shareholdings, were as follows:

| | Holdings registered in name of director | | Holdings in which a director is deemed to have an interest | |
|--|--|-------------|---|--------------|
| | At 31.12.2009 | At 1.1.2009 | At 31.12.2009 | At 1.1.2009 |
| UOL Group Limited (“UOL”) | | | | |
| – Ordinary Shares | | | | |
| Wee Cho Yaw | 3,388,151* | 3,388,151* | 228,818,442* | 228,818,442* |
| Gwee Lian Kheng | 388,000 | 388,000 | – | – |
| Lim Kee Ming | 348,477 | 348,477 | 532,277 | 532,277 |
| Wee Ee Chao | 30,748* | 30,748* | 82,820,597* | 82,820,597* |
| Koh Cher Siang James | 385 | 385 | – | – |
| Wee Ee Lim | 241,489 | 241,489 | 80,553,452* | 80,553,452* |
| – Executives’ Share Options | | | | |
| Gwee Lian Kheng | 680,000 | 600,000 | – | – |
| Pan Pacific Hotels Group Limited (formerly known as Hotel Plaza Limited) (“PPHG”) | | | | |
| – Ordinary Shares | | | | |
| Wee Cho Yaw | – | – | 489,440,652* | 489,440,652* |
| Gwee Lian Kheng | 171,000 | 171,000 | 315,000 | 225,000 |
| Lim Kee Ming | 15,000 | 15,000 | – | – |
| Wee Ee Chao | – | – | 892,500 | 892,500 |

* Includes shares registered in the name of nominees.

- (b) The directors’ interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors’ shareholdings at 21 January 2010, were the same as those at 31 December 2009.

Report of the Directors (continued)

For the financial year ended 31 December 2009

Directors' interests in shares or debentures (continued)

- (c) Messrs Wee Cho Yaw, Wee Ee Chao and Wee Ee Lim are each deemed to have an interest in all the shares held by Kheng Leong Company (HK) Limited in the following partially owned subsidiaries of the Group, by virtue of their having an interest of not less than 20% each in the issued share capital of Kheng Leong Company (HK) Limited:

| | Holdings in which a director is deemed to have an interest | |
|--|--|-------------|
| | At 31.12.2009 | At 1.1.2009 |
| Success Venture Investments (Australia) Ltd | | |
| - Ordinary Shares of US\$1 each | 2,059,500 | 2,059,500 |
| Success City Pty Limited | | |
| - Ordinary Shares | 1,720,834 | 1,720,834 |

- (d) Save as disclosed above, none of the other directors holding office at 31 December 2009 has any interest in the ordinary shares and Executives' Share Options of the Company and the ordinary shares of PPHG and any other related corporations of the Company, as recorded in the register of directors' shareholdings.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

UOL Group Executives' Share Option Scheme

- (a) The UOL Group Executives' Share Option Scheme ("the 2000 Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 May 2000.
- (b) Under the terms of the 2000 Scheme, the total number of shares granted shall not exceed 15% of the issued share capital of the Company and the executives may exercise the options by giving notice in writing to the Company in the prescribed form during the option period, accompanied by remittance of the amount of the Offering Price.

The Offering Price is equal to the average of the last dealt prices per share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for a period of 3 consecutive trading days immediately prior to the relevant offering date.

- (c) On 6 March 2009, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,446,000 ordinary shares in the Company (known as "the 2009 Options") at the offer price of \$1.65 per ordinary share. 1,430,000 options granted were accepted by the executives, including Mr Gwee Lian Kheng.

The details of the options accepted are as follows:

| | No. of employees | At offer price of \$1.65 per share |
|--------------------|------------------|------------------------------------|
| Executive Director | 1 | 80,000 |
| Other Executives | 79 | 1,350,000 |
| | 80 | 1,430,000 |

Report of the Directors (continued)

For the financial year ended 31 December 2009

Share options (continued)

UOL Group Executives' Share Option Scheme (continued)

(d) Statutory information regarding the 2009 Options is as follows:

- (i) The vesting of granted options is conditional on the completion of one year of service from the grant date. The option period begins on 6 March 2010 and expires on 5 March 2019 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 13 of the Rules of the 2000 Scheme.
- (ii) The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.
- (iii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company in the Group.

Details of options granted in previous financial years were set out in the Report of the Directors for the respective financial years.

(e) Other information required by the Singapore Exchange Securities Trading Limited:

Pursuant to Rule 852 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

(i) The Remuneration Committee comprising the following directors administer the 2000 Scheme:

| | | |
|-----------------------|----------|-------------------|
| Lim Kee Ming | Chairman | (Independent) |
| Wee Cho Yaw | Member | (Non-independent) |
| Alan Choe Fook Cheong | Member | (Independent) |

(ii) The details of options granted to a director of the Company, Mr Gwee Lian Kheng, under the 2000 Scheme are as follows:

| Aggregate options granted since commencement of the 2000 Scheme to 31.12.2008 | Options granted during the financial year | Aggregate options granted since commencement of the 2000 Scheme to 31.12.2009 | Aggregate options exercised since commencement of the 2000 Scheme to 31.12.2009 | Aggregate options outstanding at 31.12.2009 |
|---|---|---|---|---|
| 800,000 | 80,000 | 880,000 | 200,000 | 680,000 |

(iii) No options have been granted to controlling shareholders or their associates, parent group employees, and no employee has received 5% or more of the total options available under the 2000 Scheme. No options were granted at a discount during the financial year.

Outstanding Share Options

At 31 December 2009, the holders of the Executives' Share Options include a director of the Company as disclosed under "Directors' interests in shares or debentures".

The holders of the Executives' Share Options have no right to participate by virtue of the options in any share issue of any other company in the Group.

During the financial year, 111,000 ordinary shares of the Company were issued upon the exercise of options by:

| Holders of | Number of ordinary shares | Exercise price per share \$ |
|--------------|---------------------------|-----------------------------|
| 2004 Options | 20,000 | 2.28 |
| 2005 Options | 38,000 | 2.23 |
| 2006 Options | 53,000 | 3.21 |
| | 111,000 | |

Report of the Directors (continued)

For the financial year ended 31 December 2009

Share options (continued)

Outstanding Share Options (continued)

Unissued ordinary shares under options at 31 December 2009 comprise:

| | At 1.1.2009 | Options granted in 2009 | Options exercised | Options forfeited | At 31.12.2009 | Exercise/ Subscription price /\$ | Option period |
|----------------------------------|------------------|-------------------------------|----------------------|----------------------|------------------|--|--------------------------|
| Executives' Share Options | | | | | | | |
| 2002 Options | 42,000 | – | – | – | 42,000 | 1.81 | 27.06.2003 to 26.06.2012 |
| 2003 Options | 190,000 | – | – | – | 190,000 | 2.05 | 27.06.2004 to 26.06.2013 |
| 2004 Options | 222,000 | – | 20,000 | – | 202,000 | 2.28 | 21.05.2005 to 20.05.2014 |
| 2005 Options | 192,000 | – | 38,000 | – | 154,000 | 2.23 | 09.05.2006 to 08.05.2015 |
| 2006 Options | 515,000 | – | 53,000 | – | 462,000 | 3.21 | 18.05.2007 to 17.05.2016 |
| 2007 Options | 1,010,000 | – | – | 54,000 | 956,000 | 4.91 | 16.03.2008 to 15.03.2017 |
| 2008 Options | 1,314,000 | – | – | 92,000 | 1,222,000 | 3.68 | 07.03.2009 to 06.03.2018 |
| 2009 Options | – | 1,430,000 | – | 32,000 | 1,398,000 | 1.65 | 06.03.2010 to 05.03.2019 |
| | 3,485,000 | 1,430,000 | 111,000 | 178,000 | 4,626,000 | | |

Audit Committee

The Audit Committee comprises three members, all of whom are independent and non-executive Directors. The Audit Committee members are:

Lim Kee Ming – Chairman
 Alan Choe Fook Cheong
 Low Weng Keong

The Audit Committee carries out the functions set out in the Companies Act (Cap.50). The terms of reference include reviewing the financial statements, the internal and external audit plans and audit reports, the scope and results of the internal audit procedures and proposals for improvements in internal controls, the cost effectiveness, independence and objectivity of the independent auditor and interested persons transactions.

In performing the functions, the Audit Committee has met with the internal and independent auditors and reviewed the overall scope of the internal and external audits and the assistance given by Management to the auditors.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

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

On behalf of the directors

WEE CHO YAW
 Chairman

GWEE LIAN KHENG
 Director

23 February 2010

Statement by Directors

For the financial year ended 31 December 2009

In the opinion of the directors,

- (a) the statements of comprehensive income, statements of financial position and statements of changes in equity of the Company and of the Group and the consolidated statement of cash flows of the Group as set out on pages 64 to 139 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, of the results of the business and the changes in equity of the Company and of the Group for the financial year then ended; and the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

WEE CHO YAW
Chairman

GWEE LIAN KHENG
Director

23 February 2010

Independent Auditor's Report

To the Members of UOL Group Limited

We have audited the accompanying financial statements of UOL Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 139, which comprise the statements of financial position of the Company and of the Group as at 31 December 2009, the statements of comprehensive income and the statement of changes in equity of the Company and of the Group and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of the significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion,

- (a) the statements of comprehensive income, statements of financial position and statements of changes in equity of the Company and of the Group and the consolidated statement of cash flows of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, the results and the changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 23 February 2010

Income Statements

For the financial year ended 31 December 2009

| | Notes | The Group | | The Company | |
|--|-------|------------------|----------------|-----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Revenue | 4 | 1,007,061 | 899,176 | 90,429 | 331,825 |
| Cost of sales | | (554,587) | (447,138) | (2,307) | (2,872) |
| Gross profit | | 452,474 | 452,038 | 88,122 | 328,953 |
| Other income | | | | | |
| – Finance income | 4 | 3,887 | 8,977 | 15,381 | 17,478 |
| – Miscellaneous income | 4 | 9,594 | 5,980 | 1,154 | 966 |
| Expenses | | | | | |
| – Marketing and distribution | | (37,339) | (34,567) | (135) | (192) |
| – Administrative | | (46,381) | (49,650) | (10,510) | (11,120) |
| – Finance | 7 | (44,728) | (18,748) | (13,617) | (13,832) |
| – Other operating | | (61,972) | (74,384) | (1,694) | (1,517) |
| Share of profit of associated companies | 17 | 88,270 | 64,587 | – | – |
| | | 363,805 | 354,233 | 78,701 | 320,736 |
| Other gains/(losses) | 8 | 277,269 | (37,000) | (18,754) | 40,811 |
| Fair value losses on investment properties | 19 | (147,562) | (106,794) | (33,945) | (23,865) |
| Profit before income tax | | 493,512 | 210,439 | 26,002 | 337,682 |
| Income tax (expense)/credit | 9(a) | (32,000) | (46,277) | 222 | (4,428) |
| Total profit | | 461,512 | 164,162 | 26,224 | 333,254 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 424,178 | 147,246 | 26,224 | 333,254 |
| Minority interests | | 37,334 | 16,916 | – | – |
| | | 461,512 | 164,162 | 26,224 | 333,254 |
| Earnings per share attributable to equity holders of the Company (expressed in cents per share) | 10 | | | | |
| – Basic (in cents) | | 53.72 | 18.50 | | |
| – Diluted (in cents) | | 53.67 | 18.49 | | |

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

Statements of Comprehensive Income

For the financial year ended 31 December 2009

| | Notes | The Group | | The Company | |
|--|---------------|----------------|----------------|----------------|----------------|
| | | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Total profit | | 461,512 | 164,162 | 26,224 | 333,254 |
| Other comprehensive income: | | | | | |
| Fair value gains/(losses) on available-for-sale financial assets | 29(b) | 239,635 | (560,393) | 177,116 | (210,722) |
| Cash flow hedges: | | | | | |
| – Fair value gain/(loss) | 29(f) | 1,365 | (1,739) | 990 | (1,480) |
| – Transfer to income statement | 29(f) | (1,469) | – | (989) | – |
| Effect of change in tax rate on asset revaluation reserve | 29(c) | 165 | – | – | – |
| Capital reserves arising from transfer of available-for-sale financial asset to investment in associated company | 29(d) | 174,578 | – | – | – |
| Currency translation differences arising from consolidation of foreign operations | 29(e) | 28,136 | (33,583) | – | – |
| Share of other comprehensive expense of an associated company | 29(a),(c),(e) | (1,416) | – | – | – |
| Other comprehensive income for the year, net of tax | | 440,994 | (595,715) | 177,117 | (212,202) |
| Total comprehensive income for the year | | 902,506 | (431,553) | 203,341 | 121,052 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 853,807 | (433,929) | 203,341 | 121,052 |
| Minority interests | | 48,699 | 2,376 | – | – |
| | | 902,506 | (431,553) | 203,341 | 121,052 |

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

Statements of Financial Position

As at 31 December 2009

| | | The Group | | The Company | |
|---|-------|------------------|------------------|------------------|------------------|
| | Notes | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 11 | 281,459 | 263,866 | 8,088 | 25,307 |
| Trade and other receivables | 12 | 112,146 | 92,330 | 139,244 | 40,037 |
| Development properties | 13 | 1,562,651 | 1,274,667 | – | – |
| Inventories | 14 | 3,153 | 3,466 | – | – |
| Available-for-sale financial assets | 15 | 517,284 | 372,392 | 516,824 | 371,932 |
| Other assets | 16 | 5,898 | 6,370 | 142 | 287 |
| Current income tax assets | 9(b) | 1,236 | 2,471 | – | – |
| | | 2,483,827 | 2,015,562 | 664,298 | 437,563 |
| Non-current assets | | | | | |
| Trade and other receivables | 12 | 99,201 | 148,289 | 625,106 | 604,936 |
| Available-for-sale financial assets | 15 | 228,897 | 323,189 | 40,219 | 26,449 |
| Associated companies | 17 | 1,349,049 | 332,181 | 161,589 | 112,584 |
| Subsidiaries | 18 | – | – | 1,279,393 | 1,298,728 |
| Investment properties | 19 | 2,027,476 | 2,202,260 | 259,190 | 293,135 |
| Property, plant and equipment | 20 | 1,096,866 | 1,029,276 | 1,130 | 1,037 |
| Intangibles | 21 | 37,571 | 38,398 | – | – |
| Deferred income tax assets | 27 | 5,099 | 4,439 | 303 | 325 |
| | | 4,844,159 | 4,078,032 | 2,366,930 | 2,337,194 |
| Total assets | | 7,327,986 | 6,093,594 | 3,031,228 | 2,774,757 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 22 | 171,387 | 142,692 | 235,278 | 190,201 |
| Current income tax liabilities | 9(b) | 48,452 | 44,860 | 6,084 | 6,389 |
| Loans from minority shareholders of subsidiaries (unsecured) | 25 | 33,025 | – | – | – |
| Borrowings | 23 | 723,009 | 518,303 | 241,150 | 160,000 |
| | | 975,873 | 705,855 | 482,512 | 356,590 |
| Non-current liabilities | | | | | |
| Borrowings | 23 | 1,463,020 | 1,286,700 | 249,565 | 249,381 |
| Derivative financial instrument | 24 | 2,221 | 2,121 | 1,782 | 1,805 |
| Loans from minority shareholders of subsidiaries (unsecured) | 25 | 45,946 | 75,984 | – | – |
| Rental deposits | | 19,658 | 21,352 | 2,622 | 3,205 |
| Retention monies | | 8,980 | 9,770 | – | – |
| Provision for retirement benefits | 26 | 2,316 | 2,112 | – | – |
| Deferred income tax liabilities | 27 | 202,073 | 174,468 | 83,310 | 55,402 |
| | | 1,744,214 | 1,572,507 | 337,279 | 309,793 |
| Total liabilities | | 2,720,087 | 2,278,362 | 819,791 | 666,383 |
| NET ASSETS | | 4,607,899 | 3,815,232 | 2,211,437 | 2,108,374 |
| EQUITY | | | | | |
| Capital and reserves attributable to the equity holders of the Company | | | | | |
| Share capital | 28 | 1,058,527 | 1,075,315 | 1,058,527 | 1,075,315 |
| Reserves | 29 | 789,422 | 359,386 | 377,435 | 199,911 |
| Retained earnings | | 2,300,284 | 1,960,003 | 775,475 | 833,148 |
| | | 4,148,233 | 3,394,704 | 2,211,437 | 2,108,374 |
| Minority interests | | 459,666 | 420,528 | – | – |
| TOTAL EQUITY | | 4,607,899 | 3,815,232 | 2,211,437 | 2,108,374 |

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2009

| | Notes | Attributable to the equity holders of the Company | | | Minority interests \$'000 | Total equity \$'000 |
|---|-------|---|--------------------|-----------------------------|------------------------------|------------------------|
| | | Share capital \$'000 | Reserves \$'000 | Retained earnings \$'000 | | |
| Balance at 1 January 2009 | | 1,075,315 | 359,386 | 1,960,003 | 420,528 | 3,815,232 |
| Employee share option scheme | | | | | | |
| – Value of employee services | 29(a) | – | 407 | – | – | 407 |
| – Proceeds from shares issued | 28 | 300 | – | – | – | 300 |
| Shares cancelled upon buy-back | 28 | (17,088) | – | (24,192) | – | (41,280) |
| Dividends relating to 2008 | 30 | – | – | (59,705) | (9,561) | (69,266) |
| Total comprehensive income for the year | | – | 429,629 | 424,178 | 48,699 | 902,506 |
| Balance at 31 December 2009 | | 1,058,527 | 789,422 | 2,300,284 | 459,666 | 4,607,899 |
| Balance at 1 January 2008 | | 1,075,266 | 939,699 | 1,932,165 | 421,996 | 4,369,126 |
| Employee share option scheme | | | | | | |
| – Value of employee services | 29(a) | – | 862 | – | – | 862 |
| – Proceeds from shares issued | 28 | 49 | – | – | – | 49 |
| Other changes in minority interests | | – | – | – | 2,090 | 2,090 |
| Dividends relating to 2007 | 30 | – | – | (119,408) | (5,934) | (125,342) |
| Total comprehensive income for the year | | – | (581,175) | 147,246 | 2,376 | (431,553) |
| Balance at 31 December 2008 | | 1,075,315 | 359,386 | 1,960,003 | 420,528 | 3,815,232 |

An analysis of movements in each category within "Reserves" is presented in Note 29.

Statement of Changes in Equity

For the financial year ended 31 December 2009

| | Notes | Share Capital \$'000 | Reserves \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------|----------------------------|--------------------|--------------------------------|------------------------|
| Balance at 1 January 2009 | | 1,075,315 | 199,911 | 833,148 | 2,108,374 |
| Employee share option scheme | | | | | |
| – Value of employee services | 29(a) | – | 407 | – | 407 |
| – Proceeds from shares issued | 28 | 300 | – | – | 300 |
| Shares cancelled upon buy-back | 28 | (17,088) | – | (24,192) | (41,280) |
| Dividends relating to 2008 | 30 | – | – | (59,705) | (59,705) |
| Total comprehensive income for the year | | – | 177,117 | 26,224 | 203,341 |
| Balance at 31 December 2009 | | 1,058,527 | 377,435 | 775,475 | 2,211,437 |
| Balance at 1 January 2008 | | 1,075,266 | 411,251 | 619,302 | 2,105,819 |
| Employee share option scheme | | | | | |
| – Value of employee services | 29(a) | – | 862 | – | 862 |
| – Proceeds from shares issued | 28 | 49 | – | – | 49 |
| Dividends relating to 2007 | 30 | – | – | (119,408) | (119,408) |
| Total comprehensive income for the year | | – | (212,202) | 333,254 | 121,052 |
| Balance at 31 December 2008 | | 1,075,315 | 199,911 | 833,148 | 2,108,374 |

An analysis of movements in each category within "Reserves" is presented in Note 29.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2009

| | 2009 \$'000 | 2008 \$'000 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Total profit | 461,512 | 164,162 |
| Adjustments for: | | |
| – Income tax expense | 32,000 | 46,277 |
| – Depreciation and amortisation | 41,865 | 39,700 |
| – Loss on liquidation of available-for-sale financial assets | – | 4 |
| – Allowances for impairment of loans and receivables | 229 | 444 |
| – Share of profit of associated companies | (88,270) | (64,587) |
| – Unrealised translation losses/(gains) | 9,019 | (11,115) |
| – Net provision for retirement benefits | 290 | 308 |
| – Share option expense | 500 | 884 |
| – Dividend income and interest income | (25,079) | (36,912) |
| – Interest expense | 44,144 | 18,748 |
| – Impairment charge on property, plant and equipment | 3,800 | 37,000 |
| – Fair value losses on investment properties | 147,562 | 106,794 |
| – Property, plant and equipment written off and net loss on disposals | 1,449 | 1,483 |
| – Negative goodwill on acquisition of an associated company | (281,069) | – |
| Operating cash flow before working capital changes | 347,952 | 303,190 |
| Change in operating assets and liabilities | | |
| – Receivables | 15,541 | 41,647 |
| – Development properties | (278,072) | (505,024) |
| – Inventories | 313 | 279 |
| – Rental deposits | 1,017 | 5,296 |
| – Payables | 20,411 | (7,060) |
| | (240,790) | (464,862) |
| Cash provided by/(used in) operations | 107,162 | (161,672) |
| Income tax paid | (32,495) | (108,530) |
| Retirement benefits paid | (61) | (135) |
| Bank deposit pledged as security | (6,000) | – |
| Net cash provided by/(used in) operating activities | 68,606 | (270,337) |
| Cash flows from investing activities | | |
| Proceeds from liquidation of available-for-sale financial assets | – | 15 |
| Purchase of available-for-sale financial assets | (21,084) | (13,463) |
| Payment for interests in an associated company | (281,664) | – |
| Loans to associated companies | (5,610) | (17,106) |
| Repayment of loans from associated companies | 33,490 | – |
| Net proceeds from disposal of property, plant and equipment | 273 | 169 |
| Purchase of property, plant and equipment and investment properties | (61,387) | (292,138) |
| Retention monies withheld | 5,241 | 4,050 |
| Interest received | 3,967 | 6,978 |
| Dividends received | 68,908 | 40,581 |
| Net cash used in investing activities | (257,866) | (270,914) |

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

Consolidated Statement of Cash Flows (continued)

For the financial year ended 31 December 2009

| | Note | 2009 \$'000 | 2008 \$'000 |
|--|-------|----------------|------------------|
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 300 | 49 |
| Net proceeds from issue of shares to minority shareholders of subsidiaries | | – | 2,090 |
| Loans from minority shareholders of subsidiaries | | 3,013 | 42,017 |
| Repayment of loan from minority shareholders of a subsidiary | | – | (6,262) |
| Proceeds from borrowings | | 867,816 | 859,873 |
| Repayment of borrowings | | (475,700) | (329,972) |
| Expenditure relating to bank borrowings | | (29,631) | (3,364) |
| Interest paid | | (54,262) | (38,882) |
| Dividends paid to shareholders of UOL Group Limited | | (59,705) | (119,408) |
| Dividends paid to minority shareholders of subsidiaries | | (9,561) | (5,934) |
| Payments for share buy-back | | (41,280) | – |
| Net cash provided by financing activities | | 200,990 | 400,207 |
| Net increase/(decrease) in cash and cash equivalents | | | |
| | | 11,730 | (141,044) |
| Cash and cash equivalents at the beginning of the financial year | | 263,729 | 404,773 |
| Cash and cash equivalents at the end of the financial year | 11(c) | 275,459 | 263,729 |

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

Notes to the Financial Statements

For the financial year ended 31 December 2009

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

1. General information

UOL Group Limited (the "Company") is incorporated and domiciled in Singapore and its shares are publicly traded on the Singapore Exchange. The address of its registered office is as follows:

101 Thomson Road
#33-00 United Square
Singapore 307591

The principal activities of the Company are investments in properties, subsidiaries, associated companies, listed and unlisted securities and property development. The principal activities of its subsidiaries are set out in Note 18.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2009

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

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

- FRS 1 (revised), *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the latter alternative. Where comparative information is restated or reclassified, a restated statement of financial position is required to be presented as at the beginning comparative period. There is no restatement of the statement of financial position as at 1 January 2008 in the current financial year.
- FRS 23 (revised) *Borrowing costs* (effective from 1 January 2009). The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitious basis. As the Group has been capitalising the relevant borrowing costs, the adoption of this standard does not have any impact to the Group.
- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 33). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.
- FRS 108, *Operating segments* (effective from 1 January 2009) replaces FRS 14, 'Segment reporting', and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) **Revenue from property development – sale of development properties**

Revenue from property development is recognised in the financial statements using the percentage of completion method based on the stages of completion. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract as per certification by architects. No revenue is recognised for unsold units.

(b) **Revenue from hotel operations, management services and other services rendered**

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

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Dividend income**

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

(e) **Rental income**

Rental income from operating leases (net of any incentives given to the lessees) on investment properties and property, plant and equipment is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of non-controlling interest. Please refer to the paragraph "Intangibles - Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

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

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

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

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

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

(b) Transactions with minority interests

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

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses.

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

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

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Certain leasehold land and buildings comprising hotel properties are subsequently stated at valuation carried out by an independent professional firm of valuers on their existing use basis. The valuation was done in 1985. However, a decision was then made that future valuations of hotel properties would not be recognised in the financial statements but would be disclosed for information.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(i) Land and buildings (continued)

Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost or valuation less accumulated depreciation and accumulated impairment losses.

(ii) Properties under development

Hotel property under development is carried at cost less accumulated impairment losses until construction is completed at which time depreciation will commence over its estimated useful life.

(iii) Other property, plant and equipment

Plant, equipment, furniture and fittings and motor vehicles are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iv) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including borrowing costs incurred for the properties under development. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) Depreciation

Freehold land, property under development and renovation in progress are not depreciated. Leasehold land is amortised evenly over the term of the lease. Please refer to Note 20(g) for the lease period of each property.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|--|---|
| Buildings | 50 years or period of the lease, whichever is shorter |
| Plant, equipment, furniture and fittings | 3 to 20 years |
| Motor vehicles | 5 to 7 years |

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

(c) Subsequent expenditure

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

(d) Disposals

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.5 Development properties

Development properties are properties being developed for future sale.

Unsold development properties

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

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.5 Development properties (continued)

Sold development properties

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

2.6 Intangibles

(a) Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Where the cost of an acquisition is less than the fair value of the Group's share of net identifiable assets and contingent liabilities of the subsidiary or associated company acquired, the difference ("negative goodwill") is recognised directly in the income statement.

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Trademark

Acquired trademarks are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over their estimated useful lives of 10 to 20 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least once at the end of each reporting period. The effects of any revision are recognised in the income statement when the changes arise.

2.7 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property under development.

2.8 Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the income statement.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.9 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually, and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(b) Intangibles

Property, plant and equipment

Investments in subsidiaries and associated companies

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.11 Financial assets

(a) Classification

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

(c) Measurement

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

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

Dividend income on available-for-sale financial assets are recognised separately in the income statement.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve within equity.

(d) Impairment

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

(i) Loans and receivables

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

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

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

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(d) Impairment (continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(d)(i), a significant or prolonged decline in the fair value of an equity security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through the income statement.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and associated companies. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries or associated companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs, in the Company's statement of financial position except when the fair value is determined to be insignificant.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' and associated companies' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intragroup transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

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

2.14 Trade and other payables

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

2.15 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The Group has designated its derivative financial instrument as cash flow hedges. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the income statement when the changes arise.

Cash flow hedge - Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.15 Derivative financial instruments and hedging activities (continued)

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to the income statement when the interest expense on the borrowings is recognised in the income statement. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the income statement.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than twelve months, and as a current asset or liability if the remaining expected life of the hedged item is less than twelve months.

2.16 Fair value estimation

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

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

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

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

2.17 Leases

Operating leases

- (a) When the Group is the lessee:
The Group leases certain property, plant and equipment from non-related parties.

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

- (b) When the Group is the lessor:
The Group leases out certain investment properties to non-related parties.

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

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

Contingent rents are recognised as income in the income statement when earned.

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

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

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

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

2.20 Provisions

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise, except for changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in the income statement immediately.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.21 Employee benefits

(a) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the country in which it operates. These benefit plans are either defined contribution or defined benefit plans.

Defined contribution plan

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

Defined benefit plan

A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to the length of service and earnings over the employees' period of employment; that benefit is discounted to determine the present value. The discount rate is the market yield at the end of reporting period on high quality corporate bonds or government bonds. Provision for employee retirement benefits is made in the financial statements so as to provide for the accrued liability at year end. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision for the defined benefit plan is not likely to be significant.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan under the 2000 Share Option Scheme. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.22 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

2.23 Segment reporting

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

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash and bank balances, short-term deposits with financial institutions, bank overdrafts and exclude bank deposits pledged as security.

2.25 Share capital

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

When the Company's purchases its own ordinary shares and cancels them upon purchase, the consideration paid including any directly attributable incremental cost is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

2.26 Dividends

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

2.27 Government grants

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

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

3. Key accounting estimates, assumptions and judgements

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

(a) Classification of the Group's serviced suites as investment property or property, plant and equipment

Management applies judgement in determining the classification of the serviced suites owned by the Group. The key criteria used to distinguish the Group's serviced suites which are classified as investment properties and its other properties classified as property, plant and equipment, is the level of services provided to tenants of the serviced suite.

(b) Other estimates and judgements applied

The Group, on its own or in reliance on third party experts, also applies estimates, assumptions and judgements in the following areas:

- (i) the determination of fair values of investment properties by independent professional valuers;
- (ii) the assessment of adequacy of provision for income taxes;
- (iii) the level of impairment of goodwill;
- (iv) the assessment of the stage of completion, extent of the construction costs incurred and the estimated total construction costs of development properties;
- (v) the determination of the fair values of unquoted available-for-sale financial assets; and
- (vi) the determination of fair value of options granted under the employee share option scheme.

These estimates, assumptions and judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

4. Revenue, finance income and miscellaneous income

| | The Group | | The Company | |
|--|------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Revenue from property development | 533,843 | 379,161 | – | – |
| Revenue from property investments | 141,674 | 126,104 | 19,088 | 15,232 |
| Gross revenue from hotel operations | 294,485 | 339,040 | – | – |
| Revenue from management services | 15,867 | 24,095 | – | – |
| Dividend income from available-for-sale financial assets | 21,192 | 30,776 | 71,341 | 316,593 |
| Total revenue | 1,007,061 | 899,176 | 90,429 | 331,825 |
| Interest income | | | | |
| – fixed deposits with financial institutions | 1,350 | 1,890 | 4 | 6 |
| – loans to subsidiaries | – | – | 13,538 | 14,135 |
| – loans to associated companies | 2,055 | 3,718 | 1,833 | 3,288 |
| – others | 482 | 528 | 6 | 6 |
| | 3,887 | 6,136 | 15,381 | 17,435 |
| Currency exchange gains – net | – | 2,841 | – | 43 |
| Finance income | 3,887 | 8,977 | 15,381 | 17,478 |
| Miscellaneous income | 9,594 | 5,980 | 1,154 | 966 |
| | 1,020,542 | 914,133 | 106,964 | 350,269 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

5. Expenses by nature

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Cost of inventories sold | 29,589 | 31,089 | – | – |
| Depreciation of property, plant and equipment (Note 20) | 41,038 | 38,873 | 362 | 333 |
| Amortisation of trademark [Note 21(a)] | 827 | 827 | – | – |
| Total depreciation and amortisation | 41,865 | 39,700 | 362 | 333 |
| Hospitality expenses | 35,158 | 36,200 | – | – |
| Property, plant and equipment written off and net loss/(gain) on disposals | 1,449 | 1,483 | 14 | (41) |
| Auditors' remuneration paid/payable to: | | | | |
| – auditor of the Company | 680 | 783 | 168 | 176 |
| – other auditors | 601 | 585 | – | – |
| Other fees paid/payable to: | | | | |
| – auditor of the Company | 126 | 34 | 111 | 15 |
| – other auditors | 93 | 170 | – | – |
| Employee compensation (Note 6) | 119,926 | 129,402 | 7,080 | 8,033 |
| Rent paid to a subsidiary | – | – | 392 | 329 |
| Rent paid to other parties | 1,105 | 1,583 | – | – |
| Heat, light and power | 19,904 | 21,798 | 617 | 833 |
| Property tax | 14,845 | 19,379 | 1,343 | 1,496 |
| Development cost included in cost of sales | 362,002 | 239,300 | – | – |
| Advertising and promotion | 33,036 | 27,525 | 135 | 192 |
| Management fees | 5,181 | 7,076 | – | – |
| Repair and maintenance | 18,231 | 19,895 | 1,051 | 855 |
| Allowance for impairment of receivables | 229 | 812 | – | – |
| Other expenses | 16,259 | 28,925 | 3,373 | 3,480 |
| Total cost of sales, marketing and distribution, administrative and other operating expenses | 700,279 | 605,739 | 14,646 | 15,701 |

6. Employee compensation

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Wages and salaries | 111,736 | 118,910 | 12,661 | 12,762 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 7,400 | 9,300 | 892 | 846 |
| Retirement benefits | 290 | 308 | – | – |
| Share options granted to directors and employees | 500 | 884 | 350 | 686 |
| | 119,926 | 129,402 | 13,903 | 14,294 |
| Less : Recharged to subsidiaries | – | – | (6,823) | (6,261) |
| | 119,926 | 129,402 | 7,080 | 8,033 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

6. Employee compensation (continued)

The wages and salaries for the financial year ended 31 December 2009 are stated after netting off the Jobs Credit Scheme – government grant of \$2,455,000 (2008: nil) for the Group and \$397,000 (2008: nil) for the Company. The Jobs Credit Scheme was a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employers in 2009 in four payments and the amount an employer received depended on the fulfilment of the conditions as stated in the scheme.

On 13 October 2009, the Government announced that the Jobs Credit Scheme will be extended for six months with another two payments in March 2010 and June 2010 at a stepped down rate.

7. Finance expense

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Interest expense: | | | | |
| – bank loans, notes and overdrafts | 49,745 | 42,853 | 12,422 | 13,648 |
| – loans from minority shareholders of subsidiaries | 876 | 1,644 | – | – |
| Bank facility fees | 20,328 | 1,516 | 184 | 184 |
| | 70,949 | 46,013 | 12,606 | 13,832 |
| Cash flow hedges, transfer from hedging reserve [Note 29(f)] | 1,469 | – | 989 | – |
| Less: | | | | |
| Amount capitalised to development properties [Note 13(a)] | (24,876) | (24,567) | – | – |
| Amount capitalised to investment properties | – | (880) | – | – |
| Amount capitalised to properties, plant and equipment [Note 20(d)] | (3,398) | (1,818) | – | – |
| | (28,274) | (27,265) | – | – |
| Interest expense | 44,144 | 18,748 | 13,595 | 13,832 |
| Currency exchange losses – net | 584 | – | 22 | – |
| | 44,728 | 18,748 | 13,617 | 13,832 |

8. Other gains/(losses)

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Negative goodwill on acquisition of an associated company | 281,069 | – | – | – |
| Gain on disposal of subsidiaries | – | – | 581 | 20,809 |
| Gain on sale of an investment property [Note 19(b)] | – | – | – | 33,000 |
| Impairment charge on investment in subsidiaries [Note 18(a)] | – | – | (21,118) | (12,998) |
| Reversal of impairment charge on investment in subsidiaries [Note 18] | – | – | 1,783 | – |
| Impairment charge on property, plant and equipment [Note 20(c)] | (3,800) | (37,000) | – | – |
| | 277,269 | (37,000) | (18,754) | 40,811 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

9. Income taxes

(a) Income tax expense/(credit)

| | The Group | | The Company | |
|--|-----------|--------|-------------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Tax expense/(credit) attributable to profit is made up of: | | | | |
| – Profit from current financial year: | | | | |
| Current income tax | | | | |
| – Singapore [Note (b) below] | 33,826 | 26,921 | 4,421 | 3,620 |
| – Foreign [Note (b) below] | 7,725 | 7,874 | – | – |
| Withholding tax paid [Note (b) below] | 211 | – | – | – |
| Deferred income tax (Note 27) | 2,328 | 11,419 | (1,976) | 808 |
| | 44,090 | 46,214 | 2,445 | 4,428 |
| Effect of change in tax rates (Note 27) | (6,548) | (734) | (667) | – |
| | 37,542 | 45,480 | 1,778 | 4,428 |
| – (Over)/under provision in preceding financial years: | | | | |
| Singapore current income tax [Note (b) below] | (5,963) | (227) | (2,000) | – |
| Foreign current income tax [Note (b) below] | 8 | 27 | – | – |
| Deferred income tax (Note 27) | 413 | 997 | – | – |
| | (5,542) | 797 | (2,000) | – |
| | 32,000 | 46,277 | (222) | 4,428 |

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

| | The Group | | The Company | |
|--|-----------|----------|-------------|----------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Profit before tax | 493,512 | 210,439 | 26,002 | 337,682 |
| Tax calculated at a tax rate of 17% (2008: 18%) | 83,897 | 37,879 | 4,420 | 60,783 |
| Effects of: | | | | |
| – Singapore statutory stepped income exemption | (530) | (610) | (26) | (27) |
| – Different tax rates in other countries | 2,724 | 4,234 | – | – |
| – Change in tax rate on deferred taxation | (6,548) | (734) | (667) | – |
| – Income not subject to tax | (52,436) | (10,508) | (12,227) | (66,688) |
| – Expenses not deductible for tax purposes | 25,593 | 26,403 | 10,278 | 10,360 |
| – Utilisation of previously unrecognised capital allowances | – | (2) | – | – |
| – Utilisation of previously unrecognised tax losses | (212) | (137) | – | – |
| – Deferred tax assets not recognised in the current financial year | 60 | 581 | – | – |
| – Share of tax of associated companies | (15,006) | (11,626) | – | – |
| Tax charge | 37,542 | 45,480 | 1,778 | 4,428 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

9. Income taxes (continued)

(b) Movements in current income tax (assets)/liabilities

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 42,389 | 117,274 | 6,389 | 77,863 |
| Currency translation differences | 1,515 | (2,028) | – | – |
| Income tax paid | (32,495) | (108,530) | (2,726) | (75,094) |
| Tax expense on profit [Note (a) above] | | | | |
| – current financial year | 41,762 | 34,795 | 4,421 | 3,620 |
| – over provision in preceding financial years | (5,955) | (200) | (2,000) | – |
| Transfer from deferred income taxes (Note 27) | – | 1,078 | – | – |
| At the end of the financial year | 47,216 | 42,389 | 6,084 | 6,389 |
| Comprise: | | | | |
| Current income tax assets | (1,236) | (2,471) | – | – |
| Current income tax liabilities | 48,452 | 44,860 | 6,084 | 6,389 |
| | 47,216 | 42,389 | 6,084 | 6,389 |

10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the total profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | 2009 | 2008 |
|---|---------|---------|
| Total profit attributable to equity holders of the Company (\$'000) | 424,178 | 147,246 |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | 789,681 | 796,068 |
| Basic earnings per share (cents per share) | 53.72 | 18.50 |

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2009, the Company's dilutive potential ordinary shares are its share options.

The weighted average number of shares in issue is adjusted as if all share options that are dilutive were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares was issued for no consideration. No adjustment is made to the total profit.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

10. Earnings per share (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share attributable to equity holders of the Company are calculated as follows:

| | 2009 | 2008 |
|---|----------------|---------|
| Total profit attributable to equity holders of the Company (\$'000) | 424,178 | 147,246 |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | 789,681 | 796,068 |
| Adjustments for share options ('000) | 611 | 205 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | 790,292 | 796,273 |
| Diluted earnings per share (cents per share) | 53.67 | 18.49 |

11. Cash and bank balances

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Cash at bank and on hand | 52,352 | 83,235 | 376 | 695 |
| Fixed deposits with financial institutions | 229,107 | 180,631 | 7,712 | 24,612 |
| | 281,459 | 263,866 | 8,088 | 25,307 |

- (a) Included in cash and bank balances is an amount of \$151,756,000 (2008: \$142,038,000) maintained in Project Accounts. The funds in the Project Accounts can only be applied in accordance with Housing Developers (Project Account) Rules (1997 Ed.).
- (b) Included in cash and bank balances is an amount of \$546,000 (2008: nil) maintained in maintenance fund accounts for completed development properties. The funds in the maintenance fund accounts can only be applied for the upkeep of the completed development properties.
- (c) For the purposes of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprised the following:

| | The Group | |
|--|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Cash and bank balances (as above) | 281,459 | 263,866 |
| Less: Bank overdrafts (Note 23) | – | (137) |
| Less: Bank deposits pledged as security | (6,000) | – |
| Cash and cash equivalents per consolidated statement of cash flows | 275,459 | 263,729 |

- (d) The currency denomination of cash and bank balances are disclosed in Note 33(a)(i).

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

11. Cash and bank balances (continued)

- (e) The fixed deposits with financial institutions for the Group and Company mature on varying dates within 3 months (2008: 3 months) from the end of the financial year and have the following weighted average effective interest rates as at the end of the reporting period:

| | The Group | | The Company | |
|----------------------|-----------|-----------|-------------|-----------|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Singapore Dollar | 0.1 | 0.4 | 0.1 | 0.4 |
| United States Dollar | 0.7 | 1.0 | – | – |
| Australian Dollar | 3.8 | 4.2 | – | – |
| Malaysian Ringgit | 1.8 | 3.0 | – | – |

12. Trade and other receivables

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| <i>Current</i> | | | | |
| Trade receivables: | | | | |
| – non-related parties | 47,971 | 46,603 | 424 | 169 |
| – associated companies | 297 | 25 | – | – |
| Less: Allowance for impairment of receivables | | | | |
| – non-related parties | (355) | (526) | – | – |
| Trade receivables - net | 47,913 | 46,102 | 424 | 169 |
| Other receivables: | | | | |
| – subsidiaries (non-trade) | – | – | 8,446 | 6,281 |
| – associated companies (non-trade) | 9,127 | 10,905 | 9,127 | 9,680 |
| – loan to a subsidiary (unsecured) | – | – | 70,909 | 2,318 |
| – loans to associated companies (unsecured) | 51,040 | 29,940 | 50,300 | 21,570 |
| – sundry debtors | 4,806 | 5,988 | 38 | 19 |
| Less: Allowance for impairment of receivables – associated companies | (740) | (605) | – | – |
| Other receivables – net | 64,233 | 46,228 | 138,820 | 39,868 |
| | 112,146 | 92,330 | 139,244 | 40,037 |
| <i>Non-current</i> | | | | |
| Loans to: | | | | |
| – subsidiaries (unsecured) | – | – | 525,905 | 460,910 |
| – associated companies (unsecured) | 99,201 | 148,289 | 99,201 | 144,026 |
| | 99,201 | 148,289 | 625,106 | 604,936 |
| Total trade and other receivables | 211,347 | 240,619 | 764,350 | 644,973 |

- (a) Impairment loss on trade and other receivables for the Group recognised as an expense and included in 'Administrative expenses' amounted to \$229,000 (2008: \$812,000).

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

12. Trade and other receivables (continued)

(b) Interest rate risk

(i) Repricing analysis

The non-trade amounts due from subsidiaries and associated companies are interest-free and unsecured.

The loans to subsidiaries and associated companies are on fixed or floating rate basis and the following table shows the loans categorised by the earlier of repricing or expected maturity dates:

| | The Group | | | | The Company | | | | |
|--|------------------|----------------|------------------|---------------|------------------|----------------|------------------|--------------|---------------|
| | Floating rates | Floating rates | Fixed rates | Interest free | Floating rates | Floating rates | Fixed rates | Fixed rates | Interest free |
| | Less than 1 year | 1 to 5 years | Less than 1 year | | Less than 1 year | 1 to 5 years | Less than 1 year | 1 to 5 years | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

2009

| | | | | | | | | | |
|-------------------------------|--------|--------|---|-----|---------|--------|--------|---|-------|
| Loans to subsidiaries | – | – | – | – | 571,372 | – | 22,472 | – | 2,970 |
| Loans to associated companies | 50,300 | 99,201 | – | 740 | 50,300 | 99,201 | – | – | – |

| | The Group | | | | The Company | | | | |
|--|------------------|----------------|------------------|---------------|------------------|----------------|------------------|--------------|---------------|
| | Floating rates | Floating rates | Fixed rates | Interest free | Floating rates | Floating rates | Fixed rates | Fixed rates | Interest free |
| | Less than 1 year | 1 to 5 years | Less than 1 year | | Less than 1 year | 1 to 5 years | Less than 1 year | 1 to 5 years | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

2008

| | | | | | | | | | |
|-------------------------------|---|---------|--------|-------|---------|---------|--------|--------|-------|
| Loans to subsidiaries | – | – | – | – | 438,438 | – | – | 22,472 | 2,318 |
| Loans to associated companies | – | 144,026 | 29,335 | 4,868 | – | 144,026 | 21,570 | – | – |

(ii) Effective interest rates

The weighted average effective interest rates for the loans to subsidiaries and associated companies at the end of the reporting period were as follows:

| | The Group | | The Company | |
|-------------------------------|-----------|--------|-------------|--------|
| | 2009 % | 2008 % | 2009 % | 2008 % |
| Loans to subsidiaries | | | | |
| – floating rate | – | – | 2.6 | 3.0 |
| – fixed rate | – | – | 2.5 | 2.5 |
| Loans to associated companies | | | | |
| – floating rate | 0.6 | 2.0 | 0.6 | 2.0 |
| – fixed rate | – | 3.5 | – | 3.0 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

12. Trade and other receivables (continued)

(c) Maturity of loans to subsidiaries and associated companies

The non-trade amounts due from subsidiaries and associated companies are repayable on demand. The loans to associated companies of \$50,300,000 (2008: \$29,335,000) are repayable in March 2010 (2008: June 2009) or upon demand by the Company at any time. The non-current loans to subsidiaries and associated companies have no fixed terms of repayment and are not expected to be repaid within twelve months from the end of the reporting period.

(d) The loans to subsidiaries and associated companies subordinated to the secured bank loans of the respective subsidiaries and associated companies are as follows:

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Loans subordinated to secured bank loans: | | | | |
| Loans to subsidiaries | – | – | 593,844 | 362,091 |
| Loans to associated companies | 99,201 | 165,596 | 99,201 | 165,596 |
| | 99,201 | 165,596 | 693,045 | 527,687 |

(e) The fair values of non-current trade and other receivables are computed based on cash flows discounted using market borrowing rates. The fair values and market borrowing rates used are as follows:

| | The Group | | The Company | | Borrowing rates | |
|--------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 | 2009 % | 2008 % |
| Loans to subsidiaries: | | | | | | |
| – Floating rate | – | – | 525,905 | 438,438 | 2.6 | 3.0 |
| – Fixed rate | – | – | – | 22,521 | – | 2.3 |
| Loans to associated companies: | | | | | | |
| – Floating rate | 99,201 | 144,026 | 99,201 | 144,026 | 0.6 | 2.0 |
| – Interest-free | – | 4,128 | – | – | – | 3.3 |
| | 99,201 | 148,154 | 625,106 | 604,985 | | |

13. Development properties

| | The Group | |
|---|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Land, at cost | 1,464,012 | 1,207,263 |
| Development costs | 235,341 | 149,794 |
| Property taxes, interests and overheads | 89,399 | 59,376 |
| | 1,788,752 | 1,416,433 |
| Development profits recognised | 275,069 | 179,698 |
| Less: Progress billings | (501,170) | (321,464) |
| | 1,562,651 | 1,274,667 |

(a) Borrowing costs of \$24,876,000 (2008: \$24,567,000) arising on financing specifically entered into for the development of properties were capitalised during the financial year and are included in development properties.

(b) Bank borrowings and other banking facilities are secured on certain development properties of the Group amounting to \$1,519,421,000 (2008: \$1,099,004,000) [Note 23(b)].

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

13. Development properties (continued)

- (c) As stated in Note 2.2(a), the Group recognises profits from the sale of properties using the percentage of completion method. Had the completion of construction method been adopted, the financial effects of the Group as required under Recommended Accounting Practice 11, Pre-Completion Contracts For The Sale Of Development Property, are as follows:

| | The Group | |
|---|----------------------------|----------------------------|
| | Decrease 2009 \$'000 | Decrease 2008 \$'000 |
| Opening balance of retained earnings | 149,328 | 55,572 |
| Revenue for the financial year | 309,963 | 285,340 |
| Total profit for the financial year | 74,003 | 93,756 |
| Development properties at the beginning of the financial year | 181,890 | 67,088 |
| Development properties at the end of the financial year | 273,746 | 181,890 |

- (d) Details of the Group's development properties are as follows:

| Property | Tenure of land | Stage of completion | Expected completion date | Site area/ gross floor area (sqm) | Effective interest in property |
|---|--------------------|---------------------|--------------------------|--------------------------------------|--------------------------------|
| The Regency at Tiong Bahru | | | | | |
| A residential development comprising 158 units of condominium apartments | Freehold | 94.7% | 1st Quarter 2010 | 6,129/18,201 | 60% |
| Duchess Residences | | | | | |
| A residential development comprising 120 units of condominium apartments | 999-year leasehold | 66.2% | 3rd Quarter 2010 | 14,144/19,802 | 70% |
| Southbank | | | | | |
| A development comprising 273 units of mixed office and residential condominium apartments | 99-year leasehold | 91.4% | 1st Quarter 2010 | 3,852/24,161 | 70% |
| Breeze by the East | | | | | |
| A residential development comprising 88 units of condominium apartments | Freehold | 39.5% | 4th Quarter 2010 | 8,976/12,566 | 100% |
| Meadows @ Peirce | | | | | |
| A residential development comprising 479 units of condominium apartments | Freehold | 20.7% | 3rd Quarter 2011 | 42,828/63,970 | 100% |
| Double Bay Residences | | | | | |
| A development comprising 652 units of residential apartments and retail components | 99-year leasehold | 4.6% | 2nd Quarter 2012 | 32,211/76,260 | 60% |
| Spottiswoode Project | | | | | |
| A proposed residential development comprising 350 units of condominium apartments | Freehold | – | 1st Quarter 2013 | 9,531/29,586 | 100% |
| Waterbank at Dakota | | | | | |
| A proposed residential development comprising 616 units of condominium apartments | 99-year leasehold | – | 3rd Quarter 2013 | 17,190/60,164 | 100% |
| Panorama | | | | | |
| A residential development comprising 223 units of condominium apartments at Kuala Lumpur | Freehold | 30.6% | 1st Quarter 2011 | 4,573/32,578 | 55% |
| Jalan Conlay Project | | | | | |
| A proposed residential development comprising 494 units of condominium apartments at Kuala Lumpur | Freehold | – | 3rd Quarter 2013 | 15,986/125,997 | 60% |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

14. Inventories

| | The Group | |
|------------------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Trading stock | 86 | 64 |
| Food and beverages | 1,896 | 1,996 |
| Spares for maintenance | 1,171 | 1,406 |
| | 3,153 | 3,466 |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to \$29,589,000 (2008: \$31,089,000).

15. Available-for-sale financial assets

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 695,581 | 1,285,910 | 398,381 | 639,020 |
| Additions | 21,084 | 13,463 | – | 13,463 |
| Disposals | – | (19) | – | – |
| Reversal of fair value reserve arising from available-for-sale financial asset becoming an associated company [Note 29(b)] | (20,805) | – | 9,578 | – |
| Transfer to 'associated companies' arising from acquisition of additional percentage holdings [Note 17] | (240,670) | – | (49,005) | – |
| Fair value gains/(losses) recognised in equity [Note 29(b)] | 290,991 | (603,773) | 198,089 | (254,102) |
| At the end of the financial year | 746,181 | 695,581 | 557,043 | 398,381 |
| Less: Non-current portion | (228,897) | (323,189) | (40,219) | (26,449) |
| Current portion | 517,284 | 372,392 | 516,824 | 371,932 |

(a) At the end of the reporting period, available-for-sale financial assets included the following:

| | The Group | | The Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Listed securities: | | | | |
| – Equity shares - Singapore | 702,791 | 665,961 | 516,824 | 371,932 |
| Unlisted securities: | | | | |
| – Equity shares - Singapore | 43,390 | 29,620 | 40,219 | 26,449 |
| | 746,181 | 695,581 | 557,043 | 398,381 |

(b) Bank borrowings are secured on certain equity shares of available-for-sale financial assets of the Group and the Company amounting to \$669,120,000 (2008: nil) and \$502,956,000 (2008: nil) respectively [Note 23(b)].

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

16. Other assets

| | The Group | | The Company | |
|-------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Deposits | 1,200 | 1,217 | 11 | 48 |
| Prepayments | 4,647 | 5,114 | 131 | 239 |
| Deferred expenses | 51 | 39 | – | – |
| | 5,898 | 6,370 | 142 | 287 |

17. Associated companies

| | The Group | | The Company | |
|--|------------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Equity investments at cost | | | 161,589 | 112,584 |
| At the beginning of the financial year | 332,181 | 277,431 | | |
| Additions | 737,311 | – | | |
| Reclassifications from available-for-sale financial asset arising from acquisition of additional percentage holdings [Note 15] | 240,670 | – | | |
| Share of profits, net of tax | 88,270 | 64,587 | | |
| Share of reserves of associated companies, net of tax [Note 29(a),(c) and (e)] | (1,416) | – | | |
| Dividends received, net of tax | (47,716) | (9,805) | | |
| Currency translation differences | (251) | (32) | | |
| At the end of the financial year | 1,349,049 | 332,181 | | |

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

| | The Group | |
|----------------|------------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| - Assets | 8,939,452 | 2,700,059 |
| - Liabilities | 2,958,014 | 1,328,696 |
| - Revenue | 1,785,544 | 702,978 |
| - Total profit | 48,471 | 230,137 |

(b) There is no share of an associated company's contingent liabilities incurred jointly with other investors. Contingent liabilities of the associated company in which the Group is severally liable (Note 31) amounted to \$9,834,000 (2008: \$11,797,000).

(c) The Group's investments in associated companies include investment in a listed associated company with a carrying amount of \$981,024,000 (2008: nil), for which the published price quotation was \$916,393,000 (2008: nil) at the end of the reporting period. No impairment in value of investment in this associated company has been made after having evaluated various qualitative and quantitative factors including whether the fall in its share price is within the normal volatility of the market, the period in which its share price have fallen below its carrying amount and the historical financial performance of the associated company.

(d) Bank borrowings are secured on certain equity shares of an associated company of the Group and the Company of carrying values amounting to \$981,024,000 (2008: nil) and \$161,589,000 (2008: nil) respectively [Note 23(b)].

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

17. Associated companies (continued)

(e) The associated companies are:

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding | | Accounting year end |
|---|--|---------------------------------------|-------------------------------------|---------------|---------------------|
| | | | 2009 % | 2008 % | |
| Vista Development Pte Ltd [^] | Property development | Singapore | 30 by UOL | 30 by UOL | 31 December |
| Nassim Park Developments Pte. Ltd.** | Property development | Singapore | 50 by UOL | 50 by UOL | 31 December |
| Brendale Pte Ltd** | Property development | Singapore | 30 by UOL | 30 by UOL | 31 December |
| Marina Centre Holdings Pte Ltd** | Hotelier and property investment | Singapore | 22.67 by UOL | 22.67 by UOL | 31 December |
| United Industrial Corporation Limited ("UIC")** [Note (f) below] | Property investment, development and management and information technology related products and services | Singapore | 2.35 by UOL and 29.63 by UEI | – | 31 December |
| Peak Venture Pte. Ltd. [^] | Dormant | Singapore | 50 by UCI | 50 by UCI | 31 December |
| Aquamarina Hotel Private Limited** | Hotelier | Singapore | 25 by UEI | 25 by UEI | 31 December |
| Orix-UOL Investments Pte. Ltd.** | Investment holding | Singapore | 50 by UOD | 50 by UOD | 31 December |
| Ardenis Pte Ltd ("Ardenis")** | Investment holding | Singapore | 35 by UOD | 35 by UOD | 31 December |
| Pilkon Development Company Limited* | Investment holding | The British Virgin Islands | 39.35 by PPHG | 39.35 by PPHG | 31 December |
| PPHR (Thailand) Company Limited ("PPHRT")~ | Marketing agent | Thailand | 48.97 by PPH | 48.97 by PHR | 31 December |

* Not required to be audited under the laws of the country of incorporation.

** Audited by PricewaterhouseCoopers LLP Singapore.

~ Audited by Thana-Ake Advisory Limited, Thailand. PHR transferred its entire interest in PPHRT to Pan Pacific Hospitality Pte. Ltd., a fellow wholly owned subsidiary of the Group.

[^] Audited by KPMG LLP, Singapore.

The associated companies not audited by PricewaterhouseCoopers LLP Singapore are not significant associated companies as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

- (f) Ardenis has a 97% interest in Shanghai Xin Yue Real Estate Development Co., Ltd, a company whose country of incorporation and place of business is The People's Republic of China and whose principal activity is that of property development.
- (g) In the previous financial year, the Group held a 14.29% interest in UIC and accounted for this investment as an available-for-sale financial asset. On 14 January 2009, the Company's wholly-owned subsidiary, UOL Equity Investments Pte Ltd ("UEI") announced a mandatory conditional cash offer ("Offer") for UIC at an offer price of \$1.20 for each ordinary share in UIC. This follows an agreement by UEI to acquire 15,862,000 UIC shares (1.15% of the total issued share capital of UIC) which resulted in UEI and parties acting in concert with it owning approximately 30.2% of the total issued share capital of UIC, hence the obligation to make the offer pursuant to the Singapore Code on Takeover and Mergers. The Offer was conditional upon UEI and its concert parties having more than 50% of the voting rights in UIC at the close of the Offer. At the close of the Offer on 3 March 2009 ("Closing Date"), the above condition was not fulfilled and the Offer lapsed.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

17. Associated companies (continued)

- (g) During and after the Offer period, UEI acquired a further 207,832,465 additional UIC shares which resulted in the Group beneficially owning an aggregate 420,471,665 UIC Shares or approximately 30.52% of the total issued UIC Shares as at 27 February 2009. Arising therefrom, UIC became an associated company of the Group as from February 2009.

Upon UIC becoming an associated company, the fair value gains amounting to \$20,805,000, previously recognised in the fair value reserve when the investment was an available-for-sale financial asset, was reversed [see Note 15 and 29(b)] and the investment is now carried at cost less accumulated impairment losses in the statement of financial position of the respective group entities that are holding the equity interest in UIC. The investment is accounted for using the equity method of accounting in the consolidated financial statements of the Group.

18. Subsidiaries

| | The Company | | | |
|---|----------------|---------------------------|----------------|---------------------------|
| | 2009 | | 2008 | |
| | Cost \$'000 | Market value \$'000 | Cost \$'000 | Market value \$'000 |
| Listed investments at cost | 408,116 | 773,316 | 408,116 | 538,385 |
| Unlisted investments at cost | 913,640 | | 913,640 | |
| | 1,321,756 | | 1,321,756 | |
| Less accumulated impairment charge: | | | | |
| At the beginning of the financial year | (23,028) | | (10,030) | |
| Impairment charge for the financial year [Note 8 and (a) below] | (21,118) | | (12,998) | |
| Reversal of impairment charge for the financial year | 1,783 | | - | |
| At the end of the financial year | (42,363) | | (23,028) | |
| | 1,279,393 | | 1,298,728 | |

- (a) Impairment charge
During the financial year ended 31 December 2009, an impairment charge of \$21,118,000 (2008: \$12,998,000) was recognised for certain of the Company's unlisted investments in subsidiaries, being the difference between the carrying amount of the investment and its recoverable amount.
- (b) The subsidiaries are:

| Name of companies | Principal activities | Country of business/ incorporation | Cost of investment | | Equity holding | |
|-------------------|----------------------|--|--------------------|----------------|----------------|-----------|
| | | | 2009 \$'000 | 2008 \$'000 | 2009 % | 2008 % |

Held by the Company

| | | | | | | |
|---|---|-----------|---------|---------|-------|-------|
| Pan Pacific Hotels Group Limited (formerly known as Hotel Plaza Limited) ("PPHG") | Hotelier, property owner and investment holding | Singapore | 408,116 | 408,116 | 81.57 | 81.57 |
| Hotel Negara Limited | Hotelier | Singapore | 1,519 | 1,519 | 100 | 100 |
| UOL Property Investments Pte Ltd | Property investment | Singapore | 76,006 | 76,006 | 100 | 100 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

18. Subsidiaries (continued)

(b) The subsidiaries are (continued):

| Name of companies | Principal activities | Country of business/ incorporation | Cost of investment | | Equity holding | |
|---|---|---------------------------------------|--------------------|----------------|----------------|-----------|
| | | | 2009 \$'000 | 2008 \$'000 | 2009 % | 2008 % |
| Held by the Company <i>(continued)</i> | | | | | | |
| UOL Capital Investments Pte. Ltd. ("UCI") | Investment holding | Singapore | 52,000 | 52,000 | 100 | 100 |
| UOL Overseas Development Pte. Ltd. ("UOD") | Property development and investment holding | Singapore | 50,000 | 50,000 | 100 | 100 |
| UOL Development Pte Ltd | Property development | Singapore | 20,000 | 20,000 | 100 | 100 |
| UOL Equity Investments Pte Ltd ("UEI") | Investment holding | Singapore | 280,000 | 280,000 | 100 | 100 |
| UOL Overseas Investments Pte Ltd | Investment holding | Singapore | 30,500 | 30,500 | 100 | 100 |
| UOL Management Services Pte Ltd | Property management services & investment | Singapore | 2,041 | 2,041 | 100 | 100 |
| Parkroyal Serviced Residences Pte. Ltd.^ | Management of serviced suites | Singapore | – | ~ | – | 100 |
| UOL Venture Investments Pte. Ltd. (formerly known as United Venture Furnishings Pte Ltd) | Property investment | Singapore | 2,651 | 2,651 | 100 | 100 |
| UOL Development (Dakota) Pte. Ltd. (formerly known as UOL Development (Novena) Pte. Ltd.) | Property development | Singapore | 41,436 | 41,436 | 100 | 100 |
| Novena Square Investments Ltd | Property investment | Singapore | 162,000 | 162,000 | 60 | 60 |
| Novena Square Development Ltd | Property investment | Singapore | 42,000 | 42,000 | 60 | 60 |
| Secure Venture Investments Limited ("SVIL")*** | Investment holding | Hong Kong | 24,972 | 24,972 | 100 | 100 |
| Kings & Queens Development Pte. Ltd. | Property development | Singapore | 700 | 700 | 70 | 70 |
| Regency One Development Pte. Ltd. | Property development | Singapore | 800 | 800 | 80 | 80 |
| UOL Project Management Services Pte. Ltd. | Project management services | Singapore | 115 | 115 | 100 | 100 |
| United Regency Pte. Ltd. | Property development | Singapore | 600 | 600 | 60 | 60 |
| Duchess Walk Pte. Ltd. | Property development | Singapore | 700 | 700 | 70 | 70 |
| UOL Claymore Investment Pte. Ltd. | Property investment | Singapore | 50,000 | 50,000 | 100 | 100 |
| UOL Somerset Investments Pte. Ltd. | Rental of serviced suites | Singapore | 75,000 | 75,000 | 100 | 100 |
| Secure Venture Development (Simei) Pte. Ltd. | Property development | Singapore | 600 | 600 | 60 | 60 |
| | | | 1,321,756 | 1,321,756 | | |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

18. Subsidiaries (continued)

(b) The subsidiaries are (continued):

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding | |
|---|-------------------------------|---------------------------------------|--------------------------------|--------------------------------|
| | | | 2009 % | 2008 % |
| Held by subsidiaries | | | | |
| Promatik Emas Sdn. Bhd.* | Property development | Malaysia | 55 by UOD | 55 by UOD |
| UOL Serviced Residences Sdn. Bhd.* | Rental of serviced suites | Malaysia | 100 by UOD | 100 by UOD |
| Chengdu United Development Co., Ltd | Liquidated | The People's Republic of China | - | 80 by UOD |
| Hua Ye Xiamen Hotel Limited* | Hotelier | The People's Republic of China | 100 by SVIL | 100 by SVIL |
| Suasana Simfoni Sdn. Bhd.* | Property development | Malaysia | 60 by UCI | 60 by UCI |
| Tianjin UOL Xiwang Real Estate Development Co., Ltd.* | Property development | The People's Republic of China | 90 by UCI | 90 by UCI |
| New Park Hotel (1989) Pte Ltd | Hotelier | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal Hotels & Resorts Pte. Ltd. ("PHR") | Hotel manager and operator | Singapore | 100 by PPHG | 100 by PPHG |
| United Lifestyle Holdings Pte Ltd | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| HPL Overseas Investments Pte Ltd | In the process of liquidation | Singapore | 100 by PPHG | 100 by PPHG |
| HPL Properties (Malaysia) Sdn. Bhd.* ("HPM") | Investment holding | Malaysia | 100 by PPHG | 100 by PPHG |
| President Hotel Sdn Berhad ("PHSB")* | Hotelier | Malaysia | 66.67 by HPM and 33.33 by PPHG | 66.67 by HPM and 33.33 by PPHG |
| Success Venture Investments (Australia) Ltd ("SVIA") | Investment holding | The British Virgin Islands | 60 by PPHG | 60 by PPHG |
| Success Venture Investments (WA) Limited ("SVIWA") | Investment holding | The British Virgin Islands | 100 by PPHG | 100 by PPHG |
| Success City Pty Limited* | Dormant | Australia | 95 by PPHG | 95 by PPHG |
| Garden Plaza Company Limited* | Hotelier | Vietnam | 100 by PPHG | 100 by PPHG |
| Grand Elite Sdn. Bhd.* | Dormant | Malaysia | 100 by PHSB | 100 by PHSB |
| Grand Elite (Penang) Sdn. Bhd.* | Dormant | Malaysia | 100 by PHSB | 100 by PHSB |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

18. Subsidiaries (continued)

(b) The subsidiaries are (continued):

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding | |
|---|--|---------------------------------------|----------------|-------------|
| | | | 2009 % | 2008 % |
| Held by subsidiaries (continued) | | | | |
| St Gregory Spa Pte Ltd | Management and operator of health and beauty retreats and facilities | Singapore | 100 by PPHG | 100 by PPHG |
| Dou Hua Restaurants Pte Ltd | Operator of restaurants | Singapore | 100 by PPHG | 100 by PPHG |
| Hotel Investments (Suzhou) Pte. Ltd. ("HIS") | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| Hotel Investments (Hanoi) Pte. Ltd. ("HIH") | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| YIPL Investment Pte. Ltd. ("YIPL") | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| Yangon Hotel Limited ("YHL")** | Hotelier | Myanmar | 95 by YIPL | 95 by YIPL |
| Westlake International Company* | Hotelier | Vietnam | 75 by HIH | 75 by HIH |
| Suzhou Wugong Hotel Co., Ltd* | Hotelier | The People's Republic of China | 100 by HIS | 100 by HIS |
| Success Venture Pty Limited* | Trustee company | Australia | 100 by SVIA | 100 by SVIA |
| Hotel Plaza Property (Singapore) Pte. Ltd. | Property developer and hotelier | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal Hospitality Group Pte. Ltd. | In the process of liquidation | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal International Pte. Ltd. | Managing and licensing of trademarks | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal Marketing Services Pte. Ltd. | In the process of liquidation | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal Technical Services Pte. Ltd. | In the process of liquidation | Singapore | 100 by PPHG | 100 by PPHG |
| Pan Pacific Hospitality Holdings Pte. Ltd. (formerly known as UOL Hospitality Pte. Ltd.) ("PPHH") | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| Pan Pacific International Pte. Ltd. | Investment holding | Singapore | 100 by PPHG | 100 by PPHG |
| Parkroyal Serviced Residences Pte. Ltd.^ | Management of serviced suites | Singapore | 100 by PPHG | - |
| Pan Pacific Hospitality Pte. Ltd. ("PPH") | Manage and operate serviced suites and investment holding | Singapore | 100 by PPHH | 100 by PPHH |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

18. Subsidiaries (continued)

(b) The subsidiaries are (continued):

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding | |
|--|---|---------------------------------------|---------------------------|---------------------------|
| | | | 2009 % | 2008 % |
| Held by subsidiaries (continued) | | | | |
| Pan Pacific Hotels and Resorts Pte. Ltd. (“PPHR”) | Hotel manager and operator | Singapore | 100 by PPHH | 100 by PPHH |
| Pan Pacific Technical Services Pte. Ltd. | Provision of technical services to hotels and serviced suites | Singapore | 100 by PPHH | 100 by PPHH |
| Pan Pacific Marketing Services Pte. Ltd. | Provision of marketing and related services to hotels and serviced suites | Singapore | 100 by PPHH | 100 by PPHH |
| Pan Pacific Hotels and Resorts America, Inc. (“PPHRA”) [#] | Hotel manager and operator | United States of America | 100 by PPHR | 100 by PPHR |
| Pan Pacific Hotels and Resorts Seattle Limited Liability Co (“PPHRS”) [#] | Hotel manager and operator | United States of America | 100 by PPHRA | 100 by PPHRA |
| Pan Pacific Hotels and Resorts Japan Co., Ltd [#] | Hotel manager and operator | Japan | 100 by PPHR | 100 by PPHR |
| PT. Pan Pacific Hotels & Resorts Indonesia [#] | Hotel manager and operator | Indonesia | 99 by PPHR and 1 by PPHRS | 99 by PPHR and 1 by PPHRS |

(c) The following unit trusts are held by:

| Name of unit trusts | Principal activities | Country of business/ constitution | Units held | |
|---|----------------------|--------------------------------------|------------|-----------|
| | | | 2009 % | 2008 % |
| SVIA | | | | |
| Success Venture (Darling Harbour) Unit Trust* | Hotelier | Australia | 100 | 100 |
| Success Venture (Parramatta) Unit Trust* | Hotelier | Australia | 100 | 100 |
| SVIWA | | | | |
| Success Venture (WA) Unit Trust* | Hotelier | Australia | 100 | 100 |

PricewaterhouseCoopers LLP Singapore is the auditor of all subsidiaries of the Group unless otherwise indicated.

~ Less than \$1,000

* Companies audited by PricewaterhouseCoopers firms outside Singapore.

** Company audited by Myanmar Vigour Company Limited.

*** Company audited by RSM Nelson Wheeler.

[#] Not required to be audited under the laws of the country of incorporation.

[^] This entity was transferred to PPHG by UOL based on the net asset value of the entity as at 30 September 2009.

The subsidiaries not audited by PricewaterhouseCoopers LLP Singapore or PricewaterhouseCoopers firms outside Singapore are not significant subsidiaries as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

19. Investment properties

| | The Group | | The Company | |
|---|------------------|----------------|-----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 2,202,260 | 2,284,659 | 293,135 | 420,391 |
| Currency translation differences | (386) | (1,056) | – | – |
| Additions during the financial year | 7,304 | 25,451 | – | 13,609 |
| Disposal to a subsidiary [Note (b) below] | – | – | – | (117,000) |
| Transfer to property, plant and equipment (Note 20) | (34,140) | – | – | – |
| Fair value losses recognised in income statement | (147,562) | (106,794) | (33,945) | (23,865) |
| At the end of the financial year | 2,027,476 | 2,202,260 | 259,190 | 293,135 |

- (a) Investment properties are carried at fair values at the end of the reporting period as determined by independent professional valuers. Valuations are made semi-annually based on the properties' highest-and-best use using various valuation methods such as Direct Market Comparison Method and Income Method.
- (b) In 2008, the Company entered into a sale and purchase agreement to sell one of its investment properties, known as Pan Pacific Serviced Suites, to a subsidiary for a total consideration of \$150,000,000, resulting in a gain on sale of \$33,000,000 recognised in the income statement of the Company (Note 8).
- (c) The investment properties are leased to non-related parties [Note 32(d)] and related parties [Note 34(a)] under operating leases.
- (d) Bank borrowings are secured on certain investment properties of the Group amounting to \$903,500,000 (2008: \$807,550,000) [Note 23(b)].
- (e) The details of the Group's investment properties at 31 December 2009 were:

| | | Tenure of land |
|-----------------------------|---|------------------------------|
| Faber House | – retained interests in a 12-storey commercial building and a 48-lot carpark at Orchard Road, Singapore | Freehold |
| Odeon Towers | – a 23-storey commercial building with 3 basement levels and a 2-storey podium block at North Bridge Road, Singapore | 999-year leasehold from 1827 |
| United Square | – a commercial building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks at Thomson Road, Singapore | Freehold |
| Novena Square | – retained interests in a commercial building comprising two blocks of 18- and 25-storey office towers and a 3-storey retail podium with elevated carparks at Thomson Road, Singapore | 99-year lease from 1997 |
| The Plaza | – retained interests in a 32-storey tower block comprising restaurants, hotel function rooms, shops, offices and serviced suites, two adjacent commercial buildings and a multi-storey carpark block at Beach Road, Singapore | 99-year lease from 1968 |
| Pan Pacific Serviced Suites | – a 16-storey tower block comprising 126 units of serviced suites, restaurants and a basement carpark at Somerset Road, Singapore | Freehold |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

19. Investment properties (continued)

(f) The following amounts are recognised in the income statements:

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Rental Income (Note 4) | 141,674 | 126,104 | 19,088 | 15,232 |
| Direct operating expenses arising from investment properties that generated rental income | 25,275 | 29,245 | 2,307 | 2,873 |

The Group and Company do not have any investment properties that do not generate rental income.

20. Property, plant and equipment

| | Land and buildings | | Plant, equipment, furniture and fittings | Motor vehicles | Construction in progress | Renovation in progress | Total |
|-------------------------------------|--------------------|---------------------|---|-------------------|-----------------------------|---------------------------|-----------|
| | Freehold \$'000 | Leasehold \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | |
| Cost or valuation | | | | | | | |
| At 1 January 2009 | | | | | | | |
| Cost | 406,250 | 173,715 | 350,979 | 1,833 | 346,849 | 23,604 | 1,303,230 |
| Valuation | 19,612 | 39,167 | – | – | – | – | 58,779 |
| | 425,862 | 212,882 | 350,979 | 1,833 | 346,849 | 23,604 | 1,362,009 |
| Currency translation differences | 24,657 | (3,912) | 16,944 | (30) | (2,560) | (533) | 34,566 |
| Transfer from other assets | – | 2,072 | – | 17 | – | – | 2,089 |
| Transfer from investment properties | – | 440 | – | – | 33,700 | – | 34,140 |
| Additions | 52 | 260 | 14,792 | 92 | 34,718 | 7,561 | 57,475 |
| Disposals | (3) | (1,073) | (11,202) | (349) | – | – | (12,627) |
| Reclassification | 2,609 | 13,519 | 12,067 | 744 | – | (28,939) | – |
| Impairment charge [Note (c) below] | (3,800) | – | – | – | – | – | (3,800) |
| At 31 December 2009 | 449,377 | 224,188 | 383,580 | 2,307 | 412,707 | 1,693 | 1,473,852 |
| Cost | 433,687 | 184,711 | 383,580 | 2,307 | 412,707 | 1,693 | 1,418,685 |
| Valuation | 15,690 | 39,477 | – | – | – | – | 55,167 |
| | 449,377 | 224,188 | 383,580 | 2,307 | 412,707 | 1,693 | 1,473,852 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2009 | 55,882 | 64,540 | 210,852 | 1,459 | – | – | 332,733 |
| Currency translation differences | 4,063 | (1,198) | 10,757 | (26) | – | – | 13,596 |
| Transfer from other assets | – | 507 | – | 17 | – | – | 524 |
| Charge for the financial year | 4,873 | 4,542 | 31,374 | 249 | – | – | 41,038 |
| Disposals | (2) | (235) | (10,321) | (347) | – | – | (10,905) |
| Reclassification | (146) | (1,471) | 987 | 630 | – | – | – |
| At 31 December 2009 | 64,670 | 66,685 | 243,649 | 1,982 | – | – | 376,986 |
| Net book value | | | | | | | |
| at 31 December 2009 | 384,707 | 157,503 | 139,931 | 325 | 412,707 | 1,693 | 1,096,866 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

20. Property, plant and equipment (continued)

| | Land and buildings | | Plant, equipment, furniture and fittings | Motor vehicles | Construction in progress | Renovation in progress | Total |
|--------------------------------------|--------------------|---------------------|---|-------------------|-----------------------------|---------------------------|------------------|
| | Freehold \$'000 | Leasehold \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| The Group | | | | | | | |
| Cost or valuation | | | | | | | |
| At 1 January 2008 | | | | | | | |
| Cost | 436,570 | 158,865 | 362,301 | 2,084 | – | 7,223 | 967,043 |
| Valuation | 20,125 | 39,167 | – | – | – | – | 59,292 |
| | 456,695 | 198,032 | 362,301 | 2,084 | – | 7,223 | 1,026,335 |
| Currency translation differences | (33,525) | 5,831 | (20,179) | (11) | 6,108 | 359 | (41,417) |
| Transfer from other assets | – | – | – | – | 71,096 | – | 71,096 |
| Transfer from development properties | – | – | – | – | 93,895 | – | 93,895 |
| Additions | 786 | 8,763 | 22,920 | 379 | 212,750 | 23,773 | 269,371 |
| Disposals | (1,934) | (62) | (17,597) | (619) | – | (59) | (20,271) |
| Reclassification | 3,840 | 318 | 3,534 | – | – | (7,692) | – |
| Impairment charge [Note (c) below] | – | – | – | – | (37,000) | – | (37,000) |
| At 31 December 2008 | 425,862 | 212,882 | 350,979 | 1,833 | 346,849 | 23,604 | 1,362,009 |
| Cost | 406,250 | 173,715 | 350,979 | 1,833 | 346,849 | 23,604 | 1,303,230 |
| Valuation | 19,612 | 39,167 | – | – | – | – | 58,779 |
| | 425,862 | 212,882 | 350,979 | 1,833 | 346,849 | 23,604 | 1,362,009 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2008 | 54,607 | 57,930 | 215,272 | 1,891 | – | – | 329,700 |
| Currency translation differences | (5,405) | 1,434 | (13,290) | (15) | – | – | (17,276) |
| Charge for the financial year | 7,808 | 5,233 | 25,665 | 167 | – | – | 38,873 |
| Disposals | (1,128) | (57) | (16,795) | (584) | – | – | (18,564) |
| At 31 December 2008 | 55,882 | 64,540 | 210,852 | 1,459 | – | – | 332,733 |
| Net book value | | | | | | | |
| at 31 December 2008 | 369,980 | 148,342 | 140,127 | 374 | 346,849 | 23,604 | 1,029,276 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

20. Property, plant and equipment (continued)

| | Plant, equipment, furniture and fittings \$'000 | Motor vehicles \$'000 | Total \$'000 |
|---|---|-----------------------------|-----------------|
| The Company | | | |
| Cost | | | |
| At 1 January 2009 | 3,296 | 190 | 3,486 |
| Additions | 473 | – | 473 |
| Disposals | (222) | (2) | (224) |
| At 31 December 2009 | 3,547 | 188 | 3,735 |
| Accumulated depreciation | | | |
| At 1 January 2009 | 2,418 | 31 | 2,449 |
| Charge for the financial year | 325 | 37 | 362 |
| Disposals | (204) | (2) | (206) |
| At 31 December 2009 | 2,539 | 66 | 2,605 |
| Net book value at 31 December 2009 | 1,008 | 122 | 1,130 |
| Cost | | | |
| At 1 January 2008 | 3,216 | 213 | 3,429 |
| Additions | 246 | 188 | 434 |
| Disposals | (166) | (211) | (377) |
| At 31 December 2008 | 3,296 | 190 | 3,486 |
| Accumulated depreciation | | | |
| At 1 January 2008 | 2,212 | 175 | 2,387 |
| Charge for the financial year | 294 | 39 | 333 |
| Disposals | (88) | (183) | (271) |
| At 31 December 2008 | 2,418 | 31 | 2,449 |
| Net book value at 31 December 2008 | 878 | 159 | 1,037 |

- (a) The valuation of a hotel property of PPHG was carried out by a firm of independent professional valuers on 31 December 1985 on an open market existing use basis, with subsequent additions at cost. The valuation done in 1985 was incorporated in the financial statements. However, a decision was then made subsequently by the Board of Directors of PPHG that future valuations of hotel properties would not be incorporated in the financial statements but would be disclosed for information.
- (b) At 31 December 2009, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was \$1,184,100,000 (2008: \$1,195,237,000) and the net book value was \$657,036,000 (2008: \$658,450,000). The valuations of these hotel properties were carried out by firms of independent professional valuers on an open market existing use basis. The surplus on valuation of these hotel properties amounting to \$527,064,000 (2008: \$536,787,000) has not been incorporated in the financial statements.
- (c) During the financial year, an impairment charge of \$3,800,000 was recognised for a hotel property, being the difference between the carrying amount of the hotel property and its recoverable amount. The recoverable amount is based on the market value of the hotel property. In 2008, an impairment charge of \$37,000,000 was recognised for the property under development within "Construction in progress", being the difference between the carrying amount of the property under development and its recoverable amount. The recoverable amount is based on the market value of the development upon completion net of estimated construction costs as assessed by independent professional valuers.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

20. Property, plant and equipment (continued)

- (d) Borrowing costs of \$3,398,000 (2008: \$1,818,000) arising on financing specifically entered into for the property under development were capitalised during the financial year and are included in construction in progress.
- (e) In accordance with paragraph 77(e) of FRS 16 (revised 2006), for property, plant and equipment that are stated at revalued amount, the Company is required to disclose the carrying amount of the leasehold land and buildings in the financial statements had the assets been carried at cost less depreciation at the end of the reporting period. The valuation of the leasehold land and buildings was carried out in 1985, and hence it is not possible to obtain the relevant information for such disclosure to be made in the financial statements.
- (f) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 23(b)] amounting to \$803,826,000 (2008: \$356,549,000).
- (g) The details of the Group's properties in property, plant and equipment at 31 December 2009 were:

| | | Tenure of land |
|---|--|----------------------------|
| PARKROYAL on Beach Road | – a 343-room hotel at Beach Road, Singapore | 99-year lease from 1968 |
| PARKROYAL on Kitchener Road | – a 534-room hotel with a shopping arcade at Kitchener Road, Singapore | Freehold |
| Pan Pacific Orchard | – a 206-room hotel at Claymore Road, Singapore | Freehold |
| Eunos Warehouse Complex | – Retained interests in 2 units of a 4-storey flatted warehouse at Kaki Bukit Road, Singapore | 60-year lease from 1982 |
| Crowne Plaza Darling Harbour | – a 345-room hotel at Darling Harbour, Sydney, Australia | Freehold |
| Crowne Plaza Parramatta | – a 196-room hotel at Parramatta, Australia | Freehold |
| Sheraton Perth Hotel | – a 486-room hotel and carpark at Adelaide Terrace, Perth, Australia | Freehold |
| PARKROYAL Kuala Lumpur and President House | – a 426-room hotel and a 6-storey podium block at Jalan Sultan Ismail, Kuala Lumpur, Malaysia | Freehold |
| | – a 320-lot carpark at Jalan Sultan Ismail, Kuala Lumpur, Malaysia | Leasehold expiring in 2080 |
| PARKROYAL Penang | – a 309-room resort hotel at Jalan Batu Ferringhi, Penang, Malaysia | Freehold |
| PARKROYAL Saigon | – a 193-room hotel and 4-storey annex block at Nguyen Van Troi Street, Ho Chi Minh City, Vietnam | 49-year lease from 1994 |
| Hotel Sofitel Plaza Hanoi | – a 309-room hotel and 36 serviced suites at Thanh Nien Road, Hanoi, Vietnam | 48-year lease from 1993 |
| Sheraton Suzhou Hotel & Towers | – a 481-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China | 50-year lease from 1994 |
| Pan Pacific Xiamen (formerly known as Sofitel Plaza Xiamen) | – a 390-room hotel at Hubin North Road, Xiamen, The People's Republic of China | 70-year lease from 1991 |
| PARKROYAL Yangon | – a 267-room hotel at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar | 30-year lease from 1997 |

- (h) The details of the Group's construction in progress at 31 December 2009 were:

| Property | Tenure of land | Stage of completion | Expected completion date | Site area/ gross floor area (sqm) | Effective interest in property |
|---|----------------------------|---------------------|--------------------------|-----------------------------------|--------------------------------|
| Site at Upper Pickering Street A proposed development comprising a 367-room hotel and approximately 7,320 square metres of office space | 99-year lease from 2009 | – | 3rd Quarter 2012 | 6,959/ 29,227 | 100% |
| Hai He Hua Ding (formerly known as Tianjin Hai He Huang Guan) A proposed mixed-use development comprising residential apartments, hotel, office and retail components at Zhang Zi Zhong Road, Tianjin | 40-50 year lease from 2007 | 4% | 4th Quarter 2013 | 22,895/ 120,429 | 90% |
| One Residency Under construction to build a 287-unit serviced suite with ground floor commercial space and a carpark at Geran No. 26595, Lot 692 Seksyen 57, Kuala Lumpur, Malaysia | Freehold | 88% | 2nd Quarter 2010 | 8,626/ 21,359 | 100% |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

21. Intangibles

| | The Group | |
|--|---------------|---------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Trademarks [Note (a) below] | 13,288 | 14,115 |
| Goodwill arising on consolidation [Note (b) below] | 24,283 | 24,283 |
| | 37,571 | 38,398 |

(a) Trademarks

| | The Group | |
|--|----------------|---------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| At the beginning of the financial year | 14,115 | 14,942 |
| Amortisation for the financial year | (827) | (827) |
| At the end of the financial year | 13,288 | 14,115 |
| Cost | 15,484 | 15,484 |
| Accumulated amortisation | (2,196) | (1,369) |
| Net book value | 13,288 | 14,115 |

(b) Goodwill arising on consolidation

| | The Group | |
|--|---------------|---------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| At the beginning and end of the financial year | 24,283 | 24,283 |

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units ("CGUs") identified according to countries of operation and business segment. A segment-level summary of the goodwill allocation is analysed as follows:

| | Hotel operations | |
|--------------------------------|------------------|---------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Singapore | 10,371 | 10,371 |
| The People's Republic of China | 13,081 | 13,081 |
| Malaysia | 831 | 831 |
| | 24,283 | 24,283 |

The recoverable amount of a CGU was determined based on fair value less cost to sell calculations. The fair value less cost to sell reflect the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The fair values were determined by independent professional valuers using the cash flows projections which were prepared based on the expected future market trend.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

21. Intangibles (continued)

(b) Goodwill arising on consolidation (continued)

Key assumptions used for fair value less cost to sell calculations:

| | The People's Republic of China % | Malaysia % | Singapore % |
|---------------|--|---------------|----------------|
| 2009 | | | |
| Growth rate | 14.0 | 2.4 | 3.5 |
| Discount rate | 12.3 | 7.3 | 4.7 |
| 2008 | | | |
| Growth rate | 11.6 | 5.4 | 3.0 |
| Discount rate | 12.0 | 7.3 | 3.8 |

22. Trade and other payables

| | The Group | | The Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Trade payables: | | | | |
| – non-related parties | 53,324 | 41,485 | 1,641 | 3,202 |
| – associated companies | 5 | 20 | – | – |
| | 53,329 | 41,505 | 1,641 | 3,202 |
| Other payables: | | | | |
| – rental deposits | 16,362 | 13,651 | 1,943 | 1,334 |
| – accrued interest payable | 6,893 | 9,064 | 1,855 | 1,478 |
| – retention monies due to contractors | 11,144 | 5,113 | 707 | 721 |
| – accrued development expenditure | 14,702 | 7,211 | – | – |
| – accruals for completed projects | 3,587 | 9,463 | 272 | 2,702 |
| – accrued operating expenses | 46,634 | 35,185 | 7,398 | 6,052 |
| – sundry creditors | 14,860 | 18,480 | 1,152 | 1,131 |
| – subsidiaries (non-trade) | – | – | 76 | – |
| – minority shareholders (non-trade) | 3,876 | 3,020 | – | – |
| | 118,058 | 101,187 | 13,403 | 13,418 |
| Loans from subsidiaries | – | – | 220,234 | 173,581 |
| Total trade and other payables | 171,387 | 142,692 | 235,278 | 190,201 |

(a) The non-trade amounts and loans due to subsidiaries and minority shareholders are unsecured and interest free except for a loan due to a subsidiary of \$55,662,000 (2008: nil) which has an effective interest rate of 2.35% (2008: nil) at the end of the reporting period.

(b) At the end of the reporting period, the Company has given guarantees in respect of borrowings granted to certain subsidiaries (Note 31). The directors are of the view that there is no significant value to the guarantees issued.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

23. Borrowings

| | The Group | | The Company | |
|---|------------------|------------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| <i>Current</i> | | | | |
| Bank overdrafts (unsecured) | – | 137 | – | – |
| Bank loans (secured) | 428,859 | 4,557 | – | – |
| Bank loans (unsecured) | 294,150 | 513,609 | 241,150 | 160,000 |
| | 723,009 | 518,303 | 241,150 | 160,000 |
| <i>Non-current</i> | | | | |
| Bank loans (secured) | 1,213,455 | 1,037,319 | – | – |
| 3.34% unsecured fixed rate note due 2012 [Note (a) below] | 149,738 | 149,629 | 149,738 | 149,629 |
| Unsecured floating rate note due 2012 [Note (a) below] | 99,827 | 99,752 | 99,827 | 99,752 |
| | 1,463,020 | 1,286,700 | 249,565 | 249,381 |
| Total borrowings | 2,186,029 | 1,805,003 | 490,715 | 409,381 |

- (a) In 2007, the Company issued fixed rate notes with a nominal value of \$150,000,000 ("Fixed Rate Notes") and floating rate notes with a nominal value of \$100,000,000 ("Floating Rate Notes"), for which an interest rate hedge has been entered into in 2008 (Note 24).

Fixed Rate Notes

Interest is fixed at 3.34% per annum and is payable semi-annually in arrear on 15 May and 15 November of each year. Unless previously redeemed or purchased and cancelled, the Fixed Rate Notes will be redeemed at their principal amount on 15 May 2012. The fair value of the Fixed Rate Note calculated using cash flows discounted at a market rate of 2.3% (2008: 2.1%) amounted to \$153,840,000 (2008: \$156,151,000).

Floating Rate Notes

Floating interest is calculated at 0.4% over the 6-month Singapore Dollar swap rate per annum and is payable semi-annually in arrear on the interest payment dates falling on or about 15 May and 15 November in each year. Unless previously redeemed or purchased and cancelled, the Floating Rate Notes will be redeemed at their principal amount on the interest payment date falling on or about 15 May 2012.

- (b) Securities granted

The bank loans are secured by mortgages on the equity shares of an associated company and available-for-sale financial assets, subsidiaries' hotel properties, investment properties and development properties; and/or assignment of all rights and benefits with respect to the properties. The net book values of equity shares, hotel properties, investment properties and development properties which have been pledged as securities are as follows:

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Equity shares of an associated company | 981,024 | – | 161,589 | – |
| Equity shares of available-for-sale financial assets | 669,120 | – | 502,956 | – |
| Hotel properties | 803,826 | 356,549 | – | – |
| Investment properties | 903,500 | 807,550 | – | – |
| Development properties | 1,519,421 | 1,099,004 | – | – |
| | 4,876,891 | 2,263,103 | 664,545 | – |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

23. Borrowings (continued)

(c) Interest rate risk

(i) Repricing analysis

Interest on the bank loans of the Group is on a floating rate basis and the following table indicates the periods in which the bank loans of the Group will be repriced:

The Group

| | Within 6 months \$'000 | 6 to 12 months \$'000 | 1 to 2 years \$'000 | Total \$'000 |
|---------------------------------------|------------------------------|-----------------------------|---------------------------|-----------------|
| 2009 | | | | |
| Bank loans (secured) | 1,622,314 | 10,000 | 10,000 | 1,642,314 |
| Bank loans (unsecured) | 294,150 | – | – | 294,150 |
| Unsecured floating rate note due 2012 | 99,827 | – | – | 99,827 |
| | 2,016,291 | 10,000 | 10,000 | 2,036,291 |
| 2008 | | | | |
| Bank loans (secured) | 1,041,299 | 577 | – | 1,041,876 |
| Bank loans (unsecured) | 513,609 | – | – | 513,609 |
| Unsecured floating rate note due 2012 | 99,752 | – | – | 99,752 |
| | 1,654,660 | 577 | – | 1,655,237 |

The Company

| | Within 6 months \$'000 | Total \$'000 |
|---------------------------------------|------------------------------|-----------------|
| 2009 | | |
| Bank loans (unsecured) | 241,150 | 241,150 |
| Unsecured floating rate note due 2012 | 99,827 | 99,827 |
| | 340,977 | 340,977 |
| 2008 | | |
| Bank loans (unsecured) | 160,000 | 160,000 |
| Unsecured floating rate note due 2012 | 99,752 | 99,752 |
| | 259,752 | 259,752 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

23. Borrowings (continued)

(c) Interest rate risk (continued)

(ii) Effective interest rates

The weighted average effective interest rates of total borrowings at the end of the reporting period were as follows:

The Group

| | 2009 | | | | 2008 | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| | SGD % | USD % | RMB % | MYR % | SGD % | USD % | MYR % |
| Bank overdrafts (unsecured) | – | – | – | – | 5.0 | – | – |
| Bank loans (secured) | 2.1 | 1.4 | 5.6 | 3.1 | 2.9 | 3.2 | 4.2 |
| Bank loans (unsecured) | 2.7 | – | – | – | 2.9 | – | – |
| Unsecured floating rate note due 2012 | 1.2 | – | – | – | 1.6 | – | – |

The Company

| | 2009 SGD % | 2008 SGD % |
|---------------------------------------|------------------|------------------|
| Bank loans (unsecured) | 2.7 | 3.1 |
| Unsecured floating rate note due 2012 | 1.2 | 1.6 |

24. Derivative financial instrument

| | The Group | | The Company | |
|-------------------------|--|-----------------------------------|--|-----------------------------------|
| | Contract notional amount \$'000 | Fair value liability \$'000 | Contract notional amount \$'000 | Fair value liability \$'000 |
| 2009 | | | | |
| <i>Cash-flow hedges</i> | | | | |
| – Interest rate swaps | 140,000 | 2,221 | 100,000 | 1,782 |
| 2008 | | | | |
| <i>Cash-flow hedges</i> | | | | |
| – Interest rate swaps | 140,000 | 2,121 | 100,000 | 1,805 |

In 2008, the Company entered into a Singapore dollar interest rate swap to hedge floating semi-annual interest payments on borrowings that will mature on or about 15 May 2012 [Note 23(a)]. In addition, a subsidiary entered into a Singapore dollar interest rate swap to hedge floating semi-annual interest payments on borrowings that will mature on 5 October 2011.

Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to the income statement as part of interest expense over the period of the borrowings.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

25. Loans from minority shareholders of subsidiaries (unsecured)

| | The Group | |
|--|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Loans from minority shareholders of subsidiaries (unsecured) | | |
| - Current | 33,025 | – |
| - Non-current | 45,946 | 75,984 |
| | 78,971 | 75,984 |

Details of the loans from minority shareholders are as follows:

- (i) Loans of \$3,409,000 (2008: \$2,342,000) are interest-free.
- (ii) Loan of \$9,631,000 (2008: \$9,631,000) bears interest calculated on a fixed rate basis and the effective interest rate as at the end of the reporting period is 2.5% (2008: 2.5%) per annum.
- (iii) Loans of \$65,931,000 (2008: \$64,011,000) bear interests calculated based on a bank quoted three-month swap rate on the first business day of each quarter of the calendar year and the effective interest rate as at the end of the reporting period is 0.6% (2008: 2.0%) per annum.
- (iv) The fair values of loans from minority shareholders are computed based on cash flows discounted using market borrowing rates at the end of the reporting period and is as follows:

| | The Group | | Borrowing rates | |
|-----------------------------------|----------------|----------------|-----------------|-----------|
| | 2009 \$'000 | 2008 \$'000 | 2009 % | 2008 % |
| Loans from minority shareholders: | | | | |
| - Floating rate | 65,931 | 64,011 | 0.6 | 2.0 |
| - Fixed rate | 9,631 | 9,652 | 2.5 | 2.3 |
| - Interest-free | 3,179 | 2,238 | 2.7 | 2.8 |
| | 78,741 | 75,901 | | |

- (v) The loans from minority shareholders of subsidiaries have no fixed terms of repayment and loans which are not expected to be repaid within the next twelve months from the end of the reporting period are being classified as non-current.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

26. Provision for retirement benefits

| | The Group | |
|-------------|--------------|--------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Non-current | 2,316 | 2,112 |

- (a) A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees and certain management staff. Benefits payable on retirement are calculated by reference to length of service and earnings over the employees' year of employment. Provision for post-employment benefit obligations is made in the financial statements so as to provide for the accrued liability at the end of the reporting period. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision for the defined benefit plan is not likely to be significant. The most recent valuation was at 31 December 2009.

- (b) The movements during the financial year recognised in the statement of financial position were as follows:

| | The Group | |
|--|--------------|--------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| At the beginning of the financial year | 2,112 | 2,035 |
| Benefits paid | (61) | (135) |
| Charged to income statement | 290 | 308 |
| Exchange differences | (25) | (96) |
| At the end of the financial year | 2,316 | 2,112 |

- (c) The expense recognised in the income statement may be analysed as follows:

| | The Group | |
|--|------------|--------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Current service cost | 178 | 193 |
| Interest on obligation | 112 | 115 |
| Expense recognised in the income statement | 290 | 308 |

The charge to the income statement was included under administrative expenses in the income statement.

- (d) The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

| | The Group | |
|-------------------------------|------------|------|
| | 2009 | 2008 |
| | % | % |
| Discount interest rate | 6.2 | 6.0 |
| Future salary increase | 6.0 | 5.5 |
| Inflation rate | 3.5 | 3.5 |
| Normal retirement age (years) | | |
| - Male | 55 | 55 |
| - Female | 50 | 50 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Deferred income tax assets | | | | |
| – to be recovered within one year | (479) | (2,077) | – | – |
| – to be recovered after one year | (4,620) | (2,362) | (303) | (325) |
| | (5,099) | (4,439) | (303) | (325) |
| Deferred income tax liabilities | | | | |
| – to be settled within one year | 77,864 | 50,993 | 73,940 | 43,248 |
| – to be settled after one year | 124,209 | 123,475 | 9,370 | 12,154 |
| | 202,073 | 174,468 | 83,310 | 55,402 |

The movements in the deferred income tax account are as follows:

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 170,029 | 203,317 | 55,077 | 97,974 |
| Currency translation differences | 362 | (130) | – | – |
| Tax charge/(credit) to: | | | | |
| – income statement [Note 9(a)] | 2,328 | 11,419 | (1,976) | 808 |
| – equity [Note 29(b),(f)] | 32,944 | (43,762) | 32,965 | (43,705) |
| Under provision in preceding financial year [(Note 9(a)] | 413 | 997 | – | – |
| Effect of change in tax rates | | | | |
| – income statement [Note 9(a)] | (6,548) | (734) | (667) | – |
| – equity [Note 29(b),(c),(f)] | (2,554) | – | (2,392) | – |
| Transfer to current income tax [Note 9(b)] | – | (1,078) | – | – |
| At the end of the financial year | 196,974 | 170,029 | 83,007 | 55,077 |

Deferred income tax (credited)/debited against equity (Note 29) excluding the effects of the changes in tax rates during the financial year are as follows:

| | The Group | | The Company | |
|----------------------------------|----------------|-----------------|----------------|-----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Fair value reserves [Note 29(b)] | 32,961 | (43,380) | 32,961 | (43,380) |
| Hedging reserve [Note 29(f)] | (17) | (382) | 4 | (325) |
| | 32,944 | (43,762) | 32,965 | (43,705) |

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$798,000 (2008: \$1,133,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to those subsidiary companies meeting certain statutory requirements in their respective countries of incorporation. These tax losses have no expiry date, except for \$641,000 (2008: \$643,000) which will expire over the next 5 years.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

27. Deferred income taxes (continued)

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

The Group

Deferred income tax liabilities

| | Fair value gains \$'000 | Accelerated tax depreciation \$'000 | Fair value gain on investment properties and surplus on revaluation of certain hotel properties \$'000 | Unremitted foreign income, interests and dividends \$'000 | Deferred development profit \$'000 | Other temporary differences \$'000 | Total \$'000 |
|---|----------------------------|--|---|--|---------------------------------------|---------------------------------------|-----------------|
| 2009 | | | | | | | |
| At the beginning of the financial year | 45,828 | 31,050 | 63,778 | 5,864 | 28,615 | (667) | 174,468 |
| Change in tax rate | (2,410) | (1,300) | (3,478) | (326) | (1,590) | (136) | (9,240) |
| Currency translation differences | – | 443 | (7) | – | – | 5 | 441 |
| Tax charge/(credit) to income statement | – | 7,243 | (15,290) | (4,019) | 14,976 | 533 | 3,443 |
| Tax charge to equity | 32,961 | – | – | – | – | – | 32,961 |
| At the end of the financial year | 76,379 | 37,436 | 45,003 | 1,519 | 42,001 | (265) | 202,073 |
| 2008 | | | | | | | |
| At the beginning of the financial year | 89,386 | 30,074 | 71,925 | 5,144 | 12,929 | (1,098) | 208,360 |
| Change in tax rate | – | (713) | (88) | – | – | 67 | (734) |
| Currency translation differences | – | (317) | (54) | – | – | 38 | (333) |
| Tax charge/(credit) to income statement | (141) | 1,685 | (8,005) | 720 | 17,048 | 326 | 11,633 |
| Tax credit to equity | (43,380) | – | – | – | – | – | (43,380) |
| Transfer from/(to) current income tax | (37) | 321 | – | – | (1,362) | – | (1,078) |
| At the end of the financial year | 45,828 | 31,050 | 63,778 | 5,864 | 28,615 | (667) | 174,468 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

27. Deferred income taxes (continued)

The Group (continued)

Deferred income tax assets

| | Fair value losses on derivative financial instruments \$'000 | Excess of depreciation over capital allowances \$'000 | Tax losses \$'000 | Provisions \$'000 | Total \$'000 |
|---|---|---|----------------------|----------------------|-----------------|
| 2009 | | | | | |
| At the beginning of the financial year | (382) | (1,474) | (506) | (2,077) | (4,439) |
| Change in tax rate | 21 | – | 1 | 116 | 138 |
| Currency translation differences | – | 1 | (80) | – | (79) |
| Tax charge/(credit) to income statement | – | (531) | (1,654) | 1,483 | (702) |
| Tax credit to equity | (17) | – | – | – | (17) |
| At the end of the financial year | (378) | (2,004) | (2,239) | (478) | (5,099) |
| 2008 | | | | | |
| At the beginning of the financial year | – | (2,184) | (2,169) | (690) | (5,043) |
| Currency translation differences | – | – | 203 | – | 203 |
| Tax charge/(credit) to income statement | – | 710 | 1,460 | (1,387) | 783 |
| Tax credit to equity | (382) | – | – | – | (382) |
| At the end of the financial year | (382) | (1,474) | (506) | (2,077) | (4,439) |

The Company

Deferred income tax liabilities

| | Fair value gains \$'000 | Accelerated tax depreciation \$'000 | Fair value gains on investment properties \$'000 | Other temporary differences \$'000 | Total \$'000 |
|--|-------------------------------|--|--|---|-----------------|
| 2009 | | | | | |
| At the beginning of the financial year | 43,389 | 4,276 | 7,737 | – | 55,402 |
| Change in tax rate | (2,410) | (237) | (430) | – | (3,077) |
| Tax charge/ (credit) to income statement | – | 33 | (2,009) | – | (1,976) |
| Tax charge to equity | 32,961 | – | – | – | 32,961 |
| At the end of the financial year | 73,940 | 4,072 | 5,298 | – | 83,310 |
| 2008 | | | | | |
| At the beginning of the financial year | 86,769 | 4,316 | 7,030 | (141) | 97,974 |
| Tax charge/ (credit) to income statement | – | (40) | 707 | 141 | 808 |
| Tax credit to equity | (43,380) | – | – | – | (43,380) |
| At the end of the financial year | 43,389 | 4,276 | 7,737 | – | 55,402 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

27. Deferred income taxes (continued)
The Company (continued)
Deferred income tax assets

| | Fair value loss on derivative financial instrument \$'000 | Total \$'000 |
|--|--|-----------------|
| 2009 | | |
| At the beginning of the financial year | (325) | (325) |
| Change in tax rate | 18 | 18 |
| Tax charge to equity | 4 | 4 |
| At the end of the financial year | (303) | (303) |
| 2008 | | |
| At the beginning of the financial year | – | – |
| Tax credit to equity | (325) | (325) |
| At the end of the financial year | (325) | (325) |

28. Share capital of UOL Group Limited

| | Number of shares '000 | Amount \$'000 |
|--|-----------------------------|------------------|
| 2009 | | |
| At the beginning of the financial year | 796,072 | 1,075,315 |
| Proceeds from share issue: | | |
| – to holders of share options | 111 | 300 |
| Shares cancelled upon buy-back | (12,650) | (17,088) |
| At the end of the financial year | 783,533 | 1,058,527 |
| 2008 | | |
| At the beginning of the financial year | 796,055 | 1,075,266 |
| Proceeds from share issue: | | |
| – to holders of share options | 17 | 49 |
| At the end of the financial year | 796,072 | 1,075,315 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

28. Share capital of UOL Group Limited (continued)

- (a) All issued ordinary shares have no par value and are fully paid.
- (b) During the financial year, the Company issued 111,000 (2008: 17,000) ordinary shares pursuant to the options under the UOL 2000 Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

UOL Group Executives' Share Option Scheme

The UOL Group Executives' Share Option Scheme ("the 2000 Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 May 2000.

Under the terms of the 2000 Scheme, the total number of shares granted shall not exceed 15% of the issued share capital of the Company and the executives may exercise the options by giving notice in writing to the Company in the prescribed form during the option period, accompanied by remittance of the amount of the Offering Price.

The Offering Price is equal to the average of the last dealt prices per share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for a period of 3 consecutive trading days immediately prior to the relevant offering date.

On 6 March 2009, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,446,000 ordinary shares in the Company (known as "the 2009 Options") at the offer price of \$1.65 per ordinary share. 1,430,000 options granted were accepted.

Statutory information regarding the 2009 Options is as follows:

- (i) The vesting of granted options is conditional on the completion of one year of service from the grant date. The option period begins on 6 March 2010 and expires on 5 March 2019 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 13 of the Rules of the 2000 Scheme.
- (ii) The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.
- (iii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company in the Group.
- (iv) The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

28. Share capital of UOL Group Limited (continued)

UOL Group Executives' Share Option Scheme (continued)

Movements in the number of ordinary shares outstanding under options at the end of the financial year and their exercise prices were as follows:

| The Group and the Company | At the beginning of the financial year | Options granted during the financial year | Options exercised during the financial year | Options forfeited during the financial year | At the end of the financial year | Exercise/ Subscription price /\$ | Option period |
|----------------------------------|--|---|---|---|----------------------------------|----------------------------------|--------------------------|
| Executives' Share Options | | | | | | | |
| 2009 | | | | | | | |
| 2002 Options | 42,000 | – | – | – | 42,000 | 1.81 | 27.06.2003 to 26.06.2012 |
| 2003 Options | 190,000 | – | – | – | 190,000 | 2.05 | 27.06.2004 to 26.06.2013 |
| 2004 Options | 222,000 | – | 20,000 | – | 202,000 | 2.28 | 21.05.2005 to 20.05.2014 |
| 2005 Options | 192,000 | – | 38,000 | – | 154,000 | 2.23 | 09.05.2006 to 08.05.2015 |
| 2006 Options | 515,000 | – | 53,000 | – | 462,000 | 3.21 | 18.05.2007 to 17.05.2016 |
| 2007 Options | 1,010,000 | – | – | 54,000 | 956,000 | 4.91 | 16.03.2008 to 15.03.2017 |
| 2008 Options | 1,314,000 | – | – | 92,000 | 1,222,000 | 3.68 | 07.03.2009 to 06.03.2018 |
| 2009 Options | – | 1,430,000 | – | 32,000 | 1,398,000 | 1.65 | 06.03.2010 to 05.03.2019 |
| | <u>3,485,000</u> | <u>1,430,000</u> | <u>111,000</u> | <u>178,000</u> | <u>4,626,000</u> | | |
| 2008 | | | | | | | |
| 2002 Options | 42,000 | – | – | – | 42,000 | 1.81 | 27.06.2003 to 26.06.2012 |
| 2003 Options | 190,000 | – | – | – | 190,000 | 2.05 | 27.06.2004 to 26.06.2013 |
| 2004 Options | 227,000 | – | 5,000 | – | 222,000 | 2.28 | 21.05.2005 to 20.05.2014 |
| 2005 Options | 192,000 | – | – | – | 192,000 | 2.23 | 09.05.2006 to 08.05.2015 |
| 2006 Options | 545,000 | – | 12,000 | 18,000 | 515,000 | 3.21 | 18.05.2007 to 17.05.2016 |
| 2007 Options | 1,094,000 | – | – | 84,000 | 1,010,000 | 4.91 | 16.03.2008 to 15.03.2017 |
| 2008 Options | – | 1,388,000 | – | 74,000 | 1,314,000 | 3.68 | 07.03.2009 to 06.03.2018 |
| | <u>2,290,000</u> | <u>1,388,000</u> | <u>17,000</u> | <u>176,000</u> | <u>3,485,000</u> | | |

Out of the outstanding options for 4,626,000 (2008: 3,485,000) shares, options for 3,228,000 (2008: 2,171,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was \$3.64 (2008: \$3.91) per share.

The fair value of options granted on 6 March 2009, determined using The Trinomial Tree Model was \$463,000 (2008: \$960,000). The significant inputs into the model were share price of \$1.63 (2008: \$3.64) at the grant date, exercise price of \$1.65 (2008: \$3.68), standard deviation of expected share price returns of 32.51% (2008: 26.76%), option life from 6 March 2010 to 5 March 2019 (2008: 7 March 2009 to 6 March 2018) and annual risk-free interest rate of 1.24% (2008: 1.51%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

29. Reserves

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Composition: | | | | |
| Share option reserve [Note 29(a)] | 4,200 | 3,634 | 4,041 | 3,634 |
| Fair value reserve [Note 29(b)] | 469,187 | 230,485 | 374,275 | 197,159 |
| Asset revaluation reserve [Note 29(c)] | 34,930 | 34,426 | – | – |
| Capital reserves [Note 29(d)] | 293,580 | 119,002 | – | – |
| Currency translation reserve [Note 29(e)] | (10,698) | (26,470) | – | – |
| Hedging reserve [Note 29(f)] | (1,777) | (1,691) | (1,479) | (1,480) |
| Others | – | – | 598 | 598 |
| | 789,422 | 359,386 | 377,435 | 199,911 |

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 3,634 | 2,772 | 3,634 | 2,772 |
| Employee share option scheme: | | | | |
| – Value of employee services | 407 | 862 | 407 | 862 |
| Share of associated company (Note 17) | 159 | – | – | – |
| At the end of the financial year | 4,200 | 3,634 | 4,041 | 3,634 |

(b) Fair value reserve

| | The Group | | The Company | |
|---|----------------|------------------|----------------|------------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | 230,485 | 789,285 | 197,159 | 407,881 |
| Effect of change in Singapore tax rate | 2,410 | – | 2,410 | – |
| Fair value gains/(losses) on available-for-sale financial assets (Note 15) | 290,991 | (603,773) | 198,089 | (254,102) |
| Deferred tax on fair value (gains)/losses (Note 27) | (31,333) | 43,380 | (31,333) | 43,380 |
| Reversal of fair value reserve arising from available-for-sale financial asset becoming an associated company (Note 15) | (20,805) | – | 9,578 | – |
| Deferred tax on reversal of fair value reserve (Note 27) | (1,628) | – | (1,628) | – |
| | 239,635 | (560,393) | 177,116 | (210,722) |
| Amount attributable to minority interests | (933) | 1,593 | – | – |
| | 238,702 | (558,800) | 177,116 | (210,722) |
| At the end of the financial year | 469,187 | 230,485 | 374,275 | 197,159 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

29. Reserves (continued)

(c) Asset revaluation reserve

| | The Group | |
|---|-----------|--------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| At the beginning of the financial year | 34,426 | 34,426 |
| Effect of change in Singapore tax rate | 165 | – |
| Share of associated company (Note 17) | 369 | – |
| | 534 | – |
| Amount attributable to minority interests | (30) | – |
| | 504 | – |
| At the end of the financial year | 34,930 | 34,426 |

The asset revaluation reserve of the Group does not take into account the surplus of \$527,064,000 (2008: \$536,787,000) arising from the revaluation of the hotel properties of the Group [Note 20(b)].

(d) Capital reserves

Composition of capital reserves is as follows:

| | The Group | |
|---|-----------|---------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Transfer from asset revaluation reserve for bonus issue of shares by a subsidiary | 55,846 | 55,846 |
| Share premium in a subsidiary attributable to the Group | 13,360 | 13,360 |
| Goodwill on consolidation | 997 | 997 |
| Acquisition of associated companies (See note below) | 223,377 | 48,799 |
| | 293,580 | 119,002 |
| At the beginning of the financial year | 119,002 | 119,002 |
| Acquisition of an associated company | 174,578 | – |
| At the end of the financial year | 293,580 | 119,002 |

The capital reserves arising from the acquisitions of associated companies relate to the increase in the fair value of identifiable net assets and liabilities of the investee companies attributable to the Group's previously held interest in those investee companies on the date they became associated companies.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

29. Reserves (continued)**(e) Currency translation reserve**

| | The Group | |
|--|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | (26,470) | (5,786) |
| Net currency translation differences of financial statements of foreign subsidiaries and borrowings designated as hedges against foreign subsidiaries, net of minority interests | 28,136 | (33,583) |
| Share of associated company (Note 17) | (1,944) | – |
| | 26,192 | (33,583) |
| Amount attributable to minority interests | (10,420) | 12,899 |
| | 15,772 | (20,684) |
| At the end of the financial year | (10,698) | (26,470) |

(f) Hedging reserve

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| At the beginning of the financial year | (1,691) | – | (1,480) | – |
| Effect of change in Singapore tax rate | (21) | – | (18) | – |
| Fair value gain/(loss) | 1,369 | (2,121) | 1,012 | (1,805) |
| Deferred tax on fair value gain/(loss) (Note 27) | 17 | 382 | (4) | 325 |
| Transfer to income statement | | | | |
| – Finance expense (Note 7) | (1,469) | – | (989) | – |
| | (104) | (1,739) | 1 | (1,480) |
| Amount attributable to minority interests | 18 | 48 | – | – |
| | (86) | (1,691) | 1 | (1,480) |
| At the end of the financial year | (1,777) | (1,691) | (1,479) | (1,480) |

The hedging reserve comprises the effective portion of the accumulated net change in the fair value of interest rate swaps for hedged transactions that have not occurred.

30. Dividends

| | The Group and the Company | |
|--|---------------------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Final one-tier dividend paid in respect of the previous financial year of 7.5 cents (2008: 10.0 cents) per share | 59,705 | 79,605 |
| Special one-tier dividend paid in respect of the previous financial year of nil (2008: 5.0 cents) per share | – | 39,803 |
| | 59,705 | 119,408 |

At the forthcoming Annual General Meeting on 21 April 2010, a final one-tier dividend of 10 cents per share amounting to a total of \$78,353,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

31. Contingent liabilities

The Company has guaranteed the borrowings of subsidiaries amounting to \$368,187,000 (2008: \$635,123,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for the amounts of \$29,850,000 (2008: \$32,508,000), nil (2008: \$3,168,000) and \$27,937,000 (2008: \$18,480,000) which were denominated in United States Dollar, Renminbi and Malaysian Ringgit respectively.

At the end of the reporting period, the Group has given guarantees of \$9,834,000 (2008: \$11,797,000) in respect of banking facilities granted to certain associated companies. The guarantees granted are for unsecured banking facilities.

The directors are of the view that no material losses will arise from these contingent liabilities.

32. Commitments

(a) Financial commitments

At the end of the reporting period, the Group and the Company have the following financial commitments:

| | The Group | | The Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Undrawn loan commitments | 12,999 | 17,604 | 105,075 | 112,561 |

Undrawn loan commitments represent the Group and the Company's commitment to provide the necessary funds in the form of shareholders loans to enable certain subsidiaries and associated companies to develop properties for sale and to repay bank borrowings.

(b) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

| | The Group | | The Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Expenditure contracted for: | | | | |
| – plant and equipment | 188,564 | 200,486 | 1,500 | – |
| – investment properties | 53 | 10,803 | 53 | 149 |
| | 188,617 | 211,289 | 1,553 | 149 |

(c) Operating lease commitments – where a group company is a lessee

The Group leases various premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are analysed as follows:

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Not later than one year | 1,516 | 2,175 | 145 | 64 |
| Later than one year but not later than five years | 2,353 | 3,651 | 92 | – |
| Later than 5 years | 7,040 | 7,802 | – | – |
| | 10,909 | 13,628 | 237 | 64 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

32. Commitments (continued)

(d) Operating lease commitments – where a group company is a lessor

The future minimum lease receivable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are analysed as follows:

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Not later than one year | 109,074 | 112,345 | 14,723 | 17,506 |
| Later than one year but not later than five years | 134,873 | 125,487 | 28,233 | 23,381 |
| Later than five years | 13,304 | – | 6,477 | – |
| | 257,251 | 237,832 | 49,433 | 40,887 |

The future minimum lease payments receivable under non-cancellable operating leases exclude the portion of lease payments receivable which are computed based on a percentage of the revenue of some of the lessees. The lease payments received during the financial year and recognised in the Group and Company's revenue from property investments were \$1,650,000 (2008: \$1,008,000) and \$100,000 (2008: \$75,000) respectively.

33. Financial risk management

Financial risk factors

The Board of Directors provides guidance for overall risk management. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings to hedge certain financial risk exposures.

(a) Market risk

(i) Currency risk

The Group operates in the Asia Pacific region and the United States and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Australian Dollar ("AUD"), Malaysian Ringgit ("MYR"), Renminbi ("RMB") and United States Dollar ("USD"). As the entities in the Group transacts substantially in their functional currency, the Group's exposure to currency risk is not significant.

The Group has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries in Australia, Malaysia, Myanmar, The People's Republic of China and Vietnam are managed through borrowings, as far as is reasonably practical, in foreign currencies which broadly match those in which the net assets are denominated or in currencies that are freely convertible.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

| | SGD \$'000 | USD \$'000 | AUD \$'000 | MYR \$'000 | RMB \$'000 | Others \$'000 | Total \$'000 |
|--|---------------|---------------|---------------|---------------|---------------|------------------|-----------------|
| 2009 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and bank balances | 182,316 | 18,263 | 53,184 | 11,118 | 12,843 | 3,735 | 281,459 |
| Available-for-sale financial assets | 746,181 | – | – | – | – | – | 746,181 |
| Trade and other receivables | 197,703 | 3,810 | 4,592 | 2,450 | 1,553 | 1,239 | 211,347 |
| | 1,126,200 | 22,073 | 57,776 | 13,568 | 14,396 | 4,974 | 1,238,987 |
| Financial liabilities | | | | | | | |
| Borrowings | (2,075,286) | (29,850) | – | (77,800) | (3,093) | – | (2,186,029) |
| Derivative financial instrument | (2,221) | – | – | – | – | – | (2,221) |
| Trade and other payables | (119,752) | (10,805) | (9,755) | (13,103) | (16,503) | (1,469) | (171,387) |
| Loans from minority shareholders of subsidiaries | (75,562) | – | – | (3,409) | – | – | (78,971) |
| Rental deposits | (19,490) | (168) | – | – | – | – | (19,658) |
| Retention monies | (8,980) | – | – | – | – | – | (8,980) |
| | (2,301,291) | (40,823) | (9,755) | (94,312) | (19,596) | (1,469) | (2,467,246) |
| Net financial (liabilities)/assets | (1,175,091) | (18,750) | 48,021 | (80,744) | (5,200) | 3,505 | (1,228,259) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | (1,175,144) | (28,426) | 48,050 | (80,769) | (5,200) | 2,240 | |
| Add: Firm commitments and highly probable forecast transactions in foreign currencies | – | – | – | 9,893 | – | – | |
| Currency exposure | 53 | 9,676 | (29) | 9,918 | – | 1,265 | |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

| | SGD \$'000 | USD \$'000 | AUD \$'000 | MYR \$'000 | RMB \$'000 | Others \$'000 | Total \$'000 |
|--|---------------|---------------|---------------|---------------|---------------|------------------|-----------------|
| 2008 | | | | | | | |
| Financial assets | | | | | | | |
| Cash and bank balances | 190,368 | 14,360 | 29,328 | 18,044 | 8,677 | 3,089 | 263,866 |
| Available-for-sale financial assets | 695,581 | – | – | – | – | – | 695,581 |
| Trade and other receivables | 222,188 | 8,849 | 3,815 | 3,139 | 1,550 | 1,078 | 240,619 |
| | 1,108,137 | 23,209 | 33,143 | 21,183 | 10,227 | 4,167 | 1,200,066 |
| Financial liabilities | | | | | | | |
| Borrowings | (1,696,546) | (31,760) | – | (76,697) | – | – | (1,805,003) |
| Derivative financial instrument | (2,121) | – | – | – | – | – | (2,121) |
| Trade and other payables | (99,688) | (8,742) | (7,915) | (7,458) | (12,036) | (6,853) | (142,692) |
| Loans from minority shareholders of subsidiaries | (73,642) | – | – | (2,342) | – | – | (75,984) |
| Rental deposits | (21,061) | (131) | – | (160) | – | – | (21,352) |
| Retention monies | (9,178) | – | – | (592) | – | – | (9,770) |
| | (1,902,236) | (40,633) | (7,915) | (87,249) | (12,036) | (6,853) | (2,056,922) |
| Net financial (liabilities)/assets | (794,099) | (17,424) | 25,228 | (66,066) | (1,809) | (2,686) | (856,856) |
| Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies | (794,055) | (23,665) | 25,110 | (66,066) | (1,809) | (687) | |
| Add: Firm commitments and highly probable forecast transactions in foreign currencies | – | – | – | 7,753 | – | – | |
| Currency exposure | (44) | 6,241 | 118 | 7,753 | – | (1,999) | |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group does not have significant exposure to currency risk other than USD and MYR. Assuming that the USD and MYR change against SGD by 5% (2008: 5%), with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

| | The Group | |
|-----------------|-------------------------|-------------------------|
| | 2009 | 2008 |
| | Increase/ (Decrease) | Increase/ (Decrease) |
| | \$'000 | \$'000 |
| USD against SGD | | |
| – strengthens | 484 | 312 |
| – weakens | (484) | (312) |
| MYR against SGD | | |
| – strengthens | 496 | 388 |
| – weakens | (496) | (388) |

The Company's currency exposure based on the information provided to key management and related sensitivity analysis were insignificant as at the end of the reporting periods as its revenue, purchases and borrowings were contracted or denominated in Singapore Dollar which is the functional and presentation currency.

(ii) Price risk

The Group and Company is exposed to equity securities price risk due to its quoted investment in securities listed in Singapore, which has been classified in the consolidated statement of financial position as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

Based on the portfolio of quoted equity securities held by the Group and the Company as at 31 December 2009, if prices for equity securities listed in Singapore change by 10% (2008: 10%) with all other variables including tax rate being held constant, the fair value reserve will be, as a result, higher/lower by \$61,493,000 (2008: \$59,901,000) and \$42,897,000 (2008: \$30,499,000) for the Group and the Company respectively.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Group and Company monitors closely the changes in interest rates on borrowings and when appropriate, manages its exposure to changes in interest rates by entering into borrowings on a fixed rate basis over a longer term.

The Group's and Company's variable-rate financial assets and liabilities on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2008: 1%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by \$9,217,000 (2008: \$6,305,000) and \$1,599,000 (2008: \$2,046,000) respectively as a result of higher/lower interest expense on these borrowings.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets subject to credit risks are bank deposits and trade and other receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history, and obtaining sufficient security such as deposits and bankers' guarantees where appropriate to mitigate credit risk. Bank deposits were mainly placed with financial institutions which have high credit ratings.

Credit exposure to an individual customer or counterparty is generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at Group management.

The Group's and Company's maximum exposure to credit risk on corporate guarantees provided to bank on subsidiaries' loans and loan commitments to subsidiaries and associated companies are disclosed in Note 31 and Note 32 respectively.

The credit risk of trade receivables based on the information provided to key management is as follows:

| | The Group | | The Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| By geographical areas | | | | |
| Singapore | 37,901 | 34,827 | 424 | 169 |
| Australia | 4,307 | 3,700 | – | – |
| PRC | 530 | 756 | – | – |
| Malaysia | 2,375 | 3,037 | – | – |
| Vietnam | 1,218 | 2,210 | – | – |
| Myanmar | 348 | 318 | – | – |
| Others | 1,234 | 1,254 | – | – |
| | 47,913 | 46,102 | 424 | 169 |
| By operating segments | | | | |
| Property development | 29,902 | 27,794 | – | 152 |
| Property investments | 2,994 | 2,452 | 414 | – |
| Hotel operations | 10,987 | 12,175 | – | – |
| Management services | 4,030 | 3,681 | 10 | 17 |
| | 47,913 | 46,102 | 424 | 169 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

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

There is no other class of financial assets that is past due and/or impaired except for trade receivables and non-trade receivables from an associated company.

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

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

| | The Group | | The Company | |
|------------------------|-----------|--------|-------------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Past due 0 to 3 months | 5,165 | 14,671 | 189 | 43 |
| Past due 3 to 6 months | 384 | 593 | 159 | – |
| Past over 6 months | 221 | 218 | 36 | 5 |
| | 5,770 | 15,482 | 384 | 48 |

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

| | The Group | | The Company | |
|---------------------------------|-----------|---------|-------------|--------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross amount | 1,121 | 1,169 | – | – |
| Less: Allowance for impairment | (1,095) | (1,131) | – | – |
| | 26 | 38 | – | – |
| Beginning of financial year | 1,131 | 766 | – | – |
| Currency translation difference | 6 | (10) | – | – |
| Allowance made | 229 | 812 | – | – |
| Allowance utilised | (271) | (437) | – | – |
| End of financial year | 1,095 | 1,131 | – | – |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows:

| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 to 5 years \$'000 | Over 5 years \$'000 |
|--|-------------------------------|------------------------------------|-----------------------------------|---------------------------|
| The Group | | | | |
| 2009 | | | | |
| Trade and other payables | 171,387 | – | – | – |
| Net-settled interest rate swap | 1,740 | 1,501 | – | – |
| Borrowings | 721,439 | 615,952 | 962,102 | – |
| Loans from minority shareholders of subsidiaries | 33,207 | 1,495 | 45,237 | – |
| Rental deposits | – | 12,123 | 7,184 | 351 |
| Retention monies | – | 3,314 | 5,666 | – |
| Financial commitments to associated companies | 12,999 | – | – | – |
| | 940,772 | 634,385 | 1,020,189 | 351 |
| 2008 | | | | |
| Trade and other payables | 142,692 | – | – | – |
| Net-settled interest rate swap | 758 | 758 | 652 | – |
| Borrowings | 565,781 | 450,520 | 903,535 | – |
| Loans from minority shareholders of subsidiaries | – | 34,075 | 45,825 | – |
| Rental deposits | – | 18,728 | 2,406 | 218 |
| Retention monies | – | 930 | 8,840 | – |
| Financial commitments to associated companies | 17,605 | – | – | – |
| | 726,836 | 505,011 | 961,258 | 218 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(c) Liquidity risk (continued)

| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 to 5 years \$'000 | Over 5 years \$'000 |
|---|-------------------------------|------------------------------------|-----------------------------------|---------------------------|
| The Company | | | | |
| 2009 | | | | |
| Trade and other payables | 235,278 | – | – | – |
| Net-settled interest rate swap | 1,553 | 1,358 | – | – |
| Borrowings | 225,823 | 38,622 | 253,017 | – |
| Rental deposits | – | 1,004 | 1,267 | 351 |
| Financial commitments to subsidiaries | 92,076 | – | – | – |
| Financial commitments to associated companies | 12,999 | – | – | – |
| | 567,729 | 40,984 | 254,284 | 351 |
| 2008 | | | | |
| Trade and other payables | 190,201 | – | – | – |
| Net-settled interest rate swap | 665 | 665 | 581 | – |
| Borrowings | 170,432 | 7,128 | 259,785 | – |
| Rental deposits | – | 1,806 | 1,181 | 218 |
| Financial commitments to subsidiaries | 94,956 | – | – | – |
| Financial commitments to associated companies | 17,605 | – | – | – |
| | 473,859 | 9,599 | 261,547 | 218 |

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and aim to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may, subject to the necessary approvals from the shareholders, the lending bank, other creditors and/or the regulatory authorities, adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are also required under a note issuance programme to maintain a gearing ratio of not exceeding 200% (2008: 200%). The Group's and Company's strategies, which were unchanged from 2008, are to maintain gearing ratios below 150%.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings (including loans from minority shareholders of subsidiaries) less cash and bank balances.

| | The Group | | The Company | |
|-----------------------|-----------|-----------|-------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Net debt (\$'000) | 1,985,762 | 1,619,242 | 484,409 | 385,879 |
| Total equity (\$'000) | 4,607,899 | 3,815,232 | 2,211,437 | 2,108,374 |
| Gearing ratio | 43% | 42% | 22% | 18% |

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

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

33. Financial risk management (continued)

(e) Fair value measurements

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

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

The following table presents our assets and liabilities measured at fair value at 31 December 2009.

| | Level 1 \$'000 | Level 2 \$'000 | Total \$'000 |
|-------------------------------------|-------------------|-------------------|-----------------|
| The Group | | | |
| Assets | | | |
| Available-for-sale financial assets | | | |
| – Equity securities | 702,791 | 43,390 | 746,181 |
| Liabilities | | | |
| Derivatives used for hedging | – | 2,221 | 2,221 |
| The Company | | | |
| Assets | | | |
| Available-for-sale financial assets | | | |
| – Equity securities | 516,827 | 40,216 | 557,043 |
| Liabilities | | | |
| Derivatives used for hedging | – | 1,782 | 1,782 |

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. These investments are included in Level 2. The Group has no investments in Level 3 where valuation techniques were used based on significant unobservable inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

34. Related party transactions

- (a) In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions between the Group and related parties during the financial year on terms agreed between the parties concerned:

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Transactions with directors and their associates | | | | |
| Proceeds from sale of development properties | 7,906 | 19,799 | – | – |
| Rental received | 1,744 | 1,449 | 327 | 203 |
| Transactions with associated companies | | | | |
| Fees received for management of development properties | 256 | 508 | – | – |
| Fees received for management of hotels | 5,967 | – | – | – |
| Accounting and corporate secretarial fee received | 120 | 120 | 120 | 120 |
| Commission received | 494 | 2,101 | – | – |
| Interest receivable on loan to associated companies | 1,833 | 2,312 | 1,833 | 2,312 |
| Transactions with minority shareholders of subsidiaries with significant influence | | | | |
| Proceeds from sale of development properties | 244 | 4,803 | – | – |
| Payment of development costs | 36,631 | 17,503 | – | – |
| Commission paid | 1,602 | – | – | – |
| Transactions with banks and insurance companies in which certain directors have interests | | | | |
| Interest earned from fixed deposits | 1,366 | 2,553 | 4 | 6 |
| Rental and maintenance fees received | 2,051 | 777 | – | – |
| Interest paid on bank loans and overdrafts | 21,390 | 29,458 | 768 | 3,362 |
| Commitment and facility fee paid | 2,275 | 2,782 | 35 | – |
| Bankers' guarantee commission | 277 | 187 | 25 | 40 |
| Rental paid | 769 | 781 | – | – |
| Financial advisory fees paid | 1,667 | – | 1,667 | – |
| Insurance premium paid | 744 | 634 | 123 | 109 |

- (b) A bank in which certain directors have interests in also acted as the facility agent for certain loan arrangements. In addition to the interest shown above, interest expenses and fees (comprising participation, agency establishment, front end, commitment and management fees) paid to the panel of banks, including the bank in which certain directors have interests in amounted to \$24,363,000 (2008: nil) for the Group.
- (c) Borrowings (Note 23) of the Group and the Company amounting to \$1,138,325,000 (2008: \$1,112,448,000) and \$76,600,000 (2008: nil) respectively were extended by a bank in which certain directors have interests.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

34. Related party transactions (continued)

(d) Cash at bank and fixed deposits with financial institutions (Note 11) of the Group and the Company amounting to \$246,923,000 (2008: \$229,312,000) and \$7,793,000 (2008: \$24,840,000) respectively were placed with a bank in which certain directors have interests.

(e) Key management personnel compensation is analysed as follows:

| | The Group | |
|---|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 |
| Salaries and other short-term employee benefits | 3,775 | 3,219 |
| Directors' fees | 1,094 | 1,018 |
| Post-employment benefits – contribution to CPF | 30 | 34 |
| Share options granted | 70 | 182 |
| | 4,969 | 4,453 |

Total compensation to directors of the Company included in above amounted to \$2,943,000 (2008: \$2,705,000).

35. Group segmental information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chairman, the Group Chief Executive and two other Board members of the Group.

The Exco considers the operations from both a business and geographic segment perspective. The Group's four key business segments operate in various geographical areas. The property development and property investment activities of the Group are concentrated in Singapore with some ongoing development projects in Malaysia and People's Republic of China ("PRC").

The hotel operations of the Group are located in Singapore, Australia, Vietnam, Malaysia, PRC and Myanmar and key asset and profit contributions are from the hotels in Singapore and Australia.

The Group's investment segment relates to the investments in equity shares in Singapore.

The Group also provides management services to companies and hotels in Singapore and overseas. These operations are not significant to the Group and have been included in the "others" segment column.

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2009 is as follows:

[illegible]

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

35. Group segmental information (continued)

The segment information provided to the Exco for the reportable segments for the year ended 31 December 2008 is as follows:

| | Property development \$'000 | Property investments \$'000 | Hotel operations | | | Investments \$'000 | Others \$'000 | Total \$'000 |
|--|-----------------------------------|-----------------------------------|---------------------|---------------------|------------------|-----------------------|------------------|-----------------|
| | | | Singapore \$'000 | Australia \$'000 | Others \$'000 | | | |
| 2008 | | | | | | | | |
| Revenue | | | | | | | | |
| Total segment sales | 379,161 | 126,431 | 103,446 | 104,025 | 135,711 | 334,083 | 27,169 | 1,210,026 |
| Inter-segment sales | – | (327) | (4,142) | – | – | (303,307) | (3,074) | (310,850) |
| Sales to external parties | 379,161 | 126,104 | 99,304 | 104,025 | 135,711 | 30,776 | 24,095 | 899,176 |
| Adjusted EBITDA | 160,230 | 98,645 | 38,706 | 28,954 | 46,278 | 30,720 | 7,838 | 411,371 |
| Depreciation and amortisation | (19) | (1,972) | (11,735) | (6,487) | (18,407) | – | (1,080) | (39,700) |
| Other losses | – | – | (37,000) | – | – | – | – | (37,000) |
| Fair value losses on investment properties | – | (106,794) | – | – | – | – | – | (106,794) |
| Share of profit of associated companies | 37,304 | 20,507 | 4,830 | – | 1,946 | – | – | 64,587 |
| Segment assets | 1,717,523 | 2,451,225 | 496,304 | 161,581 | 345,964 | 695,584 | 25,627 | 5,893,808 |
| Unallocated assets | | | | | | | | 199,786 |
| Total assets | | | | | | | | 6,093,594 |
| Total assets includes: | | | | | | | | |
| Investment in associated companies | 62,997 | 234,461 | 26,481 | – | 8,242 | – | – | 332,181 |
| Additions during the financial year to: | | | | | | | | |
| – property, plant and equipment | 134 | 8,395 | 228,308 | 3,713 | 28,503 | – | 318 | 269,371 |
| – investment properties | – | 25,451 | – | – | – | – | – | 25,451 |
| Segment liabilities | 50,550 | 55,723 | 19,242 | 7,916 | 28,620 | 26 | 5,736 | 167,813 |
| Unallocated liabilities | | | | | | | | 2,110,549 |
| Total liabilities | | | | | | | | 2,278,362 |

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

The Exco assesses the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). This measurement basis excludes the effects of fair value and other gains and losses which are not operational in nature. Interest income and finance expenses are not allocated to segments, as these types of activities are driven by the Group's treasury function, which manages the cash position of the Group.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

35. Group segmental information (continued)

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| Adjusted EBITDA for reportable segments | 453,978 | 411,371 |
| Depreciation and amortisation | (41,865) | (39,700) |
| Other gains/(losses) | 277,269 | (37,000) |
| Fair value losses on investment properties | (147,562) | (106,794) |
| Unallocated costs | (7,467) | (7,667) |
| Finance income | 3,887 | 8,977 |
| Finance expense | (44,728) | (18,748) |
| Profit before income tax | 493,512 | 210,439 |

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of these financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Exco monitors the property, plant and equipment, inventories, receivables, operating cash and investment properties attributable to each segment. All assets are allocated to reportable segments other than tangible and intangible assets at corporate level and current and deferred income tax assets.

| | 2009 \$'000 | 2008 \$'000 |
|--|------------------|------------------|
| Segment assets for reportable segments | 7,080,643 | 5,893,808 |
| Unallocated: | | |
| Cash and bank balances | 229,483 | 181,327 |
| Receivables and other assets | 123 | 261 |
| Current income tax assets | 1,236 | 2,471 |
| Property, plant and equipment | 1,031 | 917 |
| Intangibles | 10,371 | 10,371 |
| Deferred income tax assets | 5,099 | 4,439 |
| | 7,327,986 | 6,093,594 |

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of these financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than accruals for expenses at corporate level, current and deferred income tax liabilities, borrowings and derivative financial instruments.

| | 2009 \$'000 | 2008 \$'000 |
|--|------------------|------------------|
| Segment liabilities for reportable segments | 192,155 | 167,813 |
| Unallocated: | | |
| Other payables | 10,186 | 8,113 |
| Current income tax liabilities | 48,452 | 44,860 |
| Borrowings | 2,186,029 | 1,805,003 |
| Derivative financial instrument | 2,221 | 2,121 |
| Loans from minority shareholders of subsidiaries (unsecured) | 78,971 | 75,984 |
| Deferred income tax liabilities | 202,073 | 174,468 |
| | 2,720,087 | 2,278,362 |

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

35. Group segmental information (continued)

Geographical information

The Group's five business segments operate in six main geographical areas. In Singapore, where the Company is located, the areas of operation of the Group are principally hotel operations, property development, property investments and investment holdings. The Group also engages in the provision of management services in Singapore.

The main activities in Australia, Vietnam, Malaysia, PRC and Myanmar consist of hotel operations, operation of serviced suites and investment holdings. The Group also engages in property development in Malaysia.

| | Revenue | |
|-----------|------------------|----------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Singapore | 774,653 | 645,032 |
| Australia | 90,316 | 104,025 |
| Vietnam | 32,822 | 41,198 |
| Malaysia | 57,337 | 54,584 |
| PRC | 39,325 | 44,207 |
| Myanmar | 7,829 | 5,986 |
| Others | 4,779 | 4,144 |
| | 1,007,061 | 899,176 |

| | Non-current assets | |
|-----------|--------------------|------------------|
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| Singapore | 4,241,451 | 3,610,711 |
| Australia | 138,260 | 114,351 |
| Vietnam | 52,592 | 62,025 |
| Malaysia | 140,453 | 134,673 |
| PRC | 259,127 | 141,764 |
| Myanmar | 7,760 | 8,440 |
| Others | 4,516 | 6,068 |
| | 4,844,159 | 4,078,032 |

36. New or revised accounting standards and interpretations

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

(a) **Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009)**

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group will apply this amendment from 1 January 2010, but it is not expected to have a material impact on the financial statements.

(b) **INT FRS 117 Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)**

INT FRS 117 clarifies how the Group should measure distributions of assets, other than cash, to its owners. INT FRS 117 specifies that such a distribution should only be recognised when appropriately authorised, and that the dividend should be measured at the fair value of the assets to be distributed. The difference between the fair value and the carrying amount of the assets distributed should be recognised in profit or loss. INT FRS 117 applies to pro rata distributions of non-cash assets except for distributions to a party or parties under common control.

The Group will apply INT FRS 117 from 1 January 2010, but it is not expected to have a material impact on the financial statements.

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2009

36. New or revised accounting standards and interpretations (continued)

(c) **INT FRS 118 Transfer of Assets to Customers (effective for annual periods beginning on or after 1 July 2009)**

INT FRS 118 prescribes the accounting requirements for arrangements where the Group receives an item of property, plant and equipment from a customer which must be used to provide an ongoing service to the customer. It also applies to cash received from a customer that must be used to acquire or construct such property, plant and equipment.

The Group will apply INT FRS 118 from 1 January 2010, but it is not expected to have a material impact on the financial statements.

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

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

(e) **FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)**

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

37. Events occurring after the end of the reporting period

On 17 February 2010, following the satisfaction of conditions precedent set out in the joint venture agreement dated 9 October 2009 with Garden Residence Ltd ("GRL"), a wholly owned subsidiary of the Company has subscribed for and has been issued and allotted 1,000,000 new ordinary shares and 30,374,734 redeemable preference shares in the share capital of Premier Land Development Pte Ltd ("PLD"), representing 50% of the issued share capital of PLD. GRL holds the remaining 50% shareholding interest in PLD. Following the allotment, PLD, a property development company incorporated in Singapore is now an associated company of the Group.

The Group's investment in PLD comprising the investment in ordinary and preference equity shares and an extension of shareholder's loan amounted in total to \$15,581,000.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOL Group Limited on 23 February 2010.

Corporate Governance Report

For the year ended 31 December 2009

The Company is committed in its continuing efforts to achieve high standards of corporate governance and business conduct so as to enhance long-term shareholder value and safeguard the interests of its stakeholders. It has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2005 ("Code").

This report sets out the corporate governance practices that have been adopted by the Company with specific reference to the principles of the Code, as well as any deviation from any guideline of the Code together with an explanation for such deviation.

STATEMENT OF COMPLIANCE

The Board of Directors (the "Board") of the Company confirms that for the financial year ended 31 December 2009, the Company has generally adhered to the principles and guidelines as set out in the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The principal responsibilities of the Board are:

1. reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
2. monitoring financial performance including approval of the annual and interim financial reports;
3. overseeing and reviewing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
4. approving major funding proposals, investments, acquisitions and divestment proposals;
5. planning board and senior management succession and the remuneration policies; and
6. assuming responsibility for corporate governance.

To facilitate effective management, certain functions of the Board have been delegated to various board committees, which review and make recommendations to the Board on specific areas. There are currently four standing board committees appointed by the Board, namely:

Executive Committee
Nominating Committee
Remuneration Committee
Audit Committee

The membership and attendance of the Directors for the four standing board committees are set out on page 146.

The Board has conferred upon the Executive Committee ("EXCO") and Group Chief Executive ("GCE") certain discretionary limits and powers for capital expenditure, budgeting, treasury and investment activities and human resource management. The levels of authorisation required for specified transactions are set out in a Charter adopted by the Board.

The EXCO and GCE are assisted by the management team ("Management") in the daily operations and administration of the Group's business activities and the effective implementation of the Group's strategies. The GCE in turn issues a chart of authority and limits for capital expenditure, budgets, investment and other activities for Management's compliance.

In addition to the GCE, the key personnel leading the management team are the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO"). The COO and CFO have no familial relationship with each other, the Chairman or the GCE.

The EXCO currently comprises four members, namely:

Wee Cho Yaw, Chairman
Gwee Lian Kheng
Alan Choe Fook Cheong
Wee Ee Chao

The EXCO is chaired by the Chairman of the Board and has been given certain authority and functions such as the formulation and review of policies, approval of investments, overall planning and review of strategy as well as dealing with business of an urgent, important or extraordinary nature whilst the GCE is responsible for the overall administration of the Group.

Corporate Governance Report (continued)

For the year ended 31 December 2009

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association ("Articles") allow a board meeting to be conducted by way of telephonic and video-conferencing. The attendance of Directors at meetings of the Board and board committees, as well as the frequency of such meetings, is disclosed on page 146.

New Directors are provided with information on the corporate background, the key personnel, the core businesses, the group structure, financial statements of the Group and their scope of duties and responsibilities. All Directors are appointed to the Board by way of a formal letter of appointment. Guidance is also given to all Directors on regulatory requirements concerning disclosure of interests and restrictions on dealings in securities. Training is made available to Directors on the Company's business and governance practices, updates/developments in the regulatory framework and environment affecting the Company including those organised by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Institute of Directors. This aims to give Directors better understanding of the Group's businesses and allows them to integrate into their roles and duties.

Principle 2: Board Composition and Guidance

Currently, five of the nine-member Board are independent.

With more than half of the Board comprising independent directors and such independent directors having the requisite experience, expertise and standing, the Board is able to exercise objective judgment independently, and no individual or small group of individuals dominate the Board's decision-making process.

The Articles allow for the maximum of twelve Directors. The Board considers the current board size to be appropriate, taking into account the nature and scope of the Group's operations.

The current Board comprises persons who possess diverse corporate experiences and as a group, the relevant qualifications and experience and core competencies necessary to manage the Company and contribute effectively to the Company.

Principle 3: Chairman and Group Chief Executive ("GCE")

The Company has a separate Chairman and GCE as it believes that a distinctive separation of responsibilities between the Chairman and GCE will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making in the best interest of the Company and shareholders. The Chairman and GCE have no familial relationship with each other. The GCE has the executive responsibility for the overall administration of the Group. On the other hand, the Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the GCE and ensures that Directors are provided with accurate, timely and clear information.

Principle 4: Board Membership

The Nominating Committee ("NC") currently comprises three non-executive Directors of whom two are independent. The NC members are:

Alan Choe Fook Cheong, Chairman
Lim Kee Ming
Wee Cho Yaw

The NC is responsible for re-nomination of Directors at regular intervals and at least every three years. In recommending to the Board any re-nomination and re-election of existing Directors, the NC takes into consideration the Directors' contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

The independence of the Board is also reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review. The independent non-executive Directors are Alan Choe Fook Cheong, Lim Kee Ming, Low Weng Keong, James Koh Cher Siang and Pongsak Hoontrakul. Each NC member has abstained from deliberations in respect of his own assessment.

Alan Choe Fook Cheong is a non-executive director of The LearningLab Education Centre Pte Ltd, which is a tenant of United Square (owned by UOL Property Investments Pte Ltd, a wholly-owned subsidiary of the Company) from whom rental proceeds exceeding S\$200,000 in the year 2009 were received. The NC, with Alan Choe abstaining, regards Alan Choe as an independent Director because he is able to maintain his objectivity and independence at all times in the discharge of his duties as Director of the Company.

Corporate Governance Report (continued)

For the year ended 31 December 2009

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

Directors of or over 70 years of age are required to be re-appointed every year at the Annual General Meeting ("AGM") under Section 153(6) of the Companies Act before they can continue to act as a Director. The NC, with each member abstaining in respect of his own re-appointment, has recommended to the Board that Wee Cho Yaw, Alan Choe Fook Cheong and Lim Kee Ming who are over 70 years of age, be nominated for re-appointment at the forthcoming AGM.

Article 94 of the Articles also require one-third of the Directors, or the number nearest to one-third, to retire from office by rotation at every AGM. These Directors may offer themselves for re-election if eligible. The NC has recommended that Gwee Lian Kheng and Low Weng Keong who retire by rotation pursuant to this Article, be nominated for re-election as well.

The NC recommends all appointments and re-appointments of Directors to the Board. New directors are appointed by way of a board resolution after the NC recommends their appointment for approval by the Board. New directors thus appointed by way of board resolution must submit themselves for re-election at the next AGM pursuant to Article 99 of the Articles.

The NC makes recommendations to the Board on all board appointments. The search and nomination process for new directors (if any) will be conducted through contacts and recommendations that go through the normal selection process, to ensure the search for the right candidates is as objective and comprehensive as possible.

Key information regarding the Directors' academic qualifications and other appointments are set out on pages 21 to 23. In addition, information on shareholdings in the Company held by each Director is set out in the "Report of the Directors" section of the Annual Report.

Principle 5: Board Performance

The NC has assessed the contributions of each Director to the effectiveness of the Board and evaluated the performance of the Board as a whole. In evaluating the performance of the Board as a whole, the NC has adopted certain quantitative indicators which include return on equity, return on assets and the Company's share price performance. These performance criteria allow the Company to make comparisons with its industry peers and are linked to long-term shareholder value. For consistency in assessment, the selected performance criteria are not changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the NC, in its consultation with the Board will justify such changes.

Principle 6: Access to Information

Currently, Directors receive regular financial and operational reports on the Group's businesses and briefings during its quarterly Board meetings. In addition, management reports comparing actual performance with budget, highlighting key performance indicators, as well as accounts and reports on the financial performance of the Group are also provided. During the quarterly Board meetings, key Management staff who are able to explain and provide insights to the matters to be discussed at the Board meetings are invited to make the appropriate presentations and answer any queries from Directors. Directors who require additional information may approach senior management directly and independently.

Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow within the Board and its committees and between senior management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required.

Directors have separate and independent access to the advice and services of the Company Secretary and may, either individually or as a group, in the furtherance of their duties and where necessary, obtain independent professional advice at the Company's expense.

The Company Secretary and/or the Deputy Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary, together with Management, ensures that the Company complies with all applicable statutory and regulatory rules. The minutes of all Board and Committee meetings are circulated to the Board.

Corporate Governance Report (continued)

For the year ended 31 December 2009

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") currently comprises three non-executive Directors of whom two are independent. The RC members are:

Lim Kee Ming, Chairman
Wee Cho Yaw
Alan Choe Fook Cheong

The RC is currently chaired by an independent Director. The RC is responsible for ensuring a formal procedure for developing policy on executive remuneration and for fixing the remuneration packages for Directors and senior management. The RC recommends for the Board's endorsement a framework of remuneration which covers all aspects of remuneration, including without limitation, directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. It also administers the UOL 2000 Share Option Scheme. None of the RC members or Director is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him.

The RC members are familiar with remuneration, compensation matters as they manage their own businesses and/or are holding other directorships in the boards of other listed companies. The RC has access to appropriate expert advice if necessary.

Principle 8: Level and Mix of Remuneration

In determining remuneration packages, the RC takes into consideration industry practices and norms in compensation.

In relation to Directors, the performance-linked elements of the remuneration package for executive Directors are designed to align their interests with those of shareholders. For non-executive Directors, their remuneration is appropriate to their level of contribution, taking into account factors such as effort and time spent as well as their respective responsibilities.

The Board recommends the fees to be paid to Directors for shareholders' approval annually. The fees are divided on the basis that Directors with additional duties as members or chairmen of board committees would receive a higher portion of the total fees.

Gwee Lian Kheng, the only executive Director of the Company, has an employment contract with the Company which may be terminated by either party giving 3 months' notice. His remuneration package includes a variable bonus element (which is substantially linked to the performance of the Company) and share options of the Company.

The RC reviews and makes recommendations to the Board on directors' fees and allowances. RC members abstain from deliberations in respect of their own remuneration. Details of the total fees and other remuneration of the Directors are set out in the Remuneration Report on page 149. Details of the share options granted to Gwee Lian Kheng, the only executive Director of the Company, during the year are also disclosed on page 60.

Principle 9: Disclosure on Remuneration

In relation to employees of the Group, the remuneration policy of the Company seeks to align the interests of such employees with those of the Company as well as to ensure that remuneration is commercially attractive to attract, retain and motivate employees. The typical remuneration package comprises both fixed and variable components, with a base salary making up the fixed component and a variable component in the form of a performance bonus and/or share options. The report on the remuneration of the top 5 key executives (who are not directors) of the Company is disclosed on page 147.

Details of the UOL 2000 Share Option Scheme are disclosed on pages 59 to 61.

No employee who is an immediate family member of a Director was paid more than S\$150,000 during the financial year 2009. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Corporate Governance Report (continued)

For the year ended 31 December 2009

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Company announces in advance when quarterly and annual financial results will be released and ensures the financial results are released to its shareholders in a timely manner.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports and reports to regulators, if required.

Management provides to members of the Board for their endorsement, annual budgets and targets, and management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a regular basis.

Principle 11: Audit Committee ("AC")

The AC comprises three members, with the members having many years of related accounting and financial management expertise and experience, and all of whom are independent and non-executive Directors. The AC members are:

Lim Kee Ming, Chairman
 Alan Choe Fook Cheong
 Low Weng Keong

The AC carries out the functions set out in the Code and the Companies Act. The terms of reference include reviewing the financial statements, the internal and external audit plans and audit reports, the scope and results of the internal audit procedures and proposals for improvements in internal controls, the cost effectiveness, independence and objectivity of the external auditors and interested person transactions.

In performing the functions, the AC has met with the internal and external auditors, without the presence of Management, at least annually and reviewed the overall scope of the internal and external audits and the assistance given by Management to the auditors.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It has reasonable resources to enable it to discharge its functions properly.

Having reviewed all non-audit services provided to the Group for the financial year 2009, the AC is of the opinion that the provision of such non-audit services would not affect the independence and objectivity of the external auditors. The AC has recommended the nomination of PricewaterhouseCoopers LLP for re-appointment.

The Audit Committee Guideline Committee issued the Guidebook for Audit Committee in Singapore in October 2008 ("AC Guidebook") and the AC Guidebook had been disseminated to the members of the AC for their reference.

The AC has reviewed the Code of Business Conduct ("CBC") which was adopted in 2006. The CBC contains, inter alia, a whistle-blowing policy to encourage and provide a channel to employees to report, in good faith and in confidence, concerns about possible fraud, improprieties in financial reporting or other matters. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Principle 12: Internal Controls

The Board recognises the importance of sound internal controls and risk management practices as part of good corporate governance. The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investments and the assets of the Group. The AC, with the assistance of internal and external auditors, has reviewed, and the Board is satisfied with, the adequacy of such controls, including financial, operational and compliance controls established by Management.

The Group has in place various guidelines and strategies to manage risks and safeguard its businesses.

Corporate Governance Report (continued)

For the year ended 31 December 2009

Management decided to formalise and consolidate its risk management practices in a enterprise-wide framework and to identify further best practices to enhance the internal risk management capabilities. Management therefore put in place an enterprise-wide risk management programme ("ERM Programme") for the Group and engaged KPMG LLP in June 2009 as its advisors for this exercise. The ERM Programme would enable Management to have a formal structure to:-

- (i) identify the key risks which the Group faces and the current controls and strategies for the Group to manage and/or mitigate these risks;
- (ii) ascertain the adequacy of its current controls and strategies and determine if further risk treatment plans are needed in line with best practices; and
- (iii) set up and monitor key risk indicators ("KRIs") so that Management can evaluate and respond to risks that have a material impact on the Group's businesses and operations as and when they arise and take mitigating steps as necessary.

This ERM Programme is in line with the best practices highlighted in the AC Guidebook.

Key management staff had actively participated in the ERM Programme and the outcome of the ERM Programme, including the key risks and risk management controls had been presented to the AC.

Concurrently, the ERM Programme is being implemented at its listed subsidiary Pan Pacific Hotels Group Limited and its group companies and the risk findings and controls of the Pan Pacific Hotels Group are also consolidated and reviewed at the UOL Group level.

It is intended that Management will continually review the key risks, current controls and the KRIs on a regular basis and take necessary measures to address and mitigate any new key risks that may have arisen. Management will take steps to reinforce the "risk-aware" culture within the Group. The AC will be updated half-yearly or more frequently as needed, on the progress of the ERM Programme by Management.

Management will also focus on creating and reinforcing a "risk-aware" culture amongst the employees. This will ensure that the ERM structure is a cohesive and comprehensive one which employees of the Group will collectively participate in and contribute to in order to enhance the Group's internal controls.

The key risks identified can be broadly grouped as operational risks, financial risks and investment risks.

Operational Risks

The Group's operational risk framework is designed to ensure that operational risks are continually identified, managed and mitigated. This framework is implemented at each operating unit and in the case of the Group's hotels, is monitored at the Group level by the Group's asset management team. In the case of the Group's development projects, these are subject to operating risks that are common to the property development industry and to the particular countries in which the projects are situated. In the case of the Group's investment and hotel properties, these are subject to operating risks that are common to the property and hotel industries and to the particular countries in which the investment and hotel properties are situated. It is recognised that risks can never be entirely eliminated and the Group must always weigh the cost and benefit in managing the risks. As a tool to transfer and/or mitigate certain portions of risks, the Group also maintains insurance covers at levels determined to be appropriate taking into account the cost of cover and risk profiles of the businesses in which it operates. Complementing the Management's role is the internal audit which provides an independent perspective on the controls that help to mitigate major operational risks. Management will review and implement further improvements to the current measures as and when these improvements are identified from the ERM Programme.

Financial Risks

The Group is exposed to a variety of financial risks, including interest rates, foreign currency, credit and liquidity risks. The management of financial risks is outlined under Note 33 of the Notes to the Financial Statements.

Investment Risks

The Board and EXCO have overall responsibility for determining the level and type of business risk the Group undertakes. The Group has a dedicated Investment Department that evaluates all new investment opportunities on the bases set out by the Board and EXCO. All major investment proposals are submitted to the EXCO and the Board for approval. Ongoing performance monitoring and asset management of new and existing investments are performed by the Group. In addition, Management will be implementing under the ERM Programme, further measures to monitor, analyse and to the extent possible, mitigate the respective country risks in respect of which current and future investment projects are located.

Corporate Governance Report (continued)

For the year ended 31 December 2009

Principle 13: Internal Audit

The Senior Manager (Internal Audit) has a primary direct reporting line to the AC, with administrative reporting to the GCE.

The Internal Audit Department aims to meet or exceed the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Audit function is adequately resourced and has appropriate standing within the Group. The Senior Manager (Internal Audit), who joined the Group in October 1997, holds a Bachelor of Accountancy (Honours) Degree from the Nanyang Technological University. He is also a non-practising member of the Institute of Certified Public Accountants of Singapore and a Member of the Institute of Internal Auditors (Singapore).

The AC has reviewed and is satisfied with the adequacy of the Internal Audit function.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Group engages in regular, effective and fair communication with its shareholders through the quarterly release of the Group's results, the timely release of material information through the SGXNET of SGX-ST and the publication of the Annual Report. Shareholders and investors can also access information on the Company at its website at www.uol.com.sg.

The Company also encourages greater shareholder participation at its annual general meetings and allows shareholders the opportunity to communicate their views on various matters affecting the Company. The Articles allow a shareholder of the Company to appoint up to two proxies to attend and vote in his or her place at general meetings. The Chairpersons of the EXCO, NC, RC and AC are present and available to address questions at general meetings. The external auditors are also present to address any shareholders' queries on the conduct of audit and the preparation of the Auditors' Report.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

In line with its communications with shareholders, as and when briefings on the Company's performance and financial results are conducted for analysts and the media, the Company will also disclose the presentation materials on SGXNET.

DEALINGS IN SECURITIES

In line with Listing Rule 1207(18) on Dealings in Securities, the Company issues annually, with such updates as may be necessary from time to time, a circular to its Directors, officers and employees prohibiting dealings in listed securities of the Group from two weeks to one month, as the case may be, before the announcement of the Group's quarterly and full-year financial results and ending on the date of announcement of the results, or at any time they are in possession of unpublished material price sensitive information.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

| NAME OF DIRECTOR | Number of meetings attended in 2009 | | | | |
|---------------------------------|-------------------------------------|------|----|----|----|
| | BOARD | EXCO | AC | RC | NC |
| Wee Cho Yaw | 6 | 1 | | 1 | 1 |
| Gwee Lian Kheng | 6 | 1 | | | |
| Alan Choe Fook Cheong | 6 | 1 | 5 | 1 | 1 |
| Lim Kee Ming | 6 | | 5 | 1 | 1 |
| Wee Ee Chao | 3 | 1 | | | |
| Low Weng Keong | 6 | | 5 | | |
| James Koh Cher Siang | 6 | | | | |
| Wee Ee Lim | 6 | | | | |
| Pongsak Hoontrakul | 6 | | | | |
| Number of meetings held in 2009 | 6 | 1 | 5 | 1 | 1 |

Corporate Governance Report (continued)

For the year ended 31 December 2009

PARTICULARS OF DIRECTORS

| Name of Director/ Academic & Professional Qualifications | Age | Board Committees as Chairman or Member | Directorship: Date first appointed Date last re-appointed/ re-elected | Board appointment Executive/ Non-executive Independent/ Non-independent |
|---|-----|--|---|---|
| Wee Cho Yaw Chinese High School; Honorary Doctor of Letters, National University of Singapore | 80 | EXCO – Chairman RC – Member NC – Member | 23.04.1973 28.04.2009 | Non-executive Non-independent |
| Gwee Lian Kheng Bachelor of Accountancy (Hons), University of Singapore; Fellow of Chartered Institute of Management Accountants, Chartered Certified Accountants, and Institute of Chartered Secretaries and Administrators; Fellow of Institute of Certified Public Accountants of Singapore | 69 | EXCO – Member | 20.05.1987 25.04.2007 | Executive Non-independent |
| Alan Choe Fook Cheong Bachelor of Architecture, University of Melbourne; Diploma in Town & Regional Planning, University of Melbourne; Fellowship Diploma, Royal Melbourne Institute of Technology; Fellow of Singapore Institute of Architects, Singapore Institute of Planners, and Royal Australian Institute of Architects; Member of Royal Institute of British Architects, Royal Town Planning Institute, Royal Australian Planning Institute and American Planning Association | 78 | EXCO – Member AC – Member RC – Member NC – Chairman | 28.03.1979 28.04.2009 | Independent |
| Lim Kee Ming Master of Science (International Trade & Finance) Columbia University, New York; Bachelor of Science (Business Administration) New York University, USA; Degree of Doctor of the University of Adelaide honoris causa | 82 | AC – Chairman RC – Chairman NC – Member | 23.04.1973 28.04.2009 | Non-executive Independent |
| Wee Ee Chao Bachelor of Business Administration, The American University, Washington DC, USA | 55 | EXCO – Member | 09.05.2006 28.04.2009 | Non-executive Non-independent |
| Low Weng Keong Fellow of CPA Australia, Institute of Chartered Accountants in England & Wales and Institute of Certified Public Accountants of Singapore; Associate Member of Chartered Institute of Taxation (UK) | 57 | AC – Member | 23.11.2005 23.04.2008 | Non-executive Independent |

Corporate Governance Report (continued)

For the year ended 31 December 2009

PARTICULARS OF DIRECTORS (continued)

| Name of Director/ Academic & Professional Qualifications | Age | Board Committees as Chairman or Member | Directorship: Date first appointed Date last re-appointed/ re-elected | Board appointment Executive/ Non-executive Independent/ Non-independent |
|--|-----|--|---|---|
| James Koh Cher Siang Bachelor of Arts (Hons) in Philosophy, Political Science and Economics; Master of Arts from University of Oxford, UK; Master in Public Administration, Harvard University, USA | 63 | Nil | 23.11.2005 23.04.2008 | Non-executive Independent |
| Wee Ee Lim Bachelor of Arts (Economics), Clark University, USA | 48 | Nil | 09.05.2006 28.04.2009 | Non-executive Non-independent |
| Pongsak Hoontrakul Doctoral degree in Business Administration, Finance Thammasat University; Master in Business Administration, Sasin Institute, Chulalongkorn University; Bachelor of Science degree in Industrial and System Engineering, San Jose State University, USA | 49 | Nil | 21.05.2008 28.04.2009 | Non-executive Independent |

Notes :

- 1) Directors' shareholdings in the Company and related corporations, please refer to pages 58 and 59.
- 2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years, please refer to pages 21 to 23.

Corporate Governance Report (continued)

For the year ended 31 December 2009

REMUNERATION REPORT

Remuneration of Directors

The following table shows a breakdown (in percentage terms) of the remuneration of Directors and details of share options granted to Directors for the year ended 31 December 2009:

| Remuneration Bands | Salary % | Bonuses % | Directors' fees % | Share Option Grants ¹ % | Defined Contribution Plans % | Others % | Total Remuneration % | Share Option Grants ² Number |
|-----------------------------------|-------------|--------------|-------------------------|---|---------------------------------------|-------------|----------------------------|--|
| \$1,750,000 to \$2,000,000 | | | | | | | | |
| Gwee Lian Kheng | 28 | 65 | 5 | 1 | – | 1 | 100 | 80,000 |
| \$250,000 to \$1,750,000 | | | | | | | | |
| Nil | – | – | – | – | – | – | – | – |
| Below \$250,000 | | | | | | | | |
| Wee Cho Yaw | – | – | 100 | – | – | – | 100 | – |
| Alan Choe Fook Cheong | – | – | 100 | – | – | – | 100 | – |
| Lim Kee Ming | – | – | 100 | – | – | – | 100 | – |
| Wee Ee Chao | – | – | 100 | – | – | – | 100 | – |
| Low Weng Keong | – | – | 100 | – | – | – | 100 | – |
| James Koh Cher Siang | – | – | 100 | – | – | – | 100 | – |
| Wee Ee Lim | – | – | 100 | – | – | – | 100 | – |
| Pongsak Hoontrakul | – | – | 100 | – | – | – | 100 | – |

¹ Fair value of share options is estimated using the Trinomial Tree model at date of grant.

² Refers to options granted on 6 March 2009 under the UOL 2000 Share Option Scheme to subscribe for ordinary shares in the capital of the Company. The options may be exercised at any time during the option period from 6 March 2010 to 5 March 2019 at the offer price of S\$1.65 per ordinary share.

Gwee Lian Kheng, an executive director of the Company, has an employment contract with the Company which may be terminated by either party giving three months' notice. His remuneration package includes a variable bonus element (which is substantially linked to the performance of the Company) and share options of the Company.

Details of the UOL 2000 Share Option Scheme can be found under the "Report of the Directors" section of this Annual Report.

Remuneration of Key Employees

The remuneration¹ of the top five key employees of the Group (who are not directors) is analysed into the respective remuneration bands as follows:

\$1,500,000 to \$1,750,000

President and CEO, PPHG

\$1,000,000 to \$1,250,000

Chief Operating Officer, UOL

\$250,000 to \$500,000

Executive Director, Asset Management, PPHG²

Chief Financial Officer, UOL

Senior General Manager (Investment & Strategic Development), UOL

¹ Included in the remuneration is the value of share options granted during the year (if any) under the UOL 2000 Share Option Scheme. Fair value of share options is estimated using the Trinomial Tree model.

² The Executive Director, Asset Management, PPHG is the daughter of Wee Cho Yaw and sister of Wee Ee Chao and Wee Ee Lim.

Interested Person Transactions

For the year ended 31 December 2009

Aggregate value of all interested person transactions during the financial year under review

(excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)

| Name of interested person | \$'000 |
|---|--------|
| Directors and their associates: | |
| 1 Rental and service income received | 1,769 |
| 2 Consideration for the sale of 1 unit to the immediate family member of a director in Double Bay Residences, a joint residential development with an interested person | 879 |
| 3 Joint marketing fees received from Nassim Park Developments Pte. Ltd., a joint venture with an interested person and a third party | 494 |

Material Contracts

Except as disclosed under the section on Interested Person Transactions above and in Note 34 (Related Party Transactions) of the Notes to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the Group Chief Executive (as defined in the SGX-ST Listing Manual), each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting entered into since the end of the previous financial year.

Shareholding Statistics

As at 8 March 2010

Class of shares : Ordinary shares
Voting rights : One vote per share

SIZE OF SHAREHOLDINGS

| Range | No. of shareholders | % | No. of shares | % |
|---------------------|---------------------|---------------|--------------------|---------------|
| 1 -999 | 15,193 | 51.70 | 2,698,215 | 0.35 |
| 1,000 -10,000 | 11,760 | 40.02 | 40,304,810 | 5.14 |
| 10,001 -1,000,000 | 2,404 | 8.18 | 103,929,840 | 13.26 |
| 1,000,001 AND ABOVE | 31 | 0.10 | 636,672,289 | 81.25 |
| Total: | 29,388 | 100.00 | 783,605,154 | 100.00 |

LOCATION OF SHAREHOLDERS

| Country | No. of shareholders | % | No. of shares | % |
|---------------|---------------------|---------------|--------------------|---------------|
| Singapore | 25,542 | 86.91 | 767,698,467 | 97.97 |
| Malaysia | 3,274 | 11.14 | 13,208,052 | 1.69 |
| Others | 572 | 1.95 | 2,698,635 | 0.34 |
| Total: | 29,388 | 100.00 | 783,605,154 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| Name | No. of shares | % |
|---|--------------------|--------------|
| 1. C Y WEE & CO PTE LTD | 106,562,587 | 13.60 |
| 2. DBS NOMINEES PTE LTD | 105,019,892 | 13.40 |
| 3. CITIBANK NOMINEES SINGAPORE PTE LTD | 82,311,457 | 10.50 |
| 4. WEE INVESTMENTS PTE LTD | 80,535,090 | 10.28 |
| 5. TYE HUA NOMINEES (PTE) LTD | 74,345,209 | 9.49 |
| 6. UNITED OVERSEAS BANK NOMINEES PTE LTD | 59,400,089 | 7.58 |
| 7. DBSN SERVICES PTE LTD | 40,109,002 | 5.12 |
| 8. HSBC (SINGAPORE) NOMINEES PTE LTD | 36,567,948 | 4.67 |
| 9. RAFFLES NOMINEES (PTE) LTD | 8,165,800 | 1.04 |
| 10. DOMITIAN INVESTMENT PTE LTD | 4,069,000 | 0.52 |
| 11. KAH MOTOR CO SDN BHD | 3,398,345 | 0.43 |
| 12. UOB KAY HIAN PTE LTD | 3,042,584 | 0.39 |
| 13. HO HAN LEONG CALVIN | 2,763,860 | 0.35 |
| 14. BNP PARIBAS SECURITIES SERVICES SINGAPORE | 2,660,780 | 0.34 |
| 15. MERRILL LYNCH (SINGAPORE) PTE LTD | 2,300,366 | 0.29 |
| 16. KWEE SIU MIN @ SUDJASMIN KUSMIN OR DIANAWATI TJENDERA | 2,090,000 | 0.27 |
| 17. NGEE ANN DEVELOPMENT PTE LTD | 2,000,000 | 0.26 |
| 18. OCBC NOMINEES SINGAPORE PTE LTD | 1,915,077 | 0.24 |
| 19. ROYAL BANK OF CANADA (ASIA) LTD | 1,848,440 | 0.24 |
| 20. KIM ENG SECURITIES PTE. LTD. | 1,771,578 | 0.23 |
| Total | 620,877,104 | 79.24 |

Based on information available to the Company as at 8 March 2010, approximately 51% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual is complied with.

Shareholding Statistics (continued)

As at 8 March 2010

SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED as shown in the Register of Substantial Shareholders

| Name | No. of Shares fully paid | | | % ¹ |
|---|--------------------------|--------------------------|-------------|----------------|
| | Direct Interest | Deemed Interest | Total | |
| 1. Wee Cho Yaw | 3,388,151 | 228,543,584 ² | 231,931,735 | 29.60 |
| 2. Wee Ee Cheong | 300,534 | 187,190,264 ³ | 187,490,798 | 23.93 |
| 3. C Y Wee & Co Pte Ltd | 106,562,587 | – | 106,562,587 | 13.60 |
| 4. Wee Ee Chao | 30,748 | 82,817,824 ⁴ | 82,848,572 | 10.57 |
| 5. Wee Ee Lim | 241,489 | 80,552,192 ⁵ | 80,793,681 | 10.31 |
| 6. Wee Investments Pte Ltd | 80,535,090 | – | 80,535,090 | 10.28 |
| 7. United Overseas Bank Limited ("UOB") | – | 76,483,515 ⁶ | 76,483,515 | 9.76 |
| 8. Silchester International Investors Limited | – | 65,803,200 | 65,803,200 | 8.40 |
| 9. Haw Par Corporation Limited | – | 41,428,805 ⁷ | 41,428,805 | 5.29 |

Notes:

¹ As a percentage of the issued share capital of the Company, comprising 783,605,154 shares

² Dr Wee Cho Yaw's deemed interest in the shares arises as follows:

- (a) 106,562,587 shares held by C Y Wee & Co Pte Ltd
- (b) 80,535,090 shares held by Wee Investments Pte Ltd
- (c) 41,428,805 shares which Haw Par Corporation Limited is deemed to be interested in
- (d) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

³ Mr Wee Ee Cheong's deemed interest in the shares arises as follows:

- (a) 106,562,587 shares held by C Y Wee & Co Pte Ltd
- (b) 80,535,090 shares held by Wee Investments Pte Ltd
- (c) 75,485 shares held by E C Wee Pte Ltd
- (d) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

⁴ Mr Wee Ee Chao's deemed interest in the shares arises as follows:

- (a) 80,535,090 shares held by Wee Investments Pte Ltd
- (b) 265,565 shares held by Protheus Investment Holdings Pte Ltd
- (c) 17,102 shares held by Kheng Leong Co. (Pte) Ltd
- (d) 67 shares held by KIP Investment Holdings Pte Ltd
- (e) 2,000,000 shares held by KIP Inc

⁵ Mr Wee Ee Lim's deemed interest in the shares arises as follows:

- (a) 80,535,090 shares held by Wee Investments Pte Ltd
- (b) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

⁶ UOB's deemed interest in the shares arises as follows:

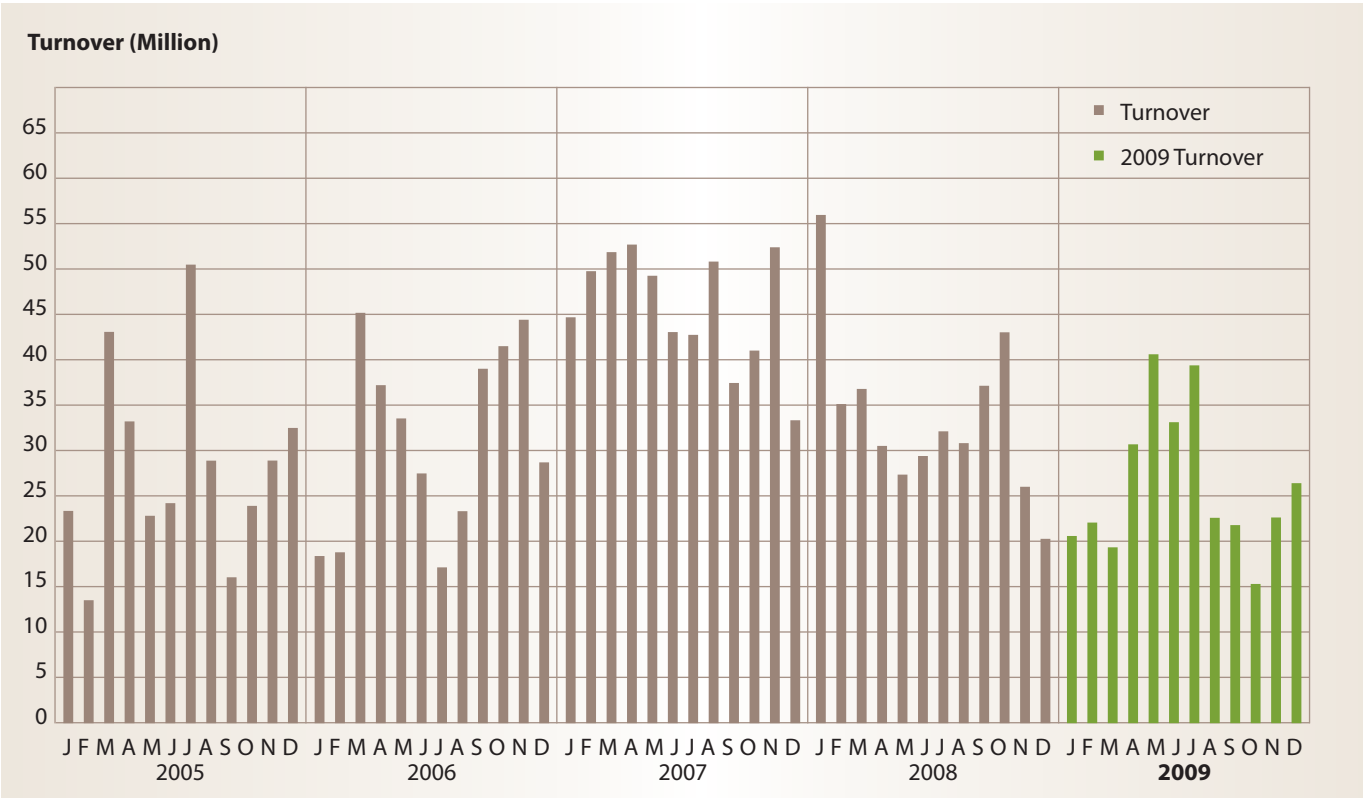
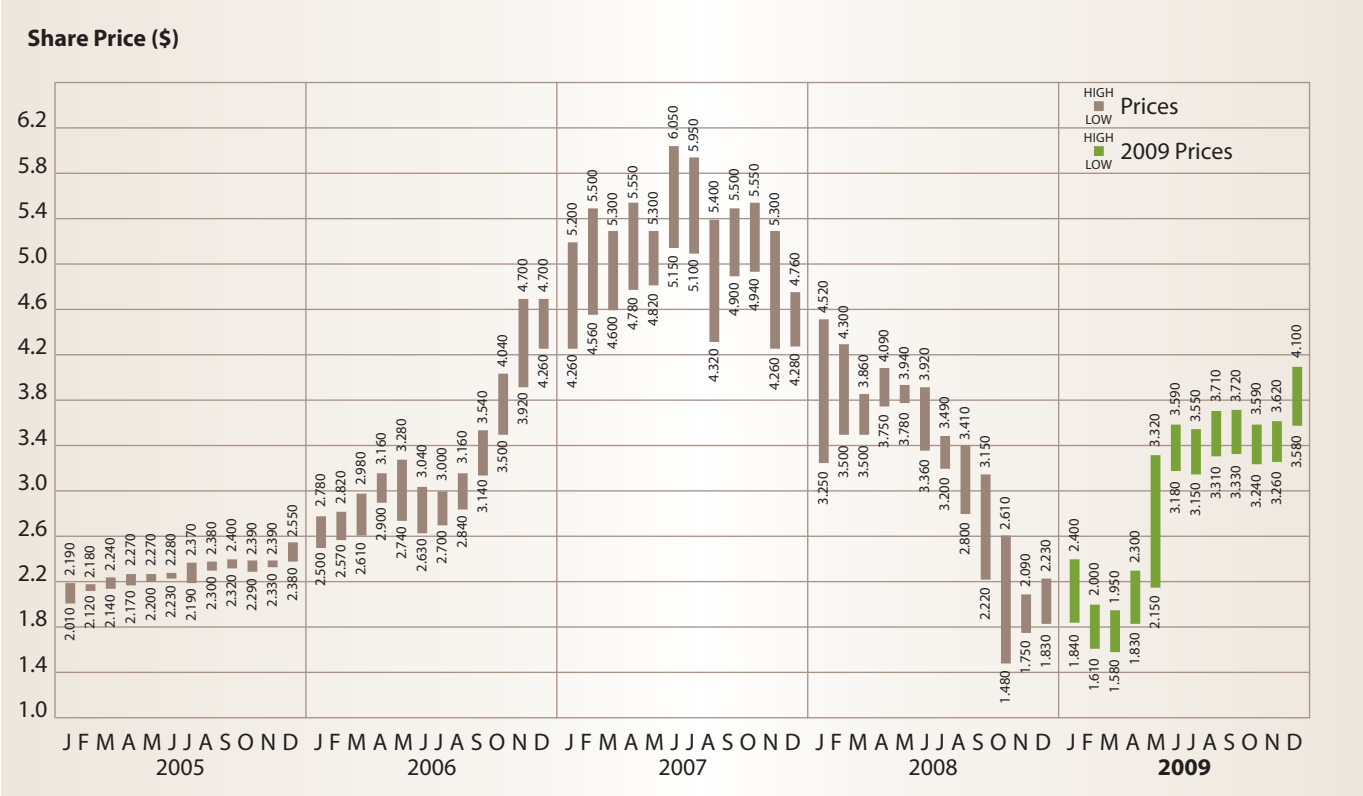
- (a) 74,332,898 shares held in the name of Tye Hua Nominees (Pte) Ltd for the benefit of UOB
- (b) 2,150,617 shares held in the name of United Overseas Bank Nominees (Pte) Ltd for the benefit of United International Securities Limited

⁷ Haw Par Corporation Limited's deemed interest in the shares arises as follows:

- (a) 26,561,931 shares held by Haw Par Investment Holdings Pte Ltd
- (b) 10,527,246 shares held by Haw Par Capital Pte Ltd
- (c) 1,747,053 shares held by Pickwick Securities Private Ltd
- (d) 643,656 shares held by Haw Par Equities Pte Ltd
- (e) 1,424,981 shares held by Straits Maritime Leasing Pte Ltd
- (f) 300,000 shares held by Haw Par Trading Pte Ltd
- (g) 223,938 shares held by M&G Maritime Services Pte Ltd

Share Price and Turnover

for the period from 1 January 2005 to 31 December 2009



Notice of Annual General Meeting

Notice is hereby given that the 47th Annual General Meeting of the Company will be held at Pan Pacific Singapore, Pacific 3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Wednesday, 21 April 2010, at 4.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

- Resolution 1** To receive and adopt the Audited Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 December 2009.
- Resolution 2** To declare a first and final tax exempt (one-tier) dividend of 10 cents per ordinary share for the year ended 31 December 2009.
- Resolution 3** To approve Directors' fees of S\$516,250 for 2009 (2008 : S\$516,250).
- Resolution 4** To re-appoint Dr Wee Cho Yaw, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 5** To re-appoint Mr Alan Choe Fook Cheong, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 6** To re-appoint Dr Lim Kee Ming, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 7** To re-elect Mr Gwee Lian Kheng, who retires by rotation pursuant to Article 94 of the Company's Articles of Association, as Director of the Company.
- Resolution 8** To re-elect Mr Low Weng Keong, who retires by rotation pursuant to Article 94 of the Company's Articles of Association, as Director of the Company.
- Resolution 9** To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without amendments, the following resolutions as Ordinary Resolutions:

- Resolution 10** "That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the regulations of the UOL 2000 Share Option Scheme (the "2000 Scheme") and to allot and issue such number of shares as may be issued pursuant to the exercise of share options under the 2000 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 2000 Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."
- Resolution 11** "That authority be and is hereby given to the Directors of the Company to:
- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

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

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Secretary

Singapore, 1 April 2010

Notice of Annual General Meeting

Notes

A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 101 Thomson Road, #33-00 United Square, Singapore 307591 not less than 48 hours before the time for holding the Meeting.

Notes to Resolutions

1. In relation to **Resolution 4**, Dr Wee Cho Yaw will, upon re-appointment, continue as the Chairman of the Board of Directors and the Executive Committee, and as a member of the Remuneration and Nominating Committees. He is considered a non-independent director.
2. In relation to **Resolution 5**, Mr Alan Choe Fook Cheong will, upon re-appointment, continue as the Chairman of the Nominating Committee and as a member of the Executive, Audit and Remuneration Committees. He is considered an independent director.
3. In relation to **Resolution 6**, Dr Lim Kee Ming will, upon re-appointment, continue as the Chairman of the Audit and Remuneration Committees, and as a member of the Nominating Committee. He is considered an independent director.
4. In relation to **Resolution 7**, Mr Gwee Lian Kheng will, upon re-election, continue as a member of the Executive Committee. He is considered a non-independent director.
5. In relation to **Resolution 8**, Mr Low Weng Keong will, upon re-election, continue as a member of the Audit Committee. He is considered an independent director.
6. **Resolution 10** is to empower the Directors to offer and grant options and to issue shares in the share capital of the Company pursuant to the 2000 Scheme, which was approved at the Extraordinary General Meeting of the Company on 23 May 2000. A copy of the Rules governing the 2000 Scheme is available for inspection by shareholders during normal office hours at the Company's Registered Office.
7. **Resolution 11** is to empower the Directors from the date of that meeting until the next Annual General Meeting to issue, or agree to issue shares and/or grant instruments that might require shares to be issued, up to an amount not exceeding fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated as described) of which the total number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated as described).

Proxy Form

Annual General Meeting

UOL Group Limited

(incorporated in the Republic of Singapore)
Company Registration No. 196300438C

IMPORTANT: FOR CPF INVESTORS ONLY

1. For investors who have used their CPF monies to buy UOL Group Limited's shares, this Report is sent to them at the request of their CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (Please see Note No. 9 on the reverse).

I/We, _____ (Name)

of _____ (Address)

being a member/members of UOL GROUP LIMITED (the "Company"), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings | |
|------|---------|----------------------|-----------------------------|---|
| | | | No. of Shares | % |
| | | | | |

and/or (please delete as appropriate)

| | | | No. of Shares | % |
|--|--|--|---------------|---|
| | | | | |

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the **47th Annual General Meeting** of the Company (the "AGM") to be held at Pan Pacific Singapore, Pacific 3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Wednesday, 21 April 2010 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

| Resolution Number | Resolutions | To be used on a show of hands | | To be used in the event of a poll | |
|-------------------|--|-------------------------------|-----------|-----------------------------------|-------------------------|
| | | For * | Against * | No. of Votes For ** | No. of Votes Against ** |
| | Ordinary Business | | | | |
| 1 | Adoption of Financial Statements and Reports of the Directors and the Auditors | | | | |
| 2 | Declaration of First and Final Dividend | | | | |
| 3 | Approval of Directors' Fees | | | | |
| 4 | Re-appointment (Dr Wee Cho Yaw) | | | | |
| 5 | Re-appointment (Mr Alan Choe Fook Cheong) | | | | |
| 6 | Re-appointment (Dr Lim Kee Ming) | | | | |
| 7 | Re-election (Mr Gwee Lian Kheng) | | | | |
| 8 | Re-election (Mr Low Weng Keong) | | | | |
| 9 | Re-appointment of Auditors and Authority for Directors to Fix Their Remuneration | | | | |
| | Special Business | | | | |
| 10 | Authority for Directors to Issue Shares (Share Option) | | | | |
| 11 | Authority for Directors to Issue Shares (General) | | | | |

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2010

| Shares in: | Total No. of Shares Held |
|-------------------------|--------------------------|
| (a) Depository Register | |
| (b) Register of Members | |
| Total | |

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

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

Notes:

1. Save for members which are nominee companies, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholdings (expressed as a percentage of the whole) to be represented by each proxy.
2. This instrument of proxy must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by its duly authorised officer or attorney or executed under its common seal.
3. A body corporate which is a member may also appoint by resolution of its directors or other governing body, an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on behalf of such body corporate.
4. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate all the Shares held by you.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the AGM.
6. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 101 Thomson Road, #33-00 United Square, Singapore 307591, not less than 48 hours before the time fixed for holding the AGM.
7. Any alteration made in this form must be initialed by the person who signs it.
8. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting on the request of the CPF Investors who wish to attend the AGM as Observers are requested to submit in writing, a list with details of the investors' names, NRIC/passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, at least 48 hours before the time fixed for holding the AGM.

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PROXY FORM

Please
Affix
Postage
Stamp

The Company Secretary
UOL Group Limited
101 Thomson Road
#33-00 United Square
Singapore 307591

3rd fold here

Fold this flap for sealing





华业集团有限公司
UOL Group Limited

Company Registration No. 196300438C

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Singapore 307591

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