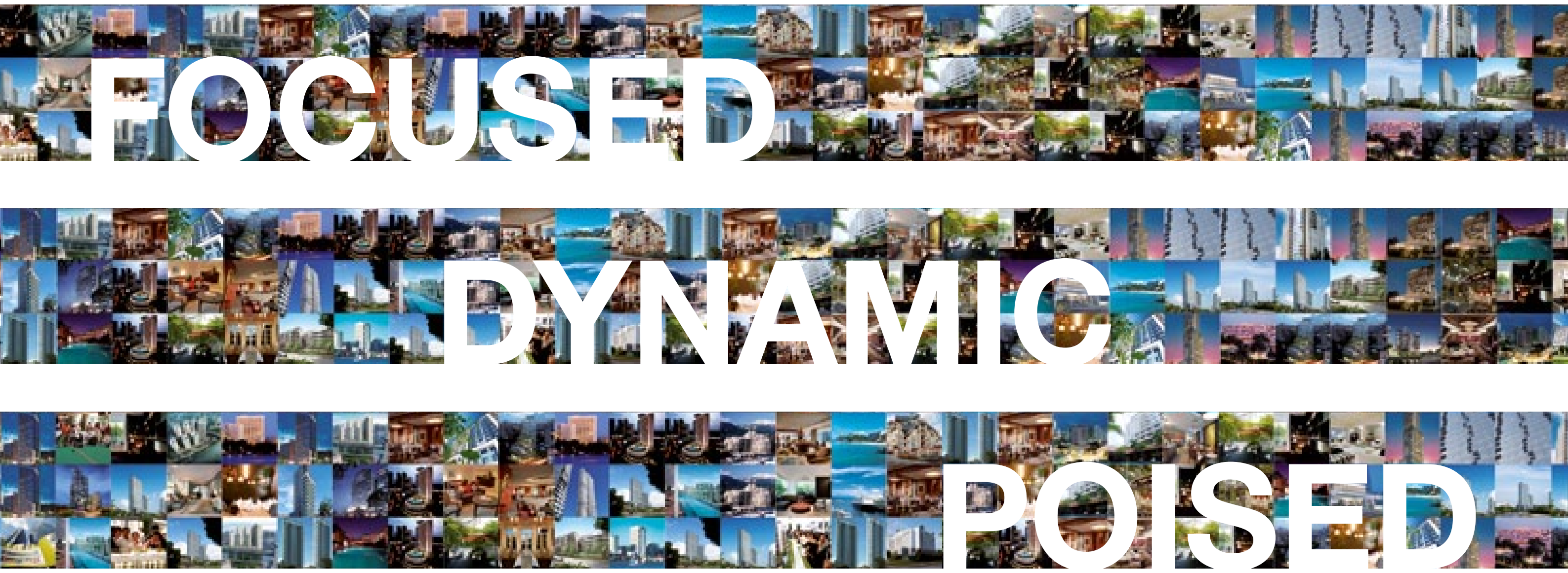
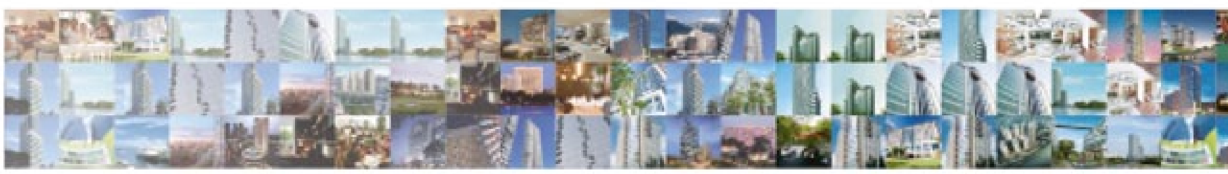


ANNUAL REPORT 2010

华业集团有限公司
UOL Group Limited



CONTENTS

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

Driving Inspirations,
Fulfilling Aspirations.

Passion drives us

Innovation defines us

Enterprise propels us

People, our leading asset

ABOUT US

UOL Group Limited is an established property company, with an extensive portfolio of investment and development properties. 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, Singapore's very own President's Design Award and Urban Land Institute Awards for Excellence.

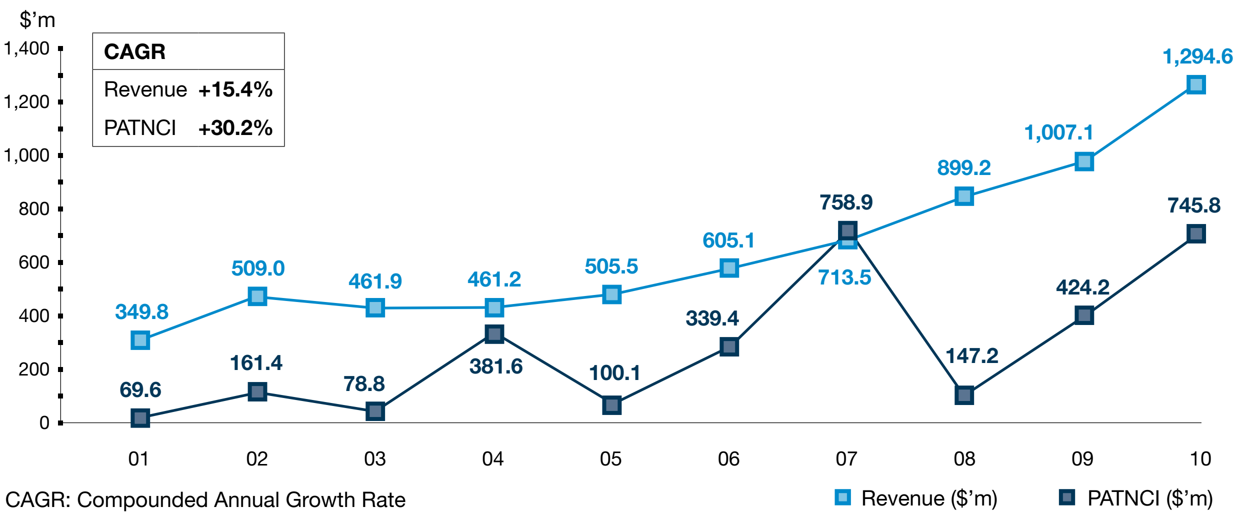
The Group's diversified portfolio comprises residential apartments, offices, retail malls, hotels, spas and restaurants. Through our listed hotel subsidiary, Pan Pacific Hotels Group Limited (PPHG), we own two acclaimed brands namely "Pan Pacific" and "PARKROYAL". PPHG now owns, manages and/or markets over 30 hotels and serviced suites in Asia, Australia and North America including those under development.

FOCUSED

ON DEVELOPING OUR BUSINESS

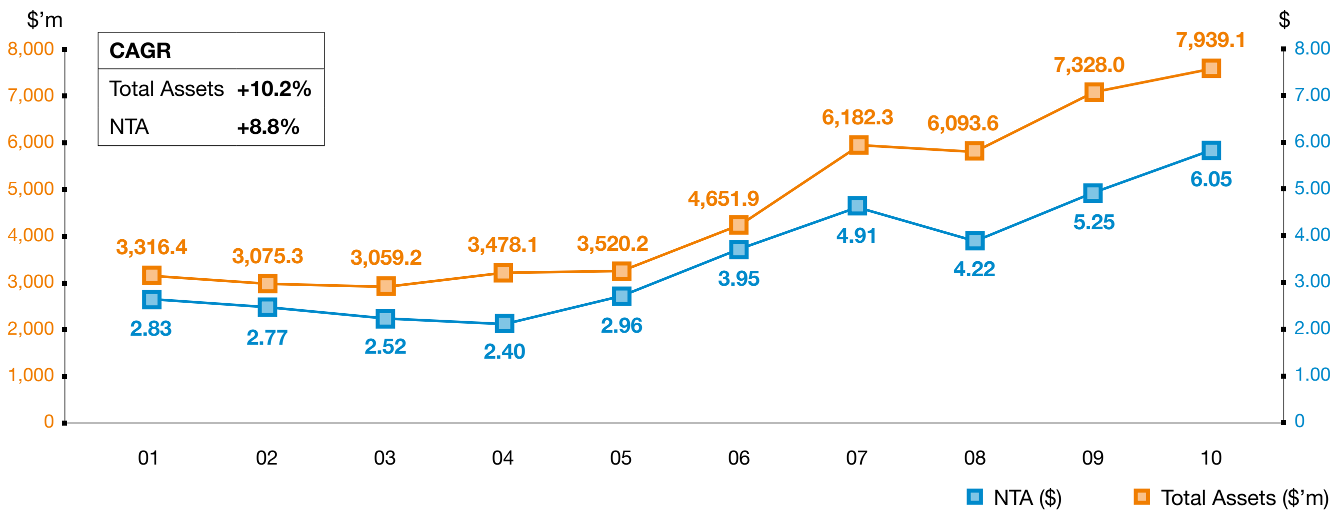
As a Group, we are focused on developing our three core businesses – Property Development, Property Investments and Hotel Operations. This robust business model provides a broad base income driver from which we are able to steadily grow our business.

REVENUE & PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS ("PATNCI")

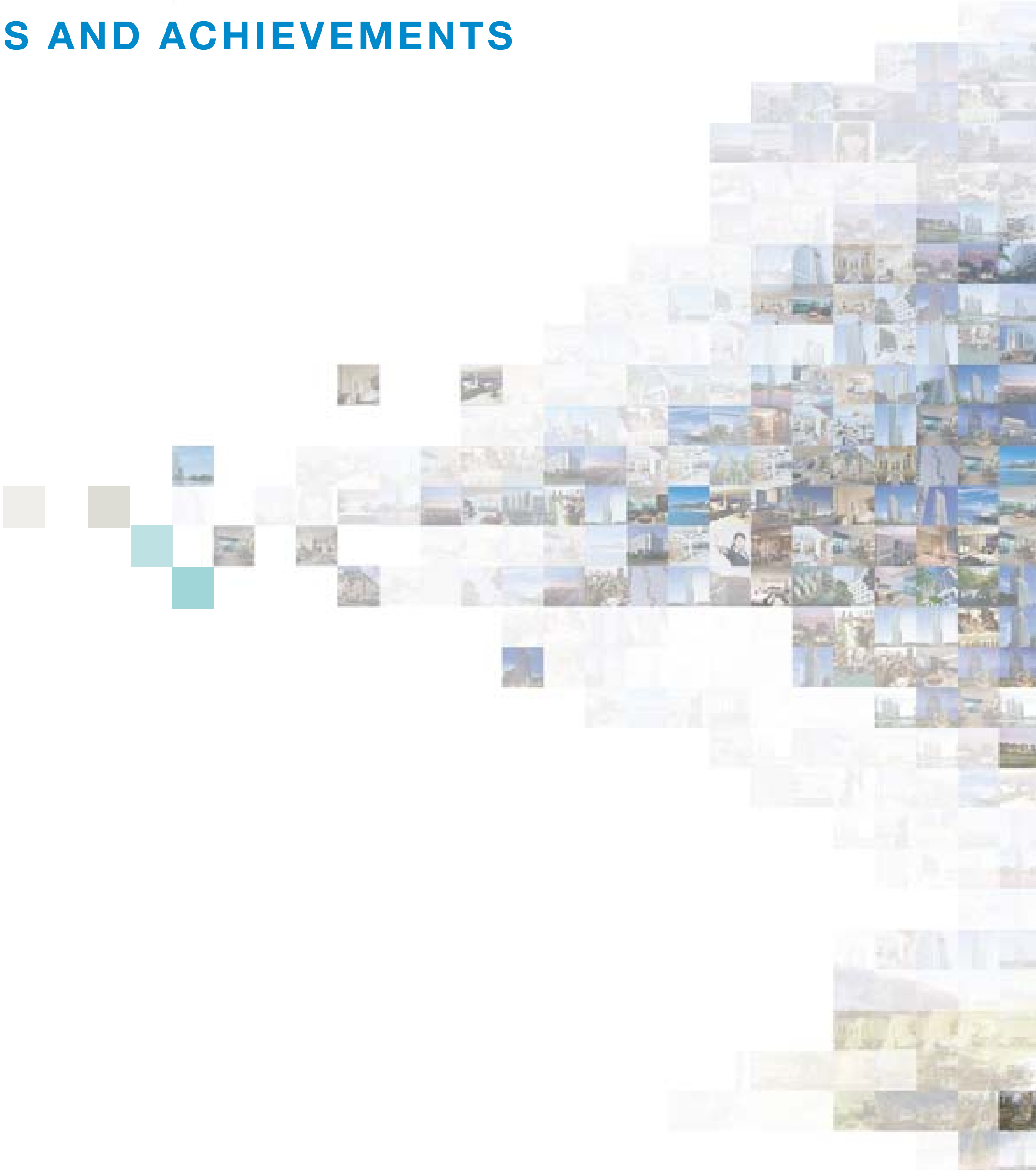


CAGR: Compounded Annual Growth Rate

TOTAL ASSETS & NET TANGIBLE ASSET VALUE PER SHARE ("NTA")



DYNAMIC
INNOVATIONS AND ACHIEVEMENTS



By being innovative, we create excellent products and services that delight customers and generate higher returns on investment. We constantly hone our competitive edge, strive towards creating value and stay nimble in response to market changes.

Return on Equity

15.7%

+54% (y-o-y)

Earnings Per Share

95.6¢
+78% (y-o-y)

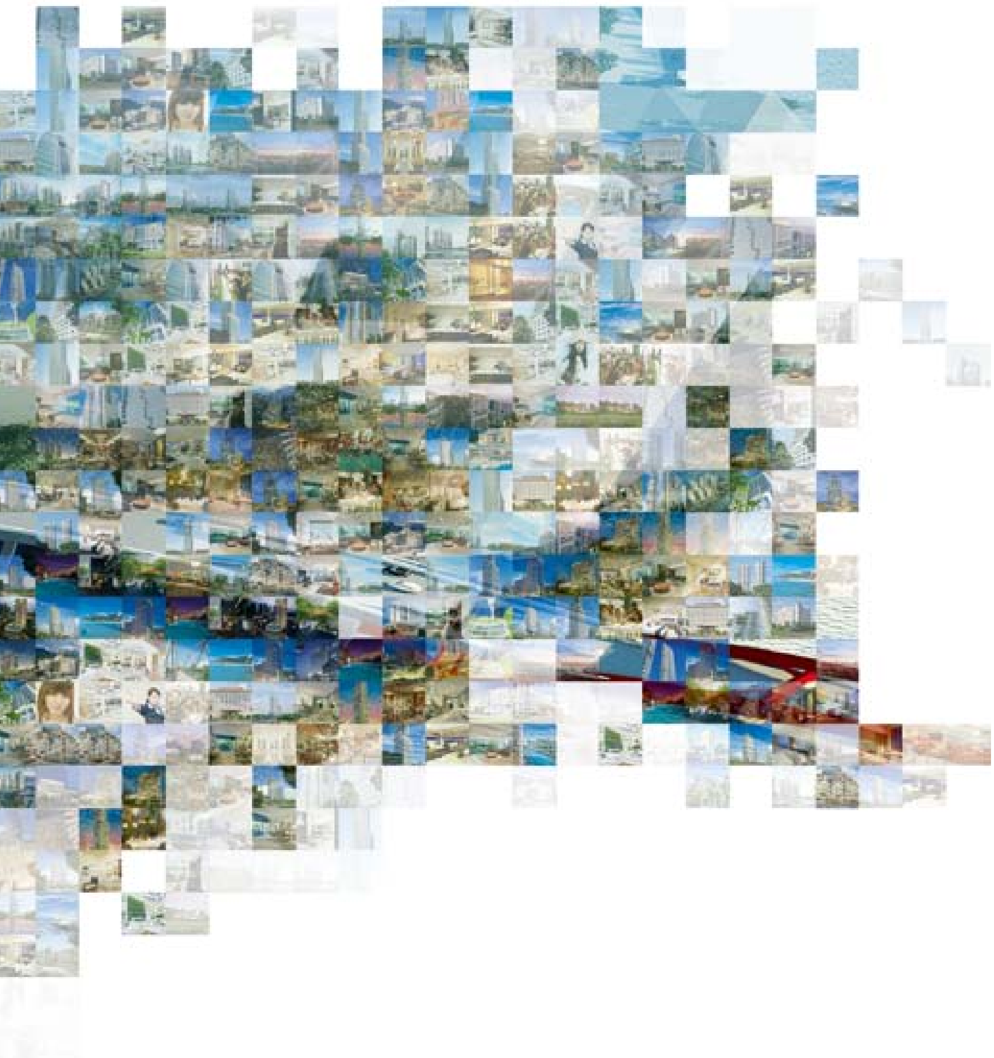
Market Capitalisation

$3,694.3m
+16% (y-o-y)

POISED
FOR SUSTAINABLE GROWTH

Gearing Ratio
0.36

Interest Cover Ratio
19x



Supported by our strong capital position and entrepreneurial spirit, we have made inroads into regional markets like China and Malaysia to broaden our income drivers. Our overseas expansion will sharpen our expertise further, while serving as a foundation for future long-term growth.

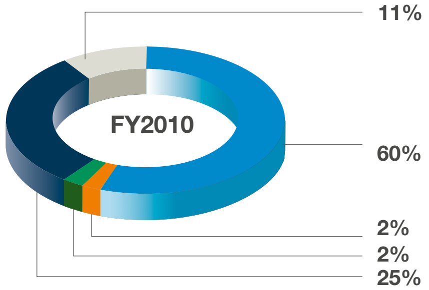
Cash and Cash Equivalents

$313m

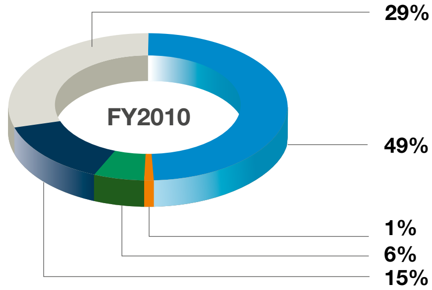
BUSINESS AT A GLANCE

The Group's key revenue drivers are Property Development, Property Investments and Hotel Operations.

REVENUE BY BUSINESS SEGMENT



PROFIT FROM OPERATIONS BY BUSINESS SEGMENT



Property development · Property investments · Hotel operations · Management services · Dividend income

PROPERTY DEVELOPMENT

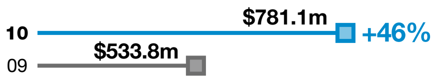
Terrene at Bukit Timah

We are committed to design and quality excellence, as reflected in our best-selling and award-winning residential homes.

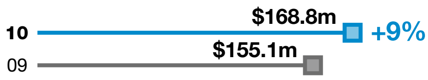
Key Facts

- Profit recognition from 9 projects under construction, with over 2,700 units
- Launched new projects - Waterbank at Dakota, Terrene at Bukit Timah and Spottiswoode Residences
- Record sale of over 1,240 residential units and sales value of $1.73 billion including joint-venture projects
- Developments available for sale – Spottiswoode Residences, Nassim Park Residences, Duchess Residences and Panorama
- Acquired through public tender a residential-cum-retail site in Changfeng District, Shanghai

REVENUE



PROFIT FROM OPERATIONS



$1,294.6m

+29% (y-o-y)

REVENUE

Higher progressive recognition of revenue from residential projects, and higher average rental rates from most of Group's investment properties and hotels

$543.9m

+27% (y-o-y)

PRE-TAX PROFIT BEFORE FAIR VALUE AND OTHER GAINS/LOSSES

Higher income from property development, hotel operations and share of profits from associated companies and lower finance expenses

PROPERTY INVESTMENTS

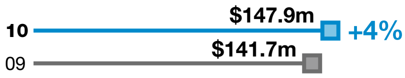
Novena Square, Singapore

Our owned and managed investment properties include commercial offices and retail malls, as well as serviced suites.

Key Facts

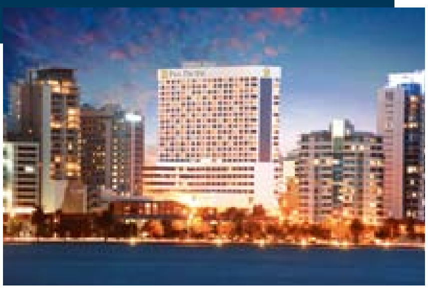
- Five commercial offices – Novena Square, United Square, Odeon Towers, Faber House and The Plaza, with total nett lettable area of 89,819 sqm
- Two themed shopping malls – Velocity@Novena Square and United Square, with total nett lettable area of 34,534 sqm
- Three serviced suites properties – Pan Pacific Serviced Suites Singapore, PARKROYAL Serviced Suites Singapore and PARKROYAL Serviced Suites Kuala Lumpur, totalling 503 rooms
- Largest single shareholder, owning 42.1% stake, of listed property company United Industrial Corporation (UIC) Limited
- Holds 22.7% stake in Marina Centre Holdings Pte Ltd which has interests in Marina Square Shopping Mall, Pan Pacific Singapore, Mandarin Oriental and Marina Mandarin

REVENUE



PROFIT FROM OPERATIONS

HOTEL OPERATIONS



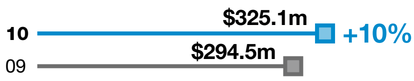
Pan Pacific Perth, rebranded in January 2011

UOL through its listed hotel subsidiary, Pan Pacific Hotels Group (PPHG), owns "Pan Pacific" and "PARKROYAL" brand. PPHG owns, manages and/or markets over 30 hotels and serviced suites in Asia, Australia and North America including those under development.

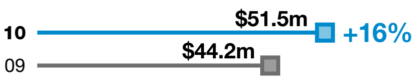
Key Facts

- Pan Pacific's portfolio comprises 19 hotels and serviced suites including those under development
- PARKROYAL's portfolio comprises 15 hotels and serviced suites including those under development
- Holds 25.0% stake in Aquamarina Hotel Private Limited which owns Marina Mandarin
- Entered into a conditional sale and purchase agreement to purchase the 276-room Hilton Melbourne International Airport hotel in Australia in December

REVENUE



PROFIT FROM OPERATIONS



$745.8m

+76% (y-o-y)

PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS

Increased earnings, increased share of profits of associated companies, fair value gains on investment properties and negative goodwill on acquisition of UIC shares

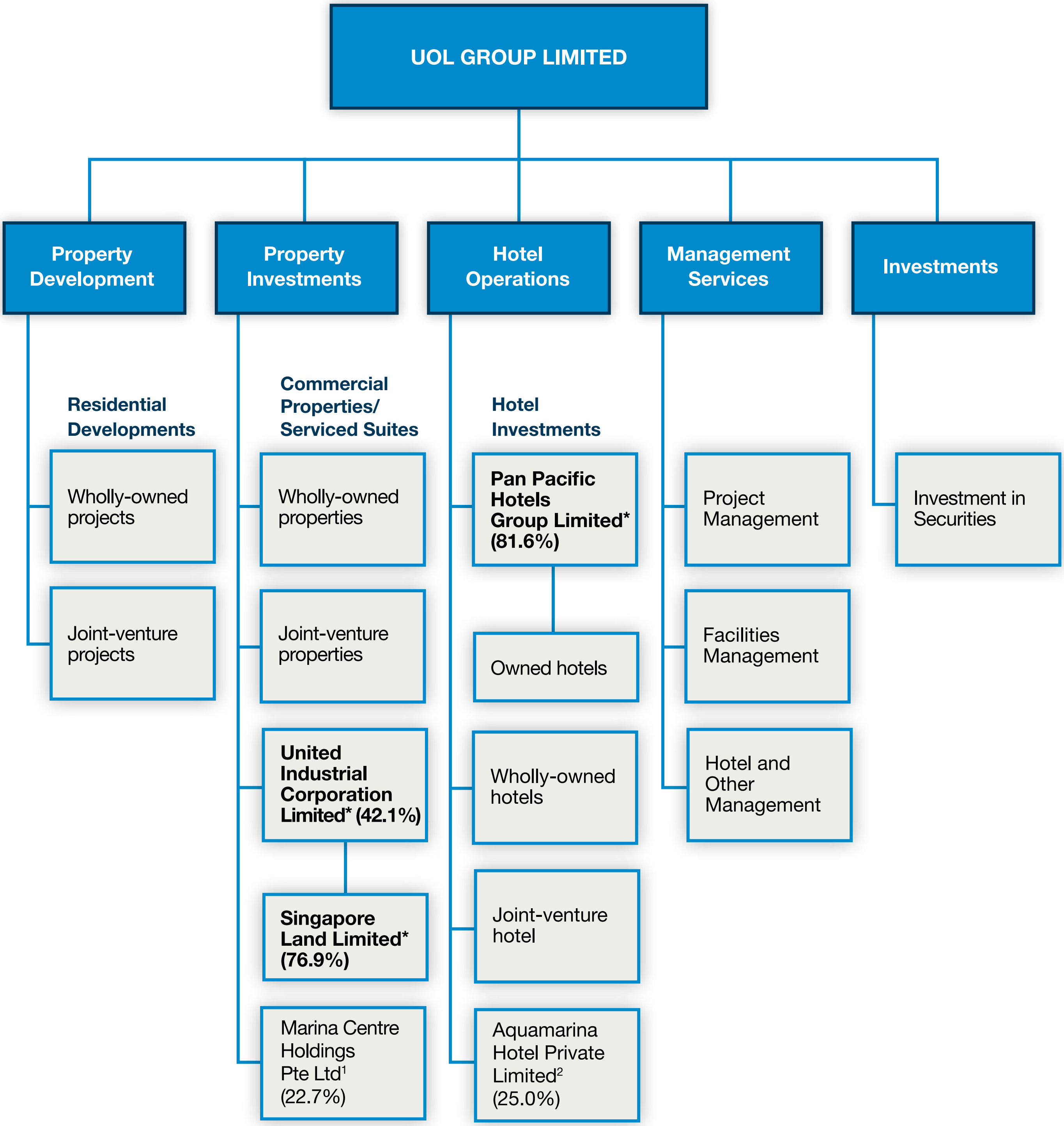
15.7%

+54% (y-o-y)

RETURN ON EQUITY

Improved earnings, negative goodwill and fair value gains

UOL GROUP BUSINESSES



[1] Marina Centre Holdings Pte Ltd has interests in Marina Square Shopping Mall, Pan Pacific Singapore, Mandarin Oriental and Marina Mandarin.
[2] Aquamarina Hotel Private Limited owns Marina Mandarin.
* Listed on the Singapore Exchange.
(as at 2 March 2011)

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
President (Property)

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
General Counsel

Yeo Bin Hong
Deputy General Manager
(Internal Audit)

COMPANY SECRETARIES

Foo Thiam Fong Wellington
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

Sumitomo Mitsui Banking Corporation Limited

Bank of Tokyo-Mitsubishi UFJ, Ltd.

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

TWO-YEAR FINANCIAL HIGHLIGHTS & QUARTERLY RESULTS

TWO-YEAR FINANCIAL HIGHLIGHTS

	2010 $'000	2009 $'000	Increase/ (Decrease) %
For the year			
Revenue	**1,294,580**	1,007,061	29
Profit before income tax	**882,447**	493,512	79
Profit after income tax and non-controlling interests	**745,795**	424,178	76
Return on equity (%)	**15.7**	10.2	54
At 31 December			
Share capital	**1,051,898**	1,058,527	(1)
Reserves	**758,005**	789,422	(4)
Retained earnings	**2,936,472**	2,300,284	28
Total assets	**7,939,079**	7,327,986	8
Per ordinary share			
Basic earnings (cents)	**95.6**	53.7	78
Gross dividend declared (cents)	**15.0**	10.0	50
Dividend cover (times)	**6.4**	5.4	19
Net tangible asset backing ($)	**6.05**	5.25	15

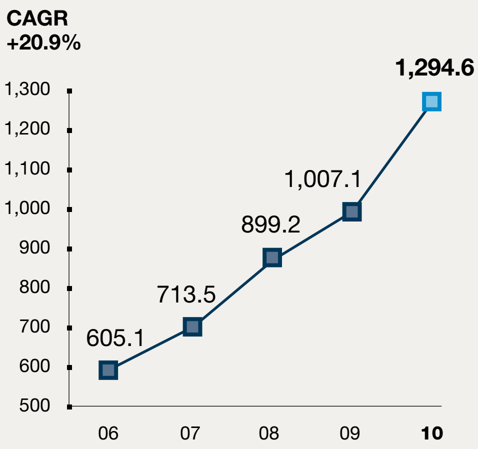
QUARTERLY RESULTS

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Revenue										
2010	**249,249**	**19**	**320,440**	**25**	**345,190**	**27**	**379,701**	**29**	**1,294,580**	**100**
2009	196,699	20	213,708	21	323,938	32	272,716	27	1,007,061	100
Profit/(loss) before income tax										
2010	**113,763**	**13**	**185,781**	**21**	**157,868**	**18**	**425,035**	**48**	**882,447**	**100**
2009	348,495	71	(2,896)	(1)	135,094	27	12,819	3	493,512	100
Net profit/(loss)										
2010	**100,327**	**12**	**167,472**	**21**	**141,514**	**17**	**406,207**	**50**	**815,520**	**100**
2009	343,874	75	(8,960)	(2)	119,880	26	6,718	1	461,512	100
Profit/(loss) after income tax and non-controlling interests										
2010	**87,852**	**12**	**147,815**	**20**	**124,747**	**17**	**385,381**	**51**	**745,795**	**100**
2009	331,786	78	(20,143)	(5)	105,596	25	6,939	2	424,178	100
Basic earnings per ordinary share (in cents)										
2010	**11.2**	**12**	**18.9**	**20**	**16.0**	**17**	**49.5**	**51**	**95.6**	**100**
2009	41.7	78	(2.5)	(5)	13.3	25	1.2	2	53.7	100

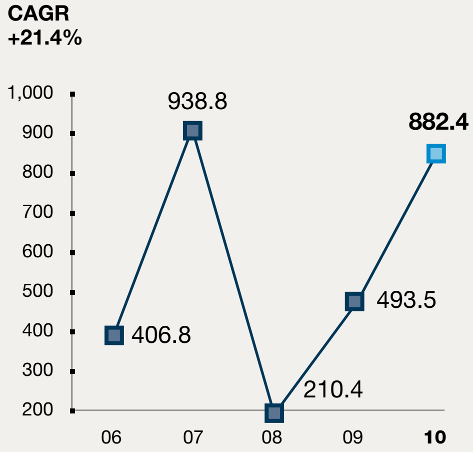
KEY FINANCIAL TRENDS & FINANCIAL CALENDAR

KEY FINANCIAL TRENDS

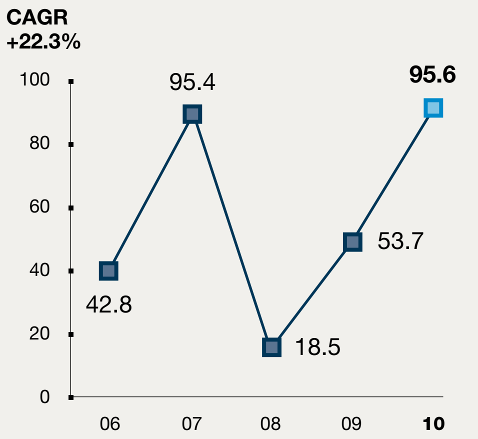
REVENUE ($'m)



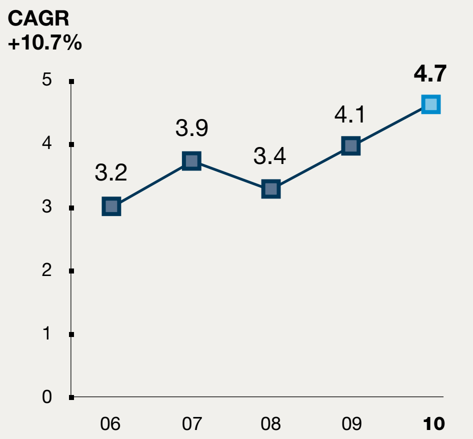
PROFIT BEFORE INCOME TAX ($'m)



EARNINGS PER SHARE (¢)



SHAREHOLDERS' FUNDS ($'b)



CAGR: Compounded Annual Growth Rate

FINANCIAL CALENDAR

	2010	2009
Announcement of first quarter results	**12.05.10**	12.05.09
Announcement of second quarter results	**06.08.10**	12.08.09
Announcement of third quarter results	**10.11.10**	13.11.09
Announcement of unaudited full year results	**22.02.11**	23.02.10
Annual General Meeting	**19.04.11**	21.04.10
Books closure dates	**04.05.11 to 05.05.11**	03.05.10 to 04.05.10
First & final dividends payment date	**18.05.11**	13.05.10

MILESTONES

'We Welcome Families Week' launch

YOG cheer song launch

Pan Pacific Serviced Suites, Bangkok

JANUARY

Sheraton Suzhou Hotel and Towers was rebranded Pan Pacific Suzhou, marking "Pan Pacific" brand's foray into the China market.

MARCH

Temporary Occupation Permit (TOP) was obtained for The Regency at Tiong Bahru.

The 148-suite Pan Pacific Serviced Suites Bangkok opened in the heart of cosmopolitan and trendy Thonglor, Bangkok, the first Pan Pacific Serviced Suites outside of Singapore.

United Square hosted the first ever "We Welcome Families Week" campaign by The Businesses for Families Council, with support from the Ministry of Community Development, Youth and Sports.

Velocity@Novena Square launched the Sports from the Heart Movement to promote disability sports in Singapore. At the heart of the movement is Velocity GIVES, a 3-year fund-raising programme, in support of home-grown elite athletes with disabilities. This year, Velocity GIVES donated $21,515, equivalent to 10% of all sales receipts redeemed under this promotion, to disabled athlete Mr Adam Kamis for his running pursuits.

APRIL

Sales launch of Waterbank at Dakota, a 616-unit condominium at Dakota Crescent.

Temporary Occupation Permit was obtained for Southbank and One Amber.

Pan Pacific Nirwana Bali Resort was launched. The expansive 103-hectare integrated resort offers 278 rooms including luxury suites and villas, and a lush 18-hole world class Greg Norman golf course.

Velocity@Novena Square hosted the launch of You Are The One Singapore – the first in a series of three cheer songs for Singapore's inaugural Youth Olympic Games. The event was graced by Mr Teo Ser Luck, Senior Parliamentary Secretary for Community Development, Youth and Sport, and Ministry of Transport.

JUNE

Newton Suites bagged another international award – the Urban Land Institute Awards for Excellence 2010: Asia Pacific.

Velocity@Novena Square donated $40,000 to the Singapore Table Tennis Sports Fund to cultivate greater interest in the sport among Singaporeans.

Waterbank at Dakota

PARKROYAL Darling Harbour, Sydney

Spottiswoode Residences

JULY

Establishment of $1 billion multicurrency medium term note programme.

Sales launch of Terrene at Bukit Timah, a 999-year 172-unit property along Toh Tuck Road.

UOL was one of the key sponsors for Urban Redevelopment Authority of Singapore's Singapore Urban Planning Forum held in conjunction with Shanghai World EXPO titled "Making Sustainable and Liveable Cities", a one-day event at the Pudong Shangri-La, Shanghai.

SEPTEMBER

UOL Capital Investments Pte. Ltd., a wholly-owned subsidiary, together with the respective wholly-owned subsidiaries of Kheng Leong Co Pte Ltd and Singapore Land Limited, successfully tendered on a 40-30-30 basis for Parcel 11 in Changfeng District of Shanghai, People's Republic of China at a price of RMB 2.06 billion. The site of approximately 39,540 sqm can be developed into a 90% residential component and a 10% retail component, for tenures of 70 years and 40 years respectively.

OCTOBER

PARKROYAL Serviced Suites, Kuala Lumpur opened in Kuala Lumpur's Golden Triangle. The 287-suite property is the first PARKROYAL-branded serviced property outside Singapore.

NOVEMBER

Sales launch of Spottiswoode Residences, a freehold 351-unit property along Spottiswoode Park Road.

The Crowne Plaza Darling Harbour and Crowne Plaza Parramatta were rebranded PARKROYAL Darling Harbour, Sydney and PARKROYAL Parramatta respectively, marking the re-entry of PARKROYAL brand into the Australian market. Both hotels are owned and operated by UOL through its listed subsidiary, Pan Pacific Hotels Group.

United Square hosted the inaugural Central Singapore Clean and Green Carnival by the National Environment Agency. The event was graced by Dr Yaacob Ibrahim, Minister for the Environment and Water Resources, and Mr Zainudin Nordin, Mayor of Central Singapore District.

DECEMBER

Success City Pty Limited, a wholly-owned subsidiary of Pan Pacific Hotels Group, entered into a conditional sale and purchase agreement to acquire the Hilton Melbourne Airport Hotel, Australia, for an aggregate cash consideration of A$108,888,000.

UOL Equity Investments Pte Ltd (UEI), a wholly-owned subsidiary, acquired from United Overseas Bank Limited 133,553,900 ordinary shares in United Industries Corporation Limited (UIC) at a purchase price of $320.5 million or S$2.40 per share. The acquisition increased UOL's shareholding in UIC to 42.0%, making UOL the largest shareholder of UIC.

AWARDS & ACCOLADES

Newton Suites

Singapore Retailers Association Awards 2010

BUILDING, DESIGN AND ARCHITECTURAL EXCELLENCE

Newton Suites, Singapore

- Urban Land Institute Awards for Excellence 2010: Asia Pacific

Pan Pacific Suzhou, China

- FIABCI Prix d'Excellence Awards (Hotel Category). Lauded for showing sensitivity to its environment and ingenuity in integrating the old and new elements in its design.

one-north Residences, Singapore

- FIABCI Prix d'Excellence Awards (Residential Category, 1st Runner Up)

Pan Pacific Serviced Suites, Singapore

- Building and Construction Authority Construction Excellence Awards (Commercial/Mixed Development Buildings Category)

PRODUCT AND SERVICE EXCELLENCE

United Square Shopping Mall, Singapore

- Singapore Retailers Association Awards – Best Retail Event of the Year
- Singapore Retailers Association Shopping Centre Awards – Outstanding Efforts in Centre Management (2nd consecutive year)
- Singapore Retailers Association Shopping Centre Awards – Outstanding Efforts in Advertising and Promotions

Pan Pacific Serviced Suites, Singapore

- World Travel Awards (Singapore's Leading Serviced Apartments)

Pan Pacific Singapore

- World Travel Awards (World's Leading Business Hotel)
- World Travel Awards (Asia's Leading Business Hotel)

Pan Pacific Suzhou

- Golden Pillow Awards (China's Top 10 Most Popular Resort Hotels)
- Travel+Leisure China's China Travel Awards (China's Top 100 Hotels).

Pan Pacific Suzhou

Investor Relations Magazine SEA Awards 2010

Pan Pacific Xiamen

- Travel & Leisure's China Annual Travel Awards (Top 25 Best Business Hotels in Greater China)
- TripAdvisor's Travelers' Choice Awards (Top 25 Hotels in China)

Pan Pacific Whistler Village Centre

- Condé Nast Traveler Readers' Choice Awards (Canada's Top Resorts)

Pan Pacific Vancouver

- World Travel Awards (Canada's Leading Hotel)
- World Travel Awards (Canada's Leading Business Hotel)
- Condé Nast Traveler Readers' Choice Awards (Canada's Top Hotels)

Pan Pacific Seattle

- TripAdvisor's Travelers' Choice Awards (Top 25 Hotels in United States)

Sari Pan Pacific Jakarta

- ASEAN Green Hotel Award 2010-2011.

Pan Pacific Nirwana Bali Resort

- World Travel Awards (Indonesia's Leading Golf Resort)

Pan Pacific Kuala Lumpur International Airport

- World Luxury Hotel Awards (Luxury Airport Hotel Category)
- Asia Pacific Brands Foundation (APBF) BrandLaureate Award (Best Brand in Airport Hotel Category)

PARKROYAL on Beach Road

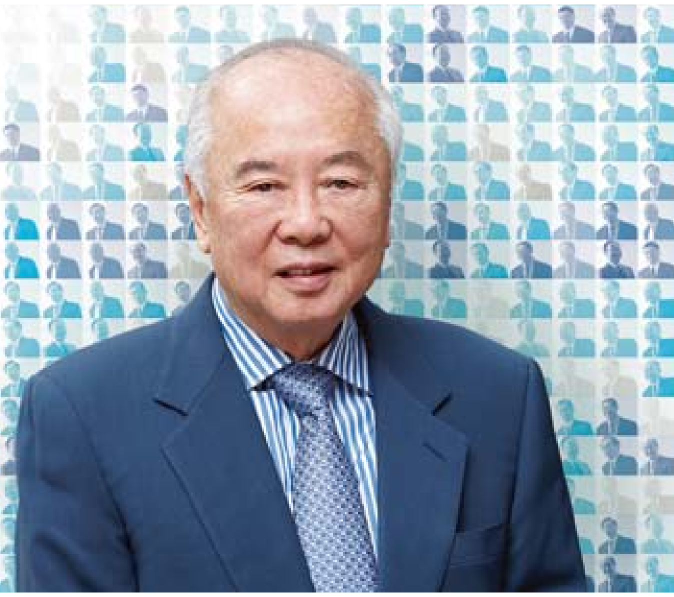
- Association of Rooms Division Executives (Singapore) Awards (Best Front Office Department for Superior Hotels)

INVESTOR RELATIONS

UOL Group Limited

- Investor Relations Magazine South East Asia Awards (Grand Prix for Best Overall Investor Relations – small or mid-cap)
- Davey Awards (Annual Report Category, Silver Winner)

CHAIRMAN'S STATEMENT



"Group profit after tax and non-controlling interests for 2010 was $745.8 million or a 75.8% increase compared to the profit of $424.2 million in 2009."

2010 REVIEW

Singapore

The Singapore economy recovered strongly in 2010, rebounding from negative growth in 2009 to 14.5% for 2010. A record 16,292 new homes were sold by developers, surpassing the previous peak of 14,811 units set in 2007 and 11.4% above the 14,688 units sold in 2009. In tandem with the higher sales of new homes, the price levels of private residential properties grew by 17.6% in 2010. Rentals of office space increased by 12.6%, reversing the decline in 2009. Rentals of retail space also grew marginally by 2.9% in 2010.

Following the opening of the two integrated resorts, visitor arrivals in Singapore registered a 20% increase, from 9.7 million in 2009 to 11.6 million in 2010. Average hotel occupancy increased from 76% to 86% while the average room rate rose by 12.2%, from $190 to $212. All of the Group's hotels and serviced suites in Singapore reported higher revenue and profits in 2010.

Overseas

Outside Singapore, the Group's hotels in Australia, Vietnam and Myanmar reported higher revenues. In Malaysia, the hotel in Kuala Lumpur achieved higher occupancy and room rates but the hotel in Penang reported lower room rates following the re-opening of a competitor hotel after refurbishment. In China, performance of the hotels in Suzhou and Xiamen was affected by competition from new hotels.

PROFIT AND DIVIDEND

The Group recorded a pre-tax profit of $882.4 million in 2010 representing an increase of 78.8% over the pre-tax profit of $493.5 million in 2009. Excluding the fair value gain on investment properties (including those from associated companies) and other gains, the Group's pre-tax profit for 2010 was $543.9 million or an increase of 26.5% over the pre-tax profit of $429.9 million in 2009. The increase was due mainly to higher income from property development, hotel operations and associated companies and lower finance expenses. Group profit after tax and non-controlling interests for 2010 was $745.8 million or a 75.8% increase compared to the profit of $424.2 million in 2009.

The Group's shareholders' funds increased from $4.15 billion as at 31 December 2009 to $4.75 billion as at 31 December 2010. Consequently, the net tangible asset per ordinary share of the Group increased to $6.05 as at 31 December 2010 from $5.25 as at 31 December 2009.

In consideration of the creditable performance, the Board recommends a first and final dividend of 10.0 cents per share and a special dividend of 5.0 cents per share making a total dividend of 15.0 cents per share (2009: 10.0 cents per share). Total dividend payout will amount to $116.7 million (2009: $78.4 million) for the year ended 31 December 2010.

CORPORATE DEVELOPMENTS

Sale of Residential Properties

During the year, the Group launched the sale of Waterbank at Dakota, a 616-unit project at Dakota Crescent, and Spottiswoode Residences, a 351-unit project at Spottiswoode Park Road. Both projects were well received. As at end 2010, all 616 units of Waterbank at Dakota and 266 units of Spottiswoode Residences had been sold. During the year, the Group also sold all the remaining units of the 479-unit Meadows@Peirce at Tagore Avenue and the 652-unit Double Bay Residences at Simei Street 4. All 172 units of Terrene at Bukit Timah, a condominium development at Toh Tuck Road in which the Group has a 50% equity interest, were also sold during the year.

Joint Venture for a Residential Development

In September 2010, our wholly-owned subsidiary, UOL Capital Investments Pte. Ltd. ("UCI") together with Peak Star Pte Ltd, a subsidiary of Kheng Leong Co Pte Ltd and SingLand China Holdings Pte Ltd, a subsidiary of Singapore Land Limited successfully tendered for a 39,540 sqm site at Changfeng District, Shanghai for a consideration of RMB2.06 billion ($400.0 million). A joint venture company, Shanghai Jin Peng Realty Co Ltd, in which UCI has a 40% interest, has been established in China to undertake the development of the site into a mixed-use development comprising residential apartments and retail units.

Acquisition of Lion City Hotel site and adjoining Hollywood Theatre Site
In January 2011, the Company's wholly-owned subsidiaries, UOL Residential Development Pte Ltd and UOL Property Investments Pte Ltd successfully tendered for the Lion City Hotel site and the adjoining Hollywood Theatre site for a consideration of $313.0 million. Based on the current allowable development options, the 13,740 sqm site may be redeveloped as a commercial-cum-residential development.

Acquisition of Minority Interests in Subsidiaries
Pursuant to Put Option Agreements entered into in 2005, listed subsidiary Pan Pacific Hotels Group Limited ("PPHG") acquired the remaining 5.0% interest in Success City Pty Ltd ("SCPL") in May 2010 for a total consideration of A$2.0 million ($2.5 million) upon exercise of the options by the minority shareholders.

In November 2010, PPHG also acquired the remaining 40% interest in the issued share capital of Success Venture Investments (Australia) Limited ("SVIA") for a total consideration of A$34.0 million ($43.5 million). SVIA's principal assets are the PARKROYAL Darling Harbour and PARKROYAL Parramatta, two hotels in Sydney, Australia.

Following the acquisitions, SCPL and SVIA became wholly-owned subsidiaries of PPHG.

Acquisition of Hilton Melbourne Airport Hotel
In December 2010, SCPL entered into conditional Contracts for the acquisition of the Hilton Melbourne Airport Hotel for an aggregate cash consideration of A$108.9 million ($141.5 million). Located at Arrival Drive, Tullamarine, Melbourne, Victoria, Australia, the Hilton Melbourne Airport Hotel comprises a 276-room hotel with three food and beverage outlets and extensive convention and meeting facilities. Upon completion of the acquisition, expected on 31 March 2011, PPHG intends to manage this hotel as a PARKROYAL hotel.

Acquisition of Additional Interests in United Industrial Corporation Limited
In December 2010, UOL Equity Investments Pte Ltd, a wholly-owned subsidiary, acquired from United Overseas Bank Limited, 133,553,900 ordinary shares ("UIC Shares") in United Industrial Corporation Limited ("UIC") representing approximately 9.7% of the total issued UIC Shares at a price of $2.40 per UIC Share. Together with other UIC Shares acquired in the course of the year, the Group's interest in UIC has increased to approximately 42.02% as at 31 December 2010.

Establishment of $1 billion Multicurrency Medium Term Note Programme
In July 2010, the Company established a $1 billion multicurrency medium term note programme (the "Programme"). The setting up of the Programme will allow the Company to tap on an alternative source of funding as and when the need arises.

OUTLOOK FOR 2011

The Singapore economy should continue to grow in 2011, albeit at a more moderate pace of 4% to 6%. The latest measures introduced by the government in January 2011 to cool the Singapore residential property market is expected to slow down transaction volumes in the coming months. Following the rebound in second quarter 2010, rentals of office space in Singapore are expected to continue its growth momentum, though the pace may be moderated by the new supply completing in 2011. Rentals for retail space should benefit from the high levels of employment and strong tourist arrivals.

In view of the region's positive economic outlook, the Group's hotels should continue to benefit from the growth in the tourism sector in Singapore and the Asia Pacific.

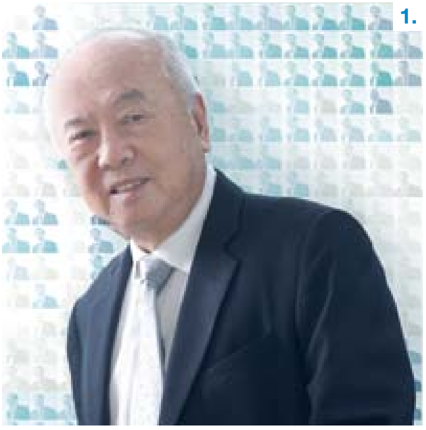
ACKNOWLEDGEMENT

Dr Lim Kee Ming who has served as a director since 1973, has indicated that he would not be offering himself for re-appointment at the forthcoming annual general meeting. On behalf of the Board, I would like to thank Dr Lim for his invaluable contributions during the past 38 years.

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 2011

BOARD OF DIRECTORS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1. WEE CHO YAW
Chairman

Dr Wee is the Chairman of the Company ("UOL") and its listed subsidiary, Pan Pacific Hotels Group Limited ("PPHG"). He was appointed to the Board since 23 April 1973 and was last re-appointed as Director at UOL's Annual General Meeting on 21 April 2010. Dr Wee, who is a non-executive and non-independent Director of UOL, is also the Chairman of the Executive Committee and a Member of the Nominating and Remuneration Committees.

Dr Wee received Chinese high school education and he is a career banker with more than 50 years of experience. He is the Chairman of United Overseas Bank Limited, Far Eastern Bank Limited, United Overseas Insurance Limited, 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.

Dr Wee is the Honorary President of the Singapore Federation of Chinese Clan Associations, Singapore Hokkien Huay Kuan and Singapore Chinese Chamber of Commerce & Industry and a Pro-Chancellor of Nanyang Technological University.

In 2008, he was conferred an honorary Doctor of Letters by the National University of Singapore for his accomplishments in banking, education and community leadership. He was a recipient of the Credit Suisse Ernst & Young Lifetime Achievement Award in 2006 and named Singapore 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. He was appointed to the Board since 20 May 1987 and was last re-elected as Director at UOL's Annual General Meeting on 21 April 2010. Mr Gwee, who is an executive and non-independent Director, is also a Member of the Executive Committee.

Mr Gwee is a Director 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.

He 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 and the Institute of Certified Public Accountants of Singapore.

Mr Gwee was awarded the Pingat Bakti Masyarakat (PBM) Public Service Medal and the Bintang Bakti Masyarakat (BBM) Public Service Star in 1994 and 2002 respectively by the President of Singapore.

3. ALAN CHOE FOOK CHEONG

Mr Alan Choe was appointed to the Board since 28 March 1979 and was last re-appointed as Director at UOL's Annual General Meeting on 21 April 2010. Mr Choe, who is an independent and non-executive Director, is also the Chairman of the Nominating Committee and a Member of the Executive, Audit and Remuneration Committees. He is also a Director of PPHG.

An architect and town planner by profession, 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,


3.


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5.

Sentosa Cove Pte Ltd, Pasir Ris Resort Pte Ltd, a Trustee of NTUC Income and Member of Singapore Tourism Board.

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.

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 21 April 2010. Mr Lim, who is an independent and non-executive Director, is also the Chairman of the Audit and Remuneration Committees and 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 and is presently the President of Ngee Ann Kongsi and Chairman of Ngee Ann Development. He is an Honorary President of Singapore Chinese Chamber of Commerce & Industry, Teochew Poit Ip Huay Kuan and Advisor of Network China.

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.

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.

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

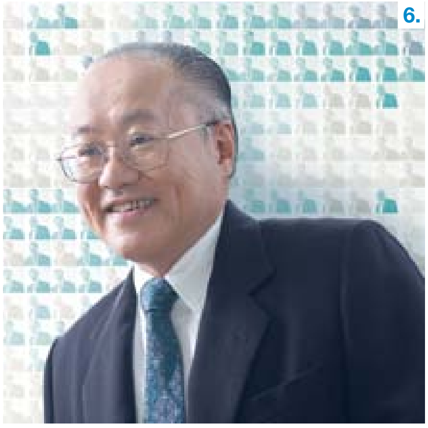
5. WEE EE CHAO

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

BOARD OF DIRECTORS



6. JAMES KOH CHER SIANG

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

Mr Koh joined the Housing & Development Board ("HDB") in July 2005 after retiring from 35 years of distinguished service in the civil service. He is currently the Chairman of the HDB. 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, Singapore Deposit Insurance Corporation Limited and Singapore Island Country Club. He is also 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

Mr Low was appointed to the Board since 23 November 2005. He was last re-elected as Director at UOL's Annual General Meeting on 21 April 2010. Mr Low, who is an independent and non-executive Director, is a Member of the Audit Committee and also a Director of PPHG.

Mr Low is also an independent Director of listed companies Riverstone Holdings Limited and Unionmet (Singapore) Limited. He is also a director of Singapore Institute of Accredited Tax Professionals Limited. He was a former Country Managing Partner of Ernst & Young, Singapore and is currently the President and Chairman of the 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

Mr Wee was appointed to the Board since 9 May 2006. He was last re-elected as Director at UOL's Annual General Meeting on 28 April 2009. Mr Wee, who is a non-executive and non-independent Director, 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

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

Dr Hoontrakul is 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 received a Doctoral degree in Business Administration in 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.

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.

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
President (Property)

Mr Liam joined the Group in 1993 and oversees the Group's property investment, property development, engineering, marketing and human resources departments. He also sits on the boards of several UOL subsidiaries. Prior to joining the Group, Mr Liam practised with an architectural firm, and 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 the National Crime Prevention Council. He has previously served as a Member of the Preservation of Monuments Board.

3. FOO THIAM FONG, WELLINGTON
Chief Financial Officer / Group 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, and developing investor relations. He serves as a director of several of the Group's subsidiaries. Previously, Mr Kam spent over 17 years with Parkway Properties Pte Ltd and Centrepoint 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 National 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 19 years and is responsible for marketing activities for the Group's residential and commercial properties in Singapore and overseas. She is also a director of several of the Group's subsidiaries. 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.

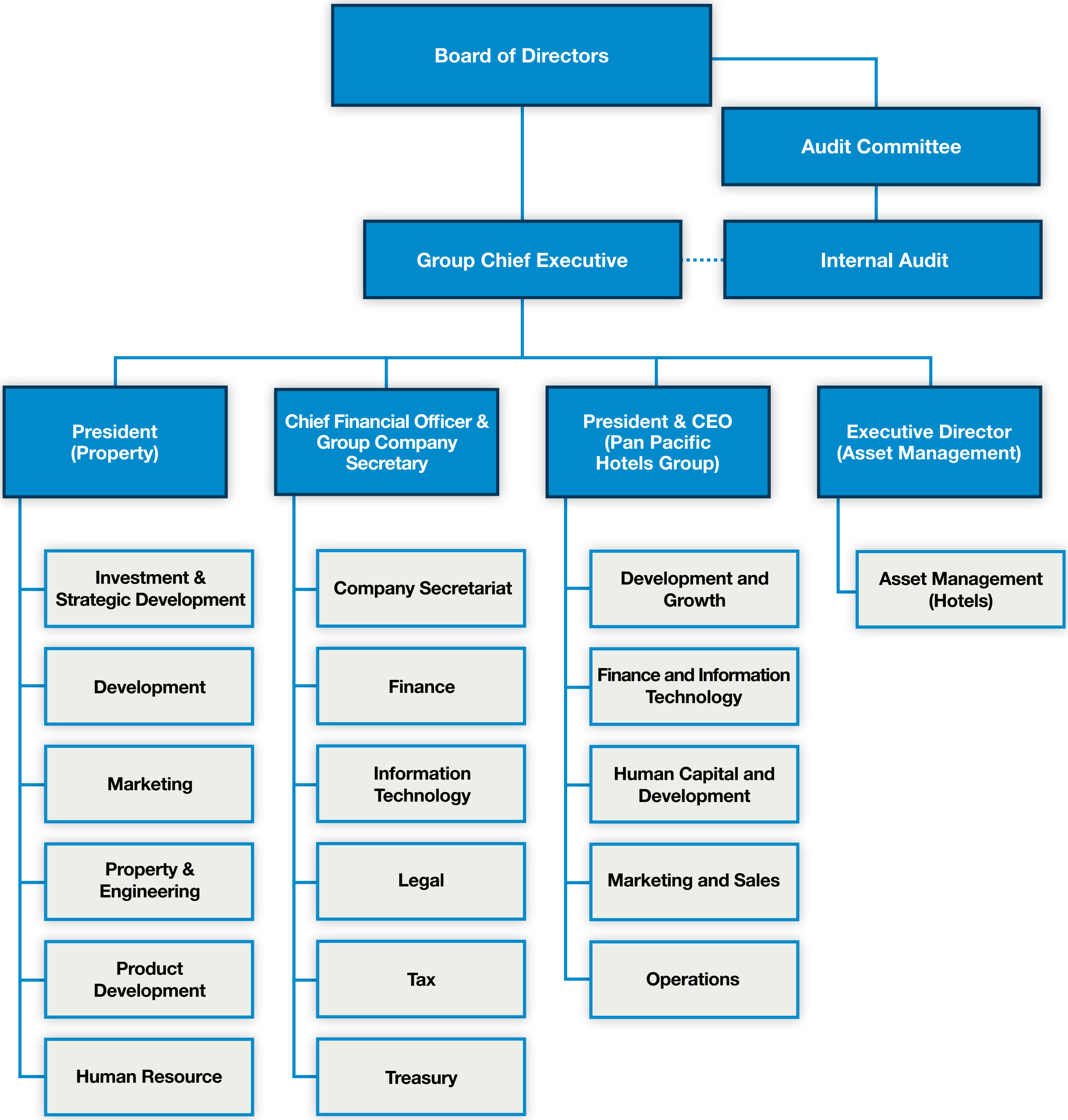
8. YEONG SIEN SEU
General Counsel / Company Secretary

Mr Yeong joined the Group in 2006 and is responsible for the legal and corporate secretarial functions of the Group and Pan Pacific Hotels Group. He also facilitates the 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
Deputy General 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).

ORGANISATION CHART



INVESTOR RELATIONS

UOL is committed to good governance and fostering a strong and long-term relationship of trust with the investment community. In keeping with this commitment, the Company actively engages in communication with its shareholders, investors, analysts and the media.

To uphold high standards of corporate transparency and disclosure, timely releases of the Company's quarterly financial results, presentations, annual reports, material information and legal announcements are provided on Singapore Exchange website and UOL's corporate website. Access to such information enables the Company's stakeholders to be updated on its latest activities and to make informed investment decisions.

UOL also conducts investor relations (IR) activities that create opportunities for two-way communication between the Company and its institutional and retail investors. In 2010, the Group held its Annual General Meeting on 22 April at Pan Pacific Singapore. The meeting was well-attended, and saw shareholders engage in open and lively discussions with the Board of Directors. The Group also held full year results briefing to analysts and media where the senior management updated on the Company's activities and performance.

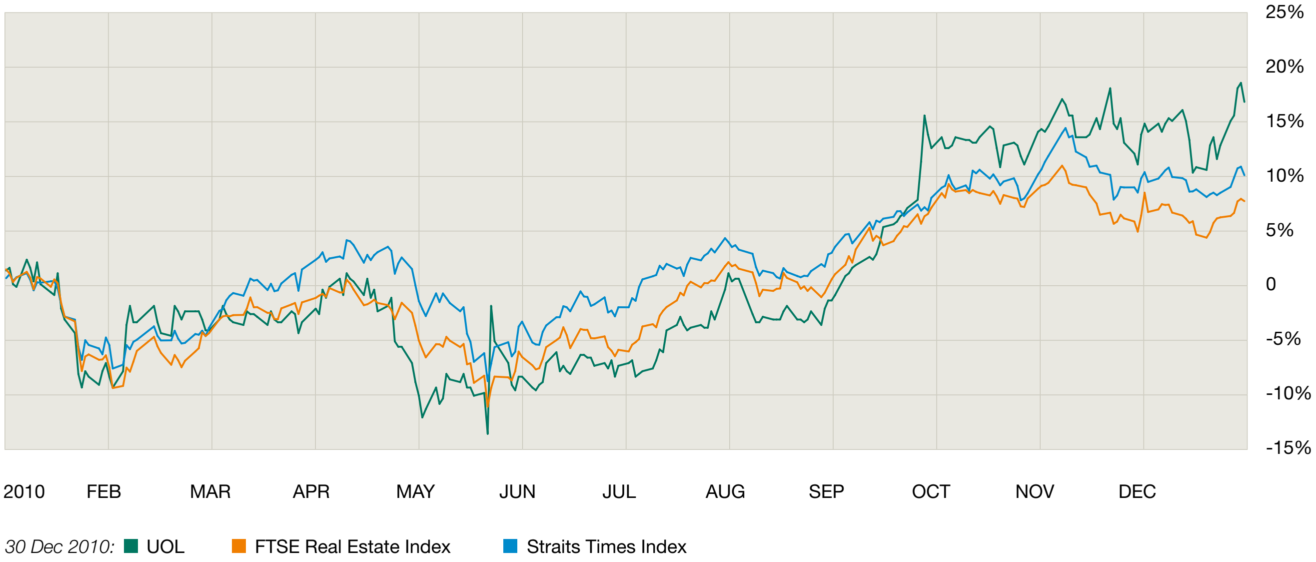
Conferences, face-to-face meetings and small group meetings are also important avenues for the Company to interact with the investment community as well as keep abreast of industry trends. In 2010, UOL met with over 80 shareholders, potential investors and analysts through such events. The Company also participated in major investor conferences in Singapore, such as Citi Asia Pacific Property Conference in April, Deutsche Bank Access Asia Conference in May, and the UBS ASEAN Conference in August.

Aside from these events, UOL maintains constant communication with stakeholders throughout the year, responding to IR queries via telephone and email.

During the year, UOL also coordinated site visits for analysts and fund managers to projects such as Spottiswoode Residences, Terrene at Bukit Timah, Waterbank at Dakota and Nassim Park Residences for them to gain better understanding of the developments.

The Group's IR efforts have made an impression on the investment community. At the IR Magazine South East Asia Awards 2010, UOL won the Grand Prix for Best Overall Investor Relations (small or mid-cap). The awards recognise the best examples of IR in the region based on the results of the robust Thomson Reuters Extel IR Survey of analysts and portfolio managers.

2010 SHARE PRICE PERFORMANCE



UOL's share price performed well in 2010, closing the year at $4.75 from $4.07 in 2009, representing an increase of 16.7%. This is higher than the corresponding increase in the FTSE Real Estate Index (7.8%) and STI (10.1%).

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

UOL believes in growing our businesses in a sustainable manner and contributing to the community as a good corporate citizen.

OUR FRAMEWORK

Our sustainability framework guides UOL's decision-making and practices in the three main areas – Business, Environment and Community.

BUSINESS

In line with the Group's objectives of excellence and value creation, UOL believes in pursuing business practices that demonstrate a dynamic mindset, rigorous standards and responsible management.

Enterprise-wide Risk Management

- We have put in place our Enterprise-wide Risk Management Programme ("ERM Programme") in 2009. In 2010, we continued to cascade the ERM Programme down to our businesses and operations. Management believes with the ERM Programme, the Group has a system to deal with current and evolving risks in the business and regulatory environment which the Group operates in. This would enable the Group to stay on a sustainable growth path in the long term. The details on the ERM Programme can be found in pages 161 to 162 of the Annual Report (Corporate Governance Report).

Product and Service Excellence

- We are dedicated to Product and Service Excellence. From residential homes to commercial offices and retail malls, as well as hotels and serviced suites, we aim to exceed customers' needs, expectations, preferences and lifestyles.

- Our commitment to design and quality excellence is reflected in our best selling development projects, which have won the prestigious FIABCI Prix d'Excellence Award, the Aga Khan Award for Architecture, the International Architecture Award, Singapore President Design Award and Urban Land Institute Awards of Excellence.

- Our exemplary and unique residential developments include Newton Suites and 1 Moulmein Rise, award-winning models for tropical highrise residential building in an urban setting; One-north Residences, an iconic development that provides a vibrant 'work, live, play and learn' setting; and Meadows@Peirce, a project that employs a low energy architectural design with extensive landscaping, that has attained the Green Mark Gold Award.

- Our successful themed shopping malls – Velocity@Novena Square is popular with the sports fraternity and United Square strikes accord with parents and children. United Square was awarded the Pro-Family Business Mark in 2007 for its family-friendly features, such as colour-themed levels, carpeted flooring and a nursing room. In a continuing commitment to enhance shopper's convenience, we have installed more passenger lifts and started providing weekend free valet parking in United Square.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

- Our two distinctive hotel brands – "Pan Pacific" and PARKROYAL – are situated in key cities in Asia, Australia and North America. The premium "Pan Pacific" brand has won major industry accolades such as the World Travel Awards, AAA Four Diamond Award, Condé Nast Gold List and Reader's Choice Awards.

Human Capital

The high quality of our human capital underpins the Group's ability to deliver excellence and remain a robust organisation. In order to retain and hone human capital, we practise a people philosophy that is based on five building blocks. These building blocks not only reflect the nature of UOL's business but also symbolise the underlying philosophy and long term commitment to build up and nurture our human capital.

- Our people development includes training, learning roadmaps and a Talent Development Programme to identify career paths and maximise the potential of employees.

- We believe in rewarding for performance. To support this, we carry out periodic performance and compensation reviews.

- To ensure consistent alignment and application of our HR practices within the group, we have in place clearly laid out structures and systems.

- We promote staff engagement through regular multi-channel communications, interactive dialogue and brainstorming sessions, staff suggestion scheme, social bonding events and staff volunteerism.

- Anchoring this entire framework are shared values and a sense of belonging, that inspire our people to give of their best in fulfilling UOL's vision and mission.

Pan Pacific Vancouver

ENVIRONMENT

UOL is committed to making a tangible difference to our environment. An important aspect of this is making sure that our developments are more environmentally friendly. In keeping with this, we have committed to achieving high CONQUAS score and Green Mark certification for all of our projects, and are instituting energy conservation measures in our existing properties. We also seek, to harmonise our development projects with the surrounding environment in order to preserve its inherent character and cultural heritage.

Green Efforts

- Our Green Efforts can be seen in our developments such as Newton Suites which has won more than 10 international awards as an exemplary model for a tropical highrise living in an urban setting; Meadows@ Peirce which employs a low energy architectural design with extensive landscaping; and the upcoming PARKROYAL on Pickering, where landscaping, interspersed vertically and horizontally throughout the hotel and office development, covers about 200% of the site area.

Conservation

- When developing a new tower wing to Pan Pacific Suzhou hotel, we sensitively integrated the character of the historic 1,000-year-old Auspicious Light Pagoda in the design.

- Other conservation efforts include one-north Residences where existing barracks and trees on site were incorporated into the development; as well as Nassim Park Residences, Double Bay Residences and Waterbank at Dakota where we also engaged an arborist to conserve existing trees on these sites.

- We put in place energy conservation programmes in our existing commercial buildings such as installing motion-activated lights, replacing neon signage to LED signage, and upgrading chiller plants. These measures have saved 2.48 million kWh per year, or equivalent to 1.29 million tonnes of carbon emission.

COMMUNITY

As a good corporate citizen, UOL reaches out to the community with

PARKROYAL on Pickering

Staff volunteerism with CARE

a focus on youths and sports. We have collaborated with government agencies and private enterprises to promote sporting culture through events held in our shopping malls.

Social Responsibility

- This year, UOL began working with Children At Risk Empowerment Association (CARE). To encourage reading, staff contributed books and the Group also sponsored book vouchers to the 74 children in CARE's Starkidz programme. As a reward for their academic and behavioural improvements, UOL threw a McDonald's party for 30 Starkidz children. In celebration of United Square's 8th anniversary, over 50 children from CARE were invited to the obstacle course adventure circuit held in the mall's atrium.

- We promote sports through our two themed malls. Velocity@Novena Square, the dedicated sports mall, has collaborated with the Singapore Disability Sports Council to promote disability sports. In 2010, Velocity launched Velocity GIVES, a 3-year fund-raising programme for home-grown elite athletes with disabilities. A total of $21,515 or 10% of redemptions was donated to Mr Adam Kamis, a silver medallist in the 800m category of the 5th ASEAN Para Games 2009.

- To cultivate greater interest in table tennis, Velocity donated $40,000 to the Singapore Table Tennis Sports Fund. United Square also hosted the Singapore Table Tennis Association – PAP Community Foundation Carnival which saw over 200 kindergarten children showcasing their table tennis skills.

- In support of the inaugural Youth Olympic Games, Velocity hosted the official launch of the Youth Olympic Games cheer song, while United Square hosted the Youth Olympic Games Roadshow.

- In addition, we collaborate with tertiary institutions to encourage students to volunteer for a social cause. For example, we had previously sponsored staff and students of the National University of Singapore Department of Architecture to rebuild homes for thousands of earthquake victims and construct a community hall in the outskirts of Yogyakarta, Indonesia.

Industry Engagement

- UOL supports the government's initiative to promote Singapore as a thought leader in city planning, particularly in honing commitment towards sustainability and liveability features in our built environment. The Group was one of the key sponsors for URA's Singapore Urban Planning Forum held in conjunction with Shanghai World EXPO titled "Making Sustainable and Liveable Cities" in Shanghai in July 2010. The Forum was attended by 350 high-profile international guests and practitioners.

- UOL also organises platforms for the Group's business associates to interact with and gain insights from industry experts, thereby promoting business sustainability. In 2010, we held lunch sessions with world-renowned designer Roberto Palomba to share his design thought process in constantly searching for new ideas, and quantity surveyor Eugene Seah on holistic sustainable strategies.

OPERATION HIGHLIGHTS

PROPERTY INVESTMENTS

United Square

The Group's portfolio of investment properties, which comprises offices, retail malls and serviced suites, provides a stream of stable recurring income. In 2010, all of the Group's commercial properties achieved occupancy of at least 90%, with a well-diversified commercial tenant mix.

This year saw a new addition to the serviced suites portfolio with the opening of the 287-unit PARKROYAL Serviced Suites Kuala Lumpur, marking the brand's inaugural presence in Malaysia.

COMMERCIAL PROPERTIES

United Square

United Square, the kids learning mall, won three Singapore Retailers Association Awards in 2010, namely Outstanding Efforts in Centre Management, Outstanding Efforts in Advertising and Promotions, as well as Best Retail Event of the Year for its Kids in the Big World event. The Awards aim to raise the standards, profile and image of the retail industry in Singapore by promoting innovation, creativity and excellence.

With a total lettable office space of 27,205 sqm and retail space of 18,717 sqm, United Square achieved high occupancy rate for office and retail at 92% and 99% respectively.

Barney's Christmas Surprise

Velocity's B-Ball Battle

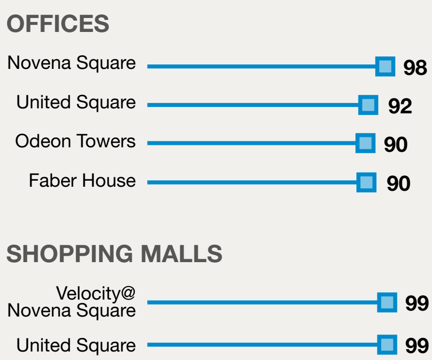
Mall promotions
United Square continued to collaborate with external partners such as the National Library Board and Health Promotion Board to provide value-added services to tenants and shoppers. As part of our commitment to create a more conducive environment for shoppers, United Square introduced free valet parking.

During the year, the mall organised numerous entertainment events for children, including Battle of the Game Masters – Animal Kaiser, Match Attax Challenge, Ben10 Alien Force: Vengeance of Vilgax, Action Adventure – the first indoor-mall obstacle course tailored for kids, and Cartoon Craze in December featuring Barney's Christmas Surprise with Meet and Greet, Diego The Iguana Sing-Along "Live" Show with Meet and Greet and SpongeBob SquarePants Musical Meet & Greet. There were also special tie-ups with the Health Promotion Board, Singapore Sports Council, Flip, Okto and various product sponsors.

Novena Square
Novena Square has a total lettable office space of 38,960 sqm and retail space of 15,817 sqm. The occupancy rate for office and retail was 98% and 99% respectively.

Mall promotions
Velocity@Novena Square, reinforced its position as a sports mall with more high profile and innovative sports events garnering extensive media coverage. These events included the Urban Obstacle Challenge, Street Basketball Tournament, Disabled Sports Competition and the first largest outdoor living room concept for public screening of the FIFA World Cup Finals. Velocity continued to work with Lianhe Zaobao to host the well-publicised National Students Lianhe Zaobao Table Tennis Cup Challenge. The mall was also the final stop for the victory parade when the Singapore National Table Tennis Women's team won the World Team Table Tennis Championships 2010.

OCCUPANCY RATE (%)



Group's commercial properties achieved occupancy of at least

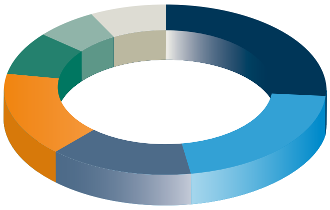
90%

OPERATION HIGHLIGHTS

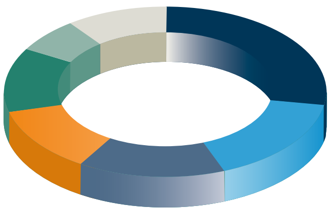
PROPERTY INVESTMENTS

COMMERCIAL TENANT MIX (%)

OFFICE SPACE



RETAIL SPACE



Popular runs like New Balance Real Run, Mizuno Run, Salomon Run, Saucony Passion Run, Newton Run, Singapore Sprint Series 2010 and Safari Run also held their registration roadshows at Velocity.

In 2010, the mall strengthened its relationship with the Singapore Sports Council by being the official venue for the launch of the cheer song for the Youth Olympic Games. It also partnered the Singapore Disability Sports Council to promote disability sports in Singapore by launching the Sports from the Heart movement. The crux of the movement is Velocity GIVES, a 3-year fund-raising programme in support of home-grown elite athletes with disabilities. For the year, Velocity GIVES donated $21,515, 10% of all redemptions during the promotional period, to Mr Adam Kamis to pursue his sports career.

Odeon Towers

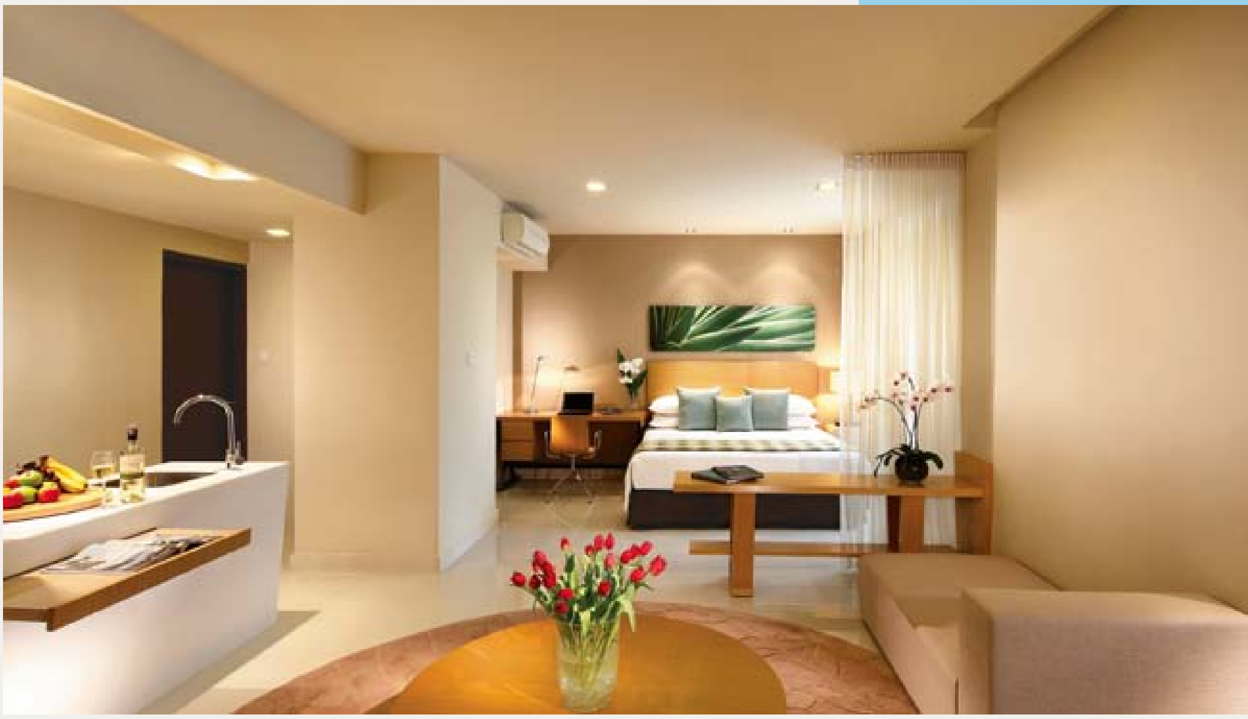
Odeon Towers has a total lettable office space of 18,412 sqm. For the year, occupancy remained above 90%.

Faber House

Faber House has a total lettable office space of 3,890 sqm. Occupancy remained above 90% for the year.

The Plaza

Relevant approvals have been obtained for the redevelopment of the Furniture Mall into a 184-unit serviced suites and approximately 1,900 sqm of column-free meeting rooms and ballrooms. Construction commenced in September 2010 and is expected to complete by end 2012.



PARKROYAL Serviced Suites, Kuala Lumpur, Malaysia

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. As the flagship property that targets the extended-stay segment, the Serviced Suites offer guests a differentiated stay experience with the unique services of Personal Assistants.

Since its opening, Pan Pacific Serviced Suites has been commanding one of the highest room rates in the premium extended-stay segment in Singapore. The occupancy rate increased from 77% in 2009 to 90% in 2010.

Pan Pacific Serviced Suites was named Singapore's Leading Serviced Apartment at the World Travel Awards 2010.

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 all 90 units, 40 in February 2009 and 50 in February 2010. The refurbished suites are of a contemporary design with welcoming interiors and well-defined spaces. The apartments offer panoramic views of the sea or city skyline.

Occupancy increased from 69% in 2009 to 89% in 2010 despite renovations in 4Q2009 and 1Q2010.

PARKROYAL Serviced Suites, Kuala Lumpur, Malaysia

PARKROYAL Serviced Suites marked its inaugural presence in Malaysia on 11 October 2010 with the soft opening of the 287-unit PARKROYAL Serviced Suites Kuala Lumpur. The opening represented a significant milestone for the Group, as it is the brand's first Serviced Suites outside of Singapore.

Located in the heart of Kuala Lumpur's Golden Triangle, the city's premier shopping and entertainment belt, it is surrounded by mega malls such as Suria KLCC, Starhill Gallery, Pavilion and Lot 10, as well as the famous food streets of Jalan Alor and Bintang Walk.

The property offers studio, one and two-bedroom suites completed with fully-equipped kitchens, state-of-the-art home entertainment systems, telephones with IDD/DID/Voicemail facilities and complimentary wired/ wireless internet access. A range of business and leisure facilities are also available, such as 24-hour guest service, a business centre with secretarial services and meeting rooms, a fully equipped fitness centre and a rooftop pool with panoramic views of the city skyline.

Occupancy rate for the 3-month old serviced suites closed the year at 27%.

OPERATION HIGHLIGHTS

PROPERTY DEVELOPMENT

Waterbank at Dakota

PROPERTY DEVELOPMENT

All of the Group's newly launched projects in 2010 were well-received, reflecting their choice locations as well as UOL's strong reputation for quality developments.

Waterbank at Dakota, launched in April 2010, was 100% sold. Catering to a wide range of homebuyers, from urbanites leading an active lifestyle to nature-loving families, the 99-year leasehold residential project comprises 616 apartment units conveniently located at the fringe of the city centre and close to Dakota MRT station. 75% of the units enjoys uninterrupted views of the city and landed enclave of Goodman estate. TOP is expected in 2Q2013.

Similarly 100% sold was Terrene at Bukit Timah which was launched for sale in July 2010. The site at Toh Tuck Road is being developed by Premier Land Development Pte Ltd, a 50%-owned associated company of UOL. Set close to the Bukit Timah Nature Reserve, the development will offer rustic yet luxurious living. Residents will also enjoy proximity to prestigious schools and the future Beauty World MRT station. The three five-storey residential blocks will house 172 apartment units, all with the ideal north-south orientation. The 999-year leasehold project is expected to obtain TOP in 1Q2013.

Spottiswoode Residences offers city living in a tranquil setting in front of Spottiswoode Park. The project involves redevelopment of the freehold en-bloc sites of Spottiswoode Park and Oakswood Heights into 351 apartment units. The project was launched for sale in November 2010, and was 76% sold by December. Demolition of the existing buildings has commenced, and TOP is expected in 2Q2013.

Two other previously launched projects achieved fully sold status in 2010, namely the freehold Meadows@ Peirce and the 99-year leasehold Double Bay Residences.

The year witnessed the successful completion of three developments. TOP was issued in April 2010 for Southbank, 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. In the same month, TOP was obtained for One Amber, a 562-unit residential development. The Regency at Tiong Bahru comprises 158 apartment units, for which TOP was obtained in March 2010. All three projects are 100% sold.

Spottiswoode Residences

Terrene at Bukit Timah

Southbank

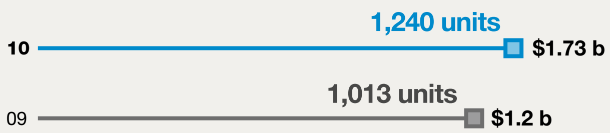
Record sales

1,240 units

Sales value up

44%

UNITS SOLD AND SALES VALUE



SALE AND COMPLETION STATUS OF LAUNCHED PROJECTS

Projects	No. of Units	% Sold (as at 31 Dec 2010)	% Complete (as at 31 Dec 2010)	Est. TOP Date
One Amber	562	100	100	Completed
The Regency at Tiong Bahru	158	100	100	Completed
Southbank	273	100	100	Completed
Duchess Residences	120	99	97	1Q2011
Breeze by the East	88	100	85	1Q2011
Nassim Park Residences	100	93	88	1Q2011
Panorama	223	87	85	1Q2011
Meadows@Peirce	479	100	50	4Q2011
Double Bay Residences	646	100	33	2Q2012
Waterbank at Dakota	616	100	14	2Q2013
Terrene at Bukit Timah	172	100	11	1Q2013
Spottiswoode Residences	351	76	5	2Q2013

OPERATION HIGHLIGHTS

HOTEL OPERATIONS

PARKROYAL on Beach Road, Singapore

SINGAPORE

PARKROYAL on Beach Road
PARKROYAL on Beach Road with 343 rooms is conveniently located within the city's Central Business District. Average occupancy of the hotel improved by 13 percentage points and average room rate increased by 10% from 2009. This strong performance saw revenue per available room improving by 29% over 2009.

PARKROYAL on Kitchener Road
The 534-room PARKROYAL on Kitchener Road is located in the heart of the city's cultural rich district – Little India. Average occupancy increased by 10 percentage points in 2009 and average room rate grew by 22% resulting in revenue per available room increasing by 38% over 2009.

PARKROYAL on Pickering
The 99-year leasehold property will be developed into a city hotel with 363 rooms and an office block with approximately 7,300 sqm of office space. Building and Construction Authority has granted the development in-principle Green Mark GFA Incentive approval to achieve Green Mark Platinum. The development is expected to be completed in 3Q2012.

Pan Pacific Orchard
The 21-storey, 206-room hotel on Claymore Road saw average occupancy improving by eight percentage points and average room rate increasing by 12% in 2010. Revenue per available room improved by 24% over 2009.

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. Average occupancy improved by 11 percentage points while average room rate increased by 11% and revenue per available room improved 28% 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 improved its occupancy by nine percentage points in 2010 with its average room rate increasing by 9% and revenue per available room increasing by 21%.

MALAYSIA

PARKROYAL Kuala Lumpur
The 426-room PARKROYAL Kuala Lumpur is strategically located in the Golden Triangle, the capital's main commercial and retail district. Average occupancy of the hotel remained the same as 2009 while both average room rate and revenue per available room increased by 17%.

PARKROYAL Penang Resort
PARKROYAL Penang Resort, with 309 rooms, is located alongside Batu Ferringhi beach. Average occupancy decreased by three percentage points while average room rate increased marginally by 1% over 2009 as hotel was affected by the re-opening of competitor hotel previously under renovation. Revenue per available room declined by 3% over 2009.

Pan Pacific Singapore

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. Average occupancy increased by 11 percentage points while the average room rate decreased by 4% compared to 2009. The revenue per available room increased by 13% compared to 2009.

The hotel will be renovating the guestrooms, F&B outlets and meeting facilities in 2011.

PARKROYAL Saigon, Ho Chi Minh City
The 193-room PARKROYAL Saigon is located within minutes from the city's International Airport and the Exhibition and Convention Centre. Average occupancy for the year saw strong growth by 10 percentage points. The average room rate declined marginally by 2% and revenue per available room increased by 14% from 2009.

Renovation plans for the hotel will be carried out in 2011 and this will include refurbishment of guestrooms, expansion and renovation of meeting and ballroom space and enhancement to hotel guests' facilities.

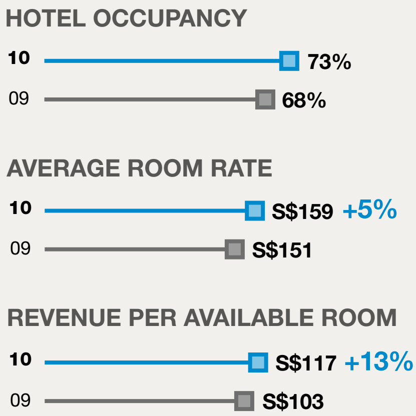
Hotel Sofitel Saigon Plaza and Central Plaza, Ho Chi Minh City
The 287-room Hotel Sofitel Saigon Plaza, in which Pan Pacific Hotels Group has a 26% interest, is conveniently located in the main commercial and diplomatic precinct. Average occupancy improved by 9 percentage points in 2010 while the average room rate declined by 12%. The revenue per available room increased by 2% compared to the preceding year.

The hotel has renovated 18 club guest rooms and 10 suites, and will be refurbishing the bar outlet in 2011.

MYANMAR

PARKROYAL Yangon
Pan Pacific Hotels Group has a 95% interest in the 267-room hotel, centrally located in the heart of the city. Average occupancy for the hotel saw a 12 percentage points increase in 2010 and the average room rate rose by 17%. Revenue per available room increased by 41% compared to 2009.

SOUTHEAST ASIA



OPERATION HIGHLIGHTS

HOTEL OPERATIONS

PARKROYAL Darling Habour, Sydney

OCEANIA

HOTEL OCCUPANCY

10 81%

09 77%

AVERAGE ROOM RATE

10 S$235 +4%

09 S$227

REVENUE PER AVAILABLE ROOM

10 S$191 +9%

09 S$174

AUSTRALIA

PARKROYAL Darling Harbour (formerly Crowne Plaza Darling Harbour), Sydney
In 2010, Pan Pacific Hotels Group bought over the remaining 40% stakes from the minority shareholders and now wholly owns the 345-room which is located at Day Street near the scenic waterfront.

Average occupancy for 2010 increased marginally by four percentage points and average room rate increased by 5% resulting in a 9% growth in revenue per available room.

The hotel was rebranded to PARKROYAL Darling Harbour, Sydney on 1 November 2010.

PARKROYAL Parramatta (formerly Crowne Plaza Parramatta), Sydney
In 2010, Pan Pacific Hotels Group bought over the remaining 40% stakes from the minority shareholders and now wholly owns the 196-room hotel which is located at Phillip Street in the heart of the business district of Parramatta.

The hotel's average occupancy for 2010 decreased by one percentage point while average room rate increased by 6%. The reduction in occupancy was mainly due to the renovations of the hotel guest rooms carried out during the year. Revenue per available room grew 5% compared to 2009.

The hotel was rebranded to PARKROYAL Parramatta on 1 November 2010.

Renovation of all 196 hotel guest rooms was completed in August 2010. In the first quarter of 2011, hotel will be refurbishing the public areas and food and beverage outlets.

Pan Pacific Perth
(formerly Sheraton Perth Hotel)
Pan Pacific Hotels Group has a 100% interest in the 486-room hotel. In 2010, average occupancy improved by six percentage points while the average room rate improved marginally by 2% and the revenue per available room increased by 11%.

The Group commenced renovations of the Ballrooms in August 2010 and is scheduled to be completed by early 2011.

The hotel was rebranded to Pan Pacific Perth on 6 January 2011.

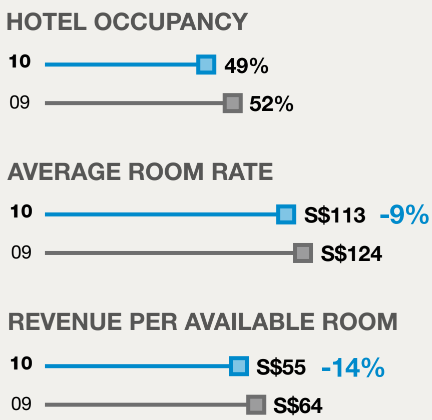
Pan Pacific Suzhou

THE PEOPLE'S REPUBLIC OF CHINA

Pan Pacific Suzhou
The 481-room Pan Pacific Suzhou is located at Xinshi Road within the Suzhou city precinct. During the year, average occupancy was nine percentage points below 2009 while average room rate registered a 9% drop and revenue per available room decreased 25% as a result of increased competition.

Pan Pacific Xiamen
The 387-room hotel is located in the heart of Xiamen's financial and entertainment district. Average occupancy improved by four percentage points in 2010 although average room rate decreased by 11%. Revenue per available room increased by 4% in 2010.

CHINA



OPERATION HIGHLIGHTS

HOTEL MANAGEMENT

Enjoy Pan Pacific's signature personalised service

Our PARKROYAL people connect you to the best that the city has to offer

HOTEL MANAGEMENT

2010 presented Pan Pacific Hotels Group with opportunities to strengthen its portfolio and intensify its branding strategies.

As part of global expansion, the Group concluded two landmark hotel management agreements: the first for a five-star integrated resort in Bali, and the second, for two hotel properties in Ningbo, China. It also commenced its expansion strategy in Oceania, beginning with Australia.

Cementing its international presence, the Group made seven additions to its "Pan Pacific" and PARKROYAL portfolios. These included Pan Pacific Suzhou, Pan Pacific Serviced Suites Bangkok, Pan Pacific Nirwana Bali Resort, PARKROYAL Serviced Suites Kuala Lumpur, PARKROYAL Darling Harbour, Sydney, PARKROYAL Parramatta and in January 2011, Pan Pacific Perth.

Embracing a brand new era

The "Pan Pacific" and PARKROYAL identities have always been associated with distinctive accommodations and high service standards. Over time, as the industry and consumer preferences evolve and change, so too do brands to address these changes.

During the year, the Group explored innovative ways to engage its stakeholders. The drive to connect with guests at a meaningful and relevant level was the reason for an 18-month initiative that resulted in fresh interpretations of the "Pan Pacific" and PARKROYAL brands.

With help from Interbrand, one of the world's best international brand consultancies, and a series of focus groups involving qualitative interviews with hundreds of guests and customers, Pan Pacific Hotels Group was able to determine the nuances and unique elements of the "Pan Pacific" and PARKROYAL brands. The Group also appointed The Brand Union, another world-class branding agency, to articulate the new positioning for the invigorated brands through refreshing visual elements.

Pan Pacific Hotels and Resorts

The "Pan Pacific" portfolio presents 19 premium hotels, resorts and serviced suites across Asia, North America and Oceania. For over 35 years, these properties have delighted guests with our luxury hospitality, personalised service and attention to detail.

Backed by various accolades, Pan Pacific Hotels and Resorts have garnered World Travel Awards for Leading Business Hotel in the World/ Asia (Pan Pacific Singapore), Leading Golf Resort in Indonesia (Pan Pacific Nirwana Bali Resort), Leading Hotel in Canada (Pan Pacific Vancouver) and Leading Serviced Apartments in Singapore (Pan Pacific Serviced Suites, Singapore).

Pan Pacific Nirwana Bali Resort, Indonesia

It has also received the World Luxury Hotel Award for Luxury Airport Hotel and APBF BrandLaureate Award for Best Airport Hotel Brand (Pan Pacific Kuala Lumpur International Airport), as well as coveted rankings in Travel+Leisure, Condé Nast Traveler and other prestigious magazines.

In 2010, the "Pan Pacific" footprint was augmented with the following additions: Pan Pacific Suzhou, the integrated five-star Pan Pacific Nirwana Bali Resort, and in January 2011, the newly rebranded Pan Pacific Perth.

PARKROYAL Hotels & Resorts
The PARKROYAL portfolio comprises 15 hotels, resorts and serviced suites in gateway cities across Asia Pacific, including those under development.

Exuding the spirit and individuality of their location, each PARKROYAL provides a connection to authentic local experiences. A trusted provider of hospitality that is consistently supportive, modern and uncomplicated, PARKROYAL leverages a strong heritage that has grown into a reputable, upscale brand in the Asia-Pacific.

In 2010, the brand launched its first extended-stay property outside Singapore with PARKROYAL Serviced Suites Kuala Lumpur. It also marked its homecoming to Australia, a market where the brand was conceived, with the rebranding of PARKROYAL Darling Harbour, Sydney and PARKROYAL Parramatta.

Strengthening its footprint in Singapore, the brand's flagship hotel in the city's Central Business District, PARKROYAL on Pickering, is scheduled to open in 2012.

Creating journeys that extend from authentic experiences to local tastes, the brand presents exciting restaurant concepts and modern facilities for business and leisure. These include "St Gregory", which offers modern spa therapies fused with traditional touches, and the award-winning "Si Chuan Dou Hua", which features delectable Sichuan cuisine.

OPERATION HIGHLIGHTS

OVERSEAS PROJECTS & INVESTMENTS

Tianjin Hai He Hua Ding

OVERSEAS PROJECTS

Shanghai
UOL further extended its presence in China real estate market in October 2010 with the acquisition of a development site in Shanghai. The development is a 40:30:30 joint venture by the Group's wholly-owned subsidiary UOL Capital Investments Pte. Ltd., Singapore Land Limited and Kheng Leong Co Pte Ltd.

Situated within the Changfeng Ecological Business Park in Putuo District, the site is located about 5 km to the north-east of the Hongqiao Transportation Hub and less than 10 km from the Bund, the financial hub of Shanghai. With a land area of approximately 39,540 sqm, it can be developed into a mixed-use development comprising 77,800 sqm of residential units and 8,000 sqm of retail component.

Tianjin
The project known as Hai He Hua Ding, is 90%-owned by UOL Capital Investments Pte. Ltd., and has a gross development area of approximately 154,600 sqm consisting of 120,000 sqm above ground and 34,600 sqm of basement. The mixed development will comprise approximately 522 residential apartments, a 334-room hotel, 17,510 sqm of office space and 10,920 sqm of retail space.

Sales launch for the residential units is scheduled for 3Q2011. As at December 2010, the project was 15% completed.

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 of the Group. Planning Permission has been granted to develop the site into 494 luxury apartments.

INVESTMENTS IN SECURITIES

	Percentage Holdings in investee		Fair Value		Gross Dividend Received	
	2010	2009	**2010**	2009	**2010**	2009
	%	%	**$'m**	$'m	**$'m**	$'m
Listed Securities						
United Overseas Bank Limited	**2.3**	**2.2**	**640.4**	669.1	**20.6**	20.4
Others			**33.7**	33.7	**1.3**	0.7
			674.1	702.8	**21.9**	21.1
Unlisted Securities			**52.6**	43.4	**0.1**	0.1
Total			**726.7**	746.2	**22.0**	21.2

The fair value of the Group's available-for-sale securities decreased from $746.2 as at 31 December 2009 to $726.7 million as at 31 December 2010 due mainly to the decrease in the price of shares in United Overseas Bank Limited. Overall, an unrealised loss of $39.9 million arising from changes in the fair value of investments has been charged to the fair value reserve account.

Dividend yield from investment in securities was 3.0% in 2010 (2009: 2.8%).

OPERATION HIGHLIGHTS

MANAGEMENT SERVICES & HUMAN RESOURCES

Tian Fu Tea Room

St. Gregory at Pan Pacific Singapore

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.

Project management and related services to the Group's development projects and properties are provided by the Group's wholly-owned subsidiary, UOL Project Management Services Pte. Ltd.

Spa/Lifestyle-Related Operations

St. Gregory

Established in Singapore in 1997, St. Gregory is a pioneer and leader in the spa and wellness industry, offering an integrated lifestyle management concept built on the four unique pillars of therapy, fitness, aesthetics and active-ageing. It has continually set the benchmark for spa expertise, with traditional healing therapies originating from China, India, Indonesia and Thailand, combined with advanced technology and techniques from Europe and Asia.

Offering a one-stop fitness and wellness centre, the spas are equipped with state-of-the-art workout systems, personal training programmes and fitness classes. To enhance overall well-being, St. Gregory also partners a team of aesthetic and wellness professionals to provide specialised treatments and health management programmes.

St. Gregory currently owns and/or manages seven spas in the Asia Pacific region including Singapore, Malaysia and Japan.

Si Chuan Dou Hua Restaurant

Si Chuan Dou Hua currently has four branches in Singapore, Kuala Lumpur and Tokyo. It continues the fine tradition of bringing the taste of China to the world. Besides authentic Sichuan and Cantonese cuisine, a unique aspect of dining at Si Chuan Dou Hua is the tea master who delicately combines martial arts, dance and gymnastics in the traditional art of tea-pouring.

Tian Fu Tea Room

Tian Fu Tea Room has two outlets in Singapore, and is the first fully dedicated tearoom in Singapore, offering over 25 types of premium Chinese tea.

While experienced Tea Connoisseurs are present to enlighten guests on the culture and rich benefits behind tea-drinking, Tian Fu Tea Room is also backed by a culinary team serving exquisite handmade dim-sum to complete the epicurean experience.

Townhall session

Staff bowling tournament

HUMAN RESOURCES

Strengthening Our Leading Asset – People

People are UOL's greatest asset and the key to the Group's continued success. Our people's passion drives the growth of our business, their innovativeness spurs our success, and their enterprising spirit inspires us to venture into new markets.

Employee Engagement

Creating an engaging work environment has been the Management's top priority. The Company has been successful in retaining our people through challenging assignments, opportunities for career advancement and skills development, work-life balance options, post-retirement work opportunities and the well-received employee engagement programmes such as townhall meetings, festive and birthday celebrations, and family and sports events. One-third of our people have served in the Company for over 10 years, a testament to their loyalty.

Our people's teamwork and underlying strength will continue to be the driving force in fulfilling the Company's vision.

Promoting Innovation and Creativity

The Management takes the innovative culture that won the Group numerous awards one step further, by encouraging our people at all levels to think creatively to improve business operations and efficiency. A GIFTS (Great Ideas From The Staff) programme was launched in July and our people have contributed numerous positive and interesting ideas since then.

In 2010, the Management also organised interactive lunch talks inviting industry experts to share insights on topics such as "The Quantity Surveyor as the Suppressor or Promoter of Sustainable Strategies" and "A designer thought process and constant search for new ideas". Through sessions such as these, the Group not only supports the development of the industry but also provides our people valuable learning opportunities.

Building a Performance-Oriented and Core Values-Centric Team

Various human resource programmes were revamped during the year, including the incorporation of core values in staff performance reviews and greater emphasis on the performance-linked compensation structure.

These initiatives have led to a greater alignment of core values to our focus and achievements, heightening our people's sense of ownership and belonging to the Group. More importantly, the performance-linked compensation structure provides a better platform for recruiting and retaining talents, as well as evaluation and selection of candidates for succession planning and leadership development.

GEOGRAPHICAL FOOTPRINT

REGIONAL

Residential

Malaysia
Panorama, Kuala Lumpur
Site at Jalan Conlay, Kuala Lumpur

Mixed Development

China
Tianjin Hai He Hua Ding[1]
Changfeng, Shanghai[2]

Hotels/ Serviced Suites

Australia
Pan Pacific Perth
PARKROYAL Darling Harbour
PARKROYAL Parramatta

Malaysia
Pan Pacific Kuala Lumpur International Airport
PARKROYAL Kuala Lumpur
PARKROYAL Serviced Suites Kuala Lumpur
PARKROYAL Penang

China
Pan Pacific Xiamen
Pan Pacific Suzhou

Vietnam
PARKROYAL Saigon
Hotel Sofitel Saigon Plaza
Hotel Sofitel Plaza Hanoi

Myanmar
PARKROYAL Yangon

Indonesia
Sari Pan Pacific Jakarta
Pan Pacific Nirwana Bali Resort

Thailand
Pan Pacific Serviced Suites Bangkok

Philippines
Pan Pacific Manila

Bangladesh
Pan Pacific Sonargaon Dhaka

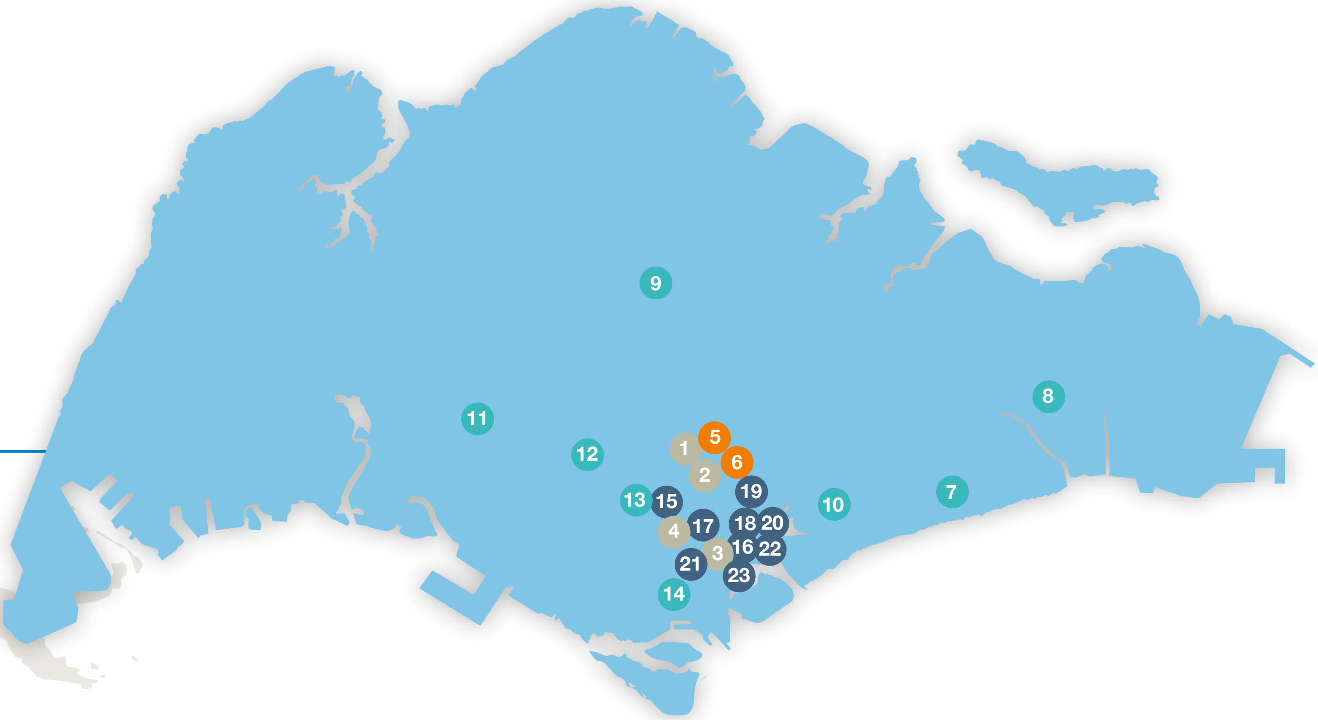
North America
Pan Pacific Seattle
Pan Pacific Vancouver
Pan Pacific Whistler Mountainside
Pan Pacific Whistler Village Centre

Managed hotels

Owned by the Group but managed by Third Parties

1 Comprises residential units, offices, retail space and a hotel.

2 Comprises residential units and retail space.



SINGAPORE

Offices
1. Novena Square
2. United Square
3. Odeon Towers
4. Faber House

Retail Malls

5. Velocity@Novena Square
6. United Square

Residential

7. Breeze by the East (Fully Sold)
8. Double Bay Residences (Fully Sold)
9. Meadows@Peirce (Fully Sold)
10. Waterbank at Dakota (Fully Sold)
11. Terrene at Bukit Timah (Fully Sold)
12. Duchess Residences
13. Nassim Park Residences
14. Spottiswoode Residences

Hotels/ Serviced Suites

15. Pan Pacific Orchard
16. Pan Pacific Singapore[3]
17. Pan Pacific Serviced Suites
18. PARKROYAL on Beach Road
19. PARKROYAL on Kitchener Road
20. PARKROYAL Serviced Suites
21. PARKROYAL on Pickering[4]
22. The Plaza Beach Road Extension[4]
23. Marina Mandarin[5]

3 Owned 22.7% stake through Marina Centre Holdings Pte Ltd

4 Opening in 2012

5 Owned 25.0% stake through Aquamarina Hotel Private Limited

PROPERTY SUMMARY 2010

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2010 Average Occupancy %	Present Capital Value ($m)	Effective Percentage of Interest %
Investment Properties Owned by the Group								
FABER HOUSE 230 Orchard Road, Singapore 12-storey commercial building (excluding first storey which was sold)	1973	–	Freehold	3,890	48	90	59.2	100.0
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	18,412	167	90	284.7	100.0
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	1982 & 2002	1987	Freehold	18,717	658	99	711.0	100.0
Offices	1982			27,205		92		
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	2000	–	99-Year Lease from 1997	15,817	504	99	809.4	60.0
Offices	2000			38,960		98		
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 of Pan Pacific Hotels Group Limited	1974 & 1979	–	99-Year Lease from 1968	18,597	385 (portion of multi-storey carpark under construction)	94	173.5	81.6
Shops & Offices of UOL Group Limited	1974 & 1979	–		195		–		100.0
90 serviced suites and 1 owner-occupied unit	1979	–		6,125 & 165 respectively		89		81.6
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	40	90	138.0	100.0
PARKROYAL SERVICED SUITES KUALA LUMPUR Jalan Nagasari, Kuala Lumpur, Malaysia 287-unit serviced suite with ground floor commercial space and a carpark	2010	2005	Freehold	19,005	270	27	67.3	100.0
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*	76	84	134.0	100.0
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	86	122.0	81.6
PARKROYAL ON KITCHENER ROAD 181 Kitchener 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	87	210.0	81.6

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (sqm)	Car Park Facilities	2010 Average Occupancy %	Present Capital Value ($m)	Effective Percentage of Interest %
Hotels Owned and Managed by the Group (continued)								
PAN PACIFIC 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	56	58.9	100.0
PAN PACIFIC SUZHOU 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	43	84.5	81.6
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	68	36.3	81.6
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	75	13.0	77.5
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		Freehold	56,707*	–			
		1999	Leasehold, expiring in 2080			79	99.1	81.6
Car Park Annexe	–			11,128*	320			
PARKROYAL PENANG Batu Ferringhi Beach, Penang, Malaysia 309-room 8-storey beachfront resort hotel	1990	1999	Freehold	31,502*	147	75	60.0	81.6
PARKROYAL DARLING HARBOUR 150 Day Street, Sydney, Australia 13-level hotel with 345 rooms	1991	1993	Freehold	24,126*	53	87	104.6	81.6
PARKROYAL PARRAMATTA 30 Phillip Street, Parramatta, New South Wales, Australia 13-level hotel with 196 rooms	1986	1994	Freehold	16,694*	176	74	39.2	81.6
PAN PACIFIC PERTH 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	79	196.1	81.6
Hotels Owned by the Group and Managed by Third Parties								
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	73	93.5	61.2
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	–	–	1.6	100.0

PROPERTY SUMMARY 2010

	Purchased	Tenure of Land	Approximate Gross Floor Area (sqm)	Stage of Completion as at 31.12.2010 %	Expected Completion	Effective Percentage of Interest %
Properties Under Construction						
HAI HE HUA DING Zhang Zi Zhong Road, Hong Qiao District, Tianjin, The People's Republic of China Proposed mixed-use development comprising 522 residential apartments, a hotel with 334 rooms, 17,510 square metres of office space and 10,920 square metres of retail space	2007	50-Year & 40-Year Lease from 2007 for residential & commercial components respectively	120,000	15	4th Quarter 2013	90.0
UPPER PICKERING STREET Proposed development comprising a 363-room hotel and approximately 7,300 square metres of office space	2008	99-Year Lease from 2008	29,812	19	3rd Quarter 2012	81.6
THE PLAZA BEACH ROAD EXTENSION Proposed redevelopment of existing Furniture Mall located at The Plaza, comprising 184 units of serviced suite and approximately 1,900 square metres of column-free meeting rooms and ballrooms	–	99-Year Lease from 1968	79,187	–	4th Quarter 2012	81.6

	Type of Development	Tenure of Land	Approximate Gross Floor Area (sqm)	Site Area (sqm)	Sales Status as at 31.12.2010 %	Stage of Completion as at 31.12.2010 %	Expected Completion	Effective Percentage of Interest %
Properties for Sale Under Development								
DUCHESS RESIDENCES Duchess Walk 120 units of condominium apartments	Residential	999-Year leasehold commencing 27.12.1875	19,802	14,144	99	97	1st Quarter 2011	70.0
BREEZE BY THE EAST Upper East Coast Road 88 units of condominium apartments	Residential	Freehold	12,566	8,976	100	85	1st Quarter 2011	100.0
MEADOWS@PEIRCE Tagore Avenue 479 units of condominium apartments	Residential	Freehold	63,970	42,828	100	50	4th Quarter 2011	100.0
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	100	33	2nd Quarter 2012	60.0
SPOTTISWOODE RESIDENCES Spottiswoode Park/ Oakswood Heights 351 units of condominium apartments	Residential	Freehold	29,586	9,531	76	5	2nd Quarter 2013	100.0
WATERBANK AT DAKOTA Dakota Crescent 616 units of condominium apartments	Residential	99-Year leasehold commencing 7.12.2009	60,164	17,190	100	14	2nd Quarter 2013	100.0
PANORAMA Kuala Lumpur, Malaysia 223 units of condominium apartments	Residential	Freehold	32,578	4,573	87	85	1st Quarter 2011	55.0
SITE AT JALAN CONLAY Kuala Lumpur, Malaysia Proposed 494 units of condominium apartments	Residential	Freehold	125,997	15,986	–	–	3rd Quarter 2014	60.0
NASSIM PARK RESIDENCES Nassim Road 100 units of condominium apartments	Residential	Freehold	32,186	23,065	93	88	1st Quarter 2011	50.0

SIMPLIFIED GROUP FINANCIAL POSITION

TOTAL ASSETS OWNED

	2010 $m	2009 $m	2010 %	2009 %
Property, plant and equipment	**981**	1,097	**12**	15
Investment properties	**2,262**	2,027	**29**	28
Available-for-sale financial assets	**727**	746	**9**	10
Associated companies	**2,200**	1,508	**28**	21
Development properties	**1,225**	1,563	**15**	21
Other assets and cash	**544**	387	**7**	5
	7,939	7,328	**100**	100

TOTAL LIABILITIES OWED AND CAPITAL INVESTED

	2010 $m	2009 $m	2010 %	2009 %
Shareholders' funds	**4,746**	4,148	**60**	57
Non-controlling interests	**460**	460	**6**	6
Borrowings	**2,191**	2,267	**28**	31
Trade and other payables	**202**	171	**2**	2
Deferred income tax liabilities	**214**	202	**3**	3
Other liabilities	**126**	80	**1**	1
	7,939	7,328	**100**	100

FIVE-YEAR FINANCIAL SUMMARY

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	**2010 $'000**
Group Revenue					
Property development	169,297	230,442	379,161	533,843	**781,058**
Hotel operations	300,062	322,941	339,040	294,485	**325,089**
Property investments	92,000	99,080	126,104	141,674	**147,943**
Investments	32,939	51,199	30,776	21,192	**21,950**
Trading and retail operations and management services	10,823	9,830	24,095	15,867	**18,540**
	605,121	713,492	899,176	1,007,061	**1,294,580**
Group Profit and Loss					
Property development	32,930	71,527	122,907	155,149	**168,809**
Property investments	57,236	62,639	76,166	100,572	**99,178**
Hotel operations	43,151	61,930	70,533	44,175	**51,451**
Investments	33,107	50,944	30,720	20,915	**21,752**
Trading and retail operations and management services	2,956	3,449	6,758	3,032	**3,217**
	169,380	250,489	307,084	323,843	**344,407**
Unallocated costs	(5,676)	(6,702)	(7,667)	(7,467)	**(10,489)**
Profit from operations	163,704	243,787	299,417	316,376	**333,918**
Finance income	6,634	9,678	8,977	3,887	**3,512**
Finance expense	(25,842)	(16,989)	(18,748)	(44,728)	**(26,488)**
Share of profit of associated companies excluding fair value gains/(losses) of associated companies' investment properties	14,138	36,846	61,838	154,372	**232,948**
Profit before fair value and other gains/(losses) and income tax	158,634	273,322	351,484	429,907	**543,890**
Other gains/(losses)	248,165	56,549	(37,000)	277,269	**50,790**
Fair value gains/(losses) on associated companies' investment properties	–	18,407	2,749	(66,102)	**152,904**
Fair value gains/(losses) on the Group's investment properties	–	590,534	(106,794)	(147,562)	**134,863**
Profit before income tax	406,799	938,812	210,439	493,512	**882,447**
Profit attributable to equity holders of the Company	339,444	758,915	147,246	424,178	**745,795**
Group Balance Sheet					
Property, plant and equipment	658,516	696,635	1,029,276	1,096,866	**980,523**
Investment properties	1,658,085	2,284,659	2,202,260	2,027,476	**2,261,613**
Associated companies, receivables and other assets (non-current)	309,392	501,698	480,470	1,448,250	**2,121,932**
Available-for-sale financial assets (non-current)	544,129	685,979	323,189	228,897	**246,972**
Intangibles	14,663	39,225	38,398	37,571	**42,807**
Deferred tax assets	10,360	5,043	4,439	5,099	**3,651**
Net current assets (excluding borrowings)	1,251,033	1,715,833	1,828,010	2,263,988	**2,009,505**
Non-current liabilities (excluding borrowings)	(174,392)	(237,437)	(207,702)	(233,027)	**(269,659)**
	4,271,786	5,691,635	5,698,340	6,875,120	**7,397,344**

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	**2010 $'000**
Group Balance Sheet (continued)					
Share capital	1,071,987	1,075,266	1,075,315	1,058,527	**1,051,898**
Reserves and retained earnings	2,084,017	2,871,864	2,319,389	3,089,706	**3,694,477**
Interests of the shareholders	3,156,004	3,947,130	3,394,704	4,148,233	**4,746,375**
Non-controlling interests	293,547	421,996	420,528	459,666	**460,354**
Borrowings	822,235	1,322,509	1,883,108	2,267,221	**2,190,615**
	4,271,786	5,691,635	5,698,340	6,875,120	**7,397,344**

	2006	2007	2008	2009	**2010**
Financial Ratios					
Basic earnings per ordinary share* (cents)	42.75	95.40	18.50	53.72	**95.64**
Gross dividend declared ($'000)	119,236	119,408	59,705	78,353	**116,663**
Gross dividend declared					
Interim and Final (cents)	7.5	10.0	7.5	10.0	**10.0**
Special (cents)	7.5	5.0	-	-	**5.0**
Cover (times)	2.8	6.4	2.5	5.4	**6.4**
Net tangible asset backing per ordinary share ($)					
Before accounting for surplus on revaluation of hotel properties	3.95	4.91	4.22	5.25	**6.05**
After accounting for surplus on revaluation of hotel properties	4.29	5.46	4.72	5.75	**6.65**
Gearing ratio	0.20	0.21	0.42	0.43	**0.36**

**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

	2010		2009	
	$'000	**%**	$'000	%
Property development	**781,058**	**60.3**	533,843	53.0
Hotel operations	**325,089**	**25.1**	294,485	29.2
Property investments	**147,943**	**11.4**	141,674	14.1
Investments	**21,950**	**1.7**	21,192	2.1
Management services	**18,540**	**1.5**	15,867	1.6
	1,294,580	**100.0**	1,007,061	100.0

ADJUSTED EBITDA* BY BUSINESS SEGMENTS

	2010		2009	
	$'000	**%**	$'000	%
Property development	**303,653**	**39.3**	215,076	47.4
Property investments	**348,279**	**45.0**	127,473	28.1
Hotel operations	**95,695**	**12.4**	86,474	19.0
Investments	**21,752**	**2.8**	20,915	4.6
Management services	**4,183**	**0.5**	4,040	0.9
	773,562	**100.0**	453,978	100.0

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

TOTAL ASSETS BY BUSINESS SEGMENTS

	2010		2009	
	$'000	**%**	$'000	%
Property development	**1,938,843**	**24.5**	2,135,223	29.1
Property investments	**4,110,343**	**51.8**	3,310,630	45.2
Hotel operations	**1,105,648**	**13.9**	1,079,573	14.7
Investments	**732,760**	**9.2**	752,187	10.3
Management services	**32,952**	**0.4**	24,424	0.3
	7,920,546	**99.8**	7,302,037	99.6
Unallocated assets	**18,533**	**0.2**	25,949	0.4
	7,939,079	**100.0**	7,327,986	100.0

TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

	2010		2009	
	$'000	**%**	$'000	%
Singapore	**1,012,211**	**78.3**	774,653	76.8
Australia	**103,531**	**8.0**	90,316	9.0
Malaysia	**98,769**	**7.6**	57,337	5.7
The People's Republic of China	**32,678**	**2.5**	39,325	3.9
Vietnam	**33,847**	**2.6**	32,822	3.3
Myanmar	**9,664**	**0.7**	7,829	0.8
Others	**3,880**	**0.3**	4,779	0.5
	1,294,580	**100.0**	1,007,061	100.0

ADJUSTED EBITDA* BY GEOGRAPHICAL SEGMENTS

	2010		2009	
	$'000	**%**	$'000	%
Singapore	**700,327**	**90.6**	390,050	86.0
Australia	**26,817**	**3.5**	23,172	5.1
Malaysia	**24,305**	**3.1**	15,513	3.4
Vietnam	**17,494**	**2.3**	16,658	3.7
Myanmar	**2,547**	**0.3**	1,100	0.2
The People's Republic of China	**1,747**	**0.2**	6,913	1.5
Others	**325**	**–**	572	0.1
	773,562	**100.0**	453,978	100.0

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

TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

	2010		2009	
	$'000	**%**	$'000	%
Singapore	**7,066,115**	**89.1**	6,500,455	88.7
Malaysia	**304,825**	**3.8**	254,393	3.5
The People's Republic of China	**273,680**	**3.4**	286,835	3.9
Australia	**221,020**	**2.8**	208,130	2.8
Vietnam	**59,522**	**0.7**	63,895	0.9
Myanmar	**8,917**	**0.1**	9,807	0.1
Others	**5,000**	**0.1**	4,471	0.1
	7,939,079	**100.0**	7,327,986	100.0

VALUE-ADDED STATEMENT

	2010	2009
	$'000	$'000
Sales of goods and services	**1,272,630**	985,869
Purchase of materials and services	**(795,549)**	(539,756)
Gross value added	**477,081**	446,113
Share of profit of associated companies	**385,852**	88,270
Income from investments and interest	**25,462**	25,079
Other gains	**50,790**	277,269
Fair value gains/(losses) on investment properties	**134,863**	(147,562)
Currency exchange differences	**(2,561)**	(584)
Total Value Added	**1,071,487**	688,585
Distribution Of Value Added:		
To employees and directors		
Employees' salaries, wages and benefits	**137,188**	117,937
Directors' remuneration	**3,285**	2,853
	140,473	120,790
To government		
Corporate and property taxes	**83,266**	46,845
To providers of capital		
Interest expense	**48,534**	70,949
Dividend attributable to non-controlling interests	**44,832**	9,561
Dividend attributable to equity holders of the Company	**78,353**	59,705
	171,719	140,215
Total Value Added Distributed	**395,458**	307,850
Retained in the business		
Depreciation	**42,402**	41,038
Retained earnings	**424,446**	185,724
	466,848	226,762
Non-production cost and income		
Bad debts	**627**	(229)
Income from investments and interest	**25,462**	25,079
Other gains	**50,790**	277,269
Fair value gains/(losses) on investment properties	**134,863**	(147,562)
Currency exchange differences	**(2,561)**	(584)
	209,181	153,973
	1,071,487	688,585
Productivity Ratios:	**$**	$
Value added per employee	**101,962**	101,482
Value added per $ employment costs	**3.40**	3.69
Value added per $ investment in property, plant and equipment and investment properties (before depreciation)		
- at cost	**0.19**	0.20
- at valuation	**0.14**	0.14
Value added per $ net sales	**0.37**	0.45

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

For the financial year ended 31 December 2010

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 2010.

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 61 to 63 of this report.

Directors' interests in shares or debentures

(a) The directors holding office at 31 December 2010 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 31.12.2010	At 1.1.2010	**At 31.12.2010**	At 1.1.2010
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	**580,000**	680,000	**–**	–
Pan Pacific Hotels Group Limited ("PPHG")				
– Ordinary Shares				
Wee Cho Yaw	**–**	–	**489,440,652***	489,440,652*
Gwee Lian Kheng	**171,000**	171,000	**315,000**	315,000
Lim Kee Ming	**15,000**	15,000	**–**	–
Wee Ee Chao	**–**	–	**892,500**	892,500

* Includes shares registered in the name of nominees.

Directors' interests in shares or debentures (continued)

(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 2011, were the same as those at 31 December 2010.

(c) At the beginning of the financial year, 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. During the financial year, these shares were acquired by a subsidiary of the Group.

	Holdings in which a director is deemed to have an interest	
	At 31.12.2010	At 1.1.2010
Success Venture Investments (Australia) Ltd ("SVIA")		
– Ordinary Shares of US$1 each	–	2,059,500
Success City Pty Limited ("SCPL")		
– Ordinary Shares	–	1,720,834

(d) Save as disclosed above, none of the other directors holding office at 31 December 2010 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.

Share options (continued)

UOL Group Executives' Share Option Scheme (continued)

(c) On 5 March 2010, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,302,000 ordinary shares in the Company (known as "the 2010 Options") at the offer price of $3.95 per ordinary share. 1,294,000 options granted were accepted by the executives, including Mr Gwee Lian Kheng. The total fair value of the options granted was estimated to be S$1,449,000 using the Trinomial Tree Model.

The details of the options accepted are as follows:

	No. of employees	At offer price of $3.95 per share
Executive Director	1	100,000
Other Executives	53	1,194,000
	54	1,294,000

(d) Statutory information regarding the 2010 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 5 March 2011 and expires on 4 March 2020 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 31.12.2009	Options granted during the financial year	Aggregate options granted since commencement of the 2000 Scheme to 31.12.2010	Aggregate options exercised since commencement of the 2000 Scheme to 31.12.2010	Aggregate options outstanding at 31.12.2010
880,000	100,000	980,000	400,000	580,000

Share options (continued)
UOL Group Executives' Share Option Scheme (continued)
(e) Other information required by the Singapore Exchange Securities Trading Limited: (continued)

(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 2010, 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, 1,505,000 ordinary shares of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share $
2002 Options	18,000	1.81
2003 Options	118,000	2.05
2004 Options	18,000	2.28
2005 Options	100,000	2.23
2006 Options	37,000	3.21
2008 Options	274,000	3.68
2009 Options	940,000	1.65
	1,505,000	

Unissued ordinary shares under options at 31 December 2010 comprise:

	At 1.1.2010	Options granted in 2010	Options exercised	Options forfeited	At 31.12.2010	Exercise/ Subscription price /$	Option period
Executives' Share Options							
2002 Options	42,000	–	18,000	–	24,000	1.81	27.06.2003 to 26.06.2012
2003 Options	190,000	–	118,000	–	72,000	2.05	27.06.2004 to 26.06.2013
2004 Options	202,000	–	18,000	–	184,000	2.28	21.05.2005 to 20.05.2014
2005 Options	154,000	–	100,000	–	54,000	2.23	09.05.2006 to 08.05.2015
2006 Options	462,000	–	37,000	36,000	389,000	3.21	18.05.2007 to 17.05.2016
2007 Options	956,000	–	–	148,000	808,000	4.91	16.03.2008 to 15.03.2017
2008 Options	1,222,000	–	274,000	80,000	868,000	3.68	07.03.2009 to 06.03.2018
2009 Options	1,398,000	–	940,000	6,000	452,000	1.65	06.03.2010 to 05.03.2019
2010 Options	–	1,294,000	–	16,000	1,278,000	3.95	05.03.2011 to 04.03.2020
	4,626,000	1,294,000	1,505,000	286,000	4,129,000		

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	**GWEE LIAN KHENG**
Chairman	Director

22 February 2011

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2010

In the opinion of the directors,

(a) the income statements, 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 67 to 154 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 2010, 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

22 February 2011

INDEPENDENT AUDITOR'S REPORT

To the members of UOL Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of UOL Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 154, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2010, the consolidated income statement of the Group, the income statement of the Company, the consolidated statement of comprehensive income of the Group, the statement of comprehensive income of the Company, the consolidated statement of changes in equity of the Group and the statement of changes in equity of the Company and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that 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.

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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the income statements, 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 2010, and the results, 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.

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 22 February 2011

INCOME STATEMENTS

For the financial year ended 31 December 2010

	Note	The Group 2010 $'000	The Group 2009 $'000	The Company 2010 $'000	The Company 2009 $'000
Revenue	4	**1,294,580**	1,007,061	**145,917**	90,429
Cost of sales		**(795,292)**	(554,587)	**(2,409)**	(2,307)
Gross profit		**499,288**	452,474	**143,508**	88,122
Other income					
– Finance income	4	**3,512**	3,887	**10,685**	15,381
– Miscellaneous income	4	**10,343**	9,594	**1,244**	1,154
Expenses					
– Marketing and distribution		**(47,362)**	(37,339)	**(235)**	(135)
– Administrative		**(58,521)**	(46,381)	**(14,562)**	(10,510)
– Finance	7	**(26,488)**	(44,728)	**(12,134)**	(13,617)
– Other operating		**(69,830)**	(61,972)	**(1,681)**	(1,694)
Share of profit of associated companies	17	**385,852**	88,270	**–**	–
		696,794	363,805	**126,825**	78,701
Other gains/(losses)	8	**50,790**	277,269	**16,090**	(18,754)
Fair value gains/(losses) on investment properties	19	**134,863**	(147,562)	**26,460**	(33,945)
Profit before income tax		**882,447**	493,512	**169,375**	26,002
Income tax (expense)/credit	9(a)	**(66,927)**	(32,000)	**(3,366)**	222
Net profit		**815,520**	461,512	**166,009**	26,224
Attributable to:					
Equity holders of the Company		**745,795**	424,178	**166,009**	26,224
Non-controlling interests		**69,725**	37,334	**–**	–
		815,520	461,512	**166,009**	26,224
Earnings per share attributable to equity holders of the Company (expressed in cents per share)	10				
– Basic (in cents)		**95.64**	53.72		
– Diluted (in cents)		**95.56**	53.67		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

	Note	The Group		The Company	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
Net profit		**815,520**	461,512	**166,009**	26,224
Other comprehensive (loss)/income:					
Fair value (losses)/gains on available-for-sale financial assets	29(b)	**(33,600)**	239,635	**(20,249)**	177,116
Cash flow hedges					
– Fair value gains	29(f)	**1,194**	1,365	**1,630**	990
– Transfer to income statement	29(f)	**(1,187)**	(1,469)	**(1,608)**	(989)
Effect of change in tax rate on asset revaluation reserve	29(c)	**–**	165	**–**	–
Revaluation of property, plant and equipment prior to transfer to investment property	29(c)	**3,188**	–	**–**	–
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)	**356**	28,136	**–**	–
Share of other comprehensive loss of an associated company	29(a),(c),(e)	**(1,232)**	(1,416)	**–**	–
Other comprehensive (loss)/income, net of tax		**(31,281)**	440,994	**(20,227)**	177,117
Total comprehensive income		**784,239**	902,506	**145,782**	203,341
Total comprehensive income attributable to:					
Equity holders of the Company		**712,940**	853,807	**145,782**	203,341
Non-controlling interests		**71,299**	48,699	**–**	–
		784,239	902,506	**145,782**	203,341

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2010

	Note	The Group		The Company	
		2010	2009	**2010**	2009
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	11	**313,169**	281,459	**1,727**	8,088
Trade and other receivables	12	**215,691**	112,146	**254,866**	139,244
Development properties	13	**1,224,733**	1,562,651	**–**	–
Inventories	14	**1,622**	3,153	**–**	–
Available-for-sale financial assets	15	**479,767**	517,284	**479,767**	516,824
Other assets	16	**45,695**	5,898	**315**	142
Current income tax assets	9(b)	**904**	1,236	**–**	–
		2,281,581	2,483,827	**736,675**	664,298
Non-current assets					
Trade and other receivables	12	**1,906**	99,201	**685,866**	625,106
Available-for-sale financial assets	15	**246,972**	228,897	**66,184**	40,219
Investments in associated companies	17	**2,120,026**	1,349,049	**161,589**	161,589
Investments in subsidiaries	18	**–**	–	**1,295,483**	1,279,393
Investment properties	19	**2,261,613**	2,027,476	**285,650**	259,190
Property, plant and equipment	20	**980,523**	1,096,866	**843**	1,130
Intangibles	21	**42,807**	37,571	**793**	–
Deferred income tax assets	27	**3,651**	5,099	**298**	303
		5,657,498	4,844,159	**2,496,706**	2,366,930
Total assets		**7,939,079**	7,327,986	**3,233,381**	3,031,228
LIABILITIES					
Current liabilities					
Trade and other payables	22	**201,725**	171,387	**155,296**	235,278
Derivative financial instrument	24	**2,213**	–	**1,756**	–
Current income tax liabilities	9(b)	**68,138**	48,452	**19,931**	6,084
Loans from non-controlling shareholders of subsidiaries (unsecured)	25	**18,990**	33,025	**–**	–
Borrowings	23	**745,660**	723,009	**469,951**	241,150
		1,036,726	975,873	**646,934**	482,512
Non-current liabilities					
Borrowings	23	**1,378,687**	1,463,020	**249,748**	249,565
Derivative financial instrument	24	**–**	2,221	**–**	1,782
Loans from non-controlling shareholders of subsidiaries (unsecured)	25	**47,278**	45,946	**–**	–
Deferred liabilities	22	**6,561**	–	**–**	–
Rental deposits	22	**22,277**	19,658	**3,051**	2,622
Retention monies	22	**24,449**	8,980	**–**	–
Provision for retirement benefits	26	**2,539**	2,316	**–**	–
Deferred income tax liabilities	27	**213,833**	202,073	**77,036**	83,310
		1,695,624	1,744,214	**329,835**	337,279
Total liabilities		**2,732,350**	2,720,087	**976,769**	819,791
NET ASSETS		**5,206,729**	4,607,899	**2,256,612**	2,211,437
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	**1,051,898**	1,058,527	**1,051,898**	1,058,527
Reserves	29	**758,005**	789,422	**358,646**	377,435
Retained earnings		**2,936,472**	2,300,284	**846,068**	775,475
		4,746,375	4,148,233	**2,256,612**	2,211,437
Non-controlling interests		**460,354**	459,666	**–**	–
Total equity		**5,206,729**	4,607,899	**2,256,612**	2,211,437

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

	Note	Attributable to equity holders of the Company				Non-controlling interests	Total equity
		Share capital	Reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
2010							
Beginning of financial year		**1,058,527**	**789,422**	**2,300,284**	**4,148,233**	**459,666**	**4,607,899**
Employee share option scheme							
– Value of employee services	29(a)	–	1,438	–	1,438	–	1,438
– Proceeds from shares issued	28	3,218	–	–	3,218	–	3,218
Shares cancelled upon buy-back	28	(9,847)	–	(17,063)	(26,910)	–	(26,910)
Dividends	30	–	–	(78,353)	(78,353)	(44,832)	(123,185)
Acquisition of interests from non-controlling shareholders		–	–	(20,288)	(20,288)	(25,779)	(46,067)
Share of an associated company's acquisition of interests from non-controlling shareholders		–	–	6,097	6,097	–	6,097
Total comprehensive (loss)/income for the year		–	(32,855)	745,795	712,940	71,299	784,239
End of financial year		**1,051,898**	**758,005**	**2,936,472**	**4,746,375**	**460,354**	**5,206,729**
2009							
Beginning of financial year		**1,075,315**	**359,386**	**1,960,003**	**3,394,704**	**420,528**	**3,815,232**
Employee share option scheme							
– Value of employee services	29(a)	–	407	–	407	–	407
– Proceeds from shares issued	28	300	–	–	300	–	300
Shares cancelled upon buy-back	28	(17,088)	–	(24,192)	(41,280)	–	(41,280)
Dividends	30	–	–	(59,705)	(59,705)	(9,561)	(69,266)
Total comprehensive income for the year		–	429,629	424,178	853,807	48,699	902,506
End of financial year		**1,058,527**	**789,422**	**2,300,284**	**4,148,233**	**459,666**	**4,607,899**

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

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

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2010

	Note	Share Capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
2010					
Beginning of financial year		**1,058,527**	**377,435**	**775,475**	**2,211,437**
Employee share option scheme					
– Value of employee services	29(a)	–	1,438	–	1,438
– Proceeds from shares issued	28	3,218	–	–	3,218
Shares cancelled upon buy-back	28	(9,847)	–	(17,063)	(26,910)
Dividends	30	–	–	(78,353)	(78,353)
Total comprehensive (loss)/income for the year		–	(20,227)	166,009	145,782
End of financial year		**1,051,898**	**358,646**	**846,068**	**2,256,612**
2009					
Beginning of financial year		**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	30	–	–	(59,705)	(59,705)
Total comprehensive income for the year		–	177,117	26,224	203,341
End of financial year		**1,058,527**	**377,435**	**775,475**	**2,211,437**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Net profit	**815,520**	461,512
Adjustments for		
– Income tax expense	**66,927**	32,000
– Depreciation and amortisation	**43,303**	41,865
– (Writeback of allowance)/allowance for impairment of loans and receivables	**(627)**	229
– Share of profit of associated companies	**(385,852)**	(88,270)
– Unrealised translation losses	**2,467**	2,228
– Net provision for retirement benefits	**343**	290
– Employee share option expense	**1,262**	500
– Dividend income and interest income	**(25,462)**	(25,079)
– Interest expense	**23,927**	44,144
– Impairment charge on property, plant and equipment	**–**	3,800
– Fair value (gains)/losses on investment properties	**(134,863)**	147,562
– Property, plant and equipment written off and net loss on disposals	**2,473**	1,449
– Negative goodwill on acquisition of interests in associated companies	**(50,271)**	(281,069)
– Gain on liquidation of an available-for-sale financial asset	**(362)**	–
– Gain on liquidation of a subsidiary	**(157)**	–
	358,628	341,161
Change in working capital		
– Receivables	**(50,066)**	15,541
– Development properties	**378,478**	(278,072)
– Inventories	**1,531**	313
– Rental deposits	**(1,135)**	1,017
– Payables	**37,231**	20,411
– Retention monies payables	**12,605**	5,241
	378,644	(235,549)
Cash generated from operations	**737,272**	105,612
Income tax paid	**(28,828)**	(32,495)
Retirement benefits paid	**(179)**	(61)
Bank deposit pledged as security	**–**	(6,000)
Net cash provided by operating activities	**708,265**	67,056
Cash flows from investing activities		
Payments for intangibles	**(6,137)**	–
Proceeds from liquidation of an available-for-sale financial asset	**464**	–
Purchase of available-for-sale financial assets	**–**	(21,084)
Payments for interests in associated companies	**(397,381)**	(281,664)
Loans to associated companies	**(1,906)**	(5,610)
Repayment of loans by associated companies	**76,300**	33,490
Net proceeds from disposal of property, plant and equipment	**445**	273
Purchase of property, plant and equipment and investment properties	**(85,140)**	(61,387)
Interest received	**3,567**	3,967
Dividends received	**52,895**	68,908
Net cash used in investing activities	**(356,893)**	(263,107)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 31 December 2010

	Note	2010 $'000	2009 $'000
Cash flows from financing activities			
Proceeds from shares issued		**3,218**	300
Loans from non-controlling shareholders of subsidiaries		**7,783**	3,013
Repayment of loans from non-controlling shareholders of subsidiaries		**(20,575)**	–
Proceeds from borrowings		**343,037**	867,816
Repayment of borrowings		**(408,442)**	(475,700)
Payments to non-controlling shareholders for acquisition of shares in subsidiaries		**(46,067)**	–
Expenditure relating to bank borrowings		**(2,611)**	(29,631)
Interest paid		**(46,964)**	(54,262)
Dividends paid to equity holders of the Company		**(78,353)**	(59,705)
Dividends paid to non-controlling interests		**(44,832)**	(9,561)
Payments for share buy-back		**(26,910)**	(41,280)
Net cash (used in)/provided by financing activities		**(320,716)**	200,990
Net increase in cash and cash equivalents		**30,656**	4,939
Cash and cash equivalents at the beginning of the financial year		**275,459**	263,729
Effects of currency translation on cash and cash equivalents		**1,045**	6,791
Cash and cash equivalents at the end of the financial year	11(c)	**307,160**	275,459

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

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 listed on the Singapore Exchange and incorporated and domiciled in Singapore. 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 2010

On 1 January 2010, 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:

(a) FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)
Please refer to Note 2.3(a)(ii) for the revised accounting policy on business combinations which the Group has adopted.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. These changes do not have any material impact on the financial statements for the current financial year.

(b) FRS 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009)
The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Note 2.3(a)(iii) for the revised accounting policy on changes in ownership interest that results in a loss of control and Note 2.3(b) for that on changes in ownership interests that do not result in loss of control.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. These changes do not have any material impact on the financial statements for the current financial year, except as disclosed below:

In the current financial year, a subsidiary of the Group purchased the remaining 40% interest in SVIA and 5% interest in SCPL from non-controlling interests. The revised accounting policy was applied to account for these transactions. The difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid, relating to the purchase of interest in SCPL was not significant, while that relating to the purchase of interest in SVIA, amounted to $20,288,000 attributable to the equity holders of the Company. This difference was recognised in retained profits while previously, such differences would have been recognised as intangible assets – goodwill.

(c) Amendment to FRS 28 *Investments in Associates* (effective for annual periods beginning on or after 1 July 2009)

On partial disposal of an associated company associated with the loss of significant influence, the amendment requires the retained investment to be measured at fair value. The difference between the carrying amount of the retained investment and its fair value is recognised in the income statement. The amendment had no material effect on the financial statements for the current or prior financial years.

(d) Amendment to FRS 38 *Intangible Assets* (effective for annual periods beginning on or after 1 July 2009)

The amendment includes specific references to the more commonly used methods of valuing intangible assets: market comparisons using multiples, discounted cash flow (including the relief from royalty method) and the replacement cost approach. This change has been applied prospectively. It had no material effect on the financial statements for the current or prior financial years.

(e) Amendment to FRS 7 *Statement of Cash Flows* (effective for annual periods beginning on or after 1 January 2010)

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously, expenditure which did not meet this criteria could also be classified as investing activities in the statement of cash flows.

This change has been applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current or prior financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

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 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 ownership and operations*

Revenue from the ownership and operation of hotels is recognised at the point at which the accommodation and related services are provided.

(c) *Revenue from hotel and other management services*

Revenue from hotel and other management services includes property and project management fees, hotel management fees, franchise fees and other related fees.

(i) Property and project management fees

Property and project management fees are recognised when services are rendered under the terms of the contract.

(ii) Hotel management fees

Management fees earned from hotels managed by the Group, usually under long-term contracts with the hotel owner, are recognised when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability.

(iii) Franchise fees

Franchise fees received in connection with licensing of the Group's brand names, usually under long-term contracts with the hotel owner, are recognised when services are rendered under the terms of the Agreement. The Group generally charges franchise fees as a percentage of hotel revenue.

(iv) Other related fees

Other related fees earned from hotels managed by the Group are recognised when services are rendered under the terms of the contract.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(f) Revenue from property investments – rental income

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

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, 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. 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 entities 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.

Non-controlling 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 equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of financial position of the Group. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of businesses (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to the income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the income statement.

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 non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in retained profits.

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. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

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 other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and dividends received from the associated companies 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.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

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.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in the income statement.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in the income statement.

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 were subsequently revalued in 1985, in accordance with a valuation carried out by an independent professional firm of valuers on their existing use basis. However, a decision was then made that future valuations of hotel properties would not be recognised in the financial statements.

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.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(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(e) 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.

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 on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a bargain purchase.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated companies is included in the carrying amount of the investments.

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

(b) Acquired trademark

Trademarks acquired 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.

(c) Acquired computer software costs

Acquired computer software costs are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software costs are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Computer software under development are not amortised. Amortisation commences when the software if ready for use and is taken to profit or loss using the straight-line method over the estimated useful life of five 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. Significant accounting policies (continued)

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.

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 recognised separately as an intangible asset 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.

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

(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 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.

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 bank balances" 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.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(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 the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income.

(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.

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 is considered as an indicator that the available-for sale financial asset 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. Significant accounting policies (continued)

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 instruments 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.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income 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 of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the 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. Significant accounting policies (continued)

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 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.

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.

2. Significant accounting policies (continued)

2.19 Income taxes (continued)

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

2.21 Employee compensation

(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.

<u>Defined contribution plan</u>

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.

2. Significant accounting policies (continued)

2.21 Employee compensation (continued)

(a) Post-employment benefits

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 value of the employee services received in exchange for the grant of options is recognised as an expense 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.

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, which is the functional currency of the Company.

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(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 resulting 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 end of the reporting period 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 other comprehensive income 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 other comprehensive income.

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 statement of cash flows, 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. Significant accounting policies (continued)

2.26 Dividends

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

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.

The Group's serviced suites have been classified as investment properties and the carrying amount at the end of the reporting period was $258,752,000 (2009: $187,206,000).

(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.

4. Revenue, finance income and miscellaneous income

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Revenue from property development	**781,058**	533,843	**–**	–
Revenue from property investments	**147,943**	141,674	**16,659**	19,088
Gross revenue from hotel ownership and operations	**325,089**	294,485	**–**	–
Revenue from hotel and other management services	**18,540**	15,867	**–**	–
Dividend income from available-for-sale financial assets	**21,950**	21,192	**16,043**	15,924
Dividend income from subsidiaries	**–**	–	**76,170**	29,668
Dividend income from associated companies	**–**	–	**37,045**	25,749
Total revenue	**1,294,580**	1,007,061	**145,917**	90,429
Interest income				
– fixed deposits with financial institutions	**2,223**	1,350	**–**	4
– loans to subsidiaries	**–**	–	**9,940**	13,538
– loans to associated companies	**913**	2,055	**734**	1,833
– others	**376**	482	**11**	6
Finance income	**3,512**	3,887	**10,685**	15,381
Miscellaneous income	**10,343**	9,594	**1,244**	1,154
	1,308,435	1,020,542	**157,846**	106,964

5. Expenses by nature

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cost of inventories sold	**29,465**	29,589	**–**	–
Depreciation of property, plant and equipment (Note 20)	**42,402**	41,038	**484**	362
Amortisation of intangibles [Note 21(a),(c)]	**901**	827	**–**	–
Total depreciation and amortisation	**43,303**	41,865	**484**	362
Hospitality expenses	**49,561**	43,838	**–**	–
Property, plant and equipment written off and net loss on disposals	**2,473**	1,449	**20**	14
Auditors' remuneration paid/payable to:				
– auditor of the Company	**636**	680	**145**	168
– other auditors	**558**	601	**–**	–
Other fees paid/payable to:				
– auditor of the Company	**39**	126	**–**	111
– other auditors	**178**	93	**–**	–
Employee compensation (Note 6)	**139,609**	119,926	**10,217**	7,080
Rent paid to a subsidiary	**–**	–	**412**	392
Rent paid to other parties	**1,425**	1,105	**–**	–
Heat, light and power	**22,673**	19,904	**818**	617
Property tax	**16,339**	14,845	**1,350**	1,343
Development cost included in cost of sales	**585,975**	362,002	**–**	–
Advertising and promotion	**42,242**	33,036	**521**	135
Management fees	**5,059**	5,181	**–**	–
Repair and maintenance	**20,235**	18,231	**736**	1,051
(Writeback of allowance)/allowance for impairment of receivables	**(627)**	229	**–**	–
Other expenses	**11,862**	7,579	**4,184**	3,373
Total cost of sales, marketing and distribution, administrative and other operating expenses	**971,005**	700,279	**18,887**	14,646

6. Employee compensation

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Wages and salaries	**129,341**	111,736	**16,874**	12,661
Employer's contribution to defined contribution plans including Central Provident Fund	**8,663**	7,400	**1,031**	892
Retirement benefits	**343**	290	**–**	–
Share options granted to directors and employees	**1,262**	500	**1,044**	350
	139,609	119,926	**18,949**	13,903
Less : Recharged to subsidiaries	**–**	–	**(8,732)**	(6,823)
	139,609	119,926	**10,217**	7,080

The wages and salaries for the financial year ended 31 December 2010 are stated after netting off the Jobs Credit Scheme – government grant of $432,000 (2009: $2,455,000) for the Group and $78,000 (2009: $397,000) for the Company.

7. Finance expense

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Interest expense:				
– bank loans, notes and overdrafts	**41,373**	49,745	**10,309**	12,422
– loans from non-controlling shareholders of subsidiaries	**467**	876	**–**	–
– bank facility fees	**6,694**	20,328	**184**	184
	48,534	70,949	**10,493**	12,606
Cash flow hedges, transfer from hedging reserve [Note 29(f)]	**1,187**	1,469	**1,608**	989
Less:				
Amount capitalised to development properties [Note 13(a)]	**(22,698)**	(24,876)	**–**	–
Amount capitalised to investment properties [Note 19(f)]	**(945)**	–	**–**	–
Amount capitalised to properties, plant and equipment [Note 20(c)]	**(2,151)**	(3,398)	**–**	–
	(25,794)	(28,274)	**–**	–
	23,927	44,144	**12,101**	13,595
Currency exchange losses – net	**2,561**	584	**33**	22
	26,488	44,728	**12,134**	13,617

8. Other gains/(losses)

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Negative goodwill on acquisition of interests in associated companies	**50,271**	281,069	**–**	–
Gain on liquidation of an available-for-sale financial asset	**362**	–	**–**	–
Gain on liquidation of a subsidiary	**157**	–	**–**	581
Impairment charge on investments in subsidiaries (Note 18)	**–**	–	**–**	(21,118)
Reversal of impairment charge on investments in subsidiaries (Note 18)	**–**	–	**16,090**	1,783
Impairment charge on property, plant and equipment [Note 20(b)]	**–**	(3,800)	**–**	–
	50,790	277,269	**16,090**	(18,754)

9. Income taxes

(a) Income tax expense/(credit)

	The Group		The Company	
	2010	2009	**2010**	2009
	$'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]	**37,959**	33,826	**3,340**	4,421
– Foreign [Note (b) below]	**14,087**	7,725	**–**	–
Withholding tax paid [Note (b) below]	**–**	211	**–**	–
	52,046	41,762	**3,340**	4,421
Deferred income tax (Note 27)	**18,446**	2,328	**26**	(1,976)
Effect of change in tax rates (Note 27)	**–**	(6,548)	**–**	(667)
	70,492	37,542	**3,366**	1,778
– (Over)/under provision in preceding financial years:				
Current income tax				
– Singapore [Note (b) below]	**(4,054)**	(5,963)	**–**	(2,000)
– Foreign [Note (b) below]	**(6)**	8	**–**	–
	(4,060)	(5,955)	**–**	(2,000)
Deferred income tax (Note 27)	**495**	413	**–**	–
	(3,565)	(5,542)	**–**	(2,000)
	66,927	32,000	**3,366**	(222)

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Profit before tax	**882,447**	493,512	**169,375**	26,002
Share of profit of associated companies	**(385,852)**	(88,270)	**–**	–
Profit before tax and share of profit of associated companies	**496,595**	405,242	**169,375**	26,002
Tax calculated at a tax rate of 17% (2009: 17%)	**84,421**	68,891	**28,794**	4,420
Effects of:				
– Singapore statutory stepped income exemption	**(553)**	(530)	**(26)**	(26)
– Different tax rates in other countries	**3,963**	2,724	**–**	–
– Change in tax rate on deferred taxation	**–**	(6,548)	**–**	(667)
– Income not subject to tax	**(29,321)**	(52,436)	**(29,249)**	(12,227)
– Expenses not deductible for tax purposes	**11,206**	25,593	**3,847**	10,278
– Utilisation of previously unrecognised tax losses	**(170)**	(212)	**–**	–
– Deferred tax assets not recognised in the current financial year	**946**	60	**–**	–
Tax charge	**70,492**	37,542	**3,366**	1,778

9. Income taxes (continued)

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**47,216**	42,389	**6,084**	6,389
Currency translation differences	**860**	1,515	**–**	–
Income tax paid	**(28,828)**	(32,495)	**10,507**	(2,726)
Tax expense on profit [Note (a) above]				
– current financial year	**52,046**	41,762	**3,340**	4,421
– over provision in preceding financial years	**(4,060)**	(5,955)	**–**	(2,000)
At the end of the financial year	**67,234**	47,216	**19,931**	6,084
Comprise:				
Current income tax assets	**(904)**	(1,236)	**–**	–
Current income tax liabilities	**68,138**	48,452	**19,931**	6,084
	67,234	47,216	**19,931**	6,084

10. Earnings per share

(a) Basic earnings per share

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

	2010	2009
Net profit attributable to equity holders of the Company ($'000)	**745,795**	424,178
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**779,781**	789,681
Basic earnings per share (cents per share)	**95.64**	53.72

(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 2010, 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 net profit.

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:

	2010	2009
Net profit attributable to equity holders of the Company ($'000)	**745,795**	424,178
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**779,781**	789,681
Adjustments for share options ('000)	**646**	611
Weighted average number of ordinary shares for diluted earnings per share ('000)	**780,427**	790,292
Diluted earnings per share (cents per share)	**95.56**	53.67

11. Cash and bank balances

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**78,709**	52,352	**1,714**	376
Fixed deposits with financial institutions	**234,460**	229,107	**13**	7,712
	313,169	281,459	**1,727**	8,088

(a) Included in cash and bank balances is an amount of $228,009,000 (2009: $151,756,000) 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 $617,000 (2009: $546,000) 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	
	2010	2009
	$'000	$'000
Cash and bank balances (as above)	**313,169**	281,459
Less: Bank overdrafts (Note 23)	**(9)**	–
Less: Bank deposits pledged as security	**(6,000)**	(6,000)
Cash and cash equivalents per consolidated statement of cash flows	**307,160**	275,459

11. Cash and bank balances (continued)

(d) The fixed deposits with financial institutions for the Group and Company mature on varying dates within 6 months (2009: 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	
	2010	2009	**2010**	2009
	%	%	**%**	%
Singapore Dollar	**0.1**	0.1	**0.3**	0.1
United States Dollar	**1.0**	0.7	**–**	–
Australian Dollar	**2.8**	3.8	**–**	–
Malaysian Ringgit	**2.3**	1.8	**–**	–

12. Trade and other receivables

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables:				
– non-related parties	**130,601**	47,971	**817**	424
– associated companies	**–**	297	**–**	–
Less: Allowance for impairment of receivables – non-related parties	**(280)**	(355)	**–**	–
Trade receivables – net	**130,321**	47,913	**817**	424
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**11,025**	8,446
– associated companies (non-trade)	**4,860**	9,127	**4,682**	9,127
– loans to subsidiaries (unsecured)	**–**	–	**165,141**	70,909
– loans to associated companies (unsecured)	**73,201**	51,040	**73,201**	50,300
– sundry debtors	**7,309**	4,806	**–**	38
Less: Allowance for impairment of receivables – associated companies	**–**	(740)	**–**	–
Other receivables – net	**85,370**	64,233	**254,049**	138,820
	215,691	112,146	**254,866**	139,244
Non-current				
Loans to:				
– subsidiaries (unsecured)	**–**	–	**685,866**	525,905
– associated companies (unsecured)	**1,906**	99,201	**–**	99,201
	1,906	99,201	**685,866**	625,106
Total trade and other receivables	**217,597**	211,347	**940,732**	764,350

12. Trade and other receivables (continued)

(a) Writeback of allowance for impairment of receivables of $627,000 for the financial year and allowance for impairment of receivables of $229,000 in 2009 have been recognised as an (income)/expense and included in 'Administrative expenses'.

(b) The non-trade amounts due from subsidiaries and associated companies are repayable on demand. The loans to associated companies of $73,201,000 (2009: $50,300,000) are repayable in February 2011 (2009: March 2010) 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.

(c) 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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Loans subordinated to secured bank loans:				
Loans to subsidiaries	**–**	–	**802,665**	593,844
Loans to associated companies	**75,107**	99,201	**73,201**	99,201
	75,107	99,201	**875,866**	693,045

(d) 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	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000	**%**	%
Loans to subsidiaries:						
– Floating rate	**–**	–	**685,866**	525,905	**2.3**	2.6
Loans to associated companies:						
– Floating rate	**–**	99,201	**–**	99,201	**–**	0.6
– Fixed rate	**1,838**	–	**–**	–	**6.7**	–
	1,838	99,201	**685,866**	625,106		

13. Development properties

	The Group	
	2010	2009
	$'000	$'000
Land, at cost	**1,381,395**	1,464,012
Development costs	**399,212**	235,341
Property taxes, interests and overheads	**113,797**	89,399
	1,894,404	1,788,752
Development profits recognised	**378,287**	275,069
Less: Progress billings	**(1,047,958)**	(501,170)
	1,224,733	1,562,651

(a) Borrowing costs of $22,698,000 (2009: $24,876,000) arising on financing specifically entered into for the development of properties were capitalised during the financial year.

13. Development properties (continued)

(b) Bank borrowings and other banking facilities are secured on certain development properties of the Group amounting to $1,224,733,000 (2009: $1,519,421,000) [Note 23(c)].

(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 2010 $'000	Decrease 2009 $'000
Opening balance of retained earnings	**223,331**	149,328
Revenue for the financial year	**450,155**	309,963
Net profit for the financial year	**86,149**	74,003
Development properties at the beginning of the financial year	**273,746**	181,890
Development properties at the end of the financial year	**378,287**	273,746

(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
Duchess Residences					
A residential development comprising 120 units of condominium apartments	999-year leasehold	97.3%	1st Quarter 2011	14,144/19,802	70%
Breeze by the East					
A residential development comprising 88 units of condominium apartments	Freehold	85.5%	1st Quarter 2011	8,976/12,566	100%
Meadows@Peirce					
A residential development comprising 479 units of condominium apartments	Freehold	49.6%	4th Quarter 2011	42,828/63,970	100%
Double Bay Residences					
A development comprising 652 units of residential apartments and retail components	99-year leasehold	32.9%	2nd Quarter 2012	32,211/76,260	60%
Spottiswoode Residences					
A residential development comprising 351 units of condominium apartments	Freehold	5.1%	2nd Quarter 2013	9,531/29,586	100%
Waterbank at Dakota					
A residential development comprising 616 units of condominium apartments	99-year leasehold	14.3%	2nd Quarter 2013	17,190/60,164	100%
Panorama					
A residential development comprising 223 units of condominium apartments in Kuala Lumpur, Malaysia	Freehold	84.8%	1st Quarter 2011	4,573/32,578	55%
Site at Jalan Conlay					
A proposed residential development comprising 494 units of condominium apartments in Kuala Lumpur, Malaysia	Freehold	–	3rd Quarter 2014	15,986/125,997	60%
Hai He Hua Ding					
A proposed residential development comprising 522 units of condominium apartments in Tianjin, People's Republic of China	50-year leasehold	15.0%	4th Quarter 2013	10,684/55,983	90%

14. Inventories

	The Group	
	2010	2009
	$'000	$'000
Trading stock	**292**	86
Food and beverages	**942**	1,896
Spares for maintenance	**388**	1,171
	1,622	3,153

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $29,465,000 (2009: $29,589,000).

15. Available-for-sale financial assets

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**746,181**	695,581	**557,043**	398,381
Additions	**20,560**	21,084	**15,457**	–
Disposals	**(102)**	–	**–**	–
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 (losses)/gains recognised in other comprehensive income [Note 29(b)]	**(39,900)**	290,991	**(26,549)**	198,089
At the end of the financial year	**726,739**	746,181	**545,951**	557,043
Less: Non-current portion	**(246,972)**	(228,897)	**(66,184)**	(40,219)
Current portion	**479,767**	517,284	**479,767**	516,824

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Listed securities:				
– Equity shares – Singapore	**674,106**	702,791	**496,032**	516,824
Unlisted securities:				
– Equity shares – Singapore	**52,633**	43,390	**49,919**	40,219
	726,739	746,181	**545,951**	557,043

(b) In 2009, bank borrowings were secured on certain equity shares of available-for-sale financial assets of the Group and the Company amounting to $669,120,000 and $502,956,000 respectively [Note 23(c)].

16. Other assets

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deposits	**36,766**	1,200	**–**	11
Prepayments	**8,929**	4,647	**315**	131
Deferred expenses	**–**	51	**–**	–
	45,695	5,898	**315**	142

As at 31 December 2010, the Group had a deposit of $21,697,000 with a government agency in the People's Republic of China, in relation to the acquisition of land by an associated company.

17. Investments in associated companies

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Equity investments at cost			**161,589**	161,589
At the beginning of the financial year	**1,349,049**	332,181		
Additions	**432,317**	737,311		
Reclassifications from available-for-sale financial asset arising from acquisition of additional percentage holdings (Note 15)	**–**	240,670		
Share of profit, net of tax	**385,852**	88,270		
Share of acquisition of interests from non-controlling shareholders	**6,097**	–		
Share of reserves of associated companies, net of tax [Note 29(a),(c) and (e)]	**(1,232)**	(1,416)		
Dividends received, net of tax	**(51,503)**	(47,716)		
Currency translation differences	**(554)**	(251)		
At the end of the financial year	**2,120,026**	1,349,049		

(a) The summarised financial information of associated companies, not adjusted for the proportion ownership interest held by the Group was as follows:

	The Group	
	2010	2009
	$'000	$'000
– Assets	**9,490,890**	8,939,452
– Liabilities	**2,380,966**	2,958,014
– Revenue	**2,050,171**	1,785,544
– Net profit	**1,088,486**	48,471

(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 $9,094,000 (2009: $9,834,000).

17. Investments in associated companies (continued)

(c) The Group's investments in associated companies include investment in a listed associated company with a carrying amount of $1,574,703,000 (2009: $981,024,000), for which the published price quotation was $1,447,175,000 (2009: $916,393,000) 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) In 2009, bank borrowings were secured on certain equity shares of an associated company of the Group and the Company of carrying values amounting to $981,024,000 and $161,589,000 respectively [Note 23(c)].

(e) The associated companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding		Accounting year end
			2010	2009	
			%	%	
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 39.67 by UEI**	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	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~	Marketing agent	Thailand	**48.97 by PPH**	48.97 by PPH	31 December
Premier Land Development Pte. Ltd. [Note (g) below]	Property development	Singapore	**50 by UVI**	–	31 December
United Venture Investments Pte. Ltd.**	Dormant	Singapore	**50 by UVI**	–	31 December
United Venture Development Pte. Ltd.**	Dormant	Singapore	**50 by UVI**	–	31 December
Shanghai Jin Peng Realty Co. Ltd**	Property development	The People's Republic of China	**40 by UCI**	–	31 December

17. Investments in associated companies (continued)

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

* Not required to be audited under the laws of the country of incorporation.
~ Audited by Thana-Ake Advisory Limited, Thailand.
^ Audited by KPMG LLP, Singapore.
** These associated companies were newly incorporated during the financial year.

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) In 2009, UIC became an associated company of the Group when the Company's wholly-owned subsidiary, UOL Equity Investments Pte Ltd ("UEI") acquired 223,694,465 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. 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 was 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.

During the financial year, UEI acquired an additional 138,295,900 UIC shares which resulted in the Group beneficially owning an aggregate 578,869,900 UIC Shares or approximately 42.02% of the total issued UIC Shares as at 31 December 2010.

(g) During the financial year, the Company's wholly-owned subsidiary, UOL Venture Investments Pte. Ltd. ("UVI") subscribed for 1,000,000 ordinary shares and 30,374,734 redeemable preference shares in the share capital of Premier Land Development Pte. Ltd. ("PLD") for an aggregate amount of $11,175,000, constituting 50% of the issued and paid-up share capital of PLD, pursuant to an agreement dated 9 October 2009 entered into between UVI and a third party.

18. Investments in subsidiaries

	The Company			
	2010		2009	
	Cost $'000	**Market value $'000**	Cost $'000	Market value $'000
Listed investments at cost	**408,116**	**783,105**	408,116	773,316
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	**(42,363)**		(23,028)	
Impairment charge for the financial year [Note 8 and (a) below]	**–**		(21,118)	
Reversal of impairment charge for the financial year [Note 8 and (a) below]	**16,090**		1,783	
At the end of the financial year	**(26,273)**		(42,363)	
	1,295,483		1,279,393	

(a) Impairment charge

Impairment charges and reversals of impairment charges were made to adjust the carrying values of certain of the Company's unlisted investments in subsidiaries to their recoverable amounts, taking into account the general economic and operating environment in which the relevant subsidiaries operate in.

The recoverable amount for the relevant subsidiaries was mainly estimated based on the fair value less cost to sell of the net assets as at the end of the reporting period. The carrying amount of the net assets of the relevant subsidiaries approximates their fair values.

(b) The subsidiaries are:

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment		Equity holding	
			2010 $'000	2009 $'000	**2010 %**	2009 %
Held by the Company						
Pan Pacific Hotels Group Limited ("PPHG")	Hotelier, property owner and investment holding	Singapore	**408,116**	408,116	**81.57**	81.57
UOL Claymore Investment Pte. Ltd.	Hotelier	Singapore	**50,000**	50,000	**100**	100
UOL Somerset Investments Pte. Ltd.	Rental of serviced suites	Singapore	**75,000**	75,000	**100**	100
UOL Property Investments Pte Ltd	Property investment	Singapore	**76,006**	76,006	**100**	100

18. Investments in subsidiaries (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment		Equity holding	
			2010 $'000	2009 $'000	**2010 %**	2009 %
Held by the Company (continued)						
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
UOL Development Pte Ltd	Property development	Singapore	**20,000**	20,000	**100**	100
UOL Development (Dakota) Pte. Ltd.	Property development	Singapore	**41,436**	41,436	**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
United Regency Pte. Ltd.	Property development	Singapore	**600**	600	**60**	60
Duchess Walk Pte. Ltd.	Property development	Singapore	**700**	700	**70**	70
Secure Venture Development (Simei) Pte. Ltd.	Property development	Singapore	**600**	600	**60**	60
UOL Management Services Pte Ltd	Property management services & investment	Singapore	**2,041**	2,041	**100**	100
UOL Project Management Services Pte. Ltd.	Project management services	Singapore	**115**	115	**100**	100
UOL Overseas Investments Pte Ltd	Investment holding	Singapore	**30,500**	30,500	**100**	100
UOL Equity Investments Pte Ltd ("UEI")	Investment holding	Singapore	**280,000**	280,000	**100**	100
UOL Overseas Development Pte. Ltd. ("UOD")	Investment holding	Singapore	**50,000**	50,000	**100**	100

18. Investments in subsidiaries (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment		Equity holding	
			2010 $'000	2009 $'000	**2010 %**	2009 %
Held by the Company (continued)						
UOL Capital Investments Pte. Ltd. ("UCI")	Investment holding	Singapore	**52,000**	52,000	**100**	100
UOL Venture Investments Pte. Ltd. ("UVI")	Investment holding	Singapore	**2,651**	2,651	**100**	100
Secure Venture Investments Limited ("SVIL")***	Investment holding	Hong Kong	**24,972**	24,972	**100**	100
Hotel Negara Limited	Dormant	Singapore	**1,519**	1,519	**100**	100
UOL Residential Development Pte. Ltd.^	Dormant	Singapore	**~**	–	**100**	–
Flamegold Pte. Ltd.^	Dormant	Singapore	**~**	–	**100**	–
			1,321,756	1,321,756		

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2010 %	2009 %
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
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
Hua Ye Xiamen Hotel Limited*	Hotelier	The People's Republic of China	**100 by SVIL**	100 by SVIL

18. Investments in subsidiaries (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %	Equity holding 2009 %
Held by subsidiaries (continued)				
New Park Hotel (1989) Pte Ltd	Hotelier	Singapore	**100 by PPHG**	100 by PPHG
Hotel Plaza Property (Singapore) Pte. Ltd.	Property development and hotelier	Singapore	**100 by PPHG**	100 by PPHG
Parkroyal Serviced Residences Pte. Ltd.	Management of serviced suites	Singapore	**100 by PPHG**	100 by PPHG
United Lifestyle Holdings Pte Ltd	Investment holding	Singapore	**100 by PPHG**	100 by PPHG
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
Parkroyal Hotels & Resorts Pte. Ltd.	Hotel manager and operator	Singapore	**100 by PPHG**	100 by PPHG
Parkroyal International Pte. Ltd.	Managing and licensing of trademarks	Singapore	**100 by PPHG**	100 by PPHG
Pan Pacific International Pte. Ltd.	Managing and licensing of trademarks	Singapore	**100 by PPHG**	100 by PPHG
Garden Plaza Company Limited*	Hotelier	Vietnam	**100 by PPHG**	100 by PPHG
Success City Pty Limited*	Dormant	Australia	**100 by PPHG**	95 by PPHG
Success Venture Investments (Australia) Ltd ("SVIA")	Investment holding	The British Virgin Islands	**100 by PPHG**	60 by PPHG
Success Venture Pty Limited*	Trustee company	Australia	**100 by SVIA**	100 by SVIA
Success Venture Investments (WA) Limited ("SVIWA")	Investment holding	The British Virgin Islands	**100 by PPHG**	100 by PPHG
HPL Properties (Malaysia) Sdn. Bhd. ("HPM")*	Investment holding	Malaysia	**100 by PPHG**	100 by PPHG

18. Investments in subsidiaries (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %	Equity holding 2009 %
Held by subsidiaries (continued)				
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
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
Hotel Investments (Suzhou) Pte. Ltd. ("HIS")	Investment holding	Singapore	**100 by PPHG**	100 by PPHG
Suzhou Wugong Hotel Co., Ltd*	Hotelier	The People's Republic of China	**100 by HIS**	100 by HIS
Hotel Investments (Hanoi) Pte. Ltd. ("HIH")	Investment holding	Singapore	**100 by PPHG**	100 by PPHG
Westlake International Company*	Hotelier	Vietnam	**75 by HIH**	75 by HIH
YIPL Investment Pte. Ltd. ("YIPL")	Investment holding	Singapore	**100 by PPHG**	100 by PPHG
Yangon Hotel Limited**	Hotelier	Myanmar	**95 by YIPL**	95 by YIPL
HPL Overseas Investments Pte Ltd	Liquidated	Singapore	**–**	100 by PPHG
Parkroyal Marketing Services Pte. Ltd.	Liquidated	Singapore	**–**	100 by PPHG
Parkroyal Technical Services Pte. Ltd.	Liquidated	Singapore	**–**	100 by PPHG
Parkroyal Hospitality Group Pte. Ltd.	Liquidated	Singapore	**–**	100 by PPHG
Pan Pacific Hospitality Holdings Pte. Ltd. ("PPHH")	Investment holding	Singapore	**100 by PPHG**	100 by PPHG
Pan Pacific Hospitality Pte. Ltd. ("PPH")	Manage and operate serviced suites and investment holding	Singapore	**100 by PPHH**	100 by PPHH

18. **Investments in subsidiaries** (continued)

(b) The subsidiaries are: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %	Equity holding 2009 %
Held by subsidiaries (continued)				
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 Pte. Ltd. ("PPHR")	Hotel manager and operator	Singapore	**100 by PPHH**	100 by PPHH
Pan Pacific Hotels and Resorts Japan Co., Ltd#	Hotel manager and operator	Japan	**100 by PPHR**	100 by PPHR
Pan Pacific (Shanghai) Hotel Management Co., Ltd.@	Hotel manager and operator	The People's Republic of China	**100 by PPHR**	–
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
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

18. Investments in subsidiaries (continued)

(c) The following unit trusts are held by:

Name of unit trusts	Principal activities	Country of business/ constitution	Units held	
			2010	2009
			%	%
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
* Audited by PricewaterhouseCoopers firms outside Singapore.
** Audited by Myanmar Vigour Company Limited.
*** Audited by RSM Nelson Wheeler.
**** Company audited by Kanaka Puradiredja, Robert Yogi Dan Suhartono.
@ Audited by Shanghai LSC Certified Public Accountants Co., Ltd
# Not required to be audited under the laws of the country of incorporation.
^ These subsidiaries were newly incorporated during the financial year.

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.

19. Investment properties

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**2,027,476**	2,202,260	**259,190**	293,135
Currency translation differences	**–**	(386)	**–**	–
Additions during the financial year	**2,961**	7,304	**–**	–
Transfer from/(to) property, plant and equipment (Note 20)	**96,313**	(34,140)	**–**	–
Fair value gains/(losses) recognised in income statement	**134,863**	(147,562)	**26,460**	(33,945)
At the end of the financial year	**2,261,613**	2,027,476	**285,650**	259,190

(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.

19. Investment properties (continued)

(b) The investment properties are leased to non-related parties [Note 32(d)] and related parties [Note 34(a)] under operating leases.

(c) Bank borrowings are secured on certain investment properties of the Group amounting to $1,039,473,000 (2009: $903,500,000) [Note 23(c)].

(d) The details of the Group's investment properties at 31 December 2010 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
Parkroyal Serviced Suites Kuala Lumpur (formerly known as One Residency)	– 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
Hai He Hua Ding	– a proposed commercial development comprising basement carparks, a retail mall on the 1st to 3rd storey and two 11-storey office towers in Tianjin, People's Republic of China	40 year lease from 2007

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Rental Income (Note 4)	**147,943**	141,674	**16,659**	19,088
Direct operating expenses arising from investment properties that generated rental income	**27,860**	25,275	**2,409**	2,307

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

19. Investment properties (continued)

(f) Borrowing costs of $945,000 (2009: nil) arising on financing specifically entered into for investment properties under construction were capitalised during the financial year.

20. Property, plant and equipment

	Land and buildings		Plant, equipment, furniture	Motor	Properties under	Renovation	
	Freehold	Leasehold	and fittings	vehicles	development	in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Cost							
At 1 January 2010	426,413	224,188	415,030	2,307	412,707	1,693	1,482,338
Currency translation differences	9,208	(9,701)	(2,352)	(51)	(4,351)	(22)	(7,269)
Additions	4,767	545	14,381	357	52,755	9,374	82,179
Fair value gain recognised in asset revaluation reserve (Note 29)	–	–	–	–	3,188	–	3,188
Transfer to investment properties	–	–	–	–	(96,313)	–	(96,313)
Transfer to development properties	–	–	–	–	(55,641)	–	(55,641)
Disposals	(1,642)	(736)	(91,352)	(533)	–	–	(94,263)
Reclassification	371	122	3,125	–	–	(3,618)	–
At 31 December 2010	439,117	214,418	338,832	2,080	312,345	7,427	1,314,219
Accumulated depreciation							
At 1 January 2010	54,644	66,685	262,161	1,982	–	–	385,472
Currency translation differences	1,762	(2,872)	(1,682)	(41)	–	–	(2,833)
Charge for the financial year	5,333	5,110	31,719	240	–	–	42,402
Disposals	(1,230)	(686)	(88,948)	(481)	–	–	(91,345)
Reclassification	114	–	(114)	–	–	–	–
At 31 December 2010	60,623	68,237	203,136	1,700	–	–	333,696
Net book value at 31 December 2010	**378,494**	**146,181**	**135,696**	**380**	**312,345**	**7,427**	**980,523**

20. Property, plant and equipment (continued)

	Land and buildings		Plant, equipment, furniture	Motor	Properties under	Renovation	
	Freehold	Leasehold	and fittings	vehicles	development	in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Cost							
At 1 January 2009	402,898	212,882	382,429	1,833	346,849	23,604	1,370,495
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 (b) below]	(3,800)	–	–	–	–	–	(3,800)
At 31 December 2009	426,413	224,188	415,030	2,307	412,707	1,693	1,482,338
Accumulated depreciation							
At 1 January 2009	45,856	64,540	229,364	1,459	–	–	341,219
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	54,644	66,685	262,161	1,982	–	–	385,472
Net book value at 31 December 2009	**371,769**	**157,503**	**152,869**	**325**	**412,707**	**1,693**	**1,096,866**

20. Property, plant and equipment (continued)

	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
The Company			
Cost			
At 1 January 2010	3,547	188	3,735
Additions	217	–	217
Disposals	(774)	–	(774)
At 31 December 2010	2,990	188	3,178
Accumulated depreciation			
At 1 January 2010	2,539	66	2,605
Charge for the financial year	446	38	484
Disposals	(754)	–	(754)
At 31 December 2010	2,231	104	2,335
Net book value at 31 December 2010	**759**	**84**	**843**
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**

(a) At 31 December 2010, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $1,251,631,000 (2009: $1,184,100,000) and the net book value was $635,854,000 (2009: $657,036,000). 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 $615,777,000 (2009: $527,064,000) has not been incorporated in the financial statements.

(b) In 2009, 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. The impaired asset belongs to the hotel operation reportable segment.

20. Property, plant and equipment (continued)

(c) Borrowing costs of $2,151,000 (2009: $3,398,000) arising on financing specifically entered into for the property under development were capitalised during the financial year.

(d) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 23(c)] amounting to $809,980,000 (2009: $803,826,000).

(e) The details of the Group's properties in property, plant and equipment at 31 December 2010 were:

		Tenure of land	Remaining lease term
PARKROYAL on Beach Road	– a 343-room hotel at Beach Road, Singapore	99-year lease from 1968	57 years
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	32 years
PARKROYAL Darling Harbour	– a 345-room hotel at Darling Harbour, Sydney, Australia	Freehold	–
PARKROYAL 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	70 years
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	33 years
Hotel Sofitel Plaza Hanoi	– a 309-room hotel and 36 serviced suites at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993	31 years
Pan Pacific Suzhou	– a 481-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994	34 years
Pan Pacific Xiamen	– a 394-room hotel at Hubin North Road, Xiamen, The People's Republic of China	70-year lease from 1991	51 years
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	17 years

20. Property, plant and equipment (continued)

(f) The details of the Group's properties under development at 31 December 2010 were:

Property	Tenure of land	Remaining lease term	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 363-room hotel and approximately 7,300 square metres of office space	99-year lease from 2008	97 years	19%	3rd Quarter 2012	6,959/ 29,227	100%
Hai He Hua Ding						
A proposed 334-room hotel in Tianjin, People's Republic of China	40-year lease from 2007	37 years	15%	4th Quarter 2013	6,881/ 36,151	90%

21. Intangibles

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trademarks [Note (a) below]	**12,524**	13,288	**–**	–
Computer software under development [Note (b) below]	**4,595**	–	**793**	–
Deferred management contract expenses [Note (c) below]	**1,405**	–	**–**	–
Goodwill arising on consolidation [Note (d) below]	**24,283**	24,283	**–**	–
	42,807	37,571	**793**	–

(a) Trademarks

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**13,288**	14,115	**–**	–
Additions	**107**	–	**–**	–
Amortisation for the financial year	**(871)**	(827)	**–**	–
At the end of the financial year	**12,524**	13,288	**–**	–
Cost	**15,591**	15,484	**–**	–
Accumulated amortisation	**(3,067)**	(2,196)	**–**	–
Net book value	**12,524**	13,288	**–**	–

21. Intangibles (continued)

(b) Computer software under development

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**–**	–	**–**	–
Additions	**4,595**	–	**793**	–
At the end of the financial year	**4,595**	–	**793**	–
Cost and net book value	**4,595**	–	**793**	–

(c) Deferred management contract expenses

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**–**	–	**–**	–
Additions	**1,435**	–	**–**	–
Amortisation for the financial year	**(30)**	–	**–**	–
At the end of the financial year	**1,405**	–	**–**	–
Cost	**1,435**	–	**–**	–
Accumulated amortisation	**(30)**	–	**–**	–
Net book value	**1,405**	–	**–**	–

(d) Goodwill arising on consolidation

	The Group	
	2010	2009
	$'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	
	2010	2009
	$'000	$'000
Singapore	**10,371**	10,371
The People's Republic of China	**13,081**	13,081
Malaysia	**831**	831
	24,283	24,283

21. Intangibles (continued)

(d) Goodwill arising on consolidation (continued)

The recoverable amount of the above 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 of 5 to 9 years (2009: 5 to 9 years) which were prepared based on the expected future market trend.

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

	The People's Republic of China %	Malaysia %	Singapore %
2010			
Growth rate	9.8	1.6	5.0
Discount rate	12.3	6.2	9.5
2009			
Growth rate	14.0	2.4	3.5
Discount rate	12.3	7.3	4.7

22. Trade and other payables, deferred liabilities, rental deposits and retention monies

	The Group		The Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Current				
Trade payables:				
– non-related parties	**68,308**	53,324	**1,865**	1,641
– associated companies	**–**	5	**–**	–
	68,308	53,329	**1,865**	1,641
Other payables:				
– rental deposits	**12,608**	16,362	**1,402**	1,943
– accrued interest payable	**2,956**	6,893	**1,413**	1,855
– retention monies	**10,736**	11,144	**701**	707
– accrued development expenditure	**20,746**	14,702	**–**	–
– accruals for completed projects	**6,662**	3,587	**–**	272
– accrued operating expenses	**64,354**	46,634	**9,847**	7,398
– sundry creditors	**12,911**	14,860	**1,185**	1,152
– subsidiaries (non-trade)	**–**	–	**–**	76
– non-controlling shareholders (non-trade)	**2,444**	3,876	**–**	–
	133,417	118,058	**14,548**	13,403
Loans from subsidiaries	**–**	–	**138,883**	220,234
Total trade and other payables	**201,725**	171,387	**155,296**	235,278
Non-current				
Deferred liabilities	**6,561**	–	**–**	–
Rental deposits	**22,277**	19,658	**3,051**	2,622
Retention monies	**24,449**	8,980	**–**	–

22. Trade and other payables, deferred liabilities, rental deposits and retention monies (continued)

(a) The non-trade amounts and loans due to subsidiaries and non-controlling shareholders are unsecured and interest free except for a loan due to a subsidiary of $49,630,000 (2009: $55,662,000) which has an effective interest rate of 2.25% (2009: 2.35%) per annum at the end of the reporting period.

(b) The carrying amount of deferred liabilities, rental deposits and retention monies approximate their fair values.

23. Borrowings

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Current				
Bank overdrafts (unsecured)	**9**	–	**–**	–
Bank loans (secured)	**198,600**	428,859	**–**	–
Bank loans (unsecured)	**547,051**	294,150	**469,951**	241,150
	745,660	723,009	**469,951**	241,150
Non-current				
Bank loans (secured)	**840,829**	1,213,455	**–**	–
Bank loans (unsecured)	**288,110**	–	**–**	–
3.34% unsecured fixed rate note due 2012 [Note (a) below]	**149,849**	149,738	**149,849**	149,738
Unsecured floating rate note due 2012 [Note (a) below]	**99,899**	99,827	**99,899**	99,827
	1,378,687	1,463,020	**249,748**	249,565
Total borrowings	**2,124,347**	2,186,029	**719,699**	490,715

(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 1.4% (2009: 2.3%) amounted to $154,418,000 (2009: $153,840,000).

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. The fair value of the Floating Rate Note approximates its carrying value.

23. Borrowings (continued)

(b) Medium term note programme

On 1 July 2010, the Company established a S$1 billion Multicurrency Medium Term Note Programme (the "Programme"). Under the Programme, the Company may issue Notes (the "Notes") denominated in Singapore dollars and/or any other currencies agreed with the dealers. The Notes may be issued on a syndicated or non-syndicated basis and will rank pari passu with all other unsecured obligations. Each series of Notes may be issued in one or more transches, on the same or different terms such as issue dates, interest rates, maturities, etc as agreed between the Company and the relevant dealers. There were no borrowings under the Programme as at the end of the financial year.

(c) 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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'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	**809,980**	803,826	**–**	–
Investment properties	**1,039,473**	903,500	**–**	–
Development properties	**1,224,733**	1,519,421	**–**	–
	3,074,186	4,876,891	**–**	664,545

(d) Effective interest rates

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

<u>The Group</u>

	2010				2009			
	SGD	**USD**	**RMB**	**MYR**	SGD	USD	RMB	MYR
	%	**%**	**%**	**%**	%	%	%	%
Bank overdrafts (unsecured)	**5.0**	**–**	**–**	**–**	–	–	–	–
Bank loans (secured)	**1.8**	**1.4**	**6.2**	**4.0**	2.1	1.4	5.6	3.1
Bank loans (unsecured)	**1.5**	**–**	**–**	**–**	2.7	–	–	–
Unsecured floating rate note due 2012	**0.8**	**–**	**–**	**–**	1.2	–	–	–

<u>The Company</u>

	2010	2009
	SGD	SGD
	%	%
Bank loans (unsecured)	**1.5**	2.7
Unsecured floating rate note due 2012	**0.8**	1.2

23. Borrowings (continued)

(e) The fair value of non-current secured and unsecured bank loans approximates its carrying value.

24. Derivative financial instrument

	The Group		The Company	
	Contract notional amount $'000	Fair value liability $'000	Contract notional amount $'000	Fair value liability $'000
2010				
Current				
Cash-flow hedges				
– Interest rate swaps	140,000	2,213	100,000	1,756
2009				
Non-current				
Cash-flow hedges				
– Interest rate swaps	140,000	2,221	100,000	1,782

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.

25. Loans from non-controlling shareholders of subsidiaries (unsecured)

	The Group	
	2010 $'000	2009 $'000
Loans from non-controlling shareholders of subsidiaries (unsecured)		
– Current	**18,990**	33,025
– Non-current	**47,278**	45,946
	66,268	78,971

Details of the loans from non-controlling shareholders are as follows:

(i) Loans of $7,771,000 (2009: $3,409,000) are interest-free.

(ii) A loan in 2009 of $9,631,000 bore interest calculated on a fixed rate basis and the effective interest rate as at the end of the reporting period was 2.5% per annum.

(iii) Loans of $58,497,000 (2009: $65,931,000) 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 was 0.5% (2009: 0.6%) per annum.

25. Loans from non-controlling shareholders of subsidiaries (unsecured) (continued)

(iv) The fair values of loans from non-controlling shareholders were computed based on cash flows discounted using market borrowing rates at the end of the reporting period and were as follows:

	The Group		Borrowing rates	
	2010	2009	**2010**	2009
	$'000	$'000	**%**	%
Loans from non-controlling shareholders:				
– Floating rate	**58,497**	65,931	**0.5**	0.6
– Fixed rate	**–**	9,631	**–**	2.5
– Interest-free	**7,343**	3,179	**3.6**	2.7
	65,840	78,741		

(v) The loans from non-controlling 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.

26. Provision for retirement benefits

	The Group	
	2010	2009
	$'000	$'000
Non-current	**2,539**	2,316

(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	
	2010	2009
	$'000	$'000
At the beginning of the financial year	**2,316**	2,112
Benefits paid	**(179)**	(61)
Charged to income statement	**343**	290
Currency translation differences	**59**	(25)
At the end of the financial year	**2,539**	2,316

26. Provision for retirement benefits (continued)

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

	The Group	
	2010	2009
	$'000	$'000
Current service cost	**203**	178
Interest on obligation	**140**	112
Expense recognised in the income statement	**343**	290

The charge to the income statement was included in "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	
	2010	2009
	%	%
Discount interest rate	**6.2**	6.2
Future salary increase	**6.5**	6.5
Inflation rate	**3.5**	3.5
Normal retirement age (years)		
– Male	**55**	55
– Female	**50**	50

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
– to be recovered within one year	**(569)**	(479)	**–**	–
– to be recovered after one year	**(3,082)**	(4,620)	**(298)**	(303)
	(3,651)	(5,099)	**(298)**	(303)
Deferred income tax liabilities				
– to be settled within one year	**112,349**	77,864	**67,640**	73,940
– to be settled after one year	**101,484**	124,209	**9,396**	9,370
	213,833	202,073	**77,036**	83,310

27. Deferred income taxes (continued)

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**196,974**	170,029	**83,007**	55,077
Currency translation differences	**566**	362	**–**	–
Tax charge/(credit) to:				
– income statement [Note 9(a)]	**18,446**	2,328	**26**	(1,976)
– equity [Note 29(b),(f)]	**(6,299)**	32,944	**(6,295)**	32,965
Under provision in preceding financial year [(Note 9(a)]	**495**	413	**–**	–
Effect of change in tax rates				
– income statement [Note 9(a)]	**–**	(6,548)	**–**	(667)
– equity [Note 29(b),(c),(f)]	**–**	(2,554)	**–**	(2,392)
At the end of the financial year	**210,182**	196,974	**76,738**	83,007

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Fair value reserves [Note 29(b)]	**(6,300)**	32,961	**(6,300)**	32,961
Hedging reserve [Note 29(f)]	**1**	(17)	**5**	4
	(6,299)	32,944	**(6,295)**	32,965

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 $768,000 (2009: $798,000) 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 $607,000 (2009: $641,000) which will expire over the next 5 years.

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 on available-for-sale financial assets $'000	Accelerated tax depreciation $'000	Fair value gains 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
2010							
At the beginning of the financial year	76,379	37,436	45,003	1,519	42,001	(265)	202,073
Currency translation differences	–	524	–	–	–	(1)	523
Tax charge/(credit) to income statement	–	1,477	7,516	(802)	9,601	(255)	17,537
Tax credit to equity	(6,300)	–	–	–	–	–	(6,300)
At the end of the financial year	70,079	39,437	52,519	717	51,602	(521)	213,833
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

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
2010					
At the beginning of the financial year	(378)	(2,004)	(2,239)	(478)	(5,099)
Currency translation differences	–	43	–	–	43
Tax charge/(credit) to income statement	–	–	1,494	(90)	1,404
Tax charge to equity	1	–	–	–	1
At the end of the financial year	(377)	(1,961)	(745)	(568)	(3,651)
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)

The Company

Deferred income tax liabilities

	Fair value gains on available-for-sale financial assets $'000	Accelerated tax depreciation $'000	Fair value gains on investment properties $'000	Total $'000
2010				
At the beginning of the financial year	73,940	4,072	5,298	83,310
Tax charge/(credit) to income statement	–	(30)	56	26
Tax credit to equity	(6,300)	–	–	(6,300)
At the end of the financial year	67,640	4,042	5,354	77,036
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

27. Deferred income taxes (continued)

The Company (continued)

Deferred income tax assets

	Fair value loss on derivative financial instruments $'000	Total $'000
2010		
At the beginning of the financial year	(303)	(303)
Tax charge to equity	5	5
At the end of the financial year	(298)	(298)
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)

28. Share capital of UOL Group Limited

	Number of shares '000	Amount $'000
2010		
At the beginning of the financial year	783,533	1,058,527
Proceeds from shares issued:		
– to holders of share options	1,505	3,218
Shares cancelled upon buy-back	(7,287)	(9,847)
At the end of the financial year	777,751	1,051,898
2009		
At the beginning of the financial year	796,072	1,075,315
Proceeds from shares issued:		
– 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

(a) During the financial year, the Company purchased a total of 7,287,000 (2009: 12,650,000) ordinary shares in the share capital of the Company at a total cost of $26,910,000 (2009: $41,280,000) of which $9,847,000 (2009: $17,088,000) was made out of the share capital of the Company and the remaining of $17,063,000 (2009: $24,192,000) from its retained earnings.

28. Share capital of UOL Group Limited (continued)

(b) All issued ordinary shares have no par value and are fully paid.

(c) During the financial year, the Company issued 1,505,000 (2009: 111,000) 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 5 March 2010, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,302,000 ordinary shares in the Company (known as "the 2010 Options") at the offer price of $3.95 per ordinary share. 1,294,000 options granted were accepted.

Statutory information regarding the 2010 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 5 March 2011 and expires on 4 March 2020 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.

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							
2010							
2002 Options	42,000	–	18,000	–	24,000	1.81	27.06.2003 to 26.06.2012
2003 Options	190,000	–	118,000	–	72,000	2.05	27.06.2004 to 26.06.2013
2004 Options	202,000	–	18,000	–	184,000	2.28	21.05.2005 to 20.05.2014
2005 Options	154,000	–	100,000	–	54,000	2.23	09.05.2006 to 08.05.2015
2006 Options	462,000	–	37,000	36,000	389,000	3.21	18.05.2007 to 17.05.2016
2007 Options	956,000	–	–	148,000	808,000	4.91	16.03.2008 to 15.03.2017
2008 Options	1,222,000	–	274,000	80,000	868,000	3.68	07.03.2009 to 06.03.2018
2009 Options	1,398,000	–	940,000	6,000	452,000	1.65	06.03.2010 to 05.03.2019
2010 Options	–	1,294,000	–	16,000	1,278,000	3.95	05.03.2011 to 04.03.2020
	4,626,000	1,294,000	1,505,000	286,000	4,129,000		
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
	3,485,000	1,430,000	111,000	178,000	4,626,000		

Out of the outstanding options for 4,129,000 (2009: 4,626,000) shares, options for 2,851,000 (2009: 3,228,000) shares are exercisable at the end of the reporting period. The weighted average share price at the time of exercise was $4.06 (2009: $3.64) per share.

The fair value of options granted on 5 March 2010, determined using The Trinomial Tree Model was $1,449,000 (2009: $463,000). The significant inputs into the model were share price of $3.91 (2009: $1.63) at the grant date, exercise price of $3.95 (2009: $1.65), standard deviation of expected share price returns of 36.73% (2009: 32.51%), option life from 5 March 2011 to 4 March 2020 (2009: 6 March 2010 to 5 March 2019), annual risk-free interest rate of 1.68% (2009: 1.24%) and total expected dividends payout of $0.389 per share (2009 $0.375 per share). 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.

29. Reserves

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Composition:				
Share option reserve [Note (a) below]	**5,714**	4,200	**5,479**	4,041
Fair value reserve [Note (b) below]	**435,747**	469,187	**354,026**	374,275
Asset revaluation reserve [Note (c) below]	**38,118**	34,930	**–**	–
Capital reserves [Note (d) below]	**293,580**	293,580	**–**	–
Currency translation reserve [Note (e) below]	**(13,387)**	(10,698)	**–**	–
Hedging reserve [Note (f) below]	**(1,767)**	(1,777)	**(1,457)**	(1,479)
Others	**–**	–	**598**	598
	758,005	789,422	**358,646**	377,435

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**4,200**	3,634	**4,041**	3,634
Employee share option scheme:				
– Value of employee services	**1,438**	407	**1,438**	407
Share of associated company (Note 17)	**76**	159	**–**	–
At the end of the financial year	**5,714**	4,200	**5,479**	4,041

(b) Fair value reserve

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**469,187**	230,485	**374,275**	197,159
Effect of change in Singapore tax rate (Note 27)	**–**	2,410	**–**	2,410
Fair value (losses)/gains on available-for-sale financial assets (Note 15)	**(39,900)**	290,991	**(26,549)**	198,089
Deferred tax on fair value losses/(gains) (Note 27)	**6,300**	(31,333)	**6,300**	(31,333)
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)
	(33,600)	239,635	**(20,249)**	177,116
Less: amount attributable to non-controlling interests	**160**	(933)	**–**	–
	(33,440)	238,702	**(20,249)**	177,116
At the end of the financial year	**435,747**	469,187	**354,026**	374,275

29. Reserves (continued)

(c) Asset revaluation reserve

	The Group	
	2010	2009
	$'000	$'000
At the beginning of the financial year	**34,930**	34,426
Effect of change in Singapore tax rate (Note 27)	**–**	165
Revaluation of property, plant and equipment prior to transfer to investment property (Note 20)	**3,188**	–
Share of associated company (Note 17)	**–**	369
	3,188	534
Less: amount attributable to non-controlling interests	**–**	(30)
	3,188	504
At the end of the financial year	**38,118**	34,930

The asset revaluation reserve of the Group does not take into account the surplus of $615,777,000 (2009: $527,064,000) arising from the revaluation of the hotel properties of the Group [Note 20(a)].

(d) Capital reserves

Composition of capital reserves is as follows:

	The Group	
	2010	2009
	$'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**	223,377
	293,580	293,580
At the beginning of the financial year	**293,580**	119,002
Acquisition of associated companies	**–**	174,578
At the end of the financial year	**293,580**	293,580

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.

29. Reserves (continued)

(e) Currency translation reserve

	The Group	
	2010	2009
	$'000	$'000
At the beginning of the financial year	**(10,698)**	(26,470)
Net currency translation differences of financial statements of foreign subsidiaries and borrowings designated as hedges against foreign subsidiaries	**356**	28,136
Share of associated company (Note 17)	**(1,308)**	(1,944)
	(952)	26,192
Less: amount attributable to non-controlling interests	**(1,737)**	(10,420)
	(2,689)	15,772
At the end of the financial year	**(13,387)**	(10,698)

(f) Hedging reserve

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**(1,777)**	(1,691)	**(1,479)**	(1,480)
Effect of change in Singapore tax rate (Note 27)	**–**	(21)	**–**	(18)
Fair value gains	**1,195**	1,369	**1,635**	1,012
Deferred tax on fair value gain (Note 27)	**(1)**	17	**(5)**	(4)
Transfer to income statement				
– Finance expense (Note 7)	**(1,187)**	(1,469)	**(1,608)**	(989)
	7	(104)	**22**	1
Less: amount attributable to non-controlling interests	**3**	18	**–**	–
	10	(86)	**22**	1
At the end of the financial year	**(1,767)**	(1,777)	**(1,457)**	(1,479)

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	
	2010	2009
	$'000	$'000
Final one-tier dividend paid in respect of the previous financial year of 10.0 cents (2009: 7.5 cents) per share	**78,353**	59,705

At the forthcoming Annual General Meeting on 19 April 2011, a final one-tier dividend of 10.0 cents per share amounting to a total of $77,775,000 and a special one-tier dividend of 5.0 cents per share amounting to a total of $38,888,000 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 profits in the financial year ending 31 December 2011.

31. Contingent liabilities

The Company has guaranteed the borrowings of subsidiaries amounting to $684,300,000 (2009: $368,187,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for the amounts of $26,015,000 (2009: $29,850,000) and $43,335,000 (2009: $27,937,000) which were denominated in United States Dollar and Malaysian Ringgit respectively.

At the end of the reporting period, the Group has given guarantees of $9,094,000 (2009: $9,834,000) 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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Undrawn loan commitments	**31,800**	12,999	**88,854**	105,075

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 and other commitments

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Expenditure contracted for:				
– property, plant and equipment	**356,968**	188,564	**917**	1,500
– development properties	**512,580**	562,683	**–**	–
– investment properties	**14,039**	53	**–**	53
– investment in an associated company	**146,861**	–	**–**	–
	1,030,448	751,300	**917**	1,553

(i) During the financial year, the Group entered into a conditional sale and purchase agreement to acquire the Hilton Melbourne Airport hotel in Australia for a cash consideration of $141,544,000. The commitment relating to the acquisition amounting to $128,085,000 at the end of the reporting period has been included above under expenditure contracted for property, plant and equipment.

(ii) During the financial year, the Group was part of a consortium which incorporated a company in The People's Republic of China to undertake a development project in Shanghai. The Group has a 40% interest in this associated company. The Group's share of commitment for capital injection into this associated company amounting to $146,861,000 at the end of the reporting period has been included above under expenditure contracted for investment in an associated company.

32. Commitments (continued)

(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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not later than one year	**2,642**	1,516	**152**	145
Later than one year but not later than five years	**4,627**	2,353	**142**	92
Later than 5 years	**5,989**	7,040	**–**	–
	13,258	10,909	**294**	237

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

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

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not later than one year	**112,578**	109,074	**15,402**	14,723
Later than one year but not later than five years	**146,431**	134,873	**30,329**	28,233
Later than five years	**2,574**	13,304	**2,574**	6,477
	261,583	257,251	**48,305**	49,433

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 contingent lease payments received during the financial year and recognised in the Group and Company's revenue from property investments were $2,454,049 (2009: $1,650,000) and $62,000 (2009: $100,000) 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) <u>Market risk</u>

(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.

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
2010							
Financial assets							
Cash and bank balances	250,267	14,392	23,725	14,442	4,480	5,863	313,169
Available-for-sale financial assets	726,739	–	–	–	–	–	726,739
Trade and other receivables	197,384	3,163	6,309	7,985	852	1,904	217,597
	1,174,390	17,555	30,034	22,427	5,332	7,767	1,257,505
Financial liabilities							
Borrowings	(1,942,701)	(80,237)	–	(83,589)	(17,820)	–	(2,124,347)
Derivative financial instrument	(2,213)	–	–	–	–	–	(2,213)
Trade and other payables	(141,251)	(10,371)	(11,032)	(19,981)	(15,876)	(3,214)	(201,725)
Loans from non-controlling shareholders of subsidiaries	(58,497)	–	–	(7,771)	–	–	(66,268)
Rental deposits	(22,277)	–	–	–	–	–	(22,277)
Retention monies	(21,992)	–	–	(2,457)	–	–	(24,449)
	(2,188,931)	(90,608)	(11,032)	(113,798)	(33,696)	(3,214)	(2,441,279)
Net financial (liabilities)/assets	(1,014,541)	(73,053)	19,002	(91,371)	(28,364)	4,553	(1,183,774)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,012,709	79,044	(19,247)	91,408	28,364	(3,043)	1,189,235
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(125,164)	128,085	8,837	207,361	–	219,119
Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies	–	–	(115,015)	(8,837)	(60,500)	–	(184,352)
Currency exposure	(1,832)	(119,173)	12,825	37	146,861	1,510	40,228

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
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 non-controlling 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)	1,239,249
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	–	–	9,893	6,403	–	16,296
Less: Firm commitments and highly probable forecast transactions denominated in the respective entities' functional currencies	–	–	–	(9,893)	(6,403)	–	(16,296)
Currency exposure	53	9,676	(29)	25	–	1,265	10,990

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, AUD and RMB. Assuming that these currencies change against SGD by 5% (2009: 5%), with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

	The Group	
	2010	2009
	Increase/ (Decrease)	Increase/ (Decrease)
	$'000	$'000
USD against SGD		
– strengthens	**(5,959)**	484
– weakens	**5,959**	(484)
AUD against SGD		
– strengthens	**641**	–
– weakens	**(641)**	–
RMB against SGD		
– strengthens	**7,343**	–
– weakens	**(7,343)**	–

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 2010, if prices for equity securities listed in Singapore change by 10% (2009: 10%) with all other variables including tax rate being held constant, the fair value reserve will be, as a result, higher/ lower by $55,951,000 (2009: $61,493,000) and $41,171,000 (2009: $42,897,000) for the Group and the Company respectively.

33. Financial risk management (continued)

(a) Market risk (continued)

(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% (2009: 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 $9,661,000 (2009: $9,217,000) and $1,851,000 (2009: $1,599,000) respectively as a result of higher/lower interest expense on these borrowings.

(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 loans and receivables which includes cash and bank balances. 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 banks on subsidiaries' loans and loan commitments to subsidiaries and associated companies are disclosed in Note 31 and Note 32 respectively.

33. Financial risk management (continued)

(b) Credit risk (continued)

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**200,626**	201,335	**938,312**	761,380
Australia	**5,453**	4,307	**527**	–
PRC	**966**	530	**697**	–
Malaysia	**7,923**	2,375	**915**	–
Vietnam	**1,513**	1,218	**281**	–
Myanmar	**261**	348	**–**	–
Others	**855**	1,234	**–**	2,970
	217,597	211,347	**940,732**	764,350
By operating segments				
Property development	**188,091**	193,336	**521,017**	608,130
Property investments	**4,617**	2,994	**82,857**	137,257
Hotel operations	**19,583**	10,987	**2,237**	10,613
Management services	**5,306**	4,030	**740**	423
Investments	**–**	–	**333,881**	7,927
	217,597	211,347	**940,732**	764,350

(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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Past due 0 to 3 months	**5,660**	5,165	**48**	189
Past due 3 to 6 months	**1,555**	384	**1**	159
Past over 6 months	**535**	221	**–**	36
	7,750	5,770	**49**	384

33. Financial risk management (continued)

(b) Credit risk (continued)

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

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Gross amount	**289**	1,121	**–**	–
Less: Allowance for impairment	**(280)**	(1,095)	**–**	–
	9	26	**–**	–
Beginning of financial year	**1,095**	1,131	**–**	–
Currency translation difference	**1**	6	**–**	–
Allowance (written back)/made	**(627)**	229	**–**	–
Allowance utilised	**(189)**	(271)	**–**	–
End of financial year	**280**	1,095	**–**	–

(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				
2010				
Trade and other payables	201,725	–	–	–
Net-settled interest rate swap	2,057	–	–	–
Borrowings	766,301	878,794	571,867	–
Loans from non-controlling shareholders of subsidiaries	18,997	42,838	4,741	–
Deferred liabilities	–	6,561	–	–
Rental deposits	–	13,502	8,753	22
Retention monies	–	17,247	2,570	4,632
Financial commitments to associated companies	31,800	–	–	–
Financial guarantees for borrowings of associated companies	9,094	–	–	–
	1,029,974	958,942	587,931	4,654

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 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 non-controlling 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	–	–	–
Financial guarantees for borrowings of associated companies	9,834	–	–	–
	950,606	634,385	1,020,189	351
The Company				
2010				
Trade and other payables	155,296	–	–	–
Net-settled interest rate swap	1,636	–	–	–
Borrowings	484,816	252,873	–	–
Rental deposits	–	1,164	1,866	21
Financial commitments to subsidiaries and associated companies	88,855	–	–	–
Financial guarantees for borrowings of subsidiaries and associated companies	112,209	413,850	167,335	–
	842,812	667,887	169,201	21
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 and associated companies	105,075	–	–	–
Financial guarantees for borrowings of subsidiaries and associated companies	90,771	163,250	124,000	–
	658,500	204,234	378,284	351

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.

33. Financial risk management (continued)

(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% (2009: 200%). The Group's and Company's strategies, which were unchanged from 2009, 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 non-controlling shareholders of subsidiaries) less cash and bank balances.

	The Group		The Company	
	2010	2009	**2010**	2009
Net debt ($'000)	**1,877,446**	1,985,762	**717,972**	484,409
Total equity ($'000)	**5,206,730**	4,607,899	**2,256,611**	2,211,437
Gearing ratio	**36%**	43%	**32%**	22%

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

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified 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).

33. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents our assets and liabilities measured at fair value:

2010	Level 1 $'000	Level 2 $'000	Total $'000
The Group			
Assets			
Available-for-sale financial assets			
– Equity securities	674,106	52,633	726,739
Liabilities			
Derivatives used for hedging	–	2,213	2,213
The Company			
Assets			
Available-for-sale financial assets			
– Equity securities	496,032	49,919	545,951
Liabilities			
Derivatives used for hedging	–	1,756	1,756

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.

33. Financial risk management (continued)

(e) Fair value measurements (continued)

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.

There are no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy for the financial years ended 31 December 2010 and 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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Transactions with directors and their associates				
Proceeds from sale of development properties	**10,285**	7,906	**–**	–
Rental received	**2,019**	1,744	**316**	327
Transactions with associated companies				
Fees received for management of development properties	**664**	256	**–**	–
Fees received for management of hotels	**7,275**	5,967	**–**	–
Accounting and corporate secretarial fee received	**224**	120	**120**	120
Commission received	**264**	494	**–**	–
Interest receivable on loan to associated companies	**922**	1,833	**744**	1,833
Purchase of computers	**526**	478	**442**	374
Transactions with non-controlling shareholders of subsidiaries with significant influence				
Proceeds from sale of development properties	**827**	244	**–**	–
Payment of development costs	**38,471**	36,631	**–**	–
Commission paid	**197**	1,602	**–**	–

34. Related party transactions (continued)

(a) (continued)

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Transactions with banks and insurance companies in which certain directors have interests				
Interest earned from fixed deposits	**2,102**	1,366	**–**	4
Rental and maintenance fees received	**1,997**	2,051	**–**	–
Interest paid on bank loans and overdrafts	**16,577**	21,390	**1,357**	768
Commitment and facility fee paid	**1,090**	2,275	**–**	35
Bankers' guarantee commission	**1,297**	277	**12**	25
Rental paid	**–**	769	**–**	–
Financial advisory fees paid	**–**	1,667	**–**	1,667
Purchase of additional shares in an associated company	**320,529**	–	**–**	–
Insurance premium paid	**673**	744	**108**	123

(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 $6,136,000 (2009: $24,363,000) for the Group.

(c) Borrowings (Note 23) of the Group and the Company amounting to $1,253,982,000 (2009: $1,138,325,000) and $374,751,000 (2009: $76,600,000) respectively were extended by a bank in which certain directors have interests.

(d) Cash at bank and fixed deposits with financial institutions (Note 11) of the Group and the Company amounting to $256,892,000 (2009: $246,923,000) and $1,467,000 (2009: $7,793,000) respectively were placed with a bank in which certain directors have interests.

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

	The Group	
	2010	2009
	$'000	$'000
Salaries and other short-term employee benefits	**4,452**	3,775
Directors' fees	**1,012**	1,004
Post-employment benefits – contribution to CPF	**29**	30
Share options granted	**309**	70
	5,802	4,879

Total compensation to directors of the Company included in above amounted to $3,285,000 (2009: $2,853,000).

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 Myammar 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 2010 is as follows:

			Hotel operations					
	Property development $'000	Property investments $'000	Singapore $'000	Australia $'000	Others $'000	Investments $'000	Others $'000	Total $'000
2010								
Revenue								
Total segment sales	781,058	149,379	111,952	103,531	109,606	149,493	24,253	1,429,272
Inter-segment sales	–	(1,436)	–	–	–	(127,543)	(5,713)	(134,692)
Sales to external parties	781,058	147,943	111,952	103,531	109,606	21,950	18,540	1,294,580
Adjusted EBITDA	303,653	348,279	30,651	22,940	42,104	21,752	4,183	773,562
Depreciation and amortisation	(33)	(3,716)	(10,898)	(7,092)	(20,598)	–	(966)	(43,303)
Other gains	–	50,271	157	–	–	362	–	50,790
Fair value gains on investment properties	–	134,863	–	–	–	–	–	134,863
Share of profit of associated companies	134,811	245,385	4,529	–	1,127	–	–	385,852

35. Group segmental information (continued)

			Hotel operations					
	Property development $'000	Property investments $'000	Singapore $'000	Australia $'000	Others $'000	Investments $'000	Others $'000	Total $'000
2010 (continued)								
Segment assets	1,938,843	4,110,343	539,672	221,020	344,956	732,760	32,952	7,920,546
Unallocated assets								18,533
Total assets								7,939,079
Total assets includes:								
Investment in associated companies	256,222	1,827,167	29,243	–	7,328	–	66	2,120,026
Additions during the financial year to:								
– property, plant and equipment	–	30,914	37,251	7,171	6,385	–	458	82,179
– investment properties	–	2,961	–	–	–	–	–	2,961
– intangibles	44	230	1,584	497	1,307	–	2,475	6,137
Segment liabilities	518,587	485,605	306,088	9,777	30,223	288,258	9,824	1,648,362
Unallocated liabilities								1,083,988
Total liabilities								2,732,350

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

			Hotel operations					
	Property development $'000	Property investments $'000	Singapore $'000	Australia $'000	Others $'000	Investments $'000	Others $'000	Total $'000
2009								
Revenue								
Total segment sales	533,843	142,912	98,539	90,316	110,059	91,642	21,427	1,088,738
Inter-segment sales	–	(1,238)	(4,429)	–	–	(70,450)	(5,560)	(81,677)
Sales to external parties	533,843	141,674	94,110	90,316	110,059	21,192	15,867	1,007,061
Adjusted EBITDA	215,076	127,473	23,475	23,173	39,826	20,915	4,040	453,978
Depreciation and amortisation	(35)	(2,848)	(11,912)	(6,344)	(19,719)	–	(1,007)	(41,865)
Other gains/(losses)	–	281,069	(3,800)	–	–	–	–	277,269
Fair value losses on investment properties	–	(147,562)	–	–	–	–	–	(147,562)
Share of profit of associated companies	59,892	24,054	3,258	–	1,066	–	–	88,270

35. Group segmental information (continued)

	Property development $'000	Property investments $'000	Hotel operations Singapore $'000	Hotel operations Australia $'000	Hotel operations Others $'000	Investments $'000	Others $'000	Total $'000
2009 (continued)								
Segment assets	2,135,223	3,310,630	588,005	160,602	330,966	752,187	24,424	7,302,037
Unallocated assets								25,949
Total assets								7,327,986
Total assets includes:								
Investment in associated companies	97,359	1,217,948	26,789	–	6,908	–	45	1,349,049
Additions during the financial year to:								
– property, plant and equipment	11,103	17,739	15,086	2,258	10,821	–	468	57,475
– investment properties	–	5,672	1,632	–	–	–	–	7,304
Segment liabilities	774,367	475,471	305,532	9,777	30,395	287,549	4,339	1,887,430
Unallocated liabilities								832,657
Total liabilities								2,720,087

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.

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

	2010 $'000	2009 $'000
Adjusted EBITDA for reportable segments	**773,562**	453,978
Depreciation and amortisation	**(43,303)**	(41,865)
Other gains	**50,790**	277,269
Fair value gains/(losses) on investment properties	**134,863**	(147,562)
Unallocated costs	**(10,489)**	(7,467)
Finance income	**3,512**	3,887
Finance expense	**(26,488)**	(44,728)
Profit before income tax	**882,447**	493,512

35. Group segmental information (continued)

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.

	2010	2009
	$'000	$'000
Segment assets for reportable segments	**7,920,546**	7,302,037
Unallocated:		
Cash and bank balances	**1,728**	8,089
Receivables and other assets	**319**	123
Current income tax assets	**904**	1,236
Property, plant and equipment	**767**	1,031
Intangibles	**11,164**	10,371
Deferred income tax assets	**3,651**	5,099
	7,939,079	7,327,986

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.

	2010	2009
	$'000	$'000
Segment liabilities for reportable segments	**1,648,362**	1,887,430
Unallocated:		
Other payables	**13,837**	10,225
Current income tax liabilities	**68,138**	48,452
Borrowings	**719,699**	490,715
Derivative financial instruments	**2,213**	2,221
Loans from non-controlling shareholders of subsidiaries (unsecured)	**66,268**	78,971
Deferred income tax liabilities	**213,833**	202,073
	2,732,350	2,720,087

Revenue from major products and services

Revenue from external customers are derived mainly from the Group's hotel operations, property development, property investments, investment holdings and management services. A breakdown of the revenues from external customers for each of these categories is shown in Note 4.

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	
	2010	2009
	$'000	$'000
Singapore	**1,012,211**	774,653
Australia	**103,531**	90,316
Vietnam	**33,847**	32,822
Malaysia	**98,769**	57,337
PRC	**32,678**	39,325
Myanmar	**9,664**	7,829
Others	**3,880**	4,779
	1,294,580	1,007,061

	Non-current assets	
	2010	2009
	$'000	$'000
Singapore	**5,080,533**	4,241,451
Australia	**144,716**	138,260
Vietnam	**43,268**	52,592
Malaysia	**158,986**	140,453
PRC	**222,987**	259,127
Myanmar	**6,959**	7,760
Others	**49**	4,516
	5,657,498	4,844,159

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

36. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to FRS 32 Financial Instruments: Presentation – Classification of rights issues (effective for annual periods beginning on or after 1 February 2010)
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)
- INT FRS 115 – Agreements for the Construction of Real Estate (effective for annual periods commencing on or after 1 January 2011)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the following:

Amendments to FRS 24 – Related party disclosures

The amendment clarifies and simplifies the definition of a related party. Under the revised definition of a related party, banks and insurance companies in which certain directors of the holding company have non-controlling interests (Note 34) will not be deemed related to the Group. The Group will apply this amendment from 1 January 2011.

INT FRS 115 – Agreements for the Construction of Real Estate

INT FRS 115 *Agreements for the Construction of Real Estate* was issued by the Singapore Accounting Standards Council ("ASC") with an Accompanying Note to be read in conjunction with it.

The Group currently accounts for revenue and profit on sale of properties held for sale in accordance with FRS 11 Construction Contracts ("FRS 11"). Under FRS 11, revenue is recognised on a percentage of completion basis once the agreement for the sale of a property unit has been concluded for both Singapore and overseas properties held for sale. The Interpretation provides guidance on determining whether a real estate construction agreement is within the scope of FRS 11 or is for the sale of goods under FRS 18 Revenue. The Interpretation clarifies that an agreement for the construction of real estate that does not fall within FRS 11 may still apply percentage of-completion method of accounting provided certain criteria in FRS 18 are met. Otherwise, such an agreement should be accounted for using the completion of construction method.

The Accompanying Note discusses ASC's considerations on whether the sale of uncompleted residential properties "off-plan" in Singapore under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) (the "Act") that use the standard form of sale and purchase agreement, satisfy the criteria in INT FRS 115. It was concluded that such sales satisfy those criteria and accordingly, should be accounted for using the percentage-of completion method. The Accompanying Note only addresses those specified contracts under the Act.

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

INT FRS 115 – Agreements for the Construction of Real Estate (continued)

On the initial adoption of INT FRS 115, revenue and profit on the sale of development properties in Singapore will continue to be accounted based on the percentage-of-completion method. For the overseas development properties which have yet to be launched, the completion of construction method may have to be adopted depending on whether the eventual sale and purchase agreements satisfy the criteria in INT FRS 115. For the on-going overseas development projects, a change in accounting policy from the percentage-of-completion method to the completion of construction method may be required. The change will however not result in any material effect on the amounts reported for the current or prior financial years.

37. Events occurring after the end of the reporting period

On 18 January 2011, the Group's wholly owned subsidiaries, UOL Residential Development Pte. Ltd. and UOL Property Investments Pte. Ltd. jointly acquired the Lion City Hotel site and the adjoining Hollywood Theatre site located at the junction of Tanjong Katong Road and Geylang Road, which has a freehold tenure and site area of 13,740 square metres, for a total cash consideration of $313 million.

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 22 February 2011.

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2010

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 2010, 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 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 specified 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 President (Property) ("President") and the Chief Financial Officer ("CFO"). The President 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 day-to-day operations and administration of the Group.

At the Board meetings, the Directors not only review the financial performance of the Company, but also participate in discussions of matters relating to corporate governance, business operations, risks and transactions undertaken by the Company.

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 163.

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. As Lim Kee Ming is retiring and hence, does not wish to be considered for re-appointment at the annual general meeting ("AGM") on 19 April 2011, there will be four independent directors with effect from 19 April 2011.

With more than one-third 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 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. Lim Kee Ming will not be seeking re-appointment at the AGM on 19 April 2011.

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 2010 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.

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 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, Gwee Lian Kheng and Alan Choe Fook Cheong 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 of 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 164 to 165. In addition, information on shareholdings in the Company held by each Director is set out in the "Report of the Directors" section of this 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 Secretaries are 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 Secretaries 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 Secretaries attend all Board meetings and ensure that all Board procedures are followed. The Company Secretaries, together with Management, ensure that the Company complies with all applicable statutory and regulatory rules. The minutes of all Board and Committee meetings are circulated to the Board. The appointment and removal of the Company Secretaries are subject to the approval of the Board as a whole.

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 166. 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 62.

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 6 key executives (who are not directors) of the Company is disclosed on page 166.

Details of the UOL 2000 Share Option Scheme are disclosed on pages 61 to 63.

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 external auditors' evaluation of the system of internal accounting controls, the scope and results of the internal audit procedures, 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.

The AC has reviewed and is satisfied with the independence and objectivity of the external auditors and recommends to the Board 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 Company has in place a Code of Business Conduct ("CBC") which was adopted in 2006. The CBC is reviewed by the AC regularly and is also disseminated to the employees who are required to affirm their compliance with the CBC. 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.

This includes the enterprise-wide risk management programme ("ERM Programme") for the Group which was introduced in 2009 in consultation with KPMG LLP and which the Group is continually cascading down to its businesses and operations. The ERM Programme which consolidates the Group's risk management practices in an enterprise-wide framework would enable Management to have a formal structure to:-

(i) establish and evaluate the risk appetite of the Group,
(ii) identify the key risks which the Group faces and the current controls and strategies for the Group to manage and/or mitigate these risks,
(iii) assess the effectiveness of the current controls and strategies and determine if further risk treatment plans are needed in line with best practices, and
(iv) 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 they have acquired an adequate understanding of ERM concepts, methodologies and tools to enable them to perform risk management functions in their respective areas of work. Further, the Group has set up a Group ERM Committee comprising senior members of the Management team to oversee the direction, implementation and running of the ERM Programme and the Group ERM Committee reports to the AC on the ERM Programme.

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.

Management will continually review the key risks, both existing and emerging, 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 continue to reinforce the "risk-aware" culture within the Group and to progressively cascade the ERM Programme down to all levels of the Group's businesses and operations. The AC will be updated half-yearly or more frequently as needed, on the progress of the ERM Programme including the key risks and risk management controls and treatment plans by Management.

Management believes that the above measures will ensure that the ERM Programme 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 ERM Programme is intended to ensure that the Group has a system to deal with current and evolving risks so that the Group will stay on a sustainable growth path in the long term.

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 continuously 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 and investment criteria set out by the Board and EXCO. All major investment proposals are submitted to the EXCO and the Board, as the case may be, for approval. Ongoing performance monitoring and asset management of new and existing investments are performed by the Group. In addition, Management will continually determine under the ERM Programme, if further measures could be implemented to monitor, analyse and to the extent possible, mitigate the respective country risks in respect of which current and future investment projects are located.

Principle 13: Internal Audit
The Deputy General Manager (Group 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 Deputy General Manager (Group 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. Further, the Company's Investor Relations team engages the investment community through regular dialogues and participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate development and financial performances.

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, as well as senior management 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

	Number of meetings attended in 2010				
NAME OF DIRECTOR	BOARD	EXCO	AC	RC	NC
Wee Cho Yaw	**4**	**2**		**1**	**1**
Gwee Lian Kheng	**4**	**2**			
Alan Choe Fook Cheong	**4**	**2**	**4**	**1**	**1**
Lim Kee Ming	**4**		**4**	**1**	**1**
Wee Ee Chao	**2**	**2**			
Low Weng Keong	**3**		**3**		
James Koh Cher Siang	**4**				
Wee Ee Lim	**4**				
Pongsak Hoontrakul	**4**				
Number of meetings held in 2010	**4**	**2**	**4**	**1**	**1**

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	81	EXCO – Chairman RC – Member NC – Member	23.04.1973 21.04.2010	Non-executive Non-independent
Gwee Lian Kheng Bachelor of Accountancy (Hons), University of Singapore; Fellow Member of Chartered Institute of Management Accountants, Association of Chartered Certified Accountants and Institute of Certified Public Accountants of Singapore	70	EXCO – Member	20.05.1987 21.04.2010	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	79	EXCO – Member AC – Member RC – Member NC – Chairman	28.03.1979 21.04.2010	Non-executive Independent
Lim Kee Ming (who retires on 19 April 2011) 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	83	AC – Chairman RC – Chairman NC – Member	23.04.1973 21.04.2010	Non-executive Independent
Wee Ee Chao Bachelor of Business Administration, The American University, Washington DC, USA	56	EXCO – Member	09.05.2006 28.04.2009	Non-executive Non-independent

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
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)	58	AC - Member	23.11.2005 21.04.2010	Non-executive 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	64	Nil	23.11.2005 23.04.2008	Non-executive Independent
Wee Ee Lim Bachelor of Arts (Economics), Clark University, USA	49	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	50	Nil	21.05.2008 28.04.2009	Non-executive Independent

Notes :
1) Directors' shareholdings in the Company and related corporations, please refer to pages 60 and 61.
2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years, please refer to pages 20 to 23.

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 2010:

Remuneration Bands	Salary %	Bonuses %	Directors' fees %	Share Option Grants[1] %	Defined Contribution Plans %	Others %	Total Remuneration %	Share Option Grants[2] Number
$2,250,000 to $2,500,000								
Gwee Lian Kheng	25	66	4	5	–	–	100	100,000
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 5 March 2010 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 5 March 2011 to 4 March 2020 at the offer price of $3.95 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 remuneration[1] of the top six key employees of the Group (who are not directors) is analysed into the respective remuneration bands as follows:

$1,750,000 to $2,000,000
President and CEO, Pan Pacific Hotels Group Limited ("PPHG")

$1,250,000 to $1,500,000
Chief Operating Officer, UOL Group Limited ("UOL")

$500,000 to $750,000
Chief Financial Officer, UOL
Senior General Manager (Investment & Strategic Development), UOL
Senior General Manager (Development), UOL
Senior Vice President, Hotel Operations, PPHG

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.

Remuneration of an immediate family member of a director

The remuneration of an employee who is the daughter of Wee Cho Yaw and sister of Wee Ee Chao and Wee Ee Lim is as follows:

$250,000 to $500,000
Executive Director (Asset Management), PPHG

Except as disclosed above, there were no employees of the Company and its subsidiaries who are an immediate family member of a Director or the CEO and whose remuneration exceeded $150,000 during the financial year ended 31 December 2010.

INTERESTED PERSON TRANSACTIONS

For the year ended 31 December 2010

Name of interested person	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) $'000
Directors and their associates:	
1 Rental and service income received	13,307
2 Consideration for the sale of 7 units to the family members of two directors in Waterbank at Dakota, a wholly owned residential development	9,101
3 Joint marketing fees received from Nassim Park Developments Pte. Ltd., a joint venture with an interested person and a third party	264

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 2 March 2011

Class of shares : Ordinary shares
Voting rights : One vote per share

SIZE OF SHAREHOLDINGS

Range	No. of shareholders	%	No. of shares	%
1 - 999	14,803	52.57	2,610,827	0.34
1,000 - 10,000	11,062	39.28	37,421,427	4.81
10,001 - 1,000,000	2,265	8.04	100,060,332	12.88
1,000,001 AND ABOVE	30	0.11	636,964,568	81.97
Total:	**28,160**	**100.00**	**777,057,154**	**100.00**

LOCATION OF SHAREHOLDERS

Country	No. of shareholders	%	No. of shares	%
Singapore	24,413	86.69	761,583,555	98.01
Malaysia	3,184	11.31	13,021,251	1.68
Others	563	2.00	2,452,348	0.31
Total:	**28,160**	**100.00**	**777,057,154**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	No. of shares	%
1.	C Y WEE & CO PTE LTD	106,562,587	13.71
2.	DBS NOMINEES PTE LTD	89,687,096	11.54
3.	WEE INVESTMENTS PTE LTD	80,535,090	10.36
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	80,486,610	10.36
5.	TYE HUA NOMINEES (PTE) LTD	74,345,209	9.57
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	58,241,604	7.50
7.	DBSN SERVICES PTE LTD	47,548,523	6.12
8.	HSBC (SINGAPORE) NOMINEES PTE LTD	42,669,088	5.49
9.	RAFFLES NOMINEES (PTE) LTD	7,740,390	1.00
10.	BNP PARIBAS SECURITIES SERVICES SINGAPORE	6,336,613	0.82
11.	DOMITIAN INVESTMENT PTE LTD	4,936,000	0.64
12.	KAH MOTOR CO SDN BHD	3,398,345	0.44
13.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,359,788	0.43
14.	UOB KAY HIAN PTE LTD	2,855,572	0.37
15.	HO HAN LEONG CALVIN	2,763,860	0.36
16.	PHILLIP SECURITIES PTE LTD	2,561,552	0.33
17.	MERRILL LYNCH (SINGAPORE) PTE LTD	2,499,345	0.32
18.	KWEE SIU MIN @ SUDJASMIN KUSMIN OR DIANAWATI TJENDERA	2,390,000	0.31
19.	SUNRISE TEXTILE ACCESSORIES (PTE.) LTD	2,003,000	0.26
20.	NGEE ANN DEVELOPMENT PTE LTD	2,000,000	0.26
	Total	**622,920,272**	**80.19**

Based on information available to the Company as at 2 March 2011, approximately 53% 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

As at 2 March 2011

SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED

as shown in the Register of Substantial Shareholders

		No. of Shares fully paid			
	Name	**Direct Interest**	**Deemed Interest**	**Total**	**%[1]**
1.	Wee Cho Yaw	3,388,151	228,543,584 [2]	231,931,735	29.85
2.	Wee Ee Cheong	300,534	187,190,264 [3]	187,490,798	24.13
3.	C Y Wee & Co Pte Ltd	106,562,587	–	106,562,587	13.71
4.	Wee Ee Chao	30,748	82,817,824 [4]	82,848,572	10.66
5.	Wee Ee Lim	241,489	80,552,192 [5]	80,793,681	10.40
6.	Wee Investments Pte Ltd	80,535,090	–	80,535,090	10.36
7.	United Overseas Bank Limited ("UOB")	–	76,373,515 [6]	76,373,515	9.83
8.	Silchester International Investors Limited	–	53,705,200	53,705,200	6.91
9.	Haw Par Corporation Limited	–	41,428,805 [7]	41,428,805	5.33

Notes:

[1] As a percentage of the issued share capital of the Company, comprising 777,057,154 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

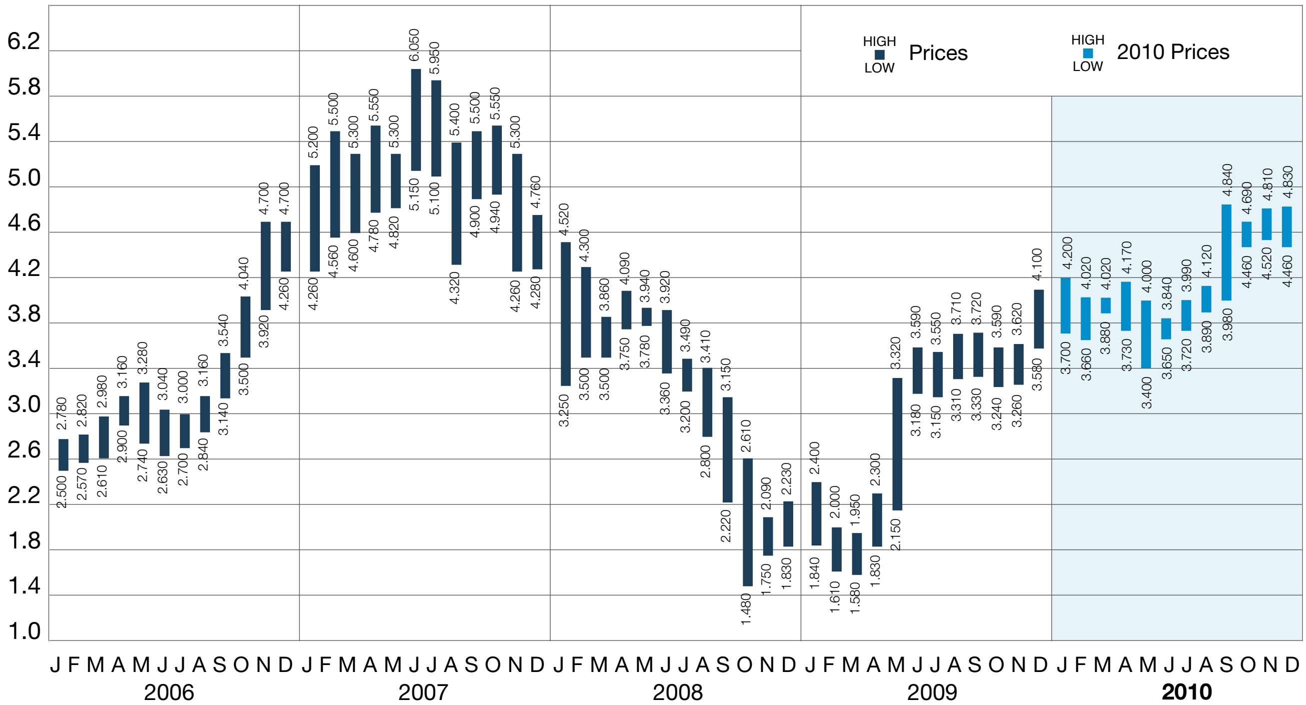
[6] UOB's deemed interest in the shares arises as follows:
(a) 74,332,898 shares held in the name of Tye Hua Nominees (Pte) Ltd for the benefit of UOB
(b) 1,700,617 shares held in the name of United Overseas Bank Nominees (Pte) Ltd for the benefi t of United International Securities Limited
(c) 340,000 shares held by UOB Asset Management Ltd ("UOBAM") as client portfolios managed by UOBAM (Discretionary)

[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

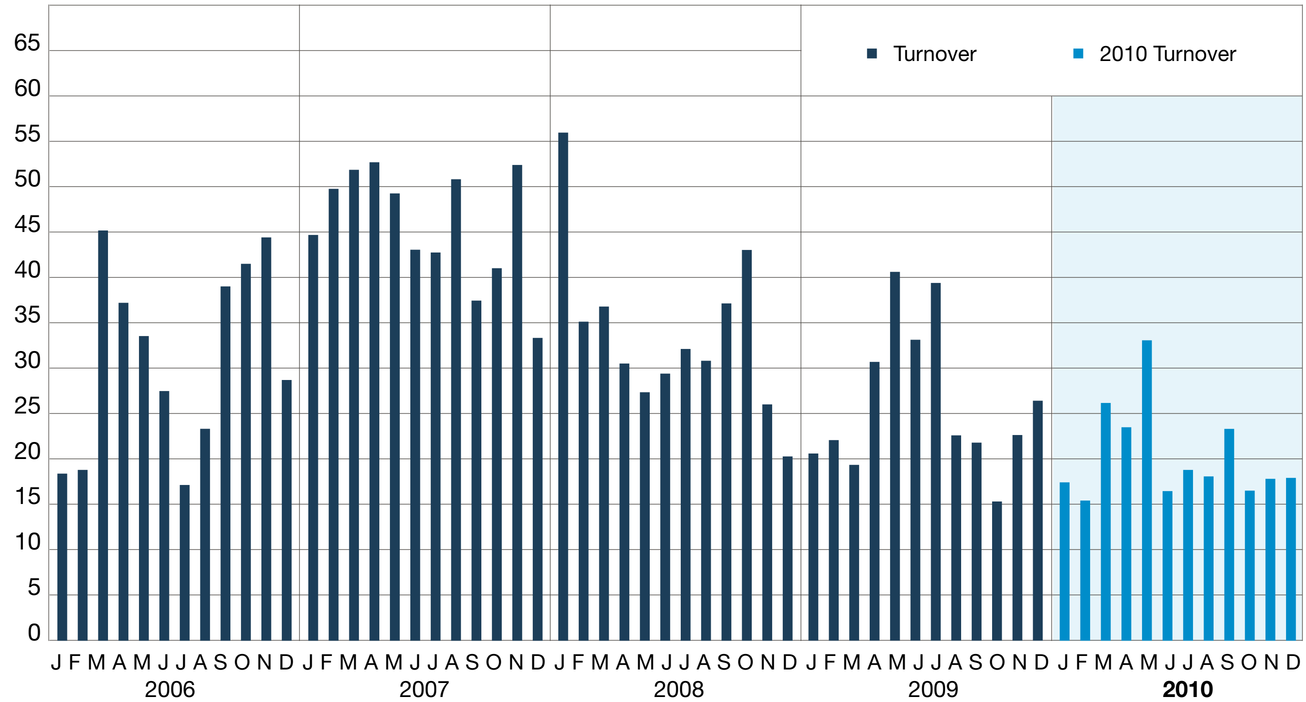
SHARE PRICE AND TURNOVER

For the period from 1 January 2006 to 31 December 2010

Share Price ($)



Turnover (Million)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 48th 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 Tuesday, 19 April 2011, at 3.30 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 2010.

Resolution 2 To declare a first and final tax exempt (one-tier) dividend of 10.0 cents per ordinary share and a special (one-tier) dividend of 5.0 cents per ordinary share for the year ended 31 December 2010.

Resolution 3 To approve Directors' fees of S$516,250 for 2010 (2009 : S$516,250).

Resolution 4 To re-appoint Dr Wee Cho Yaw, 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, 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 Mr Gwee Lian Kheng, who attains the age of 70 years, 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 James Koh Cher Siang, 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 Dr Pongsak Hoontrakul, 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 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
Yeong Sien Seu
Secretaries

Singapore, 28 March 2011

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**, Mr Gwee Lian Kheng will, upon re-appointment, continue as a Member of the Executive Committee. He is considered a non-independent director.

   Note: Dr Lim Kee Ming who retires at the conclusion of this AGM pursuant to Section 153(6) of the Companies Act, Cap. 50, and although eligible, has indicated that he is not offering himself for re-appointment. Dr Lim Kee Ming will step down as the Chairman of the Audit and Remuneration Committees, and as a member of the Nominating Committee.

4. In relation to **Resolution 7**, Mr James Koh Cher Siang is considered an independent director.

5. In relation to **Resolution 8**, Dr Pongsak Hoontrakul is considered an independent director.

6. **Resolution 10** 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).

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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 No.	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 **48th 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 Tuesday, 19 April 2011 at 3.30 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.

No.	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 a First and Final Dividend and a Special Dividend				
3	Approval of Directors' Fees				
4	Re-appointment (Dr Wee Cho Yaw)				
5	Re-appointment (Mr Alan Choe Fook Cheong)				
6	Re-appointment (Mr Gwee Lian Kheng)				
7	Re-election (Mr James Koh Cher Siang)				
8	Re-election (Dr Pongsak Hoontrakul)				
9	Re-appointment of PricewaterhouseCoopers LLP as Auditors				
Special Business					
10	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 ______________ 2011

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 to 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

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This annual report has been certified by the Forest Stewardship Council as an example of environmentally responsible print production: From the paper mill to the printed article, each step of this annual report's production has been certified according to FSC standards.

华业集团有限公司
UOL Group Limited

Company Registration No. 196300438C

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