



## ANNUAL REPORT 2005



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## CALENDAR OF EVENTS

### JANUARY

Kings & Queens Development Pte Ltd, a 70%-owned subsidiary, entered into a conditional Sale and Purchase Agreement to acquire Eng Cheong Tower, a leasehold property located at North Bridge Road.

### MARCH

Brendale Pte Ltd, in which the Company has a 30% interest, entered into a conditional Sale and Purchase Agreement to acquire a freehold property known as Maryland Park at Amber Gardens, Singapore.

### JULY

Building Plan approval for the conversion of the UOL Building at Somerset Road into a new 16-storey office-cum-service apartment was obtained.

The conversion of UOB Building from a service apartment and commercial building into the five-star 394-room Sofitel Plaza Xiamen was completed and the hotel commenced operations on 26 July 2005.

### SEPTEMBER

Vista Development Pte Ltd, in which the Company has a 30% interest, successfully tendered for the leasehold site at Central Xchange, one-north Singapore.



*Central Plaza*



*Odeon Towers*



*United Square*



*Novena Square*

### APRIL

Completion of the purchase of the freehold site at No. 2A Persiaran Hampshire, Kuala Lumpur.

Annual General Meeting held on 22 April 2005.

### MAY

Acquisition of additional 45% of the issued and paid-up capital of Success City Pty Limited ("SCPL") by Hotel Plaza Limited ("Hotel Plaza"), thereby increasing its shareholding interest in SCPL to 95%.

### JUNE

1 Moulmein Rise, a residential development, was Asia's only winner of the Residential Category of the prestigious FIABCI Prix d'Excellence Award 2005, an international competition held by the International Real Estate Federation.

United Regency Pte Ltd, a 60%-owned subsidiary, entered into respective sale and purchase agreements to acquire the freehold properties known as Bo Bo Tan Gardens, Bo Bo Tan Mansion and a substation at Chay Yan Street.

### OCTOBER

Launch of the sale of the 104-unit Regency Suites, a freehold residential-cum-SOHO development located at Kim Tian Road.

UOL Development (Novena) Pte Ltd, a wholly-owned subsidiary successfully tendered for the en-bloc acquisition of the freehold properties at Minbu Road.

### NOVEMBER

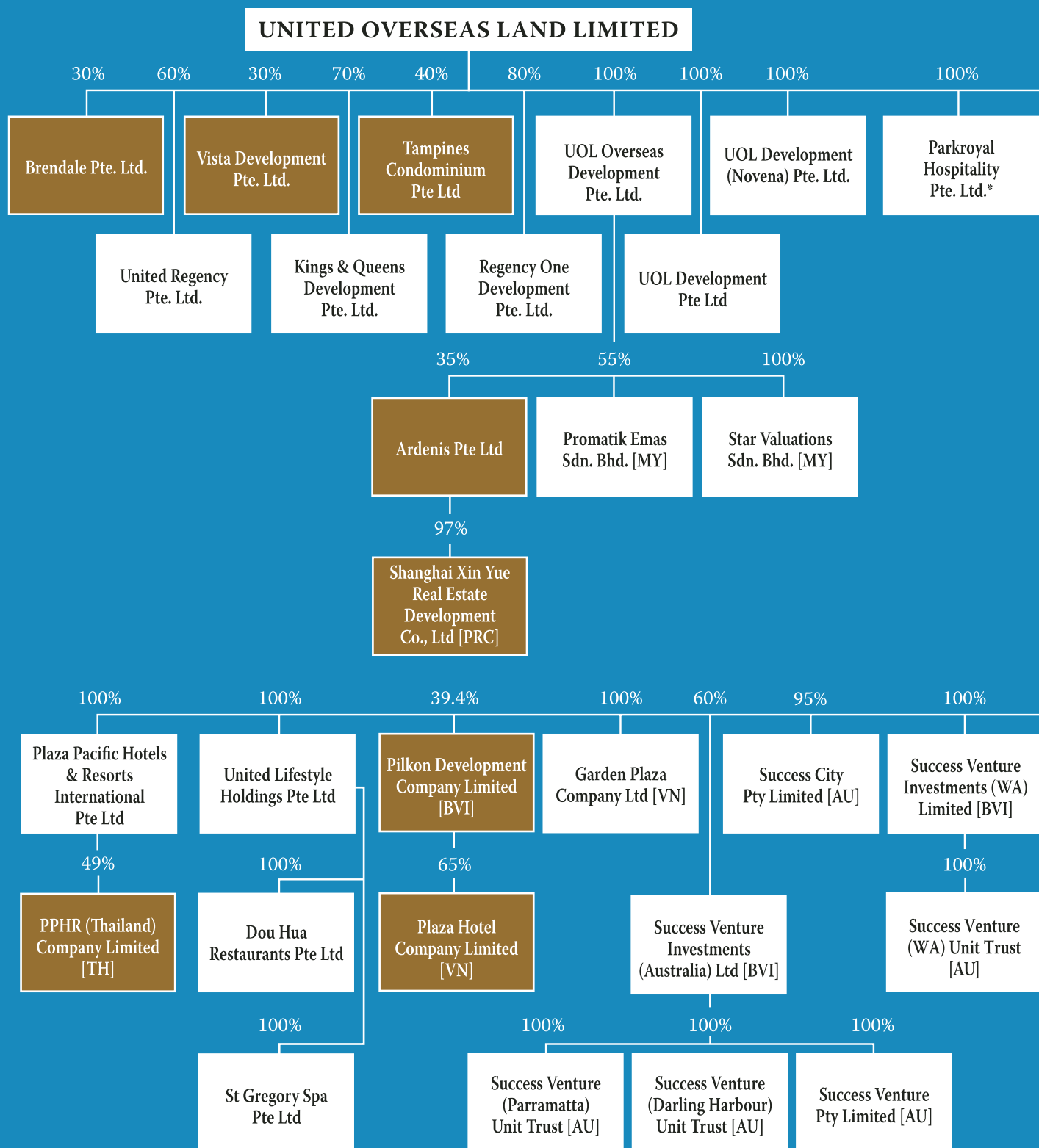
Completion of the purchase of Maryland Park and Eng Cheong Tower.

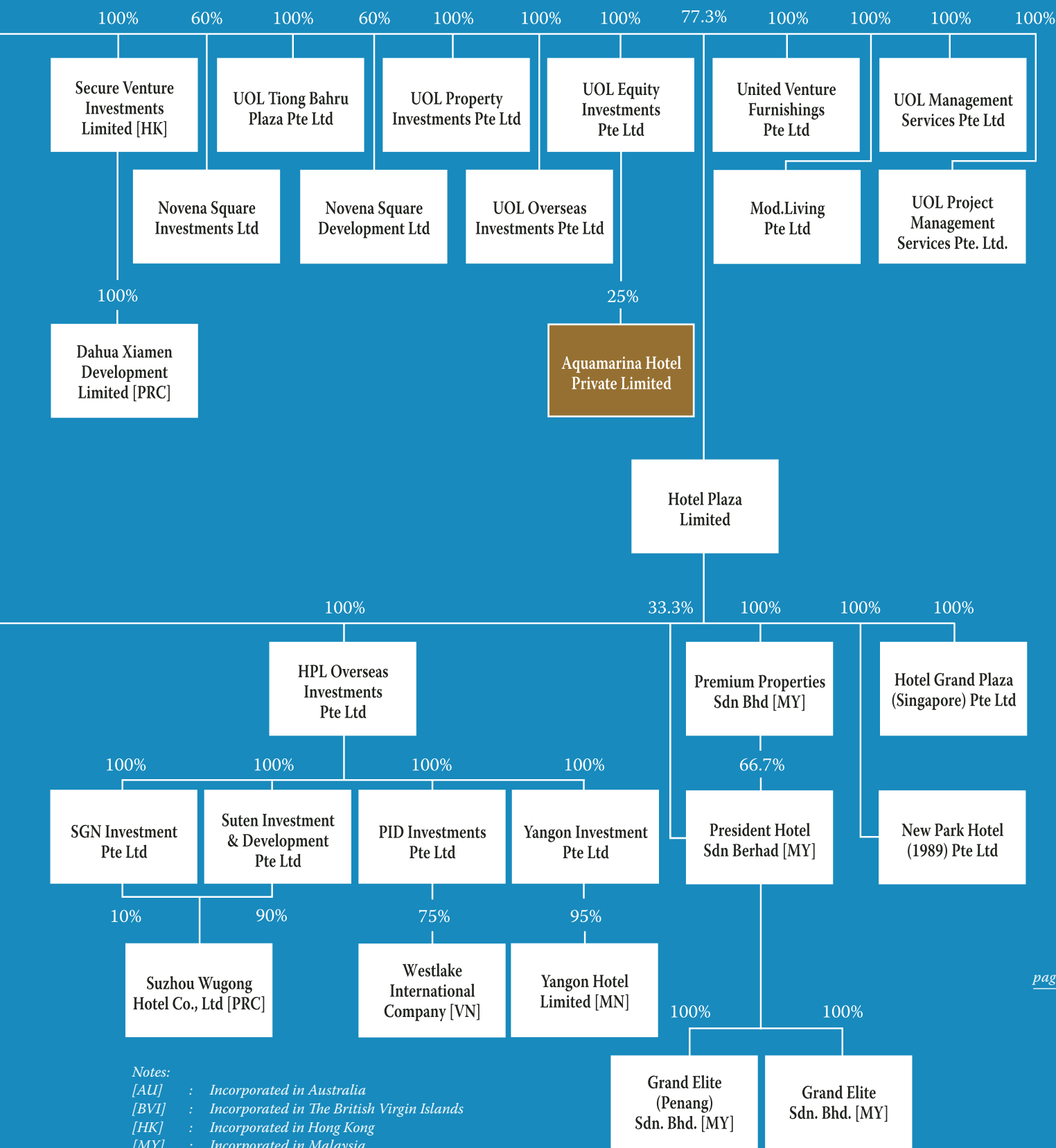
### DECEMBER

Star Valuations Sdn Bhd, a wholly-owned subsidiary, entered into sale and purchase agreements to acquire all 290-units of service apartments and commercial space in the South Tower of the One Residency development at Jalan Nagasari, off Jalan Raja Chulan, Kuala Lumpur.

# GROUP STRUCTURE

As at 28 February 2006





**Notes:**

- [AU] : Incorporated in Australia
- [BVI] : Incorporated in The British Virgin Islands
- [HK] : Incorporated in Hong Kong
- [MY] : Incorporated in Malaysia
- [MN] : Incorporated in Myanmar
- [PRC] : Incorporated in The People's Republic of China
- [TH] : Incorporated in Thailand
- [VN] : Incorporated in Vietnam



## FINANCIAL HIGHLIGHTS

In thousands of Singapore Dollars	2005	2004	% Increase/ (Decrease)
<b>FOR THE YEAR</b>			
Revenue	<b>505,482</b>	461,203	9.6
Profit before income tax	<b>149,835</b>	485,626	(69.1)
Profit after income tax	<b>119,849</b>	399,045	(70.0)
Net cash from operating activities	<b>42,469</b>	145,001	(70.7)
Net cash (used in)/from investing activities	<b>(130,372)</b>	469,721	(127.8)
Net cash (used in)/from financing activities	<b>(535,048)</b>	4,087	(13,191.5)
Dividend	<b>47,583</b>	319,374	(85.1)
<b>AT 31 DECEMBER</b>			
Share capital and share premium	<b>1,068,264</b>	1,067,911	–
Reserves	<b>662,567</b>	269,763	145.6
Retained earnings	<b>633,368</b>	580,024	9.2
Share capital and reserves	<b>2,364,199</b>	1,917,698	23.3
Share capital, reserves and non-current loans	<b>2,897,263</b>	2,188,799	32.4
Total assets	<b>3,520,185</b>	3,478,091	1.2
<b>PER ORDINARY SHARE</b>			
Basic earnings (cents)	<b>12.6</b>	50.7	(75.1)
Gross dividend declared (cents)	<b>7.5</b>	46.1	(83.7)
Dividend cover (times)	<b>1.7</b>	1.2	41.7
Net tangible asset backing (\$)			
before accounting for surplus on revaluation of hotel properties	<b>2.96</b>	2.40	23.3
Net tangible asset backing (\$)			
after accounting for surplus on revaluation of hotel properties	<b>3.23</b>	2.54	27.2

## FINANCIAL CALENDAR

	2005	2004
Announcement of first quarter results	<b>22.04.05</b>	23.04.04
Announcement of second quarter results	<b>26.07.05</b>	27.07.04
Announcement of third quarter results	<b>25.10.05</b>	26.10.04
Announcement of unaudited full year results	<b>18.02.06</b>	22.02.05
Annual General Meeting	<b>19.04.06</b>	22.04.05
Special Interim dividend payment date	–	30.12.04
Final dividend payment date	<b>15.05.06</b>	17.05.05

## CORPORATE DATA

### BOARD OF DIRECTORS

Wee Cho Yaw  
*Chairman*

Gwee Lian Kheng  
*President & CEO*

Wee Ee Cheong

Lim Kee Ming

Alan Choe Fook Cheong

Wong Yuen Weng Ernest

James Koh Cher Siang

Low Weng Keong

### EXECUTIVE COMMITTEE

Wee Cho Yaw  
*Chairman*

Gwee Lian Kheng

Wee Ee Cheong

### AUDIT COMMITTEE

Lim Kee Ming  
*Chairman*

Alan Choe Fook Cheong

Wong Yuen Weng Ernest

### NOMINATING COMMITTEE

Alan Choe Fook Cheong  
*Chairman*

Wee Cho Yaw

Lim Kee Ming

### REMUNERATION COMMITTEE

Wee Cho Yaw  
*Chairman*

Lim Kee Ming

Alan Choe Fook Cheong

### MANAGEMENT

Gwee Lian Kheng  
*President & CEO*

Gn Hiang Meng  
*Deputy President  
(Hotels & Finance)*

Liam Wee Sin  
*Chief Operating Officer*

Foo Thiam Fong Wellington  
*Chief Financial Officer*

Lee Choon Kok  
*General Manager  
(Engineering &  
Maintenance)*

Loon Chue Cheok Jimmy  
*General Manager  
(Development)*

Kam Tin Seah  
*General Manager  
(Investments)*

Lian Ah Cheok Dolly  
*General Manager  
(Marketing)*

Lim Chong Koon  
*Group Human Resource  
Manager*

Chin Ee Chen Jistine  
*General Manager  
(Furniture Division)*

Yeo Bin Hong  
*Senior Manager  
(Internal Audit)*

### COMPANY SECRETARY

Foo Thiam Fong Wellington

### AUDITORS

PricewaterhouseCoopers  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424  
Partner-in-charge:  
Ms Tan Khiaw Ngoh  
Year of appointment: 2005

### PRINCIPAL BANKERS

United Overseas Bank Limited

DBS Bank Ltd

The Bank of Tokyo-Mitsubishi UFJ Limited

Bumiputra Commerce Bank Berhad

### REGISTERED OFFICE

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

### SHARE REGISTRAR

Lim Associates (Pte) Ltd  
10 Collyer Quay  
#19-08 Ocean Building  
Singapore 049315  
Telephone : 6536 5355  
Facsimile : 6536 1360

## CHAIRMAN'S STATEMENT



### 2005 REVIEW

Reflecting continued economic growth in Singapore, the prices of private residential properties rose by 3.9% in 2005 compared with 0.9% in 2004. Almost 9,000 new homes were sold in 2005 as against 5,800 units in 2004. Rentals of offices and retail space also improved in 2005 compared to 2004.

In October 2005, the Group launched the sale of the 104-unit Regency Suites development at Kim Tian Road in Singapore. Response was good and as at 31 December 2005, 87 units had been sold. During the year, the Group also sold the remaining units of the 234-unit Twin Regency and the 118-unit Newton Suites residential developments in Singapore.

Singapore received a record 8.9 million tourists in 2005 compared to 8.3 million in 2004. Average occupancy for the hotel industry in Singapore increased by 3.4 percentage points to 84% while average room rate increased by 12% to S\$136.

Outside Singapore, the performance of the Group's hotels, with the exception of the two hotels in Yangon, Myanmar and Xiamen, China, continued to improve, benefiting from high occupancy and improved average room rates. The UOB Building in Xiamen which closed in September 2004 for conversion works was re-opened in late July 2005 as the Sofitel Plaza Xiamen Hotel, while Grand Plaza Parkroyal Hotel in Yangon continued to suffer from difficult operating conditions.

### 2005 PERFORMANCE & DIVIDEND

The Group recorded a pre-tax profit of S\$149.8 million in 2005, representing a 69.2% decline compared to the pre-tax profit of S\$486.0 million in 2004. Included in the 2004 results was the exceptional pre-tax profit of S\$355.2 million from the sale of 32,841,115 shares in United Overseas Bank Limited ("UOB"). If this exceptional gain was excluded, the Group's pre-tax profit for 2005 of S\$149.8 million would have represented a 14.5% increase over the comparable pre-tax profit of S\$130.8 million in 2004. In 2005, the Group benefited from higher income from property developments, better performance by the hotel operations, the one-off option fee of S\$15.9 million pertaining to the S\$506.22 million zero-coupon exchangeable notes and higher interest income.

Based on the latest independent valuation of the Group's investment properties by professional valuers, the Group's Asset Revaluation Reserve increased from S\$195.2 million at end 2004 to S\$234.7 million at end 2005. With the inclusion of the Fair Value Reserve of S\$356.5 million following the adoption of new accounting standards in 2005, the shareholders' funds of the Group increased from S\$1.92 billion as at 31 December 2004 to S\$2.36 billion as at 31 December 2005. Consequently, the net tangible asset per ordinary share of the Group increased from S\$2.40 as at 31 December 2004 to S\$2.96 as at 31 December 2005. The Group's debt equity ratio increased marginally to 21% as at 31 December 2005 from 17% as at 31 December 2004, due largely to increased financing for the Group's property development activities in Singapore.

The Board recommends a first and final one-tier dividend of 7.5 cents per share (2004: a final one-tier dividend of 6.0 cents per share) amounting to S\$59.5 million (2004: S\$47.6 million) for the year ended 31 December 2005.

### CORPORATE DEVELOPMENTS

#### S\$506.22 Million Zero-Coupon Exchangeable Notes

The S\$506.22 million zero-coupon exchangeable notes ("Notes") which are exchangeable into ordinary shares of United Overseas Bank Limited ("UOB") were fully redeemed at 98.32% of their principal amount upon their maturity on 22 September 2005. None of the Notes was exchanged into UOB shares.



### **Acquisitions of Development Properties**

#### **Eng Cheong Tower at North Bridge Road, Singapore**

In January 2005, Kings & Queens Development Pte Ltd, a 70%-owned subsidiary, acquired a leasehold property known as Eng Cheong Tower at North Bridge Road, Singapore, for a consideration of S\$47,500,000. It is intended that this site will be developed into a commercial-cum-residential development.

#### **Maryland Park at Amber Gardens, Singapore**

In March 2005, Brendale Pte Ltd, in which the Company has a 30% interest, acquired a freehold property known as Maryland Park at Amber Gardens, Singapore, for a cash consideration of S\$236,520,999. It is intended that the freehold property which has been named One Amber, will be developed into four 23-storey blocks with approximately 560 apartment units.

#### **Bo Bo Tan Gardens, Bo Bo Tan Mansion and Substation, Singapore**

In June 2005, United Regency Pte Ltd, a 60%-owned subsidiary, entered into respective sale and purchase agreements to acquire the freehold properties known as Bo Bo Tan Gardens, Bo Bo Tan Mansion and a substation at Chay Yan Street Singapore for an aggregate consideration of S\$59.95 million. Subject to the Strata Titles Board's approval and the purchase of a plot of adjoining state land of 448.3 square metres, the site is intended to be developed into two 36-storey blocks with approximately 160 apartment units.

#### **Leasehold site at Central Xchange, one-north, Singapore**

In September 2005, Vista Development Pte Ltd ("Vista"), in which the Company has a 30% interest, successfully tendered for the Jurong Town Corporation's 15,862 square metre leasehold site at Central Xchange, one-north Singapore for S\$108,930,200. Vista will develop the site into a mixed development comprising 1,000 square metres of commercial space and approximately 400 units of residential apartments.

#### **Freehold Properties at Minbu and Akyab Road, Singapore**

In October 2005, UOL Development (Novena) Pte Ltd ("UDN"), a wholly-owned subsidiary successfully

tendered for the en-bloc acquisition of the freehold properties at Nos, 29, 39, 41, 43, 45, 47 and 49 Minbu Road and Lot 330C of TS29 Minbu Road, Singapore for an aggregate consideration of S\$61,000,000. In January 2006, UDN also acquired an adjoining site at Lot 325X of TS29 at Akyab Road for a consideration of S\$20,883,878. Upon completion of the purchase, it is intended that the combined sites will be developed into an exclusive residential condominium.

### **Acquisition of 30 Storey South Tower of One Residency, off Jalan Raja Chulan, Kuala Lumpur, Malaysia**

In December 2005, a wholly-owned indirect subsidiary of the Company, Star Valuations Sdn Bhd, entered into sale and purchase agreements to acquire all 290-units of service apartments together with 290 parcels of accessory basement car parks and commercial space on the ground floor (approximately 622 square metres) in the South Tower of the One Residency development at Jalan Nagasari, off Jalan Raja Chulan, Kuala Lumpur, Malaysia for an aggregate purchase price of RM98.5 million (approximately S\$43.7 million). The acquisition is conditional upon the approval of the Foreign Investment Committee of the Prime Minister's office being obtained. A sum equivalent to 10% of the purchase price has been paid to the vendor and the remaining 90% shall be paid progressively according to stages of completion. Upon completion of the development, it is intended that the properties will be operated as service apartments by the Group.

### **Conversion of UOL Building**

Building Plan approval for the conversion of the UOL Building at Somerset Road into a new 16-storey office-cum-service apartment block was obtained in July 2005. Demolition work has been completed and construction work is expected to be completed by second half 2007.

### **Extension of Novena Square Shopping Mall**

Construction work to add a new 3-storey extension to the Novena Square shopping mall is in progress. Upon completion expected by end 2006, the extended wing resulting from a decanting of office space will increase the lettable area of shopping mall from 130,000 square feet to 200,000 square feet. The entire retail mall will have a sports and lifestyle theme and will be re-named VELOCITY@Novena Square.

### Opening of Sofitel Plaza Xiamen, Xiamen, China

The conversion of the service apartment and commercial building known previously as UOB Building into the five-star 394-room Sofitel Plaza Xiamen was completed and the hotel commenced operations on 26 July 2005. With the addition of the Sofitel Plaza Xiamen, the Group now directly owns 13 hotels with 4,400 rooms in 6 countries.

### Acquisition of Additional Interest in Success City Pty Limited

In May 2005, subsidiary Hotel Plaza Limited ("Hotel Plaza") completed the purchase of an aggregate 45% of the issued and paid-up capital of Success City Pty Limited ("SCPL") from two minority shareholders for an aggregate consideration of A\$13,977,000 (S\$17,936,000). Following the completion of the purchase, Hotel Plaza's shareholding in SCPL has increased to 95%.

### **OUTLOOK FOR 2006**

The economic outlook for Singapore and the region remains positive. In Singapore, occupancy and rental rates for office and retail space should continue to benefit from continued economic growth and better business sentiment. The recovery in the private residential market is expected to continue, underpinned by the improving employment situation. The Group's hotels should benefit from high occupancy and/or improved average room rates except for those in Yangon and Suzhou.

### **ACKNOWLEDGEMENTS**

On behalf of the Board, I wish to express my appreciation to the management and staff of the Group for their hard work and dedication. I would like to welcome Messrs James Koh Cher Siang and Low Weng Keong who joined the Board on 23 November 2005. I would also like to thank the Board members for their invaluable counsel and guidance.

## BOARD OF DIRECTORS



### **Wee Cho Yaw, *Chairman***

A career banker with more than 40 years of experience. Received Chinese high school education. Chairman of the Company and its listed subsidiary, Hotel Plaza Limited ("Hotel Plaza") since 1973. Appointed to the Board on 23 April 1973. Last re-elected on 22 April 2005. A non-executive and non-independent Director. Chairman of the Executive Committee and Remuneration Committee. Member of the Nominating Committee.

Chairman & CEO of United Overseas Bank Limited ("UOB") and Chairman of several listed companies including United Overseas Insurance Ltd, United International Securities Ltd, Haw Par Corporation Limited, Overseas Union Enterprise Limited, United Industrial Corporation Limited and Singapore Land Limited. He was previously a Director of Singapore Press Holdings Ltd.

Mr Wee is the President of the Singapore Federation of Chinese Clan Associations, and the Chairman of the Board of Trustees of the Chinese Development Assistance Council and several other civic organisations. He is also the Honorary President of Singapore Chinese Chamber of Commerce & Industry. He was appointed Pro-Chancellor of Nanyang Technological University in 2004.

Named Businessman of the Year in 1990 and 2001 in the Singapore Business awards that recognise outstanding achievements by Singapore's business community.



### **Gwee Lian Kheng, *President & CEO***

Mr Gwee is the President & CEO of UOL and Hotel Plaza, and has been with the UOL Group since 1973. An executive and non-independent Director. Appointed to the Board on 20 May 1987 and last re-elected on 13 May 2003. Member of the Executive Committee.

He is also Chairman of Hotel Negara Limited. Director of most of the UOL Group and Hotel Plaza Group of companies, United Industrial Corporation Limited, Singapore Land Limited and various companies in Overseas Union Enterprise Limited Group.

Mr Gwee holds a Bachelor of Accountancy (Honours) degree from the University of Singapore. He is a Fellow of the Chartered Institute of Management Accountants, Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators. He is also a member of the Institute of Certified Public Accountants of Singapore.

Named Asia Pacific Hotelier of the Year in 2003.



### **Wee Ee Cheong**

A professional banker with UOB since 1979. Deputy Chairman & President of UOB since 2000. Appointed to the Board on 18 May 1991. Last re-elected on 23 April 2004. A non-executive and non-independent Director. Member of the Executive Committee. A Director of Hotel Plaza and most of UOL Group and Hotel Plaza Group of companies.

Mr Wee also hold directorships in several UOB subsidiaries and associates, including Far Eastern Bank Ltd, United Overseas Insurance Ltd and United International Securities Ltd. He is the Chairman of the Association of Banks in Singapore and ASEAN Banking Council. A Director of VISA International (Asia Pacific Regional Association) and The Institute of Banking & Finance, as well as Council Member of the Singapore Chinese Chamber of Commerce & Industry. A member of the Board of the Governors of the Singapore-China Foundation and the Advisory Board of the INSEAD East Asia Council. Mr Wee had previously served as Deputy Chairman of the Housing & Development Board and Director of Port of Singapore Authority.

Mr Wee holds a Bachelor of Science (Business Administration) degree and a Master of Arts (Applied Economics) degree from The American University, Washington DC.



### **Lim Kee Ming**

Chairman of Lim Teck Lee Group of companies. Appointed to the Board on 23 April 1973. Last re-elected on 22 April 2005. An independent and non-executive Director. Chairman of the Audit Committee and Member of the Nominating and Remuneration Committees. He is also a Director of Hotel Plaza.

A Director of Haw Par Corporation Limited. An Honorary President of Singapore Chinese Chamber of Commerce & Industry, Member of the Advisory Committee of Lee Kuan Yew Distinguished Visitors Programme, Advisor of Network China and Director of Lee Kuan Yew Scholarship Fund. He was previously the Chairman of Advanced Systems Automation Limited and the Preservation of Monuments Board.

Mr 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.



### **Alan Choe Fook Cheong**

An architect and town planner by profession. Appointed to the Board on 28 March 1979. Last re-elected on 22 April 2005. An independent and non-executive Director. Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees. He is also a Director of Hotel Plaza.

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

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

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



### **Wong Yuen Weng Ernest**

Appointed to the Board on 16 January 1986. Last re-elected on 22 April 2005. An independent and non-executive Director. Member of the Audit Committee. He is also a Director of Hotel Plaza.

Mr Wong built his career with Economic Development Board in 1967 and then with the Ministry of Finance before joining UOB in 1972. He was the President of UOB from 1990 to 2000 and then Group CEO and Director of MediaCorp Pte Ltd from 2000 to 2005. Mr Wong had served as Chairman of The Association of Banks in Singapore and Board Member of the Economic Development Board. He is a member of the Temasek Advisory Panel and also a Council Member of Nanyang Technological University and Chairman of its Finance Committee and Endowment Fund Investment Committee. He was previously a Director of Raffles Holdings Limited.

He holds a Bachelor of Science (Chemical Engineering, Honours) degree from University of Surrey, UK.





### **James Koh Cher Siang**

Appointed to the Board on 23 November 2005. An independent and non-executive Director. He is also a Director of Hotel Plaza.

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

He is also the Chairman of Singapore Deposit Insurance Corporation Limited and a Director of CapitaLand Limited and Singapore Airlines Limited.

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

Awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002.



### **Low Weng Keong**

Appointed to the Board on 23 November 2005. An independent and non-executive Director. He is also a Director of Hotel Plaza.

Mr Low retired as a senior partner of Ernst & Young in June 2005 after 19 years of practice with the firm. His appointments during his career with the firm included Head of Tax Practice, Member of the Management Committee and culminating in being the Country Managing Partner and head of the Singapore firm. Prior to that, he held the position of Far East Tax Manager in a US Fortune 500 oil and gas service company as well as practised with a number of public accounting practices in London. He is also a Director of CPA Australia.

Mr Low is a Singapore Certified Public Accountant, a Fellow 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).



## MANAGEMENT TEAM



*From left to right*

**Mr Gwee Lian Kheng**

*President & CEO*

**Mr Gn Hiang Meng**

*Deputy President (Hotels & Finance)*

**Mr Liam Wee Sin**

*Chief Operating Officer*



*From left to right*

**Mr Loon Chue Cheok Jimmy**

*General Manager (Development)*

**Mr Kam Tin Seah**

*General Manager (Investments)*



*From left to right*

**Mr Lee Choon Kok**

*General Manager (Engineering & Maintenance)*

**Mr Lim Chong Koon**

*Group Human Resource Manager*

**Mr Foo Thiam Fong Wellington**

*Chief Financial Officer / Company Secretary*



*From left to right*

**Ms Chin Ee Chen Jestine**

*General Manager (Furniture Division)*

**Ms Lian Ah Cheok Dolly**

*General Manager (Marketing)*

## KEY MANAGEMENT EXECUTIVES

### Mr Gwee Lian Kheng

Information concerning Mr Gwee is found under the "Board of Directors" section of this Report.

### Mr Gn Hiang Meng

Mr Gn joined the United Overseas Land Group ("UOL Group") in 2001 as the Deputy President (Hotels & Finance), and oversees the strategic development of the hotel operations and financial management of the UOL Group. He is a director of most of the subsidiaries of Hotel Plaza and UOL. Mr Gn was previously a senior banker with the UOB Group from 1973 to 2001 and has extensive experience in investment banking and stockbroking businesses. He holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

### Mr Liam Wee Sin

Mr Liam joined the UOL Group in 1993 and is currently the Chief Operating Officer. He oversees the UOL Group's business in property investment, development and maintenance. Mr Liam sits on the boards of several of UOL's subsidiaries. Prior to joining the UOL Group, Mr Liam was practising with an architectural firm and had also spent 8 years in the public sector handling architectural works and facilities management, and 2 years with Jones Lang Wootton undertaking project management and consultancy works. Mr Liam holds a Bachelor of Architecture degree from the National University of Singapore and is a Registered Architect. He is a Council Member of the Real Estate Developers' Association of Singapore and a Fellow Member of the Society of Project Managers.

### Mr Foo Thiam Fong Wellington

Mr Foo joined the UOL Group in 1977 after graduating from the University of Singapore with a Bachelor of Accountancy (Honours) degree, and currently holds the position of Chief Financial Officer. He oversees the financial management and corporate secretarial matters of the UOL Group and is the Company Secretary of Hotel Plaza and UOL. He is a director of several of the subsidiaries of Hotel Plaza and UOL. Mr Foo is a Fellow of the Institute of Certified Public Accountants of Singapore, a Fellow of CPA Australia and an Associate of the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Management Accountants.

### Mr Lee Choon Kok

Mr Lee has been with the UOL Group since 1981 and is currently the General Manager (Engineering & Maintenance). He has more than 24 years of experience in property and maintenance management within the UOL Group, and is responsible for the UOL Group's engineering, property maintenance and security management. He is a director of a number of subsidiaries of UOL. Mr Lee was previously with PWD (Building Control Division) for 5 years where he was responsible for checking M&E plans and carrying out building

inspections. Mr Lee graduated from the University of Singapore in 1973 with a Bachelor of Engineering (Honours) degree, and is a Senior Member of the Institute of Engineers of Singapore and a Registered Professional Engineer.

### Mr Loon Chue Cheok Jimmy

Mr Loon joined the UOL Group in 2003 as the General Manager (Development) and oversees the project management of the UOL Group's properties. Prior to joining UOL, Mr Loon held the position of Assistant General Manager (Projects) in City Developments Limited. He was with City Developments Limited for more than 10 years and has extensive project management experience in both commercial buildings and residential homes.

Mr Loon holds a Bachelor of Engineering (Mechanical) degree and a Master of Science (Project Management) degree from the National University of Singapore. He is a Registered Professional Engineer (Mechanical) in Singapore and a Fellow Member of the Society of Project Managers.

### Ms Lian Ah Cheok Dolly

Ms Lian has been with the UOL Group for 14 years and currently holds the position of General Manager (Marketing). She is responsible for the entire Group's marketing activities which cover residential, commercial and serviced apartments. Before joining UOL Group, Ms Lian worked with other major employers in Singapore, including a statutory board, DBS Land Ltd, Citibank NA, Knight Frank Pte Ltd, performing duties such as land/facility management, property valuation, business development and marketing. She graduated from the National University of Singapore in 1981 with a Bachelor's Degree in Estate Management. She is a Licensed Appraiser and a Member of the Singapore Institute of Surveyors and Valuers.

### Mr Kam Tin Seah

Mr Kam joined the UOL Group towards the end of 2005 as General Manager (Investments) and he is responsible for identifying, evaluating and recommending suitable property investment opportunities for the Group, both in Singapore and overseas. Prior to joining the UOL Group, Mr Kam spent about 16 years with two other major property groups, namely Parkway Properties and Centrepoint Properties. In both groups, Mr Kam was also involved in business development, primarily in the property sector, as well as corporate planning, project/development management, property/retail management as well as sales and marketing. Mr Kam graduated from the National University of Singapore with an Honours Degree in Estate Management.

## OPERATION HIGHLIGHTS

### PROPERTY INVESTMENTS

#### Commercial Properties

The average occupancy of the Group's major commercial properties in 2005 compared to those in 2004 were as follows:

Building	Description	2005 %	2004 %
UOL Building	16-storey building near Somerset MRT station	N.A.	72
Odeon Towers	23-storey commercial building and a 2-storey podium block at North Bridge Road/Cashin Street	89	91
United Square	30-storey office tower and a 4-storey retail podium with a basement at Thomson Road	94	95
Faber House	12-storey building at Orchard Road	96	97
Novena Square	18 and 25-storey office towers and a 3-storey retail podium at Thomson Road (excluding #01-38)	99	95
Central Plaza	20-storey office building at Tiong Bahru Road	95	97
The Plaza	Retained interest in a 32-storey tower block and an adjacent 4-storey commercial building at Beach Road	89	96

#### *UOL Building*

Building Plan approval for the conversion of UOL Building at Somerset Road into a new 16-storey office-cum-service apartment block was obtained on 13 July 2005. Demolition works had been completed and construction work is expected to complete by second half of 2007.

#### *Extension of Novena Square Shopping Mall*

Construction works to add a new 3-storey extension of Novena Square shopping mall, which is 60%-owned by the Company, are in progress. Upon completion expected by end 2006, the extended wing resulting from a decanting of office space will increase the lettable area of the shopping mall from 130,000 sq ft to 200,000 sq ft. The entire retail mall will have a sports and lifestyle

theme and will be re-named VELOCITY@Novena Square.

#### Residential Properties

##### *The Plaza*

The average occupancy for the 90 units of service apartments at The Plaza, which is held by listed subsidiary Hotel Plaza Limited ("Hotel Plaza") and is located at Beach Road, had increased to 93% in 2005 as compared with 86% in 2004. The average monthly rental rate (excluding domestic service and other charges) increased marginally by 1% in 2005.



Novena Square



Proposed office-cum-service apartment block at Somerset Road



Central Plaza





*Proposed residential-cum-commercial project at the former Eng Cheong Tower at North Bridge Road.*



### *South Tower, One Residency, Kuala Lumpur, Malaysia*

In December 2005, Star Valuations Sdn Bhd, a wholly-owned subsidiary, acquired all the 290 units of serviced suites and approximately 6,700 sq ft of commercial space comprised in a 30-storey service apartment block of the One Residency development located at Jalan Nagasari, off Jalan Raja Chulan. The purchase is subject to approval from the Malaysian authorities. Upon completion of the development, it is intended that the properties will be operated as service apartments by the Group.

## PROPERTY DEVELOPMENTS

### Singapore

#### *Twin Regency*

All of the 234 units of freehold apartments in Twin Regency have been sold. The superstructure structures for both towers had been completed and the Temporary Occupation Permit ("TOP") is expected to be obtained in June 2007.

#### *Newton Suites*

All of the 118 units of freehold apartments in Newton Suites have been sold. Construction of the superstructures is in progress and TOP is expected to be obtained in June 2007.

#### *Regency Suites (former Kim Tian Plaza)*

Sales for Regency Suites was launched in October 2005 and met with favourable response. The project, which is undertaken by Regency One Development Pte Ltd, a 80%-owned subsidiary of the Company, comprised 84 apartments in a 36-storey block and 20 small-office-home-office ("SOHO") units in a 7-storey block. As at 31 December 2005, 67 apartment units and 20 SOHO units (83.6%) had been sold. Demolition works had commenced in December 2005.

### *Eng Cheong Tower Site*

Located at North Bridge Road, this site was acquired by Kings & Queens Development Pte Ltd in January 2005 and will be developed into a residential-cum-commercial project.

### *Bo Bo Tan Sites*

Located at Chay Yan Street, this site was acquired by United Regency Pte Ltd, a 60%-owned subsidiary of the Company, and will be developed into high-end upmarket residential units. The acquisition is subject to the approval of the Strata Titles Board or upon all the subsidiary proprietors consenting to the respective collective sale thereof, whichever is earlier.

### *Central Xchange, one-north*

In September 2005, Vista Development Pte Ltd, a 30%-owned associated company, successfully tendered for this leasehold site from Jurong Town Corporation. This site, which is located near the Buona Vista Park, will be developed into a residential-cum-commercial project.

### *Minbu and Akyab Road Site*

In October 2005, UOL Development (Novena) Pte Ltd ("UDN") successfully tendered for the en-bloc acquisition of the freehold properties at Minbu Road for an aggregate consideration of S\$61,000,000. In January 2006, UDN also acquired an adjoining site at Akyab Road and completion of this purchase is expected in March 2006. Plans are underway to develop the combined sites into exclusive residential units for sale.

### *One Amber (on the site of the former Maryland Park)*

In March 2005, Brendale Pte Ltd, in which the Company has a 30% interest, acquired a freehold property known as Maryland Park at Amber Gardens for a cash consideration of S\$236,520,999. It is intended that the freehold property which has a land area of approximately 22,923 square metres, be developed into four 23-storey blocks with approximately 560 apartment units.



*Twin Regency*



*Regency Suites*



*South Tower, One Residency, KL*



*Residential project at No. 2A  
Persiaran Hampshire, KL*



### 1 MOULMEIN RISE

*Asia's only winner of the 2005 FIABCI Prix d'Excellence Award  
for Residential Category and Special Recognition recipient,  
Arcasia Award 2006.*





**Kuala Lumpur, Malaysia***No. 2A Persiaran Hampshire*

The purchase of the freehold property at No. 2A Persiaran Hampshire, Kuala Lumpur, was completed in April 2005 by Promatik Emas Sdn Bhd, a 55%-owned subsidiary. The site, which is located near the Kuala Lumpur City Centre, will be developed into two 33-storey blocks comprising 174 luxury service apartment units for sale. Application for Development Order had been submitted to the relevant authorities.

**Shanghai, The People's Republic of China***Le Marquis*

Shanghai Xin Yue Real Estate Development Co. Ltd, a 34%-associated company of the Group, is building 169 luxury apartment units at 384 ZhaoJia Bang Road, Xuhui District Shanghai, The People's Republic of China. Named Le Marquis, Phase 1 was launched in October 2005 and as at 31 December 2005, 33 out of 36 apartment units launched had been sold.

**Perth, Australia***The Hemisphere*

With the sale of an additional 4 units during the year, a total of 46 units in The Hemisphere, which is an exclusive 48-unit residential development adjacent to the Sheraton Perth Hotel, has been sold as at 31 December 2005. The remaining 2 units are being retained for own use.

**HOTEL AND RELATED OPERATIONS****Hotel Operations****Singapore**

Singapore received 8.9 million visitors in 2005, representing an increase of 7.3% over the previous year.

The increase in arrivals boosted hotel occupancy in Singapore to 84.1% compared to 80.6% in 2004. The average room rate was S\$136, an increase of 12.0% over the previous year.

*Plaza Parkroyal*

The average occupancy of the 341-room Plaza Parkroyal at Beach Road improved to 85% in 2005 from 77% in 2004. The average room rate improved by 16% when compared to 2004. During the year, the hotel refurbished the Plaza Brasserie, Si Chuan Dou Hua Restaurant, Club 5, the pool area and lobby.

*New Park Hotel*

The average occupancy of the 531-room New Park Hotel located at Kitchener Road improved from 80% in 2004 to 85% in 2005. At the same time, the average room rate improved by 19% over 2004.

*Grand Plaza Parkroyal*

The 330-room Grand Plaza Parkroyal at Coleman Street saw an increase in occupancy from 78% in 2004 to 85% in 2005. The average room rate improved by 17% when compared to 2004.

*Marina Mandarin Hotel*

Marina Mandarin Hotel (25%-owned) improved on its average room rate by 19% when compared to the preceding year. The hotel underwent a major retrofitting works in 2005. Refurbishment works for all the 575 guestrooms and the public spaces were completed before the year-end.

**Australia***Crowne Plaza Darling Harbour, Sydney*

Hotel Plaza has a 60% interest in the 345-room Crowne Plaza Darling Harbour which is located at Day Street near the Darling Harbour waterfront. In 2005, the average occupancy of the hotel was maintained at 84% while the average room rate improved by 14%.

Retrofitting works to the hotel's lobby and reception area was completed in December 2005.

*Plaza Parkroyal**Grand Plaza Parkroyal Deluxe Room**New Park Hotel Suites*

*Crowne Plaza Parramatta, Sydney*

The 196-room Crowne Plaza Parramatta, in which Hotel Plaza has a 60% interest, is located at Phillip Street in the heart of the business district of Parramatta. In 2005, the average occupancy of the hotel was maintained at 81% while the average room rate increased by 5%.

*Sheraton Perth Hotel, Perth*

Hotel Plaza has a 100% interest in the 390-room Sheraton Perth Hotel which is located at Adelaide Terrace, Perth, Western Australia. The average occupancy of the hotel, which was affected by the works to replace the air-condition units and piping to the guestrooms, declined from 77% in 2004 to 70% in 2005. Average room rate however increased by 14% during the year.

Conversion of the existing office spaces at Sheraton Court into an additional 96 guestrooms, with a new Business Centre and Executive Lounge, is being planned. Construction work is scheduled to commence in August 2006.

**The People's Republic Of China***Sofitel Plaza Xiamen, Xiamen (previously known as UOB Building)*

The conversion of the serviced apartment and commercial building known previously as UOB Building at Hubin Bei Road into the 394-room international five-star Sofitel Plaza Xiamen was completed and the hotel commenced operations on 26 July 2005. It achieved an average occupancy of 44% for the first 5 months of its operations.

*Sheraton Suzhou Hotel & Towers, Suzhou*

Hotel Plaza has a 100% interest in the 413-room Sheraton Suzhou Hotel & Towers which is located at Xinshi Road within the city precinct of Suzhou. 2005 saw an increase in market competition with the entry of the Renaissance (located at Suzhou Industrial Park) at the beginning of the year. The hotel's average occupancy declined from 78% in 2004 to 70% in 2005. However the average room rate improved by 8% during the year.

**Vietnam***Hotel Sofitel Plaza Hanoi, Hanoi*

The 319-room hotel, in which Hotel Plaza has a 75% interest, is located at 1 Thanh Nien Road, Ba Dinh District, and commands a scenic view of the West Lake and Red River in Hanoi with convenient access to the central business district. The average occupancy for the hotel increased from 71% in 2004 to 77% in 2005, while average room rate improved by 15% during the year.

*Novotel Garden Plaza Saigon, Ho Chi Minh City*

The Novotel Garden Plaza Saigon, in which Hotel Plaza has a 100% interest, is located near the airport and the HCMC International Exhibition and Convention Centre. Construction work on the hotel's new wing was completed in April 2005, increasing its room inventory from 157 rooms to 191 rooms. Average occupancy for the year, which was affected by construction works on the new wing, declined from 81% to 74%. Average room rate however increased by 17% compared to 2004.

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

Hotel Plaza has a 26% interest in the 290-room Hotel Sofitel Plaza Saigon at 17 Le Duan Boulevard, District 1, which is conveniently located within the major commercial and diplomatic precinct. The average occupancy of the hotel increased to 76% in 2005 from 64% in 2004, while the average room rate improved by 8% during the year.

The Central Plaza, an adjoining 16-storey office block with a total lettable area of approximately 7,845 square metres, was fully let during the year.

**Malaysia**

Our two hotels in Malaysia, in which Hotel Plaza has a 100% interest, consolidated their market positions and improved their revenue per available room in 2005.

*Sofitel Plaza Xiamen**Grand Plaza Parkroyal Penang**Sheraton Perth Hotel*



### *Grand Plaza Parkroyal Kuala Lumpur and President House, Kuala Lumpur*

The 348-room Grand Plaza Parkroyal Kuala Lumpur, with the adjoining President House, are strategically located at the Golden Triangle, the capital's main commercial and retail district. The average occupancy of the hotel remained at 81% in 2005 while the average room rate improved by 9% during the year.

Occupancy at the 6-storey President House, an office-cum-retail block with a total lettable space of 81,820 sq ft, remained high at 98% in 2005. Its average rental rate improved by 7% over the previous year. Conversion of a major portion of the existing office spaces at President House into hotel guestrooms is being planned. Construction work is scheduled to commence in September 2006.

### *Grand Plaza Parkroyal Penang*

The 330-room Grand Plaza Parkroyal Penang is located at the Batu Ferringhi Beach. The hotel's average occupancy in 2005 was 67% compared to 66% in 2004. The average room rate improved by 17% during the year.

### **Myanmar**

#### *Grand Plaza Parkroyal Hotel, Yangon*

Hotel Plaza has a 95% interest in the 329-room Grand Plaza Parkroyal Hotel which is located at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, in close proximity to the central business district and famous cultural attractions. The average occupancy for the hotel in 2005 remained low at 38% although the average room rate improved marginally by 6% during the year.

### **Spa/Lifestyle-Related Operations**

United Lifestyle Holdings Pte Ltd ("ULH"), a subsidiary of the Group, owns and operates a chain of St. Gregory outlets, through its subsidiary, St Gregory Spa Pte Ltd ("SGS"). These St. Gregory outlets are located at Grand Plaza Parkroyal, Novena Square and Plaza Parkroyal respectively and provide a comprehensive range of services. The St. Gregory outlets at Grand

Plaza Parkroyal and Plaza Parkroyal continue to play an important role as one of the key hotel facilities which enhances the hotels' overall image.

During the financial year, SGS achieved satisfactory results despite keen competition in the wellness industry.

During the year, ULH divested its remaining 19% investment in United BMEC Pte Ltd Group, which specialised in medical and gymnasium equipment trading business. This is in line with the Group's plan to divest of its non-core businesses.

ULH also owns the Si Chuan Dou Hua Restaurant located at Top of UOB Plaza through its subsidiary, Dou Hua Restaurants Pte Ltd. Performance of the restaurant was better in 2005.

### **INVESTMENTS IN SECURITIES**

The UOL Group has current and non-current "Available-for-sale" financial assets that are stated at fair value. These financial assets comprise both quoted and unquoted securities in both property and non-property related sectors. During the year, an unrealised net gain amounting to S\$83.1 million arising from changes in the fair value of investments was recognised in the balance sheet under fair value reserve.

Investments in quoted securities include United Overseas Bank Limited ("UOB"), United Industrial Corporation Ltd ("UIC"), United International Securities Limited and Haw Par Corporation Limited. The S\$506.22 million Zero-Coupon Exchangeable Notes due September 2005 exchangeable into ordinary shares of UOB ("Notes") was redeemed at 98.32% of their principal amount on the maturity of the Notes on 22 September 2005. None of the Notes were exchanged into UOB shares. During the year, the Group increased its interest in UIC to 12.91% of the issued share capital of UIC.



*Therapeutic pool  
at St. Gregory*



*St. Gregory,  
the promise of wellness*



*Grand Plaza Parkroyal Hotel, Yangon – Lobby*





### ONE-NORTH

*Employing unique design concept in a winning proposal for Singapore's first residential project for one-north following a Request-For-Proposal (RFP).*



The Group also holds a number of unquoted securities which are mainly in the property related sectors. During the year, the Group received a maiden net dividend amounting to S\$220,000 from its investment in Vietnam Singapore Industrial Park Pte Ltd.

## MANAGEMENT SERVICES

As in previous years, UOL Management Services Pte Ltd continued to provide property management services for the various properties of the Group in Singapore and to act as marketing agent and property manager for Novena Square.

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

Another 100%-owned subsidiary, Parkroyal Hospitality Pte Ltd (formerly known as Plaza Pacific Service Apartment Pte Ltd), continued to provide hospitality management services for the Plaza Pacific Service Apartments at The Plaza at Beach Road.

## FURNITURE OPERATIONS

Mod.Living Pte Ltd ("Mod.Living"), a wholly-owned subsidiary, now carries a complete range of furniture, lightings and accessories from Europe's leading brands for its retail space. The expanded showroom of 10,000 sq ft offers the latest glimpse in furniture design, and exhorts an exciting one-stop shopping experience. Mod.Living improved its sales performance during the year.

Wholly-owned subsidiary, United Venture Furnishings Pte Ltd ("UVF"), has rationalised its business strategy and ceased its retail operation at United Square to fully concentrate on its contracts division. The retail activity has now been absorbed by Mod.Living. During the year, UVF has completed several hotel refurbishments, and has also supplied kitchens and wardrobes for luxury condominium developments. UVF enjoyed strong growth in sales in 2005.

## HUMAN RESOURCES

In Singapore, the Group employed 1,214 staff at end December 2005 compared to 1,165 employees at end December 2004. This increase in manpower occurred mainly in the hospitality sector of the Group's businesses.

The Group continued to develop a flexible compensation system which will allow the Group to adjust its wage costs according to the financial performance of the Group's businesses. During the year, the Group continued to build up the monthly variable component ("MVC") in its salary systems. In 2005, the Group's hotels negotiated with the respective unions and agreed to commence the build-up of the MVC in respect of the unionised staff in the Group's hotels. In addition to the MVC, the Group paid a significant portion of its annual compensation in the form of bonuses.

To foster camaraderie amongst our employees, various social and recreational events were organised. The Group's Recreation Committee organised short day trips to Malaysia. Two trips to Malacca Town and Pengerang, Johor, were organised and drew good participation from employees as well as their family members.

The Group also fosters community spirit through its support of community and charity events. During the National Clean and Green Month in November 2005, about 200 of the Group's employees participated in a clean-up exercise at Changi Beach. In December, yet another group of employees from Plaza Parkroyal volunteered to bring Christmas cheer to children in the Henderson Student Care Centre by cleaning and decorating the Centre and entertaining the children with lunch, games and Christmas goodies.



*Lofty apartment area  
at Mod.Living*



*Stylish & Trendy Mod.Living*



*Cool Bananas, Grand Plaza Parkroyal Penang*

## PROPERTY SUMMARY 2005

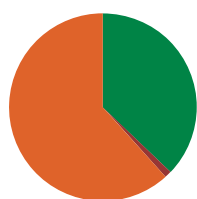
	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (SQ M)	Car Park Facilities	Present Capital Value (\$\$Million)
<b>Faber House</b> , a 12-storey commercial building at 230 Orchard Road, Singapore (excluding first storey which was sold)	1973	–	Freehold	3,819	49	34.7
<b>Odeon Towers</b> , a 23-storey commercial building with 3 basement levels and a 2-storey podium block at 331 North Bridge Road, Singapore	1992 & 2003	–	999-Year Lease from 1827	17,958	176	152.6
<b>UOL Building</b> , under construction to convert to 16-storey commercial development of 128 units of office with service apartments and basement car parks at 96 Somerset Road, Singapore	–	1979	Freehold	11,796*	–	67.0
<b>United Square</b> , a commercial building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks at 101 Thomson Road, Singapore						
Shops	1982 & 2002					
Offices	1982	1987	Freehold	45,923	658	438.2
<b>Eunos Warehouse Complex</b> , retained interests in 2 units of a 4-storey flatted warehouse at 1 Kaki Bukit Road 2, Singapore	1983	–	60-Year Lease from 1982	1,134	–	1.1
<b>Central Plaza</b> , a 20-storey office block at 298 Tiong Bahru Road, Singapore	1994	–	99-Year Lease from 1991	17,725	–	137.8
<b>Novena Square</b> , an 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 car parks at 238/A/B Thomson Road, Singapore (excluding #01-38 which was sold)						
Office Tower A & Retail Podium	2000	–	99-Year Lease from 1997	39,444		411.2
Office Tower B & Food Court	2000	–	99-Year Lease from 1997	16,998	477	161.3
<b>The Plaza</b> , retained interests in a 32-storey tower block comprising restaurants, hotel function rooms, shops, offices and service apartments, an adjacent 4-storey commercial building and a multi-storey carpark block at 7500 Beach Road, Singapore						
Shops & Offices	1974 & 1979	–	99-Year Lease from 1968	18,613		
90 service apartments and 1 owner-occupied apartment	1979	–	99-Year Lease from 1968	6,125 & 165 respectively	641	113.1
<b>Plaza Parkroyal</b> , a 7-storey hotel building with 341 rooms at 7500 Beach Road, Singapore	1971 & 1979	–	99-Year Lease from 1968	19,900*	47	71.0
<b>New Park Hotel and Shopping Arcade</b> , comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower at 181 Kitchener Road, Singapore						
Hotel with 531 rooms	1976 & 1981	1989	Freehold	37,811*		
Shopping Arcade	1976 & 1981	1989	Freehold	1,333	272	95.0

PROPERTY SUMMARY 2005 *(continued)*

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (SQ M)	Car Park Facilities	Present Capital Value (\$Million)
<b>Grand Plaza Parkroyal Singapore</b> , comprising a 10-storey L-shaped hotel building with 330 rooms and an adjacent shopping arcade at 10 Coleman Street, Singapore	1996	–	99-Year Lease from 1993	20,924*	118	115.0
<b>Crowne Plaza Darling Harbour</b> , a 13-level hotel with 345 rooms at 150 Day Street, Sydney, Australia	1991	1993	Freehold	24,126*	56	89.9
<b>Crowne Plaza Parramatta</b> , a 13-level hotel with 196 rooms at 30 Phillip Street, Parramatta, New South Wales, Australia	1986	1994	Freehold	16,694*	186	42.5
<b>Sheraton Perth Hotel</b> , comprising a 23-storey hotel with 390 rooms and a 4-level office complex at the corner of Adelaide Terrace and Hill Street, Perth, Australia	1973	1995	Freehold	31,513*	167	85.1
<b>Grand Plaza Parkroyal Kuala Lumpur and President House</b> , comprising a 23-storey tower with a 6-storey podium together with an annexed 8-storey car park building, with the 348-room hotel occupying the tower and part of the podium at Jalan Sultan Ismail, Kuala Lumpur, Malaysia						
Hotel and President House	1974		Freehold	56,707*	–	
Car Park Annexe	–	1999	Leasehold, expiring in 2080	11,128*	320	70.5
<b>Grand Plaza Parkroyal Penang</b> , a 330-room 8-storey beachfront resort hotel at Batu Ferringhi Beach, Penang, Malaysia	1990	1999	Freehold	31,502*	147	48.1
<b>Novotel Garden Plaza Saigon</b> , comprising a 10-storey hotel building with 191 rooms and a 4-storey annex office building at Nguyen Van Troi Street, Ho Chi Minh City, Vietnam	1997	–	49-Year Lease from 1994	12,165*	25	30.0
<b>Hotel Sofitel Plaza Hanoi</b> , a 20-storey hotel with 319 rooms and 36 service apartments at Thanh Nien Road, Hanoi, Vietnam	1998	2001	48-Year Lease from 1993	39,250*	30	68.3
<b>Grand Plaza Parkroyal Hotel, Yangon</b> , a 8-storey V-shaped tower comprising 329 rooms at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	1997	2001	30-Year Lease from 1997	17,700*	250	12.2
<b>Sheraton Suzhou Hotel &amp; Towers</b> , comprising an establishment built in the Ming Dynasty style, with 413 rooms accommodated within a cluster of low-rise buildings at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	1998	2001	50-Year Lease from 1994	46,532*	100	144.4
<b>Sofitel Plaza Xiamen</b> , comprising two towers of 19-storey and 29-storey each with 394 rooms, including a two-storey basement car parks at Hubin North Road, Xiamen, The People's Republic of China	1996	2001	70-Year Lease from 1991	30,706*	100	64.0

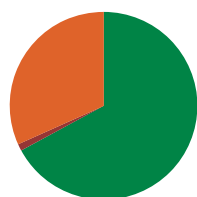
## PROPERTY SUMMARY 2005 (continued)

Properties for Sale Under Development	Type of Development	Tenure of Land	Approximate Gross Floor Area (SQ M)	Site Area (SQ M)	Stage of Completion	Expected Completion	Percentage of Interest
<b>Twin Regency</b> , a residential development comprising 234 condominium apartment units at Kim Tian Road	Residential	Freehold	27,098	9,678	48%	2nd Quarter 2007	70%
<b>Newton Suites</b> , a residential development comprising 118 units of condominium apartments at Newton Road	Residential	Freehold	10,755	3,842	25%	2nd Quarter 2007	100%
<b>Regency Suites</b> , a proposed development comprising 104 units of mixed office and residential condominium apartments at Kim Tian Road	Office and Residential	Freehold	11,371	3,790	–	4th Quarter 2008	80%
<b>Eng Cheong Tower</b> , a proposed development comprising 265 units of mixed office and residential condominium apartments at North Bridge Road	Office and Residential	99 year leasehold	23,857	3,751	–	4th Quarter 2009	70%
<b>Persiaran Hampshire</b> , a proposed residential development comprising 174 units of condominium apartments at Kuala Lumpur	Residential	Freehold	32,024	4,573	–	4th Quarter 2009	55%



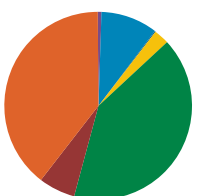
## ANALYSIS BY VALUE

	\$ million	%
Commercial	1,514	61.7
Residential	27	1.1
Hotel	912	37.2
	2,453	100.0



## ANALYSIS BY AREA

	sq m	%
Net Lettable Area		
Commercial	182,673	31.6
Residential	6,290	1.1
	188,963	32.7
Gross Floor Area		
Hotel	388,728	67.3
	577,691	100.0



## ANALYSIS BY TENURE

	\$ million	%
Freehold	971	39.6
99-year leasehold	153	6.2
99-year leasehold	1,009	41.1
70-year leasehold	64	2.6
60-year leasehold	1	0.1
48 to 50-year leasehold	243	9.9
30-year leasehold	12	0.5
	2,453	100.0

## ANALYSIS BY GEOGRAPHICAL LOCATION &amp; BY AREA

	sq m	%
Singapore	259,668	44.9
Australia	72,333	12.5
Vietnam	51,415	8.9
Malaysia	99,337	17.2
The People's Republic of China	77,238	13.4
Myanmar	17,700	3.1
	577,691	100.0

## ANALYSIS BY GEOGRAPHICAL LOCATION &amp; BY VALUE

	\$ million	%
Singapore	1,798	73.2
Australia	218	8.9
Vietnam	98	4.0
Malaysia	119	4.9
The People's Republic of China	208	8.5
Myanmar	12	0.5
	2,453	100.0

## ANALYSIS OF COMMERCIAL PROPERTIES IN SINGAPORE BY PLANNING AREA\*

	sq m	%
Novena	102,364	58.5
Orchard	15,615	8.9
Downtown Core	18,986	10.8
Bukit Merah	17,725	10.1
Kallang	19,248	11.0
Bedok	1,134	0.7
	175,072	100.0

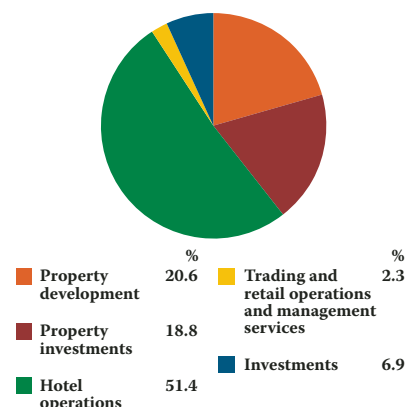
\* In accordance to the development guide plans issued by Urban Redevelopment Authority



## SEGMENTAL PERFORMANCE ANALYSIS

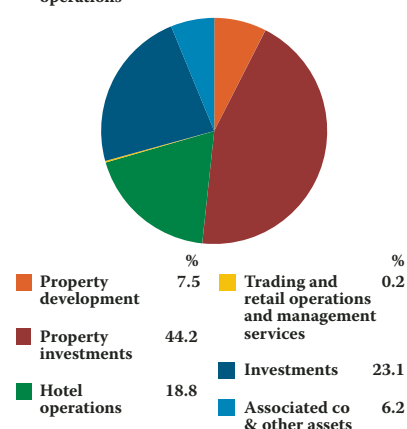
## TOTAL REVENUE BY INDUSTRY SEGMENTS

	2004		2005	
	\$'000	%	\$'000	%
Property development	69,590	15.1	104,411	20.6
Property investments	102,945	22.3	95,138	18.8
Hotel operations	231,854	50.3	259,576	51.4
Trading and retail operations and management services	12,473	2.7	11,431	2.3
Investments	44,341	9.6	34,926	6.9
	461,203	100.0	505,482	100.0



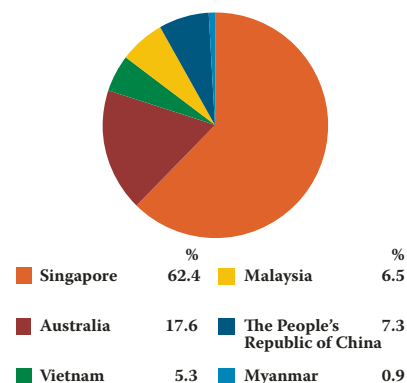
## TOTAL ASSETS BY INDUSTRY SEGMENTS

	2004		2005	
	\$'000	%	\$'000	%
Property development	164,598	4.7	263,487	7.5
Property investments	1,546,908	44.5	1,556,103	44.2
Hotel operations	626,125	18.0	662,126	18.8
Trading and retail operations and management services	3,758	0.1	5,554	0.2
Investments	378,216	10.9	811,639	23.1
Associated co & other assets	758,486	21.8	221,276	6.2
	3,478,091	100.0	3,520,185	100.0



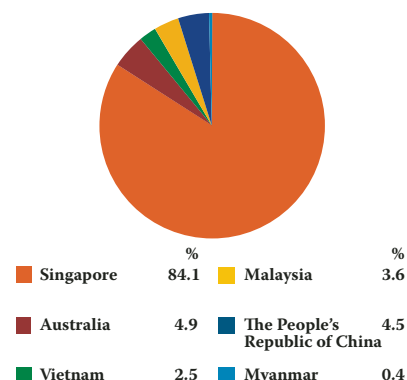
## TOTAL REVENUE BY GEOGRAPHICAL SEGMENTS

	2004		2005	
	\$'000	%	\$'000	%
Singapore	286,718	62.2	315,443	62.4
Australia	81,548	17.7	88,746	17.6
Vietnam	22,828	4.9	26,844	5.3
Malaysia	29,676	6.4	33,075	6.5
The People's Republic of China	35,583	7.7	36,640	7.3
Myanmar	4,850	1.1	4,734	0.9
	461,203	100.0	505,482	100.0



## TOTAL ASSETS BY GEOGRAPHICAL SEGMENTS

	2004		2005	
	\$'000	%	\$'000	%
Singapore	2,931,423	84.3	2,959,522	84.1
Australia	187,067	5.4	173,999	4.9
Vietnam	86,338	2.5	86,599	2.5
Malaysia	117,765	3.4	126,525	3.6
The People's Republic of China	140,820	4.0	159,936	4.5
Myanmar	14,678	0.4	13,604	0.4
	3,478,091	100.0	3,520,185	100.0



## QUARTERLY RESULTS

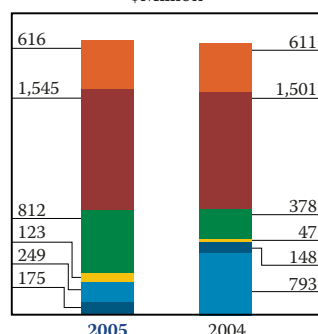
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
<b>REVENUE*</b>										
<b>2005</b>	<b>103,579</b>	<b>20</b>	<b>130,248</b>	<b>26</b>	<b>127,159</b>	<b>25</b>	<b>144,496</b>	<b>29</b>	<b>505,482</b>	<b>100</b>
2004	104,338	23	133,154	29	118,092	25	105,619	23	461,203	100
<b>PROFIT BEFORE INCOME TAX</b>										
<b>2005</b>	<b>26,936</b>	<b>18</b>	<b>48,375</b>	<b>32</b>	<b>45,684</b>	<b>31</b>	<b>28,840</b>	<b>19</b>	<b>149,835</b>	<b>100</b>
2004	19,479	4	47,439	10	37,483	8	381,225	78	485,626	100
<b>TOTAL PROFIT</b>										
<b>2005</b>	<b>21,115</b>	<b>18</b>	<b>37,257</b>	<b>31</b>	<b>38,237</b>	<b>32</b>	<b>23,240</b>	<b>19</b>	<b>119,849</b>	<b>100</b>
2004	17,894	4	38,192	10	29,499	7	313,460	79	399,045	100
<b>PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>										
<b>2005</b>	<b>16,469</b>	<b>17</b>	<b>32,944</b>	<b>33</b>	<b>33,323</b>	<b>33</b>	<b>17,334</b>	<b>17</b>	<b>100,070</b>	<b>100</b>
2004	14,417	4	35,277	9	25,037	7	306,887	80	381,618	100
<b>BASIC EARNINGS PER \$1.00 ORDINARY SHARE (IN CENTS)</b>										
<b>2005</b>	<b>2.1</b>	<b>17</b>	<b>4.2</b>	<b>33</b>	<b>4.2</b>	<b>33</b>	<b>2.1</b>	<b>17</b>	<b>12.6</b>	<b>100</b>
2004	2.1	4	5.0	10	3.4	7	40.2	79	50.7	100

\* Restated to conform with current presentation in full year's financial statements

## SIMPLIFIED GROUP FINANCIAL POSITION

### TOTAL ASSETS OWNED

\$Million

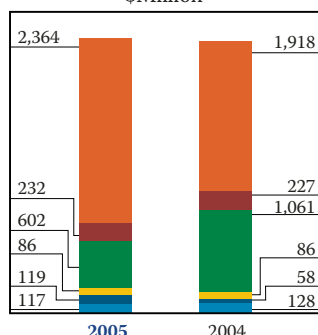


- Property, plant and equipment
- Investment properties
- Available-for-sale financial assets
- Associated companies
- Properties for sale under development/Developed properties for sale
- Other assets & cash

2005	2004	2005	2004
In \$'Million		%	
<b>616</b>	611	<b>18</b>	18
<b>1,545</b>	1,501	<b>44</b>	43
<b>812</b>	378	<b>23</b>	11
<b>123</b>	47	<b>3</b>	1
<b>249</b>	148	<b>7</b>	4
<b>175</b>	793	<b>5</b>	23
<b>3,520</b>	3,478	<b>100</b>	100

### TOTAL LIABILITIES OWNED & CAPITAL INVESTED

\$Million



- Shareholders' funds
- Minority interests
- Borrowings
- Trade and other payables
- Deferred income tax liabilities
- Other liabilities

2005	2004	2005	2004
In \$'Million		%	
<b>2,364</b>	1,918	<b>67</b>	55
<b>232</b>	227	<b>7</b>	7
<b>602</b>	1,061	<b>17</b>	30
<b>86</b>	86	<b>3</b>	2
<b>119</b>	58	<b>3</b>	2
<b>117</b>	128	<b>3</b>	4
<b>3,520</b>	3,478	<b>100</b>	100

## FIVE-YEAR FINANCIAL SUMMARY

	2001 \$'000	2002 \$'000	2003 \$'000	2004 \$'000	2005 \$'000
<b>GROUP REVENUE*</b>					
Property development	–	155,904	125,179	69,590	<b>104,411</b>
Property investments	120,286	111,537	108,610	102,945	<b>95,138</b>
Hotel operations	182,523	183,184	179,561	231,854	<b>259,576</b>
Trading and retail operations and management services	20,586	19,943	18,104	12,473	<b>11,431</b>
Investments	34,457	43,433	34,438	44,341	<b>34,926</b>
	<b>357,852</b>	<b>514,001</b>	<b>465,892</b>	<b>461,203</b>	<b>505,482</b>
<b>GROUP PROFIT AND LOSS</b>					
Property development	(4,872)	8,258	9,873	12,372	<b>21,635</b>
Property investments	84,852	166,060	80,746	64,079	<b>65,468</b>
Hotel operations	18,428	11,908	6,433	30,767	<b>29,192</b>
Trading and retail operations and management services	860	(1,039)	70	(389)	<b>1,192</b>
Investments	43,997	39,504	41,272	399,955	<b>51,361</b>
	<b>143,265</b>	<b>224,691</b>	<b>138,394</b>	<b>506,784</b>	<b>168,848</b>
Unallocated costs	(2,685)	(4,406)	(1,296)	(4,381)	<b>(4,792)</b>
Operating profits	140,580	220,285	137,098	502,403	<b>164,056</b>
Finance income	2,433	1,990	6,484	3,386	<b>13,674</b>
Finance expense	(43,327)	(34,441)	(30,570)	(22,441)	<b>(26,694)</b>
	<b>99,686</b>	<b>187,834</b>	<b>113,012</b>	<b>483,348</b>	<b>151,036</b>
Share of results of associated companies	3,505	12,281	2,885	2,278	<b>(1,201)</b>
Profit before income tax	<b>103,191</b>	<b>200,115</b>	<b>115,897</b>	<b>485,626</b>	<b>149,835</b>
Profit attributable to equity holders	<b>69,587</b>	<b>161,397</b>	<b>78,790</b>	<b>381,618</b>	<b>100,070</b>
<b>GROUP BALANCE SHEET</b>					
Property, plant and equipment	570,353	539,497	600,054	610,540	<b>616,390</b>
Investment properties	1,941,956	1,670,288	1,579,330	1,500,945	<b>1,545,193</b>
Associated companies	60,594	65,966	42,206	47,238	<b>115,391</b>
Available-for-sale financial assets (non-current)	302,411	302,916	303,914	296,309	<b>410,639</b>
Intangibles	2,336	1,389	13,972	13,491	<b>14,516</b>
Deferred tax assets	–	–	590	6,652	<b>9,154</b>
Net current assets (excluding borrowings)	315,668	379,351	398,006	806,623	<b>622,121</b>
Non-current liabilities (excluding borrowings)	(121,265)	(97,788)	(86,763)	(76,090)	<b>(134,666)</b>
	<b>3,072,053</b>	<b>2,861,619</b>	<b>2,851,309</b>	<b>3,205,708</b>	<b>3,198,738</b>
Share capital and share premium	797,321	797,925	922,327	1,067,911	<b>1,068,264</b>
Reserves	938,847	900,881	848,184	849,787	<b>1,295,935</b>
Interest of the shareholders	1,736,168	1,698,806	1,770,511	1,917,698	<b>2,364,199</b>
Minority interests	239,328	204,594	226,059	227,467	<b>232,237</b>
Borrowings	1,096,557	958,219	854,739	1,060,543	<b>602,302</b>
	<b>3,072,053</b>	<b>2,861,619</b>	<b>2,851,309</b>	<b>3,205,708</b>	<b>3,198,738</b>

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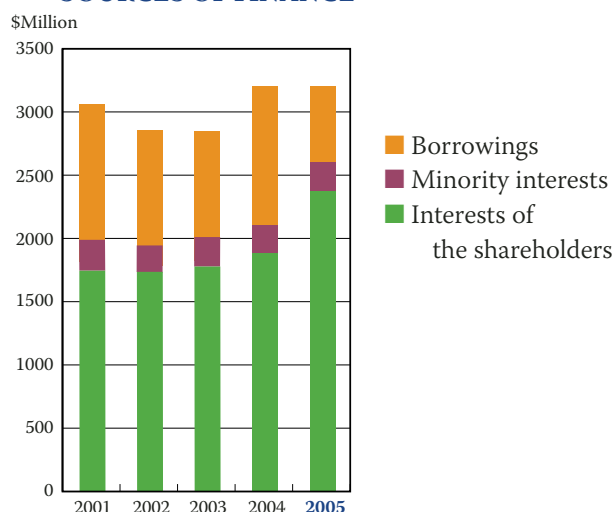
\* Restated to conform with current financial year's presentation



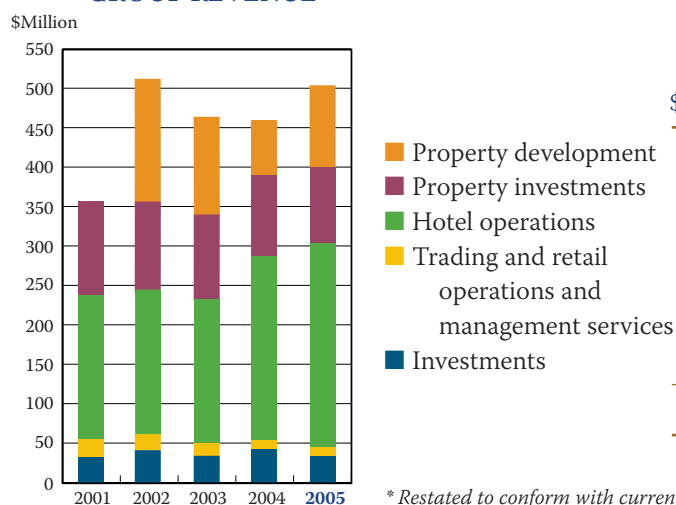
FIVE-YEAR FINANCIAL SUMMARY *(continued)*

	2001	2002	2003	2004	2005
<b>FINANCIAL RATIOS</b>					
Basic earnings per share (cents)	11.5	26.3	12.8	50.7	<b>12.6</b>
Gross dividend declared					
Interim & Final (%)	7.5	7.5	7.5	6.0	<b>7.5</b>
Special (%)	—	2.5	—	40.1	<b>—</b>
Cover (times)	1.9	3.4	1.9	1.2	<b>1.7</b>
Net tangible asset backing per share (\$)					
Before accounting for surplus					
on revaluation of hotel properties	2.83	2.77	2.52	2.40	<b>2.96</b>
After accounting for surplus					
on revaluation of hotel properties	2.91	2.87	2.62	2.54	<b>3.23</b>
Gearing ratio	0.59	0.53	0.42	0.17	<b>0.21</b>

Note: Basic earnings per share is calculated by reference to the weighted average number of ordinary shares in issue during the year.

**SOURCES OF FINANCE**

	2001	2002	2003	2004	2005
\$'Million	\$'Million	\$'Million	\$'Million	\$'Million	\$'Million
Borrowings	1,097	958	855	1,061	<b>602</b>
Minority interests	239	205	226	227	<b>232</b>
Interests of the shareholders	1,736	1,699	1,771	1,918	<b>2,364</b>
	3,072	2,862	2,852	3,206	<b>3,198</b>

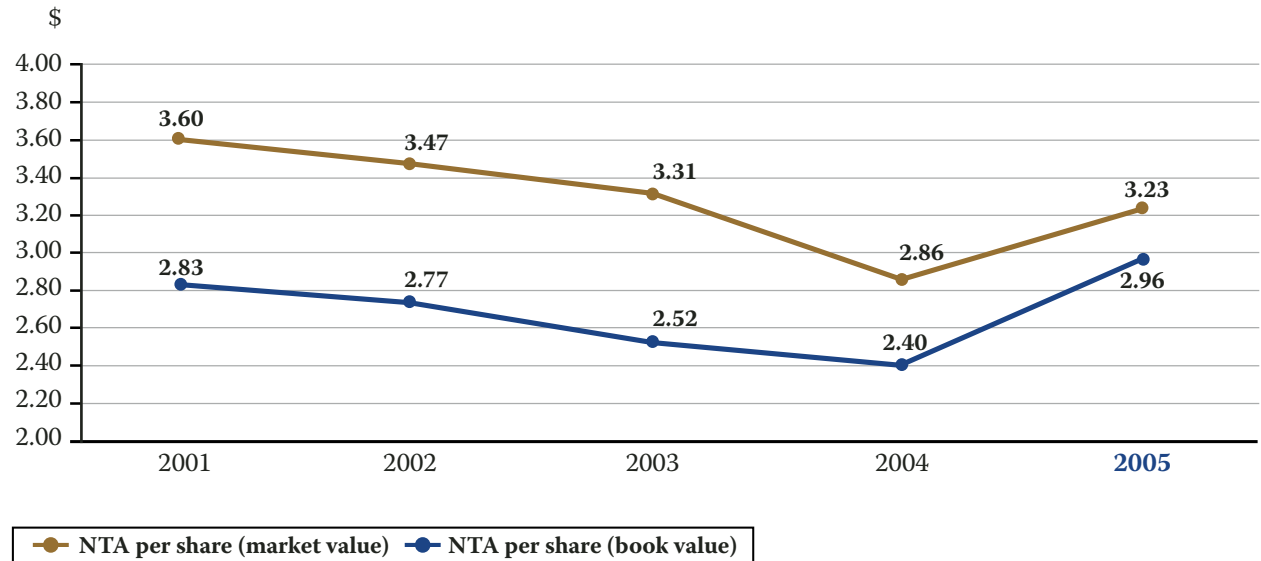
**GROUP REVENUE\***

	2001	2002	2003	2004	2005
\$'Million	\$'Million	\$'Million	\$'Million	\$'Million	\$'Million
Property development	—	156	125	70	<b>104</b>
Property investments	120	112	109	103	<b>95</b>
Hotel operations	183	183	180	232	<b>260</b>
Trading and retail operations and management services	21	20	18	12	<b>11</b>
Investments	34	43	34	44	<b>35</b>
	358	514	466	461	<b>505</b>

\* Restated to conform with current financial year's presentation

FIVE-YEAR FINANCIAL SUMMARY *(continued)*

## NET TANGIBLE ASSETS (“NTA”) PER SHARE



Year	NTA per share (market value) \$	NTA per share (book value) \$
2001	3.60	2.83
2002	3.47	2.77
2003	3.31	2.52
2004	2.86	2.40
<b>2005</b>	<b>3.23</b>	<b>2.96</b>

*Note : NTA per share (market value) includes the market value of the Group's hotel properties*

*NTA per share (book value) includes the book value of the Group's investment properties which are revalued annually*

## VALUE-ADDED STATEMENT

For the year ended 31 December 2005

	2005 \$'000	2004 \$'000
Sales of goods and services	470,556	416,862
Purchase of materials and services	(220,847)	(200,496)
<b>Gross value added</b>	<b>249,709</b>	216,366
Share of results of associated companies	(1,201)	2,278
Income from investments and interest	45,008	47,727
Exceptional items	494	357,347
Exchange difference include operating activity	3,592	(217)
<b>Total value added</b>	<b>297,602</b>	623,501
<b>Distribution of value added:</b>		
<i>To employees and directors</i>		
Employees' salaries, wages and benefits	96,714	90,610
Directors' remuneration	2,362	2,405
	<b>99,076</b>	93,015
<i>To government</i>		
Corporate and property taxes	40,578	97,365
<i>To providers of capital</i>		
Interest expense	16,261	16,371
Net dividend attributable to minority shareholders	2,745	2,026
Net dividend to shareholders	47,583	319,374
	<b>66,589</b>	337,771
<b>Total value added distributed</b>	<b>206,243</b>	528,151
<b>Retained in the business:</b>		
Depreciation	35,280	33,323
Retained earnings	19,611	(335,526)
	<b>54,891</b>	(302,203)
<b>Non-production cost and income</b>		
Bad debts	241	(237)
Income from investments and interest	45,008	47,727
Exceptional items	494	357,347
Exchange difference	3,592	(217)
Amortisation of bond discount	(12,867)	(7,067)
	<b>36,468</b>	397,553
	<b>297,602</b>	623,501
<b>Productivity ratios:</b>	\$	\$
Value added per employee	56,662	53,957
Value added per \$ employment costs	2.52	2.33
Value added per \$ investment in property, plant and equipment and investment properties (before depreciation)		
– at cost	0.11	0.10
– at valuation	0.10	0.09
Value added per \$ net sales	0.53	0.52





## FINANCIAL CONTENTS

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# REPORT OF THE DIRECTORS

For the financial year ended 31 December 2005

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 2005.

## DIRECTORS

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

Wee Cho Yaw	– Chairman
Gwee Lian Kheng	– President and Chief Executive Officer
Wee Ee Cheong	
Lim Kee Ming	
Alan F C Choe	
Wong Yuen Weng Ernest	
James Koh Cher Siang	(appointed 23 November 2005)
Low Weng Keong	(appointed 23 November 2005)

## 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 is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under “Share Options” on pages 36 to 38.

## DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES

(a) The directors holding office at 31 December 2005 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 31.12.2005	At 1.1.2005 or date of appointment, if later	At 31.12.2005	At 1.1.2005 or date of appointment, if later
<b>United Overseas Land Limited (“UOL”)</b>				
– Ordinary Shares of \$1 each				
Wee Cho Yaw	3,388,151*	1,664,023*	205,206,344*	59,364,699*
Gwee Lian Kheng	388,000	388,000	–	–
Wee Ee Cheong	300,534*	14,000*	163,581,589*	24,224,172*
Lim Kee Ming	138,557	53,909	322,357	–
Wong Yuen Weng Ernest	5,000	–	–	–
James Koh Cher Siang	385	–	–	–
– Executives’ Share Options				
Gwee Lian Kheng	300,000	200,000	–	–

**REPORT OF THE DIRECTORS** *(continued)**For the financial year ended 31 December 2005***DIRECTORS' INTERESTS IN SHARES OR DEBENTURES** (continued)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2005	At 1.1.2005 or date of appointment, if later	At 31.12.2005	At 1.1.2005 or date of appointment, if later
<b>Hotel Plaza Limited ("HPL")</b>				
– Ordinary Shares of \$0.50 each				
Wee Cho Yaw	–	–	309,315,000	–
Gwee Lian Kheng	114,000	114,000	150,000	150,000
Lim Kee Ming	10,000	10,000	–	–

\* Includes shares registered in the name of nominees.

- (b) The directors' interests in the share capital of and options to subscribe for ordinary shares of the Company and related corporations, as recorded in the register of directors' shareholdings at 21 January 2006, were the same as those at 31 December 2005.
- (c) Messrs Wee Cho Yaw and Wee Ee Cheong are each deemed to have an interest in all the shares held by Kheng Leong Company (HK) Limited in the following partially owned subsidiaries of the Group, by virtue of their having an interest of not less than 20% each in the issued share capital of Kheng Leong Company (HK) Limited:

	Holdings in which a director is deemed to have an interest	
	At 31.12.2005	At 1.1.2005
<b>Success Venture Investments (Australia) Ltd</b>		
– Ordinary Shares of US\$1 each	2,059,500	2,059,500
<b>Success City Pty Limited</b>		
– Ordinary Shares	1,720,834	17,208,336

- (d) Save as disclosed above, none of the other directors holding office at 31 December 2005 has any interest in the ordinary shares and Executives' Share Options of the Company and the ordinary shares of HPL 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 financial statements and in this report.



**REPORT OF THE DIRECTORS** *(continued)**For the financial year ended 31 December 2005***SHARE OPTIONS****UOL Group Executives' Share Option Schemes**

- (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 Ltd for a period of 3 consecutive trading days immediately prior to the relevant offering date.

- (c) On 9 May 2005, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,378,000 ordinary shares of \$1 each in the Company (known as "the 2005 Options") at the offer price of \$2.23 per ordinary share. 1,378,000 options granted were accepted by the executives, including Mr Gwee Lian Kheng.

The details of the options granted are as follows:

	No. of employees	At offer price of \$2.23 per share
Executive Director	1	100,000
Other Executives	59	1,278,000
	60	1,378,000

- (d) Statutory information regarding the 2005 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 9 May 2006 and expires on 8 May 2015 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.

**REPORT OF THE DIRECTORS** *(continued)**For the financial year ended 31 December 2005***SHARE OPTIONS** *(continued)***UOL Group Executives' Share Option Schemes** *(continued)*

(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:

Wee Cho Yaw	Chairman	(Non-independent)
Alan F C Choe	Member	(Independent)
Lim Kee Ming	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 31.12.2004	Options granted during the financial year	Aggregate options granted since commencement of the 2000 scheme to 31.12.2005	Aggregate options exercised since commencement of the 2000 scheme to 31.12.2005	Aggregate options outstanding at 31.12.2005
400,000	100,000	500,000	200,000	300,000

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

**Outstanding Share Options**

At 31 December 2005, 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, 177,000 ordinary shares of \$1 each of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share \$
2001 Options	20,000	1.58
2002 Options	44,000	1.81
2003 Options	68,000	2.05
2004 Options	45,000	2.28
2005 Options	—	2.23
	<u>177,000</u>	

**REPORT OF THE DIRECTORS** *(continued)**For the financial year ended 31 December 2005***SHARE OPTIONS** *(continued)***Outstanding Share Options** *(continued)*

Unissued ordinary shares under options at 31 December 2005 comprise:

	At 1.1.2005	Options granted in 2005	Options exercised	Options lapsed	At 31.12.2005	Exercise/ Subscription price/\$	Option period
<b>Executives'</b>							
<b>Share Options</b>							
2001 Options	20,000	—	20,000	—	—	1.58	31.05.2002 to 30.05.2011
2002 Options	146,000	—	44,000	18,000	84,000	1.81	27.06.2003 to 26.06.2012
2003 Options	440,000	—	68,000	18,000	354,000	2.05	27.06.2004 to 26.06.2013
2004 Options	1,256,000	—	45,000	140,000	1,071,000	2.28	21.05.2005 to 20.05.2014
2005 Options	—	1,378,000	—	66,000	1,312,000	2.23	09.05.2006 to 08.05.2015
	<u>1,862,000</u>	<u>1,378,000</u>	<u>177,000</u>	<u>242,000</u>	<u>2,821,000</u>		

**AUDIT COMMITTEE**

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon. The nature and extent of the functions performed by the Audit Committee are further described in the Annual Report under the heading "Corporate Governance".

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

**AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

WEE CHO YAW  
Chairman

GWEE LIAN KHENG  
Director

18 February 2006



## STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the income statement, balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 41 to 113 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2005, of the results of the business and changes in equity of the Company and of the Group for the financial year then ended; and of 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

18 February 2006

## AUDITORS' REPORT

### AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS LAND LIMITED

We have audited the accompanying financial statements of United Overseas Land Limited set out on pages 41 to 113 for the financial year ended 31 December 2005, comprising the income statement, balance sheet and statement of changes in equity of the Company, and the consolidated financial statements of the Group. These financial statements are the responsibility of the Company's directors. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("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 at 31 December 2005, the profits and the changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers  
Certified Public Accountants

Singapore, 18 February 2006

# INCOME STATEMENTS

For the financial year ended 31 December 2005

	Notes	The Group		The Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue	5	<b>505,482</b>	461,203	<b>72,706</b>	76,636
Cost of sales		<b>(258,609)</b>	(227,534)	<b>(2,190)</b>	(2,318)
<b>Gross profit</b>		<b>246,873</b>	233,669	<b>70,516</b>	74,318
Other gains					
– Miscellaneous	5	<b>25,884</b>	15,036	<b>16,824</b>	1,122
– Finance income	5	<b>13,674</b>	3,386	<b>14,028</b>	4,458
– Exceptional items	8	<b>494</b>	357,347	<b>16,420</b>	349,184
Expenses					
– Marketing and distribution		<b>(19,339)</b>	(19,202)	<b>(93)</b>	(66)
– Administrative		<b>(32,445)</b>	(30,979)	<b>(6,719)</b>	(6,110)
– Finance	9	<b>(26,694)</b>	(22,441)	<b>(17,493)</b>	(11,541)
– Other operating		<b>(57,411)</b>	(53,468)	<b>(789)</b>	(1,008)
Share of results of associated companies		<b>(1,201)</b>	2,278	–	–
<b>Profit before income tax</b>		<b>149,835</b>	485,626	<b>92,694</b>	410,357
Income tax expense	10	<b>(29,986)</b>	(86,581)	<b>(14,602)</b>	(83,056)
<b>Profit from continuing operations and total profit</b>		<b>119,849</b>	399,045	<b>78,092</b>	327,301
Attributable to:					
Equity holders of the Company		<b>100,070</b>	381,618	<b>78,092</b>	327,301
Minority interests		<b>19,779</b>	17,427	–	–
		<b>119,849</b>	399,045	<b>78,092</b>	327,301
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Company</b>	11				
– Basic (in cents)		<b>12.62</b>	50.65		
– Diluted (in cents)		<b>12.62</b>	50.64		



## BALANCE SHEETS

As at 31 December 2005

	Notes	The Group		The Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	12	104,503	727,906	1,502	632,962
Trade and other receivables	13	29,348	27,371	2,184	1,337
Developed properties for sale	14	–	3,733	–	–
Properties for sale under development	14	248,531	144,049	–	–
Inventories	15	5,132	4,581	–	–
Available-for-sale financial assets	16	400,968	81,881	400,968	81,881
Other current assets	17	18,972	11,432	298	165
Current income tax assets	10	1,448	1,963	–	–
		808,902	1,002,916	404,952	716,345
<b>Non-current assets</b>					
Trade and other receivables	13	83,084	13,229	323,787	234,516
Available-for-sale financial assets	16	410,639	296,309	83,623	48,811
Associated companies	18	32,307	34,009	1,000	400
Subsidiaries	19	–	–	844,205	803,817
Investment properties	20	1,545,193	1,500,945	224,236	209,522
Property, plant and equipment	21	616,390	610,540	1,227	1,371
Intangibles	22	14,516	13,491	–	–
Deferred income tax assets	30	9,154	6,652	–	–
		2,711,283	2,475,175	1,478,078	1,298,437
<b>Total assets</b>		<b>3,520,185</b>	<b>3,478,091</b>	<b>1,883,030</b>	<b>2,014,782</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	23	86,003	85,624	5,901	6,271
Current income tax liabilities	10	100,778	94,761	79,530	77,543
Borrowings	24	69,238	789,442	4,000	484,849
Derivative – option sold		–	15,908	–	15,908
		256,019	985,735	89,431	584,571
<b>Non-current liabilities</b>					
Borrowings	24	518,504	266,432	–	–
Loans from subsidiaries	26	–	–	200,130	217,629
Loans from minority shareholders of subsidiaries	27	14,560	4,669	–	–
Rental deposits		12,628	12,460	1,309	1,301
Provision for retirement benefits	28	2,959	2,621	718	652
Deferred liability	29	–	3,268	–	–
Deferred income tax liabilities	30	119,079	57,741	65,630	11,385
		667,730	347,191	267,787	230,967
<b>Total liabilities</b>		<b>923,749</b>	<b>1,332,926</b>	<b>357,218</b>	<b>815,538</b>
<b>NET ASSETS</b>		<b>2,596,436</b>	<b>2,145,165</b>	<b>1,525,812</b>	<b>1,199,244</b>

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**BALANCE SHEETS** *(continued)**As at 31 December 2005*

	Notes	The Group		The Company	
		<b>2005</b>	2004	<b>2005</b>	2004
		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>EQUITY</b>					
<b>Capital and reserves attributable to the Company's equity holders</b>					
Share capital and share premium	31	<b>1,068,264</b>	1,067,911	<b>1,068,264</b>	1,067,911
Reserves	32	<b>662,567</b>	269,763	<b>359,900</b>	64,194
Retained earnings		<b>633,368</b>	580,024	<b>97,648</b>	67,139
		<b>2,364,199</b>	1,917,698	<b>1,525,812</b>	1,199,244
<b>Minority interests</b>		<b>232,237</b>	227,467	–	–
<b>Total equity</b>		<b>2,596,436</b>	2,145,165	<b>1,525,812</b>	1,199,244

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2005

	Notes	Attributable to equity holders of the Company				
		Share capital and share premium \$'000	Reserves \$'000	Retained earnings \$'000	Minority interests \$'000	Total \$'000
<b>Balance at 1 January 2005</b>						
– As previously reported		<b>1,067,911</b>	<b>269,411</b>	<b>580,346</b>	<b>227,497</b>	<b>2,145,165</b>
– Effect of changes in accounting policies adjusted retrospectively						
– FRS 102	32(a)	–	352	(322)	(30)	–
		1,067,911	269,763	580,024	227,467	2,145,165
– Effect of changes in accounting policies adjusted prospectively						
– FRS 39 (revised 2004)	32(b)	–	273,457	–	1,246	274,703
– FRS 103	22(b)(ii)	–	–	857	268	1,125
– As restated		1,067,911	543,220	580,881	228,981	2,420,993
Fair value gains on available-for-sale financial assets	32(b)	–	83,069	–	347	83,416
Revaluation surplus on investment properties	32(c)	–	40,210	–	4,432	44,642
Currency translation differences	32(c),(e)	–	(4,771)	–	1,016	(3,755)
Net gains recognised directly in equity		–	118,508	–	5,795	124,303
Net profit for the financial year		–	–	100,070	19,779	119,849
<b>Total recognised gains for the financial year</b>		<b>–</b>	<b>118,508</b>	<b>100,070</b>	<b>25,574</b>	<b>244,152</b>
Employee share option scheme						
– Value of employee services	32(a)	–	865	–	–	865
– Proceeds from shares issued	31	353	–	–	–	353
Acquisition of minority interest		–	–	–	(19,573)	(19,573)
Liquidation of a subsidiary	32(d)	–	(26)	–	–	(26)
Dividends relating to 2004 and 2005	33	–	–	(47,583)	(2,745)	(50,328)
<b>Balance at 31 December 2005</b>		<b>1,068,264</b>	<b>662,567</b>	<b>633,368</b>	<b>232,237</b>	<b>2,596,436</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the financial year ended 31 December 2005

	Notes	Attributable to equity holders of the Company				Total \$'000
		Share capital and share premium \$'000	Reserves \$'000	Retained earnings \$'000	Minority interests \$'000	
<b>Balance at 1 January 2004</b>		<b>922,327</b>	<b>330,809</b>	<b>517,375</b>	<b>226,059</b>	<b>1,996,570</b>
Revaluation deficit on investment properties	32(c)	–	(33,423)	–	(9,946)	(43,369)
Effect of change in tax rate		–	2,886	–	–	2,886
Currency translation differences	32(c),(e)	–	(6,797)	–	(1,785)	(8,582)
Net losses recognised directly in equity		–	(37,334)	–	(11,731)	(49,065)
Net profit for the financial year						
– As previously reported		–	–	381,940	17,457	399,397
– Effect of changes in accounting policies adjusted retrospectively						
– FRS 102	32(a)	–	–	(322)	(30)	(352)
– As restated		–	–	381,618	17,427	399,045
<b>Total recognised gains and losses for the financial year</b>		<b>–</b>	<b>(37,334)</b>	<b>381,618</b>	<b>5,696</b>	<b>349,980</b>
Employee share option scheme						
– Value of employee services	32(a)	–	352	–	–	352
– Proceeds from shares issued	31	5,096	–	–	–	5,096
Proceeds from exercise of Warrants 2004	31	116,829	–	–	–	116,829
Transfer from capital reserve on exercise of Warrants 2004	31	23,659	(24,064)	405	–	–
Disposal of subsidiaries		–	–	–	(1,174)	(1,174)
Acquisition of minority interest		–	–	–	(1,088)	(1,088)
Dividends relating to 2003 and 2004	33	–	–	(319,374)	(2,026)	(321,400)
<b>Balance at 31 December 2004</b>		<b>1,067,911</b>	<b>269,763</b>	<b>580,024</b>	<b>227,467</b>	<b>2,145,165</b>

An analysis of movements in each category within “Reserves” is presented in Note 32.

The effects on the financial statements on adoption of new or revised FRS are set out in Note 3.



## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2005

	Notes	Share capital and share premium \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 January 2005</b>					
– As previously reported		<b>1,067,911</b>	<b>63,842</b>	<b>67,364</b>	<b>1,199,117</b>
– Effect of changes in accounting policies adjusted retrospectively					
– FRS 102	32(a)	–	352	(225)	127
		1,067,911	64,194	67,139	1,199,244
– Effect of changes in accounting policies adjusted prospectively					
– FRS 39 (revised 2004)	32(b)	–	244,785	–	244,785
– As restated		1,067,911	308,979	67,139	1,444,029
Fair value gains on available-for-sale financial assets	32(b)	–	32,934	–	32,934
Revaluation surplus on investment properties	32(c)	–	17,122	–	17,122
Net gains recognised directly in equity		–	50,056	–	50,056
Net profit for the financial year		–	–	78,092	78,092
<b>Total recognised gains for the financial year</b>		<b>–</b>	<b>50,056</b>	<b>78,092</b>	<b>128,148</b>
Employee share option scheme					
– Value of employee services	32(a)	–	865	–	865
– Proceeds from shares issued	31	353	–	–	353
Dividends relating to 2004	33	–	–	(47,583)	(47,583)
<b>Balance at 31 December 2005</b>		<b>1,068,264</b>	<b>359,900</b>	<b>97,648</b>	<b>1,525,812</b>
<b>Balance at 1 January 2004</b>					
		<b>922,327</b>	<b>83,652</b>	<b>58,807</b>	<b>1,064,786</b>
Revaluation surplus on investment properties	32(c)	–	2,568	–	2,568
Effect of change in tax rate		–	1,686	–	1,686
Net gains recognised directly in equity		–	4,254	–	4,254
Net profit for the financial year					
– As previously reported		–	–	327,526	327,526
– Effect of changes in accounting policies adjusted retrospectively					
– FRS 102	32(a)	–	–	(225)	(225)
– As restated		–	–	327,301	327,301
<b>Total recognised gains for the financial year</b>		<b>–</b>	<b>4,254</b>	<b>327,301</b>	<b>331,555</b>
Employee share option scheme					
– Value of employee services	32(a)	–	352	–	352
– Proceeds from shares issued	31	5,096	–	–	5,096
Proceeds from exercise of Warrants 2004	31	116,829	–	–	116,829
Transfer from capital reserve on exercise of Warrants 2004	31	23,659	(24,064)	405	–
Dividends relating to 2003 and 2004	33	–	–	(319,374)	(319,374)
<b>Balance at 31 December 2004</b>		<b>1,067,911</b>	<b>64,194</b>	<b>67,139</b>	<b>1,199,244</b>

An analysis of movements in each category within “Reserves” is presented in Note 32.

The effects on the financial statements on adoption of new or revised FRS are set out in Note 3.

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2005

	Notes	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>			
Total profit		<b>119,849</b>	399,045
Adjustments for:			
Tax	10	<b>29,986</b>	86,581
Amortisation of bond discount	9	<b>12,867</b>	7,067
Amortisation of negative goodwill	6	–	(1,100)
Negative goodwill taken to income statement	6	<b>(382)</b>	–
Amortisation of trademark and goodwill	6	<b>100</b>	1,141
Depreciation of property, plant and equipment	6	<b>35,280</b>	33,323
Property, plant and equipment written off and net loss on disposals	6	<b>7,254</b>	5,320
Profit on properties for sale under development		<b>(23,553)</b>	(13,700)
Impairment charge on a hotel property	8	–	5,373
Write-back of impairment charge on a hotel property	8	–	(7,460)
Allowance for diminution in value of available-for-sale financial assets	8	–	60
Fair value reserve transferred to income statements upon return of capital from investee company	8	<b>(60)</b>	–
Gain on sale of available-for-sale financial assets	8	<b>(55)</b>	(355,184)
Gain on liquidation of subsidiaries (net)	8	<b>(379)</b>	–
Gain on disposal of subsidiaries	8	–	(136)
Share of results of associated companies		<b>1,201</b>	(2,278)
Exchange differences		<b>(5,325)</b>	(2,325)
Interest expense	9	<b>13,827</b>	15,157
Investment and interest income	5	<b>(45,008)</b>	(47,727)
Deferred income	5	<b>(3,329)</b>	(8,443)
Net provision for retirement benefits		<b>429</b>	280
Share option expense	7	<b>631</b>	352
Gain on option relating to Exchangeable Notes	5	<b>(15,908)</b>	–
Write-back of provision for settlement of claim		<b>(679)</b>	–
		<b>6,897</b>	(283,699)
Operating cash flow before working capital changes		<b>126,746</b>	115,346
Change in operating assets and liabilities, net of effects from purchase and disposals of subsidiaries			
Receivables		<b>(1,391)</b>	39,178
Inventories		<b>(551)</b>	(122)
Rental deposits		<b>210</b>	(1,400)
Payables		<b>3,205</b>	(5,720)
		<b>1,473</b>	31,936
Expenditure on properties for sale under development		<b>(124,407)</b>	(87,432)
Progress billings		<b>49,386</b>	99,107
Cash generated from operations		<b>53,198</b>	158,957
Income tax paid	10(b)	<b>(11,821)</b>	(13,721)
Retirement benefits paid	28	<b>(134)</b>	(433)
Fixed deposits pledged as security		<b>1,226</b>	198
<b>Net cash from operating activities</b>		<b>42,469</b>	145,001

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**CONSOLIDATED CASH FLOW STATEMENT** *(continued)**For the financial year ended 31 December 2005*

	Notes	2005 \$'000	2004 \$'000
<b>Cash flows from investing activities</b>			
Proceeds from return of capital from available-for-sale financial assets		281	8,225
Net proceeds from disposal of available-for-sale financial assets		716	449,420
Payment for interest in associated companies		(621)	(4,880)
Loans to associated companies		(77,683)	(4,614)
Payment to minority shareholders for purchase of shares in subsidiaries		(22,002)	(1,042)
Purchase of available-for-sale financial assets	16	(15,453)	(19)
Net proceeds from disposal of property, plant and equipment and investment properties		351	553
Purchase of property, plant and equipment and investment properties	20,21	(53,187)	(22,857)
Proceeds from disposal of subsidiaries, net of cash disposed		–	1,697
Repayment of loans from associated company		320	–
Retention monies released		(2,785)	(1,596)
Interest received		10,413	3,452
Dividend received		29,278	41,382
<b>Net cash (used in)/from investing activities</b>		<b>(130,372)</b>	<b>469,721</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		353	121,925
Net proceeds from issue of shares to minority shareholders of subsidiaries		2,932	394
Net (payment on)/proceeds from Zero Coupon Exchangeable Notes due September 2005		(497,716)	500,369
Loans from minority shareholders of subsidiaries		9,868	4,669
Long-term borrowings		306,606	78,032
Short-term borrowings		(290,990)	(362,584)
Expenditure relating to bank borrowings		(633)	(563)
Interest paid		(15,140)	(16,755)
Dividends paid to shareholders of United Overseas Land Limited		(47,583)	(319,374)
Dividends paid to minority shareholders of subsidiaries		(2,745)	(2,026)
<b>Net cash (used in)/from financing activities</b>		<b>(535,048)</b>	<b>4,087</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(622,951)</b>	<b>618,809</b>
Cash and cash equivalents at the beginning of the financial year		723,586	104,777
<b>Cash and cash equivalents at the end of the financial year</b>	12(d)	<b>100,635</b>	<b>723,586</b>

# NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 December 2005*

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

## 1. GENERAL

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

101 Thomson Road  
#33-00 United Square  
Singapore 307591

The principal activities of the Company are investments in properties, subsidiaries, associated companies, listed and unlisted securities and property development. The principal activities of its subsidiaries are set out in Note 19.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The 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 accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4.

In 2005, the Group and the Company adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are applicable in the current financial year. The 2005 financial statements have been prepared and their comparatives amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The FRS and INT FRS relevant to the Group are as follows:

FRS 1 (revised 2004) Presentation of Financial Statements  
FRS 2 (revised 2004) Inventories  
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors  
FRS 10 (revised 2004) Events after the Balance Sheet Date  
FRS 16 (revised 2004) Property, Plant and Equipment  
FRS 17 (revised 2004) Leases  
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates  
FRS 24 (revised 2004) Related Party Disclosures  
FRS 27 (revised 2004) Consolidated and Separate Financial Statements  
FRS 28 (revised 2004) Investments in Associates



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.1 Basis of preparation** (continued)

FRS 31 (revised 2004) Interests in Joint Ventures

FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation

FRS 33 (revised 2004) Earnings per Share

FRS 36 (revised 2004) Impairment of Assets

FRS 38 (revised 2004) Intangible Assets

FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement

FRS 102 Share-based Payments

FRS 103 Business Combinations

FRS 105 Non-current Assets Held for Sale and Discontinued Operations

INT FRS 101 Changes in Existing Decommissioning, Restoration and Similar Liabilities

The adoption of the new or revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies except as disclosed in Note 3.

FRS 21 (revised 2004) requires translation differences on loans regarded as part of the Group's net investment in foreign operations, which are not denominated in either the functional currency of the parent or the subsidiary to be recognised in the income statement of the Group. On 26 January 2006, the Council on Corporate Disclosure and Governance issued an amendment to FRS 21 (revised 2004) which removes the requirement for such translation differences to be recognised in the income statement of the Group. Such translation differences can be taken directly to the currency translation reserve. The amendment to FRS 21 (revised 2004) is applicable for financial periods beginning 1 January 2006. The Group has elected to early adopt this amendment for the financial year ended 31 December 2005. With this amendment, there is no change to the treatment of such translation differences prior to the adoption of FRS 21 (revised 2004).

**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, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

*(a) Sale of properties*

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

*(b) Sale of goods*

Revenue from the sales of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Component parts and furniture are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

*(c) Hotel operations and other services rendered*

Revenue from the rental of hotel rooms, serviced apartments and other facilities is recognised on an accrual basis. Revenue from the sale of food and beverage is recognised when invoiced. Revenue from the rendering of services is recognised when the service is rendered.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.2 Revenue recognition** (continued)(d) *Interest income*

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

(e) *Dividend income*

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

(f) *Rental income*

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

**2.3 Group accounting**(a) *Subsidiaries*

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

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2.5(a) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

Please refer to Note 2.10 for the Company's accounting policy on investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.3 Group accounting** (continued)(b) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet include goodwill (net of accumulated amortisation) identified on acquisition, where applicable. Please refer to Note 2.5(a) for the Group's accounting policy on goodwill.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

In applying the equity method of accounting, 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. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

Please refer to Note 2.10 for the Company's accounting policy on investments in associated companies

(c) *Transaction costs*

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

**2.4 Property, plant and equipment**(a) *Measurement*(i) *Land and buildings*

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

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

(ii) *Other property, plant and equipment*

Plant, equipment, furniture and fittings and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Component of costs*

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.4 Property, plant and equipment** (continued)(b) *Depreciation*

Freehold land is not depreciated. Leasehold land is amortised evenly over the term of the lease.

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

	<b>Useful lives</b>
Buildings	50 years or period of the lease, whichever is shorter
Plant, equipment, furniture and fittings	5 to 20 years
Motor vehicles	5 to 7 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(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 when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) *Disposals*

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

**2.5 Intangibles**(a) *Goodwill*

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

Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associated companies is included in investments in associated companies.

Goodwill for acquisitions is determined after deducting the Group's share of their identifiable net assets and contingent liabilities.

Goodwill recognised as intangible assets is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2.11). Please refer to Note 3.4(a) for accounting of goodwill prior to 1 January 2005.

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

(b) *Trademark*

Acquired trademark is stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.11). Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful life of 10 years.



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Borrowing costs**

Borrowing costs incurred to finance the development of properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

**2.7 Developed properties for sale**

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

**2.8 Properties for sale under development**

Properties for sale under development are stated at cost plus estimated profits to-date less progress billings. Allowance is made for foreseeable losses and for diminution in value where the cost of any property exceeds its net realisable value.

Cost includes cost of land and other direct and related development expenditure incurred in developing the properties.

Upon the issue of Temporary Occupation Permit, properties held for sale under development are transferred to current assets as developed properties for sale.

Refer to Note 2.2(a) for revenue recognition of properties for sale under development.

**2.9 Investment properties**

Investment properties of the Group, are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as non-current investments and are stated at their open market valuation each year based on the valuation exercise carried out by an independent professional firm of valuers. Investment properties are not subject to depreciation.

When an investment property is revalued, revaluation surpluses are taken to the asset revaluation reserve, unless they offset previous revaluation losses of the same investment that were taken to the income statement. Revaluation losses are taken to the asset revaluation reserve, to the extent that they offset previous revaluation surpluses of the same investment that were taken to the asset revaluation reserve. Other revaluation surpluses or losses are taken to the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as development properties until construction or development is completed, at which time it is reclassified and accounted for as investment property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the income statement; any amount in revaluation reserve relating to that investment property is also transferred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.10 Investments in subsidiaries and associated companies**

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses (Note 2.11) in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

**2.11 Impairment of assets***(a) Goodwill*

Goodwill is tested annually for impairment, as well as when there is any 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 of the business combination.

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

The total impairment loss 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.

Impairment loss on goodwill is not reversed in a subsequent period.

*(b) Intangible assets**Property, plant and equipment**Investments in subsidiaries and associated companies*

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount 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, recoverable amount is determined for the CGU to which the asset belongs to.

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 impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.11 Impairment of assets** (continued)(b) *Intangible assets**Property, plant and equipment**Investments in subsidiaries and associated companies* (continued)

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 assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of 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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

**2.12 Investments in financial assets**(a) *Classification*

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable. There are no investments classified as financial assets at fair value through profit or loss and held-to-maturity investments at the end of the financial year.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) *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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet (Note 2.13).

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group's held-to-maturity investments include investments in fixed and variable rate corporate bonds.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.12 Investments in financial assets** (continued)(a) *Classification* (continued)

## (iv) 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 included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

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

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

(e) *Determination of fair value*

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer’s specific circumstances.

(f) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statements – is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement, until the equity investments are disposed of.



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.13 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

**2.14 Borrowings***(a) Borrowings*

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

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

*(b) Exchangeable bonds*

When exchangeable bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent bond without the exchange option; this amount is recorded as a current liability on the amortised cost basis until it is extinguished on exchange or maturity of the bonds. The remainder of the proceeds is allocated to the exchange option, which is recognised and included as a liability on derivative. The carrying amount of the exchange option is marked to market value in subsequent periods.

When an exchange option is exercised or is allowed to lapse, the carrying amount of the exchange option will be taken to the income statement.

**2.15 Trade payables**

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

**2.16 Fair value estimation**

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

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 each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying amount of current receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.17 Leases***(a) When a group company is the lessee:**Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

*(b) When a group company is the lessor:**Operating leases*

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated.

**2.18 Inventories**

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

**2.19 Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**2.20 Provisions for other liabilities and charges**

Provisions for asset dismantlement, removal or restoration, warranty, restructuring and legal claims are recognised when the Group has a 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 a reliable estimate of the amount can be made. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.20 Provisions for other liabilities and charges** (continued)

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past historical experience of the level of repairs and replacements.

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2.4(a)(iii)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is 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 reach 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 benefits***(a) Retirement benefits*

Retirement benefits are available to certain employees in accordance with the rules and practices of certain countries and to some senior executives. The retirement benefits are calculated by reference to the length of service and earnings over the employees' period of employment. In the case of a subsidiary in Malaysia, an actuarial valuation on retirement benefits is performed by a qualified independent actuary once in every three years.

For Singapore employees, the Group also contributes to the Central Provident Fund and its obligation is limited to the amount it contributes as prescribed under the statutory regulations of Singapore.

*(b) Employee leave entitlement*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

*(c) Share-based compensation*

The Group operates an equity-settled, share-based compensation plan under the 2000 Share Option Scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.21 Employee benefits** (continued)*(d) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**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 ('the functional currency'). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

*(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 prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations in the consolidated financial statements (see Note 2.22(d)).

Currency translation differences on non-monetary items when the gain or loss is recognised in the income statement, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items when the gain or loss is recognised directly in equity, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve within equity.

*(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 for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rates (unless this 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 at the dates of the transactions); and
- (iii) All resulting exchange differences are taken to the currency translation reserve within equity.

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



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****2.22 Currency translation (continued)****(d) Consolidation adjustments**

On consolidation, currency translation differences arising from the net investment in foreign operations and borrowings and other currency instruments designated as hedges of such investments are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

**2.23 Segment reporting**

A business segment represents a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

**2.24 Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances, short-term deposits with financial institutions and bank overdrafts and exclude fixed deposits pledged as security. Bank overdrafts are included under borrowings in current liabilities on the balance sheet.

**2.25 Share capital**

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

**2.26 Dividend**

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

**3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS**

The effects on adoption of the following FRS in 2005 are set out below:

**3.1 FRS 27 (revised 2004) Consolidated and Separate Financial Statements**

Previously, there was no requirement for the presentation of minority interests within equity. FRS 27 (revised 2004) requires minority interests to be presented with equity of the Group retrospectively.

**3.2 FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation****(a) Classification and consequential accounting for financial assets and financial liabilities**

Previously, the Group's non-current investments were stated at cost less allowance for diminution in value that was other than temporary, which was charged to the income statement when it arose. Any reversal of the provision was also included in the income statement. The Group's current investments were stated at the lower of cost and market value on an individual investment basis, where any write-down of investments to market value which is lower than the cost of investments and any subsequent increases in market value up to the cost of investments are taken to the income statement.

Under FRS 39 (revised 2004), these investments are classified as "available-for-sale financial assets" and are initially recognised at fair value and subsequently measured at fair values at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement (Notes 2.12(c), (d) and (f)).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (continued)****3.2 FRS 39 (revised 2004) *Financial Instruments: Recognition and Measurement* and FRS 32 (revised 2004) *Financial Instruments: Disclosure and Presentation* (continued)****(a) *Classification and consequential accounting for financial assets and financial liabilities* (continued)**

This change was effected prospectively from 1 January 2005 and consequently affected the following balance sheet items as at 1 January 2005.

	Group \$'000	Company \$'000
Increase in:		
Available-for-sale financial assets (Note 16)		
– Current assets	283,097	283,097
– Non-current assets	48,225	18,307
	<u>331,322</u>	<u>301,404</u>
Fair value reserve (Note 32(b))	273,457	244,785
Deferred income tax liabilities (Note 30)	56,619	56,619
Minority interest (Note 32(b))	<u>1,246</u>	<u>–</u>

The effects on the Group's balance sheet as at 31 December 2005 and income statement for the year ended 31 December 2005 are set out in Note 3.5(a) and 3.5(b), respectively, and the effects on the Company's balance sheet as at 31 December 2005 are set out in Notes 3.5(c).

**(b) *Impairment and uncollectibility of financial assets***

Previously, an allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Investments in equity interests were reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On adoption of FRS 39 (revised 2004), the Group is now required to assess at each balance sheet date if there is any objective evidence that a financial asset or group of financial assets is impaired (Note 2.12). Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Note 2.13).

This change did not materially affect the financial statements for the year ended 31 December 2005.

**(c) *Fair values of financial assets and liabilities***

Previously, the Group used the last transacted prices of quoted financial assets or liabilities as the market values. Fair values of unquoted financial assets and liabilities (except exchangeable notes fair valued as mentioned in Note 2.14(b)), were not measured as it was not practicable to determine with sufficient reliability the fair value of these investments.

Fair value estimation is now carried out in accordance with guidance set out in FRS 39 (revised 2004) (Note 2.16).

This change did not materially affect the financial statements for the year ended 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (continued)****3.3 FRS 102 Share-based Payments**

Previously, the provision of share options to employees did not result in any charge in the income statement. The Group and Company recognised an increase in share capital and share premium when the options were exercised. On adoption of FRS 102, an expense is recognised in the income statement for share options issued with a corresponding increase in the share option reserve (Note 2.21(c)).

This change was effected retrospectively for share options issued after 22 November 2002 and not yet vested by 1 January 2005. Consequently, the following previously reported balances as at 31 December 2004 and for the year ended 31 December 2004 were adjusted.

	Group \$'000	Company \$'000
Increase/(decrease) in:		
Other receivable	–	127
Retained earnings	(322)	(225)
Minority interest	(30)	–
Share option reserve (Note 32(a))	352	352
Administrative expenses	352	225
Total profit	(352)	(225)
Basic earnings (cents per share)	(0.05)	(0.03)
Diluted earnings (cents per share)	(0.05)	(0.03)

The effects on the Group's balance sheet as at 31 December 2005 and income statement for the year ended 31 December 2005 are set out in Note 3.5(a) and 3.5(b) respectively and the effects on the Company's balance sheet as at 31 December 2005 and income statement for the year ended 31 December 2005 are set out in Notes 3.5(c) and 3.5(d) respectively.

**3.4 FRS 103 Business Combinations, FRS 36 (revised 2004) Impairment of Assets and FRS 38 (revised 2004) Intangible Assets****(a) Goodwill**

Until 31 December 2004, goodwill was amortised on a straight line basis up to a maximum period of 20 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill was attached to. In accordance with FRS 103 and FRS 36 (revised 2004), the Group ceased amortisation of goodwill from 1 January 2005 and accumulated amortisation as at 31 December 2004 amounting to \$1,598,000 has been eliminated with a corresponding decrease in the cost of goodwill (Note 22(b)(i)). Goodwill is thereafter tested at least annually for impairment (Note 2.11(a)).

The effects on the Group's balance sheet as at 31 December 2005 and income statement for the year ended 31 December 2005 are set out in Notes 3.5(a) and 3.5(b) respectively.

**(b) Negative goodwill**

Until 31 December 2004, the excess of fair value of the Group's share of the net identifiable assets acquired over the cost of acquisition ("negative goodwill") for acquisitions between 1 January 2001 and 31 December 2004, was capitalised on the balance sheet and recognised in the income statement as follows:

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (continued)****3.4 FRS 103 *Business Combinations*, FRS 36 (revised 2004) *Impairment of Assets* and FRS 38 (revised 2004) *Intangible Assets* (continued)****(b) *Negative goodwill* (continued)**

"To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is taken to the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary depreciable assets acquired, is taken to the income statement over the remaining average useful life of those assets; negative goodwill in excess of the fair values of those assets is taken to the income statement immediately."

In accordance with the transitional provisions of FRS 103, unamortised negative goodwill as at 31 December 2004 of \$857,000 and \$268,000 was adjusted against retained earnings and minority interest, respectively, at 1 January 2005. Any negative goodwill arising on business combinations post 1 January 2005 is taken immediately to the income statement.

The effects on the Group's balance sheet as at 31 December 2005 and income statement for the year ended 31 December 2005 are set out in Notes 3.5(a) and 3.5(b).

**3.5 Summary of effects on adoption of new or revised FRS on:****(a) Consolidated balance sheet as at 31 December 2005**

Description of change	Increase/(decrease) \$'000				Total
	FRS 39 (revised 2004) Note 3.2(a)	FRS 102 Note 3.3	FRS 103 Note 3.4(a)	FRS 103 Note 3.4(b)	
<b>Consolidated balance sheet items at 31 December 2005</b>					
Fair value reserve	356,526	–	–	–	356,526
Retained earnings	60	(904)	–	373	(471)
Share option reserve	–	1,217	–	–	1,217
Available-for-sale (non-current)	115,271	–	–	–	115,271
Intangible assets	–	–	1,024	482	1,506
Available-for-sale (current)	303,634	–	–	–	303,634
Deferred income tax liability	60,727	–	–	–	60,727
Minority interest	1,593	(78)	–	109	1,624
Other receivable	–	391	–	–	391



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (continued)****3.5 Summary of effects on adoption of new or revised FRS on: (continued)**

(b) Consolidated income statement for the year ended 31 December 2005

Description of change Consolidated income statement items for year ended 31 December 2005	Increase/(decrease) \$'000				Total
	FRS 39 (revised 2004) Note 3.2(a)	FRS 102 Note 3.3	FRS 103 Note 3.4(a)	FRS 103 Note 3.4(b)	
Administrative expenses	–	631	–	–	631
Other gains (net)	60	–	1,024	(643)	441
Total profit	60	(631)	1,024	(643)	(190)
Basic earnings (cents per share)	0.01	(0.08)	0.13	(0.08)	(0.02)
Diluted earnings (cents per share)	0.01	(0.08)	0.13	(0.08)	(0.02)

(c) Company Balance Sheet as at 31 December 2005

Description of change Balance sheet items at 31 December 2005	Increase/(decrease) \$'000		Total
	FRS 39 (revised 2004) Note 3.2(a)	FRS 102 Note 3.3	
Fair value reserve	277,719	–	277,719
Retained earnings	–	(645)	(645)
Share option reserve	–	1,217	1,217
Available-for-sale (non-current)	34,812	–	34,812
Available-for-sale (current)	303,634	–	303,634
Deferred income tax liability	60,727	–	60,727
Other receivable	–	572	572

(d) Company income statement for the year ended 31 December 2005

Description of change Income statement items for year ended 31 December 2005	Increase/(decrease) \$'000	
	FRS 102 Note 3.3	Total
Administrative expenses	420	420
Total profit	(420)	(420)
Basic earnings (cents per share)	(0.05)	(0.05)
Diluted earnings (cents per share)	(0.05)	(0.05)

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with FRS requires the exercise of judgement and the use of estimates by management.

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

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

These estimates and judgements are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**5. REVENUE, FINANCE INCOME AND OTHER MISCELLANEOUS GAINS (NET)**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Revenue from property development	<b>104,411</b>	69,590	–	–
Revenue from property investments	<b>95,138</b>	102,945	<b>8,918</b>	12,119
Gross revenue from hotel operations	<b>259,576</b>	231,854	–	–
Revenue from trading and retail operations and management services	<b>11,431</b>	12,473	–	–
Dividend income	<b>34,926</b>	44,341	<b>63,788</b>	64,517
<b>Total revenue</b>	<b>505,482</b>	461,203	<b>72,706</b>	76,636
Other miscellaneous gains:				
Deferred income recognised (Note 29)	<b>3,329</b>	8,443	–	–
Gain on option relating to Exchangeable Notes	<b>15,908</b>	–	<b>15,908</b>	–
Other income	<b>6,647</b>	6,593	<b>916</b>	1,122
	<b>25,884</b>	15,036	<b>16,824</b>	1,122
Foreign exchange differences – net	<b>3,592</b>	–	–	173
Interest income				
– Fixed deposits with financial institutions	<b>9,078</b>	2,987	<b>6,392</b>	681
– Loans to subsidiaries	–	–	<b>7,300</b>	3,587
– Loans to associated companies	<b>726</b>	36	<b>335</b>	–
– Others	<b>278</b>	363	<b>1</b>	17
	<b>13,674</b>	3,386	<b>14,028</b>	4,458
	<b>545,040</b>	479,625	<b>103,558</b>	82,216

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

## 6. EXPENSES BY NATURE

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Raw materials, finished goods and consumables	<b>32,224</b>	32,909	–	–
Amortisation of trademark (included in ‘Other operating expenses’) (Note 22(a))	<b>100</b>	100	–	–
Amortisation of goodwill (included in ‘Other operating expenses’) (Note 22(b))	–	1,041	–	–
Amortisation of negative goodwill (Note 22(b))	–	(1,100)	–	–
Depreciation of property, plant and equipment (Note 21)	<b>35,280</b>	33,323	<b>485</b>	477
Total depreciation, amortisation and impairment	<b>35,380</b>	33,364	<b>485</b>	477
Negative goodwill taken to income statement	<b>(382)</b>	–	–	–
Property, plant and equipment written off and net loss on disposals	<b>7,254</b>	5,320	<b>43</b>	–
Auditors’ remuneration paid/payable to:				
– Auditors of the Company	<b>460</b>	403	<b>107</b>	100
– Other auditors	<b>296</b>	264	–	–
Other fees paid/payable to:				
– Auditors of the Company	<b>133</b>	16	<b>66</b>	2
– Other auditors	<b>124</b>	106	–	–
Employee benefits expense (Note 7)	<b>99,076</b>	93,015	<b>4,355</b>	3,935
Rent paid to a subsidiary	–	–	<b>251</b>	251
Rent paid to third parties	<b>612</b>	72	–	–
Rent received from a subsidiary	–	–	<b>(452)</b>	(381)
Heat, light and power	<b>17,165</b>	6,965	<b>738</b>	850
Property tax	<b>11,096</b>	10,050	<b>645</b>	908
Development cost included in cost of sales	<b>80,813</b>	54,707	–	–
Other expenses	<b>83,543</b>	94,122	<b>3,553</b>	3,360
Changes in inventories of raw materials, work-in-progress and finished goods	<b>114</b>	5	–	–
Foreign exchange gain - net	<b>(104)</b>	(135)	–	–
Total cost of sales, marketing and distribution, administrative and other operating expenses	<b>367,804</b>	331,183	<b>9,791</b>	9,502

## 7. EMPLOYEE BENEFITS

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	<b>91,673</b>	86,172	<b>7,939</b>	6,906
Employer’s contribution to defined contribution plans including Central Provident Fund	<b>6,772</b>	6,491	<b>534</b>	592
Share options granted to directors and employees	<b>631</b>	352	<b>420</b>	225
	<b>99,076</b>	93,015	<b>8,893</b>	7,723
Less: Recharged to subsidiaries	–	–	<b>(4,538)</b>	(3,788)
	<b>99,076</b>	93,015	<b>4,355</b>	3,935

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

## 8. OTHER GAINS – EXCEPTIONAL ITEMS

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Allowance for diminution in value of available-for-sale financial assets	–	(60)	–	–
Fair value reserve transferred to income statements upon return of capital from investee company	60	–	–	–
Impairment charge on investment in subsidiaries (Note 19)	–	–	(30)	(7,400)
Write-back of impairment charge on investment in subsidiaries (Note 19)	–	–	16,450	1,400
Write-back of impairment charge on a hotel property (Note 21)	–	7,460	–	–
Impairment charge on a hotel property (Note 21)	–	(5,373)	–	–
Gain on liquidation of subsidiaries	392	–	–	–
Loss of liquidation of subsidiaries	(13)	–	–	–
Gain on disposal of subsidiaries	–	136	–	–
Gain on sale of available-for-sale financial assets				
– listed equity shares	–	355,184	–	355,184
– unlisted equity shares	55	–	–	–
	494	357,347	16,420	349,184

## 9. FINANCE EXPENSE

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Interest expense				
– 1.5% unsecured bonds due 2004	–	1,490	–	1,490
– Transferable Term Loan	–	926	–	926
– bank loans	15,742	13,331	4	341
– bank overdrafts	78	4	–	–
– subsidiaries	–	–	4,622	1,717
– loans from minority shareholders of subsidiaries	190	55	–	–
– others	14	40	–	–
	16,024	15,846	4,626	4,474
Less: Amount capitalised to properties in the course of development (Note 14(c))	(2,434)	(1,214)	–	–
	13,590	14,632	4,626	4,474
Bank facility fees	237	525	–	–
Foreign exchange differences – net	–	217	–	–
Amortisation of bond discount	12,867	7,067	12,867	7,067
	26,694	22,441	17,493	11,541

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

**10. INCOME TAXES****(a) Income tax expense**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Tax expense attributable to profit is made up of:				
Current income tax				
– Singapore	<b>22,226</b>	92,181	<b>14,602</b>	83,723
– Foreign	<b>2,657</b>	1,431	–	–
Deferred income tax (Note 30)	<b>6,373</b>	2,336	–	(1,159)
	<b>31,256</b>	95,948	<b>14,602</b>	82,564
Deferred tax assets previously not recognised (Note 30)	<b>(1,774)</b>	(6,500)	–	–
Effect of change in tax rate on deferred taxation (Note 30)	–	(2,133)	–	492
	<b>29,482</b>	87,315	<b>14,602</b>	83,056
Under/(over) provision in preceding financial years				
– Singapore current income tax [Note (b) below]	<b>348</b>	(2,707)	–	–
– Deferred income tax (Note 30)	<b>156</b>	1,973	–	–
	<b>29,986</b>	86,581	<b>14,602</b>	83,056

The tax expense on the 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	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Profit before tax	<b>149,835</b>	485,626	<b>92,694</b>	410,357
Tax calculated at a tax rate of 20% (2004: 20%)	<b>29,967</b>	97,125	<b>18,539</b>	82,071
Effects of:				
– Singapore statutory stepped income exemption	<b>(186)</b>	(135)	<b>(12)</b>	(12)
– Effect of different tax rates in other countries	<b>2,164</b>	2,013	–	–
– Effect of change in tax rate on deferred taxation	–	(2,133)	–	492
– Income not subject to tax	<b>(4,928)</b>	(3,016)	<b>(6,629)</b>	(1,314)
– Expenses not deductible for tax purposes	<b>5,387</b>	4,299	<b>2,704</b>	1,819
– Deferred tax on unremitted foreign income	<b>972</b>	1,293	–	–
– Deferred tax assets not recognised in the previous financial year	<b>(1,774)</b>	(6,500)	–	–
– Deferred tax assets not recognised in the current financial year	<b>1,684</b>	1,060	–	–
– Utilisation of previously unrecognised tax losses	<b>(4,212)</b>	(6,375)	–	–
– Share of tax of associated companies	<b>408</b>	(316)	–	–
Tax charge	<b>29,482</b>	87,315	<b>14,602</b>	83,056



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***10. INCOME TAXES** (continued)**(b) Movements in current income tax liabilities**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	<b>92,798</b>	24,348	<b>77,543</b>	5,546
Exchange differences	<b>(140)</b>	(4)	–	–
Income tax paid	<b>(11,821)</b>	(13,721)	–	–
Tax expense on profit [Note (a) above]				
– current financial year	<b>24,883</b>	93,612	<b>14,602</b>	83,723
– under/(over) provision in preceding financial years	<b>348</b>	(2,707)	–	–
Tax deducted at source	<b>(6,738)</b>	(8,730)	<b>(12,615)</b>	(11,726)
At the end of the financial year	<b>99,330</b>	92,798	<b>79,530</b>	77,543
Comprise:				
Current income tax assets	<b>(1,448)</b>	(1,963)	–	–
Current income tax liabilities	<b>100,778</b>	94,761	<b>79,530</b>	77,543
	<b>99,330</b>	92,798	<b>79,530</b>	77,543

**11. EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to members of United Overseas Land Limited by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2005	2004
Net profit attributable to members of United Overseas Land Limited (\$'000)	<b>100,070</b>	381,618
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	<b>793,120</b>	753,470
Basic earnings per share	<b>12.62 cents</b>	50.65 cents

**(b) Diluted earnings per share**

For the purpose of calculating diluted earnings per share, profit attributable to members 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 2005, the Company's dilutive potential ordinary shares are its share options.

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issuance of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

**11. EARNINGS PER SHARE** (continued)(b) **Diluted earnings per share** (continued)

	The Group	
	2005	2004
Net profit attributable to members of United Overseas Land Limited (\$'000)	<b>100,070</b>	381,618
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	<b>793,120</b>	753,470
Adjustments for share options	<b>68</b>	47
Weighted average number of ordinary shares for diluted earnings per share	<b>793,188</b>	753,517
Diluted earnings per share	<b>12.62 cents</b>	50.64 cents

The effect of changes in accounting policies on the basic and diluted earnings per share are set out in Notes 3.5(b) and 3.5(d).

**12. CASH AND BANK BALANCES**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	<b>19,117</b>	19,498	<b>390</b>	1,336
Fixed deposits with financial institutions	<b>85,386</b>	708,408	<b>1,112</b>	631,626
	<b>104,503</b>	727,906	<b>1,502</b>	632,962

## (a) Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	<b>37,527</b>	649,669	<b>1,502</b>	632,962
United States Dollar	<b>14,994</b>	13,801	—	—
Australian Dollar	<b>41,420</b>	52,853	—	—
Malaysian Ringgit	<b>3,618</b>	5,246	—	—
Others	<b>6,944</b>	6,337	—	—
	<b>104,503</b>	727,906	<b>1,502</b>	632,962

## (b) The fixed deposits with financial institutions for the Group and Company mature on varying dates within 12 months (2004: 12 months) from the balance sheet date with the following weighted average effective interest rates:

	The Group		The Company	
	2005	2004	2005	2004
	%	%	%	%
Singapore Dollar	<b>2.9</b>	1.3	<b>3.0</b>	1.3
United States Dollar	<b>3.7</b>	1.6	—	—
Australian Dollar	<b>5.5</b>	5.1	—	—
Malaysian Ringgit	<b>2.6</b>	2.4	—	—
Others	—	2.0	—	—

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***12. CASH AND BANK BALANCES** (continued)

- (c) Certain fixed deposits of the Group amounting to \$3,069,000 (2004: \$4,295,000) have been pledged as security for banking facilities of the Group (Note 34).
- (d) For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	2005 \$'000	2004 \$'000
Cash and bank balances (above)	104,503	727,906
Less : Fixed deposits pledged as security	(3,069)	(4,295)
Bank overdrafts (secured) (Note 24)	(757)	–
Bank overdrafts (unsecured) (Note 24)	(42)	(25)
Cash and cash equivalents per consolidated cash flow statement	<b>100,635</b>	723,586

**13. TRADE AND OTHER RECEIVABLES**

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Current</b>				
Trade receivables:				
– third parties	20,114	25,263	110	234
Less: Provision for impairment of receivables – third parties	(227)	(492)	(6)	(55)
Trade receivables – net	<b>19,887</b>	24,771	<b>104</b>	179
Other receivables				
– subsidiaries (non-trade)	–	–	1,677	852
– associated companies (non- trade)	340	–	335	–
– loan to associated company (unsecured)	7,765	–	–	–
– sundry debtors	1,356	2,600	68	306
	<b>9,461</b>	2,600	<b>2,080</b>	1,158
	<b>29,348</b>	27,371	<b>2,184</b>	1,337
<b>Non-current</b>				
Loans to				
– subsidiaries (unsecured)	–	–	249,554	234,516
– associated companies (unsecured)	83,084	13,229	74,233	–
	<b>83,084</b>	13,229	<b>323,787</b>	234,516
	<b>112,432</b>	40,600	<b>325,971</b>	235,853

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 13. TRADE AND OTHER RECEIVABLES (continued)

## (a) Interest rate risk

## (i) Repricing analysis

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

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

	The Group				The Company		
	Floating rates	Fixed rates	Fixed rates	Interest free	Floating rates	Fixed rates	Interest free
	Less than 1 year	Less than 1 year	1 to 5 years		Less than 1 year	1 to 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005</b>							
Loans to subsidiaries	–	–	–	–	<b>212,635</b>	<b>36,798</b>	<b>121</b>
Loans to associated companies	<b>55,033</b>	<b>7,765</b>	<b>19,200</b>	<b>8,851</b>	<b>55,033</b>	<b>19,200</b>	–
<b>2004</b>							
Loans to subsidiaries	–	–	–	–	226,008	8,508	–
Loans to associated companies	–	–	–	13,229	–	–	–

## (ii) Effective interest rates

The weighted average effective interest rates for the loans to subsidiaries and associated companies at the balance sheet date were as follows:

	The Group		The Company	
	2005	2004	2005	2004
	%	%	%	%
Loans to subsidiaries				
– floating rate	–	–	<b>3.4</b>	1.5
– fixed rate	–	–	<b>2.5</b>	–
Loans to associates				
– floating rate	<b>2.4</b>	–	<b>2.4</b>	–
– fixed rate	<b>3.6</b>	–	<b>3.0</b>	–

## (b) Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	<b>93,832</b>	22,677	<b>325,850</b>	235,853
United States Dollar	<b>10,920</b>	10,363	<b>121</b>	–
Australian Dollar	<b>4,146</b>	4,138	–	–
Malaysian Ringgit	<b>2,777</b>	2,821	–	–
Others	<b>757</b>	601	–	–
	<b>112,432</b>	40,600	<b>325,971</b>	235,853

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***13. TRADE AND OTHER RECEIVABLES** (continued)

- (c) Maturity of loans to subsidiaries and associated companies

The non-trade amounts due from subsidiaries and associated companies are repayable on demand. The loan to an associated company of \$7,765,000 (2004: nil) is repayable in two years from December 2004 or upon demand by the Company at any time. The non-current loans to subsidiaries and associated companies have no fixed terms of repayment but are not expected to be repaid within twelve months from the balance sheet date.

- (d) Impairment loss on trade receivables recognised as an expense and included in 'Marketing and distribution expenses' amounted to \$140,000 (2004: \$321,000).

**14. PROPERTIES FOR SALE UNDER DEVELOPMENT/DEVELOPED PROPERTIES FOR SALE**

- (a) Properties for sale under development

	The Group	
	2005	2004
	\$'000	\$'000
Costs of land	250,563	151,844
Development costs	31,300	8,299
Property taxes, interests and overheads	9,261	4,490
	291,124	164,633
Development profits	27,846	6,029
Progress billings	(70,439)	(26,613)
	248,531	144,049

- (b) Developed properties for sale

	The Group	
	2005	2004
	\$'000	\$'000
Costs of land	–	1,059
Development costs	–	27,462
	–	28,521
Exchange differences	–	740
Development profits	–	5,186
Less: Progress billings	–	(29,191)
Less: Transfer to property, plant and equipment	–	(1,523)
	–	3,733

- (c) Borrowing costs of \$2,434,000 (2004: \$1,214,000) arising on financing specifically entered into for the development of properties were capitalised during the year and are included in development costs. A capitalisation rate of 3.16% (2004: 2.08%) per annum was used, representing the borrowing cost of the loans used to finance the projects.

- (d) Bank borrowings and other banking facilities are secured on certain properties for sale under development of the Group (Note 24(a)).



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 14. PROPERTIES FOR SALE UNDER DEVELOPMENT/DEVELOPED PROPERTIES FOR SALE

(continued)

(e) Details of the Group's properties for sale under development are as follows:

Property	Tenure of land	Stage of completion	Expected completion date	Site area/ gross floor area (Sq. m)	Effective interest in property
<b>Twin Regency</b>					
A residential development comprising 234 units of condominium apartments	Freehold	48.2%	2nd Quarter 2007	9,678/ 27,098	70%
<b>Newton Suites</b>					
A residential development comprising 118 units of condominium apartments	Freehold	24.8%	2nd Quarter 2007	3,842/ 10,755	100%
<b>Regency Suites</b>					
A proposed development comprising 104 units of mixed office and residential condominium apartments	Freehold	—	4th Quarter 2008	3,790/ 11,371	80%
<b>Eng Cheong Tower</b>					
A proposed development comprising 265 units of mixed office and residential condominium apartments	99 year leasehold	—	4th Quarter 2009	3,751/ 23,857	70%
<b>Persiaran Hampshire</b>					
A proposed residential development comprising 174 units of condominium apartments at Kuala Lumpur	Freehold	—	4th Quarter 2009	4,573/ 32,024	55%

## 15. INVENTORIES

	The Group	
	2005	2004
	\$'000	\$'000
Trading stock	2,112	1,786
Food and beverages	2,097	1,777
Spares for maintenance	923	1,018
	<b>5,132</b>	<b>4,581</b>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to \$32,224,000 (2004: \$32,909,000)

During the year, the Group made an inventory write-down of \$114,000 (2004: \$5,000) which has been included in "Other operating expenses" in the income statement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year				
– At lower of cost or market value or cost less allowance for diminution in value	<b>378,190</b>	480,031	<b>130,692</b>	224,928
– Effect of adoption of FRS 39 (revised 2004) on 1 January 2005 (Note 3.2(a))	<b>331,322</b>	–	<b>301,404</b>	–
As restated	<b>709,512</b>	480,031	<b>432,096</b>	224,928
Allowance for diminution in value	–	(60)	–	–
Additions	<b>15,453</b>	19	<b>15,453</b>	–
Transfer from investment in subsidiary	–	661	–	–
Disposals	<b>(661)</b>	(94,236)	–	(94,236)
Return of capital	<b>(281)</b>	(8,225)	–	–
Fair value gains transferred to equity (Note 32(b))	<b>87,584</b>	–	<b>37,042</b>	–
At the end of the financial year	<b>811,607</b>	378,190	<b>484,591</b>	130,692
Less: Non-current portion	<b>(410,639)</b>	(296,309)	<b>(83,623)</b>	(48,811)
Current portion	<b>400,968</b>	81,881	<b>400,968</b>	81,881

Current and non-current investments as at 1 January 2004 and 31 December 2004 have been reclassified into 'available-for-sale financial assets' so as to conform to the presentation adopted in 2005. Available-for-sale financial assets are measured in accordance with the accounting policy as set out in Note 2.12 with effect from 1 January 2005.

Available-for-sale financial assets include the following:

	The Group			The Company		
	2005	2004		2005	2004	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	At fair value	At fair value	At lower of cost or market value or cost less allowance for diminution in value	At fair value	At fair value	At lower of cost or market value or cost less allowance for diminution in value
Listed securities:						
– Equity shares	<b>720,901</b>	635,551	322,537	<b>400,968</b>	364,978	81,881
Unlisted securities:						
– Equity shares	<b>90,687</b>	73,721	55,413	<b>83,623</b>	67,118	48,811
– Preference shares	<b>19</b>	240	240	–	–	–
	<b>811,607</b>	709,512	378,190	<b>484,591</b>	432,096	130,692

All the available-for-sale financial assets are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

## 17. OTHER CURRENT ASSETS

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Deposits	14,590	7,124	100	128
Prepayments	4,382	4,308	198	37
	<b>18,972</b>	11,432	<b>298</b>	165

## 18. ASSOCIATED COMPANIES

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Equity shares at cost			<b>1,000</b>	400
At the beginning of the financial year	<b>34,009</b>	32,912		
Additions	<b>535</b>	4,880		
Share of results	<b>(1,201)</b>	2,278		
Dividends received, net of tax	<b>(1,090)</b>	(5,771)		
Disposal of an associated company	–	(175)		
Exchange differences	<b>54</b>	(115)		
	<b>32,307</b>	34,009		

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

	The Group	
	2005	2004
	\$'000	\$'000
– Assets	<b>695,674</b>	296,901
– Liabilities	<b>402,267</b>	183,397
– Revenues	<b>61,359</b>	58,212
– Net (loss)/profit	<b>(6,053)</b>	7,499

(b) The share of associated companies' contingent liabilities incurred jointly with other investors is as follows:

	The Group	
	2005	2004
	\$'000	\$'000
	<b>10,789</b>	–

(c) Contingent liabilities of the associated companies in which the Group is severally liable amount to:

	The Group	
	2005	2004
	\$'000	\$'000
	<b>18,805</b>	19,727

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 18. ASSOCIATED COMPANIES (continued)

(d) The associated companies are:

Name of company	Country of incorporation	% of paid-up capital held by the Group		Accounting year end
		2005	2004	
Tampines Condominium Pte Ltd	Singapore	<b>40 by UOL</b>	40 by UOL	31 December
Aquamarina Hotel Private Limited	Singapore	<b>25 by UEI</b>	25 by UEI	31 December
Ardenis Pte Ltd ("Ardenis")	Singapore	<b>35 by UOD</b>	35 by UOD	31 December
Pilkon Development Company Limited	The British Virgin Islands	<b>39.35 by HPL</b>	39.35 by HPL	31 December
PPHR (Thailand) Company Limited	Thailand	<b>48.97 by PPHR</b>	48.94 by PPHR	31 December
Brendale Pte. Ltd.	Singapore	<b>30 by UOL</b>	–	31 December
Vista Development Pte. Ltd.	Singapore	<b>30 by UOL</b>	–	31 December

(e) Ardenis has a 97% interest in Shanghai Xin Yue Real Estate Development Co., Ltd, a company whose country of incorporation and place of business is China and whose principal activity is that of property development.

## 19. SUBSIDIARIES

	The Company			
	2005		2004	
	Cost \$'000	Market value \$'000	Cost \$'000	Market value \$'000
Listed equity shares	<b>101,594</b>	<b>327,874</b>	97,362	236,185
Unlisted equity shares	<b>820,521</b>		800,785	
	<b>922,115</b>		898,147	
Less accumulated impairment charge:				
At the beginning of the financial year	<b>(94,330)</b>		(88,330)	
Impairment charge for the financial year [Note 8 and Note (a) below]	<b>(30)</b>		(7,400)	
Write-back of impairment charge for the financial year [Note 8 and Note (a) below]	<b>16,450</b>		1,400	
At the end of the financial year	<b>(77,910)</b>		(94,330)	
	<b>844,205</b>		803,817	

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***19. SUBSIDIARIES** (continued)

## (a) Impairment charge

An impairment charge of \$30,000 (2004: \$7,400,000) and write-back of impairment charge of \$16,450,000 (2004: \$1,400,000) were recognised for certain of the Company's unlisted investments in subsidiaries, being the difference between the carrying amount of the investment and its recoverable amount. The recoverable amount (the higher of the value in use or net selling price) was determined for individual subsidiaries and represents the net tangible assets of the subsidiaries adjusted where applicable for valuation of assets at the end of the financial year.

## (b) The subsidiaries are:

Name of company	Principal activities	Country of incorporation and place of business	Cost of investment		% of paid-up capital held	
			2005	2004	2005	2004
			\$'000	\$'000		
<b>Held by the Company</b>						
Hotel Plaza Limited ("HPL")	Hotelier, property owner and investment holding	Singapore	<b>101,594</b>	97,362	<b>77.33</b>	76.19
UOL Property Investments Pte Ltd	Property investment	Singapore	<b>76,006</b>	76,006	<b>100</b>	100
UOL Tiong Bahru Plaza Pte Ltd	Property investment	Singapore	<b>52,000</b>	52,000	<b>100</b>	100
UOL Overseas Development Pte. Ltd. ("UOD")	Property development and investment holding	Singapore	<b>50,000</b>	50,000	<b>100</b>	100
UOL Development Pte Ltd	Property development	Singapore	<b>20,000</b>	20,000	<b>100</b>	100
UOL Equity Investments Pte Ltd ("UEI")	Investment holding	Singapore	<b>280,000</b>	280,000	<b>100</b>	100
UOL Overseas Investments Pte Ltd	Investment holding	Singapore	<b>30,500</b>	30,500	<b>100</b>	100
UOL Management Services Pte Ltd ("UMS")	Property management services & investment	Singapore	<b>2,041</b>	2,041	<b>100</b>	100
Parkroyal Hospitality Pte. Ltd. (formerly known as Plaza Pacific Service Apartment Pte Ltd)	Management of service apartments	Singapore	~	~	<b>100</b>	100



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 19. SUBSIDIARIES (continued)

(b) The subsidiaries are (continued):

Name of company	Principal activities	Country of incorporation and place of business	Cost of investment		% of paid-up capital held	
			2005 \$'000	2004 \$'000	2005	2004
United Venture Furnishings Pte Ltd ("UVF")	Distributor of furniture and related accessories	Singapore	<b>2,651</b>	2,651	<b>100</b>	100
Mod.Living Pte Ltd	Distributor of furniture and related accessories	Singapore	<b>1,000</b>	1,000	<b>100</b>	100
UOL Development (Novena) Pte. Ltd.	Property development	Singapore	<b>41,436</b>	41,436	<b>100</b>	100
Novena Square Investments Ltd	Property investment	Singapore	<b>162,000</b>	162,000	<b>60</b>	60
Novena Square Development Ltd	Property investment	Singapore	<b>42,000</b>	42,000	<b>60</b>	60
Secure Venture Investments Limited ("SVIL")*	Investment holding	Hong Kong	<b>24,972</b>	5,351	<b>100</b>	100
Kings & Queens Development Pte. Ltd.	Property development	Singapore	<b>35,000</b>	35,000	<b>70</b>	70
Regency One Development Pte. Ltd.	Property development	Singapore	<b>800</b>	800	<b>80</b>	80
UOL Project Management Services Pte. Ltd. ("UPMS") (Note (d) below)	Project management services	Singapore	<b>115</b>	—	<b>100</b>	—
United Regency Pte. Ltd.	Property development	Singapore	~	—	<b>60</b>	—
			<b>922,115</b>	898,147		

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***19. SUBSIDIARIES** (continued)

(b) The subsidiaries are (continued):

Name of company	Principal activities	Country of incorporation and place of business	% of paid-up capital held	
			2005	2004
<b>Held by subsidiaries</b>				
Promatik Emas Sdn. Bhd.*	Property development	Malaysia	<b>55 by UOD</b>	55 by UOD
Star Valuations Sdn. Bhd.	Rental of service apartments	Malaysia	<b>100 by UOD</b>	–
Dahua Xiamen Development Limited*	Hotelier	The People’s Republic of China	<b>100 by SVIL</b>	100 by SVIL
Secure Property Management Limited	Liquidated during the financial year	The Common-wealth of the Bahamas	–	100 by UMS
Hotel Grand Plaza (Singapore) Pte Ltd	Hotelier and property owner	Singapore	<b>100 by HPL</b>	100 by HPL
New Park Hotel (1989) Pte Ltd	Hotelier	Singapore	<b>100 by HPL</b>	100 by HPL
Plaza Pacific Hotels & Resorts International Pte Ltd (“PPHR”)	Hotel manager and operator	Singapore	<b>100 by HPL</b>	100 by HPL
United Lifestyle Holdings Pte Ltd (“ULH”)	Investment holding	Singapore	<b>100 by HPL</b>	100 by HPL
HPL Overseas Investments Pte Ltd (“HOI”)	Investment holding	Singapore	<b>100 by HPL</b>	100 by HPL
Premium Properties Sdn Bhd (“PPSB”)*	Investment holding	Malaysia	<b>100 by HPL</b>	100 by HPL
President Hotel Sdn Berhad (“PHSB”)*	Hotelier and property owner	Malaysia	<b>66.67 by PPSB and 33.33 by HPL</b>	66.67 by PPSB and 33.33 by HPL
Success Venture Investments (Australia) Ltd (“SVIA”)	Investment holding	The British Virgin Islands	<b>60 by HPL</b>	60 by HPL
Success Venture Investments (WA) Limited (“SVIWA”)	Investment holding	The British Virgin Islands	<b>100 by HPL</b>	100 by HPL
Success City Pty Limited*	Dormant	Australia	<b>95 by HPL</b>	50 by HPL

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***19. SUBSIDIARIES** (continued)

(b) The subsidiaries are (continued):

Name of company	Principal activities	Country of incorporation and place of business	% of paid-up capital held	
			2005	2004
Pilkon Investment Limited ("PIL")	Liquidated during the financial year	The Commonwealth of the Bahamas	–	100 by HPL
Grand Elite Sdn. Bhd.*	Dormant	Malaysia	<b>100 by PHSB</b>	100 by PHSB
Grand Elite (Penang) Sdn. Bhd.*	Dormant	Malaysia	<b>100 by PHSB</b>	100 by PHSB
St Gregory Spa Pte Ltd	Manage and operate health and beauty retreats and facilities	Singapore	<b>100 by ULH</b>	100 by ULH
Dou Hua Restaurants Pte Ltd	Operator of restaurants, bars and canteens	Singapore	<b>100 by ULH</b>	100 by ULH
Suten Investment & Development Pte Ltd ("SID")	Investment holding	Singapore	<b>100 by HOI</b>	100 by HOI
SGN Investment Pte Ltd ("SGNI")	Investment holding	Singapore	<b>100 by HOI</b>	100 by HOI
PID Investments Pte Ltd ("PIDI")	Investment holding	Singapore	<b>100 by HOI</b>	100 by HOI
Yangon Investment Pte Ltd ("YIPL")	Investment holding	Singapore	<b>100 by HOI</b>	100 by HOI
Yangon Hotel Limited ("YHL")**	Hotel owner	Myanmar	<b>95 by YIPL</b>	95 by YIPL
Westlake International Company*	Hotel owner	Vietnam	<b>75 by PIDI</b>	75 by PIDI
Suzhou Wugong Hotel Co., Ltd*	Hotel owner	The People's Republic of China	<b>90 by SID and 10 by SGNI</b>	90 by SID and 10 by SGNI
Success Venture Pty. Limited*	Trustee company	Australia	<b>100 by SVIA</b>	100 by SVIA
Plaza Pacific Hotels & Resorts International Ltd	Liquidated during the financial year	The British Virgin Islands	–	100 by PPHR
Garden Plaza Company Limited*	Hotel owner	Vietnam	<b>100 by HPL</b>	100 by PIL

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

**19. SUBSIDIARIES** (continued)

(c) The following unit trusts are held by:

Name of unit trust	Principal activities	Country of constitution and place of business	% of units held	
			2005	2004
<b>SVIA</b>				
Success Venture (Darling Harbour) Unit Trust*	Hotel owner	Australia	<b>100</b>	100
Success Venture (Parramatta) Unit Trust*	Hotel owner	Australia	<b>100</b>	100
<b>SVIWA</b>				
Success Venture (WA) Unit Trust*	Hotel owner	Australia	<b>100</b>	100

~ Less than \$1,000

\* Companies audited by PricewaterhouseCoopers firms outside Singapore.

\*\* Company audited by Myanmar Vigour Company Limited. YHL is not a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(d) During the financial year, UVF transferred its entire 100% shareholding in UPMS to the Company for a consideration of \$115,468.

(e) On 4 May 2005, the Group completed the purchase of an additional 45% of the issued and paid up capital of Success City Pty Limited ("SCPL") from two minority shareholders for a cash consideration of A\$13,977,000 (\$17,936,000). Following the completion of the purchase, the Group's interest in SCPL increased to 95%.

**20. INVESTMENT PROPERTIES**

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
At the beginning of the financial year	<b>1,500,945</b>	1,579,330	<b>209,522</b>	203,340
Exchange differences	<b>267</b>	(2,177)	—	—
Additions during the financial year	<b>6,202</b>	8,816	<b>4,074</b>	3,026
Transfer to property, plant and equipment	—	(37,837)	—	—
Write-back of over-accruals for investment property	<b>(87)</b>	—	—	—
Disposal of investment property	—	(3,867)	—	—
Revaluation surplus/(deficit) recognised in asset revaluation reserve [Note 32(c)]	<b>37,866</b>	(43,320)	<b>10,640</b>	3,156
At the end of the financial year	<b>1,545,193</b>	1,500,945	<b>224,236</b>	209,522

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***20. INVESTMENT PROPERTIES** (continued)

- (a) Investment properties are valued annually on 31 December by firms of professional valuers, on an open market existing use basis. It is the intention of the Directors to hold the investment properties for the long term.
- (b) The investment properties are leased to third parties under operating leases [Note 35(d)].
- (c) Bank borrowings are secured on certain investment properties of the Group [Note 24(a)].
- (d) The details of the Group's investment properties at 31 December 2005 are:

		Tenure of land
Odeon Towers	– a 23-storey commercial building and a 2-storey podium block with 3 basement levels at North Bridge Road, Singapore	999-year leasehold from 1827
UOL Building	– under construction commencing April 2005 to convert into a new 16-storey office-cum-service apartment block	Freehold
Faber House	– retained interests in a 12-storey commercial building and a 49-lot carpark at Orchard Road, Singapore	Freehold
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
Central Plaza	– a 20-storey office block at Tiong Bahru Road, Singapore	99-year lease from 1991
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 car parks at Thomson Road, Singapore	99-year lease from 1997
Eunos Warehouse Complex	– 2 units in a 4-storey flatted warehouse at Kaki Bukit Road 2, Singapore	60-year lease from 1982
The Plaza	– retained interests in a 32-storey tower block comprising restaurants, function rooms, shops, offices and service apartments and an adjacent 4-storey commercial building and a 641-lot car park at Beach Road, Singapore	99-year lease from 1968
New Park Hotel – Shopping Arcade	– a shopping arcade at Kitchener Road, Singapore	Freehold
Grand Plaza Parkroyal, Singapore	– a shopping arcade at Coleman Street, Singapore	99-year lease from 1993
President House	– a 6-storey commercial building cum shopping mall at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Freehold



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***21. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings		Plant, equipment, furniture and fittings	Motor vehicles	Renovation in progress	Total
	Freehold \$'000	Leasehold \$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>						
<i>Cost or valuation</i>						
At 1 January 2005						
Cost	294,221	236,172	334,271	2,132	12,094	878,890
Valuation	–	41,575	–	–	–	41,575
	294,221	277,747	334,271	2,132	12,094	920,465
Exchange differences	(2,830)	4,677	976	35	43	2,901
Additions	324	1,067	17,428	438	27,728	46,985
Disposals	–	(5,593)	(11,480)	(67)	–	(17,140)
Reclassifications	(825)	18,039	21,413	–	(38,627)	–
At 31 December 2005	290,890	295,937	362,608	2,538	1,238	953,211
Cost	290,890	254,362	362,608	2,538	1,238	911,636
Valuation	–	41,575	–	–	–	41,575
	290,890	295,937	362,608	2,538	1,238	953,211
<i>Accumulated depreciation</i>						
At 1 January 2005	42,227	60,532	205,254	1,912	–	309,925
Exchange differences	(230)	1,078	(132)	29	–	745
Charge for the financial year	3,856	6,001	25,209	214	–	35,280
Disposals	–	(603)	(8,466)	(60)	–	(9,129)
Reclassification	262	–	(262)	–	–	–
At 31 December 2005	46,115	67,008	221,603	2,095	–	336,821
<b>Net book value at</b>						
<b>31 December 2005</b>	<b>244,775</b>	<b>228,929</b>	<b>141,005</b>	<b>443</b>	<b>1,238</b>	<b>616,390</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings Freehold \$'000	Leasehold \$'000	Plant, equipment, furniture and fittings \$'000	Motor vehicles \$'000	Renovation in progress \$'000	Total \$'000
<b>The Group</b>						
<i>Cost or valuation</i>						
At 1 January 2004						
Cost	292,584	209,400	332,119	2,645	8,228	844,976
Valuation	–	41,575	–	–	–	41,575
	292,584	250,975	332,119	2,645	8,228	886,551
Exchange differences	(3,412)	(5,087)	(5,656)	(68)	(141)	(14,364)
Additions	32	722	6,964	40	6,283	14,041
Disposals	–	(51)	(5,552)	(335)	–	(5,938)
Disposal of subsidiaries	–	–	(913)	(196)	–	(1,109)
Write-back of impairment loss	–	1,924	–	–	–	1,924
Reclassifications	3,643	2,158	1,278	–	(7,079)	–
Transfer from investment property	–	27,106	5,882	46	4,803	37,837
Transfer from developed properties for sale	1,374	–	149	–	–	1,523
At 31 December 2004	294,221	277,747	334,271	2,132	12,094	920,465
Cost	294,221	236,172	334,271	2,132	12,094	878,890
Valuation	–	41,575	–	–	–	41,575
	294,221	277,747	334,271	2,132	12,094	920,465
<i>Accumulated depreciation</i>						
At 1 January 2004	39,030	57,433	187,930	2,104	–	286,497
Exchange differences	(633)	(1,428)	(3,074)	(56)	–	(5,191)
Charge for the financial year	3,830	5,669	23,594	230	–	33,323
Disposals	–	–	(3,615)	(316)	–	(3,931)
Disposal of subsidiaries	–	–	(560)	(50)	–	(610)
Impairment loss	–	4,394	979	–	–	5,373
Write-back of impairment loss	–	(5,536)	–	–	–	(5,536)
At 31 December 2004	42,227	60,532	205,254	1,912	–	309,925
<b>Net book value at 31 December 2004</b>	<b>251,994</b>	<b>217,215</b>	<b>129,017</b>	<b>220</b>	<b>12,094</b>	<b>610,540</b>

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***21. PROPERTY, PLANT AND EQUIPMENT** (continued)

	Plant, equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>The Company</b>			
<i>Cost</i>			
At 1 January 2005	3,078	213	3,291
Additions	384	–	384
Disposals	(312)	–	(312)
At 31 December 2005	3,150	213	3,363
<i>Accumulated depreciation</i>			
At 1 January 2005	1,874	46	1,920
Charge for the financial year	442	43	485
Disposals	(269)	–	(269)
At 31 December 2005	2,047	89	2,136
<b>Net book value at 31 December 2005</b>	<b>1,103</b>	<b>124</b>	<b>1,227</b>
<b>The Company</b>			
<i>Cost</i>			
At 1 January 2004	3,467	336	3,803
Additions	258	–	258
Disposals	(647)	(123)	(770)
At 31 December 2004	3,078	213	3,291
<i>Accumulated depreciation</i>			
At 1 January 2004	2,079	126	2,205
Charge for the financial year	434	43	477
Disposals	(639)	(123)	(762)
At 31 December 2004	1,874	46	1,920
<b>Net book value at 31 December 2004</b>	<b>1,204</b>	<b>167</b>	<b>1,371</b>

(a) The valuation of hotel properties of Hotel Plaza Limited ("HPL") was carried out by a firm of professional valuers on 31 December 1985 on an open market existing use basis, with subsequent additions at cost. The valuation done in 1985 was incorporated in the financial statements. However, a decision was then made subsequently by the Board of Directors of HPL that future valuations of hotel properties would not be incorporated in the financial statements but would be disclosed for information.

(b) At 31 December 2005, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was \$911,544,000 (2004: \$761,604,000) and the net book value was \$608,182,000 (2004: \$595,567,000). The valuations of these hotel properties were carried out by firms of professional valuers on an open market existing use basis. The surplus on valuation of these hotel properties amounting to \$303,362,000 (2004: \$166,037,000) has not been incorporated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***21. PROPERTY, PLANT AND EQUIPMENT** (continued)

(c) In accordance with paragraph 77(e) of FRS 16 (revised 2004), the Company is required to disclose the carrying amount of the leasehold land and buildings in the financial statements had the assets been carried at cost less depreciation at the balance sheet date. The valuation of the leasehold land and buildings was carried out in 1985, and hence it is not possible to obtain the relevant information for such disclosure to be made in the financial statements.

(d) Bank borrowings and other banking facilities are secured on certain hotel properties of the Group [Note 24(a) and Note 34].

(e) The details of the Group's hotel properties at 31 December 2005 were:

		Tenure of land
New Park Hotel	– a 531-room hotel at Kitchener Road, Singapore	Freehold
Plaza Parkroyal	– a 341-room hotel at Beach Road, Singapore	99-year lease from 1968
Grand Plaza Parkroyal, Singapore	– a 330-room hotel at Coleman Street, Singapore	99-year lease from 1993
Crowne Plaza Darling Harbour	– a 345-room hotel at Darling Harbour, Sydney, Australia	Freehold
Crowne Plaza Parramatta	– a 196-room hotel at Parramatta, Australia	Freehold
Sheraton Perth Hotel	– a 390-room hotel cum 4-storey commercial building and carpark at Adelaide Terrace, Perth, Australia	Freehold
Grand Plaza Parkroyal Kuala Lumpur	– a 348-room hotel at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Freehold
	– a 320-lot carpark at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Leasehold expiring in 2080
Grand Plaza Parkroyal Penang	– a 330-room resort at Jalan Batu Ferringhi, Penang, Malaysia	Freehold
Novotel Garden Plaza Saigon	– a 191-room hotel and 4-storey annex block at Nguyen Van Troi Street, Ho Chi Minh City, Vietnam	49-year lease from 1994
Hotel Sofitel Plaza Hanoi	– a hotel with 319 rooms and 36 serviced apartments at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993
Sheraton Suzhou Hotel & Towers	– a 413-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994
Grand Plaza Parkroyal Hotel, Yangon	– a 329-room hotel at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	30-year lease from 1997
Sofitel Plaza Xiamen	– a 394-room hotel at Hubin North Road, Xiamen, The People's Republic of China	70-year lease from 1991

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

**22. INTANGIBLES**

	The Group	
	2005	2004
	\$'000	\$'000
<i>Composition:</i>		
Trademark [Note (a) below]	<b>604</b>	704
Goodwill arising on consolidation		
– goodwill [Note (b)(i) below]	<b>13,912</b>	13,912
– negative goodwill [Note (b)(ii) below]	–	(1,125)
	<b>14,516</b>	13,491

**(a) Trademark**

	The Group	
	2005	2004
	\$'000	\$'000
At the beginning of the financial year	<b>704</b>	804
Amortisation for the financial year	<b>(100)</b>	(100)
At the end of the financial year	<b>604</b>	704
Cost	<b>946</b>	946
Accumulated amortisation	<b>(342)</b>	(242)
	<b>604</b>	704

**(b) Goodwill arising on consolidation****(i) Goodwill**

	The Group	
	2005	2004
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of financial year		
– As previously reported	<b>15,510</b>	15,492
– Effect of adoption of FRS 103 (Note 3.4(a))	<b>(1,598)</b>	–
– As restated	<b>13,912</b>	15,492
Acquisition of subsidiary	–	18
Balance at end of financial year	<b>13,912</b>	15,510
<i>Accumulated amortisation and impairment</i>		
Balance at beginning of financial year		
– As previously reported	<b>1,598</b>	557
– Effect of adoption of FRS 103 (Note 3.4(a))	<b>(1,598)</b>	–
– As restated	–	557
Amortisation	–	1,041
Balance at end of financial year	–	1,598
Net book value	<b>13,912</b>	13,912



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 22. INTANGIBLES (continued)

## (b) Goodwill arising on consolidation (continued)

## (ii) Negative goodwill

	The Group	
	2005	2004
	\$'000	\$'000
<i>Cost</i>		
Balance at beginning of financial year		
– As previously reported	3,698	3,240
– Effect of adoption of FRS 103 (Note 3.4(b))	(3,698)	–
– As restated	–	3,240
Acquisition of subsidiary	–	458
Balance at end of financial year	–	3,698
<i>Accumulated amortisation and impairment</i>		
Balance at beginning of financial year		
– As previously reported	2,573	1,473
– Effect of adoption of FRS 103 (Note 3.4(b))	(2,573)	–
– As restated	–	1,473
Amortisation	–	1,100
Balance at end of financial year	–	2,573
Net book value	–	1,125

## (iii) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. A summary of the goodwill allocation is presented below:

A segment-level summary of the goodwill allocation is presented below.

	The Group	
	2005	2004
	\$'000	\$'000
<i>Hotel operations</i>		
Malaysia	831	831
People's Republic of China	13,081	13,081
	13,912	13,912

The recoverable amount of a CGU is determined based on value-in-use calculations. The calculations of the value-in-use are prepared by independent firms of professional valuers using the future expected cash flows of the CGUs.

Key assumptions used for value-in-use calculations:

	The People's Republic of China	Malaysia
Growth rate	6.5%	4.2%
Discount rate	12.0%	11.0%

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***23. TRADE AND OTHER PAYABLES**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Trade payables:				
– third parties	<b>21,824</b>	16,937	<b>1,500</b>	783
– minority shareholders	<b>1,804</b>	373	–	–
	<b>23,628</b>	17,310	<b>1,500</b>	783
Other payables:				
– rental deposits	<b>9,936</b>	9,896	<b>709</b>	1,481
– accrued interest payable	<b>4,639</b>	3,775	<b>4</b>	–
– retention monies due to contractors	<b>6,405</b>	9,190	<b>406</b>	390
– accrued operating expenses	<b>24,328</b>	27,498	<b>2,369</b>	1,986
– sundry creditors	<b>16,805</b>	17,044	<b>899</b>	1,628
– subsidiaries (non-trade)	–	–	<b>14</b>	3
– associated companies (non-trade)	<b>12</b>	–	–	–
– minority shareholders (non-trade)	<b>250</b>	911	–	–
	<b>62,375</b>	68,314	<b>4,401</b>	5,488
	<b>86,003</b>	85,624	<b>5,901</b>	6,271

(a) The non-trade amounts due to subsidiaries, associated companies and minority shareholders are unsecured, interest free and repayable on demand.

(b) Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Singapore Dollar	<b>50,519</b>	51,925	<b>5,901</b>	6,271
United States Dollar	<b>12,306</b>	11,574	–	–
Australian Dollar	<b>7,669</b>	9,122	–	–
Malaysian Ringgit	<b>3,538</b>	8,070	–	–
Others	<b>11,971</b>	4,933	–	–
	<b>86,003</b>	85,624	<b>5,901</b>	6,271

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***24. BORROWINGS**

		The Group		The Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
<b>Current</b>					
Bank overdrafts (secured)	(Note 12)	757	—	—	—
Bank overdrafts (unsecured)	(Note 12)	42	25	—	—
Bank loans (secured)		54,441	294,764	—	—
Bank loans (unsecured)		13,998	9,804	4,000	—
Zero Coupon Exchangeable Notes due September 2005	(Note 25)	—	484,849	—	484,849
		<b>69,238</b>	789,442	<b>4,000</b>	484,849
<b>Non-current</b>					
Bank loans (secured)		447,239	138,250	—	—
Bank loans (unsecured)		71,265	128,182	—	—
		<b>518,504</b>	266,432	—	—
Total borrowings		<b>587,742</b>	1,055,874	<b>4,000</b>	484,849

**(a) Securities granted**

The bank overdrafts and loans are secured by mortgages on the 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 these hotel properties, investment properties and development properties which have been pledged as securities are as follows:

		The Group	
		2005	2004
		\$'000	\$'000
Hotel properties		364,526	359,448
Investment properties		594,935	570,300
Properties for sale under development		197,720	97,569
		<b>1,157,181</b>	1,027,317

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**24. BORROWINGS** (continued)(b) **Interest rate risk**

## (i) Repricing analysis

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

	Within 6 months \$'000	6 to 12 months \$'000	Total \$'000
<b>The Group</b>			
<b>2005</b>			
Bank loans (secured)	316,680	185,000	501,680
Bank loans (unsecured)	85,263	–	85,263
	<b>401,943</b>	<b>185,000</b>	<b>586,943</b>
<b>2004</b>			
Bank loans (secured)	333,014	100,000	433,014
Bank loans (unsecured)	88,242	49,744	137,986
	<b>421,256</b>	<b>149,744</b>	<b>571,000</b>
		Within 6 months \$'000	Total \$'000
<b>The Company</b>			
<b>2005</b>			
Bank loans (unsecured)		<b>4,000</b>	<b>4,000</b>

## (ii) Effective interest rates

The weighted average effective interest rates of total borrowings at the balance sheet date are as follows:

	2005				2004			
	SGD %	USD %	AUD %	MYR %	SGD %	USD %	AUD %	MYR %
<b>The Group</b>								
Bank overdrafts (secured)	5.0	–	–	7.3	–	–	–	–
Bank overdrafts (unsecured)	5.0	–	–	–	5.0	–	–	–
Bank loans (secured)	3.2	5.0	6.9	4.7	2.1	3.0	6.8	4.7
Bank loans (unsecured)	3.2	5.2	–	–	2.2	3.1	–	–
Zero Coupon Exchangeable Notes due September 2005	–	–	–	–	2.7	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**24. BORROWINGS** (continued)(b) **Interest rate risk** (continued)

## (ii) Effective interest rates (continued)

	2005 SGD %	2004 SGD %
<b>The Company</b>		
Bank loans (unsecured)	3.7	—
Zero Coupon Exchangeable Notes due September 2005	—	2.7

(c) **Currency risk**

The carrying amounts of total borrowings are denominated in the following currencies:

	The Group		The Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Singapore Dollar	478,520	920,987	4,000	484,849
United States Dollar	65,282	77,386	—	—
Australian Dollar	22,089	31,701	—	—
Malaysian Ringgit	21,851	25,800	—	—
	<b>587,742</b>	1,055,874	<b>4,000</b>	484,849

(d) **Maturity of borrowings**

The current borrowings have a weighted average maturity of 8.2 months (2004: 7.0 months) from the end of the financial year. The non-current borrowings have the following maturity:

	The Group	
	2005 \$'000	2004 \$'000
Between 1 and 2 years	22,836	53,722
Between 2 and 5 years	495,668	212,710
	<b>518,504</b>	266,432

**25. ZERO COUPON EXCHANGEABLE NOTES DUE SEPTEMBER 2005**

On 22 December 2004, the Company issued Zero Coupon Exchangeable Notes at a nominal value of \$506,220,000. The Exchangeable Notes were repayable 9 months from the issue date on 22 September 2005 at a final redemption price of \$497,715,504, being 98.32% of the nominal amount, unless converted into the ordinary shares of United Overseas Bank Limited held by the Company, at the holder's option at the price of S\$15.34 per share. The holders had the option to convert the Exchangeable Notes into the ordinary shares of United Overseas Bank Limited held by the Company at any time during the tenure of the bonds.

On the maturity of the Exchangeable Notes on 22 September 2005, none of the Exchangeable Notes were converted into ordinary shares of United Overseas Bank Limited and were redeemed by the Company at 98.32% of their nominal amount.



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***26. LOANS FROM SUBSIDIARIES**

The loans from subsidiaries are denominated in Singapore dollars (2004: an amount of \$3,119,000 was denominated in Hong Kong dollars). The loans have no fixed terms of maturity and are not expected to be repaid within twelve months from the balance sheet date. Interest on the loans is based on a bank quoted one-month swap rate at the beginning of each month and the weighted average effective interest rate as at the balance sheet date is 3.2% (2004: 1.28%) per annum.

**27. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES**

The loans have no fixed terms of maturity and are not expected to be repaid within twelve months from the balance sheet date.

Details of the loans from minority shareholders is as follows:

- (i) Loan of \$1,190,000 (2004: \$1,167,000) denominated in Malaysian Ringgit. The loan is interest-free commencing January 2005 (2004: 1% per annum).
- (ii) Loans of \$12,043,000 (2004: \$3,502,000) denominated in Singapore dollars. Interest on the loan is on a fixed rate basis and the effective interest rate as at the balance sheet date is 2.5% (2004: 2.0%) per annum.
- (iii) Loan of \$1,327,000 (2004: nil) denominated in Singapore dollars. Interest on the loans is 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 balance sheet date is 2.45% (2004: nil) per annum.

**28. PROVISION FOR RETIREMENT BENEFITS**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	<b>2,621</b>	2,856	<b>652</b>	816
Exchange differences	<b>43</b>	(82)	–	–
Provision made during the financial year	<b>429</b>	381	<b>66</b>	53
Amount utilised during the financial year	<b>(134)</b>	(433)	–	(217)
Write-back of provision during the financial year	–	(101)	–	–
At the end of the financial year	<b>2,959</b>	2,621	<b>718</b>	652

**29. DEFERRED LIABILITY**

Under the sale and purchase agreement for the acquisition of certain subsidiaries in 2001, the Vendor had guaranteed that the subsidiaries would generate certain annual returns. In the event that the guaranteed returns are not met, the Vendor has to make up for the shortfall. Any amount that will be due from the Vendor will be deducted from the deferred liability account.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**29. DEFERRED LIABILITY** (continued)

The movements during the financial year are as follows:

	The Group	
	2005	2004
	\$'000	\$'000
At the beginning of the financial year	<b>3,268</b>	11,966
Exchange differences	<b>61</b>	(255)
Recognised during the financial year (Note 5)	<b>(3,329)</b>	(8,443)
At the end of the financial year	<b>–</b>	3,268

**30. 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 balance sheets as follows:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<i>Deferred income tax assets</i>				
– to be recovered within one year	–	(152)	–	–
– to be recovered after one year	<b>(9,154)</b>	(6,500)	–	–
	<b>(9,154)</b>	(6,652)	–	–
<i>Deferred income tax liabilities</i>				
– to be settled within one year	<b>68,661</b>	7,578	<b>60,584</b>	(130)
– to be settled after one year	<b>50,418</b>	50,163	<b>5,046</b>	11,515
	<b>119,079</b>	57,741	<b>65,630</b>	11,385

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

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	<b>51,089</b>	58,378	<b>11,385</b>	13,150
Effect of changes in accounting policies (Note 3.2(a))	<b>56,619</b>	–	<b>56,619</b>	–
Effect of change in tax rate				
– income statement	–	(2,133)	–	492
– equity	–	(2,886)	–	(1,686)
Exchange differences	<b>130</b>	(117)	–	–
Disposal of subsidiaries	–	(11)	–	–
Tax charge/(credit) to:				
– income statement (Note 10)	<b>4,599</b>	(4,164)	–	(1,159)
– equity (Note 32(b),(c))	<b>(2,668)</b>	49	<b>(2,374)</b>	588
Underprovision in preceding financial year (Note 10)	<b>156</b>	1,973	–	–
At the end of the financial year	<b>109,925</b>	51,089	<b>65,630</b>	11,385

The effect of changes in accounting policies affecting the balance at beginning of financial year is set out in Notes 3.2(a).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**30. DEFERRED INCOME TAXES** (continued)

Deferred income tax taken to equity (Note 32) during the financial year is as follows:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Fair value reserves (Note 32(b))	<b>4,108</b>	–	<b>4,108</b>	–
Asset revaluation reserve (Note 32(c))	<b>(6,776)</b>	49	<b>(6,482)</b>	588
	<b>(2,668)</b>	49	<b>(2,374)</b>	588

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 \$4,518,000 (2004: \$10,430,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date.

	Fair value gains	Accelerated tax depreciation	Surplus on revaluation of certain investment and hotel properties	Unremitted foreign income, interests and dividends	Bonds amortisation	Deferred development profit	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>The Group</b>							
<i>Deferred income tax liabilities</i>							
At 1 January 2005	–	31,896	18,265	8,184	–	1,208	59,553
Effect of change in accounting policies	56,619	–	–	–	–	–	56,619
Exchange differences	–	81	11	–	–	–	92
Tax charge/(credit) to income statement	–	1,940	(113)	965	–	4,037	6,829
Tax charge/(credit) to equity	4,108	–	(6,776)	–	–	–	(2,668)
At 31 December 2005	<b>60,727</b>	<b>33,917</b>	<b>11,387</b>	<b>9,149</b>	–	<b>5,245</b>	<b>120,425</b>
At 1 January 2004	–	31,472	20,139	7,259	1,470	1,376	61,716
Effect of change in tax rate	–	(2,507)	(1,789)	(660)	(134)	(126)	(5,216)
Exchange differences	–	(148)	(20)	–	–	–	(168)
Disposal of subsidiaries	–	(11)	–	–	–	–	(11)
Tax charge/(credit) to income statement	–	3,090	(114)	1,585	(1,336)	(42)	3,183
Tax charge to equity	–	–	49	–	–	–	49
At 31 December 2004	–	31,896	18,265	8,184	–	1,208	59,553

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***30. DEFERRED INCOME TAXES** (continued)

	Excess of depreciation over capital allowances \$'000	Tax losses \$'000	Provisions \$'000	Total \$'000	
<b>The Group</b>					
<i>Deferred income tax assets</i>					
At 1 January 2005	(996)	(6,198)	(1,270)	(8,464)	
Exchange differences	–	66	(28)	38	
Tax credit to income statement	–	(2,026)	(48)	(2,074)	
At 31 December 2005	<b>(996)</b>	<b>(8,158)</b>	<b>(1,346)</b>	<b>(10,500)</b>	
At 1 January 2004	–	(1,966)	(1,372)	(3,338)	
Effect of change in tax rate	–	178	19	197	
Exchange differences	–	–	51	51	
Tax (credit)/charge to income statement	(996)	(4,410)	32	(5,374)	
At 31 December 2004	(996)	(6,198)	(1,270)	(8,464)	
	Fair value gains \$'000	Accelerated tax depreciation \$'000	Surplus on revaluation of certain investment properties \$'000	Bonds amortisation \$'000	Total \$'000
<b>The Company</b>					
<i>Deferred income tax liabilities</i>					
At 1 January 2005	–	5,033	6,482	–	11,515
Effect of change in accounting policies	56,619	–	–	–	56,619
Tax charge to income statement	–	13	–	–	13
Tax charge/(credit) to equity	4,108	–	(6,482)	–	(2,374)
At 31 December 2005	<b>60,727</b>	<b>5,046</b>	<b>–</b>	<b>–</b>	<b>65,773</b>
At 1 January 2004	–	5,378	6,483	1,470	13,331
Effect of change in tax rate	–	(489)	(589)	(132)	(1,210)
Tax charge/(credit) to income statement	–	144	–	(1,338)	(1,194)
Tax charge to equity	–	–	588	–	588
At 31 December 2004	–	5,033	6,482	–	11,515

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***30. DEFERRED INCOME TAXES** (continued)

	Provisions \$'000
<b>The Company</b>	
<i>Deferred income tax assets</i>	
At 1 January 2005	(130)
Tax credit to income statement	(13)
At 31 December 2005	<b>(143)</b>
At 1 January 2004	(181)
Effect of change in tax rate	16
Tax charge to income statement	35
At 31 December 2004	<b>(130)</b>

**31. SHARE CAPITAL AND SHARE PREMIUM OF UNITED OVERSEAS LAND LIMITED**

	No. of shares	Amount		
	Issued share capital '000	Share capital \$'000	Share premium \$'000	Total share capital and share premium \$'000
<b>2005</b>				
At the beginning of the financial year	793,055	793,055	274,856	1,067,911
Proceeds from share issue:				
– to holders of share options	177	177	176	353
At the end of the financial year	<b>793,232</b>	<b>793,232</b>	<b>275,032</b>	<b>1,068,264</b>
<b>2004</b>				
At the beginning of the financial year	696,741	696,741	225,586	922,327
Proceeds from share issue:				
– to holders of share options	2,851	2,851	2,245	5,096
– to holders of Warrants 2004	93,463	93,463	23,366	116,829
Transfer from capital reserves upon exercise of Warrants 2004	–	–	23,659	23,659
At the end of the financial year	<b>793,055</b>	<b>793,055</b>	<b>274,856</b>	<b>1,067,911</b>

All issued shares are fully paid.

During the financial year, the Company issued 177,000 (2004: 96,314,116) ordinary shares of \$1 each pursuant to the options under the UOL 2000 Share Option Scheme (2004: UOL Group Executives' Share Option Scheme and Warrants 2004). The newly issued shares rank pari passu in all respects with the previously issued shares.

The Company's total authorised number of ordinary shares is 1,000,000,000 (2004: 1,000,000,000) shares \$1 each.



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***31. SHARE CAPITAL AND SHARE PREMIUM OF UNITED OVERSEAS LAND LIMITED (continued)****UOL Group Executives' Share Option Schemes**

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 9 May 2005, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,378,000 ordinary shares of \$1 each in the Company (known as "the 2005 Options") at the offer price of \$2.23 per ordinary share.

Statutory information regarding the 2005 Options is as follows:

- (i) The vesting of granted options is conditional upon the completion of one year of service from the grant date. The option period begins on 9 May 2006 and expires on 8 May 2015 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 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.

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

<b>The Group and the Company</b>	At the beginning of the financial year	Options granted during the financial year	Options exercised during the financial year	Options lapsed during the financial year	At the end of the financial year	Exercise/ Subscription price /\$	Option period
<i>Executives' Share Options</i>							
<b>2005</b>							
2001 Options	20,000	—	20,000	—	—	1.58	31.05.2002 to 30.05.2011
2002 Options	146,000	—	44,000	18,000	84,000	1.81	27.06.2003 to 26.06.2012
2003 Options	440,000	—	68,000	18,000	354,000	2.05	27.06.2004 to 26.06.2013
2004 Options	1,256,000	—	45,000	140,000	1,071,000	2.28	21.05.2005 to 20.05.2014
2005 Options	—	1,378,000	—	66,000	1,312,000	2.23	09.05.2006 to 08.05.2015
	1,862,000	1,378,000	177,000	242,000	2,821,000		

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 31. SHARE CAPITAL AND SHARE PREMIUM OF UNITED OVERSEAS LAND LIMITED (continued)

## UOL Group Executives' Share Option Schemes (continued)

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 lapsed during the financial year	At the end of the financial year	Exercise/ Subscription price /\$	Option period
<i>Executives' Share Options</i>							
<b>2004</b>							
1999 Options	52,000	–	42,000	10,000	–	1.60	06.05.2000 to 05.02.2004
2000 Options	232,000	–	232,000	–	–	1.24	15.05.2001 to 14.02.2005
2001 Options	678,000	–	658,000	–	20,000	1.58	31.05.2002 to 30.05.2011
2002 Options	1,138,000	–	968,000	24,000	146,000	1.81	27.06.2003 to 26.06.2012
2003 Options	1,617,000	–	951,000	226,000	440,000	2.05	27.06.2004 to 26.06.2013
2004 Options	–	1,334,000	–	78,000	1,256,000	2.28	21.05.2005 to 20.05.2014
	3,717,000	1,334,000	2,851,000	338,000	1,862,000		
Warrants 2004	95,064,441	–	93,463,116	1,601,325	–	1.25	12.07.1999 to 12.06.2004

The fair value of options granted on 9 May 2005, determined using the Binomial valuation model was \$661,440 (2004: \$555,712). The significant inputs into the model were share price of \$2.25 (2004: \$2.27), at the grant date, exercise price shown above, standard deviation of expected share price returns of 26.68% (2004: 30.01%), option life shown above and annual risk-free interest rate of 2.47% (2004: 3.47%). 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.

## 32. RESERVES

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<i>Composition:</i>				
Share option reserve [Note(a) below]	1,217	352	1,217	352
Fair value reserve [Note(b) below]	356,526	–	277,719	–
Asset revaluation reserve [Note(c) below]	234,637	195,164	80,366	63,244
Capital reserves [Note (d) below]	70,203	70,229	–	–
Currency translation reserve [Note (e) below]	(16)	4,018	–	–
Others	–	–	598	598
	662,567	269,763	359,900	64,194

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 32. RESERVES (continued)

## (a) Share option reserve

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year				
– As previously reported	–	–	–	–
– Effects of adoption of FRS 102 adjusted retrospectively (Note 3.3)	352	–	352	–
– As restated	352	–	352	–
Employee share option scheme:				
– Value of employee services	865	352	865	352
At the end of the financial year	1,217	352	1,217	352

## (b) Fair value reserve

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year				
– As previously reported	–	–	–	–
– Effects of adoption of FRS 39 (revised 2004) adjusted prospectively (Note 3.2(a))	274,703	–	244,785	–
Amount attributable to minority interests	(1,246)	–	–	–
– As restated	273,457	–	244,785	–
Fair value gains on available-for-sale financial assets (Note 16)	87,584	–	37,042	–
Deferred tax on fair value gains (Note 30)	(4,108)	–	(4,108)	–
Fair value reserve transferred to income statement upon return of capital from investee company	(60)	–	–	–
	83,416	–	32,934	–
Amount attributable to minority interests	(347)	–	–	–
	83,069	–	32,934	–
At the end of the financial year	356,526	–	277,719	–

## (c) Asset revaluation reserve

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	195,164	226,142	63,244	60,087
Effect of change in tax rate	–	1,789	–	589
Net surplus/(deficit) arising from the revaluation of investment properties (Note 20)	37,866	(43,320)	10,640	3,156
Deferred tax on (surplus)/deficit on revaluation of investment properties (Note 30)	6,776	(49)	6,482	(588)
	44,642	(43,369)	17,122	2,568
Amount attributable to minority interests	(4,432)	9,946	–	–
	40,210	(33,423)	17,122	2,568
Exchange differences	(737)	656	–	–
At the end of the financial year	234,637	195,164	80,366	63,244

The asset revaluation reserve of the Group does not take into account the surplus of \$303,362,000 (2004: \$166,037,000) arising from the revaluation of the hotel properties of the Group [Note 21(b)].

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***32. RESERVES** (continued)**(d) Capital reserves**

(i) Composition of capital reserves is as follows:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Transfer from asset revaluation reserves for bonus issue of shares by a subsidiary	<b>55,846</b>	55,846	—	—
Share premium in a subsidiary attributable to the Group	<b>13,360</b>	13,360	—	—
Goodwill on consolidation	<b>997</b>	1,023	—	—
	<b>70,203</b>	70,229	—	—

(ii) The movement in goodwill on consolidation is as follows:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	<b>1,023</b>	1,023	—	—
Liquidation of a subsidiary	<b>(26)</b>	—	—	—
At the end of the financial year	<b>997</b>	1,023	—	—

**(e) Currency translation reserve**

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
At the beginning of the financial year	<b>4,018</b>	11,471	—	—
Net exchange differences on the translation of financial statements of foreign subsidiaries and borrowings designated as hedges against foreign subsidiaries, net of minority interests	<b>(5,050)</b>	(5,668)	—	—
Amount attributable to minority interests	<b>1,016</b>	(1,785)	—	—
	<b>(4,034)</b>	(7,453)	—	—
At the end of the financial year	<b>(16)</b>	4,018	—	—

Revaluation and capital reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***33. DIVIDENDS**

	The Group and the Company	
	2005	2004
	\$'000	\$'000
Final one-tier (2004: taxable) dividend paid in respect of the previous financial year of 6.0 cents (2004: 7.5 cents) per share	47,583	41,805
Special taxable dividend of nil (2004: 25.5 cents) per share	–	161,783
Special one-tier dividend of nil (2004: 14.6 cents) per share	–	115,786
	<b>47,583</b>	<b>319,374</b>

At the Annual General Meeting on 19 April 2006, a final one-tier dividend of 7.5 cents per share amounting to a total of \$59,492,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.

**34. CONTINGENT LIABILITIES**

The Company has guaranteed the banking facilities of subsidiaries amounting to \$173,984,000 (2004: \$210,314,000) of which \$38,658,000 (2004: \$38,889,000) is denominated in US dollars.

At balance sheet date, the Group has given guarantees of \$29,594,000 (2004: \$19,727,000) in respect of banking facilities granted to certain associated companies. The guarantees granted are unsecured except for \$22,739,000 (2004: \$23,584,000) which is secured on a property of a subsidiary which has a net book value of \$97,344,000 (2004: \$100,435,000) and the fixed deposits of the Group amounting to \$3,069,000 (2004: \$4,295,000) respectively.

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

**35. COMMITMENTS****(a) Financial commitments**

At the balance sheet date, the Group and the Company have the following financial commitments:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Undrawn loan commitments	<b>9,590</b>	–	<b>65,272</b>	107,042

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



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***35. COMMITMENTS** (continued)**(b) Capital commitments**

At the balance sheet date, the Group and the Company have the following commitments:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Expenditure contracted for – property, plant and equipment, development properties and investment properties	<b>217,696</b>	57,119	<b>25,404</b>	28,219

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

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

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

	The Group	
	2005	2004
	\$'000	\$'000
Not later than 1 year	<b>1,746</b>	1,694
Later than 1 year but not later than 5 years	<b>4,620</b>	4,399
Later than 5 years	<b>11,089</b>	11,832
	<b>17,455</b>	17,925

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

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

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	<b>73,714</b>	79,262	<b>7,578</b>	7,529
Later than 1 year but not later than 5 years	<b>56,089</b>	71,088	<b>8,593</b>	9,582
Later than 5 years	–	709	–	34
	<b>129,803</b>	151,059	<b>16,171</b>	17,145

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 total of such lease payments received during the financial year and recognised in the Group's revenue from property investments, was \$442,000 (2004: \$341,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***36. COMPLETION OF CONSTRUCTION METHOD**

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 as required under Recommended Accounting Practice 11, Pre-Completion Contracts For The Sale Of Development Property, are as follows:

	2005 \$ Decrease
Opening balance of retained earnings	6,029
Revenue	99,246
Profit for the financial year	21,817
Properties for sale under development at the beginning of the financial year	6,029
Properties for sale under development at the end of the financial year	27,846

**37. FINANCIAL RISK MANAGEMENT****Financial risk factors**

The Group's main financial risks comprise foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board provides guidance for overall risk management which seeks to minimise potential adverse effects on the financial performance of the Group.

*(i) Foreign exchange risk*

The Group operates in the Asia Pacific region and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Australian dollar, Malaysian Ringgit, Renminbi and United States dollar. The Group will hedge its foreign currency risk where necessary so as to reduce its exposure.

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 primarily 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.

*(ii) Interest rate risk*

As the Group has no significant interest-bearing assets other than fixed deposits with financial institutions, its income and operating cashflows are substantially independent of changes in market interest rates. The Group borrows at both fixed and variable rates. The variable rate borrowings, which expose the Group to interest rate risk, are generally pegged to the lending bank's swap cost of funds.

*(iii) Credit risk*

The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services on credit are made to customers with an appropriate credit history.

*(iv) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Group aims at monitoring flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***38. FAIR VALUES**

The financial assets and financial liabilities are carried in the balance sheet at amounts which approximate their fair value.

**39. RELATED PARTY TRANSACTIONS**

- (a) The Company is regarded by United Overseas Bank Limited ("UOB") as an associated company. Besides acting as the principal banker providing banking and other related services, the UOB Group of Companies also provides insurance services to the Company and its subsidiaries.
- (b) In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant transactions between the Group and UOB Group of Companies during the financial year on terms agreed between the parties concerned:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Interest income earned on fixed deposits	<b>9,386</b>	3,007	<b>6,392</b>	681
Rental, maintenance fees and other related income received	<b>3,596</b>	3,724	—	—
Sale of furniture to a related party	<b>1,743</b>	206	—	—
Printing services income received from a related party	<b>407</b>	394	—	—
<b>Expense</b>				
Interest expenses paid on the bank loans and overdrafts	<b>13,728</b>	12,104	<b>5</b>	—
Insurance premium paid	<b>562</b>	518	<b>110</b>	67
Agency, commitment, facility fees paid on bank loans to a related party	<b>419</b>	799	<b>67</b>	110
Commission paid on application of performance guarantee, letter of credit, and other related expenses paid	<b>234</b>	897	<b>2</b>	—
Rental paid	<b>542</b>	563	—	—
Payment for laundry services to a related party	<b>1,543</b>	1,198	—	—
Advertising expenses paid to a related party	<b>318</b>	208	<b>15</b>	12

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

**39. RELATED PARTY TRANSACTIONS (continued)**

- (c) UOB also acted as the facility agent for certain loan arrangements set out in Note 24. 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 UOB are as follows:

	The Group and the Company	
	2005	2004
	\$'000	\$'000
Interest expenses	–	926

- (d) At the balance sheet date, there were no significant outstanding balances with the UOB Group except for the bank loans, bank overdrafts, short-term deposits and bank balances.

- (e) The significant transactions with related parties other than the UOB Group during the financial year are as follows:

	The Group		The Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<b>Transactions with directors and their associates</b>				
Proceeds from sale of development properties	268	90	–	–
Rental received	841	695	4	–
Advertising expenses paid	348	77	–	–
Proceeds from sale of furniture	1,769	1	–	–
Management fee received	168	–	–	–
Tenancy works expense paid	210	–	210	–
<b>Transactions with minority shareholders of subsidiaries</b>				
Proceeds from sale of development properties	230	230	–	–
Payment of development cost	13,361	4,143	–	–

- (f) Key management personnel compensation are as follows:

	The Group	
	2005	2004
	\$'000	\$'000
Salaries and other short-term employee benefits	2,713	2,529
Post-employment benefits – contribution to CPF	28	32
Share options granted	129	119
	<b>2,870</b>	<b>2,680</b>

Including in above, total compensation to directors of the Company amounted to \$1,461,000 (2004: \$1,374,000).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the financial year ended 31 December 2005

## 40. GROUP SEGMENTAL INFORMATION

## (a) Primary reporting format – business segments

	Property development \$'000	Property investments \$'000	Hotel operations \$'000	Trading and retail operations and management services \$'000	Investments \$'000	Eliminations \$'000	Total \$'000
<b>Financial year ended</b>							
<b>31 December 2005</b>							
Revenue							
– External sales	104,411	95,138	259,576	11,431	34,926	–	505,482
– Inter-segment sales	–	1,224	–	2,125	40,182	(43,531)	–
	104,411	96,362	259,576	13,556	75,108	(43,531)	505,482
Segment results	21,048	62,126	23,400	1,008	34,888	–	142,470
Other miscellaneous gains	587	3,342	5,485	112	16,358	–	25,884
Exceptional items	–	–	307	72	115	–	494
	21,635	65,468	29,192	1,192	51,361	–	168,848
Unallocated costs							(4,792)
Operating profits							164,056
Finance income							13,674
							177,730
Finance expense							(26,694)
Share of results of associated companies	17	–	(1,218)	–	–	–	(1,201)
Profit before income tax							149,835
Income tax expense							(29,986)
Total profit							119,849
Segment assets	263,487	1,556,103	662,126	5,554	811,639	–	3,298,909
Associated companies	5,796	–	26,511	–	–	–	32,307
Loans to associated companies	81,997	–	8,852	–	–	–	90,849
Unallocated assets							98,120
Consolidated total assets							3,520,185
Segment liabilities	10,539	29,614	52,730	2,485	27	–	95,395
Unallocated liabilities							828,354
Consolidated total liabilities							923,749
Other segment items							
Capital expenditure	7	6,944	46,194	42	–	–	53,187
Depreciation	10	2,282	32,897	91	–	–	35,280
Amortisation	–	–	100	–	–	–	100
Write-down of inventory	–	–	–	114	–	–	114

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 40. GROUP SEGMENTAL INFORMATION (continued)

## (a) Primary reporting format – business segments (continued)

	Property development \$'000	Property investments \$'000	Hotel operations \$'000	Trading and retail operations and management services \$'000	Investments \$'000	Eliminations \$'000	Total \$'000
<b>Financial year ended 31 December 2004</b>							
Revenue							
– External sales	69,590	102,945	231,854	12,473	44,341	–	461,203
– Inter-segment sales	–	1,307	–	3,454	27,766	(32,527)	–
	69,590	104,252	231,854	15,927	72,107	(32,527)	461,203
Segment results	11,693	61,189	17,732	(531)	44,318	–	134,401
Other miscellaneous gains	679	2,890	10,948	6	513	–	15,036
Exceptional items	–	–	2,087	136	355,124	–	357,347
	12,372	64,079	30,767	(389)	399,955	–	506,784
Unallocated costs							(4,381)
Operating profits							502,403
Finance income							3,386
							505,789
Finance expense							(22,441)
Share of results of associated companies	202	–	2,121	(45)	–	–	2,278
Profit before income tax							485,626
Income tax expense							(86,581)
Total profit							399,045
Segment assets	164,598	1,546,908	626,125	3,758	378,216	–	2,719,605
Associated companies	5,605	–	28,404	–	–	–	34,009
Loans to associated companies	4,549	–	8,680	–	–	–	13,229
Unallocated assets							711,248
Consolidated total assets							3,478,091
Segment liabilities	12,500	32,662	50,272	2,308	21	–	97,763
Unallocated liabilities							1,235,163
Consolidated total liabilities							1,332,926
Other segment items							
Capital expenditure	32	9,378	13,298	149	–	–	22,857
Depreciation	3	2,410	30,641	269	–	–	33,323
Amortisation	–	–	481	18	–	–	499
Unallocated amortisation							(458)
							41
Write-down of inventory	–	–	–	5	–	–	5
Write-back (net) of impairment losses of property, plant and equipment	–	(2,087)	–	–	–	–	(2,087)



NOTES TO THE FINANCIAL STATEMENTS *(continued)**For the financial year ended 31 December 2005***40. GROUP SEGMENTAL INFORMATION** (continued)**(a) Primary reporting format – business segments** (continued)

At 31 December 2005, the Group is organised into five main business segments:

- |  |   |
|--|---|
| (i) Hotel operations                                       | operation of hotels in Singapore, Australia, Vietnam, Malaysia, Myanmar and The People's Republic of China ("PRC"). |
| (ii) Property investments                                  | rental income received from commercial and residential properties.  |
| (iii) Property development                                 | sales of residential properties.  |
| (iv) Trading and retail operations and management services | sales of furniture, lightings and related accessories and fees received from managing of properties.                |
| (v) Investments  | dividend income from equity investments and profit from sale of quoted investments.                                 |

The division of the Group's results and assets into business segments and geographical segments has been ascertained by reference to direct identification of assets and revenue/cost centres.

Inter-segment transactions are determined on an arm's length basis. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, inventories, receivables and operating cash, and exclude investments in associated companies and fixed deposits. Segment liabilities comprise operating liabilities and exclude tax and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and investment properties.

**(b) Secondary reporting format – geographical segments**

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

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

Revenue, segment results, total assets and capital expenditure are shown by the geographical area where the assets are located.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2005

## 40. GROUP SEGMENTAL INFORMATION (continued)

## (b) Secondary reporting format – geographical segments (continued)

	Revenue		Operating profits		Total consolidated assets		Capital expenditure	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	315,443	286,718	140,687	479,049	2,959,522	2,931,423	15,252	8,931
Australia	88,746	81,548	14,654	13,204	173,999	187,067	4,656	1,594
Vietnam	26,844	22,828	6,296	6,118	86,599	86,338	3,038	2,756
Malaysia	33,075	29,676	4,214	2,111	126,525	117,765	1,680	486
PRC	36,640	35,583	(315)	3,566	159,936	140,820	28,261	8,383
Myanmar	4,734	4,850	(1,480)	(1,645)	13,604	14,678	300	707
	505,482	461,203	164,056	502,403	3,520,185	3,478,091	53,187	22,857

## 41. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006. The Group's assessment of those standards and interpretations that are relevant to the Group is set out below.

(a) FRS 40, *Investment Property*

The Group will adopt FRS 40 on 1 January 2007, which is the effective date of the Standard.

Currently, investment properties are accounted for under FRS 25 Investments as set out in Note 2.9. Under FRS 40, changes in fair values of investment properties are required to be included in the income statement. On transition to FRS 40 on 1 January 2007, the asset revaluation reserve as at 31 December 2006 will be adjusted against the opening retained earnings at 1 January 2007; and correspondingly, for the comparative figures, the asset revaluation reserve as at 31 December 2005 of \$234,637,000 for the Group and \$80,366,000 for the Company and will be adjusted against the opening retained earnings at 1 January 2006.

(b) INT FRS 104, *Determining whether an Asset Contains a Lease*

The Group will adopt INT FRS 104 on 1 January 2006, which is effective date of the Interpretation. Implementation of INT FRS 104 is not expected to significantly affect the financial statements for the year ended 31 December 2005.

## 42. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of United Overseas Land Limited on 18 February 2006.

# CORPORATE GOVERNANCE REPORT

*For the year ended 31 December 2005*

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 best practices set out in the Code of Corporate Governance ("Code").

## BOARD OF DIRECTORS

### Board Role and Responsibility

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.

### Board Composition

Currently, the Board comprises of eight Directors, five of whom are independent. The Company's Articles of Association ("Articles") allow for the maximum of twelve Directors. The Board considers the current board size is 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. Details of the Directors' academic qualifications and other appointments are set out on pages 9 to 11. New Directors are provided with information on the corporate background, the key personnel, the core businesses, the group structure and financial statements of the Group. Guidance is also given to all Directors on regulatory requirements concerning disclosure of interests and restrictions on dealings in securities. In addition, the Directors have separate and independent access to the advice and services of the Company Secretary and may, either individually or as a group, in the furtherance of their duties and where necessary, obtain independent professional advice at the Company's expense.

### Board Meetings

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The 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 118.

The Company Secretary and/or the Deputy Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary, together with other management staff of the Company, ensures that the Company complies with the requirements of the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

### Chairman and Chief Executive Officer ("CEO")

The Company has a separate Chairman and CEO. The Chairman and CEO have no familial relationship with each other. The CEO has the executive responsibility for the day-to-day operations of the Group. On the other hand, the Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the CEO and ensures that Directors are provided with accurate, timely and clear information. Currently, Directors receive regular financial and operational reports on the Group's businesses and briefings from senior management staff during its 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. Directors who require additional information may approach senior management directly and independently.

## BOARD COMMITTEES

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. The membership and attendance of the Directors for the four standing board committees are set out on page 118.

**CORPORATE GOVERNANCE REPORT** *(continued)**For the year ended 31 December 2005***Executive Committee (“EXCO”)**

The EXCO currently comprises three members, namely:

Wee Cho Yaw, Chairman  
Gwee Lian Kheng  
Wee Ee Cheong

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, overall planning and review of strategy as well as dealing with business of an urgent, important or extraordinary nature whilst the CEO is responsible for the day-to-day operations and administration of the Group. The Board has conferred upon the EXCO and CEO certain discretionary limits and powers for capital expenditure, budgeting, treasury and investment activities and human resource management.

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

**Nominating Committee (“NC”)**

The NC, currently comprises three members, two of whom are independent non-executive Directors. The NC members are:

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

The NC makes recommendations to the Board on all board appointments. 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. As a result of the NC’s review of the independence of each Director for this financial year, the NC is of the view that, save for Wee Cho Yaw, Gwee Lian Kheng and Wee Ee Cheong, all Directors are independent Directors. Each NC member has abstained from deliberations in respect of his own assessment.

Alan Choe Fook Cheong is a non-executive director of The LearningLab Education Centre Pte Ltd, which is a tenant of United Square (owned by UOL Property Investments Pte Ltd, a wholly-owned subsidiary of the Company) from whom rental proceeds exceeding S\$200,000/- in the year 2005 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.

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 Wee Cho Yaw abstaining, has recommended to the Board that Wee Cho Yaw, Lim Kee Ming 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 by rotation at every AGM. These Directors may offer themselves for re-election if eligible. The NC has recommended that Gwee Lian Kheng, who retires 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. During the year, the NC has recommended the appointment of two new Directors, namely James Koh Cher Siang and Low Weng Keong. The NC has recommended that the new Directors, who retire by rotation pursuant to this Article, be nominated for re-election as well.

**CORPORATE GOVERNANCE REPORT** *(continued)**For the year ended 31 December 2005***Nominating Committee (“NC”)** *(continued)*

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.

**Remuneration Committee (“RC”)**

The RC currently comprises three non-executive Directors of which two are independent. The RC members are:

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

The RC is chaired by the Chairman of the Board, a non-independent Director. The Board is of the view that the Board Chairman, who has more than 40 years' experience as Chairman and Chief Executive Officer of the UOB Group, is knowledgeable in both the field of directors' fees and allowances and as well as executive compensation and is therefore the best person to chair the RC.

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 to the Board 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.

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.

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 responsibilities of the Directors.

The RC 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 120. 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 37.

**Audit Committee (“AC”)**

The AC comprises three members, with at least two members having many years of 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  
Wong Yuen Weng Ernest

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 is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of the external auditors for re-appointment.



**CORPORATE GOVERNANCE REPORT** *(continued)**For the year ended 31 December 2005***ACCOUNTABILITY**

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.

**INTERNAL CONTROLS**

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.

**INTERNAL AUDIT**

The Internal Audit Department of the Group is independent of the activities it audits. The Internal Audit Manager has a direct reporting line to the AC, with administrative reporting to the CEO.

The Internal Audit function is adequately resourced and has appropriate standing within the Group. The Internal Audit Manager, 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 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 AC has reviewed and is satisfied with the adequacy of the Internal Audit function.

**RISK ASSESSMENT AND MANAGEMENT**

As the Group continues to expand its business portfolio, it is exposed to a variety of risks. It has put in place guidelines and strategies to manage these risks and to safeguard its business. The key types of risks include operational risk, financial risk and investment risk.

**Operational Risk**

The Group's operational risk framework is designed to ensure that operational risk 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 investment and hotel properties, these are subject to operating risks that are common to the property and hotel industries. It is recognised that risks can never be entirely eliminated and the Group must always weigh the cost and benefit in managing the 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.

**Financial Risk**

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 37 of the Notes to the Financial Statements.

**Investment Risk**

The Board of Directors and EXCO have overall responsibility for determining the level and type of business risk the Group undertakes. All major investment proposals are submitted to the EXCO and the Board for approval. Ongoing performance monitoring and asset management of new and existing investments are performed by the Group.

**COMMUNICATION WITH SHAREHOLDERS & 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 visit the Company's website at [www.uol.com.sg](http://www.uol.com.sg).



CORPORATE GOVERNANCE REPORT *(continued)*

For the year ended 31 December 2005

**COMMUNICATION WITH SHAREHOLDERS & SHAREHOLDER PARTICIPATION** (continued)

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 Chairpersons of the EXCO, NC, RC and AC are present and available to address questions at general meetings. The external auditors are also present to address any shareholders' queries on the conduct of audit and the preparation of the Auditors' Report.

**DEALINGS IN SECURITIES**

In line with SGX-ST's Best Practices Guide 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 at any time they are in possession of unpublished material price sensitive information.

**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

NAME OF DIRECTOR	Number of meetings attended in 2005				
	BOARD	EXCO	AC	RC	NC
Wee Cho Yaw	4	1		1	1
Gwee Lian Kheng	4	1			
Wee Ee Cheong	4	1			
Lim Kee Ming	4		4	1	1
Alan Choe Fook Cheong	4		4	1	1
Wong Yuen Weng Ernest	3		3		
James Koh Cher Siang*	—				
Low Weng Keong*	—				
Number of meetings held in 2005	4	1	4	1	1

\* Mr James Koh Cher Siang and Mr Low Weng Keong were appointed to the Board on 23 November 2005.

**PARTICULARS OF DIRECTORS AS AT 31 DECEMBER 2005**

Name of Director/ Academic & Professional Qualifications	Age	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment Executive/ Non-executive Independent/ Non independent
<b>Wee Cho Yaw</b> Chinese high school	76	EXCO – Chairman RC – Chairman NC – Member	23.04.1973 22.04.2005	Non-executive Non-independent
<b>Gwee Lian Kheng</b> Bachelor of Accountancy (Hons), University of Singapore; Fellow of Chartered Institute of Management Accountants, Chartered Certified Accountants, and Institute of Chartered Secretaries and Administrators; Member of Institute of Certified Public Accountants of Singapore	65	EXCO – Member	20.05.1987 13.05.2003	Executive Non-independent

CORPORATE GOVERNANCE REPORT *(continued)*

For the year ended 31 December 2005

## PARTICULARS OF DIRECTORS AS AT 31 DECEMBER 2005 (continued)

Name of Director/ Academic & Professional Qualifications	Age	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment Executive/ Non-executive Independent/ Non independent
<b>Wee Ee Cheong</b> Bachelor of Science (Business Administration) and Master of Arts (Applied Economics), both from The American University, Washington DC, USA	52	EXCO – Member	18.05.1991 23.04.2004	Non-executive Non-independent
<b>Lim Kee Ming</b> Master of Science (International Trade & Finance) Columbia University, New York; Bachelor of Science (Business Administration) New York University, USA	78	AC – Chairman RC – Member NC – Member	23.04.1973 22.04.2005	Non-executive Independent
<b>Alan Choe Fook Cheong</b> 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	74	AC – Member RC – Member NC – Chairman	28.03.1979 22.04.2005	Non-executive Independent
<b>Wong Yuen Weng Ernest</b> Bachelor of Science (Chemical Engineering, Honours), University of Surrey, UK	60	AC – Member	16.01.1986 22.04.2005	Non-executive Independent
<b>James Koh Cher Siang</b> Bachelor of Philosophy, Political Science and Economics (Hons) and Master of Arts from University of Oxford, UK; Master in Public Administration, Harvard University, USA	59	Nil	23.11.2005	Non-executive Independent
<b>Low Weng Keong</b> 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)	53	Nil	23.11.2005	Non-executive Independent

## Notes :

- 1) Directors' shareholdings in the Company and related corporations, please refer to pages 34 and 35.
- 2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years, please refer to pages 9 to 11.

CORPORATE GOVERNANCE REPORT *(continued)*

For the year ended 31 December 2005

## 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 2005:

Remuneration Bands	Salary %	Bonuses %	Directors' fees %	Share Option Grants <sup>1</sup> %	Defined Contribution Plans %	Others %	Total Remuneration %	Share Option Grants <sup>2</sup> Number
<b>\$S\$1,000,000 to \$S\$1,250,000</b>								
Gwee Lian Kheng	35	53	7	4	—	1	100	100,000
<b>\$S\$250,000 to \$S\$1,000,000</b>								
Nil	—	—	—	—	—	—	—	—
<b>Below \$S\$250,000</b>								
Wee Cho Yaw, Chairman	—	—	100	—	—	—	100	—
Wee Ee Cheong	—	—	100	—	—	—	100	—
Lim Kee Meng	—	—	100	—	—	—	100	—
Alan Choe Fook Cheong	—	—	100	—	—	—	100	—
Wong Yuen Weng Ernest	—	—	100	—	—	—	100	—
James Koh Cher Siang	—	—	100	—	—	—	100	—
Low Weng Keong	—	—	100	—	—	—	100	—

<sup>1</sup> Fair value of share options is estimated using the Trinomial Tree model at date of grant.

<sup>2</sup> Refers to options granted on 9 May 2005 under the UOL 2000 Share Option Scheme to subscribe for ordinary shares of S\$1.00 each. The options may be exercised at any time during the option period from 9 May 2006 to 8 May 2015 at the offer price of S\$2.23 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 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.

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 of the top five key employees of the Group (who are not also directors) is analysed into the respective remuneration bands as follows :

**\$S\$500,000 to \$S\$750,000**

Gn Hiang Meng

**\$S\$250,000 to \$S\$500,000**

Liam Wee Sin

Foo Thiam Fong Wellington

Wee Wei Ling <sup>1</sup>

Scott Anthony Butcher

<sup>1</sup> Wee Wei Ling is the daughter of Wee Cho Yaw and sister of Wee Ee Cheong.

Included in the remuneration is the value of share options granted during the year under the UOL 2000 Share Option Scheme. Fair value of share options is estimated using the Trinomial Tree model.

# INTERESTED PERSON TRANSACTIONS

For the year ended 31 December 2005

Name of interested person	<b>Aggregate value of all interested person transactions during the financial year under review</b> <i>(excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)</i> <b>S\$'000</b>
---------------------------	---

## United Overseas Bank Limited and its associates:

– Rental and service income	1,374
– Sale of furniture	973

## Directors and their associates:

– Rental and service income	192
– Consideration for the sale of one unit each to the immediate family members of two directors in a residential development in Singapore	1,776
– Sale of furniture	146
– Investment in and provision of loan to Vista Development Pte. Ltd., a joint venture with an interested person and a third party	24,000

# MATERIAL CONTRACTS

Except as disclosed under the section on Interested Person Transactions above and in Note 39 (*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 Chief Executive Officer (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 2006

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

## SIZE OF SHAREHOLDINGS

Range	No. of Shareholders	%	No. of Shares	%
1 – 999	19,478	57.72	3,656,689	0.46
1,000 – 10,000	11,593	34.35	40,152,152	5.06
10,001 – 1,000,000	2,647	7.84	120,499,947	15.19
1,000,001 and above	30	0.09	629,046,366	79.29
<b>Total:</b>	<b>33,748</b>	<b>100.00</b>	<b>793,355,154</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% <sup>(1)</sup>
1. United Overseas Bank Nominees Pte Ltd	153,060,909	19.29
2. DBS Nominees Pte Ltd	94,340,741	11.89
3. Wee Investments Pte Ltd	80,345,090	10.13
4. Raffles Nominees Pte Ltd	73,830,180	9.31
5. Tye Hua Nominees (Pte) Ltd	72,671,238	9.16
6. Citibank Nominees Singapore Pte Ltd	54,912,171	6.92
7. HSBC (Singapore) Nominees Pte Ltd	22,558,890	2.84
8. Morgan Stanley Asia (Singapore) Securities Pte Ltd	16,892,539	2.13
9. Wah Hin & Co Pte Ltd	8,122,177	1.02
10. Oversea-Chinese Bank Nominees Pte Ltd	6,156,919	0.78
11. Overseas Union Enterprise Limited	4,833,772	0.61
12. UOB Kay Hian Pte Ltd	4,182,660	0.53
13. OCBC Nominees Singapore Pte Ltd	3,848,401	0.49
14. Kah Motor Co Sdn Bhd	3,398,345	0.43
15. C Y Wee & Co Pte Ltd	3,164,565	0.40
16. Ho Han Leong Calvin	2,611,202	0.33
17. Overseas Union Bank Nominees Pte Ltd	2,497,311	0.31
18. Phillip Securities Pte Ltd	2,076,969	0.26
19. Morph Investments Ltd	2,060,000	0.26
20. OCBC Securities Private Ltd	2,009,735	0.25
<b>Total:</b>	<b>613,573,814</b>	<b>77.34</b>

Based on information available to the Company as at 2 March 2006, approximately 61% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual is complied with.

SHAREHOLDING STATISTICS *(continued)*

As at 2 March 2006

**SUBSTANTIAL SHAREHOLDERS** as shown in the Register of Substantial Shareholders

Name	Direct Interest	No. of Shares fully paid Deemed Interest	Total	% <sup>(1)</sup>
1. Wee Cho Yaw	3,388,151	205,844,344 <sup>(2)</sup>	209,232,495	26.37
2. Wee Ee Cheong	300,534	164,219,589 <sup>(3)</sup>	164,520,123	20.74
3. United Overseas Bank Limited ("UOB")	—	96,970,812 <sup>(4)</sup>	96,970,812	12.22
4. C Y Wee & Co Pte Ltd	83,588,489	—	83,588,489	10.54
5. Wee Ee Chao	30,748	80,820,597 <sup>(5)</sup>	80,851,345	10.19
6. Wee Ee Lim	241,489	80,553,452 <sup>(6)</sup>	80,794,941	10.18
7. Wee Investments Pte Ltd	80,535,090	—	80,535,090	10.15
8. Haw Par Corporation Limited	—	41,428,805 <sup>(7)</sup>	41,428,805	5.22

**Notes :**

<sup>(1)</sup> As a percentage of the issued share capital of the Company, comprising 793,355,154 shares

<sup>(2)</sup> Mr Wee Cho Yaw's deemed interest in the shares arise as follows:

- (a) 274,858 shares held by his spouse
- (b) 83,588,489 shares held by C Y Wee & Co Pte Ltd
- (c) 80,535,090 shares held by Wee Investments Pte Ltd
- (d) 41,428,805 shares which Haw Par Corporation Limited is deemed to be interested in
- (e) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

<sup>(3)</sup> Mr Wee Ee Cheong's deemed interest in the shares arise as follows:

- (a) 3,423 shares held by his spouse
- (b) 83,588,489 shares held by C Y Wee & Co Pte Ltd
- (c) 80,535,090 shares held by Wee Investments Pte Ltd
- (d) 75,485 shares held by E C Wee Pte Ltd
- (e) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

<sup>(4)</sup> UOB's deemed interest in the shares arise as follows:

- (a) 80,558,927 shares held in the name of Tye Hua Nominees (Pte) Ltd for the benefit of UOB
- (b) 2,499,819 shares and 5,025,617 shares held in the name of United Overseas Bank Nominees (Pte) Limited for the benefit of UOB Life Assurance Limited and United International Securities Limited respectively
- (c) 898,190 shares and 100,000 shares held in the name of Overseas Union Bank Nominees (Pte) Limited for the benefit of Overseas Union Facilities Limited and Overseas Union Insurance Limited respectively
- (d) 570,408 shares and 1,245,200 shares held by UOB Asset Management Ltd ("UOBAM") as part of unit trusts fund and clients portfolios respectively which are managed by UOBAM
- (e) 539,000 shares held by Hotel Negara Limited
- (f) 699,879 shares held by Overseas Union Insurance Limited
- (g) 4,833,772 shares held by Overseas Union Enterprise Limited

<sup>(5)</sup> Mr Wee Ee Chao's deemed interest in the shares arise as follows:

- (a) 2,773 shares held by his spouse
- (b) 80,535,090 shares held by Wee Investments Pte Ltd
- (c) 265,565 shares held by Protheus Investment Holdings Pte Ltd
- (d) 17,102 shares held by Kheng Leong Co. (Pte) Ltd
- (e) 67 shares held by KIP Investment Holdings Pte Ltd

<sup>(6)</sup> Mr Wee Ee Lim's deemed interest in the shares arise as follows:

- (a) 1,260 shares held by his spouse
- (b) 80,535,090 shares held by Wee Investments Pte Ltd
- (c) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

<sup>(7)</sup> Haw Par Corporation Limited's deemed interest in the shares arise as follows:

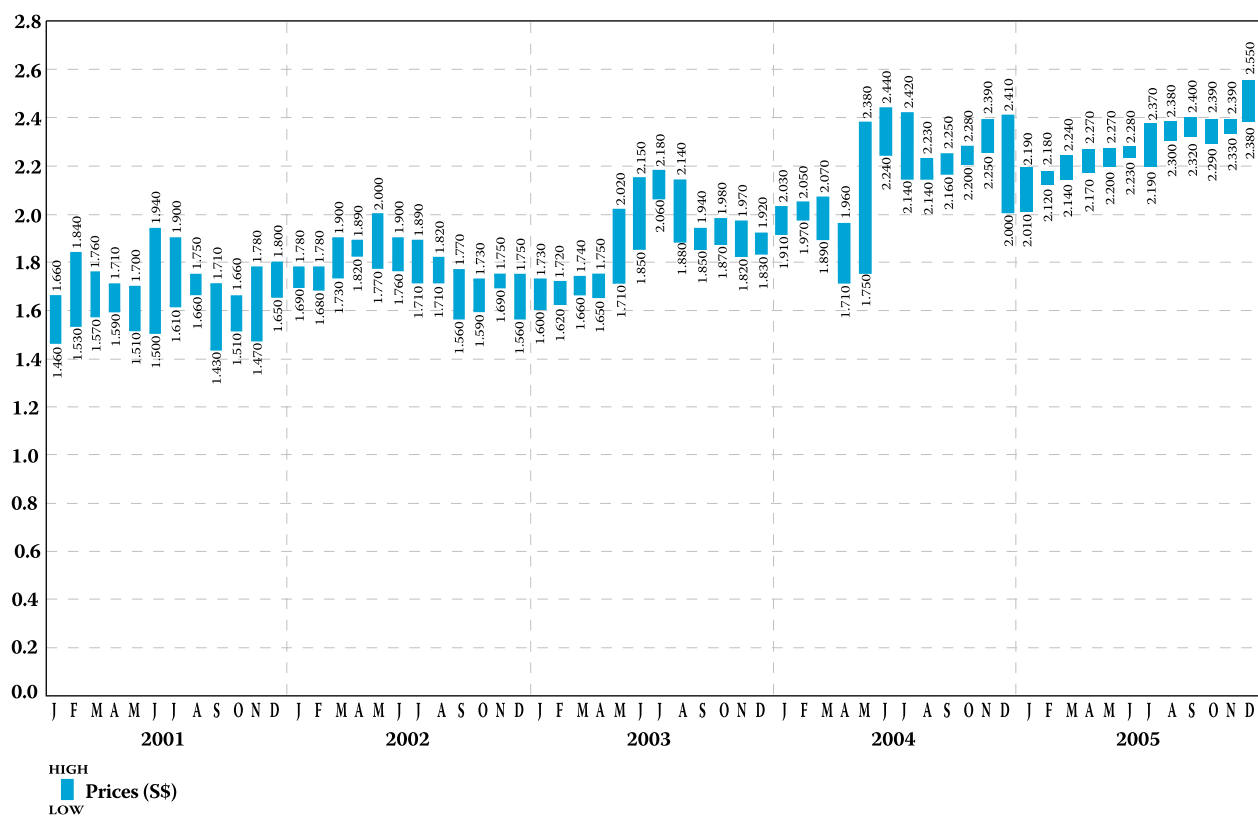
- (a) 26,561,931 shares held by Haw Par Investment Holdings Pte Ltd
- (b) 10,527,246 shares held by Haw Par Capital Pte Ltd
- (c) 1,747,053 shares held by Pickwick Securities Private Ltd
- (d) 643,656 shares held by Haw Par Equities Pte Ltd
- (e) 1,424,981 shares held by Straits Maritime Leasing Pte Ltd
- (f) 300,000 shares held by Haw Par Trading Pte Ltd
- (g) 223,938 shares held by M&G Maritime Services Pte Ltd



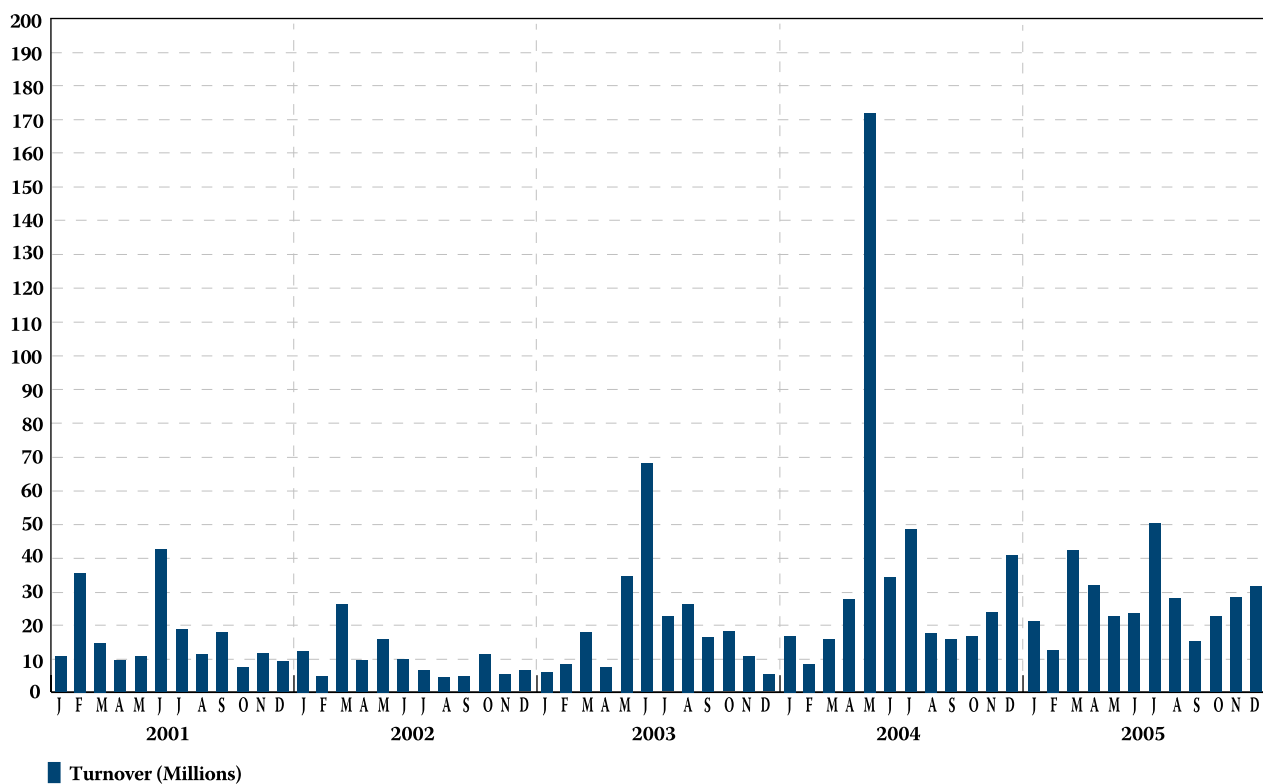
# SHARE PRICE AND TURNOVER

For the period from 1 January 2001 to 31 December 2005

## PRICES (\$\$)



## TURNOVER (MILLIONS)



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the Company will be held at the Grand Ballroom, Grand Plaza Parkroyal, 10 Coleman Street, Singapore 179809, on Wednesday, 19 April 2006, at 3.30 p.m. to transact the following business:

### AS ORDINARY BUSINESS

- Resolution 1** To receive the Financial Statements and the Reports of the Directors and the Auditors for the year ended 31 December 2005.
- Resolution 2** To declare a first and final tax-exempt (one-tier) dividend of 7.5 cents per ordinary share for the year ended 31 December 2005.
- Resolution 3** To approve Directors' fees of S\$245,000 for 2005 (2004 : S\$230,000).
- Resolution 4** To re-appoint Mr Wee Cho Yaw, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 5** To re-appoint Mr Lim Kee Ming, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 6** To re-appoint Mr Alan Choe Fook Cheong, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.
- Resolution 7** To re-elect Mr Gwee Lian Kheng, who retires by rotation pursuant to Article 94 of the Company's Articles of Association, as a Director of the Company.
- Resolution 8** To re-elect Mr James Koh Cher Siang, who was appointed during the year and retires pursuant to Article 99 of the Company's Articles of Association, as Director of the Company.
- Resolution 9** To re-elect Mr Low Weng Keong, who was appointed during the year and retires pursuant to Article 99 of the Company's Articles of Association, as Director of the Company.
- Resolution 10** To re-appoint Messrs PricewaterhouseCoopers 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 11** "That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the regulations of the UOL 2000 Share Option Scheme (the "2000 Scheme") and to allot and issue such number of shares as may be issued pursuant to the exercise of share options under the 2000 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 2000 Scheme shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time."
- Resolution 12** "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

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

- (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 issued share 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 issued share 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 share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

## BY ORDER OF THE BOARD

Foo Thiam Fong Wellington  
Secretary  
Singapore, 31 March 2006

**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**, Mr Wee Cho Yaw will, upon re-appointment, continue as the Chairman of the Board of Directors, the Executive Committee and the Remuneration Committee, and as a member of the Nominating Committee. He is considered a non-independent director.
2. In relation to **Resolution 5**, Mr Lim Kee Ming will, upon re-appointment, continue as the Chairman of the Audit Committee and as a member of the Remuneration Committee and the Nominating Committee. He is considered an independent director.
3. In relation to **Resolution 6**, Mr Alan Choe Fook Cheong will, upon re-appointment, continue as the Chairman of the Nominating Committee and as a member of the Audit Committee and the Remuneration Committee. He is considered an independent director.
4. In relation to **Resolution 7**, Mr Gwee Lian Kheng will, upon re-election, continue as a member of the Executive Committee. He is considered an executive non-independent director.
5. In relation to **Resolutions 8 and 9**, the personal particulars of Mr James Koh Cher Siang and Mr Low Weng Keong can be found on the "Board of Directors" section in the Summary Financial Report/Annual Report.
6. **Resolution 11** is to empower the Directors to offer and grant options and to issue shares in the share capital of the Company pursuant to the 2000 Scheme, which was approved at the Extraordinary General Meeting of the Company on 23 May 2000. A copy of the Rules governing the 2000 Scheme is available for inspection by shareholders during normal office hours at the Company's Registered Office.
7. **Resolution 12** 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 issued share 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 share capital of the Company (calculated as described).

# PROXY FORM

Annual General Meeting

## United Overseas Land Limited

(incorporated in the Republic of Singapore)

Company Registration No. 196300438C

### IMPORTANT: FOR CPF INVESTORS ONLY

1. This Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR 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 UNITED OVERSEAS LAND LIMITED ("the Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			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 **43rd Annual General Meeting** of the Company to be held at the Grand Ballroom, Grand Plaza Parkroyal, 10 Coleman Street, Singapore 179809 on Wednesday, 19 April 2006 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 Meeting 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 Meeting. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Resolution Number	Ordinary 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 **
1.	Financial Statements and Reports of the Directors and the Auditors				
2.	First and Final Dividend				
3.	Directors' Fees				
4.	Re-appointment (Mr Wee Cho Yaw)				
5.	Re-appointment (Mr Lim Kee Ming)				
6.	Re-appointment (Mr Alan Choe Fook Cheong)				
7.	Re-election (Mr Gwee Lian Kheng)				
8.	Re-election (Mr James Koh Cher Siang)				
9.	Re-election (Mr Low Weng Keong)				
10.	Auditors and their Remuneration				
11.	Authority to Issue Shares (Share Option)				
12.	Authority 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 \_\_\_\_\_ 2006

Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	
<b>Total</b>	

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

**IMPORTANT: PLEASE READ NOTES ON THE REVERSE**

**Notes:**

1. A Member of the Company entitled to attend and vote at the Meeting 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.
2. 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.
3. 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.
4. 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.
5. 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 Meeting.
6. Please insert the number of shares held by you and registered in your name in the Register of Members and in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by you.
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 48 hours before the time appointed for holding the Meeting, 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 Meeting 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, Lim Associates (Pte) Ltd at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, at least 48 hours before the time fixed for holding the Meeting.

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2ND FOLD HERE

**PROXY FORM**

Please Affix  
Postage  
Stamp

**The Company Secretary**  
**UNITED OVERSEAS LAND LIMITED**  
101 Thomson Road  
#33-00 United Square  
Singapore 307591

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3RD FOLD HERE

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FOLD THIS FLAP FOR SEALING





**UNITED OVERSEAS LAND LIMITED**

大華置業有限公司

*Company Registration No. 196300438C*

101 Thomson Road #33-00 United Square

Singapore 307591

Tel : (65) 6255 0233

Fax: (65) 6252 9822