Creating Value. Shaping Future.

Annual Report 2007

华业集团有限公司
UOL Group Limited

About Us

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

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

The Group's diversified portfolio comprises residential apartments, offices, retail malls, hotels, spas and restaurants. We own 13 hotels in Singapore, Australia, The People's Republic of China, Vietnam, Malaysia and Myanmar, and the recent acquisition of Pan Pacific Hotels and Resorts brings a further 11 hotels worldwide under our management.

Even as we venture into new markets, we stay true to our core values, building on Passion, Innovation, Enterprise and People.

Contents

Our Solid Performance

All of our core business segments delivered strong performances in 2007 which led to the best ever results in UOL's history.

$713.5m
+18%

Revenue

Group revenue in 2007 including discontinued operations was $713.5 million, or 18% higher than the $605.1 million registered in 2006. The Group benefited from the progressive recognition of revenues from residential property sales, improved performance of our hotels in Australia, Singapore and Vietnam, and the inclusion of revenues from the recently acquired Pan Pacific Hotels and Resorts Pte Ltd.

$938.8m
+131%

Profit before tax

Profit before tax including discontinued operations increased to $938.8 million in 2007, up by 131% from $406.8 million in 2006. The increase is attributed to the $590.5 million fair value gain on investment properties. In addition, the Group recorded $75.2 million due to higher income from property development, quoted investments and hotel operations.

$3.95b
+25%

Shareholders' funds

Shareholders' funds climbed 25% from $3.16 billion in 2006, to $3.95 billion in 2007.

95.4¢
+123%

Earnings per share

At 95.4 cents, basic earnings per share saw a spectacular 123% rise, as compared to 42.8 cents for 2006.

$6.18b
+33%

Total assets

Overall, the Group's total assets reached $6.18 billion in 2007, a hefty 33% more than the $4.65 billion the year before. This is largely attributed to the capital appreciation of our office, retail properties, quoted investments and new residential landbank.

Unwavering Drive

Strong Regional Growth

A healthy increase in total asset value across the various geographical locations including Singapore, Australia, The People's Republic of China, Malaysia and Vietnam underlines the dynamic and robust nature of UOL's business.

Strong Revenue and Asset Growth

Total revenue

+18%

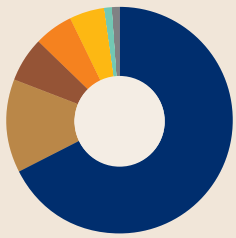
2007 vs 2006

Total assets

+33%

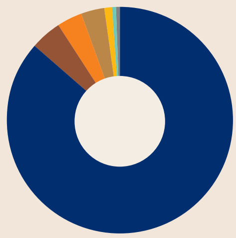
2007 vs 2006

Total revenue by geographical location



	$'000	%
Singapore	486,067	68.1
Australia	96,643	13.5
The People's Republic of China	44,745	6.3
Malaysia	41,351	5.8
Vietnam	37,068	5.2
Myanmar	5,567	0.8
Others	2,051	0.3
	713,492	**100.0**

Total assets by geographical location



	$'000	%
Singapore	5,386,276	87.1
The People's Republic of China	276,155	4.5
Malaysia	230,801	3.7
Australia	205,900	3.3
Vietnam	70,148	1.1
Myanmar	9,910	0.2
Others	3,157	0.1
	6,182,347	**100.0**

Singapore

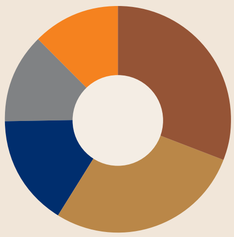
Strong Value Growth

Total asset value

+33%

2007 vs 2006

Total asset value by asset class



	$m	%
Commercial	1,922	31.1
Investments/ associates	1,732	28.0
Hotel/serviced apartment	976	15.8
Others	792	12.8
Residential	760	12.3
	6,182	**100.0**

Australia

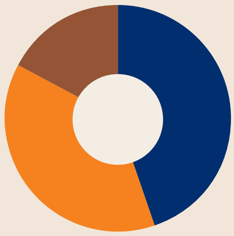
Strong Growth in Size

Total size of properties

+25%

2007 vs 2006

Total area by property portfolio

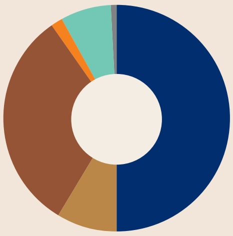


	sqm	%
Gross floor area		
Hotel/serviced apartment (4,855 rooms/ apartments)	434,355	44.8
Residential	368,441	38.0
Net lettable area		
Commercial	166,763	17.2
	969,559	**100.0**

The People's Republic of China

Outstanding Performance

Property portfolio by tenure



	$m	%
Freehold	1,818	50.1
999-year leasehold	316	8.7
99-year leasehold	1,148	31.6
70-year leasehold	67	1.8
60-year leasehold	1	0.0
48 to 50-year leasehold	276	7.6
30-year leasehold	8	0.2
	3,634	**100.0**

Malaysia

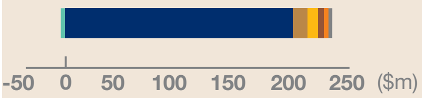
Profit before tax*

+131%

2007 vs 2006

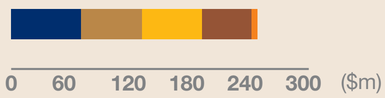
* Excludes fair value gain (including those from associated companies) and other gains

Profit contribution by geographical location



	$m	%
Singapore	200.4	82.2
Australia	17.3	7.1
Vietnam	12.7	5.2
The People's Republic of China	7.0	2.9
Malaysia	5.8	2.4
Others	1.6	0.7
Myanmar	(1.1)	(0.5)
	243.7	**100.0**

Profit contribution by business segment



	$m	%
Property development	71.5	28.6
Property investments	62.6	25.0
Hotel operations	61.9	24.7
Investments	50.9	20.3
Trading and retail operations and management services	3.5	1.4
	250.4*	**100.0**

* Excludes unallocated costs of $6.7 million

Vietnam

Our Strong Capital Management

Increasing Shareholders' Value

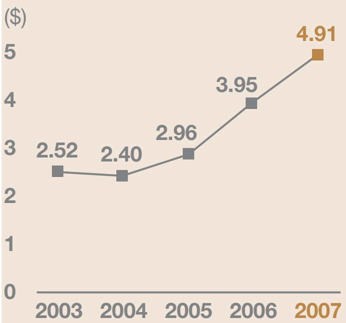
Strong net tangible assets coupled with a low gearing ratio are testaments of UOL's commitment to enhancing shareholders' value and consistent prudency in capital management.

NTA per share

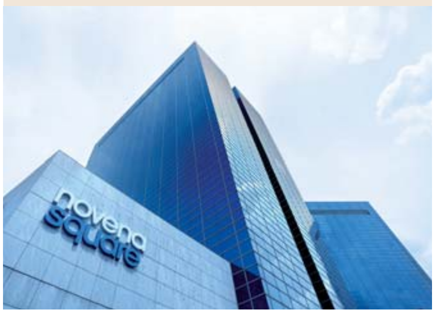
+24%

2007 vs 2006

Net tangible assets ("NTA") per share



Novena Square

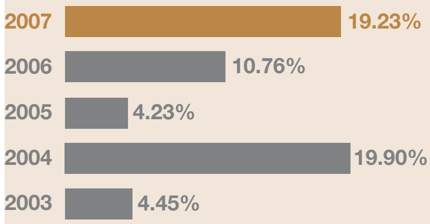


Return on equity

+79%

2007 vs 2006

Return on equity



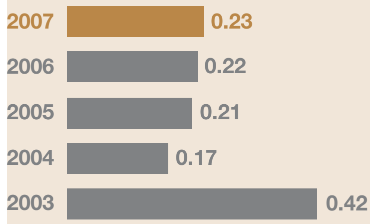
Parkroyal on Beach Road

Low gearing ratio

0.23

2007

Gearing ratio



Panorama

Leveraging on Strong Earnings Visibility

Dynamic Business Expansion

Backed by strong recurring income, a sizeable residential landbank and an increasing investment portfolio overseas, UOL has built up a growth platform with strong earnings visibility.

Key Profit Drivers

Strong Recurring Income

Property investments profit

$62.6m

2007

Hotel operations profit

$61.9m

2007

Novena Square

Sizeable Domestic Landbank

Domestic Gross Floor Area

204,449 sqm

2007

Duchess Residences

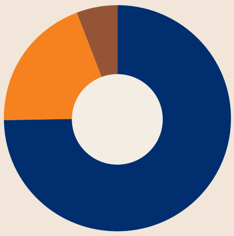
Rising Overseas Contributions

Overseas Gross Floor Area

+22%

2007 vs 2006

Overseas Gross Floor Area by property portfolio

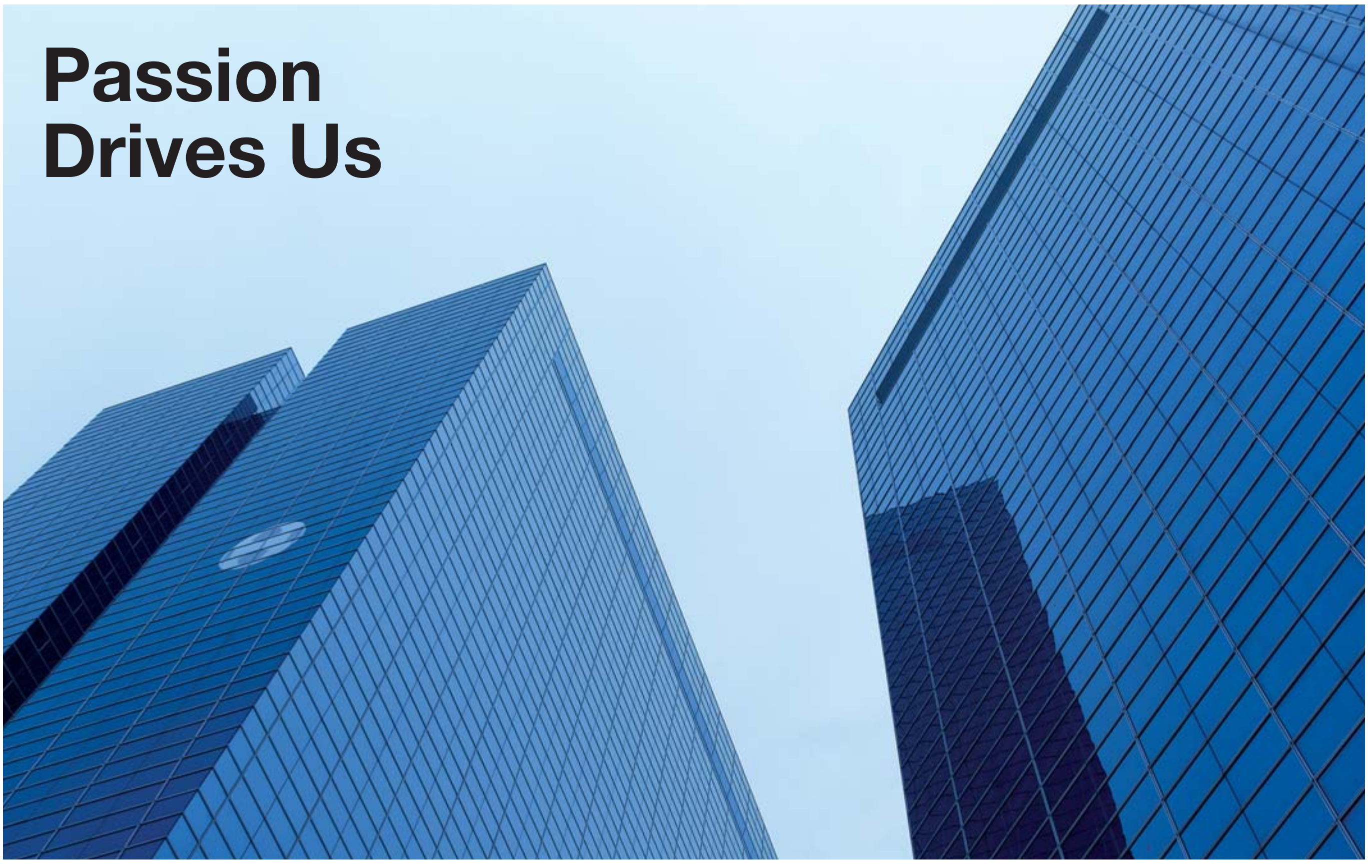


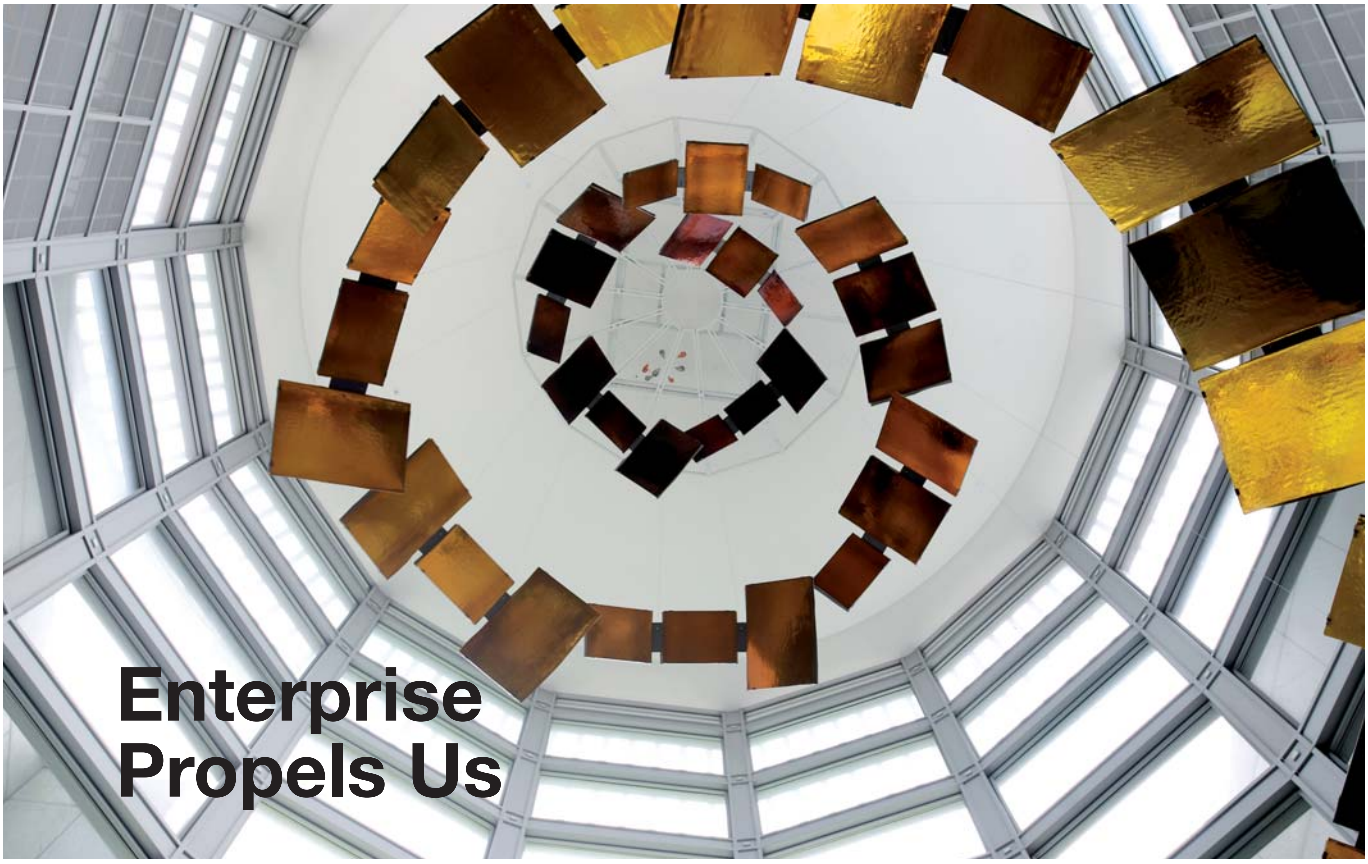
	sqm	%
Hotel/serviced apartment	339,382	74.9
Residential	88,537	19.5
Commercial	25,369	5.6
	453,288	**100.0**

Crowne Plaza Darling Harbour

Our Core Values

People are the key to our success and we value them. That is why our people are committed to the core values and readily demonstrate them in all their endeavours with UOL stakeholders.




Enterprise
Propels Us


People
Our Asset

Two-Year Financial Highlights & Quarterly Results

Two-Year Financial Highlights

	2007 $'000	2006 $'000	Increase/ (Decrease) %
FOR THE YEAR			
Revenue	713,492	605,121	17.9
Profit before income tax	938,812	406,799	130.8
Profit after tax & minority interests	758,915	339,444	123.6
Return on equity (%)	19.23	10.76	78.7
AT 31 DECEMBER			
Share capital	1,075,266	1,071,987	–
Reserves	939,699	1,170,697	(19.7)
Retained earnings	1,932,165	913,320	111.6
Total assets	6,182,347	4,651,912	32.9
PER ORDINARY SHARE			
Basic earnings (cents)	95.4	42.8	122.9
Gross dividend declared (cents)	15.0	15.0	–
Dividend cover (times)	6.4	2.8	128.6
Net tangible asset backing ($)	4.91	3.95	24.3

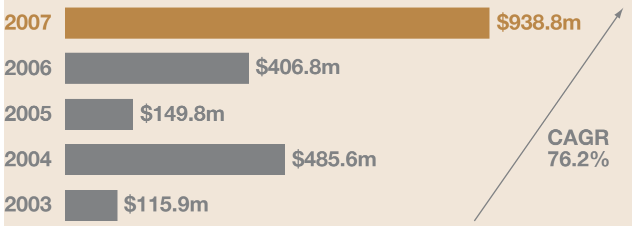
Quarterly Results

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
REVENUE										
2007	145,738	23	201,586	27	166,748	23	199,420	27	713,492	100
2006	132,286	22	162,867	27	149,922	25	160,046	26	605,121	100
PROFIT BEFORE INCOME TAX										
2007	84,415	9	365,568	39	81,260	9	407,569	43	938,812	100
2006	31,144	8	69,478	17	43,314	11	262,863	64	406,799	100
TOTAL PROFIT										
2007	81,476	9	327,921	38	70,412	8	382,162	45	861,971	100
2006	25,664	7	59,500	16	34,900	9	252,962	68	373,026	100
PROFIT AFTER TAX & MINORITY INTERESTS										
2007	76,054	10	286,269	37	64,520	9	332,072	44	758,915	100
2006	21,275	7	54,935	16	31,468	9	231,766	68	339,444	100
BASIC EARNINGS PER ORDINARY SHARE (IN CENTS)										
2007	9.6	9	36.0	38	8.1	9	41.7	44	95.4	100
2006	2.7	6	6.9	16	4.0	9	29.2	69	42.8	100

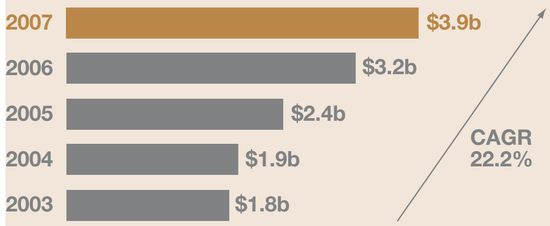
Key Financial Trends & Financial Calendar

Key Financial Trends

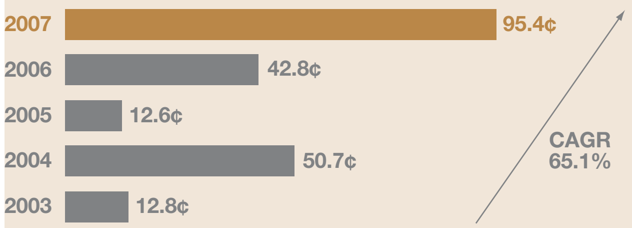
Profit before income tax



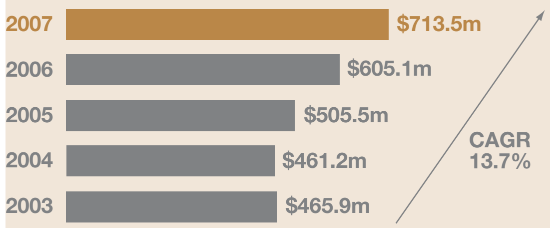
Shareholders' funds



Earnings per share



Revenue



Financial Calendar

	2007	2006
Announcement of first quarter results	11.05.07	11.05.06
Announcement of second quarter results	01.08.07	02.08.06
Announcement of third quarter results	26.10.07	01.11.06
Announcement of unaudited full year results	20.02.08	16.02.07
Annual General Meeting	23.04.08	25.04.07
Books closure dates	06.05.08 to 07.05.08	08.05.07 to 09.05.07
First & final and special dividends payment date	16.05.08	17.05.07

Milestones and Accolades

2007 was notable for the growth of our business through acquisitions and joint ventures.

January

- Wholly-owned subsidiary UOL Capital Investments Pte. Ltd. ("UCI") completed sale of Central Plaza at $175 million.

- United Square became one of the first shopping malls to be awarded the Pro-Family Business Mark. This national accreditation programme is supported by National Family Council and Ministry of Community Development, Youth and Sports (MCYS) and is given to businesses with Pro-Family Practices.

February

- ORIX-UOL Investments Pte. Ltd. ("OUI"), a 50% joint venture between wholly-owned subsidiary UOL Overseas Development Pte. Ltd. and Orix Corporation, entered into a conditional agreement with Vietnam Building Glass and Ceramic Construction Corporation whereby OUI agreed to a 75:25 basis to acquire and own the land use rights to two adjoining plots of land adjacent to the Hanoi National Convention Centre under VOU Investment Limited.

- Suasana Simfoni Sdn. Bhd., a 60% joint venture between UCI and General Corporation Berhad, entered into agreements to acquire two adjoining plots of land along Jalan Conlay, near the Bukit Bintang shopping area of Kuala Lumpur, Malaysia at a total purchase price of RM172 million.

- Temporary Occupation Permit ("TOP") for Twin Regency was obtained.

March

- Launched one-north residences comprising 405 residential apartment units and 22 retail units.

- Entered into a conditional agreement to acquire the property known as Green Meadows at Tagore Avenue, Singapore, through wholly-owned subsidiary UOL Development Pte Ltd ("UDPL") for $255 million.

- Launched Pavilion 11, a 33-storey, 180-unit residential apartment at Akyab Road.

April

- UDPL entered into a conditional agreement to acquire the property known as Spottiswoode Apartment at 70 Spottiswoode Park Road, Singapore at a purchase price of $79.5 million.

June

- UDPL entered into a conditional sale and purchase agreement to acquire the property known as Oakswood Heights for a consideration of $132 million.

- Launched Duchess Residences comprising 120 residental apartment units.

July

- Acquired 100% interest in the share capital of Pan Pacific Hotels and Resorts Pte. Ltd. With the acquisition, the Group now has two brands in its portfolio, the PAN PACIFIC brand for 5-star hotels and the PARKROYAL brand for hotels in the 4-star category.

August

- Joint venture between UCI and Tianjin Xiwang Real Estate Construction and Development Co., Ltd., whereby UCI agreed to subscribe to 90% share in the joint venture company in The People's Republic of China, to acquire and develop land in Tianjin at RMB458 million.

September

- 1 Moulmein Rise, a property developed by UDPL, won another award for its stunning iconic design. It was the first Singapore project to receive the prestigious Aga Khan Award for Architecture. The Award recognises architectural excellence in the area of contemporary design, social housing, landscaping and environmental issues.

- TOP for Newton Suites, a 118-unit residential apartment was obtained.

- Velocity@Novena Square was the main sponsor of the 40th Singapore International Open-Step Ladder Final. For the first time in world's bowling history, the Step Ladder Final was held in a shopping mall.

- Pan Pacific Hotels and Resorts' website panpacific.com was conferred the Hotel and Lodging Standard of Excellence at the 2007 WebAwards, the leading worldwide internet competition for website development.

October

- Entered into a conditional Sale and Purchase Agreement with TT International Limited to divest UOL's entire shareholding interest of 1,000,000 ordinary shares in Mod.Living Pte Ltd for a total cash consideration of $750,000.

- Listed subsidiary Hotel Plaza Limited ("Hotel Plaza") announced a renounceable non-underwritten rights issue of up to 200 million new ordinary shares in the capital of Hotel Plaza ("Rights Shares") at an issue price of $1.70 for each Rights Share, on the basis of one Rights Share for every two existing shares in the capital of Hotel Plaza.

November

- Completed divestment of Mod.Living Pte Ltd.

- Another first for 1 Moulmein Rise when it became the first residential project to receive The President's Design Award (Design of the Year 2007), Singapore's most prestigious design award.

December

- 200 million Rights Shares from Hotel Plaza were listed and quoted on the official list of the Singapore Exchange Securities Trading Limited.

Corporate Information

BOARD OF DIRECTORS
Wee Cho Yaw
Chairman

Gwee Lian Kheng
Group President & CEO

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

EXECUTIVE COMMITTEE
Wee Cho Yaw
Chairman

Gwee Lian Kheng
Alan Choe Fook Cheong
Wee Ee Chao

AUDIT COMMITTEE
Lim Kee Ming
Chairman

Alan Choe Fook Cheong
Low Weng Keong

NOMINATING COMMITTEE
Alan Choe Fook Cheong
Chairman

Wee Cho Yaw
Lim Kee Ming

REMUNERATION COMMITTEE
Lim Kee Ming
Chairman

Wee Cho Yaw
Alan Choe Fook Cheong

MANAGEMENT
Gwee Lian Kheng
Group President & CEO

Liam Wee Sin
Chief Operating Officer

Foo Thiam Fong Wellington
Chief Financial Officer

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

Kwan Weng Foon
Senior General Manager
(Development)

Chan Weng Khoon
General Manager
(Property & Engineering)

Lian Ah Cheok Dolly
General Manager (Marketing)

COMPANY SECRETARY
Foo Thiam Fong Wellington

DEPUTY COMPANY SECRETARY/
LEGAL MANAGER
Yeong Sien Seu

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

Bank of Tokyo-Mitsubishi
UFJ, Ltd.

Mizuho Corporate Bank

Sumitomo Mitsui
Banking Corporation

The HongKong Shanghai
Banking Corporation Limited

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Facsimile : (65) 6252 9822
Website : www.uol.com.sg

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Telephone : (65) 6536 5355
Facsimile : (65) 6536 1360

Chairman's Statement

"The Group's attributable profit in 2007 increased by $419.5 million or 123.6% to $758.9 million."

2007 REVIEW

Singapore

Singapore enjoyed another year of robust growth in 2007. Gross domestic product grew by 7.7% while unemployment was down to 1.7%, the lowest in almost a decade. Prices of private residential properties increased by a hefty 31% in 2007 compared to an increase of 10% in 2006. More than 14,800 new homes were sold in 2007 compared to approximately 11,100 units in 2006. Rentals of offices continued to surge in 2007, rising by 56% as compared with an increase of 30% in 2006, while rental for retail space grew by 18% in 2007.

Total visitor arrivals in Singapore increased by 5.4% to 10.3 million from 9.7 million in 2006. Average occupancy for the hotel industry in Singapore increased by 1.7 percentage points to 87% while average room rate surged by 23.1% to $202. The Group's hotels in Singapore benefited from the increased visitor arrivals and registered strong growth in room rates.

Overseas

Outside Singapore, the Group's hotels in Australia and Vietnam benefited from strong occupancy and improvements in average room rates. The hotels in Penang and Kuala Lumpur, Malaysia achieved higher average room rates while Sofitel Plaza Xiamen managed to improve its performance. Average occupancy and room rates for the Sheraton Suzhou declined due to competition from newly completed hotels while performance of the Parkroyal Yangon remains a challenge given the difficult operating environment.

PROFIT AND DIVIDEND

The Group recorded a 130.9% increase in pre-tax profit to $938.6 million in 2007 from $406.5 million in 2006. During the year, the Group adopted the Singapore Financial Reporting Standard 40 Investment Property ("FRS 40") and recognised a $590.5 million fair value gain on its investment properties.

Excluding the fair value gain on investment properties (including those from an associated company) and other gains, the Group's pre-tax operating profit for 2007 was $273.2 million or an increase of 72.5% over the comparable pre-tax profit of $158.4 million in 2006. The Group's attributable profit in 2007 increased by $419.5 million or 123.6% to $758.9 million as compared to $339.4 million in 2006.

Group shareholders' funds increased from $3.16 billion as at 31 December 2006 to $3.95 billion as at 31 December 2007. Consequently the net tangible asset per ordinary share of the Group increased from $3.95 as at 31 December 2006 to $4.91 as at 31 December 2007. The Group's gearing ratio increased marginally to 23% as at 31 December 2007 from 22% as at 31 December 2006.

In view of the creditable performance, the Board recommends a first and final one-tier dividend of 10.0 cents per share (2006: 7.5 cents per share) and a special one-time dividend of 5.0 cents per share (2006: 7.5 cents per share) making a total dividend of 15.0 cents per share (2006: total dividend of 15.0 cents per share). Total dividend payout will amount to $119.4 million (2006: $119.2 million) for the year ended 31 December 2007.

CORPORATE DEVELOPMENTS

Sale of Development Projects

During the year, the Group launched the sales of Pavilion 11, a 180-unit residential development at Akyab Road and Duchess Residences, a 120-unit residential development at Duchess Avenue. Response was good and with the exception of one unit in Duchess Residences, all the units in these two projects have been sold. All 405 residential units at one-north residences in which the Group has a 30% equity interest, have been fully sold while 19 out of 22 retail units on the ground floor of the development have also been sold.

Acquisition of Development Properties

Green Meadows at Tagore Avenue, Singapore

In November 2007, UOL Development Pte. Ltd. ("UDPL") completed the purchase of the freehold property known as Green Meadows for a consideration of $255 million. It is intended that the site which has a land area of approximately 42,306 sqm be developed into approximately 400 units of condominium apartments.

Spottiswoode Apartment and Oakswood Heights, Singapore

In April 2007, UDPL successfully tendered on an en-bloc basis, for the freehold property known as Spottiswoode Apartment at Spottiswoode Park Road for a consideration of $79.5 million. In June 2007, UDPL also successfully tendered on an en-bloc basis, for the adjoining freehold property known as Oakswood Heights for a consideration of $132 million. Both acquisitions are conditional upon the Order for Sale from the Strata Titles Board. Upon completion of sale, it is intended that the two sites which have a total area of about 9,531 sqm be amalgamated and developed into approximately 231 residential apartments.

Freehold site at Jalan Conlay, Kuala Lumpur, Malaysia

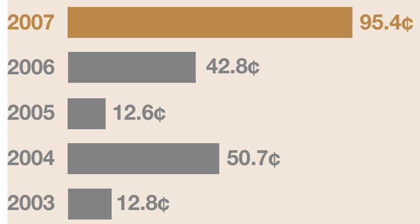
In February 2007, Suasana Simfoni Sdn. Bhd., a 60%-owned subsidiary, entered into agreements to acquire two adjoining plots of land with an aggregate area of approximately 15,992 sqm for a total consideration of RM172.1 million ($74.8 million). Located along Jalan Conlay, near the prime Bukit Bintang shopping area, it is proposed that the site be developed into luxurious residential/serviced apartments.

Earnings per share

Strong growth in earnings per share more than doubled to 95.4 cents

95.4¢

+123%



Acquisition of Hotel Development Site

Hotel site at Upper Pickering Street, Singapore

In October 2007, listed subsidiary Hotel Plaza Limited ("Hotel Plaza") won the tender for the Urban Redevelopment Authority's 6,959 sqm leasehold site at Upper Pickering Street for $253.2 million. Hotel Plaza's wholly-owned subsidiary, Hotel Plaza Property (Singapore) Pte. Ltd. will develop the site into a city hotel with approximately 350 rooms and an office block which may include small-office-home-office (SOHO) units.

Rights Issue by Hotel Plaza Limited

Hotel Plaza raised an aggregate sum of $340 million through a renounceable non-underwritten rights issue of 200,000,000 new ordinary shares in the capital of Hotel Plaza ("Rights Shares") at an issue price of $1.70 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of Hotel Plaza held by entitled shareholders.

The Company took up its full entitlement of 157,268,000 Rights Shares and successfully applied for 17,636,652 excess Rights Shares. Arising therefrom, the shareholding of the Company in the capital of Hotel Plaza increased to 489,440,652 shares or 81.57% of Hotel Plaza's enlarged share capital. The 200,000,000 Rights Shares were listed and quoted on the official list of the Singapore Exchange Securities Trading Limited on 31 December 2007. Approximately $180 million of the net proceeds was used by Hotel Plaza to partially fund the acquisition of the Upper Pickering Street site while the balance of approximately $159.7 million was applied to repay advances from the Company.

Joint Venture for a Mixed Development in Hanoi, Vietnam

In February 2007, ORIX-UOL Investments Pte. Ltd. ("OUI"), in which wholly-owned subsidiary, UOL Overseas Development Pte. Ltd. has a 50% interest, entered into an agreement with Vietnam Building Glass and Ceramic Construction Corporation ("Viglacera"), for the establishment in Vietnam of a joint venture company, VOU Investment Limited ("VOU") on a 75:25 basis. VOU shall acquire and own the land use rights of two adjoining plots of land with a total area of approximately 35,494 sqm in Hanoi City, Vietnam. Situated adjacent to the Hanoi National Convention Centre, it is proposed that the site be used for a mixed development comprising an office tower, hotel and retail complex as well as three residential blocks. OUI and Viglacera are currently taking steps to obtain the necessary approvals and investment certificate and to fulfill the other conditions precedent of the joint venture arrangement.

Joint Venture for a Mixed Development in Tianjin, The People's Republic of China

In August 2007, wholly-owned subsidiary, UOL Capital Investments Pte. Ltd. entered into a joint venture agreement with Tianjin Xiwang Real Estate Construction and Development Co., Ltd. for the establishment of Tianjin UOL Xiwang Real Estate Development Co., Ltd. ("Tianjin UOL") on a 90:10 basis. Tianjin UOL shall acquire for a consideration of RMB458 million ($95.4 million) an approximately 22,895 sqm site at Hongqiong District, Tianjin. Tianjin UOL intends to develop the site into a mixed development comprising residential apartments, hotel, office and retail space.

Pan Pacific Singapore

Acquisition of Pan Pacific Hotels and Resorts Pte. Ltd.

In July 2007, the Group completed the acquisition of a 100% interest in the share capital of Pan Pacific Hotels and Resorts Pte. Ltd. ("PPHR"), a company incorporated in Singapore. PPHR owns the PAN PACIFIC brand and at the end of 2007, managed 11 hotels/resorts with over 3,400 rooms in various countries in the Asia Pacific region and North America. With the acquisition, the Group now has two brands in its portfolio, the PAN PACIFIC brand for 5-star hotels and the PARKROYAL brand for hotels in the 4-star category. The acquisition will enable the Group to provide and expand on the hotel management services for its portfolio of hotels and to other owners.

Disposal of Mod.Living Pte Ltd

In November 2007, the Company sold its entire shareholding interest in Mod.Living Pte Ltd for a total net cash consideration of $750,000. The disposal is in line with the Company's plan to streamline its business activities and focus on its core business.

OUTLOOK FOR 2008

The Singapore economy should continue to expand in 2008, albeit at a more moderate pace of 4% to 6%. Uncertainties arising from the recent volatility in the global financial markets, the threat of a recession in the United States and the rise in global inflation will cloud the economic outlook but this should be mitigated by the growth in the economies of China and India.

With office supply remaining tight, further rental upside is expected though the pace of rental increase is likely to be more modest. Rentals for retail space should benefit from high levels of employment and wages as well as strong tourist arrivals. Following the strong price appreciation in 2007 and with the removal of the deferred payment scheme and the turmoil in the global financial markets, the residential property market has turned cautious and any price appreciation is expected to be modest. Growing affluence and increasing affordability of air travel will boost tourism in the Asia Pacific region. Accordingly, the Group's hotels should benefit from high occupancy and/or improved average room rates.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank Mr Ernest Wong Yuen Weng for his contributions as a Director from 16 January 1986 to 12 March 2007. Mr Gn Hiang Meng, Deputy President (Hotels & Finance) retired in July 2007 and I also thank him for his contributions.

The Group's good performance would not have been possible without the wise counsel and guidance of our Directors and the hard work put in by our staff. My appreciation also extends to our partners, our customers and our shareholders.

Wee Cho Yaw
Chairman

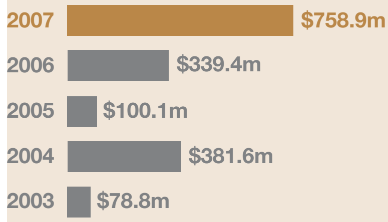
February 2008

Profit after tax & minority interests

Total profit after tax and minority interests for the year more than doubled year-on-year to $758.9m

$758.9m

+124%



Board of Directors

Our Directors bring with them not only integrity and prudence but also valuable expertise and business networks.

Wee Cho Yaw
Chairman

A career banker with more than 40 years of experience, Mr Wee received a Chinese high school education. He is Chairman of UOL and its listed subsidiary, Hotel Plaza Limited ("Hotel Plaza"). A non-executive and non-independent Director, he was appointed to the Board on 23 April 1973 and was last re-appointed to the Board on 25 April 2007. He chairs the Executive Committee and is a Member of the Nominating and Remuneration Committees.

Mr Wee is Chairman of several other listed companies, including United Overseas Bank Limited, United Overseas Insurance Ltd, United International Securities Ltd, Haw Par Corporation Limited, United Industrial Corporation Limited and Singapore Land Limited. He was previously also Chairman of Overseas Union Enterprise Limited.

An active community leader, Mr Wee is President of the Singapore Federation of Chinese Clan Associations, Chairman of the Board of Trustees of the Chinese Development Assistance Council, and serves with several other civic organisations. He is also the Honorary President of Singapore Chinese Chamber of Commerce & Industry and a Pro-Chancellor of Nanyang Technological University.

Mr Wee received the Credit Suisse-Ernst & Young Lifetime Achievement Award in 2006 and was named Businessman of the Year in 1990 and 2001.

Gwee Lian Kheng
Group President & CEO

Mr Gwee is the Group President & CEO of UOL and Hotel Plaza. He has been with the UOL Group since 1973. An executive and non-independent Director, he was appointed to the Board on 20 May 1987 and last re-elected on 25 April 2007. He sits on the Executive Committee.

Besides serving as a Director of most subsidiaries in the UOL Group and Hotel Plaza Group, Mr Gwee is also a Director of United Industrial Corporation Limited and Singapore Land Limited, and was previously on the Board of Overseas Union Enterprise Limited.

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

Alan Choe Fook Cheong

An architect and town planner by profession, Mr Choe joined the Board on 28 March 1979 and was last re-appointed on 25 April 2007. An independent and non-executive Director, he chairs the Nominating Committee and is a Member of the Executive, Audit and Remuneration Committees. He is also a Director of 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 a Member of the Singapore Tourism Board. He was also a Director of Keppel Land Limited and Frasers Centrepoint Limited.

Mr Choe holds a Bachelor of Architecture degree, a Diploma in Town & Regional Planning from the University of Melbourne and a Fellowship Diploma from the 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 the Royal Institute of British Architects, Royal Town Planning Institute, Royal Australian Planning Institute and American Planning Association.

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

Lim Kee Ming

Chairman of the Lim Teck Lee Group of companies and a Director of Hotel Plaza, Mr Lim was appointed to the Board of UOL on 23 April 1973 and was last re-appointed on 25 April 2007. An independent and non-executive Director, he is Chairman of the Audit and Remuneration Committees and a Member of the Nominating Committee. He is also a Director of Haw Par Corporation Limited. He is presently the Vice President of Ngee Ann Kongsi and an Honorary President of Singapore Chinese Chamber of Commerce & Industry. He is also a Member of the Advisory Committee of the Lee Kuan Yew Distinguished Visitors Programme, Advisor of Network China and Director of the Lee Kuan Yew Scholarship Fund. He was previously Chairman of 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.

Wee Ee Chao

Appointed to the Board on 9 May 2006, Mr Wee was last re-elected on 25 April 2007. A non-executive and non-independent Director, he sits on the Executive Committee. He is also a Director of Hotel Plaza.

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

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

Low Weng Keong

Mr Low joined the Board on 23 November 2005 and was last re-elected on 19 April 2006. He is an independent and non-executive Director, and a Member of the Audit Committee. He also serves as 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 and Member of the Management Committee, culminating in his appointment as 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 and Deputy President of CPA Australia Limited and a Director of Riverstone Holdings Limited and Unionmet (Singapore) Limited.

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).

James Koh Cher Siang

Mr Koh was appointed to the Board on 23 November 2005 and was last re-elected on 19 April 2006. He is an independent and non-executive Director and is also a Director of Hotel Plaza.

Mr Koh is currently Chairman of the Housing & Development Board, which he joined in July 2005, after retiring from 35 years of distinguished service in the civil service. His prior appointments included Permanent Secretary of the 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 the Inland Revenue Authority of Singapore.

Mr Koh is also the Chairman of Singapore Deposit Insurance Corporation Limited and a Director of CapitaLand Limited, Singapore Airlines Limited, Singapore Cooperation Enterprise and CapitaLand Hope Foundation. He was previously Deputy Chairman of the National Kidney Foundation.

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

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

Wee Ee Lim

Mr Wee was appointed to the Board on 9 May 2006 and last re-elected on 25 April 2007. He is a non-executive and non-independent Director and is also a Director of Hotel Plaza.

He joined Haw Par Corporation Limited in 1986 and is currently its President and Chief Executive Officer. He is also a director of Singapore Land Limited, United Industrial Corporation Limited, Hua Han Bio-Pharmaceutical Holdings Limited (a company listed on the Hong Kong Stock Exchange) and Sentosa Development Corporation. He was previously a Director of Transit-Mixed Concrete Limited.

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

Management Team

UOL Group Management Team

From left to right:

Chan Weng Khoon General Manager (Property & Engineering)
Yeong Sien Seu Deputy Company Secretary/Legal Manager
Foo Thiam Fong Wellington Chief Financial Officer/Company Secretary
Yeo Bin Hong Senior Manager (Internal Audit)
Gwee Lian Kheng Group President & CEO
Kam Tin Seah Senior General Manager (Investment & Strategic Development)
Liam Wee Sin Chief Operating Officer
Kwan Weng Foon Senior General Manager (Development)
Lian Ah Cheok Dolly General Manager (Marketing)

Pan Pacific Hotels and Resorts Management Team

From left to right:

Kevin Croley Senior Vice President, Sales & Marketing
Scott Swank Senior Vice President, Operations
Han Chan Juan Senior Vice President, Asset Management
Gwee Lian Kheng Group President & CEO
Kam Tin Seah Executive Vice President, Investment & Strategic Development
Cheah Chin Kim Vice President, Serviced Suites
Neo Soon Hup Chief Financial Officer

Key Management Executives

With their breadth and depth of experience, the UOL team is well-equipped to manage the Group's diverse operations.

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

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, Member of the Design Advisory Committee, URA and National Crime Prevention Council.

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. He currently holds the position of Chief Financial Officer overseeing the financial management and corporate secretarial matters of the UOL Group Limited. He is the Company Secretary of both UOL Group Limited and Hotel Plaza Limited, and a director of several of their subsidiaries. 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 Kam Tin Seah
Mr Kam joined the UOL Group towards the end of 2005 and is currently the Senior General Manager (Investment & Strategic Development). He is responsible for identifying, evaluating and recommending suitable property investment opportunities as well as strategic development for the Group, both in Singapore and overseas. He is the Executive Vice President of Investment and Strategic Development of Pan Pacific Hotels and Resorts Pte. Ltd., responsible for business expansion of Pan Pacific Hotels and Resorts. Prior to joining the UOL Group, Mr Kam spent about 16 years with two other major property groups, namely Parkway Properties and Centrepoint Properties, where he was involved in business development, primarily in the property sector, as well as corporate planning, project/development management, property/retail management, sales and marketing. Mr Kam graduated from the National University of Singapore with an Honours Degree in Estate Management.

Mr Kwan Weng Foon
Mr Kwan joined the UOL Group in 2006 and is currently the Senior General Manager (Development). He oversees the Group's property development projects. He brings with him more than 30 years of experience in construction and property development, having worked in various capacities in residential, commercial, retail and hotel developments. His previous employers include GuocoLand and Equus Land Pte Ltd. Mr Kwan holds a Bachelor of Science degree in Building Science from the University of Singapore and a Master of Business Administration from the University of Hull, UK.

Mr Chan Weng Khoon
Mr Chan joined the UOL Group in 2007 and is currently the General Manager (Property & Engineering). He is responsible for the Group's engineering, property maintenance and security management. He previously worked with Indeco Engineers in facilities management. Mr Chan holds a Bachelor of Electrical and Electronics Engineering Degree (Honours) and a Master of Business Administration (International Business) from Nanyang Techological University.

Ms Lian Ah Cheok Dolly
Ms Lian has been with the UOL Group for 16 years and currently holds the position of General Manager (Marketing). She is responsible for the marketing activities covering the residential and commercial sectors, in Singapore and overseas. Before joining the Group, Ms Lian worked for other major employers in Singapore, including the PSA Corporation, DBS Land Ltd, Citibank and Knight Frank Pte Ltd in the areas of land/facility management, property valuation, business development and marketing. She graduated from the National University of Singapore 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 Yeong Sien Seu
Mr Yeong is currently the Deputy Company Secretary/ Legal Manager. He assists the Company Secretary on corporate secretarial matters and oversees the legal matters of the UOL Group as well as Hotel Plaza Limited Group. He completed his pupillage and practised as a litigation lawyer with Rajah & Tann before working briefly with Sembcorp Limited. Prior to joining UOL Group in end-2006, he was with Fraser and Neave, Limited, handling legal matters of the F&N group and facilitating its risk management programme. Mr Yeong graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1995. He is a member of the Singapore Academy of Law.

UOL Group Structure

as at 29 February 2008


UOL GROUP LIMITED

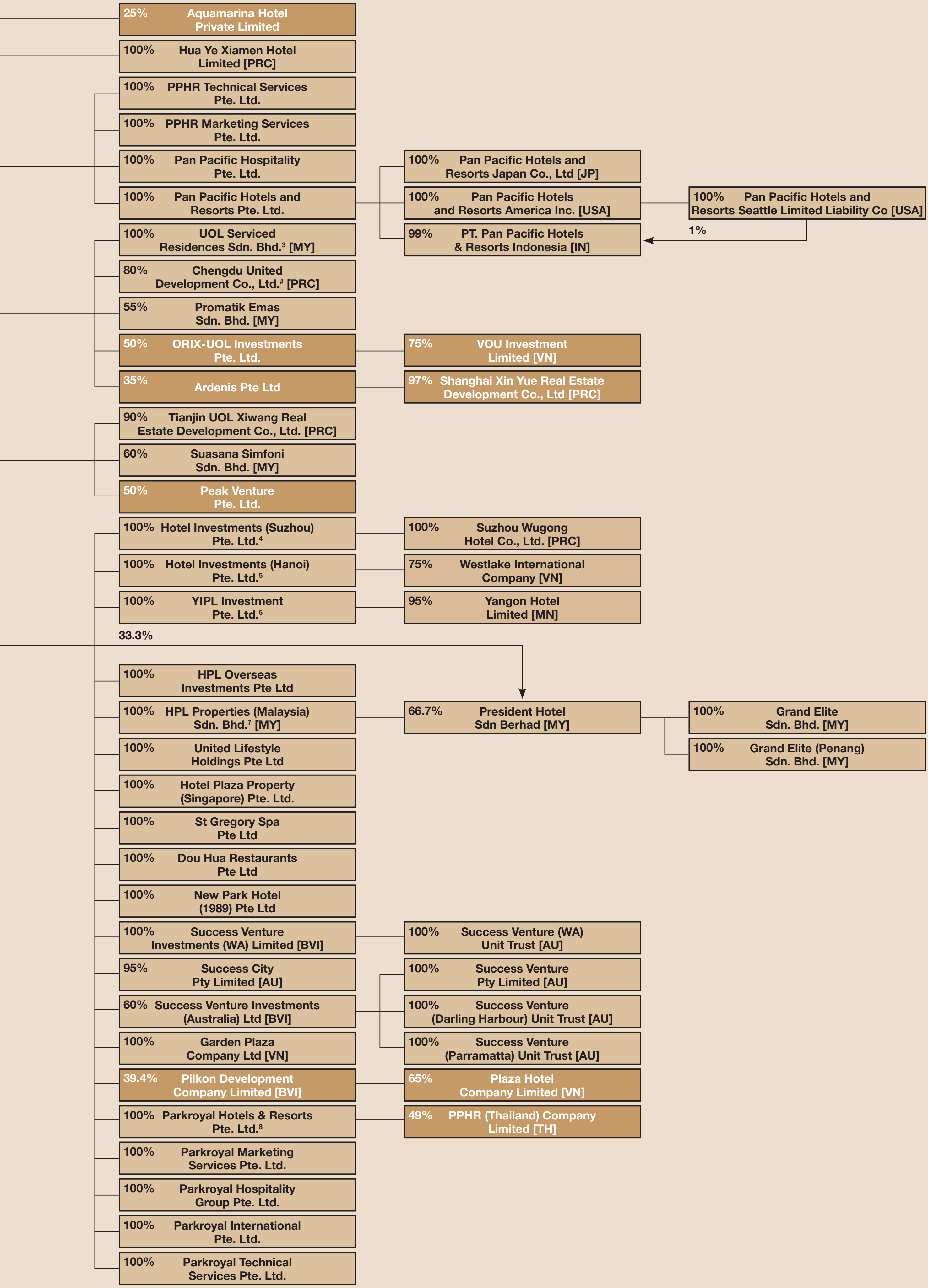

- 100% UOL Equity Investments Pte Ltd
- 100% Secure Venture Investments Limited [HK]
- 100% UOL Property Investments Pte Ltd
- 100% PPHR International Pte. Ltd.
- 100% UOL Hospitality Pte. Ltd.
- 100% UOL Overseas Investments Pte Ltd
- 100% United Venture Furnishings Pte Ltd
- 100% UOL Project Management Services Pte. Ltd.
- 100% UOL Overseas Development Pte. Ltd.
- 100% UOL Management Services Pte Ltd
- 100% Parkroyal Serviced Residences Pte. Ltd.[1]
- 100% UOL Development (Novena) Pte. Ltd.
- 100% UOL Capital Investments Pte. Ltd.
- 100% UOL Development Pte. Ltd.
- 100% UOL Somerset Investments Pte. Ltd.
- 100% Hotel Negara Limited
- 100% UOL Claymore Investment Pte. Ltd.
- 81.57% HOTEL PLAZA LIMITED
- 80% Regency One Development Pte. Ltd.
- 70% Kings & Queens Development Pte. Ltd.
- 70% Duchess Walk Pte. Ltd.
- 60% United Regency Pte. Ltd.
- 60% Novena Square Development Ltd
- 60% Novena Square Investments Ltd
- 60% Secure Venture Development (Simei) Pte. Ltd.
- 50% Nassim Park Developments Pte. Ltd.[2]
- 30% Brendale Pte Ltd
- 30% Vista Development Pte Ltd
- 22.67% Marina Centre Holdings Pte Ltd

Notes

[AU] Incorporated in Australia
[BVI] Incorporated in The British Virgin Islands
[HK] Incorporated in Hong Kong
[IN] Incorporated in Indonesia
[JP] Incorporated in Japan
[MN] Incorporated in Myanmar
[MY] Incorporated in Malaysia
[PRC] Incorporated in The People's Republic of China
[TH] Incorporated in Thailand
[USA] Incorporated in United States of America
[VN] Incorporated in Vietnam

[#] In the process of deregistration
[1] Previously known as Parkroyal Hospitality Pte. Ltd.
[2] Previously known as Park Developments Pte. Ltd.
[3] Previously known as Star Valuations Sdn. Bhd.
[4] Previously known as Suten Investment & Development Pte Ltd
[5] Previously known as PID Investments Pte Ltd
[6] Previously known as Yangon Investment Pte Ltd
[7] Previously known as Premium Properties Sdn Bhd
[8] Previously known as Parkroyal Hospitality Management Pte Ltd

☐ Subsidiary Company
■ Associated Company


25% Aquamarina Hotel Private Limited
100% Hua Ye Xiamen Hotel Limited [PRC]
100% PPHR Technical Services Pte. Ltd.
100% PPHR Marketing Services Pte. Ltd.
100% Pan Pacific Hospitality Pte. Ltd.
100% Pan Pacific Hotels and Resorts Pte. Ltd.
100% UOL Serviced Residences Sdn. Bhd.[3] [MY]
80% Chengdu United Development Co., Ltd.[#] [PRC]
55% Promatik Emas Sdn. Bhd. [MY]
50% ORIX-UOL Investments Pte. Ltd.
35% Ardenis Pte Ltd
90% Tianjin UOL Xiwang Real Estate Development Co., Ltd. [PRC]
60% Suasana Simfoni Sdn. Bhd. [MY]
50% Peak Venture Pte. Ltd.
100% Hotel Investments (Suzhou) Pte. Ltd.[4]
100% Hotel Investments (Hanoi) Pte. Ltd.[5]
100% YIPL Investment Pte. Ltd.[6]
33.3%
100% HPL Overseas Investments Pte Ltd
100% HPL Properties (Malaysia) Sdn. Bhd.[7] [MY]
100% United Lifestyle Holdings Pte Ltd
100% Hotel Plaza Property (Singapore) Pte. Ltd.
100% St Gregory Spa Pte Ltd
100% Dou Hua Restaurants Pte Ltd
100% New Park Hotel (1989) Pte Ltd
100% Success Venture Investments (WA) Limited [BVI]
95% Success City Pty Limited [AU]
60% Success Venture Investments (Australia) Ltd [BVI]
100% Garden Plaza Company Ltd [VN]
39.4% Pilkon Development Company Limited [BVI]
100% Parkroyal Hotels & Resorts Pte. Ltd.[8]
100% Parkroyal Marketing Services Pte. Ltd.
100% Parkroyal Hospitality Group Pte. Ltd.
100% Parkroyal International Pte. Ltd.
100% Parkroyal Technical Services Pte. Ltd.
100% Pan Pacific Hotels and Resorts Japan Co., Ltd [JP]
100% Pan Pacific Hotels and Resorts America Inc. [USA]
99% PT. Pan Pacific Hotels & Resorts Indonesia [IN]
100% Pan Pacific Hotels and Resorts Seattle Limited Liability Co [USA]
1%
75% VOU Investment Limited [VN]
97% Shanghai Xin Yue Real Estate Development Co., Ltd [PRC]
100% Suzhou Wugong Hotel Co., Ltd. [PRC]
75% Westlake International Company [VN]
95% Yangon Hotel Limited [MN]
66.7% President Hotel Sdn Berhad [MY]
100% Grand Elite Sdn. Bhd. [MY]
100% Grand Elite (Penang) Sdn. Bhd. [MY]
100% Success Venture (WA) Unit Trust [AU]
100% Success Venture Pty Limited [AU]
100% Success Venture (Darling Harbour) Unit Trust [AU]
100% Success Venture (Parramatta) Unit Trust [AU]
65% Plaza Hotel Company Limited [VN]
49% PPHR (Thailand) Company Limited [TH]

Overseas Ventures

UOL continued to expand its presence in Tianjin, Kuala Lumpur and Hanoi, focusing on luxury residences and mixed developments in prime city centre locations.

Joint venture with Tianjin Xiwang Real Estate Construction & Development Co., Ltd. to develop a mixed development in Tianjin

TIANJIN

UOL has extended its presence in the burgeoning real estate market of The People's Republic of China. In August 2007, the Group entered into a joint venture with Tianjin Xiwang Real Estate Construction & Development Co., Ltd. to develop a mixed development in Tianjin. Boasting a total gross floor area of 120,000 sqm, the project is well-positioned to capitalise on the rapid growth of the city.

Based on preliminary designs, this premier development will comprise four 28-storey blocks of residential apartments, a 30-storey 5-star hotel with approximately 350 rooms, two 13-storey office towers and a retail podium.

With a prime location next to Hai He, Tianjin's mother river, and the famous Tianjin Ancient Cultural Street, the hotel will be managed by Pan Pacific Hotels and Resorts. Sale of the development is expected to be launched in 2H2009.

KUALA LUMPUR

Various factors have recently stimulated both local and foreign interest in Malaysia's property market. These include strong GDP growth, relaxation of the rules governing the purchase of residential properties by foreigners, and the waiver of property gains tax in 2007.

Against this promising backdrop, UOL proceeded to reinforce its presence in Kuala Lumpur, focusing on luxury residences with a prime city centre location. The Group entered into a joint venture with General Corporation Berhad in February 2007 on a 60:40 basis, to acquire two adjoining plots of prime freehold land for redevelopment in Kuala Lumpur. The combined sites, with a total land area of approximately 15,989 sqm, enjoys an attractive location along Jalan Conlay, near Kuala Lumpur City Centre and the popular Bukit Bintang shopping area. Plans are underway to develop the site into luxury apartments.

HANOI

Capitalising on Vietnam's entry into the World Trade Organisation and the buoyant real estate sector, UOL expanded its business in Vietnam in early 2007. Through a joint venture with ORIX Corporation of Japan, UOL entered into a conditional agreement with Vietnam Building Glass and Ceramic Construction Corporation in February 2007 to acquire two adjoining plots of land with a total area of approximately 35,494 sqm in Hanoi City, Vietnam. The land is situated opposite the Hanoi National Convention Centre. The preliminary development plan is to have a mixed commercial development comprising a 30-storey office tower, a 342-room 5-star hotel, a 3-storey retail complex and three 30-storey residential blocks which can accommodate approximately 950 units in total.

Development Area

Tianjin: 120,000 sqm
Kuala Lumpur: 111,925 sqm
Hanoi: 204,905 sqm

Operation Highlights
Property Investments
The Group capitalised on strong rental uptrend for retail and office space, and rising demand for serviced apartments.

COMMERCIAL PROPERTIES

United Square

United Square Shopping Mall, themed as a kids' learning mall, saw an untapped demand for children's education/enrichment facilities. The revamped Connectz has a cluster of 27 food and beverage outlets and specialty shops. In total, United Square, with a lettable office space of 27,187 sqm and 18,711 sqm of retail space, saw an increase in the occupancy rate from 94% in 2006 to 95% in 2007 and an improvement in rental revenue by 13% in 2007.

Novena Square

The retail mall, rebranded as Velocity@Novena Square, is Singapore's first sports and active lifestyle mall. As a favourite venue for sports events , it held the NBA Madness Asian Tour 2007, NUS ODAC Race 5 and Velocity 2-on-2 Beach Volleyball. In total, Novena Square has a lettable office space of 37,697sqm and 16,061 sqm of retail space, and saw an increase in the occupancy rate from 95% in 2006 to 96% in 2007, and a jump in rental revenue by 31%.

Odeon Towers

Improvement works were carried out to enhance the common area and upgrade the image of the building. New tenants secured during the year include Asia Grand Restaurant, Standard Chartered Bank and UPM-Kymmene Asia Pacific with an increase in occupancy rate from 93% in 2006 to 94% in 2007.

Faber House

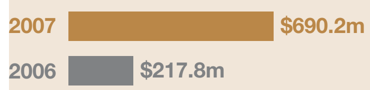
After substantial enhancement works to the common area in 2006, new tenants secured during the year include UOB Privilege Banking, Lend Lease Retail and FJ Benjamin Singapore.

The Group owns and derives rental income from numerous commercial properties. These comprise retail and office space, as well as serviced apartments. Most of these properties are located in Singapore, although we are currently constructing serviced apartments in Malaysia.

Profit – Property investments

$690.2m

+217%



SERVICED APARTMENTS

Parkroyal Residences, Singapore

Held by subsidiary Hotel Plaza Limited, the Parkroyal Residences comprises 90 units of serviced apartments at The Plaza on Beach Road. Its average occupancy increased to 96% in 2007 as compared with 95% in 2006. The average monthly rental rate (excluding domestic service and other charges) increased by a substantial 36%.

Pan Pacific Serviced Suites (formerly known as UOL Building)

Works are in progress to redevelop UOL Building at Somerset Road into a 16-storey office cum serviced apartment block. The proposed development will comprise 126 units of Executive/Premium Suites, 1-bedroom and 2-bedroom suites and penthouses with office suites concept. The development is targeted for completion by 1Q2008.

South Tower, One Residency, Kuala Lumpur, Malaysia

This property is centrally located at Jalan Nagasari, off Jalan Raja Chulan, Kuala Lumpur. Upon completion of the development in 2009, the 31-storey building with approximately 276 units comprising studio, 1-bedroom and 2-bedroom units will be operated as serviced apartments by the Group.

Novena Square

Pan Pacific Serviced Suites

Property Development

The high growth markets in Singapore, Malaysia and China presented promising opportunities for the Group.

SINGAPORE

Capitalising on the buoyant Singapore real estate market in 2007, the Group continued to develop new properties, focusing mainly on freehold residential developments. Thanks to favourable market conditions, well-chosen locations and UOL's emphasis on design and quality, most of the launched projects have been completely sold.

Twin Regency

Twin Regency is a residential development comprising 234 units of condominium apartments. All 234 units of freehold apartments in Twin Regency have been sold. Temporary Occupation Permit ("TOP") was obtained in February 2007.

Newton Suites

All 118 units of freehold residential apartments in Newton Suites have been sold. TOP was obtained in September 2007.

Regency Suites

Regency Suites is a project undertaken by Regency One Development Pte. Ltd., an 80%-owned subsidiary of UOL. The project comprises 84 apartments in a 36-storey block and 20 SOHO units in a 7-storey block. All of the units have been sold. As at 31 December 2007, the project was 44% completed. TOP is expected to be obtained in 1Q2009.

Southbank

Kings & Queens Development Pte. Ltd., a 70%-owned subsidiary of UOL, is developing the former Eng Cheong Tower site into a 40-storey residential block with 197 apartments, and a 20-storey SOHO block with 60 SOHO units and 16 retail units. All units in the development have been sold. As at 31 December 2007, the project was 19% completed. TOP is expected in March 2010.

The Regency at Tiong Bahru

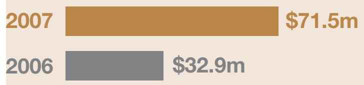
The Regency at Tiong Bahru, a project undertaken by United Regency Pte. Ltd., a 60%-owned subsidiary of UOL, comprises 158 apartment units in two 35-storey blocks. All 158 apartment units have been sold. Construction has commenced and TOP is expected in 2Q2009.

Property development became the largest profit contributor for UOL in 2007. To date, we have focused mainly on freehold residential developments in Singapore. Increasingly we are seizing opportunities in The People's Republic of China, Malaysia and Vietnam through direct investment or strategic collaborations with overseas partners.

Profit – Property development

$71.5m

+117%



Name of Project	No. of Units	Year of Completion	Tenure	Sale Status as at 31.12.2007	% Completion as at 31.12.2007
1. Twin Regency	234	2007	Freehold	100% sold	100%
2. Newton Suites	118	2007	Freehold	100% sold	100%
3. Regency Suites	84 apartments 20 SOHO units	2009	Freehold	100% sold	44%
4. Southbank	197 apartments 60 SOHO units 16 retail units	2010	99-year leasehold commencing 27.1.2006	100% sold	19%
5. The Regency at Tiong Bahru	158 apartments	2009	Freehold	100% sold	13%
6. one-north residences	405 apartments 22 retail units	2009	99-year leasehold commencing 15.9.2005	99% sold	21%
7. One Amber	562	2009	Freehold	100% sold	25%
8. Pavilion 11	180	2009	Freehold	100% sold	38%
9. Duchess Residences	120	2010	999-year leasehold commencing 27.12.1875	99% sold	7%
10. Nassim Park Residences	100	2010	Freehold	–	–
11. Breeze by the East	88	2010	Freehold	–	–
12. Site currently known as Green Meadows	400 (estimated)	2011	Freehold	–	–
13. Sites currently known as Spottiswoode Park/ Oakswood Heights	231 (estimated)	–	Freehold	–	–
14. Panorama	223 (estimated)	2010	Freehold	–	–

one-north residences

Vista Development Pte Ltd, a 30%-owned associated company, is developing one-north residences. The project comprises 22 retail units and 405 units of residential apartments. As at December 2007, it was 21% completed and TOP is expected in 3Q2009.

One Amber

The property will be developed into four 23-storey blocks with 562 apartment units. All of the units have been sold. As at December 2007, the project was 25% completed and TOP is expected in late 2009.

Pavilion 11

Pavilion 11, a project undertaken by UOL Development (Novena) Pte. Ltd., comprises 180 apartment units, which have been completely sold. As at December 2007, the project was 38% completed and TOP is expected in mid-2009.

Duchess Residences

The 999-year leasehold property will be developed into 120 apartment units, of which 119 units have been sold. As at December 2007, the project was 7% completed. TOP is expected in mid-2010.

Nassim Park Residences

Nassim Park Developments Pte. Ltd. in which the Group has a 50% interest, acquired the property known as Nassim Park for a total cash consideration of $380 million in August 2006. The acquisition was completed in May 2007. The freehold property will be developed into 100 apartment units and is scheduled for launch in 2008.

From top:
one-north residences

Pavilion 11

Breeze by the East
UOL Development Pte Ltd ("UDPL"), a wholly-owned subsidiary, acquired the freehold site known as East Coast Ville in December 2006 and is developing it into a 7-block 5-storey condominium comprising 88 units. Written Permission was obtained in December 2007, with Building Plan approval received in January 2008. The sales launch is scheduled in 1H2008 and construction work will commence in 2Q2008. TOP is expected in 4Q2010.

Site currently known as Green Meadows
UDPL also completed its acquisition of the property known as Green Meadows at a consideration of $255 million in November 2007. The freehold property will be developed into approximately 400 apartment units for sale. Sale of the project is scheduled for launch in 2008.

Sites currently known as Spottiswoode Park/ Oakswood Heights
UDPL entered into conditional agreements to acquire two properties at Spottiswoode Park known as Spottiswoode Apartment and Oakswood Heights, for $79.5 million and $132 million respectively. The order for sale from the Strata Titles Board ("STB") for both properties are in progress. Legal completion is scheduled to take place three months from the date of the STB order. The freehold sites will be developed into approximately 231 apartment units.

KUALA LUMPUR, MALAYSIA
Continued momentum in the Malaysian property market presented opportunities for the Group to build its portfolio of luxury homes.

Panorama
Promatik Emas Sdn. Bhd., a 55%-owned subsidiary, completed the purchase of the freehold property at No. 2A Persiaran Hamphire, Kuala Lumpur, in April 2005. Located near the Kuala Lumpur City Centre, the site will be developed into approximately 223 luxury apartment units. Piling works have commenced and TOP is expected in 2010.

SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA
UOL consolidated its foothold in the growing market for luxury residences in China.

Le Marquis
Shanghai Xin Yue Real Estate Development Co. Ltd., in which the Group has an effective interest of 37%, has sold 168 of the 169 units in its luxury apartment development in central Shanghai. The project, which is located at ZhaoJia Bang Road in the Xuhui District, received TOP in January 2008.

Breeze by the East

Hotel Operations

The Group consolidated and expanded its hotel business, culminating in the acquisition of Pan Pacific Hotels and Resorts.

Hotel operations account for the biggest source of Group revenue. We own, manage and/or represent hotels under the Pan Pacific, Parkroyal and other brands in North America, Japan, The People's Republic of China, Singapore, Australia, Thailand, Vietnam, The Philippines, Malaysia, Indonesia, Myanmar and Bangladesh.

Revenue – Hotel operations

$322.9m

+8%

SINGAPORE

Parkroyal on Beach Road

Average occupancy of the 343-room Parkroyal on Beach Road was 87% in 2007. The average room rate improved by 27% when compared to 2006. During the year, the hotel completed the refurbishment of its Orchid Club Premier rooms.

Parkroyal on Kitchener Road

The 534-room Parkroyal on Kitchener Road achieved an average occupancy of 79% in 2007. The average room rate improved by an impressive 49% as compared to 2006. During the year, the hotel completed refurbishment of its public spaces, food and beverage outlets and guestrooms, as well as the re-cladding of its external façade.

Pan Pacific Orchard (formerly known as Negara on Claymore)

Pan Pacific Orchard is a 21-storey, 198-room hotel located along Claymore Road. Acquired in 2006, it comprises approximately 17,597 sqm of gross floor area. Although the average occupancy of the hotel maintained at 79%, the average room rate in 2007 improved by 17% as compared to 2006.

Upper Pickering Street Site (under development)

The Group was awarded the tender for the Land Parcel at Upper Pickering Street in October 2007. The site comprises an area of approximately 6,959 sqm with a tenure of 99 years and plot ratio of 4.2. It is intended that the proposed development will comprise approximately 350-room hotel and office block which may include small-office-home-office (SOHO) units.

Marina Mandarin Singapore

The Marina Mandarin Singapore is a 22-storey, 575-room hotel at Raffles Boulevard. It is owned by Aquamarina Hotel Private Limited, in which UOL has a 25% interest. Completed in 1987, the Marina Mandarin Singapore has a gross floor area of approximately 60,529 sqm. During the year, average occupancy of the hotel was 80%. The hotel improved its average room rate by 19% in 2007, as compared to the preceding year.

From top:
Sofitel Plaza Xiamen

Sheraton Suzhou Hotel & Towers

Pan Pacific Singapore

Through its wholly-owned subsidiary Hotel Marina City Pte Ltd, Marina Centre Holdings Pte Ltd, in which the Company has a 22.67% equity interest, owns the 778-room Pan Pacific Singapore located in the Marina Bay area. The hotel continued to show improved performance in 2007 with an average occupancy of 73% and with average room rate increasing by 25% over the previous year. During the year, the hotel underwent a refurbishment programme for its guest rooms.

AUSTRALIA

Crowne Plaza Darling Harbour, Sydney

UOL subsidiary Hotel Plaza Limited ("Hotel Plaza") has a 60% interest in the 345-room Crowne Plaza Darling Harbour located at Day Street near the waterfront. Average occupancy declined marginally by 2% to 87% but the average room rate improved by 9%. Overall, revenue per available room increased by 6% compared to 2006.

Crowne Plaza Parramatta, Sydney

The 196-room Crowne Plaza Parramatta, in which Hotel Plaza has a 60% interest, enjoyed average occupancy of 83%, up from 81% in 2006. The average room rate rose by 5%.

Sheraton Perth Hotel, Perth

Hotel Plaza has a 100% interest in the 486-room Sheraton Perth Hotel. During the year, the average room rate improved by a significant 21%, while average occupancy increased by 4% to 76%. Conversion of the office space at Sheraton Court into 96 additional guestrooms, with a new business centre and executive lounge commenced in September 2006. The works were completed in December 2007.

THE PEOPLE'S REPUBLIC OF CHINA

Sofitel Plaza Xiamen, Xiamen

Average occupancy at the 393-room Sofitel Plaza Xiamen was 68%, up from 67% in 2006. The average room rate rose by 9%. A 250 sqm grand ballroom completed in 4Q2007 is expected to contribute positively to the hotel's performance in 2008. The Group has a 100% interest in this hotel.

Sheraton Suzhou Hotel & Towers, Suzhou

The Group also has a 100% interest in the 386-room Sheraton Suzhou Hotel & Towers. Due to increased competition from hotels in the industrial parks, average occupancy declined from 68% in 2006 to 59% in 2007. The average room rate showed a marginal 4% reduction. Construction of a new wing with 99 luxury guestrooms will be completed in 1H2008, as will refurbishment of 131 rooms.

From top:
Hotel Sofitel Plaza Saigon

Parkroyal Kuala Lumpur

VIETNAM

Hotel Sofitel Plaza Hanoi, Hanoi

Renovations to upgrade all 317 rooms commenced in July 2007, a process which will be completed by 1Q2008. Average occupancy declined by 4% to 75% in 2007, but the average room rate surged 31%. Overall, revenue per available room gained 24% year on year. Hotel Plaza has a 75% interest in the Hotel Sofitel Plaza Hanoi.

Parkroyal Saigon (formerly known as Novotel Garden Plaza, Saigon), Ho Chi Minh City

Hotel Plaza has a 100% interest in the 191-room Parkroyal Saigon. Refurbishment of 124 rooms commenced in December 2007 and will be completed by 1Q2008. Average occupancy for the year remained at 81%, while the average room rate registered a stellar 39% improvement over last year.

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

Hotel Plaza has a 26% interest in the 287-room Hotel Sofitel Plaza Saigon. During the year, 80 Clubrooms were refurbished. Refurbishment of another 80 deluxe rooms commenced in December 2007 and will be completed by 1Q2008. Average occupancy maintained at 77% in 2007, while the average room rate improved substantially by 37% during the year. The Central Plaza, an adjoining 16-storey office block with a total lettable area of 7,895 sqm was fully let out during the year.

MALAYSIA

Our two hotels in Malaysia, in which Hotel Plaza has a 100% interest, continued to improve their revenue per available room in 2007.

Parkroyal Kuala Lumpur

The 426-room Parkroyal Kuala Lumpur, with the adjoining President House, is strategically located at the Golden Triangle, the capital's main commercial and retail district. The average occupancy of the hotel remained at 80% in 2007 while the average room rate increased by 13% during the year. Works to convert a major portion of the existing office space at President House into 78 Orchid Club guestrooms, a new Orchid Club Lounge and St Gregory Spa commenced in September 2006 and will be completed in 1Q2008.

Parkroyal Penang

The 324-room Parkroyal Penang had an average occupancy of 67% in 2007 as compared to 72% in 2006. The average room rate however improved by 10% during the year. Works to convert 31 existing rooms into 16 bigger rooms commenced in November 2007 and are scheduled for completion in May 2008.

MYANMAR

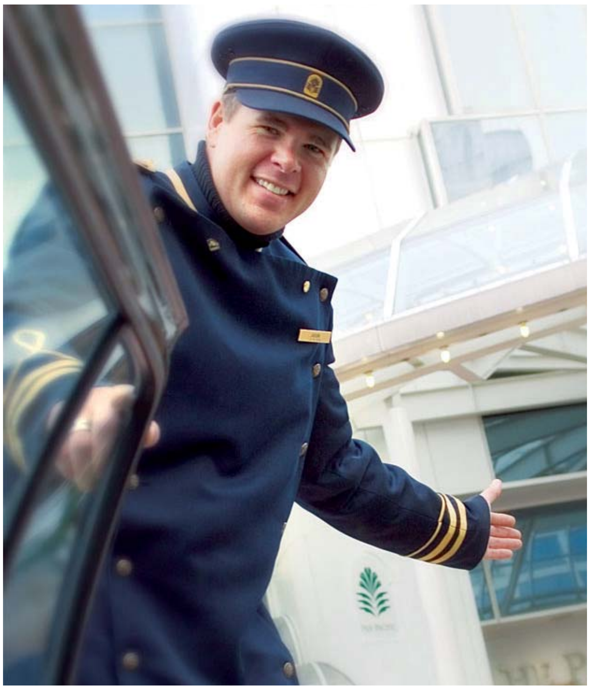
Parkroyal Yangon

Hotel Plaza has a 95% interest in the 310-room hotel. Average occupancy for the hotel was 50% in 2007. The average room rate increased by 11% year on year.

HOTEL MANAGEMENT

Pan Pacific Hotels and Resorts

UOL Group completed the purchase of the upscale and award-winning Pan Pacific Hotels and Resorts from Tokyu Corporation in July 2007. The acquisition provided UOL with the opportunity to enlarge its hotel portfolio, broaden its brands and establish a global presence. Pan Pacific Hotels and Resorts manages 11 well-known hotels and resorts covering over 3,400 rooms throughout Asia and North America. The two latest additions to the portfolio are the Pan Pacific Orchard, a second hotel in Singapore and the Pan Pacific Tianjin, China, which will open in 2010.



Pan Pacific Hotels and Resorts will focus resources to extend its brand footprint into key cities on the West Coast of America, Japan and China. With the aim to capture a significant share of the rapidly growing extended stay market, it has launched the Pan Pacific Serviced Suites brand which will have its first property opened in Singapore by early 2008.

2007 saw Pan Pacific Hotels and Resorts set new benchmarks in operational excellence and customer service leveraging the latest technologies and consequently, winning numerous accolades including the Condé Nast Readers' Choice and World Travel Awards. Pan Pacific Hotels and Resorts has also enhanced its distribution system interfaced with its award-winning panpacific.com, to drive greater revenue to its hotels. It will continue to strive for excellence in hotel management to deliver value to its stakeholders.

Parkroyal Hotels and Resorts

Parkroyal Hotels and Resorts Pte. Ltd., a wholly-owned subsidiary and hotel management arm of Hotel Plaza, continued to provide hospitality services across its portfolio of 6 Parkroyal hotels in Asia Pacific. The Group's experience and expertise also extends to related hospitality areas like operating of award-winning restaurants, spas, and serviced residences.

Investments, Management Services, Furniture Operations & Human Resources

During the year, the Group continued to carry out activities that supported and strengthened its core business operations.

INVESTMENTS IN SECURITIES

The Group's available-for-sale financial assets comprise quoted and unquoted securities in both property and non-property related sectors. Reflecting higher share prices, an unrealised gain of $161.2 million arising from changes in the fair value of investment was recognised in the fair value reserve during the year.

Investments in quoted securities include United Overseas Bank Limited, United Industrial Corporation Limited, United International Securities Ltd and Haw Par Corporation Limited. Dividend income for 2007 was $51.2 million, an increase of 55% as compared with the income of $32.9 million in 2006.

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.

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

Another 100%-owned subsidiary, Parkroyal Serviced Residences Pte. Ltd., continued to provide hospitality management services for the Parkroyal Residences at The Plaza at Beach Road.

Spa/Lifestyle-Related Operations

The Group operates the chain of St Gregory spa outlets through its subsidiary St Gregory Spa Pte Ltd.

In 2007, St Gregory opened three new spas, all in Japan. These are in the new Lalaport Toyosu Shopping Mall, Tokyo; in the Irago Garden Hotel in Nagoya; and in the Fukuichi Ryokan, a 400-year-old traditional Japanese inn in Ikaho. St Gregory's eleventh spa is set to open in Parkroyal Kuala Lumpur in 2Q2008.

The Group also operates the Si Chuan Dou Hua Restaurant on the 60th floor of UOB Plaza 1, through its subsidiary Dou Hua Restaurants Pte Ltd. Its first Japanese outlet opened in the new Shin Marunouchi Building in Tokyo in April 2007. Other Si Chuan Dou Hua outlets are at Parkroyal Kuala Lumpur and Parkroyal on Beach Road, which also features Tian Fu Teahouse as part of the restaurant.

FURNITURE OPERATIONS

In line with efforts to streamline business activities and focus on core businesses, the Group disposed of its furniture operations as of 12 November 2007. The Group sold its entire shareholding in Mod.Living Pte Ltd, a wholly-owned subsidiary, to TT International Limited for a total net cash consideration of $750,000.

HUMAN RESOURCES

At the end of 2007, the Group had 1,105 employees in Singapore, compared to 1,134 at the end of 2006. The Excellence Service Award 2007 was awarded to 20 of the Group's hotel employees, of whom two received the prestigious Star Award.

Hotel Plaza's subsidiary, Parkroyal Hotels and Resorts is also the proud benefactor of JazzKids™, a Singapore vocal ensemble comprising children and teenagers aged between 8 to 14 years, who sing and dance to swing and jazz standards. In 2006, JazzKids™ performed in Hong Kong for the Hong Kong City Festival and in July 2007, they made their way to San Francisco for the 4th Annual Theatre Festival. Their second album was also released during Christmas last year.

During the year, Hotel Plaza signed the Employer's Pledge for Fair Employment Practices, undertaking to employ based on merit by qualification, skills and experiences and not by age, sex, gender, race or religion.

The Group organised social and recreational activities to promote a work-life balance for staff in 2007. These included trips to Batam, a brewery visit, a nature walk and a bowling competition. Mindful of giving back to the community, the Group raised funds for the Lions Home for the Elders.

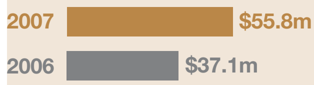
Through its subsidiaries, the Group also provides property management, marketing and project management services for commercial buildings and shopping malls, as well as hospitality management services for hotels and serviced apartments.

UOL's investments comprise quoted and unquoted securities in both property and non-property related sectors.

Profit – Investments, management services & furniture operations

$55.8m

+51%



Property Summary 2007

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (SQ M)	Car Park Facilities	Occupancy %	Present Capital Value (S$Million)
FABER HOUSE **230 Orchard Road, Singapore** 12-storey commercial building (excluding first storey which was sold)	1973	–	Freehold	3,866	49	87	69.0
ODEON TOWERS **331 North Bridge Road, Singapore** 23-storey commercial building with 3 basement levels and a 2-storey podium block	1992 & 2003	–	999-Year Lease from 1827	18,290	171	94	316.0
PAN PACIFIC SERVICED SUITES (FORMERLY KNOWN AS UOL BUILDING) **96 Somerset Road, Singapore** Under construction to convert into a new 16-storey commercial development of 126 units of office with serviced apartments and basement car parks	–	1979	Freehold	11,796*	–	–	67.0
UNITED SQUARE **101 Thomson Road, Singapore** Commercial building comprising a 4-storey retail podium with a basement, a 30-storey office tower and 7 carpark decks							
Shops	1982 & 2002	1987	Freehold	45,898	658	95	738.2
Offices	1982						
EUNOS WAREHOUSE COMPLEX **1 Kaki Bukit Road 2, Singapore** Retained interests in 2 units of a 4-storey flatted warehouse	1983	–	60-Year Lease from 1982	1,134	–	–	1.5
NOVENA SQUARE **238/A/B Thomson Road, Singapore** Office cum retail development above the Novena MRT station, comprising 2 blocks of 18- and 25- storey office towers and a 3-storey retail podium with elevated car parks (excluding #01-38 which was sold)							
Shops & Offices	2000 & 2006	–	99-Year Lease from 1997	53,758	477	96	867.1
THE PLAZA **7500 Beach Road, Singapore** The Plaza, retained interests in a 32-storey tower block comprising restaurants, hotel function rooms, shops, offices and service apartments, two adjacent 4-storey commercial buildings and a multi-storey carpark block							
Shops & Offices	1974 & 1979	–	99-Year Lease from 1968	18,597	641	96	169.7
90 serviced apartments and 1 owner-occupied apartment	1979	–	99-Year Lease from 1968	6,125 & 165 respectively			
PARKROYAL ON BEACH ROAD **7500 Beach Road, Singapore** 7-storey hotel building with 343 rooms	1971 & 1979	–	99-Year Lease from 1968	19,900*	47	87	111.0
PARKROYAL ON KITCHENER ROAD AND SHOPPING ARCADE **181 Kitchener Road, Singapore** Comprising a 5-storey podium with a basement and a 16-storey Y-shaped tower							
Hotel with 534 rooms	1976 & 1981	1989	Freehold	37,811*	273	79	197.5
Shopping Arcade	1976 & 1981	1989	Freehold	1,543			

	Completed	Purchased	Tenure of Land	Approximate Net Lettable/ Gross Floor* Area (SQ M)	Car Park Facilities	Occupancy %	Present Capital Value (S$Million)
PAN PACIFIC ORCHARD **10 Claymore Road, Singapore** 21-storey hotel with 198 rooms	1995	2006	Freehold	17,597*	67	79	135.0
CROWNE PLAZA DARLING HARBOUR **150 Day Street, Sydney, Australia** 13-level hotel with 345 rooms	1991	1993	Freehold	24,126*	52	87	122.1
CROWNE PLAZA PARRAMATTA **30 Phillip Street, Parramatta, New South Wales, Australia** 13-level hotel with 196 rooms	1986	1994	Freehold	16,694*	186	83	53.4
SHERATON PERTH HOTEL **At the corner of Adelaide Terrace and Hill Street, Perth, Australia** Comprising a 23-storey hotel with 486 rooms and a 4-level office complex	1973	1995	Freehold	31,513*	220	76	165.3
PARKROYAL KUALA LUMPUR **Jalan Sultan Ismail, Kuala Lumpur, Malaysia** Comprising a 23-storey tower with a 6-storey podium together with an annexed 8-storey car park building, with the 426-room hotel occupying the tower and part of the podium							
Hotel	1974	1999	Freehold	56,707*	–	80	92.5
Car Park Annexe	–		99-Year Lease expiring 2080	11,128*	320		
PARKROYAL PENANG **Batu Ferringhi Beach, Penang, Malaysia** 324-room 8-storey beachfront resort hotel	1990	1999	Freehold	31,502*	147	67	60.9
ONE RESIDENCY **Geran No. 26595, Lot 692S Seksyen 57, Kuala Lumpur, Malaysia** Under construction to build a 276-unit service apartment with car parks	–	2005	Freehold	21,359*	290	–	23.3
PARKROYAL SAIGON **Nguyen Van Troi Street, Ho Chi Minh City, Vietnam** Comprising a 10-storey hotel building with a 9-storey extension wing, with 191 rooms and a 4-storey annex office building	1997	–	49-Year Lease from 1994	12,165*	25	81	42.1
HOTEL SOFITEL PLAZA HANOI **Thanh Nien Road, Hanoi, Vietnam** 20-storey hotel with 317 rooms and 36 serviced apartments	1998	2001	48-Year Lease from 1993	39,250*	30	75	108.8
PARKROYAL YANGON **At the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar** 8-storey V-shaped tower comprising 310 rooms	1997	2001	30-Year Lease from 1997	17,700*	250	50	8.0
SHERATON SUZHOU HOTEL & TOWERS **Xinshi Road, Suzhou, Jiangsu, The People's Republic of China** Comprising an establishment built in the Ming Dynasty style, with 386 rooms accommodated within a cluster of low-rise buildings	1998	2001	50-Year Lease from 1994	46,532*	100	59	124.9
SOFITEL PLAZA XIAMEN **Hubin North Road, Xiamen, The People's Republic of China** Comprising two towers of 19-storey and 29-storey each with 393 rooms, including a two-storey basement car park	1996	2001	70-Year Lease from 1991	31,775*	67	68	66.6

Property Summary 2007

Properties for Sale Under Development	Type of Development	Tenure of Land	Approximate Gross Floor Area (SQ M)	Site Area (SQ M)	Stage of Completion as at 31 Dec 2007	Expected Completion	Percentage of Interest
REGENCY SUITES **Kim Tian Road** Development comprising 104 units of mixed office and residential condominium apartments	Office & Residential	Freehold	11,371	3,790	44%	1st Quarter 2009	80%
PAVILION 11 **Minbu/Akyab Road** Residential development comprising 180 units of condominium apartments	Residential	Freehold	21,237	7,585	38%	2nd Quarter 2009	100%
THE REGENCY AT TIONG BAHRU **Chay Yan Street** Residential development comprising 158 units of condominium apartments	Residential	Freehold	18,201	6,129	13%	2nd Quarter 2009	60%
DUCHESS RESIDENCES **Duchess Walk** Residential development comprising 120 units of condominium apartments	Residential	999-Year Leasehold	19,802	14,144	7%	2nd Quarter 2010	70%
SOUTHBANK **North Bridge Road** Development comprising 273 units of mixed office and residential condominium apartments	Office & Residential	99-Year Leasehold	24,161	3,852	19%	1st Quarter 2010	70%
BREEZE BY THE EAST **Upper East Coast Road** Proposed residential development comprising 88 units of condominium apartments	Residential	Freehold	12,566	8,976	–	2010	100%
SITE AT TAGORE AVENUE Proposed residential development comprising 400 units of condominium apartments	Residential	Freehold	59,228	42,306	–	2011	100%
PANORAMA **Kuala Lumpur, Malaysia** Proposed residential development comprising 223 units of condominium apartments	Residential	Freehold	32,578	4,573	–	2010	55%
SITE AT JALAN CONLAY **Kuala Lumpur, Malaysia** Proposed residential development comprising 500 units of condominium apartments	Residential	Freehold	111,925	15,989	–	–	60%
TIANJIN HAI HE HUANG GUAN **Tianjin, The People's Republic of China** Proposed mixed-use development comprising residential apartments, hotel, office and retail components	Hotel, Retail, Office & Residential	Freehold	120,000	22,895	–	–	90%

Simplified Group Financial Position

Total assets owned

	2007 $m	2006 $m	2007 %	2006 %
Property, plant and equipment	**697**	659	**11**	14
Investment properties	**2,285**	1,658	**37**	36
Available-for-sale financial assets	**1,286**	1,111	**21**	24
Associated companies	**446**	320	**7**	7
Development properties	**854**	578	**14**	12
Other assets & cash	**614**	326	**10**	7
	6,182	4,652	**100**	100

Total liabilities owed & capital invested

	2007 $m	2006 $m	2007 %	2006 %
Shareholders' funds	**3,947**	3,156	**65**	68
Minority interests	**422**	294	**7**	6
Borrowings	**1,323**	822	**21**	18
Trade and other payables	**136**	102	**2**	2
Deferred income tax liabilities	**208**	159	**3**	3
Other liabilities	**146**	119	**2**	3
	6,182	4,652	**100**	100

Five-Year Financial Summary

	2003 $'000	2004 $'000	2005 $'000	2006 $'000	**2007 $'000**
GROUP REVENUE					
Property development	125,179	69,590	104,411	169,297	**230,442**
Property investments	108,610	102,945	95,138	92,000	**99,080**
Hotel operations	179,561	231,854	259,576	300,062	**322,941**
Trading and retail operations and management services	18,104	12,473	11,431	10,823	**9,830**
Investments	34,438	44,341	34,926	32,939	**51,199**
	465,892	461,203	505,482	605,121	**713,492**
GROUP PROFIT AND LOSS					
Property development	9,873	12,372	21,635	32,889	**71,527**
Property investments	80,746	64,079	65,468	217,752	**690,223**
Hotel operations	6,433	30,767	29,192	129,868	**80,019**
Trading and retail operations and management services	70	(389)	1,192	2,957	**3,669**
Investments	41,272	399,955	51,361	34,112	**52,134**
	138,394	506,784	168,848	417,578	**897,572**
Unallocated costs	(1,296)	(4,381)	(4,792)	(5,709)	**(6,702)**
Profit from operations	137,098	502,403	164,056	411,869	**890,870**
Finance income	6,484	3,386	13,674	6,634	**9,678**
Finance expense	(30,570)	(22,441)	(26,694)	(25,842)	**(16,989)**
	113,012	483,348	151,036	392,661	**883,559**
Share of results of associated companies	2,885	2,278	(1,201)	14,138	**55,253**
Profit before income tax	115,897	485,626	149,835	406,799	**938,812**
Profit attributable to equity holders of the Company	78,790	381,618	100,070	339,444	**758,915**
GROUP BALANCE SHEET					
Property, plant and equipment	600,054	610,540	616,390	658,516	**696,635**
Investment properties	1,579,330	1,500,945	1,545,193	1,658,085	**2,284,659**
Associated companies, receivables and other assets (non-current)	42,206	47,238	115,391	309,392	**501,698**
Available-for-sale financial assets (non-current)	303,914	296,309	410,639	544,129	**685,979**
Intangibles	13,972	13,491	14,516	14,663	**39,225**
Deferred tax assets	590	6,652	9,154	10,360	**5,043**
Net current assets (excluding borrowings)	398,006	806,623	620,821	1,251,033	**1,715,833**
Non-current liabilities (excluding borrowings)	(86,763)	(76,090)	(133,366)	(174,392)	**(237,437)**
	2,851,309	3,205,708	3,198,738	4,271,786	**5,691,635**
Share capital	922,327	1,067,911	1,068,264	1,071,987	**1,075,266**
Reserves	848,184	849,787	1,295,935	2,084,017	**2,871,864**
Interests of the shareholders	1,770,511	1,917,698	2,364,199	3,156,004	**3,947,130**
Minority interests	226,059	227,467	232,237	293,547	**421,996**
Borrowings	854,739	1,060,543	602,302	822,235	**1,322,509**
	2,851,309	3,205,708	3,198,738	4,271,786	**5,691,635**

	2003	2004	2005	2006	**2007**
FINANCIAL RATIOS					
Basic earnings per ordinary share (cents)	**12.8**	**50.7**	**12.6**	**42.8**	**95.4**
Gross dividend declared $'000	**41,805**	**325,152**	**59,492**	**119,236**	**119,408**
Gross dividend declared					
Interim & Final (%)	**7.5**	**6.0**	**7.5**	**7.5**	**10.0**
Special (%)	**–**	**40.1**	**–**	**7.5**	**5.0**
Cover (times)	**1.9**	**1.2**	**1.7**	**2.8**	**6.4**
Net tangible asset backing per ordinary share ($)					
Before accounting for surplus on revaluation of hotel properties	**2.52**	**2.40**	**2.96**	**3.95**	**4.91**
After accounting for surplus on revaluation of hotel properties	**2.62**	**2.54**	**3.23**	**4.44**	**5.67**
Gearing ratio	**0.42**	**0.17**	**0.21**	**0.22**	**0.23**

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

Segmental Performance Analysis

Hotel operations and property development continued to contribute to the lion's share of Group revenue.

TOTAL REVENUE BY BUSINESS SEGMENT

	2007		2006	
	$'000	%	$'000	%
Hotel operations	322,941	45.3	300,062	49.6
Property development	230,442	32.3	169,297	28.0
Property investments	99,080	13.9	92,000	15.2
Investments	51,199	7.1	32,939	5.4
Trading and retail operations and management services	9,830	1.4	10,823	1.8
	713,492	100.0	605,121	100.0

TOTAL OPERATING PROFIT BY BUSINESS SEGMENT

	2007		2006	
	$'000	%	$'000	%
Property investments	690,223	77.5	217,752	52.9
Hotel operations	80,019	9.0	129,868	31.5
Property development	71,527	8.0	32,889	8.0
Investments	52,134	5.9	34,112	8.3
Trading and retail operations and management services	3,669	0.4	2,957	0.7
	897,572	–	417,578	–
Unallocated expenses	(6,702)	(0.8)	(5,709)	(1.4)
	890,870	100.0	411,869	100.0

TOTAL ASSETS BY BUSINESS SEGMENT

	2007		2006	
	$'000	%	$'000	%
Property investments	2,295,138	37.1	1,804,458	38.7
Investments	1,285,929	20.8	1,111,057	23.9
Property development	939,169	15.2	582,164	12.5
Hotel operations	922,958	14.9	720,243	15.5
Associated co & other assets	738,205	11.9	430,410	9.3
Trading and retail operations and management services	948	0.1	3,580	0.1
	6,182,347	100.0	4,651,912	100.0

TOTAL REVENUE BY GEOGRAPHICAL SEGMENT

	2007 $'000	2007 %	2006 $'000	2006 %
Singapore	486,067	68.1	399,868	66.1
Australia	96,643	13.5	82,047	13.6
The People's Republic of China	44,745	6.3	47,792	7.9
Malaysia	41,351	5.8	38,366	6.3
Vietnam	37,068	5.2	31,436	5.2
Myanmar	5,567	0.8	5,612	0.9
Others	2,051	0.3	–	–
	713,492	100.0	605,121	100.0

TOTAL OPERATING PROFIT BY GEOGRAPHICAL SEGMENT

	2007 $'000	2007 %	2006 $'000	2006 %
Singapore	847,474	95.1	377,369	91.7
Australia	17,342	1.9	11,215	2.7
Vietnam	12,754	1.4	8,513	2.1
The People's Republic of China	7,004	0.8	9,223	2.2
Malaysia	5,823	0.7	5,592	1.4
Others	1,622	0.2	1,000	0.2
Myanmar	(1,149)	(0.1)	(1,043)	(0.3)
	890,870	100.0	411,869	100.0

TOTAL ASSETS BY GEOGRAPHICAL SEGMENT

	2007 $'000	2007 %	2006 $'000	2006 %
Singapore	5,386,276	87.1	4,089,961	87.9
The People's Republic of China	276,155	4.5	157,620	3.4
Malaysia	230,801	3.7	134,820	2.9
Australia	205,900	3.3	177,295	3.8
Vietnam	70,148	1.1	80,176	1.7
Myanmar	9,910	0.2	12,040	0.3
Others	3,157	0.1	–	–
	6,182,347	100.0	4,651,912	100.0

Value-Added Statement

for the year ended 31 December 2007

	2007 $'000	2006 $'000
Sales of goods and services	662,293	572,182
Purchase of materials and services	(350,677)	(297,977)
Gross value added	311,616	274,205
Share of profit of associated companies	55,253	14,138
Income from investments and interest	59,538	39,300
Other gains	56,549	248,165
Fair value gain on investment properties	590,534	–
Exchange difference	1,311	212
TOTAL VALUE ADDED	1,074,801	576,020
DISTRIBUTION OF VALUE ADDED:		
To employees and directors		
Employees' salaries, wages and benefits	116,482	108,075
Directors' remuneration	3,869	3,049
	120,351	111,124
To government		
Corporate and property taxes	92,188	46,317
To providers of capital		
Interest expense	32,857	38,179
Net dividend attributable to minority shareholders	32,642	4,053
Net dividend to shareholders	119,236	59,492
	184,735	101,724
Total value added distributed	397,274	259,165
Retained in the business		
Depreciation	36,537	36,691
Retained earnings	(66,541)	(7,017)
	(30,004)	29,674
Non-production cost and income		
Bad debts	(401)	(496)
Income from investments and interest	59,538	39,300
Other gains	56,549	248,165
Fair value gain on investment properties	590,534	–
Exchange difference	1,311	212
	707,531	287,181
	1,074,801	576,020
	$	$
PRODUCTIVITY RATIOS:		
Value added per employee	70,454	59,610
Value added per $ employment costs	2.59	2.47
Value added per $ investment in property, plant and equipment and investment properties (before depreciation)		
– at cost	0.11	0.12
– at valuation	0.09	0.10
Value added per $ net sales	0.47	0.48

Financial Contents

Report of the Directors

for the financial year ended 31 December 2007

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 2007.

DIRECTORS

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

Wee Cho Yaw – Chairman
Gwee Lian Kheng – Group President and Chief Executive Officer
Alan Choe Fook Cheong
Lim Kee Ming
Wee Ee Chao
Low Weng Keong
Koh Cher Siang James
Wee Ee Lim

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 55 to 57 of this report.

DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES

(a) The directors holding office at 31 December 2007 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 31.12.2007	At 1.1.2007	**At 31.12.2007**	At 1.1.2007
UOL Group Limited (“UOL”)				
– Ordinary Shares				
Wee Cho Yaw	**3,388,151***	3,388,151*	**227,768,442***	213,768,442*
Gwee Lian Kheng	**388,500**	388,000	**–**	–
Lim Kee Ming	**138,557**	138,557	**322,357**	322,357
Wee Ee Chao	**30,748***	30,748*	**80,820,597***	80,820,597*
Koh Cher Siang James	**385**	385	**–**	–
Wee Ee Lim	**241,489**	241,489	**80,553,452***	80,553,452*
– Executives’ Share Options				
Gwee Lian Kheng	**500,000**	400,000	**–**	–
Hotel Plaza Limited (“HPL”)				
– Ordinary Shares				
Wee Cho Yaw	**–**	–	**489,440,652***	310,856,000*
Gwee Lian Kheng	**171,000**	114,000	**225,000**	150,000
Lim Kee Ming	**15,000**	10,000	**–**	–
Wee Ee Chao	**–**	–	**892,500**	595,000

* 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 2008, were the same as those at 31 December 2007.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

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

	Holdings in which a director is deemed to have an interest	
	At 31.12.2007	At 1.1.2007
Success Venture Investments (Australia) Ltd		
– Ordinary Shares of US$1 each	**2,059,500**	2,059,500
Success City Pty Limited		
– Ordinary Shares	**1,720,834**	1,720,834

(d) Save as disclosed above, none of the other directors holding office at 31 December 2007 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 accompanying financial statements and in this report.

SHARE OPTIONS

UOL Group Executives' Share Option Scheme

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

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

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

(c) On 16 March 2007, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,360,000 ordinary shares in the Company (known as "the 2007 Options") at the offer price of $4.91 per ordinary share. 1,276,000 options granted were accepted by the executives, including Mr Gwee Lian Kheng.

The details of the options accepted are as follows:

	No. of employees	At offer price of $4.91 per share
Executive Director	1	100,000
Other Executives	59	1,176,000
	60	1,276,000

(d) Statutory information regarding the 2007 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 16 March 2008 and expires on 15 March 2017 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.

SHARE OPTIONS (continued)

UOL Group Executives' Share Option Scheme (continued)

(d) Statutory information regarding the 2007 Options is as follows (continued):

(ii) The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

(iii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company in the Group.

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

(e) Other information required by the Singapore Exchange Securities Trading Limited:
Pursuant to Rule 852 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

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

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

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

Aggregate options granted since commencement of the 2000 Scheme to 31.12.2006	Options granted during the financial year	Aggregate options granted since commencement of the 2000 Scheme to 31.12.2007	Aggregate options exercised since commencement of the 2000 Scheme to 31.12.2007	Aggregate options outstanding at 31.12.2007
600,000	100,000	700,000	200,000	500,000

(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 2007, the holders of the Executives' Share Options include a director of the Company as disclosed under "Directors' interests in shares or debentures".

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

During the financial year, 1,151,000 ordinary shares of the Company were issued upon the exercise of options by:

Holders of	Number of ordinary shares	Exercise price per share $
2003 Options	18,000	2.05
2004 Options	209,000	2.28
2005 Options	205,000	2.23
2006 Options	719,000	3.21
2007 Options	–	4.91
	1,151,000	

SHARE OPTIONS (continued)

Outstanding Share Options (continued)

Unissued ordinary shares under options at 31 December 2007 comprise:

	At 1.1.2007	Options granted in 2007	Options exercised	Options forfeited	At 31.12.2007	Exercise/ Subscription price /$	Option period
Executives' Share Options							
2002 Options	42,000	–	–	–	42,000	1.81	27.06.2003 to 26.06.2012
2003 Options	208,000	–	18,000	–	190,000	2.05	27.06.2004 to 26.06.2013
2004 Options	448,000	–	209,000	12,000	227,000	2.28	21.05.2005 to 20.05.2014
2005 Options	409,000	–	205,000	12,000	192,000	2.23	09.05.2006 to 08.05.2015
2006 Options	1,342,000	–	719,000	78,000	545,000	3.21	18.05.2007 to 17.05.2016
2007 Options	–	1,276,000	–	182,000	1,094,000	4.91	16.03.2008 to 15.03.2017
	2,449,000	1,276,000	1,151,000	284,000	2,290,000		

AUDIT COMMITTEE

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

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

The Audit Committee carries out the functions set out in the Companies Act (Cap.50). The terms of reference include reviewing the financial statements, the internal and external audit plans and audit reports, the 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 persons transactions.

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

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

INDEPENDENT AUDITORS

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

On behalf of the directors

WEE CHO YAW
Chairman

GWEE LIAN KHENG
Director

20 February 2008

Statement by Directors

for the financial year ended 31 December 2007

In the opinion of the directors,

(a) the income statements, balance sheets and statements of changes in equity of the Company and of the Group and the consolidated cash flow statement of the Group as set out on pages 60 to 136 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, of the results of the business and the changes in equity of the Company and of the Group for the financial year then ended; and the cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

WEE CHO YAW Chairman	GWEE LIAN KHENG Director

20 February 2008

Independent Auditors' Report to the Members of UOL Group Limited

We have audited the accompanying financial statements of UOL Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 60 to 136 for the financial year ended 31 December 2007, which comprise the income statements, balance sheets and statement of changes in equity of the Company and of the Group and the consolidated cash flow statement of the Group, and a summary of the significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap.50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion,

(a) the income statements, balance sheets and statements of changes in equity of the Company and of the Group and the consolidated cash flow statement of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, the results and the changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and

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

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 20 February 2008

Income Statements

for the financial year ended 31 December 2007

	Notes	The Group 2007 $'000	The Group 2006 $'000	The Company 2007 $'000	The Company 2006 $'000
Continuing operations					
Revenue	5	**709,090**	598,922	**234,045**	90,802
Cost of sales		**(339,152)**	(322,819)	**(3,317)**	(3,482)
Gross profit		**369,938**	276,103	**230,728**	87,320
Other income					
– Finance income	5	**9,678**	6,634	**17,089**	15,828
– Miscellaneous income	5	**5,062**	5,004	**969**	746
Expenses					
– Marketing and distribution		**(25,828)**	(22,503)	**(124)**	(110)
– Administrative		**(42,072)**	(35,811)	**(9,484)**	(7,559)
– Finance	9	**(16,989)**	(25,842)	**(6,255)**	(17,136)
– Other operating		**(63,483)**	(59,355)	**(1,389)**	(869)
Share of profit of associated companies	20	**55,253**	14,138	**–**	–
		291,559	158,368	**231,534**	78,220
Other gains	8	**56,549**	248,165	**460**	213,775
Fair value gain on investment properties	22	**590,534**	–	**117,150**	–
Profit before income tax		**938,642**	406,533	**349,144**	291,995
Income tax expense	10(a)	**(76,825)**	(33,774)	**(46,183)**	(16,452)
Profit from continuing operations		**861,817**	372,759	**302,961**	275,543
Discontinued operations					
Profit from discontinued operations	11	**154**	267	**–**	–
Total profit		**861,971**	373,026	**302,961**	275,543
Attributable to:					
Equity holders of the Company		**758,915**	339,444	**302,961**	275,543
Minority interests		**103,056**	33,582	**–**	–
		861,971	373,026	**302,961**	275,543
Earnings per share for profit from continuing operations attributable to equity holders of the Company (expressed in cents per share)	12				
– Basic (in cents)		**95.38**	42.72		
– Diluted (in cents)		**95.31**	42.70		
Earnings per share for profit from discontinued operations attributable to equity holders of the Company (expressed in cents per share)	12				
– Basic (in cents)		**0.02**	0.03		
– Diluted (in cents)		**0.02**	0.03		

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

Balance Sheets

as at 31 December 2007

		The Group		The Company	
	Notes	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
ASSETS					
Current assets					
Cash and bank balances	13	**405,707**	130,297	**45,818**	12
Trade and other receivables	14	**80,341**	31,645	**15,464**	6,292
Development properties	15	**854,039**	577,643	**–**	–
Inventories	16	**3,745**	4,962	**–**	–
Available-for-sale financial assets	17	**599,931**	566,922	**599,471**	566,922
Other assets	18	**25,010**	7,294	**1,446**	1,756
Current income tax assets	10(b)	**335**	156	**–**	–
		1,969,108	1,318,919	**662,199**	574,982
Investment property held for sale	19	**–**	137,848	**–**	–
		1,969,108	1,456,767	**662,199**	574,982
Non-current assets					
Trade and other receivables	14	**153,171**	87,574	**562,251**	305,115
Available-for-sale financial assets	17	**685,979**	544,129	**39,549**	26,949
Associated companies	20	**277,431**	221,818	**112,584**	112,086
Subsidiaries	21	**–**	–	**1,301,487**	1,049,114
Investment properties	22	**2,284,659**	1,658,085	**420,391**	278,691
Property, plant and equipment	23	**696,635**	658,516	**1,042**	903
Intangibles	24	**39,225**	14,663	**–**	–
Other assets	18	**71,096**	–	**–**	–
Deferred income tax assets	30	**5,043**	10,360	**–**	–
		4,213,239	3,195,145	**2,437,304**	1,772,858
Total assets		**6,182,347**	4,651,912	**3,099,503**	2,347,840
LIABILITIES					
Current liabilities					
Trade and other payables	25	**135,666**	101,719	**333,536**	10,326
Current income tax liabilities	10(b)	**117,609**	101,803	**77,863**	79,114
Borrowings	26	**260,018**	117,642	**231,100**	99,134
		513,293	321,164	**642,499**	188,574
Liabilities directly associated with investment property held for sale	19	**–**	2,212	**–**	–
		513,293	323,376	**642,499**	188,574

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

Balance Sheets (continued)

as at 31 December 2007

		The Group		The Company	
	Notes	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
LIABILITIES (continued)					
Non-current liabilities					
Borrowings	26	**1,022,144**	664,700	**249,197**	–
Loans from subsidiaries (unsecured)	27	**–**	–	**–**	188,493
Loans from minority shareholders of subsidiaries (unsecured)	28	**40,347**	39,893	**–**	–
Rental deposits		**21,180**	13,562	**2,657**	1,411
Retention monies		**5,862**	–	**1,357**	–
Provision for retirement benefits	29	**2,035**	1,875	**–**	–
Deferred income tax liabilities	30	**208,360**	158,955	**97,974**	94,555
		1,299,928	878,985	**351,185**	284,459
Total liabilities		**1,813,221**	1,202,361	**993,684**	473,033
NET ASSETS		**4,369,126**	3,449,551	**2,105,819**	1,874,807
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	31	**1,075,266**	1,071,987	**1,075,266**	1,071,987
Reserves	32	**939,699**	1,170,697	**411,251**	489,121
Retained earnings		**1,932,165**	913,320	**619,302**	313,699
		3,947,130	3,156,004	**2,105,819**	1,874,807
Minority interests		**421,996**	293,547	**–**	–
TOTAL EQUITY		**4,369,126**	3,449,551	**2,105,819**	1,874,807

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2007

	Notes	Attributable to the equity holders of the Company Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2007		**1,071,987**	**1,170,697**	**913,320**	**3,156,004**	**293,547**	**3,449,551**
Effects of adopting new standards	3	**–**	**(413,431)**	**379,166**	**(34,265)**	**(2,079)**	**(36,344)**
		1,071,987	**757,266**	**1,292,486**	**3,121,739**	**291,468**	**3,413,207**
Change in tax rates	32(b), (c)	**–**	**9,641**	**–**	**9,641**	**187**	**9,828**
Fair value gains on available-for-sale financial assets	32(b)	**–**	**154,003**	**–**	**154,003**	**169**	**154,172**
Share of asset revaluation reserve of an associated company	32(c)	**–**	**16,959**	**–**	**16,959**	**–**	**16,959**
Net fair value gain arising from the transfer of owner-occupied property to investment properties	32(c)	**–**	**429**	**–**	**429**	**117**	**546**
Currency translation differences	32(e)	**–**	**506**	**–**	**506**	**760**	**1,266**
Net gains recognised directly in equity		**–**	**181,538**	**–**	**181,538**	**1,233**	**182,771**
Net profit for the financial year		**–**	**–**	**758,915**	**758,915**	**103,056**	**861,971**
Total recognised gains for the financial year		**–**	**181,538**	**758,915**	**940,453**	**104,289**	**1,044,742**
Employee share option scheme							
– Value of employee services	32(a)	**–**	**895**	**–**	**895**	**–**	**895**
– Proceeds from shares issued	31	**3,279**	**–**	**–**	**3,279**	**–**	**3,279**
Rights issue of a subsidiary company		**–**	**–**	**–**	**–**	**42,372**	**42,372**
Issue of shares to minority shareholders		**–**	**–**	**–**	**–**	**27,560**	**27,560**
Other changes in minority interest		**–**	**–**	**–**	**–**	**(11,051)**	**(11,051)**
Dividends relating to 2006	33	**–**	**–**	**(119,236)**	**(119,236)**	**(32,642)**	**(151,878)**
Balance at 31 December 2007		**1,075,266**	**939,699**	**1,932,165**	**3,947,130**	**421,996**	**4,369,126**
Balance at 1 January 2006		1,068,264	662,567	633,368	2,364,199	232,237	2,596,436
Fair value gains on available-for-sale financial assets	32(b)	–	269,766	–	269,766	786	270,552
Net revaluation surplus on properties	32(c)	–	196,525	–	196,525	34,043	230,568
Capital reserves arising from transfer of available-for-sale financial asset to investment in associated company	32(d)	–	48,799	–	48,799	–	48,799
Currency translation differences	32(c), (e)	–	(7,620)	–	(7,620)	(2,041)	(9,661)
Net gains recognised directly in equity		–	507,470	–	507,470	32,788	540,258
Net profit for the financial year		–	–	339,444	339,444	33,582	373,026
Total recognised gains for the financial year		–	507,470	339,444	846,914	66,370	913,284
Employee share option scheme							
– Value of employee services	32(a)	–	660	–	660	–	660
– Proceeds from shares issued	31	3,723	–	–	3,723	–	3,723
Acquisition of minority interest		–	–	–	–	(1,007)	(1,007)
Dividends relating to 2005	33	–	–	(59,492)	(59,492)	(4,053)	(63,545)
Balance at 31 December 2006		1,071,987	1,170,697	913,320	3,156,004	293,547	3,449,551

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

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

Statement of Changes in Equity

for the financial year ended 31 December 2007

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2007		**1,071,987**	**489,121**	**313,699**	**1,874,807**
Effects of adopting new standards	3	**–**	**(127,045)**	**121,878**	**(5,167)**
		1,071,987	**362,076**	**435,577**	**1,869,640**
Change in tax rate	32(b)	**–**	**8,990**	**–**	**8,990**
Fair value gains on available-for-sale financial assets	32(b)	**–**	**39,290**	**–**	**39,290**
Net gains recognised directly in equity		**–**	**48,280**	**–**	**48,280**
Net profit for the financial year		**–**	**–**	**302,961**	**302,961**
Total recognised gains for the financial year		**–**	**48,280**	**302,961**	**351,241**
Employee share option scheme					
– Value of employee services	32(a)	**–**	**895**	**–**	**895**
– Proceeds from shares issued	31	**3,279**	**–**	**–**	**3,279**
Dividends relating to 2006	33	**–**	**–**	**(119,236)**	**(119,236)**
Balance at 31 December 2007		**1,075,266**	**411,251**	**619,302**	**2,105,819**
Balance at 1 January 2006		1,068,264	359,900	97,648	1,525,812
Fair value gains on available-for-sale financial assets	32(b)	–	81,882	–	81,882
Net revaluation surplus on investment properties	32(c)	–	46,679	–	46,679
Net gains recognised directly in equity		–	128,561	–	128,561
Net profit for the financial year		–	–	275,543	275,543
Total recognised gains for the financial year		–	128,561	275,543	404,104
Employee share option scheme					
– Value of employee services	32(a)	–	660	–	660
– Proceeds from shares issued	31	3,723	–	–	3,723
Dividends relating to 2005	33	–	–	(59,492)	(59,492)
Balance at 31 December 2006		1,071,987	489,121	313,699	1,874,807

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

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

Consolidated Cash Flow Statement

for the financial year ended 31 December 2007

	2007 $'000	2006 $'000
Cash flows from operating activities		
Total profit	**861,971**	373,026
Adjustments for:		
– Income tax	**76,841**	33,773
– Negative goodwill on acquisition of a subsidiary/associated company	**(18,089)**	(14,388)
– Fair value gain on investment properties	**(590,534)**	–
– Amortisation of trademark	**100**	100
– Depreciation of property, plant and equipment	**36,537**	36,691
– Property, plant and equipment written off and net loss on disposals	**2,944**	3,967
– Fair value reserve transferred to income statement on disposal of/return of capital from available-for-sale financial assets	**(1,190)**	(1,006)
– Loss on liquidation of available-for-sale financial assets	**9**	–
– Allowances for impairment of loan to an associated company	**161**	–
– Loss on liquidation of an associated company	**–**	40
– Gain on disposal of a subsidiary	**(220)**	(86,717)
– Gain on disposal of an associated company	**–**	(146,094)
– Gain on sale of an investment property	**(37,050)**	–
– Share of results of associated companies	**(55,253)**	(14,138)
– Unrealised translation gains	**(1,782)**	(1,379)
– Interest expense	**16,989**	25,842
– Investment and interest income	**(59,539)**	(39,300)
– Net provision for retirement benefits	**238**	292
– Share option expense	**967**	626
	(628,871)	(201,691)
Operating cash flow before working capital changes	**233,100**	171,335
Change in operating assets and liabilities, net of effects from purchase and disposals of subsidiaries		
– Receivables	**(34,500)**	9,084
– Development properties	**(285,516)**	(317,114)
– Inventories	**(94)**	92
– Rental deposits	**4,147**	2,996
– Payables	**40,810**	7,630
	(275,153)	(297,312)
Cash used in operations	**(42,053)**	(125,977)
Income tax paid	**(21,243)**	(17,662)
Retirement benefits paid	**(73)**	(57)
Release of fixed deposits pledged as security	**2,837**	–
Net cash used in operating activities	**(60,532)**	(143,696)

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

Consolidated Cash Flow Statement (continued)

for the financial year ended 31 December 2007

	Notes	2007 $'000	2006 $'000
Cash flows from investing activities			
Proceeds from liquidation of available-for-sale financial assets		**12**	–
Proceeds from return of capital from available-for-sale financial assets		**3,055**	1,056
Net proceeds from disposal of available-for-sale financial assets		**2,715**	5,933
Payment for purchase of land parcel		**(71,096)**	–
Payment for interest in associated companies		**(546)**	(128,373)
Proceeds from liquidation/sale of an associated company		**–**	220,005
Loans to associated companies		**(69,658)**	(18,380)
Payment to minority shareholders for purchase of shares in subsidiaries		**(7,395)**	(1,789)
Payment for a subsidiary's right issue		**(30,272)**	–
Acquisition of a subsidiary, net of cash acquired	13(d)	**3,232**	(133,412)
Purchase of available–for–sale financial assets		**(19,429)**	(47,037)
Net proceeds from disposal of property, plant and equipment and investment properties		**176,110**	681
Purchase of property, plant and equipment and investment properties		**(110,608)**	(70,713)
Proceeds from disposal of a subsidiary, net of cash disposed	13(d)	**704**	176,962
Repayment of loans from an associated company		**3,426**	5,922
Retention monies withheld		**2,585**	1,843
Interest received		**9,573**	7,220
Dividend received		**47,058**	28,895
Net cash (used in)/provided by investing activities		**(60,534)**	48,813
Cash flows from financing activities			
Proceeds from issue of shares		**3,279**	3,723
Net proceeds from issue of shares to minority shareholders of subsidiaries		**27,560**	700
Net proceeds from a subsidiary's rights issue to minority shareholders of the subsidiary		**72,644**	–
Redemption of shares from minority shareholders of subsidiaries		**(14,700)**	–
Proceeds from issuance of unsecured fixed/floating rate notes		**250,000**	–
Loans from minority shareholders of subsidiaries		**3,817**	25,347
Long-term borrowings		**124,807**	94,008
Short-term borrowings		**127,304**	93,175
Repayment of loan from minority shareholders of a subsidiary		**(3,360)**	–
Expenditure relating to bank borrowings		**(1,512)**	(345)
Interest paid		**(38,788)**	(32,149)
Dividends paid to shareholders of UOL Group Limited		**(119,236)**	(59,492)
Dividends paid to minority shareholders of subsidiaries		**(32,642)**	(4,053)
Net cash provided by financing activities		**399,173**	120,914
Net increase in cash and cash equivalents		**278,107**	26,031
Cash and cash equivalents at the beginning of the financial year		**126,666**	100,635
Cash and cash equivalents at the end of the financial year	13	**404,773**	126,666

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

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

1. GENERAL INFORMATION

UOL Group Limited (the "Company") is 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 21.

Certain comparative figures in the income statement and its relevant notes have been restated to reflect operations that have been discontinued.

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 certain key accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2007

On 1 January 2007, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the adoption of FRS 40, of which the effects are disclosed in Note 3. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) Revenue from trading and retail operations

Revenue from trading and retail operations arising 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.

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

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

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

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

2.3 Group accounting

(a) Subsidiaries

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by 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 impairment loss) identified on acquisition. Please refer to the paragraph “Intangibles assets – Goodwill” for the Group’s accounting policy on goodwill.

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

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

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

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

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

(ii) Other property, plant and equipment

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

(iii) Component of costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and renovation in progress are not depreciated. Leasehold land is amortised evenly over the term of the lease. Please refer to Note 23(e) for the lease period of each property.

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

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

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

(c) Subsequent Expenditure

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

(d) Disposals

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

2.5 Development properties

Development properties are properties being developed for future sale.

Unsold development properties

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

Sold development properties

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

2.6 Intangibles

(a) Goodwill

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

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

The Group also had acquisitions where the costs of acquisitions were less than the fair value of the net identifiable assets acquired. Such differences ("negative goodwill") were taken to income statement in the year of acquisition.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangibles (continued)

(b) Trademark

Acquired trademark with an indefinite useful life is initially recognised at cost and is subsequently carried at cost less accumulated impairment losses.

Acquired trademark with definite useful life is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over the estimated useful life of 10 years.

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

2.7 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property under development.

2.8 Investment properties

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

Investment properties are initially recognised at cost. Owner-occupied properties that have a change in use as investment properties are transferred to investment properties at fair value at the date of transfer. The difference between the carrying value and the fair value is recognised in the asset revaluation reserves.

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

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

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.

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

2.9 Investments in subsidiaries and associated companies

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

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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

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

(b) Intangibles
Property, plant and equipment
Investments in subsidiaries and associated companies

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph “Property, plant and equipment” for the treatment of revaluation decrease.

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

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

2.11 Financial assets

(a) Classification

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(b) Recognition and derecognition

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

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

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

(c) Measurement

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

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

Changes in fair values of available-for-sale financial assets are recognised in the fair value reserve within equity.

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

(d) Impairment

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

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs, except when the fair value is determined to be insignificant.

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

Intragroup transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

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

2.14 Trade and other payables

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

2.15 Fair value estimation

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

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

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

2.16 Leases

Operating leases

(a) *When the Group is the lessee:*

The Group leases certain property, plant and equipment from non-related parties.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(b) When the Group is the lessor:

The Group leases out certain investment properties to non-related parties.

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

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

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

2.17 Inventories

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

2.18 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions for other liabilities and charges

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

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

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

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

2.20 Employee benefits

(a) Post-employment benefits

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

A defined contribution plan is a post employment benefit plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a post employment benefit plan that defines an amount of post employment benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. For Singapore employees, the Group contributes to the Central Provident Fund and its obligation is limited to the amount it contributes as prescribed under the statutory regulations of Singapore.

Defined benefit plan

A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees. Benefits payable on retirement are calculated by reference to the length of service and earnings over the employees' period of employment; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. Provision for employee retirement benefits is made in the financial statements so as to provide for the accrued liability at year end. An actuarial valuation, based on the projected credit unit method, of the fund is conducted by a qualified independent actuary once in every three years as the directors are of the opinion that yearly movements in provision for the defined benefit plan is not likely to be significant. The most recent valuation was at 31 December 2007.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(a) Post-employment benefits (continued)

Defined benefit plan (continued)

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

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

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

(b) Share-based compensation

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

When the options are exercised, the proceeds received (net of transaction costs) are credited to share capital, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

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

2.22 Segment reporting

A business segment is a distinguishable component of the Group 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 a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.23 Cash and cash equivalents

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

2.24 Share capital

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

2.25 Dividends

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

2.26 Non-current assets (or disposal groups) held for sale and discontinued operations

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW FRS

The Group has adopted FRS 40 *Investment Property* on 1 January 2007, which is the effective date of the Standard. The effects on adoption are set out below.

(a) The Group had previously accounted for its investment properties under FRS 25 *Accounting for Investments*. Under FRS 25, increases in carrying amounts arising from revaluation are recognised in an asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same investment, in which case, they are recognised in the income statement. Decreases in carrying amounts that offset previous increases of the same investment asset are recognised in the asset revaluation reserve. All other decreases in carrying amounts are recognised in the income statement.

Under FRS 40, changes in fair values are recognised in the income statement when the changes arise.

(b) FRS 12 – Income Taxes
Prior to 1 January 2007, a deferred tax liability on the revaluation surplus of investment properties was not recognised, except for cases where the gain on disposal of such investment properties will be subject to tax. Upon adoption of FRS 40, the Group has re-evaluated the requirement to account for the deferred tax liability arising from the revaluation surplus on its investment properties and has accounted for the related deferred tax liability on 1 January 2007.

The Group elected to account for the effects of (a) above prospectively from 1 January 2007 in the financial statements for the financial year ended 31 December 2007, in accordance with the transitional provisions of FRS 40. The effect of the deferred tax liability in (b) was also accounted for prospectively from 1 January 2007 in the financial statements for the financial year ended 31 December 2007 as the effects on the financial statements prior to 2007 are immaterial.

The effects to the balance sheet and income statement items are as follows:

	The Group Increase/(Decrease)		The Company Increase/(Decrease)	
	31.12.2007 $'000	1.1.2007* $'000	31.12.2007 $'000	1.1.2007* $'000
Balance sheets:				
Associated companies	(16,101)	(12,058)	–	–
Investment properties	(1,125)	(450)	–	–
Property, plant and equipment	1,093	450	–	–
Deferred income tax liabilities	50,676	24,286	7,030	5,167
Asset revaluation reserve	(982,358)	(413,431)	(244,195)	(127,045)
Retained earnings	917,628	379,166	237,165	121,878
Minority interests	(2,079)	(2,079)	–	–
Income statements for the financial year ended 31 December 2007:				
Fair value gain on investment properties	590,534		117,150	
Share of profit of an associated company	18,404		–	
Depreciation expense	32		–	
Tax expense	35,258		1,863	
Basic earnings per share (in cents)	72.11		–	
Diluted earnings per share (in cents)	72.06		–	

* Adjustments are made to the opening balance sheet at 1 January 2007.

4. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Classification of the Group's serviced apartment as investment property

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

(b) Other estimates and judgements applied

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

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

These estimates 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 MISCELLANEOUS INCOME (NET)

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Revenue from property development	**230,442**	169,297	**–**	–
Revenue from property investments	**99,080**	92,000	**11,025**	9,599
Gross revenue from hotel operations	**322,941**	300,062	**–**	–
Revenue from management services	**5,428**	4,624	**–**	–
Dividend income from available-for-sale financial assets	**51,199**	32,939	**223,020**	81,203
Total revenue	**709,090**	598,922	**234,045**	90,802
Interest income				
– fixed deposits with financial institutions	**3,841**	2,901	**684**	80
– loans to subsidiaries	**–**	–	**13,066**	13,111
– loans to associated companies	**3,899**	3,095	**3,491**	2,707
– others	**599**	365	**43**	17
	8,339	6,361	**17,284**	15,915
Currency exchange gain/(loss) – net	**1,339**	273	**(195)**	(87)
Finance income	**9,678**	6,634	**17,089**	15,828
Miscellaneous income	**5,062**	5,004	**969**	746
	723,830	610,560	**252,103**	107,376

6. EXPENSES BY NATURE

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Purchases	**27,795**	28,588	**–**	–
Depreciation of property, plant and equipment (Note 23)	**36,498**	36,649	**411**	492
Amortisation of trademark [Note 24(a)]	**100**	100	**–**	–
Total depreciation and amortisation	**36,598**	36,749	**411**	492
Property, plant and equipment written off and net loss on disposals	**2,944**	3,959	**165**	–
Auditors' remuneration paid/payable to:				
– auditor of the Company	**703**	581	**155**	148
– other auditors	**342**	269	**–**	–
Other fees paid/payable to:				
– auditor of the Company	**26**	56	**13**	24
– other auditors	**140**	92	**–**	–
Employees compensation (Note 7)	**118,185**	109,089	**6,673**	5,018
Rent paid to a subsidiary	**–**	–	**251**	251
Rent paid to third parties	**875**	617	**–**	–
Rent received from a subsidiary	**–**	–	**(513)**	(513)
Heat, light and power	**19,898**	19,879	**674**	836
Property tax	**15,336**	12,533	**1,229**	773
Development cost included in cost of sales	**151,342**	131,004	**–**	–
Advertising and promotion	**20,806**	15,784	**124**	110
Management fees	**6,692**	6,022	**–**	–
Repair and maintenance	**12,616**	12,130	**–**	–
Allowance for impairment of receivables	**401**	535	**–**	–
Other expenses	**55,836**	62,601	**5,132**	4,881
Total cost of sales, marketing and distribution, administrative and other operating expenses	**470,535**	440,488	**14,314**	12,020

7. EMPLOYEE COMPENSATION

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Wages and salaries	**110,255**	101,824	**11,601**	9,383
Employer's contribution to defined contribution plans including Central Provident Fund	**7,740**	7,434	**813**	618
Retirement benefits	**238**	292	**–**	–
Share options granted to directors and employees	**967**	626	**607**	405
	119,200	110,176	**13,021**	10,406
Less : Recharged to subsidiaries	**–**	–	**(6,348)**	(5,388)
Less : Amounts attributable to discontinued operations	**(1,015)**	(1,087)	**–**	–
Amounts attributable to continuing operations (Note 6)	**118,185**	109,089	**6,673**	5,018

8. OTHER GAINS

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Fair value reserve transferred to income statement on disposal of/return of capital from available-for-sale financial assets [Note 32(b)]	**1,190**	1,006	**–**	–
Write-back of impairment charge on subsidiaries (Note 21)	**–**	–	**–**	67,170
Negative goodwill on acquisition of an associated company	**–**	14,388	**–**	–
Negative goodwill on acquisition of a subsidiary [Note 13(d)]	**18,089**	–	**–**	–
Gain on sale of an investment property [Note 22(a)]	**37,050**	–	**–**	–
Gain on disposal of an associated company	**–**	146,094	**–**	146,605
Loss on liquidation of an associated company	**–**	(40)	**–**	–
Gain on disposal of a subsidiary [Note 13(d)]	**220**	86,717	**460**	–
	56,549	248,165	**460**	213,775

9. FINANCE EXPENSE

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Interest expense:				
– bank loans, notes and overdrafts	**31,792**	37,417	**6,255**	9,786
– loans from subsidiaries	**–**	–	**–**	7,350
– loans from minority shareholders of subsidiaries	**1,065**	762	**–**	–
	32,857	38,179	**6,255**	17,136
Less:				
Amount capitalised to development properties [Note 15(a)]	**(15,584)**	(12,337)	**–**	–
Amount capitalised to investment properties	**(284)**	–	**–**	–
	16,989	25,842	**6,255**	17,136

10. INCOME TAXES

(a) Income tax expense

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Tax expense attributable to profit is made up of:				
– Profit from current financial year:				
From continuing operations				
Current income tax				
– Singapore [Note (b) below]	**34,223**	20,870	**44,800**	16,700
– Foreign [Note (b) below]	**5,254**	3,191	**–**	–
Deferred income tax (Note 30)	**44,856**	8,769	**1,848**	10
	84,333	32,830	**46,648**	16,710
From discontinued operations				
Singapore current income tax [Note (b) below]	**23**	–	**–**	–
Deferred income tax (Note 30)	**(1)**	5	**–**	–
	22	5	**–**	–
	84,355	32,835	**46,648**	16,710
Effect of change in tax rates (Note 30)	**(3,646)**	–	**(465)**	–
	80,709	32,835	**46,183**	16,710
– (Over)/under provision in preceding financial years:				
From continuing operations				
Singapore current income tax [Note (b) below]	**(1,450)**	1,437	**–**	–
Deferred income tax (Note 30)	**(2,412)**	(493)	**–**	(258)
	(3,862)	944	**–**	(258)
From discontinued operations				
Singapore current income tax [Note (b) below]	**3**	(6)	**–**	–
Deferred income tax (Note 30)	**(9)**	–	**–**	–
	(6)	(6)	**–**	–
	(3,868)	938	**–**	(258)
	76,841	33,773	**46,183**	16,452
Tax expense is attributable to:				
– continuing operations	**76,825**	33,774	**46,183**	16,452
– discountinued operations	**16**	(1)	**–**	–
	76,841	33,773	**46,183**	16,452

10. INCOME TAXES (continued)

(a) Income tax expense (continued)

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

	The Group		The Company	
	2007 **$'000**	2006 $'000	**2007** **$'000**	2006 $'000
Profit before tax				
– continuing operations	**938,642**	406,533	**349,144**	291,995
– discontinued operations	**170**	266	**–**	–
	938,812	406,799	**349,144**	291,995
Tax calculated at a tax rate of 18% (2006: 20%)	**168,986**	81,360	**62,846**	58,399
Effects of:				
– Singapore statutory stepped income exemption	**(522)**	(219)	**(27)**	(11)
– Different tax rates in other countries	**2,923**	1,821	**–**	–
– Income not subject to tax	**(82,940)**	(51,200)	**(16,831)**	(42,845)
– Deferred tax on unremitted foreign income	**–**	253	**–**	–
– Expenses not deductible for tax purposes	**5,498**	5,649	**660**	1,167
– Utilisation of previously unrecognised capital allowances	**(170)**	–	**–**	–
– Utilisation of previously unrecognised tax losses	**(934)**	(3,438)	**–**	–
– Deferred tax assets not recognised in the current financial year	**1,459**	1,154	**–**	–
– Share of tax of associated companies	**(9,945)**	(2,545)	**–**	–
Tax charge	**84,355**	32,835	**46,648**	16,710

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

	The Group		The Company	
	2007 **$'000**	2006 $'000	**2007** **$'000**	2006 $'000
At the beginning of the financial year	**101,647**	99,330	**79,114**	79,530
Currency translation differences	**165**	34	**–**	–
Income tax paid	**(21,243)**	(17,662)	**(3,441)**	(952)
Tax expense on profit [Note (a) above]				
– current financial year	**39,500**	24,061	**44,800**	16,700
– (over)/under provision in preceding financial years	**(1,447)**	1,431	**–**	–
Tax deducted at source	**(8,891)**	(6,221)	**(42,610)**	(16,164)
Transfer from deferred income taxes (Note 30)	**7,020**	–	**–**	–
Acquisition of a subsidiary [Note 13(d)]	**544**	674	**–**	–
Disposal of a subsidiary [Note 13(d)]	**(21)**	–	**–**	–
At the end of the financial year	**117,274**	101,647	**77,863**	79,114
Comprise:				
Current income tax assets	**(335)**	(156)	**–**	–
Current income tax liabilities	**117,609**	101,803	**77,863**	79,114
	117,274	101,647	**77,863**	79,114

11. DISCONTINUED OPERATIONS

On 1 September 2007, a subsidiary of the Company, United Venture Furnishings Pte Ltd ("UVF"), transferred its business to a fellow subsidiary, Mod.Living Pte Ltd ("MOD"). On 23 October 2007, the Company entered into an agreement to dispose its 100% interest in MOD to a non-related party [Note 21(e)]. The sale was completed on 12 November 2007. Following this sale, the Group's trading and retail operations previously carried out under UVF and MOD was discontinued and the results from UVF and MOD are presented separately on the income statement as "Discontinued operations".

The results of the discontinued operations are as follows:

	The Group	
	2007	2006
	$'000	$'000
Revenue	**4,402**	6,199
Expenses	**(4,232)**	(5,933)
Profit before tax from discontinued operations	**170**	266
Tax	**(16)**	1
Profit after tax from discontinued operations	**154**	267

The impact of the discontinued operations on the cash flows of the Group is as follows:

	The Group	
	2007	2006
	$'000	$'000
Operating cash inflows	**666**	1,603
Investing cash outflows	**(6)**	(37)
Financing cash outflows	**(964)**	(1,407)
Total cash (outflows)/inflows	**(304)**	159

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
Net profit attributable to equity holders of the Company ($'000)	**758,761**	339,177	**154**	267	**758,915**	339,444
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**795,535**	794,006	**795,535**	794,006	**795,535**	794,006
Basic earnings per share (cents per share)	**95.38**	42.72	**0.02**	0.03	**95.40**	42.75

12. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2007, the Company's dilutive potential ordinary shares are its share options.

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

Diluted earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company are calculated as follows:

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
Net profit attributable to equity holders of the Company ($'000)	**758,761**	339,177	**154**	267	**758,915**	339,444
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**795,535**	794,006	**795,535**	794,006	**795,535**	794,006
Adjustments for share options ('000)	**595**	349	**595**	349	**595**	349
Weighted average number of ordinary shares for diluted earnings per share ('000)	**796,130**	794,355	**796,130**	794,355	**796,130**	794,355
Diluted earnings per share (cents per share)	**95.31**	42.70	**0.02**	0.03	**95.33**	42.73

13. CASH AND BANK BALANCES

	The Group		The Company	
	2007 **$'000**	2006 $'000	**2007** **$'000**	2006 $'000
Cash at bank and on hand	**172,825**	31,881	**42,806**	–
Fixed deposits with financial institutions	**232,882**	98,416	**3,012**	12
	405,707	130,297	**45,818**	12

13. CASH AND BANK BALANCES (continued)

(a) As at 31 December 2006, fixed deposits of the Group amounting to $2,837,000 were pledged as security for banking facilities of the Group (Note 34). There was no fixed deposit pledged as at 31 December 2007.

(b) For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	The Group	
	2007	2006
	$'000	$'000
Cash and bank balances (as above)	**405,707**	130,297
Less : Fixed deposits pledged as security	**–**	(2,837)
Bank overdrafts (Note 26)	**(934)**	(794)
Cash and cash equivalents per consolidated cash flow statement	**404,773**	126,666

The currency denomination of cash and bank balances are disclosed in Note 36(a)(i).

(c) The fixed deposits with financial institutions for the Group and Company mature on varying dates within 3 months (2006: 3 months) from the end of the financial year and have the following weighted average effective interest rates as at the balance sheet date:

	The Group		The Company	
	2007	2006	**2007**	2006
	%	%	**%**	%
Singapore Dollar	**1.5**	3.2	**0.5**	1.0
United States Dollar	**3.9**	4.4	**–**	–
Australian Dollar	**6.8**	6.1	**–**	–
Malaysian Ringgit	**3.2**	2.6	**–**	–

13. CASH AND BANK BALANCES (continued)

(d) Acquisition and disposal of subsidiaries

2007

The aggregate effects of the acquisition of Pan Pacific Hotels and Resorts Pte Ltd ("PPHR") [see Note 21(d)] and disposal of Mod.Living Pte Ltd ("MOD") [see Note 21(e)] on the cash flows of the Group were as follows:

	The Group		
	Acquisition		Disposal
	At fair values $'000	Carrying amounts in acquiree's books $'000	Carrying amounts $'000
Identifiable assets and liabilities			
Cash and cash equivalents	**4,832**	**4,832**	**(46)**
Trade and other receivables	**6,365**	**6,365**	**(1,302)**
Inventories	**–**	**–**	**(1,311)**
Property, plant and equipment (Note 23)	**44**	**44**	**(53)**
Intangibles	**14,538**	**–**	**–**
Total assets	**25,779**	**11,241**	**(2,712)**
Trade and other payables	**(2,929)**	**(2,929)**	**2,161**
Current income tax liabilities [Note 10(b)]	**(544)**	**(544)**	**21**
Deferred income tax liabilities (Note 30)	**(2,617)**	**–**	**–**
Total liabilities	**(6,090)**	**(3,473)**	**2,182**
Identifiable net assets acquired/(disposed of)	**19,689**	**7,768**	**(530)**
Less: Negative goodwill on acquisition (Note 8)	**(18,089)**		
Cash consideration paid	**1,600**		
Less: Cash and cash equivalents in subsidiary acquired	**(4,832)**		
Net cash inflow on acquisition	**(3,232)**		

The aggregate cash inflows arising from the disposal of MOD were as follows:

	$'000
Identifiable net assets disposed (as above)	**530**
Gain on disposal (Note 8)	**220**
Cash proceeds from disposal	**750**
Less: Cash and cash equivalents in subsidiary disposed	**(46)**
Net cash inflow on disposal	**704**

13. CASH AND BANK BALANCES (continued)

(d) Acquisition and disposal of subsidiaries (continued)

2006

In the financial year ended 31 December 2006, the Company acquired 54.5% of the issued share capital of Hotel Negara Limited ("HNL") from United Overseas Bank Limited ("UOB") and its related companies and disposed of its 100% interest in Hotel Grand Plaza (Singapore) Pte Ltd ("HGP").

The aggregate effects of the acquisition of HNL and disposal of HGP on the cash flows of the Group were as follows:

	The Group		
	Acquisition		Disposal
	At fair values $'000	Carrying amounts in acquiree's books $'000	Carrying amounts $'000
Identifiable assets and liabilities			
Cash and cash equivalents	1,238	1,238	(2,138)
Trade and other receivables	1,443	1,443	(1,389)
Inventories	113	113	(191)
Investment property (Note 22)	–	–	(3,394)
Property, plant and equipment (Note 23)	140,900	64,050	(90,567)
Available-for-sale financial assets (Note 17)	7,452	7,452	–
Other current assets	–	–	(118)
Total assets	151,146	74,296	(97,797)
Trade and other payables	(1,614)	(1,614)	2,895
Shareholder's loans	–	–	38,751
Borrowings	(12,800)	(12,800)	–
Current income tax liabilities [Note 10(b)]	(674)	(674)	–
Deferred income tax liabilities (Note 30)	(1,408)	(1,408)	2,040
Total liabilities	(16,496)	(16,496)	43,686
Identifiable net assets acquired/(disposed of)	134,650	57,800	(54,111)
Cash consideration paid	134,650		
Less: Cash and cash equivalents in subsidiary acquired	(1,238)		
Net cash outflow on acquisition	133,412		

The aggregate cash inflows arising from the disposal of HGP were as follows:

	$'000
Identifiable net assets disposed (as above)	54,111
Transfer from shareholders' equity – asset revaluation reserve [Note 32(c)]	(479)
Gain on disposal (Note 8)	86,717
Cash proceeds from disposal	140,349
Repayment of shareholder's loans	38,751
Less: Cash and cash equivalents in subsidiary disposed	(2,138)
Net cash inflow on disposal	176,962

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current				
Trade receivables:				
– non-related parties	**61,329**	19,853	**188**	221
– associated companies	**–**	5	**–**	–
Less: Allowance for impairment of receivables – non-related parties	**(605)**	(693)	**–**	(6)
Trade receivables – net	**60,724**	19,165	**188**	215
Other receivables:				
– subsidiaries (non-trade)	**–**	–	**5,794**	3,164
– associated companies (non-trade)	**7,367**	3,278	**6,421**	2,890
– loan to a subsidiary (unsecured)	**–**	–	**3,040**	–
– loans to associated companies (unsecured)	**7,765**	7,765	**–**	–
– sundry debtors	**4,646**	1,437	**21**	23
Less: Allowance for impairment of receivables – an associated company	**(161)**	–	**–**	–
Other receivables – net	**19,617**	12,480	**15,276**	6,077
	80,341	31,645	**15,464**	6,292
Non-current				
Loans to:				
– subsidiaries (unsecured)	**–**	–	**413,363**	225,724
– associated companies (unsecured)	**153,171**	87,574	**148,888**	79,391
	153,171	87,574	**562,251**	305,115
Total trade and other receivables	**233,512**	119,219	**577,715**	311,407

(a) Impairment loss on trade and other receivables for the Group recognised as an expense and included in 'Administrative expenses' amounted to $401,000 (2006: $535,000).

(b) Interest rate risk

(i) Repricing analysis

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

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

2007	The Group				The Company		
	Floating rates	Fixed rates	Fixed rates	Interest free	Floating rates	Fixed rates	Interest free
	Less than 1 year $'000	Less than 1 year $'000	1 to 5 years $'000	$'000	Less than 1 year $'000	1 to 5 years $'000	$'000
Loans to subsidiaries	**–**	**–**	**–**	**–**	**369,578**	**43,785**	**3,040**
Loans to associated companies	**127,678**	**7,765**	**21,210**	**4,444**	**127,678**	**21,210**	**–**

14. TRADE AND OTHER RECEIVABLES (continued)

(b) Interest rate risk (continued)

(i) Repricing analysis (continued)

2006	The Group				The Company		
	Floating rates	Fixed rates	Fixed rates	Interest free	Floating rates	Fixed rates	Interest free
	Less than 1 year $'000	Less than 1 year $'000	1 to 5 years $'000	$'000	Less than 1 year $'000	1 to 5 years $'000	$'000
Loans to subsidiaries	–	–	–	–	171,602	50,905	3,217
Loans to associated companies	58,661	7,765	20,730	8,183	58,661	20,730	–

(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	
	2007 %	2006 %	**2007 %**	2006 %
Loans to subsidiaries				
– floating rate	**–**	–	**3.2**	3.9
– fixed rate	**–**	–	**2.5**	2.5
Loans to associates				
– floating rate	**2.8**	3.6	**2.8**	3.6
– fixed rate	**3.5**	3.5	**3.0**	3.0

(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 (2006: $7,765,000) is repayable in June 2008 or upon demand by the Company at any time. The non-current loans to subsidiaries and associated companies have no fixed terms of repayment and are not expected to be repaid within twelve months from the balance sheet date.

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Loans subordinated to secured bank loans:				
Loans to subsidiaries	**–**	–	**223,987**	98,742
Loans to associated companies	**148,888**	69,840	**148,888**	69,840
	148,888	69,840	**372,875**	168,582

14. TRADE AND OTHER RECEIVABLES (continued)

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

	The Group		The Company		Borrowing Rate	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 %**	2006 %
Loans to subsidiaries:						
– Floating rate	**–**	–	**369,578**	171,602	**3.33**	3.90
– Fixed rate	**–**	–	**43,066**	49,105	**3.49 – 3.57**	4.18 – 4.28
– Interest-free	**–**	–	**–**	3,053	**–**	5.37
Loans to associated companies:						
– Floating rate	**127,678**	58,661	**127,678**	58,661	**2.84**	3.60
– Fixed rate	**20,584**	20,140	**20,584**	20,140	**3.57**	4.28
– Interest-free	**4,036**	7,676	**–**	–	**6.12**	6.62
	152,298	86,477	**560,906**	302,561		

15. DEVELOPMENT PROPERTIES

	The Group	
	2007 $'000	2006 $'000
Land, at cost	**848,992**	527,169
Development costs	**94,983**	74,408
Property taxes, interests and overheads	**36,717**	27,236
	980,692	628,813
Development profits recognised	**67,088**	66,018
Less: Progress billings	**(193,741)**	(117,188)
	854,039	577,643

(a) Borrowing costs of $15,584,000 (2006: $12,337,000) arising on financing specifically entered into for the development of properties were capitalised during the financial year and are included in development properties. A capitalisation rate of 3.10% (2006: 3.91%) per annum was used, representing the borrowing costs of the loans used to finance the projects.

(b) Bank borrowings and other banking facilities are secured on certain development properties of the Group amounting to $597,420,000 (2006: $404,007,000) [Note 26(a)].

15. DEVELOPMENT PROPERTIES (continued)

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

	The Group	
	2007 (Increase)/ Decrease $'000	2006 Decrease $'000
Opening balance of retained earnings	**53,158**	22,601
Revenue for the financial year	**(88,292)**	169,297
Net profit for the financial year	**2,414**	30,557
Development properties at the beginning of the financial year	**66,018**	27,846
Development properties at the end of the financial year	**67,088**	66,018

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

Property	Tenure of land	Stage of completion	Expected completion date	Site area/gross floor area (Sq. m)	Effective interest in property
Regency Suites A development comprising 104 units of mixed office and residential condominium apartments	Freehold	44.3%	1st Quarter 2009	3,790/11,371	80%
Pavilion 11 A residential development comprising 180 units of condominium apartments	Freehold	37.7%	2nd Quarter 2009	7,585/21,237	100%
The Regency @ Tiong Bahru A residential development comprising 158 units of condominium apartments	Freehold	13.1%	2nd Quarter 2009	6,129/18,201	60%
Duchess Residences A residential development comprising 120 units of condominium apartments	999 year leasehold	6.8%	2nd Quarter 2010	14,144/19,802	70%
Southbank A development comprising 273 units of mixed office and residential condominium apartments	99 year leasehold	18.6%	1st Quarter 2010	3,852/24,161	70%
Breeze by the East A proposed residential development comprising 88 units of condominium apartments	Freehold	–	4th Quarter 2010	8,976/12,566	100%
Tagore Avenue Project A proposed residential development comprising 400 units of condominium apartments	Freehold	–	3rd Quarter 2011	42,306/59,228	100%

15. DEVELOPMENT PROPERTIES (continued)

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

Property	Tenure of land	Stage of completion	Expected completion date	Site area/gross floor area (Sq. m)	Effective interest in property
Panorama A proposed residential development comprising 223 units of condominium apartments at Kuala Lumpur	Freehold	–	4th Quarter 2010	4,573/32,578	55%
Jalan Conlay Project A proposed residential development comprising 500 units of condominium apartments at Kuala Lumpur	Freehold	–	–	15,989/111,925	60%
Tianjin Hai He Huang Guan A proposed mixed-use development comprising residential apartments, hotel, office and retail components at Tianjin	Freehold	–	–	22,895/119,908	90%

16. INVENTORIES

	The Group	
	2007	2006
	$'000	$'000
Trading stock	**305**	1,650
Food and beverages	**2,037**	2,033
Spares for maintenance	**1,403**	1,279
	3,745	4,962

The cost of inventories recognised as expense and included in 'cost of sales' amounted to $27,795,000 (2006: $28,588,000).

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**1,111,051**	811,607	**593,871**	484,591
Acquisition of a subsidiary [Note 13(d)]	**–**	7,452	**–**	–
Additions	**19,429**	47,037	**–**	47,037
Disposals	**(2,715)**	(5,908)	**–**	–
Liquidation of investee	**(21)**	–	**–**	–
Transfer to 'associated companies' arising from acquisition of additional percentage holdings (Note 20)	**–**	(48,812)	**–**	(48,812)
Reversal of fair value reserve arising from available-for-sale financial asset becoming an associated company [Note 32(b)]	**–**	(30,987)	**–**	(30,987)
Return of capital from investee company	**(3,055)**	(1,056)	**–**	–
Fair value gains recognised in equity [Note 32(b)]	**161,221**	331,718	**45,149**	142,042
At the end of the financial year	**1,285,910**	1,111,051	**639,020**	593,871
Less: Non-current portion	**(685,979)**	(544,129)	**(39,549)**	(26,949)
Current portion	**599,931**	566,922	**599,471**	566,922

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

At the balance sheet date, available-for-sale financial assets included the following:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Listed securities:				
– Equity shares – Singapore	**1,243,171**	1,077,999	**599,471**	566,922
Unlisted securities:				
– Equity shares – Singapore	**42,739**	33,033	**39,549**	26,949
– Preference shares – Singapore	**–**	19	**–**	–
	1,285,910	1,111,051	**639,020**	593,871

Subsequent to the financial year end, the fair value of the listed equity shares of the Group and the Company, based on the closing bid prices at the latest practical date on 19 February 2008, decreased by $38,300,000 and $39,663,000 respectively.

The fair value of the unlisted securities is determined based on the valuation methodology that uses the revalued asset values of the investee companies as a key input.

18. OTHER ASSETS

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current				
Deposits	**19,726**	2,850	**1,249**	1,525
Prepayments	**5,245**	4,444	**197**	231
Deferred expenses	**39**	–	**–**	–
	25,010	7,294	**1,446**	1,756
Non-current				
Payment for purchase of land parcel	**71,096**	–	**–**	–
	96,106	7,294	**1,446**	1,756

19. INVESTMENT PROPERTY HELD FOR SALE

	The Group	
	2007	2006
	$'000	$'000
Investment property	**–**	137,770
Prepayments	**–**	78
	–	137,848
Liabilities directly associated with investment property held for sale:		
Rental deposits	**–**	2,212
	–	2,212

This was included in the property investments segment under Note 39.

20. ASSOCIATED COMPANIES

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Equity investments at cost			**112,584**	112,086
At the beginning of the financial year	**221,818**	32,307		
Effects of adopting new standards	**(12,058)**	–		
	209,760	32,307		
Additions	**546**	125,348		
Reclassification from available-for-sale financial asset arising from acquisition of additional percentage holdings (Note 17)	**–**	48,812		
Liquidation of an associated company	**–**	(440)		
Share of profit, net of tax	**55,253**	14,138		
Share of asset revaluation reserve of an associated company, net of tax [Note 32(c)]	**16,959**	4,139		
Dividends received, net of tax	**(4,750)**	(2,176)		
Currency translation differences	**(337)**	(310)		
At the end of the financial year	**277,431**	221,818		

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

	The Group	
	2007	2006
	$'000	$'000
– Assets	**2,568,841**	1,690,247
– Liabilities	**1,394,876**	741,963
– Revenues	**481,885**	246,719
– Net profit after tax	**220,359**	53,312

(b) The share of associated company's contingent liabilities incurred jointly with other investors (Note 34) amounted to $9,397,000 (2006: $9,975,000).

(c) Contingent liabilities of the associated company in which the Group is severally liable (Note 34) amounted to $16,990,000 (2006: $17,387,000).

20. ASSOCIATED COMPANIES (continued)

(d) The associated companies are:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2007 %	Equity holding 2006 %	Accounting year end
Vista Development Pte Ltd**	Property development	Singapore	**30 by UOL**	30 by UOL	31 December
Nassim Park Developments Pte. Ltd. (previously known as Park Developments Pte. Ltd.)**	Property development	Singapore	**50 by UOL**	50 by UOL	31 December
Brendale Pte Ltd**	Property development	Singapore	**30 by UOL**	30 by UOL	31 December
Marina Centre Holdings Pte Ltd ("MCH")**	Hotelier and property investment	Singapore	**23 by UOL**	23 by UOL	31 December
Peak Venture Pte. Ltd.^	Dormant	Singapore	**50 by UCI**	–	31 December
Aquamarina Hotel Private Limited**	Hotelier	Singapore	**25 by UEI**	25 by UEI	31 December
Orix-UOL Investments Pte. Ltd.** holding	Investment	Singapore	**50 by UOD**	–	31 December
Ardenis Pte Ltd ("Ardenis")**	Investment holding	Singapore	**35 by UOD**	35 by UOD	31 December
Pilkon Development Company Limited*	Investment holding	The British Virgin Islands	**39.35 by HPL**	39.35 by HPL	31 December
PPHR (Thailand) Company Limited~	Marketing agent	Thailand	**48.97 by PHR**	48.97 by PHR	31 December

* Not required to be audited under the laws of the country of incorporation.
** Audited by PricewaterhouseCoopers, Singapore
~ Audited by Thana-Ake Advisory Limited, Thailand
^ Audited by KPMG, Singapore

(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 The People's Republic of China and whose principal activity is that of property development.

21. SUBSIDIARIES

	The Company			
	2007		2006	
	Cost $'000	**Market value $'000**	Cost $'000	Market value $'000
Listed investments at cost	**408,116**	**856,521**	103,383	481,827
Unlisted investments at cost	**903,401**		956,471	
	1,311,517		1,059,854	
Less accumulated impairment charge:				
At the beginning of the financial year	**(10,740)**		(77,910)	
Write-back of impairment charge for the financial year [Note (a) below]	**–**		67,170	
Disposal	**710**		–	
At the end of the financial year	**(10,030)**		(10,740)	
	1,301,487		1,049,114	

(a) Write-back of impairment charge
In the financial year ended 31 December 2006, a write-back of impairment charge of $67,170,000 was recognised for certain of the Company's unlisted investments in subsidiaries, being the difference between the carrying amount of the investment and its recoverable amount.

(b) The subsidiaries are:

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment		Equity holding	
			2007 $'000	2006 $'000	**2007 %**	2006 %
Held by the Company						
Hotel Plaza Limited ("HPL")	Hotelier, property owner and investment holding	Singapore	**408,116**	103,383	**81.57**	77.71
Hotel Negara Limited	Hotelier	Singapore	**116,880**	134,650	**100**	100
UOL Property Investments Pte Ltd	Property investment	Singapore	**76,006**	76,006	**100**	100
UOL Capital Investments Pte. Ltd. ("UCI")	Investment holding	Singapore	**52,000**	52,000	**100**	100
UOL Overseas Development Pte. Ltd. ("UOD")	Property development and investment holding	Singapore	**50,000**	50,000	**100**	100
UOL Development Pte Ltd	Property development	Singapore	**20,000**	20,000	**100**	100
UOL Equity Investments Pte Ltd ("UEI")	Investment holding	Singapore	**280,000**	280,000	**100**	100
UOL Overseas Investments Pte Ltd	Investment holding	Singapore	**30,500**	30,500	**100**	100
UOL Management Services Pte Ltd	Property management services & investment	Singapore	**2,041**	2,041	**100**	100

21. SUBSIDIARIES (continued)

(b) The subsidiaries are (continued):

Name of companies	Principal activities	Country of business/ incorporation	Cost of investment		Equity holding	
			2007 $'000	2006 $'000	**2007 %**	2006 %
Held by the Company						
Parkroyal Serviced Residences Pte. Ltd. (previously known as Parkroyal Hospitality Pte. Ltd.)	Management of serviced apartments	Singapore	**~**	~	**100**	100
United Venture Furnishings Pte Ltd	Property investment	Singapore	**2,651**	2,651	**100**	100
Mod.Living Pte Ltd ("MOD") [Note (e) below]	Distributor of furniture and related accessories	Singapore	**–**	1,000	**–**	100
UOL Development (Novena) Pte. Ltd.	Property development	Singapore	**41,436**	41,436	**100**	100
Novena Square Investments Ltd	Property investment	Singapore	**162,000**	162,000	**60**	60
Novena Square Development Ltd	Property investment	Singapore	**42,000**	42,000	**60**	60
Secure Venture Investments Limited ("SVIL")***	Investment holding	Hong Kong	**24,972**	24,972	**100**	100
Kings & Queens Development Pte. Ltd.	Property development	Singapore	**700**	35,000	**70**	70
Regency One Development Pte. Ltd.	Property development	Singapore	**800**	800	**80**	80
UOL Project Management Services Pte. Ltd.	Project management services	Singapore	**115**	115	**100**	100
United Regency Pte. Ltd.	Property development	Singapore	**600**	600	**60**	60
Duchess Walk Pte. Ltd.	Property development	Singapore	**700**	700	**70**	70
UOL Claymore Investment Pte. Ltd.	Property investment	Singapore	**~**	~	**100**	100
UOL Hospitality Pte. Ltd. ("UH")#	Investment holding	Singapore	**~**	–	**100**	–
PPHR International Pte. Ltd.#	Investment holding	Singapore	**~**	–	**100**	–
			1,311,517	1,059,854		

21. SUBSIDIARIES (continued)

(b) The subsidiaries are (continued):

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2007 %	Equity holding 2006 %
Held by subsidiaries				
Promatik Emas Sdn. Bhd.*	Property development	Malaysia	**55 by UOD**	55 by UOD
UOL Serviced Residences Sdn. Bhd. (previously known as Star Valuations Sdn. Bhd.)*	Rental of serviced apartments	Malaysia	**100 by UOD**	100 by UOD
Chengdu United Development Co., Ltd	In the process of liquidation	The People's Republic of China	**80 by UOD**	80 by UOD
Hua Ye Xiamen Hotel Limited*	Hotelier	The People's Republic of China	**100 by SVIL**	100 by SVIL
Suasana Simfoni Sdn. Bhd. #	Property development	Malaysia	**60 by UCI**	–
Tianjin UOL Xiwang Real Estate Construction and Development Co., Ltd#	Property development	The People's Republic of China	**90 by UCI**	–
New Park Hotel (1989) Pte Ltd	Hotelier	Singapore	**100 by HPL**	100 by HPL
Parkroyal Hotels & Resorts Pte. Ltd. ("PHR") (previously known as Parkroyal Hospitality Management Pte Ltd)	Hotel manager and operator	Singapore	**100 by HPL**	100 by HPL
United Lifestyle Holdings Pte Ltd ("ULH")	Investment holding	Singapore	**100 by HPL**	100 by HPL
HPL Overseas Investments Pte Ltd ("HOI")	Investment holding	Singapore	**100 by HPL**	100 by HPL
HPL Properties (Malaysia) Sdn. Bhd. ("HPM") (previously known as Premium Properties Sdn Bhd)*	Investment holding	Malaysia	**100 by HPL**	100 by HPL
President Hotel Sdn Berhad ("PHSB")*	Hotelier	Malaysia	**66.67 by HPM and 33.33 by HPL**	66.67 by HPM and 33.33 by HPL
Success Venture Investments (Australia) Ltd ("SVIA")	Investment holding	The British Virgin Islands	**60 by HPL**	60 by HPL
Success Venture Investments (WA) Limited ("SVIWA")	Investment holding	The British Virgin Islands	**100 by HPL**	100 by HPL
Success City Pty Limited*	Dormant	Australia	**95 by HPL**	95 by HPL
Garden Plaza Company Limited *	Hotelier	Vietnam	**100 by HPL**	100 by HPL
Grand Elite Sdn. Bhd.*	Dormant	Malaysia	**100 by PHSB**	100 by PHSB
Grand Elite (Penang) Sdn. Bhd.*	Dormant	Malaysia	**100 by PHSB**	100 by PHSB
St Gregory Spa Pte Ltd	Management and operator of health and beauty retreats and facilities	Singapore	**100 by HPL**	100 by ULH
Dou Hua Restaurants Pte Ltd	Operator of restaurants	Singapore	**100 by HPL**	100 by ULH

21. SUBSIDIARIES (continued)

(b) The subsidiaries are (continued):

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2007 %	2006 %
Held by subsidiaries				
Hotel Investments (Suzhou) Pte. Ltd. ("HIS") (previously known as Suten Investment & Development Pte Ltd)	Investment holding	Singapore	**100 by HPL**	100 by HOI
SGN Investment Pte Ltd	Liquidated	Singapore	**–**	100 by HOI
Hotel Investments (Hanoi) Pte. Ltd. ("HIH") (previously known as PID Investments Pte Ltd)	Investment holding	Singapore	**100 by HPL**	100 by HOI
YIPL Investment Pte. Ltd. ("YIPL") (previously known as Yangon Investment Pte Ltd)	Investment holding	Singapore	**100 by HPL**	100 by HOI
Yangon Hotel Limited ("YHL")**	Hotelier	Myanmar	**95 by YIPL**	95 by YIPL
Westlake International Company*	Hotelier	Vietnam	**75 by HIH**	75 by HIH
Suzhou Wugong Hotel Co., Ltd*	Hotelier	The People's Republic of China	**100 by HIS**	100 by HIS
Success Venture Pty. Limited*	Trustee company	Australia	**100 by SVIA**	100 by SVIA
Hotel Plaza Property (Singapore) Pte. Ltd.#	Property developer and hotelier	Singapore	**100 by HPL**	–
Parkroyal Hospitality Group Pte. Ltd.#	Management and operator of serviced apartments	Singapore	**100 by HPL**	–
Parkroyal International Pte. Ltd.#	Managing and licensing of trademarks	Singapore	**100 by HPL**	–
Parkroyal Marketing Services Pte. Ltd.#	Provision of marketing and related services	Singapore	**100 by HPL**	–
Parkroyal Technical Services Pte. Ltd.#	Provision of cosultancy and technical services	Singapore	**100 by HPL**	–
Pan Pacific Hospitality Pte. Ltd.#	Operator of serviced apartments	Singapore	**100 by UH**	–
Pan Pacific Hotels and Resorts Pte. Ltd. ("PPHR") [Note (d) below]	Management of hotels	Singapore	**100 by UH**	–
PPHR Technical Services Pte. Ltd.#	Provision of technical services	Singapore	**100 by UH**	–
PPHR Marketing Services Pte. Ltd.#	Provision of marketing services	Singapore	**100 by UH**	–
Pan Pacific Hotels and Resorts America Inc. ("PPHRA")@	Hotel manager and operator	United States of America	**100 by PPHR**	–
Pan Pacific Hotels and Resorts Seattle Limited Liability Co ("PPHRS")@	Hotel manager and operator	United States of America	**100 by PPHRA**	–
Pan Pacific Hotels and Resorts Japan Co., Ltd@	Hotel manager and operator	Japan	**100 by PPHR**	–
PT. Pan Pacific Hotels & Resorts Indonesia@	Hotel manager and operator	Indonesia	**99 by PPHR and 1 by PPHRS**	–

21. SUBSIDIARIES (continued)

(c) The following unit trusts are held by:

Name of companies	Principal activities	Country of business/ incorporation	Units held 2007 %	2006 %
SVIA				
Success Venture (Darling Harbour) Unit Trust*	Hotelier	Australia	**100**	100
Success Venture (Parramatta) Unit Trust*	Hotelier	Australia	**100**	100
SVIWA				
Success Venture (WA) Unit Trust*	Hotelier	Australia	**100**	100

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

~ Less than $1,000

* Companies audited by PricewaterhouseCoopers firms outside Singapore.

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

*** Company audited by RSM Nelson Wheeler

\# These subsidiaries were newly incorporated during the financial year.

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

(d) Acquisition of a subsidiary

On 4 July 2007, the Company acquired 100% of the issued share capital of PPHR for cash consideration of $1,600,000 (inclusive of transaction costs of $600,000).

PPHR contributed revenue of $7,839,000 and net profit of $1,559,000 to the Group for the period from 4 July 2007 to 31 December 2007. PPHR's assets and liabilities at 31 December 2007 were $24,640,000 and $3,987,000 respectively. If the acquisition had occurred on 1 January 2007, Group revenue would have been increased by $8,425,000 and total profit decreased by $1,034,000 for the financial year ended 31 December 2007.

Fair value of identifiable net assets at the date of acquisition amounted to $19,689,000, resulting in negative goodwill on acquisition of $18,089,000 recognised in the income statement of the Group. Details of identifiable net assets acquired are disclosed in Note 13(d).

(e) Disposal of a subsidiary

On 23 October 2007, the Company entered into an agreement to dispose its 100% interest in MOD for a cash consideration of $750,000, net of transaction costs. The sale was completed on 12 November 2007, and the carrying value of the identifiable net assets disposed amounted to $530,000, resulting in a gain on disposal of $220,000 recognised in the income statement of the Group. The effects of the disposal of the subsidiary on the Group's cash flows are disclosed in Note 13(d).

22. INVESTMENT PROPERTIES

	The Group		The Company	
	2007 **$'000**	2006 $'000	**2007** **$'000**	2006 $'000
At the beginning of the financial year	**1,658,085**	1,545,193	**278,691**	224,236
Currency translation differences	**(24)**	(143)	**–**	–
Additions during the financial year	**43,328**	43,463	**24,550**	7,776
Disposal of a subsidiary [Note 13(d)]	**–**	(3,394)	**–**	–
Investment property held for sale [Note (a) below]	**–**	(137,770)	**–**	–
Transfer to property, plant and equipment (Note 23)	**(7,264)**	(18,043)	**–**	–
Revaluation surplus recognised in asset revaluation reserve [Note 32(c)]	**–**	228,779	**–**	46,679
Fair value gains recognised in income statement	**590,534**	–	**117,150**	–
At the end of the financial year	**2,284,659**	1,658,085	**420,391**	278,691

(a) In the financial year ended 31 December 2006, the Group entered into a sale and purchase agreement on 9 October to sell one of its investment properties, known as Central Plaza, for a total consideration of $175,000,000 and accordingly, the carrying amount of this property has been transferred to "Investment property held for sale" (Note 19) in the same financial year. The sale was completed on 9 January 2007, with a gain on sale of $37,050,000 recognised in the income statement of the Group (Note 8).

(b) Investment properties are carried at fair values at the balance sheet date as determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best use using various valuation methods such as Direct Market Comparison Method and Income Method.

(c) The investment properties are leased to non-related parties under operating leases [Note 35(d)].

(d) Bank borrowings are secured on certain investment properties of the Group amounting to $867,050,000 (2006: $675,300,000) [Note 26(a)].

(e) The details of the Group's investment properties at 31 December 2007 were:

			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
Pan Pacific Serviced Suites (previously known as UOL Building)	–	under construction to convert into a new 16-storey office-cum-serviced apartment at Somerset Road, Singapore	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
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
The Plaza	–	retained interests in a 32-storey tower block comprising restaurants, function rooms, shops, offices and serviced apartments and two adjacent commercial buildings and a 510-lot car park at Beach Road, Singapore	99-year lease from 1968
One Residency	–	under construction to build a 276-unit serviced apartment with car parks at Geran No. 26595, Lot 692 Seksyen 57, Kuala Lumpur, Malaysia	Freehold

23. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Freehold $'000	Land and buildings Leasehold $'000	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
THE GROUP						
Cost or valuation						
At 1 January 2007						
Cost	**415,028**	**154,269**	**341,677**	**2,206**	**7,077**	**920,257**
Valuation	**11,320**	**42,588**	**–**	**–**	**–**	**53,908**
	426,348	**196,857**	**341,677**	**2,206**	**7,077**	**974,165**
Currency translation differences	**5,359**	**420**	**(2,991)**	**(43)**	**140**	**2,885**
Acquisition of a subsidiary [Note 13(d)]	**–**	**–**	**44**	**–**	**–**	**44**
Additions	**3,556**	**4,586**	**19,585**	**92**	**39,745**	**67,564**
Disposals	**(2,074)**	**(1,536)**	**(20,972)**	**(160)**	**–**	**(24,742)**
Reclassification	**14,681**	**–**	**25,058**	**–**	**(39,739)**	**–**
Fair value gain arising from owner-occupied property transferred to investment property	**–**	**665**	**–**	**–**	**–**	**665**
Transfer from/(to) investment property (Note 22)	**8,825**	**(2,960)**	**–**	**–**	**–**	**5,865**
Disposal of a subsidiary [Note 13(d)]	**–**	**–**	**(100)**	**(11)**	**–**	**(111)**
At 31 December 2007	**456,695**	**198,032**	**362,301**	**2,084**	**7,223**	**1,026,335**
Cost	**436,570**	**158,865**	**362,301**	**2,084**	**7,223**	**967,043**
Valuation	**20,125**	**39,167**	**–**	**–**	**–**	**59,292**
	456,695	**198,032**	**362,301**	**2,084**	**7,223**	**1,026,335**
Accumulated depreciation						
At 1 January 2007	**50,004**	**56,083**	**207,677**	**1,885**	**–**	**315,649**
Currency translation differences	**758**	**(931)**	**(130)**	**(38)**	**–**	**(341)**
Charge for the financial year						
– Continuing operations	**4,842**	**4,838**	**26,640**	**178**	**–**	**36,498**
– Discontinued operations	**–**	**12**	**22**	**5**	**–**	**39**
Disposals	**(997)**	**(673)**	**(18,880)**	**(138)**	**–**	**(20,688)**
Transfer to investment property (Note 22)	**–**	**(1,399)**	**–**	**–**	**–**	**(1,399)**
Disposal of a subsidiary [Note 13(d)]	**–**	**–**	**(57)**	**(1)**	**–**	**(58)**
At 31 December 2007	**54,607**	**57,930**	**215,272**	**1,891**	**–**	**329,700**
Net book value at 31 December 2007	**402,088**	**140,102**	**147,029**	**193**	**7,223**	**696,635**

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings		Plant, equipment, furniture	Motor	Renovation	
	Freehold	Leasehold	and fittings	vehicles	in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
THE GROUP						
Cost or valuation						
At 1 January 2006						
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
Currency translation differences	(1,639)	(9,190)	(9,267)	(102)	(7)	(20,205)
Acquisition of a subsidiary [Note 13(d)]	128,248	–	12,652	–	–	140,900
Additions	397	770	15,078	150	10,855	27,250
Disposals	(309)	(2,162)	(15,052)	(380)	–	(17,903)
Reclassification	(2,580)	(2,715)	10,304	–	(5,009)	–
Transfer from investment property (Note 22)	11,341	6,617	85	–	–	18,043
Disposal of a subsidiary [Note 13(d)]	–	(92,400)	(34,731)	–	–	(127,131)
At 31 December 2006	426,348	196,857	341,677	2,206	7,077	974,165
Cost	415,028	154,269	341,677	2,206	7,077	920,257
Valuation	11,320	42,588	–	–	–	53,908
	426,348	196,857	341,677	2,206	7,077	974,165
Accumulated depreciation						
At 1 January 2006	46,115	67,008	221,603	2,095	–	336,821
Currency translation differences	(253)	(2,227)	(5,492)	(72)	–	(8,044)
Charge for the financial year						
– Continuing operations	4,120	6,128	26,183	218	–	36,649
– Discontinued operations	–	–	33	9	–	42
Disposals	(17)	(1,033)	(11,840)	(365)	–	(13,255)
Reclassification	39	–	(39)	–	–	–
Disposal of a subsidiary [Note 13(d)]	–	(13,793)	(22,771)	–	–	(36,564)
At 31 December 2006	50,004	56,083	207,677	1,885	–	315,649
Net book value at 31 December 2006	376,344	140,774	134,000	321	7,077	658,516

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant, equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
THE COMPANY			
Cost			
At 1 January 2007	**3,177**	**213**	**3,390**
Additions	**715**	**–**	**715**
Disposals	**(676)**	**–**	**(676)**
At 31 December 2007	**3,216**	**213**	**3,429**
Accumulated depreciation			
At 1 January 2007	**2,355**	**132**	**2,487**
Charge for the financial year	**368**	**43**	**411**
Disposals	**(511)**	**–**	**(511)**
At 31 December 2007	**2,212**	**175**	**2,387**
Net book value at 31 December 2007	**1,004**	**38**	**1,042**
Cost			
At 1 January 2006	3,150	213	3,363
Additions	184	–	184
Disposals	(157)	–	(157)
At 31 December 2006	3,177	213	3,390
Accumulated depreciation			
At 1 January 2006	2,047	89	2,136
Charge for the financial year	449	43	492
Disposals	(141)	–	(141)
At 31 December 2006	2,355	132	2,487
Net book value at 31 December 2006	822	81	903

(a) The valuation of a hotel property 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 2007, the open market value of the hotel properties of the Group (including plant, equipment, furniture and fittings) was $1,288,234,000 (2006: $1,040,096,000) and the net book value was $684,021,000 (2006: $649,731,000). 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 $604,213,000 (2006: $390,365,000) has not been incorporated in the financial statements.

(c) In accordance with paragraph 77(e) of FRS 16 (revised 2006), 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 26(a)] amounting to $306,935,000 (2006: $341,453,000).

23. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) The details of the Group's hotel properties at 31 December 2007 were:

			Tenure of land
Parkroyal on Kitchener Road	–	a 534-room hotel with a shopping arcade at Kitchener Road, Singapore	Freehold
Parkroyal on Beach Road	–	a 343-room hotel at Beach Road, Singapore	99-year lease from 1968
Eunos Warehouse Complex	–	2 units in a 4-storey flatted warehouse at Kaki Bukit Road 2, Singapore	60-year lease from 1982
Pan Pacific Orchard (previously known as Negara on Claymore)	–	a 198-room hotel at Claymore Road, Singapore	Freehold
Crowne Plaza Darling Harbour	–	a 345-room hotel at Darling Harbour, Sydney, Australia	Freehold
Crowne Plaza Parramatta	–	a 196-room hotel at Parramatta, Australia	Freehold
Sheraton Perth Hotel	–	a 486-room hotel and carpark at Adelaide Terrace, Perth, Australia	Freehold
Parkroyal Kuala Lumpur and President House	–	a 426-room hotel and a 6-storey podium block at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Freehold
	–	a 320-lot carpark at Jalan Sultan Ismail, Kuala Lumpur, Malaysia	Leasehold expiring in 2080
Parkroyal Penang	–	a 324-room resort hotel at Jalan Batu Ferringhi, Penang, Malaysia	Freehold
Parkroyal 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 317-room hotel and 36-unit of service apartment at Thanh Nien Road, Hanoi, Vietnam	48-year lease from 1993
Sheraton Suzhou Hotel & Towers	–	a 386-room hotel at Xinshi Road, Suzhou, Jiangsu, The People's Republic of China	50-year lease from 1994
Sofitel Plaza Xiamen	–	a 393-room hotel at Hubin North Road, Xiamen, The People's Republic of China	70-year lease from 1991
Parkroyal Yangon	–	a 310-room hotel at the corner of Alan Pya Phaya Road and Yaw Min Gyi Road, Yangon, Union of Myanmar	30-year lease from 1997

24. INTANGIBLES

	The Group	
	2007	2006
	$'000	$'000
Trademarks [Note (a) below]	**14,942**	504
Goodwill arising on consolidation [Note (b) below]	**24,283**	14,159
	39,225	14,663

(a) Trademarks

	The Group	
	2007	2006
	$'000	$'000
At the beginning of the financial year	**504**	604
Acquisition of a subsidiary [Note 13(d)]	**14,538**	–
Amortisation for the financial year	**(100)**	(100)
At the end of the financial year	**14,942**	504
Cost	**15,484**	946
Accumulated amortisation	**(542)**	(442)
Net book value	**14,942**	504

(b) Goodwill arising on consolidation

	The Group	
	2007	2006
	$'000	$'000
At the beginning of the financial year	**14,159**	13,912
Acquisition of additional interest in a subsidiary	**10,124**	247
At the end of the financial year	**24,283**	14,159

Impairment tests for goodwill

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

	Hotel operations	
	2007	2006
	$'000	$'000
Singapore	**10,371**	247
The People's Republic of China	**13,081**	13,081
Malaysia	**831**	831
	24,283	14,159

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

24. INTANGIBLES (continued)

(b) Goodwill arising on consolidation (continued)

Key assumptions used for value-in-use calculations:

	The People's Republic of China %	Malaysia %	Singapore %
2007			
Growth rate	**10.7**	**3.2**	**6.5**
Discount rate	**11.0**	**7.5**	**7.1**
2006			
Growth rate	2.8	5.1	6.0
Discount rate	11.0	8.8	8.3

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Trade payables:				
– non-related parties	**54,397**	23,390	**3,860**	1,155
– associated companies	**14**	–	**–**	–
– minority shareholders	**551**	–	**–**	–
	54,962	23,390	**3,860**	1,155
Other payables:				
– rental deposits	**8,527**	9,786	**981**	952
– accrued interest payable	**3,441**	10,388	**1,303**	1,072
– retention monies due to contractors	**4,971**	8,248	**167**	1,130
– accrued operating expenses	**43,610**	31,228	**5,703**	5,131
– sundry creditors	**17,642**	17,310	**1,023**	835
– subsidiaries (non-trade)	**–**	–	**1**	51
– minority shareholders (non-trade)	**2,513**	1,369	**–**	–
	80,704	78,329	**9,178**	9,171
Loans from subsidiaries	**–**	–	**320,498**	–
Total trade and other payables	**135,666**	101,719	**333,536**	10,326

(a) The non-trade amounts and loans due to subsidiaries and minority shareholders are unsecured and interest free.

(b) At the balance sheet date, the Company has given guarantees in respect of borrowings granted to certain subsidiaries (Note 34). The directors are of the view that there is no significant value to the guarantees issued.

26. BORROWINGS

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Current				
Bank overdrafts (secured)	**524**	–	**–**	–
Bank overdrafts (unsecured)	**410**	794	**–**	619
Bank loans (secured)	**15,728**	9,365	**–**	–
Bank loans (unsecured)	**243,356**	107,483	**231,100**	98,515
	260,018	117,642	**231,100**	99,134
Non-current				
Bank loans (secured)	**697,342**	608,053	**–**	–
Bank loans (unsecured)	**75,605**	56,647	**–**	–
3.34% unsecured fixed rate note due 2012 [Note (c) below]	**149,519**	–	**149,519**	–
Unsecured floating rate note due 2012 [Note (c) below]	**99,678**	–	**99,678**	–
	1,022,144	664,700	**249,197**	–
Total borrowings	**1,282,162**	782,342	**480,297**	99,134

(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 hotel properties, investment properties and development properties which have been pledged as securities are as follows:

	The Group	
	2007 $'000	2006 $'000
Hotel properties	**306,935**	341,453
Investment properties	**867,050**	675,300
Development properties	**597,420**	404,007
	1,771,405	1,420,760

(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:

THE GROUP
2007

	Within 6 months $'000	6 to 12 months $'000	Total $'000
Bank loans (secured)	**712,708**	**362**	**713,070**
Bank loans (unsecured)	**318,961**	**–**	**318,961**
Unsecured floating rate note due 2012	**99,678**	**–**	**99,678**
	1,131,347	**362**	**1,131,709**

26. BORROWINGS (continued)

(b) Interestrate risk (continued)

(i) Repricing analysis (continued)

THE GROUP (continued)

2006	Within 6 months $'000	6 to 12 months $'000	Total $'000
Bank loans (secured)	617,034	384	617,418
Bank loans (unsecured)	164,130	–	164,130
	781,164	384	781,548

THE COMPANY

2007	Within 6 months $'000	Total $'000
Bank loans (unsecured)	**231,100**	**231,100**
Unsecured floating rate note due 2012	**99,678**	**99,678**
	330,778	**330,778**

2006	Within 6 months $'000	Total $'000
Bank loans (unsecured)	98,515	98,515

(ii) Effective interest rates

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

THE GROUP

	2007				2006			
	SGD %	**USD %**	**AUD %**	**MYR %**	SGD %	USD %	AUD %	MYR %
Bank overdrafts (secured)	**–**	**–**	**–**	**7.8**	–	–	–	–
Bank overdrafts (unsecured)	**5.0**	**–**	**–**	**–**	5.0	–	–	–
Bank loans (secured)	**3.2**	**5.8**	**8.3**	**4.2**	4.5	6.3	7.6	6.1
Bank loans (unsecured)	**3.2**	**6.6**	**–**	**3.9**	4.2	6.4	–	3.9

THE COMPANY

	2007	2006
	SGD %	SGD %
Bank loans (unsecured)	**3.2**	4.0

26. BORROWINGS (continued)

(c) During the financial year, the Company issued fixed rate notes with a nominal value of $150,000,000 ("Fixed Rate Notes") and floating rate notes with a nominal value of $100,000,000 ("Floating Rate Notes").

Fixed Rate Notes

Interest is fixed at 3.34% per annum and is payable semi-annually in arrear on 15 May and 15 November of each year. Unless previously redeemed or purchased and cancelled, the Fixed Rate Notes will be redeemed at their principal amount on 15 May 2012. The fair value of the Fixed Rate Note calculated using cash flows discounted at a market interest rate of 3.27% amounted to $150,473,000.

Floating Rate Notes

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

27. LOANS FROM SUBSIDIARIES (UNSECURED)

Loans from subsidiaries are interest-free.

In 2006, interest on loans from subsidiaries was charged 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 was 3.6% per annum.

28. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES (UNSECURED)

Details of the loans from minority shareholders are as follows:

(i) Loan of $2,564,000 (2006: $1,469,000) is interest-free.

(ii) Loan of $14,959,000 (2006: $18,039,000) bears interest calculated on a fixed rate basis and the effective interest rate as at the balance sheet date is 2.5% (2006: 2.5%) per annum.

(iii) Loan of $22,824,000 (2006: $20,385,000) bears interest calculated based on a bank quoted three-month swap rate on the first business day of each quarter of the calendar year and the effective interest rate as at the balance sheet date is 2.9% (2006: 3.59%) per annum.

(iv) The fair values of loans from minority shareholders are computed based on cash flows discounted using market borrowing rates at the balance sheet date and is as follows:

	The Group		Borrowing rates	
	2007	2006	**2007**	2006
	$'000	$'000	**%**	%
Loans from minority shareholders:				
– Floating rate	**22,824**	20,385	**2.84**	3.59
– Fixed rate	**14,702**	17,398	**3.49 – 3.57**	4.18 – 4.28
– Interest-free	**2,473**	1,417	**3.68**	3.70
	39,999	39,200		

29. PROVISION FOR RETIREMENT BENEFITS

	The Group	
	2007	2006
	$'000	$'000
Non-current	**2,035**	1,875

(a) A subsidiary in Malaysia operates an unfunded defined benefit scheme under the Collective Union Agreement for unionised employees. Benefits payable on retirement are calculated by reference to length of service and earnings over the employees' year of employment. Provision for post-employment benefit obligations is made in the financial statements so as to provide for the accrued liability at the balance sheet date.

29. PROVISION FOR RETIREMENT BENEFITS (continued)

(b) The movements during the financial year recognised in the balance sheet were as follows:

	The Group	
	2007	2006
	$'000	$'000
At the beginning of the financial year	**1,875**	1,659
Benefits paid	**(73)**	(57)
Charged to income statement	**238**	292
Exchange differences	**(5)**	(19)
At the end of the financial year	**2,035**	1,875

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

	The Group	
	2007	2006
	$'000	$'000
Current service cost	**130**	179
Interest on obligation	**108**	113
Expense recognised in the income statement	**238**	292

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

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

	The Group	
	2007	2006
	%	%
Discount interest rate	**6.0**	7.0
Future salary increase	**5.5**	5.5
Inflation rate	**3.5**	3.0
Normal retirement age (years)		
– Male	**55**	55
– Female	**50**	50

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	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
– to be recovered within one year	**(690)**	–	**–**	–
– to be recovered after one year	**(4,353)**	(10,360)	**–**	–
	(5,043)	(10,360)	**–**	–
Deferred income tax liabilities				
– to be settled within one year	**93,432**	97,838	**86,628**	89,742
– to be settled after one year	**114,928**	61,117	**11,346**	4,813
	208,360	158,955	**97,974**	94,555

30. DEFERRED INCOME TAXES (continued)

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
At the beginning of the financial year	**148,595**	109,925	**94,555**	65,630
Effects of adopting new standards (Note 3)	**24,286**	–	**5,167**	–
	172,881	109,925	**99,722**	65,630
Currency translation differences	**(99)**	(23)	**–**	–
Acquisition of subsidiaries [Note 13(d)]	**2,617**	1,408	**–**	–
Disposal of a subsidiary [Note 13(d)]	**–**	(2,040)	**–**	–
Tax charge/(credit) to:				
– income statement [Note 10(a)]	**44,855**	8,774	**1,848**	10
– equity [Note 32(b),(c)]	**5,859**	31,044	**5,859**	29,173
Over provision in preceding financial year (Note 10)	**(2,421)**	(493)	**–**	(258)
Effect of change in tax rates				
– income statement [Note 10(a)]	**(3,646)**	–	**(465)**	–
– equity [Note 32(b),(c)]	**(9,828)**	–	**(8,990)**	–
Fair value gain on property, plant and equipment transferred to investment property [Note 32(c)]	**119**	–	**–**	–
Transfer to current income tax [Note 10(b)]	**(7,020)**	–	**–**	–
At the end of the financial year	**203,317**	148,595	**97,974**	94,555

Deferred income tax debited against to equity (Note 32) excluding the effects of the changes in tax rates during the financial year are as follows:

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Fair value reserves [Note 32(b)]	**5,859**	29,173	**5,859**	29,173
Asset revaluation reserve [Note 32(c)]	**119**	1,871	**–**	–
	5,978	31,044	**5,859**	29,173

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 $9,413,000 (2006: $1,414,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to those subsidiary companies meeting certain statutory requirements in their respective countries of incorporation. These tax losses have no expiry date, except for $8,600,000 which will expire in the next 3 years.

30. DEFERRED INCOME TAXES (continued)

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

The Group

Deferred income tax liabilities

	Fair value gains $'000	Accelerated tax depreciation $'000	Fair value gain on investment properties and surplus on revaluation of certain hotel properties $'000	Unremitted foreign income, interests and dividends $'000	Deferred development profit $'000	Other temporary differences $'000	Total $'000
2007							
At the beginning of the financial year	**89,900**	**35,118**	**13,139**	**9,466**	**12,860**	**(1,528)**	**158,955**
Effect of adopting new standards	**–**	**–**	**24,286**	**–**	**–**	**–**	**24,286**
Change in tax rates	**(8,990)**	**(3,252)**	**(838)**	**(947)**	**(1,286)**	**67**	**(15,246)**
Currency translation differences	**–**	**(24)**	**(2)**	**–**	**–**	**–**	**(26)**
Acquisition of a subsidiary [Note 13(d)]	**2,617**	**–**	**–**	**–**	**–**	**–**	**2,617**
Tax charge/(credit) to income statement	**–**	**(1,768)**	**35,221**	**(3,375)**	**8,873**	**363**	**39,314**
Tax charge to equity	**5,859**	**–**	**–**	**–**	**–**	**–**	**5,859**
Fair value gain on property, plant and equipment transferred to investment property [Note 32(c)]	**–**	**–**	**119**	**–**	**–**	**–**	**119**
Transfer to current income tax	**–**	**–**	**–**	**–**	**(7,518)**	**–**	**(7,518)**
At the end of the financial year	**89,386**	**30,074**	**71,925**	**5,144**	**12,929**	**(1,098)**	**208,360**

	Fair value gains $'000	Accelerated tax depreciation $'000	Surplus on revaluation of certain investment and hotel properties $'000	Unremitted foreign income, interests and dividends $'000	Deferred development profit $'000	Other temporary differences $'000	Total $'000
2006							
At the beginning of the financial year	60,727	33,917	11,387	9,149	5,245	(1,346)	119,079
Currency translation differences	–	(44)	(6)	–	–	14	(36)
Acquisition of a subsidiary [Note 13(d)]	–	1,408	–	–	–	–	1,408
Disposal of a subsidiary [Note 13(d)]	–	(2,040)	–	–	–	–	(2,040)
Tax charge/(credit) to income statement	–	1,877	(113)	317	7,615	(196)	9,500
Tax charge to equity	29,173	–	1,871	–	–	–	31,044
At the end of the financial year	89,900	35,118	13,139	9,466	12,860	(1,528)	158,955

30. DEFERRED INCOME TAXES (continued)

The Group

Deferred income tax assets

	Excess of depreciation over capital allowances $'000	Tax losses $'000	Provisions $'000	Total $'000
2007				
At the beginning of the financial year	**(996)**	**(9,364)**	**–**	**(10,360)**
Effect of change in tax rate	**241**	**1,531**	**–**	**1,772**
Currency translation differences	**–**	**(73)**	**–**	**(73)**
Tax credit to income statement	**(1,429)**	**5,239**	**(690)**	**3,120**
Transfer to current income tax	**–**	**498**	**–**	**498**
At the end of the financial year	**(2,184)**	**(2,169)**	**(690)**	**(5,043)**

	Excess of depreciation over capital allowances $'000	Tax losses $'000	Total $'000
2006			
At the beginning of the financial year	(996)	(8,158)	(9,154)
Currency translation differences	–	13	13
Tax credit to income statement	–	(1,219)	(1,219)
At the end of the financial year	(996)	(9,364)	(10,360)

The Company

Deferred income tax liabilities

	Fair value gains $'000	Accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
2007				
At the beginning of the financial year	**89,900**	**4,812**	**(157)**	**94,555**
Effect of adopting new standards	**–**	**5,167**	**–**	**5,167**
Effect of change in Singapore tax rate	**(8,990)**	**(481)**	**16**	**(9,455)**
Tax charge to income statement	**–**	**1,848**	**–**	**1,848**
Tax charge to equity	**5,859**	**–**	**–**	**5,859**
At the end of the financial year	**86,769**	**11,346**	**(141)**	**97,974**

	Fair value gains $'000	Accelerated tax depreciation $'000	Other temporary differences $'000	Total $'000
2006				
At the beginning of the financial year	60,727	5,046	(143)	65,630
Tax charge to income statement	–	(234)	(14)	(248)
Tax charge to equity	29,173	–	–	29,173
At the end of the financial year	89,900	4,812	(157)	94,555

31. SHARE CAPITAL AND SHARE PREMIUM OF UOL GROUP LIMITED

	Number of shares		Amount			
	Authorised share capital '000	Issued share capital '000	Authorised share capital $'000	Issued share capital $'000	Share premium $'000	Total share capital and share premium $'000
2007						
At the beginning of the financial year	**–**	**794,904**	**–**	**1,071,987**	**–**	**1,071,987**
Proceeds from share issue:						
– to holders of share options	**–**	**1,151**	**–**	**3,279**	**–**	**3,279**
At the end of the financial year	**–**	**796,055**	**–**	**1,075,266**	**–**	**1,075,266**
2006						
At the beginning of the financial year	1,000,000	793,232	1,000,000	793,232	275,032	1,068,264
Effect of Companies (Amendment) Act 2005 [Note (a) below]	(1,000,000)	–	(1,000,000)	275,032	(275,032)	–
Proceeds from share issue:						
– to holders of share options	–	1,672	–	3,723	–	3,723
At the end of the financial year	–	794,904	–	1,071,987	–	1,071,987

(a) Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as at 30 January 2006 became part of the company's share capital.

All issued ordinary shares are fully paid.

(b) During the financial year, the Company issued 1,151,000 (2006: 1,672,000) ordinary shares pursuant to the options under the UOL 2000 Share Option Scheme. The newly issued shares rank pari passu in all respects with the previously issued shares.

UOL Group Executives' Share Option Scheme

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

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

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

On 16 March 2007, options were granted pursuant to the 2000 Scheme to the executives of the Company and its subsidiaries to subscribe for 1,360,000 ordinary shares in the Company (known as "the 2007 Options") at the offer price of $4.91 per ordinary share. 1,276,000 options granted were accepted.

31. SHARE CAPITAL AND SHARE PREMIUM OF UOL GROUP LIMITED (continued)

UOL Group Executives' Share Option Scheme (continued)

Statutory information regarding the 2007 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 16 March 2008 and expires on 15 March 2017 or on the date of termination of employment or in the case of the executive director, on the date he ceases to be the executive director of the Company, whichever is earlier, subject to the provisions of Rule 13 of the Rules of the 2000 Scheme.

(ii) The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

(iii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company in the Group.

(iv) The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

The Group and the Company	At the begining of the financial year	Options granted during the financial year	Options exercised during the financial year	Options forfeited during the financial year	At the end of the financial year	Exercise/ Subscription price/$	Option period
Executives' Share Options							
2007							
2002 Options	**42,000**	**–**	**–**	**–**	**42,000**	**1.81**	**27.06.2003 to 26.06.2012**
2003 Options	**208,000**	**–**	**18,000**	**–**	**190,000**	**2.05**	**27.06.2004 to 26.06.2013**
2004 Options	**448,000**	**–**	**209,000**	**12,000**	**227,000**	**2.28**	**21.05.2005 to 20.05.2014**
2005 Options	**409,000**	**–**	**205,000**	**12,000**	**192,000**	**2.23**	**09.05.2006 to 08.05.2015**
2006 Options	**1,342,000**	**–**	**719,000**	**78,000**	**545,000**	**3.21**	**18.05.2007 to 17.05.2016**
2007 Options	**–**	**1,276,000**	**–**	**182,000**	**1,094,000**	**4.91**	**16.03.2008 to 15.03.2017**
	2,449,000	**1,276,000**	**1,151,000**	**284,000**	**2,290,000**		
2006							
2002 Options	84,000	–	30,000	12,000	42,000	1.81	27.06.2003 to 26.06.2012
2003 Options	354,000	–	134,000	12,000	208,000	2.05	27.06.2004 to 26.06.2013
2004 Options	1,071,000	–	617,000	6,000	448,000	2.28	21.05.2005 to 20.05.2014
2005 Options	1,324,000	–	891,000	24,000	409,000	2.23	09.05.2006 to 08.05.2015
2006 Options	–	1,432,000	–	90,000	1,342,000	3.21	18.05.2007 to 17.05.2016
	2,833,000	1,432,000	1,672,000	144,000	2,449,000		

Out of the outstanding options for 2,290,000 (2006: 2,449,000) shares, options for 1,196,000 (2006: 1,107,000) shares are exercisable at the balance sheet date. The weighted average share price at the time of exercise was $5.06 (2006: $3.22) per share.

The fair value of options granted on 16 March 2007, determined using The Trinomial Tree Model was $1,033,462 (2006: $724,185). The significant inputs into the model were share price of $4.80 (2006: $3.06) at the grant date, exercise price of $4.91 (2006: $3.21), standard deviation of expected share price returns of 22.47% (2006: 20.97%), option life from 16 March 2008 to 15 March 2017 and annual risk-free interest rate of 2.73% (2006: 3.21%). 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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Composition:				
Share option reserve [Note 32(a)]	**2,772**	1,877	**2,772**	1,877
Fair value reserve [Note 32(b)]	**789,285**	626,292	**407,881**	359,601
Asset revaluation reserve [Note 32(c)]	**34,426**	429,818	**–**	127,045
Capital reserves [Note 32(d)]	**119,002**	119,002	**–**	–
Currency translation reserve [Note 32(e)]	**(5,786)**	(6,292)	**–**	–
Others	**–**	–	**598**	598
	939,699	1,170,697	**411,251**	489,121

Revaluation and capital reserves are non-distributable.

(a) Share option reserve

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
At the beginning of the financial year	**1,877**	1,217	**1,877**	1,217
Employee share option scheme:				
– Value of employee services	**895**	660	**895**	660
At the end of the financial year	**2,772**	1,877	**2,772**	1,877

(b) Fair value reserve

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
At the beginning of the financial year	**626,292**	356,526	**359,601**	277,719
Change in tax rate	**8,990**	–	**8,990**	–
Fair value gains on available-for-sale financial assets (Note 17)	**161,221**	331,718	**45,149**	142,042
Reversal of fair value reserve arising from available-for-sale financial asset becoming an associated company (Note 17)	**–**	(30,987)	**–**	(30,987)
Deferred tax on fair value gains (Note 30)	**(5,859)**	(29,173)	**(5,859)**	(29,173)
Fair value reserve transferred to income statement on disposal of/return of capital from an available-for-sale financial asset	**(1,190)**	(1,006)	**–**	–
	163,162	270,552	**48,280**	81,882
Amount attributable to minority interests	**(169)**	(786)	**–**	–
	162,993	269,766	**48,280**	81,882
At the end of the financial year	**789,285**	626,292	**407,881**	359,601

32. RESERVES (continued)

(c) Asset revaluation reserve

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
At the beginning of the financial year	**429,818**	234,637	**127,045**	80,366
Effects of adopting new standards (Note 3)	**(413,431)**	–	**(127,045)**	–
	16,387	234,637	**–**	80,366
Change in tax rates	**838**	–	**–**	–
Fair value gain arising from the transfer of owner-occupied property to investment property (Note 22)	**665**	–	**–**	–
Deferred tax on fair value gain arising from the transfer of owner-occupied property to investment property (Note 30)	**(119)**	–	**–**	–
Net surplus arising from the revaluation of investment properties (Note 22)	**–**	228,779	**–**	46,679
Deferred tax on surplus on revaluation of investment properties (Note 30)	**–**	(1,871)	**–**	–
Share of associated company (Note 20)	**16,959**	4,139	**–**	–
Disposal of a subsidiary [Note 13(d)]	**–**	(479)	**–**	–
	18,343	230,568	**–**	46,679
Amount attributable to minority interests	**(304)**	(34,043)	**–**	–
	18,039	196,525	**–**	46,679
Currency translation differences	**–**	(1,344)	**–**	–
At the end of the financial year	**34,426**	429,818	**–**	127,045

The asset revaluation reserve of the Group does not take into account the surplus of $604,213,000 (2006: $390,365,000) arising from the revaluation of the hotel properties of the Group [Note 23(b)].

(d) Capital reserves

Composition of capital reserves is as follows:

	The Group	
	2007	2006
	$'000	$'000
Transfer from asset revaluation reserves for bonus issue of shares by a subsidiary	**55,846**	55,846
Share premium in a subsidiary attributable to the Group	**13,360**	13,360
Goodwill on consolidation	**997**	997
Acquisition of an associated company (See note below)	**48,799**	48,799
	119,002	119,002

There is no movement in capital reserves during the financial year.

The capital reserves arising from the acquisition of an associated company relates to the increase in the fair value of identifiable net assets and liabilities of an investee company attributable to the Group's previously held interest in that investee company on the date it became an associated company.

32. RESERVES (continued)

(e) Currency translation reserve

	The Group	
	2007	2006
	$'000	$'000
At the beginning of the financial year	**(6,292)**	(16)
Net currency translation differences of financial statements of foreign subsidiaries and borrowings designated as hedges against foreign subsidiaries, net of minority interests	**1,266**	(8,317)
Amount attributable to minority interests	**(760)**	2,041
	506	(6,276)
At the end of the financial year	**(5,786)**	(6,292)

33. DIVIDENDS

	The Group and the Company	
	2007	2006
	$'000	$'000
Final one-tier dividend paid in respect of the previous financial year of 7.5 cents (2006: 7.5 cents) per share	**59,618**	59,492
Special one-tier dividend paid in respect of the previous financial year of 7.5 cents (2006: nil) per share	**59,618**	–
	119,236	59,492

At the Annual General Meeting on 23 April 2008, a final one-tier dividend of 10.0 cents per share amounting to a total of $79,605,000 and a special one-tier dividend of 5.0 cents per share amounting to a total of $39,803,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2008.

34. CONTINGENT LIABILITIES

The Company has guaranteed the borrowings of subsidiaries amounting to $154,947,000 (2006: $174,388,000). The borrowings of subsidiaries were denominated in Singapore Dollar except for the amounts of $32,654,000 (2006: $35,434,000), $2,975,000 (2006: $2,955,000) and $17,351,000 (2006: nil) which were denominated in United States Dollar, Renminbi and Malaysian Ringgit respectively.

At balance sheet date, the Group has given guarantees of $26,387,000 (2006: $27,362,000) in respect of banking facilities granted to certain associated companies. The guarantees granted are for unsecured banking facilities except for $16,990,000 (2006: $17,387,000) which is secured on fixed deposits of the Group amounting to nil (2006: $2,837,000).

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	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Undrawn loan commitments	**34,435**	103,932	**87,261**	162,401

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

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Expenditure contracted for:				
– plant and equipment	**212,106**	52,743	**8,447**	19,590
– development properties	**200,925**	54,300	**–**	–
– investment properties	**28,842**	50,765	**–**	–
	441,873	157,808	**8,447**	19,590

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

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

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

	The Group	
	2007 $'000	2006 $'000
Not later than one year	**1,958**	1,038
Later than one year but not later than five years	**4,800**	2,465
Later than five years	**8,418**	9,552
	15,176	13,055

35. COMMITMENTS (continued)

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

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Not later than one year	**98,155**	112,888	**11,350**	8,960
Later than one year but not later than five years	**89,150**	76,905	**13,490**	9,067
Later than five years	**537**	–	**537**	–
	187,842	189,793	**25,377**	18,027

The future minimum lease payments receivable under non-cancellable operating leases exclude the portion of lease payments receivable which are computed based on a percentage of the revenue of some of the lessees. The lease payments received during the financial year and recognised in the Group and Company's revenue from property investments were $665,000 (2006: $562,000) and $70,000 (2006: $168,000) respectively.

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

36. **FINANCIAL RISK MANAGEMENT (continued)**

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	USD $'000	AUD $'000	MYR $'000	RMB $'000	Others $'000	Total $'000
At 31 December 2007							
Financial assets							
Cash and bank balances	326,702	27,939	27,595	4,834	16,477	2,160	405,707
Available-for-sale financial assets	1,285,910	–	–	–	–	–	1,285,910
Trade and other receivables	214,216	10,284	4,384	3,248	351	1,029	233,512
	1,826,828	38,223	31,979	8,082	16,828	3,189	1,925,129
Financial liabilities							
Borrowings	(1,174,599)	(35,639)	(5,965)	(65,959)	–	–	(1,282,162)
Trade and other payables	(70,056)	(12,144)	(10,214)	(7,441)	(31,326)	(4,485)	(135,666)
Loans from minority shareholders of subsidiaries	(37,783)	–	–	(2,564)	–	–	(40,347)
Rental deposits	(21,180)	–	–	–	–	–	(21,180)
Retention monies	(5,862)	–	–	–	–	–	(5,862)
	(1,309,480)	(47,783)	(16,179)	(75,964)	(31,326)	(4,485)	(1,485,217)
Net financial assets/ (liabilities)	517,348	(9,560)	15,800	(67,882)	(14,498)	(1,296)	439,912
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	517,358	(39,086)	15,653	(69,458)	200	(1,659)	
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	–	–	20,395	–	–	
Currency exposure	(10)	29,526	147	21,971	(14,698)	363	

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	AUD $'000	MYR $'000	RMB $'000	Others $'000	Total $'000
At 31 December 2006							
Financial assets							
Cash and bank balances	57,982	13,989	45,240	3,823	8,214	1,049	130,297
Available-for-sale financial assets	1,111,051	–	–	–	–	–	1,111,051
Trade and other receivables	101,486	10,651	3,360	2,339	517	866	119,219
	1,270,519	24,640	48,600	6,162	8,731	1,915	1,360,567
Financial liabilities							
Borrowings	(699,117)	(42,291)	(16,812)	(24,122)	–	–	(782,342)
Trade and other payables	(66,548)	(12,729)	(9,440)	(4,920)	(6,968)	(1,114)	(101,719)
Loans from minority shareholders of subsidiaries	(38,424)	–	–	(1,469)	–	–	(39,893)
Rental deposits	(13,562)	–	–	–	–	–	(13,562)
	(817,651)	(55,020)	(26,252)	(30,511)	(6,968)	(1,114)	(937,516)
Net financial assets/ (liabilities)	452,868	(30,380)	22,348	(24,349)	1,763	801	423,051
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	452,930	(39,724)	22,249	(23,244)	1,211	974	
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	–	–	30,021	–	–	
Currency exposure	(62)	9,344	99	28,916	552	(173)	

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group does not have significant exposure to currency risk other than USD, RMB and MYR. Assuming that the USD, RMB and MYR change against SGD by 3%, 5% and 5% respectively with all other variables including tax rate being held constant, the effects on the profit after tax will be as follows:

	2007 Increase/(Decrease) $'000	2006 Increase/(Decrease) $'000
The Group		
USD against SGD		
– strengthens	**886**	280
– weakens	**(886)**	(280)
MYR against SGD		
– strengthens	**1,099**	1,446
– weakens	**(1,099)**	(1,446)
RMB against SGD		
– strengthens	**(735)**	28
– weakens	**735**	(28)

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

(ii) Price risk

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

If prices for equity securities listed in Singapore change by 10% (2006: 10%) with all other variables including tax rate being held constant, the fair value reserve will be, as a result, higher/lower by $113,527,000 (2006: $97,595,000) and $49,157,000 (2006: $46,487,000) for the Group and the Company respectively.

(iii) Cash flow and fair value interest rate risks

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

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

The Group's and Company's variable-rate financial assets and liabilities on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2006: 1%) with all other variables including tax rate being held constant, the profit after tax of the Group and the Company will be lower/higher by $8,401,000 (2006: $5,733,000) and $2,708,000 (2006: $813,000) as a result of higher/lower interest expense on these borrowings.

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) Credit risk

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

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

The Group's and Company's maximum exposure to credit risk on corporate guarantees provided to bank on subsidiaries' loans and loan commitments to subsidiaries and associated companies are disclosed in Note 34 and Note 35 respectively.

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
By geographical areas				
Singapore	**50,488**	9,972	**188**	215
Australia	**4,114**	3,185	**–**	–
PRC	**770**	1,176	**–**	–
Malaysia	**3,135**	2,247	**–**	–
Vietnam	**1,839**	1,999	**–**	–
Myanmar	**363**	586	**–**	–
Others	**15**	–	**–**	–
	60,724	19,165	**188**	215
By operating segments				
Property development	**34,662**	2,332	**141**	147
Property investments	**2,797**	2,220	**–**	–
Hotel operations	**22,923**	13,387	**–**	–
Trading and retail operations and management services	**342**	1,226	**47**	68
	60,724	19,165	**188**	215

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

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

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

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

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

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Past due 0 to 3 months	**6,790**	6,725	**66**	77
Past due 3 to 6 months	**1,359**	214	**–**	–
Past over 6 months	**384**	295	**–**	7
	8,533	7,234	**66**	84

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Gross amount	**784**	759	**–**	–
Less: Allowance for impairment	**(766)**	(693)	**–**	–
	18	66	**–**	–
Beginning of financial year	**693**	227	**6**	6
Currency translation difference	**–**	(1)	**–**	–
Allowance made	**401**	535	**–**	–
Allowance utilised	**(328)**	(68)	**(6)**	–
End of financial year	**766**	693	**–**	6

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Liquidity risk

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

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000
THE GROUP				
At 31 December 2007				
Trade and other payables	**135,666**	**–**	**–**	**–**
Borrowings	**277,750**	**85,637**	**1,010,044**	**42,395**
Loans from minority shareholders of subsidiaries	**–**	**5,575**	**37,733**	**–**
Rental deposits	**–**	**10,702**	**10,478**	**–**
Retention monies	**–**	**2,550**	**3,312**	**–**
Financial commitments to associated companies	**34,313**	**–**	**–**	**–**
	447,729	**104,464**	**1,061,567**	**42,395**
At 31 December 2006				
Trade and other payables	101,719	–	–	–
Borrowings	127,978	83,824	684,132	–
Loans from minority shareholders of subsidiaries	–	–	44,878	–
Rental deposits	–	5,740	7,822	–
Financial commitments to associated companies	69,620	34,312	–	–
	299,317	123,876	736,832	–

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000
THE COMPANY				
At 31 December 2007				
Trade and other payables	**333,536**	**–**	**–**	**–**
Borrowings	**524,416**	**–**	**286,228**	**–**
Rental deposits	**–**	**1,199**	**1,458**	**–**
Retention monies	**–**	**1,357**	**–**	**–**
Financial commitments to subsidiaries	**52,949**	**–**	**–**	**–**
Financial commitments to associated companies	**34,312**	**–**	**–**	**–**
	945,213	**2,556**	**287,686**	**–**
At 31 December 2006				
Trade and other payables	10,326	–	–	–
Borrowings	99,819	–	–	–
Loans from subsidiaries	47,650	140,995	–	–
Rental deposits	–	826	585	–
Financial commitments to subsidiaries	8,330	50,262	–	–
Financial commitments to associated companies	69,497	34,312	–	–
	235,622	226,395	585	–

36. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

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

(d) Capital risk

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

Management monitors capital based on a gearing ratio. The Group and the Company are also required under a note issuance programme to maintain a gearing ratio of not exceeding 200% (2006: not applicable). The Group's and Company's strategies, which were unchanged from 2006, are to maintain gearing ratios below 150%.

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

	The Group		The Company	
	2007	2006	**2007**	2006
Net debt ($'000)	**916,802**	691,938	**434,479**	99,122
Shareholders' equity ($'000)	**3,947,130**	3,156,004	**2,105,819**	1,874,807
Gearing ratio	**23%**	22%	**21%**	5%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2006 and 2007.

37. FAIR VALUES

Other than as disclosed in Notes 14(e), 26(c) and 28 in the financial statements, the financial assets and financial liabilities are carried in the balance sheets at amounts which approximate their fair values.

38. RELATED PARTY TRANSACTIONS

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

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Transactions with directors and their associates				
Proceeds from sale of development properties	**2,977**	330	**–**	–
Rental received	**1,196**	1,102	**172**	264
Transactions with associated companies				
Management fee received	**1,203**	257	**–**	–
Accounting and corporate secretarial fee received	**120**	29	**120**	29
Shareholder's interest receivable	**2,033**	701	**2,033**	701
Transactions with minority shareholders of subsidiaries with significant influence				
Proceeds from sale of development properties	**2,636**	327	**–**	–
Payment of development costs	**17,838**	23,093	**–**	–

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

	The Group	
	2007 $'000	2006 $'000
Salaries and other short-term employee benefits	**3,388**	2,633
Directors' fees	**1,035**	822
Post-employment benefits – contribution to CPF	**32**	24
Share options granted	**199**	145
	4,654	3,624

Total compensation to directors of the Company included in above amounted to $2,780,000 (2006: $1,999,000).

39. GROUP SEGMENTAL INFORMATION

(a) Primary reporting format – business segments

	Property development $'000	Property investments $'000	Hotel operations $'000	Management services $'000	Investments $'000	Total for continuing operations $'000	Discontinued operations – trading and retail operations $'000
Financial year ended 31 December 2007							
Revenue							
– External sales	**230,442**	**99,080**	**322,941**	**5,428**	**51,199**	**709,090**	**4,402**
– Inter–segment sales	**–**	**815**	**1,051**	**2,955**	**196,733**	**201,554**	**–**
	230,442	**99,895**	**323,992**	**8,383**	**247,932**	**910,644**	**4,402**
Elimination						**(201,554)**	**–**
						709,090	**4,402**
Segment results	**70,830**	**59,427**	**60,888**	**3,168**	**50,944**	**245,257**	**(9)**
Miscellaneous income	**697**	**3,212**	**1,042**	**111**	**–**	**5,062**	**179**
Other gains	**–**	**37,050**	**18,089**	**220**	**1,190**	**56,549**	**–**
Fair value gain on investment properties	**–**	**590,534**	**–**	**–**	**–**	**590,534**	**–**
	71,527	**690,223**	**80,019**	**3,499**	**52,134**	**897,402**	**170**
Unallocated costs						**(6,702)**	**–**
Operating profits						**890,700**	**170**
Finance income						**9,678**	**–**
						900,378	**170**
Finance expense						**(16,989)**	**–**
Share of profits of associated companies	**16,299**	**32,739**	**6,215**	**–**	**–**	**55,253**	**–**
Profit before income tax						**938,642**	**170**
Income tax expense						**(76,825)**	**(16)**
Net profit						**861,817**	**154**
Other segment items							
Capital expenditure							
– property, plant and equipment	**3**	**36,065**	**66,131**	**3**	**–**	**102,202**	**55**
– investment property	**–**	**8,635**	**–**	**–**	**–**	**8,635**	**–**
Depreciation	**9**	**1,231**	**35,245**	**13**	**–**	**36,498**	**39**
Amortisation	**–**	**–**	**100**	**–**	**–**	**100**	**–**
Write-down of inventory	**–**	**–**	**–**	**–**	**–**	**–**	**41**

	Property development $'000	Property investments $'000	Hotel operations $'000	Management services $'000	Investments $'000	Total consolidated $'000
Segment assets	**939,169**	**2,295,138**	**922,958**	**948**	**1,285,929**	**5,444,142**
Associated companies	**25,738**	**218,034**	**33,659**	**–**	**–**	**277,431**
Loans to and non-trade amounts due from associated companies	**163,859**	**–**	**4,283**	**–**	**–**	**168,142**
Unallocated assets						**292,632**
Consolidated total assets						**6,182,347**
Segment liabilities	**51,819**	**46,108**	**57,876**	**1,111**	**13**	**156,927**
Unallocated liabilities						**1,656,294**
Consolidated total liabilities						**1,813,221**

39. GROUP SEGMENTAL INFORMATION (continued)

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

	Property development $'000	Property investments $'000	Hotel operations $'000	Management services $'000	Investments $'000	Total for continuing operations $'000	Discontinued operations – trading and retail operations $'000
Financial year ended 31 December 2006							
Revenue							
– External sales	169,297	92,000	300,062	4,624	32,939	598,922	6,199
– Inter-segment sales	–	1,078	–	3,055	59,276	63,409	–
	169,297	93,078	300,062	7,679	92,215	662,331	6,199
Elimination						(63,409)	–
						598,922	6,199
Segment results	32,566	54,040	42,009	2,609	32,919	164,143	155
Miscellaneous income	363	3,230	1,142	82	187	5,004	111
Other gains	(40)	160,482	86,717	–	1,006	248,165	–
	32,889	217,752	129,868	2,691	34,112	417,312	266
Unallocated costs						(5,709)	–
Operating profits						411,603	266
Finance income						6,634	–
						418,237	266
Finance expense						(25,842)	–
Share of profits of associated companies	3,537	7,617	2,984	–	–	14,138	–
Profit before income tax						406,533	266
Income tax expense						(33,774)	1
Net profit						372,759	267
Other segment items							
Capital expenditure							
– property, plant and equipment	2	1,287	25,909	10	–	27,208	42
– investment property	–	43,463	–	–	–	43,463	–
Depreciation	11	1,937	34,685	16	–	36,649	42
Amortisation	–	–	100	–	–	100	–
Write-down of inventory	–	–	–	1	–	1	344

	Property development $'000	Property investments $'000	Hotel operations $'000	Trading and retail operations and management services $'000	Investments $'000	Total consolidated $'000
Segment assets	582,164	1,804,458	720,243	3,580	1,111,057	4,221,502
Associated companies	8,894	183,740	29,184	–	–	221,818
Loans to and non-trade amounts due from associated companies	90,433	–	8,189	–	–	98,622
Unallocated assets						109,970
Consolidated total assets						4,651,912
Segment liabilities	17,012	39,825	54,577	2,261	8	113,683
Unallocated liabilities						1,088,678
Consolidated total liabilities						1,202,361

39. GROUP SEGMENTAL INFORMATION (continued)

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

At 31 December 2007, the Group is organised into five main business segments:

(i) Hotel operations	operation of hotels and serviced apartments 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) Management services	fees received from managing of properties and projects.
(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 recorded at their transacted price which is generally at fair value.

Unallocated costs represent corporate expenses.

Segment assets consist primarily of property, plant and equipment, investment properties, development properties, available-for-sale financial assets, intangibles, inventories, receivables and operating cash, and exclude investments in associated companies, loans to and non-trade amounts due from associated companies, fixed deposits and current and deferred income tax assets.

Segment liabilities comprise operating liabilities and exclude tax and corporate borrowings.

Capital expenditures comprise 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 located, the areas of operation of the Group are principally hotel operations, property development, property investment and investment holdings. The Group also engages in the provision of management services in Singapore.

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

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

39. GROUP SEGMENTAL INFORMATION (continued)

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

	Revenue for continuing operations		Revenue for discontinued operations		Total consolidated revenue	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**481,665**	393,669	**4,402**	6,199	**486,067**	399,868
Australia	**96,643**	82,047	**–**	–	**96,643**	82,047
Vietnam	**37,068**	31,436	**–**	–	**37,068**	31,436
Malaysia	**41,351**	38,366	**–**	–	**41,351**	38,366
PRC	**44,745**	47,792	**–**	–	**44,745**	47,792
Myanmar	**5,567**	5,612	**–**	–	**5,567**	5,612
Others	**2,051**	–	**–**	–	**2,051**	–
	709,090	598,922	**4,402**	6,199	**713,492**	605,121

	Operating profits for continuing operations		Operating profits for discontinued operations		Total consolidated operating profits	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**847,304**	377,103	**170**	266	**847,474**	377,369
Australia	**17,342**	11,215	**–**	–	**17,342**	11,215
Vietnam	**12,754**	8,513	**–**	–	**12,754**	8,513
Malaysia	**5,823**	5,592	**–**	–	**5,823**	5,592
PRC	**7,004**	9,223	**–**	–	**7,004**	9,223
Myanmar	**(1,149)**	(1,043)	**–**	–	**(1,149)**	(1,043)
Others	**1,622**	1,000	**–**	–	**1,622**	1,000
	890,700	411,603	**170**	266	**890,870**	411,869

	Total consolidated operating assets	
	2007	2006
	$'000	$'000
Singapore	**5,386,276**	4,089,961
Australia	**205,900**	177,295
Vietnam	**70,148**	80,176
Malaysia	**230,801**	134,820
PRC	**276,155**	157,620
Myanmar	**9,910**	12,040
Others	**3,157**	–
	6,182,347	4,651,912

	Capital expenditure for continuing operations		Capital expenditure for discontinued operations		Total consolidated capital expenditure	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**54,666**	40,835	**55**	42	**54,721**	40,877
Australia	**24,271**	6,507	**–**	–	**24,271**	6,507
Vietnam	**1,854**	2,861	**–**	–	**1,854**	2,861
Malaysia	**21,162**	17,860	**–**	–	**21,162**	17,860
PRC	**8,652**	2,398	**–**	–	**8,652**	2,398
Myanmar	**232**	210	**–**	–	**232**	210
	110,837	70,671	**55**	42	**110,892**	70,713

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) **INT FRS 111 Group and Treasury Share Transactions**
The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

The Group operates an employee share option scheme and issues new shares to settle the obligations arising from the plans. As the Group has been recognising those share option grants as equity-settled and does not operate any other SBP group arrangements, INT FRS 111 does not have any impact to the Group.

(b) **FRS 108 Operating Segments**
FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will assess the impact of FRS 108 from 1 January 2009 and where necessary, will provide comparative information that conforms to the requirements of FRS 108.

(c) **Revised FRS 23 Borrowing Costs**
The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of UOL Group Limited on 20 February 2008.

Corporate Governance Report

for the year ended 31 December 2007

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 2005 ("Code").

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The principal responsibilities of the Board are:

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

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

Executive Committee
Nominating Committee
Remuneration Committee
Audit Committee

The membership and attendance of the Directors for the four standing board committees are set out on page 143.

The Board has conferred upon the Executive Committee ("EXCO") and Chief Executive Officer ("CEO") certain discretionary limits and powers for capital expenditure, budgeting, treasury and investment activities and human resource management. The levels of authorisation required for specified transactions are specified in a Charter adopted by the Board during the financial year 2006.

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. The CEO in turn issues a chart of authority and limits for capital expenditure, budgets, investment and other activities for Management's compliance.

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

The EXCO currently comprises four members, namely:

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

The EXCO is chaired by the Chairman of the Board and has been given certain authority and functions such as the formulation and review of policies, 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 conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association ("Articles") allow a board meeting to be conducted by way of telephonic and video-conferencing. The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, is disclosed on page 143.

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 and training is made available to Directors on updates/developments in the regulatory framework and environment affecting the Group.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

Currently, the Board comprises eight Directors, four of whom are independent.

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

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

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

PRINCIPLE 3: 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 all Directors are provided with accurate, timely and clear information.

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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

The independence of the Board is also reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review. 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, Wee Ee Chao and Wee Ee Lim, 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 $200,000 in the year 2007 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 Annual General Meeting ("AGM") under Section 153(6) of the Companies Act before they can continue to act as a Director. The NC, with each member abstaining in respect of his own re-appointment, has recommended to the Board that Wee Cho Yaw, Alan Choe Fook Cheong and Lim Kee Ming, who are over 70 years of age, be nominated for re-appointment at the forthcoming AGM.

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

The NC recommends all appointments and re-appointments of Directors to the Board. The search and nomination process for new directors (if any) will be conducted through contacts and recommendations that go through the normal selection process, to ensure the search for the right candidates is as objective and comprehensive as possible. New directors are appointed by way of a board resolution after the NC recommends their appointment for approval of the Board and they must submit themselves for re-election at the next AGM pursuant to Article 99 of the Articles.

Details of the Directors' academic qualifications and other appointments are set out on pages 22 to 25.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has assessed the contributions of each Director to the effectiveness of the Board and evaluated the performance of the Board as a whole. In evaluating the performance of the Board as a whole, the NC has adopted certain quantitative indicators which include return on equity, return on assets and the Company's share price performance.

GUIDELINE 6: ACCESS TO INFORMATION

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

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

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

The Company Secretary and/or the Deputy Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary, together with 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").

GUIDELINE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

The RC is currently chaired by an independent Director. The RC is responsible for ensuring a formal procedure for developing a policy on executive remuneration and for fixing the remuneration packages for Directors and senior management. The RC recommends for the Board's endorsement a framework of remuneration which covers all aspects of remuneration, including without limitation, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. It also administers the UOL 2000 Share Option Scheme.

GUIDELINE 8: LEVEL AND MIX OF REMUNERATION

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

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

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

The RC 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 145. 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 56.

GUIDELINE 9: DISCLOSURE ON REMUNERATION

In relation to employees of the Group, the remuneration policy of the Company seeks to align the interests of such employees with those of the Company as well as to ensure that remuneration is commercially attractive to attract, retain and motivate employees. The typical remuneration package comprises both fixed and variable components, with a base salary making up the fixed component and a variable component in the form of a performance bonus and/or share options. The report on the remuneration of the top 5 key executives (who are not Directors) of the Company is disclosed on page 145.

Details of the UOL 2000 Share Option Scheme are disclosed on pages 55 and 56.

GUIDELINE 10: 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.

GUIDELINE 11: AUDIT COMMITTEE ("AC")

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

Lim Kee Ming, Chairman
Alan Choe Fook Cheong
Low Weng Keong (appointed on 10 April 2007)

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

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

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

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

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

GUIDELINE 12: INTERNAL CONTROLS

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

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

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 36 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. The Group has a dedicated Investment Department that evaluates all new investment opportunities on the bases set out by the Board of Directors and EXCO. All major investment proposals are submitted to the EXCO and the Board for approval. Ongoing performance monitoring and asset management of new and existing investments are performed by the Group.

GUIDELINE 13: INTERNAL AUDIT

The Internal Audit Department of the Group is independent of the activities it audits.

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

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

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

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

GUIDELINE 14: COMMUNICATION WITH SHAREHOLDERS
GUIDELINE 15: GREATER SHAREHOLDER PARTICIPATION

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

The Company also encourages greater shareholder participation at its annual general meetings and allows shareholders the opportunity to communicate their views on various matters affecting the Company. The 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 Listing Rule 1207(18) on Dealings in Securities, the Company issues annually, with such updates as may be necessary from time to time, a circular to its Directors, officers and employees prohibiting dealings in listed securities of the Group from two weeks to one month, as the case may be, before the announcement of the Group's quarterly and full-year financial results, and at any time they are in possession of unpublished material price sensitive information.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Number of meetings attended in 2007				
Name of Director	BOARD	EXCO	AC	RC	NC
Wee Cho Yaw	4	1		1	1
Gwee Lian Kheng	4	1			
Alan Choe Fook Cheong	4	1	5	1	1
Lim Kee Ming	4		5	1	1
Wee Ee Chao#	3				
Low Weng Keong*	4		4		
James Koh Cher Siang	3				
Wee Ee Lim	4				
Wong Yuen Weng Ernest (resigned on 12 March 2007)			1		
Number of meetings held in 2007	4	1	5	1	1

appointed a member of EXCO on 15 February 2007.

* appointed a member of AC on 10 April 2007 in place of Mr Wong Yuen Weng Ernest.

PARTICULARS OF DIRECTORS

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
Wee Cho Yaw Chinese high school	78	EXCO – Chairman RC – Member NC – Member	23.04.1973 25.04.2007	Non-executive Non-independent
Gwee Lian Kheng Bachelor of Accountancy (Hons), University of Singapore; Fellow of Chartered Institute of Management Accountants, Association of Chartered Certified Accountants, and Institute of Chartered Secretaries and Administrators; Member of Institute of Certified Public Accountants of Singapore	67	EXCO – Member	20.05.1987 25.04.2007	Executive Non-independent
Alan Choe Fook Cheong Bachelor of Architecture, University of Melbourne; Diploma in Town & Regional Planning, University of Melbourne; Fellowship Diploma, Royal Melbourne Institute of Technology; Fellow of Singapore Institute of Architects, Singapore Institute of Planners, and Royal Australian Institute of Architects; Member of Royal Institute of British Architects, Royal Town Planning Institute, Royal Australian Planning Institute and American Planning Association	76	EXCO – Member AC – Member RC – Member NC – Chairman	28.03.1979 25.04.2007	Non-executive Independent

PARTICULARS OF DIRECTORS (continued)

Name of Director/ Academic & Professional Qualifications	Age	Board Committees as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment Executive/ Non-executive Independent/ Non-independent
Lim Kee Ming Master of Science (International Trade & Finance), Columbia University, New York; Bachelor of Science (Business Administration), New York University, USA	80	AC – Chairman RC – Chairman NC – Member	23.04.1973 25.04.2007	Non-executive Independent
Wee Ee Chao Bachelor of Business Administration, The American University, Washington DC, USA	53	EXCO – Member	09.05.2006 25.04.2007	Non-executive Non-independent
Low Weng Keong Fellow of CPA Australia, Institute of Chartered Accountants in England & Wales and Institute of Certified Public Accountants of Singapore; Associate Member of Chartered Institute of Taxation (UK)	55	*AC – Member	23.11.2005 19.04.2006	Non-executive Independent
James Koh Cher Siang Bachelor of Arts (Hons) in Philosophy, Political Science and Economics and Master of Arts from University of Oxford, UK; Master in Public Administration, Harvard University, USA	61	Nil	23.11.2005 19.04.2006	Non-executive Independent
Wee Ee Lim Bachelor of Arts (Economics), Clark University, USA	46	Nil	09.05.2006 25.04.2007	Non-executive Non-Independent

Notes:
1) Directors’ shareholdings in the Company and related corporations, please refer to pages 54 and 55.
2) Directorships or Chairmanships in other listed companies and other major appointments, both present and over the preceding 3 years, please refer to pages 22 to 25.
3) * Appointed on 10 April 2007.

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 2007:

Remuneration Bands	Salary %	Bonuses %	Directors' fees %	Share Option Grants[1] %	Defined Contribution Plans %	Others %	Total Remuneration %	Share Option Grants[2] Number
$1,750,000 to $2,000,000								
Gwee Lian Kheng	25	64	6	4	–	1	100	100,000
$250,000 to $1,750,000								
Nil	–	–	–	–	–	–	–	–
Below $250,000								
Wee Cho Yaw	–	–	100	–	–	–	100	–
Alan Choe Fook Cheong	–	–	100	–	–	–	100	–
Lim Kee Ming	–	–	100	–	–	–	100	–
Wee Ee Chao	–	–	100	–	–	–	100	–
Low Weng Keong	–	–	100	–	–	–	100	–
James Koh Cher Siang	–	–	100	–	–	–	100	–
Wee Ee Lim	–	–	100	–	–	–	100	–
Wong Yuen Weng Ernest[3]	–	–	100	–	–	–	100	–

1 Fair value of share options is estimated using the Trinomial Tree model at date of grant.
2 Refers to options granted on 16 March 2007 under the UOL 2000 Share Option Scheme to subscribe for ordinary shares in the capital of the Company. The options may be exercised at any time during the option period from 16 March 2008 to 15 March 2017 at the offer price of $4.91 per ordinary share.
3 Wong Yuen Weng Ernest resigned from the Board on 12 March 2007.

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

Details of the UOL 2000 Share Option Scheme can be found under the "Report of the Directors" section of this Annual Report.

Remuneration of Key Employees

The remuneration[1] of the top five key employees of the Group (who are not directors) is analysed into the respective remuneration bands as follows:

$750,000 to $1,000,000
Liam Wee Sin

$500,000 to $750,000
Foo Thiam Fong Wellington

$250,000 to $500,000
Wee Wei Ling[2]
Han Chan Juan
Kam Tin Seah

Below $250,000
Nil

1 Included in the remuneration is the value of share options granted during the year (if any) under the UOL 2000 Share Option Scheme. Fair value of share options is estimated using the Trinomial Tree model.
2 Wee Wei Ling is the daughter of Wee Cho Yaw and sister of Wee Ee Chao and Wee Ee Lim.

Interested Person Transactions

for the financial year ended 31 December 2007

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) $'000
Directors and their associates:	
– Rental and service income	120
– Consideration for the sale of 16 units to the immediate family members of 5 directors in 3 residential developments in Singapore	33,679
– Project management fees from Nassim Park Developments Pte. Ltd., a joint venture with an interested person and a third party	1,877
– Investment in and provision of loan to Peak Venture Pte. Ltd., a joint venture with an interested person	161

Material Contracts

Except as disclosed under the section on Interested Person Transactions above and in Note 38 (Related Party Transactions) of the Notes to the Financial Statements, there were no others 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 3 March 2008

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

SIZE OF SHAREHOLDINGS

Range	No. of Shareholders	%	No. of Shares	%
1 – 999	15,664	54.41	2,816,888	0.35
1,000 – 10,000	10,937	37.99	36,281,527	4.56
10,001 – 1,000,000	2,157	7.49	97,031,714	12.19
1,000,001 and above	30	0.11	659,930,025	82.90
Total	**28,788**	**100.00**	**796,060,154**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%[1]
1. DBS Nominees Pte Ltd	127,747,409	16.05
2. C Y Wee & Co Pte Ltd	105,512,587	13.25
3. Wee Investments Pte Ltd	80,535,090	10.12
4. Tye Hua Nominees (Pte) Ltd	74,345,209	9.34
5. Citibank Nominees Singapore Pte Ltd	56,868,123	7.14
6. UOB Kay Hian Pte Ltd	43,452,475	5.46
7. HSBC (Singapore) Nominees Pte Ltd	42,451,509	5.33
8. DBSN Services Pte Ltd	33,481,895	4.21
9. United Overseas Bank Nominees (Pte) Ltd	23,029,162	2.89
10. Morgan Stanley Asia (Singapore) Securities Pte Ltd	16,180,016	2.03
11. Raffles Nominees Pte Ltd	12,933,992	1.62
12. Wah Hin & Co Pte Ltd	5,519,177	0.69
13. Lim & Tan Securities Pte Ltd	4,173,904	0.52
14. DB Nominees (S) Pte Ltd	3,996,741	0.50
15. Oversea-Chinese Bank Nominees Pte Ltd	3,651,524	0.46
16. Kah Motor Co Sdn Bhd	3,398,345	0.43
17. Ho Han Leong Calvin	2,763,860	0.35
18. TM Asia Life Singapore Ltd-Par Fund	2,296,340	0.29
19. Ngee Ann Development Pte Ltd	2,000,000	0.25
20. OCBC Nominees Singapore Pte Ltd	1,958,490	0.25
Total	**646,295,848**	**81.18**

Based on information available to the Company as at 3 March 2008, 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 3 March 2008

SUBSTANTIAL SHAREHOLDERS OF UOL GROUP LIMITED

as shown in the Register of Substantial Shareholders

	No. of Shares fully paid			
Name	Direct Interest	Deemed Interest	Total	%[1]
1. Wee Cho Yaw	3,388,151	227,768,442 [2]	231,156,593	29.04
2. Wee Ee Cheong	300,534	186,143,687 [3]	186,444,221	23.42
3. C Y Wee & Co Pte Ltd	105,512,587	–	105,512,587	13.25
4. Wee Ee Chao	30,748	80,820,597 [4]	80,851,345	10.16
5. Wee Ee Lim	241,489	80,553,452 [5]	80,794,941	10.15
6. Wee Investments Pte Ltd	80,535,090	–	80,535,090	10.12
7. United Overseas Bank Limited (“UOB”)	–	78,657,715 [6]	78,657,715	9.88
8. Haw Par Corporation Limited	–	41,428,805 [7]	41,428,805	5.20

Notes:

[1] As a percentage of the issued share capital of the Company, comprising 796,060,154 shares

[2] Mr Wee Cho Yaw’s deemed interest in the shares arises as follows:
(a) 274,858 shares held by his spouse
(b) 105,512,587 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

[3] Mr Wee Ee Cheong’s deemed interest in the shares arises as follows:
(a) 3,423 shares held by his spouse
(b) 105,512,587 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

[4] Mr Wee Ee Chao’s deemed interest in the shares arises 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

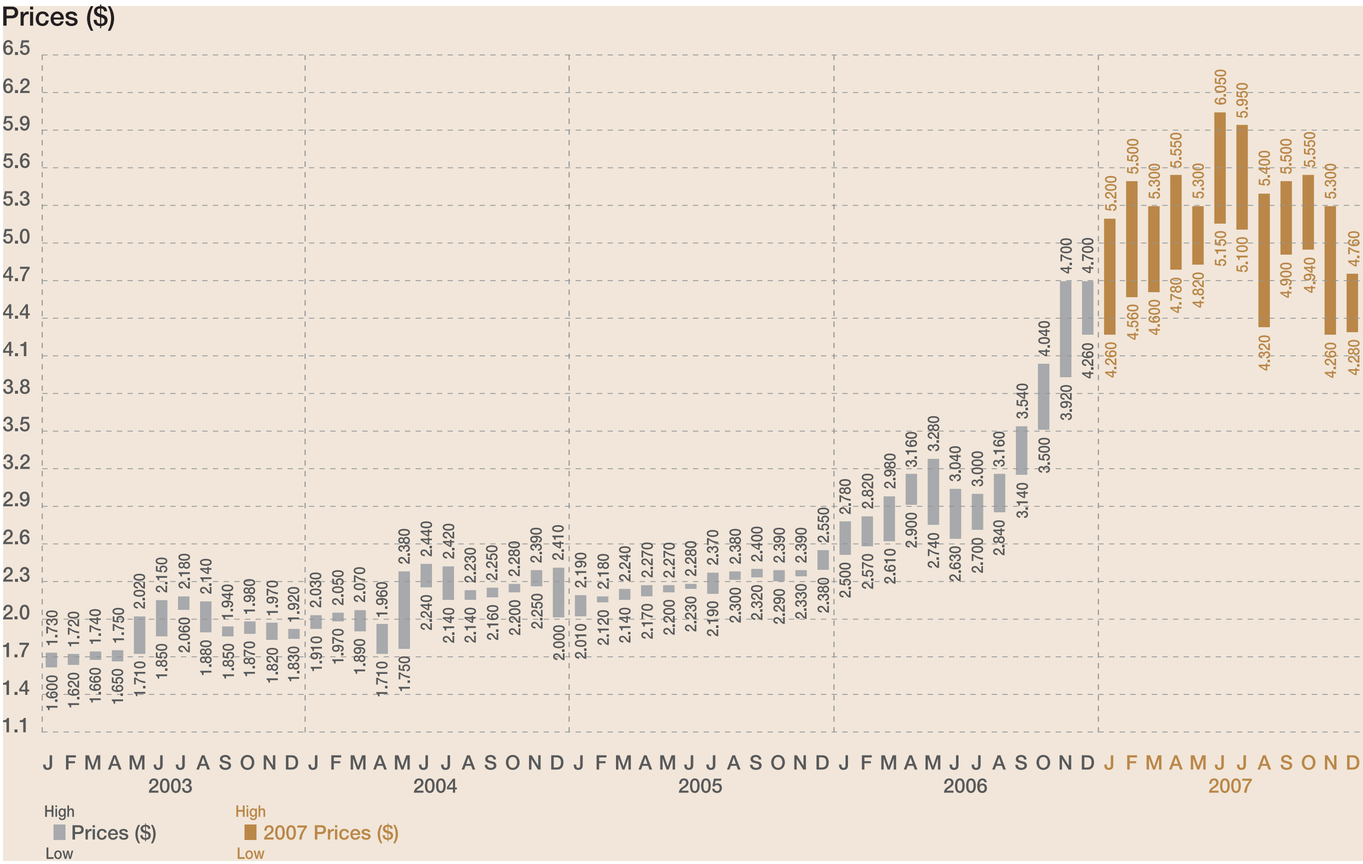
[5] Mr Wee Ee Lim’s deemed interest in the shares arises as follows:
(a) 1,260 shares held by his spouse
(b) 80,535,090 shares held by Wee Investments Pte Ltd
(c) 17,102 shares held by Kheng Leong Co. (Pte) Ltd

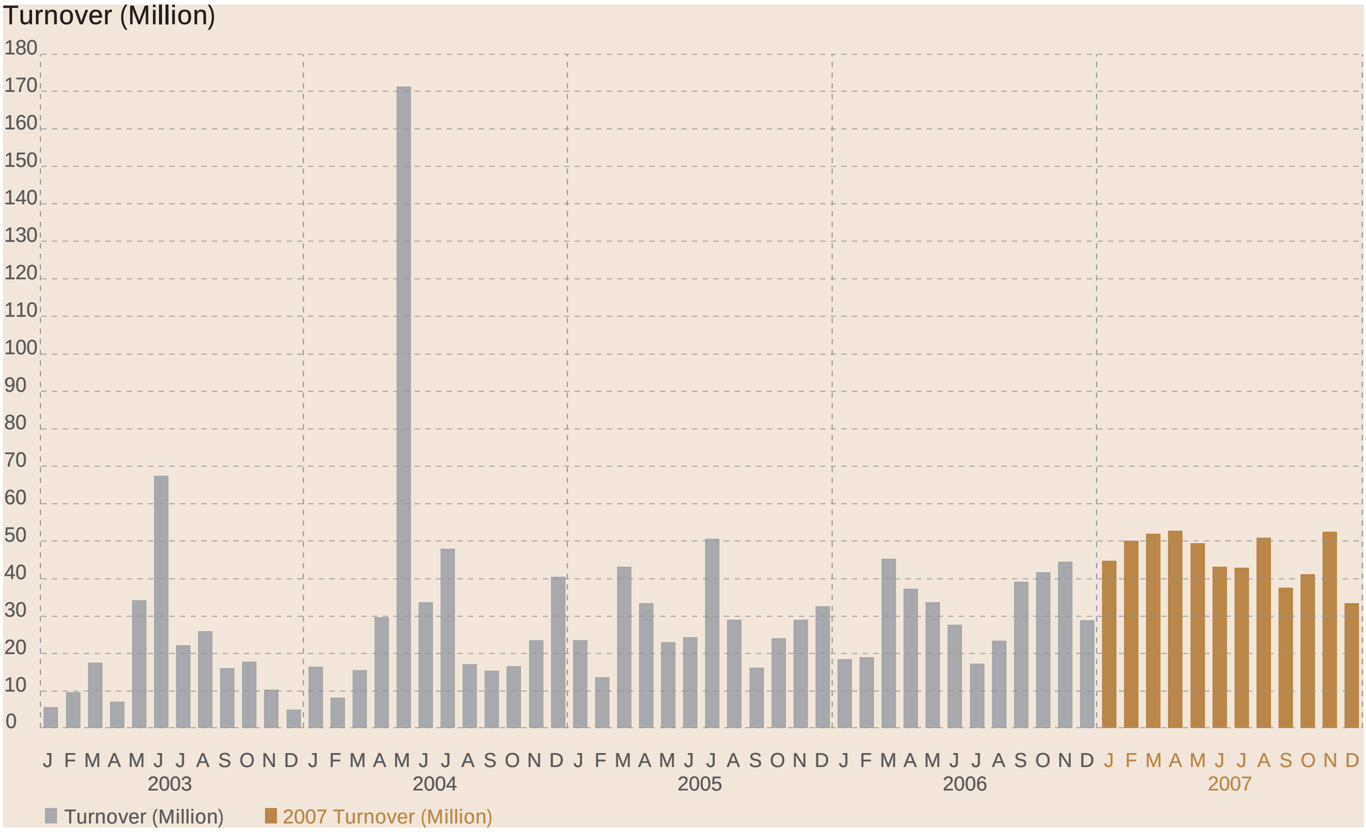
[6] UOB’s deemed interest in the shares arises as follows:
(a) 74,332,898 shares held in the name of Tye Hua Nominees (Pte) Ltd for the benefit of UOB
(b) 3,500,617 shares held in the name of United Overseas Bank Nominees (Pte) Ltd for the benefit of United International Securities Limited
(c) 469,200 shares and 355,000 shares held by UOB Asset Management Ltd (“UOBAM”) as part of unit trusts fund and clients portfolios respectively which are managed by UOBAM

[7] Haw Par Corporation Limited’s deemed interest in the shares arises as follows:
(a) 26,561,931 shares held by Haw Par Investment Holdings Pte Ltd
(b) 10,527,246 shares held by Haw Par Capital Pte Ltd
(c) 1,747,053 shares held by Pickwick Securities Private Ltd
(d) 643,656 shares held by Haw Par Equities Pte Ltd
(e) 1,424,981 shares held by Straits Maritime Leasing Pte Ltd
(f) 300,000 shares held by Haw Par Trading Pte Ltd
(g) 223,938 shares held by M&G Maritime Services Pte Ltd

Share Price and Turnover

for the period from 1 January 2003 to 31 December 2007





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Notice of Annual General Meeting

Notice is hereby given that the 45th Annual General Meeting of the Company will be held at Pan Pacific Singapore, Pacific 3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Wednesday, 23 April 2008 at 12.00 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 2007.

Resolution 2 To declare a first and final tax-exempt (one-tier) dividend of 10 cents per ordinary share and a special tax-exempt (one-tier) dividend of 5 cents per ordinary share for the year ended 31 December 2007.

Resolution 3 To approve Directors' fees of $507,500 for 2007 (2006: $378,100).

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 Alan Choe Fook Cheong, who retires pursuant to Section 153(6) of the Companies Act, Cap. 50, as Director of the Company to hold such office until the next Annual General Meeting of the Company.

Resolution 6 To re-appoint 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 7 To re-elect Mr Low Weng Keong, who retires by rotation pursuant to Article 94 of the Company's Articles of Association, as Director of the Company.

Resolution 8 To re-elect Mr James Koh Cher Siang, who retires by rotation pursuant to Article 94 of the Company's Articles of Association, as Director of the Company.

Resolution 9 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 10 "That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the regulations of the UOL 2000 Share Option Scheme (the "2000 Scheme") and to allot and issue such number of shares as may be issued pursuant to the exercise of share options under the 2000 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 2000 Scheme shall not exceed fifteen per cent (15%) of the issued share capital of the Company from time to time."

Resolution 11 "That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the 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."

Notice of Annual General Meeting (continued)

BY ORDER OF THE BOARD

Foo Thiam Fong Wellington
Secretary

Singapore, 1 April 2008

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 and the Executive Committee, and as a member of the Remuneration and Nominating Committees. He is considered a non-independent Director.

2. In relation to **Resolution 5**, Mr Alan Choe Fook Cheong will, upon re-appointment, continue as the Chairman of the Nominating Committee and as a member of the Executive, Audit and Remuneration Committees. He is considered an independent Director.

3. In relation to **Resolution 6**, Mr Lim Kee Ming will, upon re-appointment, continue as the Chairman of the Audit and Remuneration Committees, and as a member of the Nominating Committee. He is considered an independent Director.

4. In relation to **Resolution 7**, Mr Low Weng Keong will, upon re-election, continue as a member of the Audit Committee. He is considered an independent Director.

5. In relation to **Resolution 8**, Mr James Koh Cher Siang is considered an independent Director.

6. **Resolution 10** is to empower the Directors to offer and grant options and to issue shares in the share capital of the Company pursuant to the 2000 Scheme, which was approved at the Extraordinary General Meeting of the Company on 23 May 2000. A copy of the Rules governing the 2000 Scheme is available for inspection by shareholders during normal office hours at the Company's Registered Office.

7. **Resolution 11** is to empower the Directors from the date of that meeting until the next Annual General Meeting to issue, or agree to issue shares and/or grant instruments that might require shares to be issued, up to an amount not exceeding fifty per cent (50%) of the 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

UOL GROUP LIMITED
(incorporated in the Republic of Singapore)
Company Registration No. 196300438C

IMPORTANT: FOR CPF INVESTORS ONLY

1. For investors who have used their CPF monies to buy UOL shares, this Report is sent to them at the request of their CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (Please see Note No. 10 on the reverse).

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of UOL GROUP LIMITED (the "Company"), hereby appoint:

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

and/or *(please delete as appropriate)*

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 **45th Annual General Meeting** of the Company to be held at Pan Pacific Singapore, Pacific 3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595, on Wednesday, 23 April 2008 at 12.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the 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.	Final Dividend and Special Dividend				
3.	Directors' Fees				
4.	Re-appointment (Mr Wee Cho Yaw)				
5.	Re-appointment (Mr Alan Choe Fook Cheong)				
6.	Re-appointment (Mr Lim Kee Ming)				
7.	Re-election (Mr Low Weng Keong)				
8.	Re-election (Mr James Koh Cher Siang)				
9.	Auditors and their Remuneration				
10.	Authority to Issue Shares (Share Option)				
11.	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 ________________ 2008

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

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Save for members which are nominee companies, 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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.

6. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the registered office of the Company at 101 Thomson Road, #33-00 United Square, Singapore 307591, not less than 48 hours before the time fixed for holding the Meeting.

7. 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.

8. Any alteration made in this form must be initialed by the person who signs it.

9. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

10. 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, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, at least 48 hours before the time fixed for holding the Meeting.

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PROXY FORM

Please
Affix
Postage
Stamp

The Company Secretary
UOL GROUP LIMITED
101 Thomson Road
#33-00 United Square
Singapore 307591

3rd fold here

Fold this flap for sealing

Designed and produced by:
greymatter williams and phoa (asia)

UOL GROUP LIMITED

Company Registration No: 196300438C

101 Thomson Road
#33-00 United Square
Singapore 307591

Tel: (65) 6255 0233
Fax: (65) 6252 9822