



United Asian Growth Opportunities Fund

Semi Annual Report

for the period 1st July to
31st December 2009

United Asian Growth Opportunities Fund

(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER

UOB Asset Management Ltd

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United Asian Growth Opportunities Fund

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A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 02 August 2004 Ann Comp Ret
United Asian Growth Opportunities Fund	15.19	33.29	109.81	-1.17	14.01	NA	14.79
Benchmark	10.76	33.06	105.20	4.23	10.44	NA	13.24

Source: Lipper, a Thomson Reuters Company

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV price with net dividends reinvested. The benchmark of the Fund: Since Inception – Nov 07: FTSE Global Small Cap Series Asia Pacific Ex Japan; Dec 07 – Present: MSCI AC Asia Pacific ex Japan Small Cap Index.

For the six months ended 31 December 2009, the Fund **rose 33.3%** on a net asset value basis, compared with a 33.1% increase in the benchmark MSCI AC Far East ex-Japan index in Singapore dollar terms.

The Fund managed to outperform the index slightly over the six month period ended 31 Dec 09 due to favourable stock selection. Some of the best performers over the period were **First Tractor**, **Lianhua Supermarket**, **Sintek Photonics** and **CH Karnchang**. **First Tractor** benefited from favourable policies issued by the Chinese government as part of the overall stimulus package which encouraged rural replacement of farm equipment. The company is the largest tractor machine seller domestically. **Lianhua Supermarket**, one of the largest listed supermarket chains in China, was seen as one of the main beneficiaries of a more inflationary environment in the country in the past few quarters. Given the expectation that inflation will continue to be high in the coming quarters, the stock is likely to perform well in the near future as well. **Sintek Photonics** is a maker of touch panels based in Taiwan. The stock had performed well on expectations that they will likely be selected as one of the suppliers to Apple's new product, the iPad, which will be launched some time in 2010. **CH Karnchang** is one of the largest domestic construction companies in Thailand. The stock had done well on anticipation that they will be the main beneficiary of more construction spending in the country back in 2009.

The stocks that detracted from performance over this period included **Abterra Ltd**, **AtlasBX Co** and **Astro All Networks**. **Abterra Ltd** owns coking coal and iron ore assets in China and Indonesia and the company had not done well despite the fact that the stock is probably trading at very cheap valuations. With more newsflow from the company in 2010, more investors are likely to understand the company a little more and hence close the discount between the current valuations and its intrinsic value. **AtlasBX Co** is a producer of lead acid storage batteries for auto vehicles and was trading at less than 5xPER10. The company should be a beneficiary of higher lead prices in 2009 but the market has still not fully reflected its true growth prospects in its share price as of now. **Astro All Networks** is the dominant pay TV operator in Malaysia. The stock looks undervalued based on the value of the cashflow that it is expected to generate. We view that the market has not reflected the intrinsic value of the company as at the end of last year.

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As at end December 2009, the fund had the following regional asset allocation: **China** (39.4%), **Taiwan** (19.2%), **Hong Kong** (14.8%), **Singapore** (5.2%), **Philippines** (3.5%), **Malaysia** (3.3%), others (7.0%) and the remainder in cash (7.6%).

Market Review

Asian equity markets had a sterling year with returns of more than 60% on average, although the ride was a rough one marked by extreme volatility and uncertainty particularly in the first part of the year. Economic conditions looked difficult at the start of the year with little signs of improvement and the market continued the sharp losses of 2008 with a sell-down in the first two months of the year amid concerns of deterioration in the global economy, elevated risk aversion and rumours of bank nationalization in the US.

March marked a turning point with markets paring their losses after the US Treasury unveiled a much-awaited plan to get rid of the toxic assets in the banking system to aid a recovery in the financial industry. The second quarter of the year saw a significant rally in the equity markets with “green shoots” appearing in the economy.

Returns in the second half of the year were relatively subdued compared to the second quarter as Asian economies showed clear signs of recovery and monetary policy was loosened to the extent that some authorities in the region started to become concerned about asset inflation. Almost all the countries in the region were out of recession by the end of August with leading economic indicators in expansion territory, indicating that economies were well on the road to recovery.

Towards the later part of the year, central banks started getting increasingly concerned about asset bubbles in the region brought on by the loose monetary condition. Hong Kong, South Korea and China for example introduced measures to cap lending to the real estate sector. Central banks also started talking publicly about exit strategies from their loose monetary policy stances. The Reserve Bank of Australia was the first among G20 countries to hike rates in October and ended the year with another two rate hikes.

In summary, after a difficult time for the markets in the first few months of the year, the rest of the year was marked by increased investor confidence as the recovery trade took shape and excessive risk premium got compressed. Corporate earnings recovered in this period and the market index crossed above its pre-Lehman October 2008 level around mid-July 2009. By the end of the year, the market started increasingly to ponder the future of monetary policy tightening.

Fund Strategy and Outlook

As Asian economies emerge from recession in 2010, we expect company earnings to also record sizeable growth. We expect continued low interest rates, at least in the earlier part of the year, to cause Asian asset values to continue to rise. Although valuations are now not as cheap as they were at trough levels in 2009 and on Asia ex-Japan price-to-earnings estimates are near mean valuation levels, we believe earnings upgrades will provide scope to drive stock prices further. We therefore focus on stocks that will see strong earnings growth and with the potential for upside surprises, which we believe will be needed to generate further equity returns.

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In terms of sector strategy, we favour the **Consumer** and **Technology** sectors with selective picks in the **Energy/Materials** sector. We are less keen on relatively slower growth sectors like **Utilities** and **Telecom**.

We maintain an *overweight* position in the **Consumer** sector and favour the consumer discretionary space with a renewed focus on the gaming/lottery sector. Over the long term, we believe the gaming sector will benefit from an increased penetration rate in China where gaming spending per capita currently stands at less than 2%. As infrastructure (high speed rails and the Zhuhai Bridge) improves in Macau, the mass market in the gaming sector is likely to see strong growth over the next few years. With limited gaming supply in Macau in 2010, earnings of companies within the sector are likely to be strong. 2010 is also likely to be a watershed year for the lottery sector in China as the government looks to allow more private sector participation and to introduce more high frequency games on new platforms such as through mobile phones. Many of these lottery stocks are currently still less than US\$1bn market cap and it gives a fund like ours a unique chance to be exposed to the fast growing sector.

We like the **Technology** sector as most technology companies expect the decline in revenue in the first quarter of 2010 to be less than the typical seasonal declines, which potentially could lead to further earnings and margins re-rating. Our strategy is to focus on companies with potential earnings surprises. These could come from (1) strong demand in the run-up to the Chinese New Year (2) inventory re-stocking (3) recovery of corporate IT and capex spending and (4) strong take up of e-book readers. Many of these companies are still relatively small at this point in time but with the huge growth potential ahead, we are well placed to take advantage of these mid/small cap growth opportunities.

In the **Energy/Materials** sector, we are looking to be selectively exposed to the oil and gas servicing sector, which is likely to see good growth from increased capex spending from the major oil companies. We like the Chinese coking coal industry as well because of favourable demand and supply dynamics. Demand for coking coal is likely to increase due to higher steel production in the coming year as a result of the committed infrastructure spending. Supply, on the other hand, is likely to shrink with closure of smaller coal mines in China and more consolidation in the sector. There are many companies within the small/mid cap space that are well placed to benefit from consolidating with other smaller mines and from the positive fundamentals in the industry at this point. This gives the companies higher growth rates and it gives us a purer exposure to the particular sub-sector compared to the large cap stocks which are already huge and have both coking and thermal coal exposure.

We are not so keen on the **Real Estate** sector in general with the exception of companies with possible sizeable asset injection potential. The continued low interest rates and improving credit conditions will keep the asset reflation theme in play and benefit the sector, but we view that policy risk will be an overhang as policy makers across the region voice concern about asset bubbles. However, we might re-consider revisiting the sector if the sector corrects enough to offer investors compelling value.

In summary, our key strategy going forward will be to focus on Asia's robust domestic demand which we believe will drive corporate earnings growth and valuation expansion. Our focus will be on picking stocks that will generate strong earnings growth and have the potential to surprise on the upside. As always, bottom up stock valuations will play an important role in determining which stocks we hold for the portfolio. We continue to believe that for the patient investor, the Fund should be able to generate good returns over the long term.

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B) Investments at fair value and as a percentage of NAV as at 31 December 2009 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
China	33,436,483	39.35
Hong Kong	12,532,046	14.75
Indonesia	2,012,004	2.37
Malaysia	2,808,720	3.30
Philippines	2,988,290	3.52
Singapore	4,449,000	5.24
South Korea	1,249,054	1.47
Taiwan	16,295,306	19.18
Thailand	2,728,733	3.21
Portfolio of investments	78,499,636	92.39
Other net assets	6,465,761	7.61
Total	84,965,397	100.00
ii) Industry		
Consumer Discretionary	11,405,345	13.42
Consumer Staples	7,382,918	8.69
Financials	1,249,054	1.47
Industrials	24,010,077	28.25
Information Technology	26,910,504	31.68
Materials	4,813,005	5.67
Telecommunication Services	2,728,733	3.21
Portfolio of investments	78,499,636	92.39
Other net assets	6,465,761	7.61
Total	84,965,397	100.00
iii) Asset Class		
Equities	78,499,636	92.39
Other net assets	6,465,761	7.61
Total	84,965,397	100.00
iv) Credit rating of debt securities		
N/A		

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C) Top Ten Holdings

The top 10 holdings as at 31 December 2009 and 31 December 2008

10 largest holdings at 31 December 2009	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
FIRST TRACTOR COMPANY LTD	5,180,857	6.10
HIDILI INDUSTRY INT'L DEVELOPMENT LTD	4,413,343	5.19
LIANHUA SUPERMARKET HOLDINGS LTD	4,182,491	4.92
REGENT MANNER INTERNATIONAL	3,990,567	4.70
TCL MULTIMEDIA TECHNOLOGY HOLDINGS LTD	3,982,600	4.69
REXLOT HOLDINGS LIMITED	3,938,060	4.63
SINTEK PHOTRONIC CORP	3,909,736	4.60
MINMETALS LAND LIMITED	3,493,557	4.11
HISENSE KELON ELECTRICAL HOLDINGS CO LTD	3,284,794	3.87
ENTIRE TECHNOLOGY COMPANY LTD	3,281,076	3.86

10 largest holdings at 31 December 2008	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
CHINA BLUECHEMICAL LIMITED	2,485,815	9.73
ANTA SPORTS PRODUCTS LIMITED	1,312,443	5.14
BEIJING JINGKELONG SUPERMARKET	1,299,988	5.09
SINO TECHFIBRE LIMITED	1,110,000	4.35
SINGAPORE LAND	1,053,000	4.12
CDL HOSPITALITY TRUST	725,000	2.84
VENTURE CORPORATION LIMITED	657,000	2.57
JB HI-FI LIMITED	622,232	2.44
LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED	561,270	2.20
XINAO GAS HOLDINGS	556,654	2.18

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D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2009

N/A

- ii) net gains/(losses) on derivative contracts realised during the financial period ended 31 December 2009

N/A

- iii) net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2009

N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2009

N/A

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2009

N/A

G) Amount of redemptions and subscriptions for the financial period ended 31 December 2009

Total amount of redemptions	SGD	7,983,386
Total amount of subscriptions	SGD	22,854,890

H) The amount and terms of related-party transactions for the financial period ended 31 December 2009

- i) As at 31 December 2009 the Fund maintained current account with the United Overseas Bank Limited as follows:

Bank balances	SGD	5,013
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United Asian Growth Opportunities Fund

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H) The amount and terms of related-party transactions for the financial period ended 31 December 2009 (continued)

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2009

Holdings of United Asian Growth Opportunities Fund as at 31 December 2009 were as follows:-

Affiliated Companies	No. of Units	Unit Price SGD	Market Value SGD
a) United Asia Active Allocation Fund	8,029,136.45	2.010	16,138,564.26
b) OSK-UOB Asian Growth Opportunities Fund	16,690,483.12	2.010	33,547,871.07

- iii) Investment in Initial Public Offerings managed by UOB Group

N/A

- iv) As at 31 December 2009 the brokerage income earned by UOB Kay Hian Pte Ltd was SGD 3,855

I) Expense ratios

31 December 2009	1.56%
31 December 2008	1.64%

Note: The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

J) Turnover ratios

31 December 2009	133.99%
31 December 2008	11.41%

Note: The turnover ratio is calculated in accordance with the formula stated in the 'Code on Collective Investment Schemes'.

K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts

N/A

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L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme (“the underlying scheme”)¹ should be disclosed as well

- i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2009 and 31 December 2008

N/A

- ii) expense ratios for the period ended 31 December 2009 and 31 December 2008. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received

N/A

- iii) turnover ratios for the period ended 31 December 2009 and 31 December 2008

N/A

M) Soft dollar commissions/arrangements

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The product and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management’s duties to clients. As such services generally benefit all of UOB Asset Management’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on the best available terms and there was no churning of trades.

¹ where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

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STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2009 (Un-audited)

	Notes	31 December 2009 \$	31 December 2008 \$
Income			
Dividends		226,039	461,044
Interest		188	1,743
		<u>226,227</u>	<u>462,787</u>
Less: Expenses			
Management fee	11	423,337	256,330
Trustee fee	11	23,235	15,295
Audit fee		7,864	6,948
Custody fee		35,775	15,782
Interest expenses		102	858
Other expenses		30,790	11,535
		<u>521,103</u>	<u>306,748</u>
Net (loss)/income		<u>(294,876)</u>	<u>156,039</u>
Net gains or losses on value of investments			
Net realised gain/(loss) on investments		8,415,215	(15,464,840)
Net change in fair value on investments		11,354,641	(9,638,624)
Net foreign exchange loss		(158,905)	(60,713)
Net gain/(loss) on value of investments		<u>19,610,951</u>	<u>(25,164,177)</u>
Total return/(deficit) for the period before tax		<u>19,316,075</u>	<u>(25,008,138)</u>
Less : Income tax	3	(13,549)	(42,694)
Capital gain tax expense		(150,132)	-
Total return/(deficit) for the period		<u>19,152,394</u>	<u>(25,050,832)</u>

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

United Asian Growth Opportunities Fund

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BALANCE SHEET

As at 31 December 2009 (Un-audited)

		31 December 2009	30 June 2009
	Notes	\$	\$
ASSETS			
Portfolio of investments		78,499,636	48,315,714
Receivables	4	1,568,590	377,131
Sales awaiting settlement		566,424	-
Cash and bank balances	5	5,136,728	3,684,135
Total Assets		85,771,378	52,376,980
LIABILITIES			
Payables	6	805,981	324,349
Purchases awaiting settlement		-	1,111,132
Net assets attributable to unitholders	7	84,965,397	50,941,499
Total Liabilities		85,771,378	52,376,980

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

United Asian Growth Opportunities Fund

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PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary Quoted Equities			
CHINA			
ASIAN CITRUS HOLDINGS LIMITED	1,411,000	1,645,265	1.94
FIRST TRACTOR COMPANY LTD	5,700,000	5,180,857	6.10
HIDILI INDUSTRY INT'L DEVELOPMENT LTD	2,500,000	4,413,343	5.19
HISENSE KELON ELECTRICAL HOLDINGS CO LTD	4,700,000	3,284,794	3.87
LIANHUA SUPERMARKET HOLDINGS LTD	1,000,000	4,182,491	4.92
MINMETALS LAND LIMITED	8,500,000	3,493,557	4.11
REGENT MANNER INTERNATIONAL	5,800,000	3,990,567	4.70
REXLOT HOLDINGS LIMITED	25,000,000	3,938,060	4.63
SANY HEAVY EQUIPMENT INT'L HLDGS CO LTD	68,000	120,289	0.14
SHUI ON CONSTRUCTION & MATERIALS LTD	1,300,000	2,801,001	3.30
WEIQIAO TEXTILE COMPANY LIMITED-H	401,000	386,259	0.45
TOTAL CHINA		33,436,483	39.35
HONG KONG			
BAWANG INTERNATIONAL	2,812,000	2,749,363	3.23
JU TENG INTERNATIONAL HOLDINGS LTD	1,900,000	2,642,031	3.11
POLY (HONG KONG) INVESTMENT LIMITED	1,800,000	3,158,052	3.72
TCL MULTIMEDIA TECHNOLOGY HOLDINGS LTD	2,600,000	3,982,600	4.69
TOTAL HONG KONG		12,532,046	14.75
INDONESIA			
PT HOLCIM INDONESIA TBK	8,800,000	2,012,004	2.37

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

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PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Equities			
MALAYSIA			
AIR ASIA BHD	5,000,000	2,808,720	3.30
PHILIPPINES			
ALLIANCE GLOBAL GROUP INC	24,000,000	2,988,290	3.52
SINGAPORE			
ABTERRA LIMITED	40,000,000	1,600,000	1.89
EZION HOLDINGS LIMITED	3,700,000	2,849,000	3.35
TOTAL SINGAPORE		4,449,000	5.24
SOUTH KOREA			
HYUNDAI SECURITIES CO LTD	70,000	1,249,054	1.47
TAIWAN			
ENTIRE TECHNOLOGY COMPANY LTD	325,000	3,281,076	3.86
FORHOUSE CORPORATION	1,490,000	2,930,012	3.45
INOTERA MEMORIES INC	2,600,000	3,069,947	3.61
PRIME VIEW INTERNATIONAL CO. LTD	840,000	3,104,535	3.66
SINTEK PHOTRONIC CORP	3,164,200	3,909,736	4.60
TOTAL TAIWAN		16,295,306	19.18
THAILAND			
THAICOM PLC - NVDR	9,000,000	2,728,733	3.21
Portfolio of investments		78,499,636	92.39
Other net assets		6,465,761	7.61
Net assets attributable to unitholders		84,965,397	100.00

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

United Asian Growth Opportunities Fund

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PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Geography - Primary (Summary) Quoted Equities		
Australia	-	9.54
China	39.35	23.86
Hong Kong	14.75	19.25
India	-	10.88
Indonesia	2.37	0.75
Malaysia	3.30	-
Philippines	3.52	-
Singapore	5.24	9.11
South Korea	1.47	8.21
Taiwan	19.18	9.27
Thailand	3.21	3.98
Portfolio of investments	92.39	94.85
Other net assets	7.61	5.15
Net assets attributable to unitholders	100.00	100.00

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

United Asian Growth Opportunities Fund

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PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Industry - Secondary Quoted Equities			
Consumer Discretionary	11,405,345	13.42	31.49
Consumer Staples	7,382,918	8.69	3.05
Energy	-	-	2.23
Financials	1,249,054	1.47	18.87
Industrials	24,010,077	28.25	19.98
Information Technology	26,910,504	31.68	2.01
Materials	4,813,005	5.67	9.54
Telecommunication Services	2,728,733	3.21	3.98
Utilities	-	-	3.70
Portfolio of investments	78,499,636	92.39	94.85
Other net assets	6,465,761	7.61	5.15
Net assets attributable to unitholders	84,965,397	100.00	100.00

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

United Asian Growth Opportunities Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

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

1. General

United Asian Growth Opportunities Fund (the “Fund”) is a Singapore-registered trust fund constituted by a Trust Deed dated 3 February 2004 between UOB Asset Management Ltd (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Deed is governed by the laws of the Republic of Singapore.

The primary activity of the Fund is that of investment trading. The Fund’s investment objective is to achieve long-term capital growth by investing primarily in small capitalisation stocks and stock-related securities issued by corporations in the Asia Pacific region (excluding Japan).

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

(c) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchase of investments are recognized on trade date. Investments are recorded at fair value on initial recognition.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

2. Significant accounting policies (continued)

(c) Investments (continued)

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the period in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(e) Foreign currency translation

(i) *Functional and presentation currency*

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars and United States dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore dollars as the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the fair value net gain or loss.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

2. Significant accounting policies (continued)

(f) Expenses charged to the Fund

All direct expenses relating to the Fund are charged directly to the Statement of Total Return. In addition, certain expenses shared by all unit trusts managed by the Manager are allocated to each Fund based on the respective Fund's net asset value.

3. Income tax

	31 December 2009	31 December 2008
	\$	\$
Singapore income tax	-	9,666
Overseas income tax	13,549	33,028
Total income tax	13,549	42,694

The Fund was granted the status of a Designated Unit Trust and, therefore, the following income is exempt from tax in accordance with Section 35(12) of the Income Tax Act (Cap 134):

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax withheld on foreign sourced income.

4. Receivables

	31 December 2009	30 June 2009
	\$	\$
Amount due from unitholders	1,563,100	353,192
Dividend receivable	-	23,925
Interest receivable	-	14
Other receivable	5,490	-
	1,568,590	377,131

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5. Cash and bank balances

	31 December 2009	30 June 2009
	\$	\$
Cash at bank	5,136,728	1,684,135
Fixed deposit with a financial institution	-	2,000,000
	5,136,728	3,684,135

The weighted average effective interest rate of the fixed deposits with the financial institutions as at 31 December 2009 is Nil% per annum (30 June 2009: 0.25%), maturing within Nil days (30 June 2009: 6 days) from the balance sheet date.

6. Payables

	31 December 2009	30 June 2009
	\$	\$
Amount due to unitholders	486,546	154,334
Amount due to Manager	300,036	148,522
Amount due to Trustee	12,593	7,993
Other creditors and accrued expenses	6,806	13,500
	805,981	324,349

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For the half year ended 31 December 2009 (Un-audited)

7. Net assets attributable to unitholders

	31 December 2009 \$	30 June 2009 \$
At the beginning of the financial period/year	50,941,499	53,266,954
Operations		
Change in net assets attributable to unitholders resulting from operations	19,152,394	(9,291,138)
Unitholders' contributions/(withdrawals)		
Creation of units	22,854,890	16,027,268
Cancellation of units	(7,983,386)	(9,061,585)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	14,871,504	6,965,683
Total increase/(decrease) in net assets attributable to unitholders	34,023,898	(2,325,455)
At the end of the financial period/year	84,965,397	50,941,499
Units in issue (Note 8)	42,506,095	33,942,862
	\$	\$
Net assets attributable to unitholders per unit	2.00	1.50

8. Units in issue

	31 December 2009	30 June 2009
Units at beginning of the period/year	33,942,862	29,138,065
Units created	12,981,348	12,235,377
Units cancelled	(4,418,115)	(7,430,580)
Units at end of the period/year	42,506,095	33,942,862

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NOTES TO THE FINANCIAL STATEMENTS

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9. Distribution to unitholders

The Manager does not propose any distribution to unitholders for the financial period ended 31 December 2009 (31 December 2008: Nil).

10. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or currency forward contracts subject to the terms of the Prospectus to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments, money market investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

The Fund has securities denominated in currencies other than the Singapore dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollars and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

The table below summarises the on-balance sheet exposure to currency risks for the Fund.

As at 31 December 2009

	TWD	HKD	SGD	Others	Total
	\$	\$	\$	\$	\$
Assets					
Portfolio of investments	16,295,306	45,968,529	4,449,000	11,786,801	78,499,636
Receivables	-	-	1,542,108	26,482	1,568,590
Sales awaiting settlement	-	566,424	-	-	566,424
Cash and bank balances	637	-	5,100,528	35,563	5,136,728
Total Assets	16,295,943	46,534,953	11,091,636	11,848,846	85,771,378
Liabilities					
Payables	-	-	451,799	354,182	805,981
Net assets attributable to unitholders	-	-	84,965,397	-	84,965,397
Total Liabilities	-	-	85,417,196	354,182	85,771,378
Net currency exposure	16,295,943	46,534,953	(74,325,560)	11,494,664	

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For the half year ended 31 December 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 30 June 2009

	INR \$	HKD \$	SGD \$	Others \$	Total \$
Assets					
Portfolio of investments	5,544,010	18,859,035	7,742,880	16,169,789	48,315,714
Receivables	-	-	353,206	23,925	377,131
Cash and bank balances	-	31,289	2,730,137	922,709	3,684,135
Total Assets	5,544,010	18,890,324	10,826,223	17,116,423	52,376,980
Liabilities					
Purchases awaiting settlement	-	50,283	-	1,060,849	1,111,132
Payables	-	-	324,349	-	324,349
Net assets attributable to unitholders	-	-	50,941,499	-	50,941,499
Total Liabilities	-	50,283	51,265,848	1,060,849	52,376,980
Net currency exposure	5,544,010	18,840,041	(40,439,625)	16,055,574	

Investments, which is the significant item in the balance sheet is exposed to currency risk and other price risk. The other price risk sensitivity analysis includes the impact of currency risk on non-monetary investments. The Fund's net financial assets comprise significantly non-monetary investments, hence currency risk sensitivity analysis has not been performed on the remaining financial assets.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to unitholders at 31 December 2009 and 30 June 2009. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index.

Benchmark components	31 December 2009		30 June 2009	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
MSCI AC Asia Pacific				
ex Japan Small Cap Index	13,187,939	20	9,276,617	20

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

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For the half year ended 31 December 2009 (Un-audited)

10. Financial risk management (continued)

(b) Liquidity risk

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	805,981	-	-	-
Net assets attributable to unitholders	84,965,397	-	-	-

As at 30 June 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	324,349	-	-	-
Purchases awaiting settlement	1,111,132	-	-	-
Net assets attributable to unitholders	50,941,499	-	-	-

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For the half year ended 31 December 2009 (Un-audited)

10. Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on cash and bank balances, and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/paid for upon delivery and transacted with approved counterparties using an approved list of brokers that are regularly assessed and updated by the Investment Manager.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2009 and 30 June 2009.

As at 31 December 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's

As at 30 June 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
Oversea-Chinese Banking Corporation	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and HSBC Institutional Trust Services (Singapore) Limited respectively. UOB Asset Management Ltd is a subsidiary of United Overseas Bank Limited and HSBC Institutional Trust Services (Singapore) Limited is a subsidiary of HSBC Holdings Plc.

Management fee is paid to the Manager, while trustee fee is paid to the Trustee. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

- (b) As at the end of the financial period/year, the Fund maintained the following account with a related party:

	31 December 2009	30 June 2009
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	5,013	6,236

- (c) The following transactions took place during the financial period between the Fund and United Overseas Bank Limited at terms agreed between the parties as follow:

	31 December 2009	31 December 2008
	\$	\$
Bank charges	60	49
Interest expense	-	10
Interest income	-	266

- (d) UOB Kay Hian Pte Ltd is an affiliate company of United Overseas Bank Limited.

During the financial period, the Fund has brokerage fees paid or payable to UOB Kay Hian Pte Ltd as follows:

	31 December 2009	31 December 2008
	\$	\$
Brokerage charges	3,855	1,199

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12. Financial ratios

	31 December 2009	31 December 2008
Expense ratio ¹	1.56%	1.64%
Turnover ratio ²	133.99%	11.41%

1 The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expenses ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

2 The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

