



United Engineers Reports Full-Year Attributable Profit on Continuing Operations of \$89.6 million

SINGAPORE, 22 February 2018 – United Engineers Limited (the “Company” or the “Group”) today announced that revenue from continuing operations increased 12% to \$539.4 million from \$479.7 million in 2016, mainly due to higher revenue recognition from phase 4 of *Chengdu Orchard Villa* in China and *The Manhattan* in Malaysia following the completion of the projects. As a result, gross profit increased 2% to \$197.8 million, whilst attributable profit decreased 36% from \$140.6 million to \$89.6 million, following the disposal of Multi-Fineline Electronix, Inc. and its subsidiaries as well as the Group’s environmental engineering business in 2016. The Group’s attributable profit on continuing operations increased 227% to \$89.6 million, primarily due to a net revaluation gain of \$44.4 million from its investment properties.

Yanlord Perennial Investment (Singapore) Pte. Ltd. (“YPIS”) became a major shareholder of the Company following the close of YPIS’ mandatory unconditional cash offers for the Company in September 2017, and currently holds a c.34.8% ordinary stake¹ in the Company. In July 2017, YPIS had also acquired a c.10.0% stake² in WBL Corporation Limited.

“Leveraging on the new shareholders’ wealth of experience in property development and asset management, the Group will enhance its existing commercial properties such as *UE Square* and *UE BizHub WEST*, embark on new property development projects, as well as seize opportunities in other businesses and geographical presence for the next phase of growth,” said Mr Zhong, Executive Chairman.

¹ Calculated based on a total of 615,808,399 ordinary stock units in the capital of the Company (“**UEL Ordinary Shares**”) in issue (excluding the 21,712,000 UEL Ordinary Shares held by WBL Corporation Limited, a subsidiary of the Company) as at the date of this news release.

² Calculated based on a total of 281,200,630 issued ordinary stock units in the capital of WBL Corporation Limited in issue as at the date of this news release.

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Segment Review

Property Rental & Hospitality revenue decreased 3% to \$131.6 million. Operating profit before interest rose to \$126.1 million from \$77.8 million in 2016, mainly due to fair value gains of \$44.4 million derived from revaluation of the Group's investment properties, and \$16.8 million reduction in provision for rental support for *UE BizHub EAST*.

Revenue in **Property Development** segment increased 106% to \$146.0 million, mainly due to revenue recognition from *Chengdu Orchard Villa's* phase 4 units in China and *The Manhattan* in Malaysia, as well as progressive revenue recognition from sales of other completed phases of *Chengdu Orchard Villa* and *Shenyang Orchard Summer Palace*. Operating loss before interest decreased 69% to \$7.1 million, mainly due to higher contributions and lower impairment loss on certain overseas development projects.

Engineering & Distribution revenue decreased 1% to \$135.1 million from \$136.9 million in 2016 and operating profit before interest decreased 13% to \$7.9 million from \$9.1 million in 2016. These were mainly due to lower revenue and profit margin contributions from the distribution businesses but was mitigated by improved margins recorded from the systems integration business.

In the **Manufacturing** segment, revenue decreased 4% to \$85.6 million. Operating profit before interest decreased 19% to \$5.4 million mainly due to lower revenue and profit margin contributions and the absence of foreign exchange gain.

Outlook

Despite present volatilities in the global equities and bond markets, the global economic environment shows signs of strengthening. The Group believes that this improved outlook will continue to bode well for Singapore's property market. The Group intends to embark on asset enhancement initiatives for its investment properties in Singapore and may make selective acquisitions if and when such opportunities arise. In China, the property cooling measures have brought about a relative slowdown in activity but the property market may continue to see sustainable growth in the longer term.

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About United Engineers Limited

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that played an integral role in the country's physical and economic transformation. Building on its early engineering roots, the Group evolved into a dynamic corporation with key business activities in property, engineering and distribution, as well as manufacturing today. The Group has developed numerous iconic developments including *orchardgateway*, *UE BizHub CITY*, *UE BizHub EAST*, as well as the mixed-use development at one-north comprising *The Rochester*, *Rochester Mall* and *Park Avenue Rochester*. It also owns a stable of shopping malls which comprises *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall*, as well as manages *Changi Link* shopping mall and the *Park Avenue* chain of hotels, serviced apartments, serviced offices and convention centre. The Group's flagship building *UE BizHub CITY* was marked a historic site in 2002 by the Singapore National Heritage Board; the Group was also honoured as the 11th oldest company in the Singapore International Chamber of Commerce.

Responsibility Statement

The directors of UEL (the "Directors") and the directors of UE Centennial Venture Pte. Ltd. (the "Offeror Directors") (including any director who may have delegated detailed supervision of this news release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this news release are fair and accurate and that no material facts have been omitted from this news release, the omission of which would render any statement herein misleading), and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to WBL Corporation Limited and its subsidiaries), the sole responsibility of the Directors and the Offeror Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this news release.

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