



Q1 2017 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement for the first quarter ended

| | Group | | |
|---|------------------|--------------------------------|---------------|
| | 31/3/2017 | 31/3/2016⁽¹⁾ | Change |
| | \$000 | \$000 | % |
| <u>Continuing operations</u> | | | |
| Revenue | 101,367 | 144,804 | (30) |
| Cost of sales | (56,641) | (93,278) | (39) |
| Gross profit | 44,726 | 51,526 | (13) |
| Other items of income | | | |
| Interest income | 847 | 422 | 101 |
| Other income | 887 | 1,097 | (19) |
| Other items of expense | | | |
| Distribution costs | (7,054) | (7,134) | (1) |
| Administrative expenses | (22,720) | (24,889) | (9) |
| Finance costs | (6,377) | (10,073) | (37) |
| Other expenses | (2,058) | (1,537) | 34 |
| Operating profit | 8,251 | 9,412 | (12) |
| Share of profit from equity-accounted associates and joint ventures | 553 | 1,636 | (66) |
| Profit before tax from continuing operations | 8,804 | 11,048 | (20) |
| Income tax expense | (1,628) | (1,468) | 11 |
| Profit from continuing operations net of tax | 7,176 | 9,580 | (25) |
| <u>Discontinued operations⁽²⁾</u> | | | |
| Loss from discontinued operations, net of tax | – | (10,159) | NM |
| Profit/(loss) net of tax | 7,176 | (579) | NM |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | | | |
| - Continuing operations, net of tax | 8,319 | 9,469 | (12) |
| - Discontinued operations, net of tax | – | (2,527) | NM |
| | 8,319 | 6,942 | 20 |
| Non-controlling interests | | | |
| - Continuing operations, net of tax | (1,143) | 111 | NM |
| - Discontinued operations, net of tax | – | (7,632) | NM |
| | (1,143) | (7,521) | (85) |

NM: Not meaningful

⁽¹⁾ The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

⁽²⁾ Discontinued operations relate to Multi-Fineline Electronix, Inc. and its subsidiaries and the Group's Environmental Engineering businesses.

1(a)(ii) Continuing operations - Other information

| | Group | |
|--|------------------|------------------|
| | 31/3/2017 | 31/3/2016 |
| | \$000 | \$000 |
| Depreciation and amortisation | (4,580) | (4,588) |
| Foreign exchange loss | (670) | (158) |
| Inventories write-down | (5) | (217) |
| (Under)/over provision of prior years' tax | (197) | 5 |
| Impairment loss on trade receivables | (413) | (39) |

1(a)(iii) Statement of comprehensive income for the first quarter ended

| | Group | |
|--|------------------|------------------|
| | 31/3/2017 | 31/3/2016 |
| | \$000 | \$000 |
| Profit/(loss) net of tax for the period | 7,176 | (579) |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to income statement: | | |
| Losses on exchange differences on translation, net of tax | (14,222) | (42,808) |
| Gains on remeasuring available-for-sale financial assets, net of tax | 1,188 | 297 |
| Share of other comprehensive income from equity-accounted associates, net of tax | 352 | (719) |
| Other comprehensive income for the period, net of tax | (12,682) | (43,230) |
| Total comprehensive income for the period | (5,506) | (43,809) |
| Attributable to: | | |
| Owners of the Company | 13 | (16,336) |
| Non-controlling interests | (5,519) | (27,473) |
| | (5,506) | (43,809) |

1(b)(i) Statements of financial position

| | Group | | Company | |
|---|------------------------|------------------------|--------------------|---------------------|
| | 31/3/2017 \$000 | 31/12/2016 \$000 | 31/3/2017 \$000 | 31/12/2016 \$000 |
| ASSETS | | | | |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | 160,115 | 162,909 | 22,474 | 22,735 |
| Investment properties | 1,859,450 | 1,859,418 | 679,503 | 679,500 |
| Intangible assets | 4,908 | 4,704 | – | – |
| Interests in subsidiaries | – | – | 862,995 | 1,005,749 |
| Interests in associates | 112,451 | 112,619 | 332 | 337 |
| Interests in joint ventures | 44,169 | 45,478 | – | – |
| Deferred tax assets | 36,401 | 46,162 | – | – |
| Other investments | 26,257 | 25,069 | 1,130 | 1,130 |
| Total non-current assets | 2,243,751 | 2,256,359 | 1,566,434 | 1,709,451 |
| <u>Current assets</u> | | | | |
| Inventories | 33,830 | 31,146 | – | – |
| Income tax receivables | 349 | 352 | – | – |
| Trade and other receivables | 95,549 | 217,492 | 3,120 | 4,259 |
| Gross amount due from customers for contract work | 13,192 | 13,466 | – | – |
| Prepayments | 9,798 | 8,131 | 1,207 | 1,538 |
| Properties held for sale | 646,867 | 654,315 | – | – |
| Bank balances and deposits | 504,804 | 623,976 | 316,891 | 420,959 |
| Total current assets | 1,304,389 | 1,548,878 | 321,218 | 426,756 |
| Total assets | 3,548,140 | 3,805,237 | 1,887,652 | 2,136,207 |
| <u>EQUITY AND LIABILITIES</u> | | | | |
| <u>Equity</u> | | | | |
| Share capital | 745,701 ⁽¹⁾ | 745,625 ⁽¹⁾ | 808,014 | 807,938 |
| Retained earnings | 1,175,801 | 1,167,482 | 806,464 | 802,687 |
| Other reserves | (38,385) | (30,100) | 3,981 | 3,981 |
| Equity attributable to owners of the Company | 1,883,117 | 1,883,007 | 1,618,459 | 1,614,606 |
| Non-controlling interests | 306,160 | 311,885 | – | – |
| Total equity | 2,189,277 | 2,194,892 | 1,618,459 | 1,614,606 |
| <u>Non-current liabilities</u> | | | | |
| Provisions | 65,433 | 70,204 | – | – |
| Deferred tax liabilities | 65,323 | 75,188 | – | – |
| Trade and other payables | 2,515 | 4,300 | – | – |
| Borrowings | 607,644 | 896,720 | 150,000 | 150,000 |
| Total non-current liabilities | 740,915 | 1,046,412 | 150,000 | 150,000 |
| <u>Current liabilities</u> | | | | |
| Provisions | 18,880 | 17,005 | – | – |
| Income tax payable | 32,437 | 31,679 | 5,493 | 4,303 |
| Trade and other payables | 223,993 | 218,839 | 113,700 | 117,275 |
| Borrowings | 340,429 | 294,728 | – | 250,023 |
| Gross amount due to customers for contract work | 2,209 | 1,682 | – | – |
| Total current liabilities | 617,948 | 563,933 | 119,193 | 371,601 |
| Total liabilities | 1,358,863 | 1,610,345 | 269,193 | 521,601 |
| Total equity and liabilities | 3,548,140 | 3,805,237 | 1,887,652 | 2,136,207 |

⁽¹⁾ This excludes 21,712,000 stock units held by a subsidiary.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

- (a) Amount repayable in one year or less, or on demand

| As at 31/3/2017 | | As at 31/12/2016 | |
|-----------------|-----------|------------------|-----------|
| \$000 | \$000 | \$000 | \$000 |
| Secured | Unsecured | Secured | Unsecured |
| 319,716 | 20,713 | 32,057 | 262,671 |

- (b) Amount repayable after one year

| As at 31/3/2017 | | As at 31/12/2016 | |
|-----------------|-----------|------------------|-----------|
| \$000 | \$000 | \$000 | \$000 |
| Secured | Unsecured | Secured | Unsecured |
| 457,644 | 150,000 | 746,720 | 150,000 |

- (c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

| | Group | |
|---|------------------|-----------|
| | 31/3/2017 | 31/3/2016 |
| | \$000 | \$000 |
| Cash flows from operating activities | | |
| Profit before tax from continuing operations | 8,804 | 11,048 |
| Loss before tax from discontinued operations | – | (9,403) |
| Profit before tax | 8,804 | 1,645 |
| Amortisation of intangible assets | 457 | 605 |
| Depreciation of property, plant and equipment | 4,123 | 18,154 |
| Dividend income from other investments | (307) | (176) |
| Finance costs | 6,377 | 10,350 |
| Impairment loss on intangible assets | 73 | – |
| Interest income | (847) | (1,135) |
| Loss on disposal of property, plant and equipment | 14 | 351 |
| Net inventories written-down | 5 | 2,864 |
| Property, plant and equipment written-off | 2 | 82 |
| Share-based compensation expenses | – | 1,454 |
| Share of profit from equity-accounted associates and joint ventures | (553) | (2,290) |
| Unrealised exchange loss/(gain) | 4,899 | (14,709) |
| Operating cash flows before changes in working capital | 23,047 | 17,195 |
| Properties held for sale | | |
| - Development expenditure | (7,214) | (7,922) |
| - Proceeds from progress billings | 9,904 | 376,280 |
| Decrease/(increase) in trade and other receivables | 119,549 | (105,671) |
| Decrease in gross amount due from customers for contract work | 274 | 7,686 |
| Decrease in trade and other payables and provisions | (6,874) | (71,287) |
| (Increase)/decrease in inventories | (2,689) | 5,548 |
| Increase in gross amount due to customers for contract work | 527 | 12,521 |
| Cash flows from operations | 136,524 | 234,350 |
| Income taxes paid | (1,308) | (13,471) |
| Interest paid | (8,934) | (13,252) |
| Interest received | 1,549 | 1,279 |
| Net cash flows from operating activities | 127,831 | 208,906 |
| Cash flows from investing activities | | |
| Acquisition of intangible assets | (733) | (139) |
| Acquisition of non-controlling interests | – | (2,683) |
| Change in restricted deposits | – | (1,431) |
| Decrease in amounts due from associates and joint ventures | 100 | 1,069 |
| Dividends received from associates | 789 | – |
| Dividends received from other investments | 307 | 176 |
| Proceeds from disposal of property, plant and equipment | 10 | 271 |
| Purchase of property, plant and equipment | (2,048) | (9,954) |
| Subsequent expenditure on investment properties | (33) | (373) |
| Net cash flows used in investing activities | (1,608) | (13,064) |

1(c) Statement of cash flows (continued)

| | Group | |
|---|------------------|-----------|
| | 31/3/2017 | 31/3/2016 |
| | \$000 | \$000 |
| Cash flows from financing activities | | |
| Decrease in short-term loans | (5,700) | (60,945) |
| Final distribution to non-controlling interests of a subsidiary | (206) | – |
| Increase in trust receipts and bills payable | 291 | 772 |
| Proceeds from issuance of shares upon exercise of share options | 76 | – |
| Proceeds from long-term loans | – | 15,674 |
| Repayment of long-term loans | (246,773) | (163,856) |
| Net cash flows used in financing activities | (252,312) | (208,355) |
| | | |
| Net decrease in cash and cash equivalents | (126,089) | (12,513) |
| Cash and cash equivalents, beginning balance | 623,976 | 481,579 |
| Effect of exchange rate changes on cash and cash equivalents | (1,892) | (14,154) |
| Cash and cash equivalents, ending balance | 495,995 | 454,912 |
| | | |
| Cash and cash equivalents comprise: | | |
| Bank balances and deposits | 504,804 | 523,154 |
| Restricted deposits ⁽¹⁾ | – | (63,979) |
| Bank overdrafts | (8,809) | (4,263) |
| Cash and cash equivalents | 495,995 | 454,912 |

⁽¹⁾: This represents cash placed in an escrow account by a delisted subsidiary which was liquidated in March 2017.

1(d)(i) Statements of changes in equity

GROUP

| | <u>Attributable to owners of the Company</u> | | | | | | Non- controlling interests |
|--|--|---|--------------------------|----------------------------|------------------------------|---------------------------|---|
| | Total equity | Equity attributable to owners of the Company | Share capital | Treasury shares | Retained earnings | Other reserves | |
| | | | | | | | |
| Opening balance at 1/1/2017 | 2,194,892 | 1,883,007 | 807,938 | (62,313) | 1,167,482 | (30,100) | 311,885 |
| Profit/(loss) for the period | 7,176 | 8,319 | – | – | 8,319 | – | (1,143) |
| Losses on exchange differences on translation, net of tax | (14,222) | (9,846) | – | – | – | (9,846) | (4,376) |
| Gains on remeasuring available-for-sale financial assets, net of tax | 1,188 | 1,188 | – | – | – | 1,188 | – |
| Share of other comprehensive income from equity-accounted associate, net of tax | 352 | 352 | – | – | – | 352 | – |
| Other comprehensive income for the period | (12,682) | (8,306) | – | – | – | (8,306) | (4,376) |
| Total comprehensive income for the period | (5,506) | 13 | – | – | 8,319 | (8,306) | (5,519) |
| Contributions by and distributions to owners | | | | | | | |
| Ordinary shares issued on exercise of share options converted into ordinary stocks | 76 | 76 | 76 | – | – | – | – |
| Final cash distribution paid to non-controlling interests of a subsidiary | (206) | – | – | – | – | – | (206) |
| | (130) | 76 | 76 | – | – | – | (206) |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Employee share option scheme/ share appreciation rights: - value of employee services | 21 | 21 | – | – | – | 21 | – |
| Total changes in ownership interests in subsidiaries | 21 | 21 | – | – | – | 21 | – |
| Total transactions with owners in their capacity as owners | (109) | 97 | 76 | – | – | 21 | (206) |
| Closing balance at 31/3/2017 | <u>2,189,277</u> | <u>1,883,117</u> | <u>808,014</u> | <u>(62,313)</u> | <u>1,175,801</u> | <u>(38,385)</u> | <u>306,160</u> |

1(d)(i) Statements of changes in equity (continued)

GROUP

| | <u>Attributable to owners of the Company</u> | | | | | | |
|--|--|--|------------------|--------------------|----------------------|-------------------|----------------------------------|
| | Total equity | Equity attributable to owners of the Company | Share capital | Treasury shares | Retained earnings | Other reserves | Non- controlling interests |
| | | | | | | | |
| Opening balance at 1/1/2016 | 2,387,467 | 1,830,603 | 807,519 | (62,313) | 1,078,829 | 6,568 | 556,864 |
| (Loss)/profit for the period | (579) | 6,942 | – | – | 6,942 | – | (7,521) |
| Losses on exchange differences on translation, net of tax | (42,808) | (22,856) | – | – | – | (22,856) | (19,952) |
| Gains on remeasuring available-for-sale financial assets, net of tax | 297 | 297 | – | – | – | 297 | – |
| Share of other comprehensive income from equity-accounted associate, net of tax | (719) | (719) | – | – | – | (719) | – |
| Other comprehensive income for the period | (43,230) | (23,278) | – | – | – | (23,278) | (19,952) |
| Total comprehensive income for the period | (43,809) | (16,336) | – | – | 6,942 | (23,278) | (27,473) |
| Contributions by and distributions to owners | | | | | | | |
| Cash distribution payable to non-controlling interests | (12,586) | – | – | – | – | – | (12,586) |
| | (12,586) | – | – | – | – | – | (12,586) |
| Changes in ownership interests in subsidiaries | | | | | | | |
| Additional interests in subsidiaries | (2,683) | 1,169 | – | – | – | 1,169 | (3,852) |
| Dilution of interests in subsidiaries | (55) | (4,673) | – | – | – | (4,673) | 4,618 |
| Employee share option scheme/ share appreciation rights: - value of employee services | 1,356 | 707 | – | – | – | 707 | 649 |
| Total changes in ownership interests in subsidiaries | (1,382) | (2,797) | – | – | – | (2,797) | 1,415 |
| Total transactions with owners in their capacity as owners | (13,968) | (2,797) | – | – | – | (2,797) | (11,171) |
| Closing balance at 31/3/2016 | <u>2,329,690</u> | <u>1,811,470</u> | <u>807,519</u> | <u>(62,313)</u> | <u>1,085,771</u> | <u>(19,507)</u> | <u>518,220</u> |

1(d)(i) Statements of changes in equity (continued)

COMPANY

| | Total equity \$000 | Share capital \$000 | Retained earnings \$000 | Other reserves \$000 |
|--|-----------------------------------|------------------------------------|--|-------------------------------------|
| Opening balance at 1/1/2017 | 1,614,606 | 807,938 | 802,687 | 3,981 |
| Profit for the period | 3,777 | – | 3,777 | – |
| Total comprehensive income for the period | 3,777 | – | 3,777 | – |
| Contributions by and distributions to owners | | | | |
| Ordinary shares issued on exercise of share options converted into ordinary stocks | 76 | 76 | – | – |
| Total transactions with owners in their capacity as owners | | | | |
| Closing balance at 31/3/2017 | 1,618,459 | 808,014 | 806,464 | 3,981 |
| Opening balance at 1/1/2016 | 1,596,542 | 807,519 | 785,094 | 3,929 |
| Profit for the period | 6,357 | – | 6,357 | – |
| Total comprehensive income for the period | 6,357 | – | 6,357 | – |
| Closing balance at 31/3/2016 | 1,602,899 | 807,519 | 791,451 | 3,929 |

1(d)(ii) Details of any changes in the Company's issued share capital

During Q1 2017, the Company issued 55,686 ordinary stock unit arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2017, there were 165,721 (31 March 2016: 709,386) unexercised options for ordinary shares under Scheme 2000.

| <u>Share capital</u> | 31/3/2017 | 31/3/2016 |
|---|------------------|------------------|
| Number of issued stock units | 637,508,148 | 637,228,603 |
| Number of issued stock units (excluding subsidiary holdings) | 615,796,148 | 615,516,603 |
| Number of subsidiary holdings | 21,712,000 | 21,712,000 |
| Number of treasury shares | Nil | Nil |
| Percentage of the aggregate number of treasury shares and the subsidiary holdings held against the total number of shares outstanding | 3.41% | 3.41% |

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2017, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,508,148 ordinary stock units (31 December 2016: 637,452,462).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

- 2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Group's auditors.

- 3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to the Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2017.

Amendments to FRS 7 Disclosure Initiative

The adoption of the above amendments to the FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

- 6 Earnings per stock unit (cents)

| | Group | |
|---|---------------------------|---------------------------|
| | 31/3/2017 | 31/3/2016 |
| (a) Basic*: | 1.3 | 1.1 |
| (b) Diluted**: | 1.3 | 1.1 |
| <u>Continuing operations</u> | | |
| (a) Basic*: | 1.3 | 1.5 |
| (b) Diluted**: | 1.3 | 1.5 |
| (c) Weighted average number of stock units used in the computation of basic earnings per stock unit | 637,508,148 | 637,228,603 |
| (d) Weighted average number of stock units used in the computation of diluted earnings per stock unit | <u>637,514,461</u> | <u>637,268,212</u> |

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

| | Group | | Company | |
|---|-----------------------------|-----------------------------|---------------|---------------|
| | 31/3/2017 | 31/12/2016 | 31/3/2017 | 31/12/2016 |
| Net asset per ordinary stock unit based on the total number of issued stock units | \$3.06⁽¹⁾ | \$3.06⁽¹⁾ | \$2.54 | \$2.53 |

⁽¹⁾ Based on total number of issued stock units excluding the number of stock units held by a subsidiary.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Overview

Q1 2017 compared with Q1 2016

Revenue decreased 30% to \$101.4 million in Q1 2017 from \$144.8 million in Q1 2016 mainly due to lower revenue from property development following the completion of *Eight Riversuites* project. As a result, gross profit decreased 13% to \$44.7 million in Q1 2017.

Interest income increased 101% to \$0.8 million in Q1 2017 from \$0.4 million in Q1 2016 mainly due to higher interest income from fixed deposits.

Other income decreased 19% to \$0.9 million in Q1 2017 from \$1.1 million in Q1 2016 mainly due to the absence of an insurance claim recorded by an overseas subsidiary in Q1 2016.

Finance costs decreased 37% to \$6.4 million in Q1 2017 from \$10.1 million in Q1 2016 mainly due to lower borrowings.

Other expenses increased 34% to \$2.1 million in Q1 2017 from \$1.5 million in Q1 2016 mainly due to higher foreign exchange losses recorded in Q1 2017.

Share of profit from equity-accounted associates and joint ventures decreased 66% to \$0.6 million in Q1 2017 from \$1.6 million in Q1 2016 mainly due to lower contributions from the overseas associates and joint ventures.

Income tax expense increased 11% to \$1.6 million in Q1 2017 from \$1.5 million in Q1 2016 mainly due to lower tax credit recognised on tax losses of certain subsidiaries.

The Group's attributable profit on continuing operations decreased 12% to \$8.3 million in Q1 2017 from \$9.5 million in Q1 2016.

Financial position review

- Current trade and other receivables decreased by \$122 million mainly due to the collection of balance receivables from *Eight Riversuites* project upon obtaining the Certificate of Statutory Completion.
- Total borrowings decreased by \$243 million mainly due to the repayment of the \$250 million 4.2% p.a. fixed rate notes previously issued pursuant to the \$500 million Multicurrency Medium Term Note Programme.

Cash flow review

As at 31 March 2017, the Group had cash and cash equivalents of \$496 million. In Q1 2017, the Group received \$116 million mainly from the collection of remaining receivables upon obtaining the Certificate of Statutory Completion for *Eight Riversuites* project and utilised \$252 million for the repayment of external borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2016 to 31 March 2017 were mainly due to the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue decreased 3% to \$32.8 million in Q1 2017 from \$33.9 million in Q1 2016. Operating profit before interest decreased 5% to \$17.2 million in Q1 2017 from \$18.2 million in Q1 2016 mainly due to lower revenue from property rental.

Property Development

Revenue decreased 81% to \$8.2 million in Q1 2017 from \$43.7 million in Q1 2016 mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest increased to \$3.0 million in Q1 2017 from \$0.4 million in Q1 2016 mainly due to lower revenue.

Engineering & Distribution

Revenue decreased 9% to \$27.9 million in Q1 2017 from \$30.5 million in Q1 2016 mainly due to lower contribution from the systems integration business, O'Connor's in Malaysia. Operating profit before interest decreased 61% to \$0.9 million in Q1 2017 from \$2.3 million in Q1 2016 mainly due to lower profit contribution from the distribution businesses.

Manufacturing

Revenue decreased 4% to \$21.4 million in Q1 2017 from \$22.3 million in Q1 2016. Operating profit before interest decreased 53% to \$0.9 million in Q1 2017 from \$1.9 million in Q1 2016 mainly due to lower revenue and gross margin arising from changes in product mix.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any forecast statement previously. The Group's Q1 2017 results are in line with the statement made in paragraph 10 of the Company's FY 2016 results announcement on 27 February 2017.

- 10 A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Global economic and geopolitical uncertainties as well as the weak economic outlook in Singapore will continue to weigh on the sentiment of the property market in Singapore. Hence, the Group is likely to face downward pressure on rental income in Singapore amid softening demand and increased supply of office and industrial space. The Group's China Property division continues to operate in challenging conditions against the backdrop of slower economic growth and patchy recovery in the property market in China. Nonetheless, Chengdu Orchard Villa Phase 4 development which is almost fully sold will contribute to the Group's performance over the next 12 months.

- 11 Dividend

- (a) Current Financial Period Reported on
Any dividend recommended for the current financial period reported on?

None.

- (b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

During the quarter ended 31 March 2017, the following IPTs were entered by the Group:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---|---|---|
| OCBC Group* | \$000 | \$000 |
| General Transactions: - Leasing/Rental of properties | - | 916 [#] |

* Oversea-Chinese Banking Corporation Limited Group (other than Great Eastern Holdings Limited Group).

[#] The value of transactions is based on the Group's effective interest pursuant to Rule 909 of the SGX-ST Listing Manual.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Tan Swee Hong

Secretary

12 May 2017

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q1 2017 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
TAN NGIAP JOO
Chairman

.....
NORMAN IP KA CHEUNG
Group Managing Director