



Full Year 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 year ended

	Group		
	31/12/2016 \$000	31/12/2015⁽¹⁾ \$000	Change %
Continuing operations			
Revenue	479,701	851,190	(44)
Cost of sales	(285,953)	(632,045)	(55)
Gross profit	193,748	219,145	(12)
Other items of income			
Interest income	2,587	1,821	42
Other income	25,864	29,038	(11)
Other items of expense			
Distribution costs	(29,650)	(25,593)	16
Administrative expenses	(100,664)	(107,565)	(6)
Finance costs	(35,744)	(36,042)	(1)
Other expenses	(29,518)	(21,757)	36
Operating profit	26,623	59,047	(55)
Share of profit from equity-accounted associates and joint ventures	2,890	4,399	(34)
Profit before tax from continuing operations	29,513	63,446	(53)
Income tax expense	(8,773)	(512)	NM
Profit from continuing operations, net of tax	20,740	62,934	(67)
Discontinued operations⁽²⁾			
Profit from discontinued operations, net of tax	156,843	67,087	134
Profit net of tax	177,583	130,021	37
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax	27,381	71,612	(62)
- Discontinued operations, net of tax	113,200	30,598	270
	140,581	102,210	38
Non-controlling interests			
- Continuing operations, net of tax	(6,641)	(8,678)	(23)
- Discontinued operations, net of tax	43,643	36,489	20
	37,002	27,811	33

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)(i) Note to income statement

	Group		
	31/12/2016	31/12/2015	Change
	\$000	\$000	%
<u>Revenue comprises:</u>			
Sales of goods	235,465	242,123	(3)
Sales of properties held for sale	69,593	401,408	(83)
Rendering of services	1,284	14,271	(91)
Revenue from construction contracts	38,982	59,758	(35)
Rental income	132,441	131,111	1
Dividend income	1,936	2,519	(23)
Total revenue	479,701	851,190	(44)

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

	Group	
	31/12/2016	31/12/2015
	\$000	\$000
Allowance for doubtful trade receivables	(4,089)	(5,575)
Depreciation and amortisation	(18,899)	(20,708)
Foreign exchange gain/(loss)	281	(1,848)
Gain on disposal of available-for-sale financial assets	4,001	5,484
Gain on disposal of assets of disposal group classified as held for sale	-	1,837
Impairment loss on available-for-sale financial assets	(21)	-
Impairment loss on intangible assets	-	(846)
Inventories written-down	(602)	(1,590)
Gain on disposal of property, plant and equipment	34	264
(Loss)/gain on disposal of subsidiaries	(333)	16,488
(Under)/over provision of prior years' tax	(3)	11,456
Properties held for sale written down	(15,957)	(12,489)
(Deficit)/surplus on revaluation of investment properties	(6,194)	2,179
Realisation of translation reserve upon liquidation of subsidiaries	-	(424)

1(a)(iii) Statement of comprehensive income

	Group	
	31/12/2016	31/12/2015
	\$000	\$000
Profit for the year	177,583	130,021
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	(3,658)	152
Income tax relating to components of other comprehensive income	658	(29)
	(3,000)	123
Items that may be reclassified subsequently to income statement:		
(Losses)/gains on exchange differences on translation	(52,376)	5,449
Gains/(losses) on remeasuring available-for-sale financial assets	1,389	(2,667)
Realisation of reserves to income statement on disposal of subsidiaries and available-for-sale financial assets, net of tax	(8,929)	(5,759)
Share of other comprehensive income from equity-accounted associates	(1,178)	2,279
	(61,094)	(698)
Other comprehensive income for the year	(64,094)	(575)
Total comprehensive income for the year	113,489	129,446
Attributable to:		
Owners of the Company	103,572	89,158
Non-controlling interests	9,917	40,288
	113,489	129,446

1(b)(i) Statement of financial position

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	\$000	\$000	\$000	\$000
ASSETS				
Non-current assets				
Property, plant and equipment	162,909	359,385	22,735	23,424
Investment properties	1,859,418	1,857,542	679,500	676,572
Intangible assets	4,704	30,023	–	–
Interests in subsidiaries	–	–	1,005,749	1,343,594
Interests in associates	112,619	125,469	337	315
Interests in joint ventures	45,478	57,135	–	–
Deferred tax assets	38,940	61,981	–	–
Other investments	25,069	23,829	1,130	1,078
Total non-current assets	2,249,137	2,515,364	1,709,451	2,044,983
Current assets				
Inventories	31,146	109,103	–	–
Income tax receivables	352	638	–	–
Trade and other receivables	217,492	231,796	4,259	44,962
Gross amount due from customers for contract work	13,466	42,448	–	–
Prepayments	8,131	10,094	1,538	2,355
Properties held for sale	654,315	1,023,838	–	–
Bank balances and deposits	623,976	544,127	420,959	14,188
	1,548,878	1,962,044	426,756	61,505
Assets of disposal group classified as held for sale	–	2,185	–	–
Total current assets	1,548,878	1,964,229	426,756	61,505
Total assets	3,798,015	4,479,593	2,136,207	2,106,488
EQUITY AND LIABILITIES				
Equity				
Share capital	807,938	807,519	807,938	807,519
Treasury shares ⁽¹⁾	(62,313)	(62,313)	–	–
Retained earnings	1,167,482	1,078,829	802,687	785,094
Other reserves	(30,100)	6,568	3,981	3,929
Equity attributable to owners of the Company	1,883,007	1,830,603	1,614,606	1,596,542
Non-controlling interests	311,885	556,864	–	–
Total equity	2,194,892	2,387,467	1,614,606	1,596,542
Non-current liabilities				
Provisions	70,204	84,249	–	–
Deferred tax liabilities	67,966	80,388	–	–
Trade and other payables	4,300	3,166	–	–
Borrowings	896,720	829,458	150,000	250,295
Total non-current liabilities	1,039,190	997,261	150,000	250,295
Current liabilities				
Provisions	17,005	21,813	–	–
Income tax payable	31,679	34,976	4,303	3,206
Trade and other payables	218,839	420,843	117,275	21,545
Borrowings	294,728	614,303	250,023	234,900
Gross amount due to customers for contract work	1,682	2,364	–	–
	563,933	1,094,299	371,601	259,651
Liabilities of disposal group classified as held for sale	–	566	–	–
Total current liabilities	563,933	1,094,865	371,601	259,651
Total liabilities	1,603,123	2,092,126	521,601	509,946
Total equity and liabilities	3,798,015	4,479,593	2,136,207	2,106,488

⁽¹⁾: Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

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

As at 31/12/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
32,057	262,671	337,748	276,555

(b) Amount repayable after one year

As at 31/12/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
746,720	150,000	580,449	249,009

(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	
	31/12/2016	31/12/2015
	\$000	\$000
Cash flows from operating activities		
Profit before tax from continuing operations	29,513	63,446
Profit before tax from discontinued operations	175,744	73,168
Profit before tax	<u>205,257</u>	<u>136,614</u>
Amortisation of intangible assets	2,074	2,393
Depreciation of property, plant and equipment	44,697	82,495
Dividend income from other investments	(1,936)	(2,519)
Finance costs	36,430	37,139
Gain on disposal of available-for-sale financial assets	(4,001)	(5,484)
Gain on disposal of assets of disposal group classified as held for sale	–	(8,469)
Impairment loss on available-for-sale financial assets	21	–
Impairment loss on intangible assets	–	846
Interest income	(4,044)	(4,460)
Inventories written-back	(356)	(15,770)
(Gain)/loss on disposal of property, plant and equipment	(481)	513
Net gain on disposal/liquidation of subsidiaries and associates	(199,064)	(16,064)
Properties held for sale written-down	15,957	12,489
Property, plant and equipment written-off	221	149
Provision for development charge written-back	(5,000)	–
Share-based compensation expenses	2,703	6,066
Share of profit from equity-accounted associates and joint ventures	(3,673)	(4,396)
Deficit/(surplus) on revaluation of investment properties	6,194	(2,179)
Unrealised translation (gain)/loss	(4,215)	7,591
Operating cash flows before changes in working capital	<u>90,784</u>	<u>226,954</u>
Properties held for sale		
- Development expenditure	(55,566)	(164,763)
- Proceeds from progress billings	438,283	255,567
Decrease in trade and other payables and provisions	(86,052)	(59,206)
Decrease in gross amount due to customers for contract work	(682)	(310)
Decrease in inventories	21,505	27,380
(Increase)/decrease in trade and other receivables	(94,214)	68,987
Decrease/(increase) in gross amount due from customers for contract work	17,349	(3,992)
Cash flows from operations	<u>331,407</u>	<u>350,617</u>
Income taxes paid	(21,321)	(37,137)
Interest paid	(38,438)	(44,529)
Interest received	4,115	3,501
Net cash flows from operating activities	<u>275,763</u>	<u>272,452</u>

1(c) Statement of cash flows (continued)

	Group	
	31/12/2016	31/12/2015
	\$000	\$000
Cash flows from investing activities		
Acquisition of intangible assets	(1,979)	(1,560)
Acquisition of non-controlling interests	(2,903)	(2,354)
Change in restricted deposits ⁽¹⁾	62,548	43,578
Decrease in amounts due from associates and joint ventures	4,567	5
Disposal and liquidation of subsidiaries, net of cash disposed of	234,741	(2,548)
Dividends received from associates	237	10,747
Dividends received from joint ventures	150	24,751
Dividends received from other investments	1,936	2,519
Investments in associates	–	(479)
Increase in loans to associates	–	(5,463)
Proceeds from disposal of available-for-sale financial assets	4,129	4,471
Proceeds from disposal of assets of disposal group classified as held for sale	–	12,088
Proceeds from disposal of property, plant and equipment	1,356	1,883
Purchase of property, plant and equipment	(41,189)	(33,955)
Properties development expenditure	(8,185)	(930)
Net cash flows from investing activities	255,408	52,753
Cash flows from financing activities		
Distribution to non-controlling interests of subsidiaries from capital reduction	(12,586)	–
Distribution to shareholders from joint ventures	2,415	500
Dividends paid	(49,311)	(61,603)
Dividends paid to non-controlling interests of subsidiaries	(91,637)	(54,402)
(Decrease)/increase in short-term loans	(69,484)	21,142
Increase in trust receipts and bills payable	1,013	5,894
Issuance of shares upon exercise of share options	419	249
Proceeds from issuance of medium term notes	150,000	–
Proceeds from long-term loans	51,833	161,589
Repayment of long-term loans	(355,857)	(455,171)
Net cash flows used in financing activities	(373,195)	(381,802)
Net increase/(decrease) in cash and cash equivalents	157,976	(56,597)
Cash and cash equivalents, beginning balance	481,579	537,818
Effect of exchange rate changes on cash and cash equivalents	(15,579)	358
Cash and cash equivalents, ending balance	623,976	481,579
Cash and cash equivalents comprise:		
Bank balances and deposits	623,976	544,127
Restricted deposits ⁽¹⁾	–	(62,548)
Cash and cash equivalents	623,976	481,579

⁽¹⁾: This represents cash placed in an escrow account by a listed subsidiary in compliance with SGX-ST's Rule.

1(c) Statement of cash flows (continued)

The net assets and liabilities arising from the disposal of subsidiaries, associates and joint ventures and the cash flow effects of the disposal/liquidation were as follows:-

	Group	
	31/12/2016	31/12/2015
	\$000	\$000
Property, plant and equipment	178,779	4,523
Intangible assets	23,558	1,469
Interests in associates	16,345	–
Deferred tax assets	12,962	390
Inventories	57,853	697
Trade and other receivables	111,423	26,693
Gross amount due from customers for contract work	11,610	606
Bank balances and deposits	288,210	25,683
Deferred tax liabilities	(227)	–
Income tax payables	(10,635)	(570)
Trade and other payables	(174,652)	(31,084)
Borrowings	(29,818)	(4,407)
Net assets disposed/liquidated	485,408	24,000
Foreign currency translation reserve realised	(8,929)	(6,840)
Less: Non-controlling interests	(152,592)	(10,089)
Net gain on disposals/liquidation	199,064	16,064
Total consideration	522,951	23,135
Cash and cash equivalents in subsidiaries disposed of/liquidated	(288,210)	(25,683)
Net cash inflow/(outflow) arising from disposal/liquidation	234,741	(2,548)

1(d)(i) Statements of Changes in Equity

GROUP

	Attributable to owners of the Company						
	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
Profit for the year	177,583	140,581	–	–	140,581	–	37,002
Remeasurements of defined benefit pension plans	(3,658)	(2,473)	–	–	(2,473)	–	(1,185)
Income tax relating to components of other comprehensive income	658	445	–	–	445	–	213
Gains on remeasuring available-for-sale financial assets, net of tax	1,389	1,389	–	–	–	1,389	–
Losses on exchange differences on translation, net of tax	(52,376)	(26,263)	–	–	–	(26,263)	(26,113)
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(8,929)	(8,929)	–	–	–	(8,929)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(1,178)	(1,178)	–	–	–	(1,178)	–
Other comprehensive income for the year	(64,094)	(37,009)	–	–	(2,028)	(34,981)	(27,085)
Total comprehensive income for the year	113,489	103,572	–	–	138,553	(34,981)	9,917
Contributions by and distributions to owners							
Cash distribution paid to non-controlling interests	(12,586)	–	–	–	–	–	(12,586)
Ordinary shares issued on exercise of share options converted into ordinary stocks	419	419	419	–	–	–	–
Dividend paid	(49,311)	(49,311)	–	–	(49,311)	–	–
Dividend paid to non-controlling interests	(91,637)	–	–	–	–	–	(91,637)
Total contributions by and distributions to owners	(153,115)	(48,892)	419	–	(49,311)	–	(104,223)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,903)	1,260	–	–	–	1,260	(4,163)
Dilution of interests in subsidiaries	(66)	(4,942)	–	–	–	(4,942)	4,876
Disposal of interests in subsidiaries and associates	(152,592)	–	–	–	–	–	(152,592)
Employee share option scheme/ share appreciation rights:							
- value of employee services	2,612	1,406	–	–	–	1,406	1,206
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(589)	589	–
Total changes in ownership interests in subsidiaries	(152,949)	(2,276)	–	–	(589)	(1,687)	(150,673)
Total transactions with owners in their capacity as owners	(306,064)	(51,168)	419	–	(49,900)	(1,687)	(254,896)
Closing balance at 31/12/2016	2,194,892	1,883,007	807,938	(62,313)	1,167,482	(30,100)	311,885

[#] Please refer to paragraph 1d(ii) for further details on the treasury shares.

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

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares [#]	Retained earnings	Other reserves	
Opening balance at 1/1/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the year	130,021	102,210	–	–	102,210	–	27,811
Remeasurements of defined benefit pension plans	152	103	–	–	103	–	49
Income tax relating to components of other comprehensive income	(29)	(20)	–	–	(20)	–	(9)
Gains/(losses) on exchange differences on translation, net of tax	5,449	(6,988)	–	–	–	(6,988)	12,437
Losses on remeasuring available-for-sale financial assets, net of tax	(2,667)	(2,667)	–	–	–	(2,667)	–
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	(5,759)	–	–	–	(5,759)	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,279	2,279	–	–	–	2,279	–
Other comprehensive income for the year	(575)	(13,052)	–	–	83	(13,135)	12,477
Total comprehensive income for the year	129,446	89,158	–	–	102,293	(13,135)	40,288
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	249	–	–	–	–
Dividend paid	(61,603)	(61,603)	–	–	(61,603)	–	–
Dividend paid to non-controlling interests	(54,402)	–	–	–	–	–	(54,402)
Total contributions by and distributions to owners	(115,756)	(61,354)	249	–	(61,603)	–	(54,402)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,354)	1,043	–	–	–	1,043	(3,397)
Dilution of interests in subsidiaries	9	(4,124)	–	–	–	(4,124)	4,133
Disposal of interests in subsidiaries and associates	(10,097)	(8)	–	–	–	(8)	(10,089)
Employee share option scheme/ share appreciation rights:							
- value of employee services	6,025	3,348	–	–	–	3,348	2,677
Reallocation of losses assumed by owners of the Company	–	(1,306)	–	–	(1,306)	–	1,306
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(6,417)	(1,047)	–	–	282	(1,329)	(5,370)
Total transactions with owners in their capacity as owners	(122,173)	(62,401)	249	–	(61,321)	(1,329)	(59,772)
Closing balance at 31/12/2015	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864

[#] Please refer to paragraph 1d(ii) for further details on the treasury shares.

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 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the year	68,641	–	68,641	–
Gains on remeasuring available-for-sale financial assets, net of tax	52	–	–	52
Other comprehensive income for the year	52	–	–	52
Total comprehensive income for the year	68,693	–	68,641	52
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	419	419	–	–
Dividends paid	(51,048)	–	(51,048)	–
Total transactions with owners in their capacity as owners	(50,629)	419	(51,048)	–
Closing balance at 31/12/2016	1,614,606	807,938	802,687	3,981
Opening balance at 1/1/2015	1,612,707	807,270	795,743	9,694
Profit for the year	53,125	–	53,125	–
Losses on remeasuring available-for-sale financial assets, net of tax	(6)	–	–	(6)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	(5,759)
Other comprehensive income for the year	(5,765)	–	–	(5,765)
Total comprehensive income for the year	47,360	–	53,125	(5,765)
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	–	–
Dividends paid	(63,774)	–	(63,774)	–
Total transactions with owners in their capacity as owners	(63,525)	249	(63,774)	–
Closing balance at 31/12/2015	1,596,542	807,519	785,094	3,929

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

During the year, the Company issued 223,859 ordinary shares arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 December 2016, there were 389,302 (31 December 2015: 709,386) unexercised options for ordinary shares under Scheme 2000.

Deemed treasury shares arising from acquisition of WBL

WBL has a shareholding of 21,712,000 ordinary stock units in the capital of United Engineers Limited (UEL). WBL became a subsidiary of UEL on 29 May 2013, as such the stock units are deemed and provisionally classified as treasury shares under the consolidated group.

With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, WBL is permitted to maintain its shareholding in UEL, subject to certain restrictions.

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 December 2016, the Company's issued and paid-up ordinary share capital (including the 21,712,000 ordinary stock units held by WBL) was 637,452,462 ordinary stock units (31 December 2015: 637,228,603).

As at 31 December 2016, the Group's issued and paid-up ordinary share capital (excluding the 21,712,000 ordinary stock units held by WBL) was 615,740,462 ordinary stock units (31 December 2015: 615,516,603).

1(d)(iv) A statement showing all sales, transfer, disposal, 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 financial period reported on (except as disclosed in section 1d(ii) above in relation to the 21,712,000 ordinary stock units of the Company held by WBL).

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

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

3 Where the figures have been audited or reviewed, the auditors' 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 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 2015.

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 the 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 2016.

Amendments to FRS 1 Disclosure Initiative

Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception

Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations

Improvements to FRSs (November 2014)

(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations

(b) Amendments to FRS 107 Financial Instruments: Disclosures

The adoption of the above 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	
	31/12/2016	31/12/2015
(a) Basic*:	22.0	16.0
(b) Diluted**:	22.0	16.0
<u>Continuing operations</u>		
(a) Basic*:	4.3	11.2
(b) Diluted**:	4.3	11.2
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,295,682	637,122,335
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	637,324,640	637,223,541

* 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 year.

** 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 year adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset per ordinary stock unit based on the total number of issued shares	\$3.06⁽¹⁾	\$2.97⁽¹⁾	\$2.53	\$2.51

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

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 financial period reported on.

Overview

A. Discontinued operations

At an Extraordinary General Meeting held on 8 June 2016, the shareholders of the Company approved the proposed disposal (the "Proposed Transaction") of Multi-Fineline Electronix, Inc. ("MFLEX") and its subsidiaries to Suzhou Dongshan Precision Manufacturing Co., Ltd.. On 27 July 2016, the Group announced the completion of the Proposed Transaction and MFLEX and its subsidiaries have thereafter ceased to be subsidiaries of the Company.

On 13 May 2016, the Company announced that it and its wholly owned subsidiary, UE UMC Pte. Ltd. had entered into agreements with Giant Maze Limited in relation to the sale of UES Holdings Pte. Ltd. and its subsidiaries, UE Envirotech Pte Ltd and its subsidiaries, UE Asia Pacific (Beijing) Co., Ltd. and its subsidiary, and Hengyang City UE Songmu Water Co., Ltd. (collectively known as "EE Businesses"). The Group completed the sale of the EE Businesses as announced on 26 July 2016 and 28 September 2016.

In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the results of MFLEX and its subsidiaries and EE Businesses have been presented separately on the consolidated income statement as Discontinued Operations.

The Group recorded attributable profit of \$113.2 million from discontinued operations in 2016 including divestment gains of approximately \$123 million.

B. Continuing operations

FY2016 compared with FY2015

Revenue decreased 44% to \$479.7 million in 2016 from \$851.2 million in 2015 mainly due to lower revenue from property development following the completion of *Eight Riversuites*. As a result, gross profit decreased 12% to \$193.7 million in 2016.

Other income decreased 11% to \$25.9 million in 2016 from \$29.0 million in 2015.

In 2016, this included mainly:

- \$5.0 million of fidelity insurance compensation in relation to irregularities uncovered in certain subsidiaries;
- \$5.0 million reduction in the provision for development charge in relation to the divestment of the Group's Automotive business as this is no longer required;
- \$4.0 million from the disposal of available-for-sale financial assets; and
- \$3.6 million reversal in the provision for construction cost which is no longer required.

In 2015, this included mainly:

- \$5.5 million from the disposal of an available-for-sale financial asset in Malaysia; and
- \$16.5 million from the disposal of subsidiaries.

Distribution costs increased 16% to \$29.7 million in 2016 from \$25.6 million in 2015 mainly due to higher selling and marketing expenses for property development business in China.

Other expenses increased 36% to \$29.5 million in 2016 from \$21.8 million in 2015 mainly due to revaluation deficit on certain investment properties and higher impairment loss in relation to certain development projects.

Share of profit from equity-accounted associates and joint ventures decreased 34% to \$2.9 million in 2016 from \$4.4 million in 2015.

Income tax expense increased to \$8.8 million in 2016 from \$0.5 million in 2015. The lower income tax expense in 2015 was mainly due to the write-back of over provision of prior years' income and deferred tax.

The Group's attributable profit on continuing operations decreased 62% to \$27.4 million in 2016 from \$71.6 million in 2015.

Financial position review

During the financial year ended 31 December 2016, the Group disposed of the following subsidiaries and associates:

- 42.2% effective interest in Multi-Fineline Electronix, Inc. and its subsidiaries (MFLEX);
- 62.6% effective interest in Suzhou Speedling Co., Ltd.;
- 100% interest in UES Holdings Pte. Ltd. and its subsidiaries and associates;
- 100% interest in UE Envirotech Pte. Ltd. and its subsidiaries;
- 100% interest in UE Asia Pacific (Beijing) Co., Ltd. and its subsidiary; and
- 100% interest in Hengyang City UE Songmu Water Co., Ltd.

(collectively known as "Disposal of Subsidiaries and Associates".)

- Non-current assets such as property, plant and equipment, intangible assets, interests in associates and deferred tax assets declined by \$196 million, \$25 million, \$13 million and \$23 million respectively and Current assets such as inventories declined by \$78 million mainly due to the Disposal of Subsidiaries and Associates.
- Current trade and other payable declined by \$202 million mainly due to the Disposal of Subsidiaries and Associates.
- Properties held for sale decreased by \$370 million mainly due to the completion of the *Eight Riversuites*.
- Net borrowings decreased by \$332 million mainly due to repayment of external bank borrowings. As a result, the Group's net debt to equity ratio improved from 0.49 times to 0.30 times.
- Other reserves decreased by \$37 million mainly due to translation loss from net investment in foreign operations mainly arising from unfavourable movement of Malaysian Ringgit and Chinese Renminbi against Singapore Dollars.

Cash flow review

As at 31 December 2016, the Group had cash and cash equivalents of \$624 million. During the year, the Company issued a \$150 million 5-year fixed rate notes. Separately, the Group utilised \$141 million for dividends payments and \$425 million for the repayment of external bank borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2015 to 31 December 2016 were mainly the result of the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue decreased 3% to \$135.2 million in 2016 from \$139.0 million in 2015. Operating profit before interest increased 13% to \$77.8 million in 2016 from \$68.8 million in 2015 mainly due to \$5.0 million of fidelity insurance compensation and \$3.9 million gain from the disposal of available-for-sale financial assets.

Property Development

Revenue decreased 82% to \$70.8 million in 2016 from \$402.0 million in 2015 mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest was \$23.2 million in 2016 compared with operating profit before interest of \$18.4 million in 2015 mainly due to lower revenue and profit in Singapore and higher impairment and operating expenses incurred by the China operations.

Engineering & Distribution

Revenue decreased 11% to \$136.9 million in 2016 from \$153.0 million in 2015 mainly due to lower contribution from the systems integration business, O'Connor's. Operating profit before interest increased 63% to \$9.1 million in 2016 from \$5.6 million in 2015 mainly due to higher profit contribution from the distribution businesses and lower losses recorded by the systems integration businesses.

Manufacturing

Revenue decreased 7% to \$89.5 million in 2016 from \$96.1 million in 2015. Operating profit before interest was \$6.7 million in 2016 compared with operating loss of \$4.6 million in 2015 mainly due to improved manufacturing efficiency and cost control in its operations in China.

- 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 Q4 2016 results are in line with the statement made in paragraph 10 of the Company's Q3 2016 results announcement on 11 November 2016.

- 10 A commentary at the date of this announcement of the significant trends and 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.

The global economic and geopolitical uncertainties as well as the weaker economic outlook in Singapore will continue to weigh on the sentiment of the property markets in Singapore. The Group's China Property division continues to face challenging operating conditions against the backdrop of slower economic growth and patchy recovery in the property market in China. The accounting treatment on revenue recognition for certain projects using the completion-of-construction method will result in volatility in the recognition of revenues and profits. Rental income from the Group's portfolio of investment properties will help reduce this volatility but the Group is likely to face downward pressure on rental income in Singapore given the growing supply of office, industrial and retail space amid softening demand.

- 11 Dividend

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

Yes.

Name of Dividend	Ordinary Dividend		Preference Dividend
	First and Final	Special	
Dividend Type	Cash	Cash	Cash
Dividend Rate	5 cents per ordinary stock (one-tier tax)	7 cents per ordinary stock (one-tier tax)	7.5 cents per preference share (one-tier tax)

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

Yes.

Name of Dividend	Ordinary Dividend		Preference Dividend
	First and Final	Special	
Dividend Type	Cash	Cash	Cash
Dividend Rate	5 cents per ordinary stock (one-tier tax)	3 cents per ordinary stock (one-tier tax)	7.5 cents per preference share (one-tier tax)

(c) Date Payable

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 25 May 2017.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 8 May 2017 to 9 May 2017 (both dates inclusive) for the purposes of ascertaining dividend entitlements. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, up to 5.00 p.m. on 5 May 2017 will be registered to determine such dividend entitlements.

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

Not applicable.

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.

The Company has obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 29 April 2016. There was no IPT with amount exceeding \$100,000 for the quarter ended 31 December 2016.

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

	Property Rental & Hospitality \$000	Property Development \$000	Engineering & Distribution \$000	Manufacturing \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended 31 December 2016							
Operating segments							
Segment Revenue							
Sales to external customers	134,377	70,788	136,891	89,540	48,105	–	479,701
Inter-segment sales	838	–	–	–	7,895	(8,733)	–
Total revenue	135,215	70,788	136,891	89,540	56,000	(8,733)	479,701
Segment result	77,849	(23,215)	9,108	6,735	(10,697)	–	59,780
Finance costs							(35,744)
Interest income							2,587
Share of profit from equity-accounted associates	3,459	99	69	–	1,759	–	5,386
Share of profit/(loss) from equity-accounted joint ventures	130	(2,626)	–	–	–	–	(2,496)
Profit before tax							29,513
Income tax expense							(8,773)
Profit from continuing operations, net of tax							20,740
Profit from discontinued operations, net of tax							156,843
Profit net of tax							177,583
Other operating segments information:							
Allowance for doubtful trade receivables	2,457	–	296	23	1,313	–	4,089
Capital expenditure	1,637	150	9,853	1,552	2,155	–	15,347
Deficit on revaluation of investment properties	6,194	–	–	–	–	–	6,194
Depreciation and amortisation	3,308	442	6,999	3,652	4,498	–	18,899
Gain on disposal of available-for-sale financial assets	3,880	–	–	–	121	–	4,001
Impairment loss on available-for-sale financial assets	–	–	–	–	21	–	21
Net loss on disposal of subsidiaries	–	–	–	–	333	–	333
Properties held for sale written down	–	15,957	–	–	–	–	15,957

15 **Business segments** (continued)

	Property Rental & Hospitality \$000	Property Development \$000	Engineering & Distribution \$000	Manufacturing \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended 31 December 2015							
Operating segments							
Segment Revenue							
Sales to external customers	137,992	402,037	153,017	96,078	62,066	–	851,190
Inter-segment sales	977	–	–	–	9,819	(10,796)	–
Total revenue	138,969	402,037	153,017	96,078	71,885	(10,796)	851,190
Segment result	68,839	18,385	5,585	(4,601)	5,060	–	93,268
Finance costs							(36,042)
Interest income							1,821
Share of profit/(loss) from equity-accounted associates	3,970	(186)	(95)	–	(1,833)	–	1,856
Share of profit/(loss) from equity-accounted joint ventures	6,844	(4,301)	–	–	–	–	2,543
Profit before tax							63,446
Income tax expense							(512)
Profit from continuing operations, net of tax							62,934
Profit from discontinued operations, net of tax							67,087
Profit net of tax							130,021
Other operating segments information:							
Allowance for doubtful trade receivables	4,499	–	866	146	64	–	5,575
Capital expenditure	1,736	86	5,453	3,144	1,915	–	12,334
Depreciation and amortisation	2,757	762	6,502	5,271	5,416	–	20,708
Gain on disposal of available-for-sale financial assets	–	–	–	–	5,484	–	5,484
Gain on disposal of assets of disposal group classified as held for sale	–	–	–	–	1,837	–	1,837
Impairment loss on intangible assets	–	–	775	–	71	–	846
Net gain on disposal of subsidiaries	2,735	–	–	–	13,753	–	16,488
Properties held for sale written down	–	12,489	–	–	–	–	12,489
Realisation of translation reserve upon liquidation of subsidiaries	220	–	–	–	204	–	424
Surplus on revaluation of investment properties	2,179	–	–	–	–	–	2,179

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to item 8.

- 17 A breakdown of sales as follows:

	Group		
	31/12/2016	(Re-presented) 31/12/2015	Change
	\$000	\$000	%
(a) Sales reported for first half year	256,462	525,748	(51)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	20,394	28,714	(29)
(c) Sales reported for second half year	223,239	325,442	(31)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	346	34,220	(99)

- 18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Dividend paid

	2016	2015
	\$000	\$000
Ordinary	49,245	61,537
Preference	66	66
Total	49,311	61,603

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that to the best of its knowledge, as at the date of this announcement, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Tan Swee Hong
Secretary
27 February 2017