Corporate Profile

Established in 1912, United Engineers is a multi-skilled corporation with over 90 years of knowledge, a vast project track record and an enviable reputation in Asia Pacific. With operations centred in Singapore, our 3,000 staff in several countries across Asia are engaged in the four inter-related core businesses of engineering, construction, integrated facility management and trading, organised along common functional lines which promote closer inter-division and intra-group synergies and allow smaller units to leverage on the Group’s strengths and track record.
I am pleased to report that the UE Group achieved record profit level in 2003 despite the recessionary climate. Our core businesses in construction, engineering and property were seriously affected by SARS, the Iraq war and terrorism in the region. This was however cushioned by increased earnings from the Group’s earlier investment in the electronics sector via a joint-venture entity, United Wearnes Technology Pte Ltd (UWT), which yielded splendid results. MFS Technology Limited, (MFS) a listed associate company of UWT, performed very well on the back of increased demand for mobile phones. The UE Group recorded a gain of $26.5 million under a restructuring of MFS shares to enable its shareholders to directly hold MFS shares instead of via UWT.

Compared with 2002, the Group’s net earnings increased by 168% from $19.7 million to $52.8 million, although turnover at $465 million was slightly lower than that of the previous year.

OVERVIEW

The Group’s core businesses were restructured into 4 business divisions during the year, namely Engineering, Construction, Integrated Facility Management (IFM) and Trading. Strategies to move businesses up the value chain, and increased regionalisation of businesses beyond Singapore shores began to bear fruit, thus establishing a base for future growth. The order book continued to grow to a record $900 million.
The overall improvement in performance was underpinned by the following factors:

(a) Arising from the restructuring at UWT, the Group’s 40% associate, an exceptional gain of $26.5 million was registered from the transfer of shares in MFS. As at 31 December 2003, 69,378,000 MFS shares were held directly by a wholly-owned subsidiary, United Engineers (Singapore) Private Limited (UES).

(b) Due to the higher demand for electricity from a fast growing Chinese economy, Anhui Hefei United Power Generation Co Ltd (AHUP), a 20.4% associate company, increased its profit and contributed $9.4 million to the Group’s net earnings.

(c) All the operating units have taken on more challenging projects requiring higher engineering and project management skills. One such project secured was the technically-challenging $90 million contract at Fusionpolis, Buona Vista Science Hub. During the year, the Group also won the EP5 contract, the odour control module at the Changi Water Reclamation Plant (CWRP). The EP5 Contract is the largest single project on odour control in the world. In addition, the Engineering division was awarded the job of erecting a steel bridge across the Whampoa River because of its innovative engineering methods.

(d) Emphasis was placed on bidding for higher-valued projects where we could realise a premium for greater project management, coordination and installation skills, for example, the $200 million C3C Liquid Module work which we secured at the CWRP.

(e) Moving up the value chain but remaining in the engineering technology arena where our core competence resides, the Group will focus and undertake more projects in the environmental sector. In this sector alone, we have already secured $255 million worth of projects at the CWRP.

(f) Capitalising on its track record of construction and property management, the Group’s operating units are now in a position to offer customers its expertise in providing comprehensive fee-based management services. This is an area of potential growth which we support as a logical extension of current businesses, and in line with our vision of providing total solutions.

(g) New models of working with property owners have been developed for our construction arm through design-and-build projects as well as development/contracting projects. Examples are the Nee Soon military camp and the Kovan Garden Condominium project with Wing Tai respectively.

(h) Building on its experience in steel fabrication in the region, the Group is able to offer and act as contract manufacturer for companies that outsource production so as to focus on logistics and marketing.
Chairman’s Statement

Having gone regional, the Group was cushioned somewhat from the effect of the downturn in the small domestic market in Singapore. The earlier strategy to stay and expand in Indonesia despite the financial crisis in 1998, is starting to pay off with more new jobs secured there. The Group launched its fee-based management services by undertaking the work for a major shopping mall complex in Surabaya in 2003. During the year, the Group continued to build up its network in Asia, and opened new offices in India, Sri Lanka, Vietnam and China.

The tax charge for the year was lower than 22%, due to the utilisation of past losses, capital allowances, tax exempt income from AHUP, and non-taxable capital gains from UWT, as well as a $3.5 million write-back for over provision of tax in respect of prior years.

As compared to 2002, earnings per ordinary share (EPS) for 2003 increased by 167% to 25.4 cents, from 9.5 cents. Net asset per share however, fell from $2.74 as at 31 December 2002, to $2.62 as at the end of 2003, due mainly to the downward revaluation of the investment properties.

As of 31 December 2003, the Section 44 tax credit balance of the Group amounted to approximately $15.9 million. At the current tax rate of 20% and present stockholding, the Company has sufficient tax credit as at 31 December 2003 to distribute by way of dividend of up to $79 million in the next 4 years out of revenue reserve or approximately 37 cents per ordinary share.

DIVIDENDS

The Board recommends payment of a dividend on the 7¹/₂% Cumulative Preference Shares of $1.00 each (2002: 7¹/₂%). In addition to a first and final dividend of 5 cents per $1.00 Ordinary Stock (2002: 5 cents), the Board recommends a special dividend of 5 cents per $1.00 Ordinary Stock (2002: Nil). The total net dividend payments amount to $16.9 million, after deducting Singapore Income Tax at 20%.

SECTORAL REPORT

ENGINEERING AND CONSTRUCTION

Despite a strong order book, turnover for the engineering and construction divisions fell by 4% to $207 million in 2003 due to the later than expected startup of some major projects such as the Changi Water Reclamation Plant ($200 million) and the foundation works at Fusionpolis ($90 million). The division registered an operating profit of $4.2 million as compared to $5.3 million in 2002, due mainly to lower margins from an increasingly competitive market in Singapore.

Earnings Per Share (EPS) (cents)

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>03</td>
<td>25.4</td>
</tr>
<tr>
<td>02</td>
<td>9.5</td>
</tr>
<tr>
<td>01</td>
<td>6.7</td>
</tr>
<tr>
<td>00</td>
<td>6.3</td>
</tr>
<tr>
<td>99</td>
<td>5.4</td>
</tr>
</tbody>
</table>
During the year, the Group’s construction arm Greatearth Construction Pte Ltd (Greatearth) completed several design-and-build projects such as the Nee Soon camp for the Defence Science & Technology Agency (DSTA), and The Serenade for the Wing Tai property development group. The latter scored above 80 points in Conquas, a quality measurement certified by the Building and Construction Authority of Singapore (BCA). Contracting work in Brunei and East Malaysia continue to be busy where work on a $29 million highway project linking the Tutong - Telisai districts is progressing well, and the building of a secondary school in Sabah is almost completed.

UES, the Group’s 100% owned subsidiary, continues to maintain its multi-discipline engineering services setup, providing project management and technical support. UES commenced work on the C3C Contract for a Liquid Module Plant at the CWRP in early 2003. Its civil engineering arm in joint venture with Greatearth won the contract for the foundation work, valued at $90 million, at the Fusionpolis. This job includes an MRT Circle Line Station as well as a Civil Defence Shelter. Although relatively small in monetary value, the Group successfully erected the steel arch bridge across the Kallang River at Whampoa, where the engineering difficulty was in the launching of the bridge to span the river. During the year, its industrial engineering division secured 2 major jobs in the environmental sector from PUB totaling a value of $71 million. UES also commenced project and construction management services for the $80 million Trade Centre Mall in Surabaya for an Indonesian developer.

Applied Construction & Engineering (M) Sdn Bhd (ACE), a wholly owned subsidiary of UES, is constructing and jointly developing with the owners, a 29-storey luxurious condominium project in the exclusive “Millionaires Row” in Penang. APG Geo-Systems Sdn Bhd (APG), its 60% subsidiary with expertise in geo-technical and foundation engineering was awarded the Malaysian Standard ISO 9001:2000 in 2003.

The early expansion by UES into the region through PT UE Sentosa (PTUES), its 60% subsidiary in Indonesia, continues to reap benefits, despite the difficult market conditions. During the year, the company secured a $30 million contract for the Gudang Garam factories, and completed the $23 million Sun Plaza development project in Medan. Work in Banjarmasin on a shopping mall is progressing.

The specialist engineering services which include McAlister Engineering Sdn Bhd (MESB), PT United Engineers Indonesia (PTUEI) and Delichem Pte Ltd (Delichem) were able to achieve break-even, despite the difficult market conditions.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering and Construction</td>
<td>206,767</td>
<td>215,671</td>
</tr>
<tr>
<td>Trading</td>
<td>172,400</td>
<td>170,005</td>
</tr>
<tr>
<td>Integrated Facility Management</td>
<td>84,819</td>
<td>87,916</td>
</tr>
<tr>
<td>Others</td>
<td>520</td>
<td>94</td>
</tr>
<tr>
<td>Total</td>
<td>464,506</td>
<td>473,686</td>
</tr>
</tbody>
</table>

Group Turnover By Percentage
environment. The performance of MESB, our 66% subsidiary in Malaysia, which supplies Teflon lined ISO tank containers for specialty chemicals, is expected to improve with the recovery of the Japanese economy. In Indonesia, PTUEI, as the contract manufacturer to a major bulk container logistic company operated at high capacity utilisation. Delichem, with its proprietary technology in specialty chemicals and total cleaning systems for the electronics companies, showed signs of growth in Q4, in line with the recovery of the electronics industry.

INTEGRATED FACILITY MANAGEMENT (IFM)

The former Property division and Healthcare Management Services division were combined into a single division following a strategic review, as many services provided were complementary and synergistic because of common customers. Turnover at the IFM division fell from $90.3 million to $87.3 million, due mainly to the impact of SARS on the Division’s serviced apartment business. Business has since recovered, and the serviced apartments are now back to full occupancy.

Despite the over-hang of office space in the market, our UE Square Complex continues to operate at full occupancy, but our UE Tech Park, the industrial warehouse complex was able to achieve only 75% occupancy impacted by a number of customers’ business closures in 2003.

The Facility Management Services (FMS) section of this Division provides premium support management services to hospitals through its ServiceMaster Aramark franchise. Additionally, FMS also provides its quality services to educational institutions (such as the international schools), and reputable commercial and industrial establishments. In 2003, its performance was satisfactory as it maintained turnover at $48 million. Our wholly-owned subsidiary in Taiwan, UMC Taiwan, continued to grow, and maintained its position as the largest service provider in Taiwan’s healthcare sector.

FMS will be expanding its service network to India, China and Indonesia. In the course of the year, it had signed a contract to provide management services to healthcare and educational institutions in Bangalore, and targets to begin offering similar services in Beijing in 2004.

TRADING

In the restructured organisation, the Trading division encompasses all the distribution and trading activities of the Group. These include UE Trade Corporation Pte Ltd (UETC), UE-Tradetec (Singapore) Pte Ltd, McAlister and Company Limited, Goodman Medical Supplies Limited and Grafton Pharmasia Pte Ltd. Turnover for the trading division at $173.8 million was about the same as

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**Net Dividends Per Ordinary Share (Cents)**

![Graph showing net dividends per ordinary share from 1999 to 2003.](image)
that recorded in 2002. This enlarged division was formed to foster growth for the Group’s trading activities with a wider network of customers in the region. During the year, the division expanded further its network into the Middle East, Sri Lanka and Vietnam. It has also augmented its steel trading business to include supply and sources from as far away as Brazil, and also to supply rebars into the Singapore construction markets. Goodman, a wholly owned Hong Kong subsidiary that deals mainly with the supply of hospital equipment, now also distributes a profitable range of beauty and health care products, and has recently started selling into the South China market.

PROSPECTS FOR 2004

The Group is committed to investing its resources in manpower and capital into higher value added projects, improving the skills of its staff through training and development, and expanding its network and its stable of brand names in the region. This investment will lay the foundation for future growth. It will also allow the Group to move up the value chain and win higher margin business. Together with cost control measures and improvement in productivity, the Group expects these activities to propel it to the next phase of growth.

Some of these efforts are already starting to bear fruit as evidenced by the securing of larger and higher skill-content projects during 2003. Furthermore our earlier expansion into the region has paved the way to reinforce the Group’s presence, and enhance its reputation for reliability and high quality in ASEAN, India and China. As a result, our order book is at an all-time high of approximately $900 million. Barring unforeseen circumstances, the operating profit of the Group in 2004 is expected to improve.

BOARD AND MANAGEMENT

I am especially grateful to my fellow directors for their invaluable contributions as Board members, as well as serving on the Audit, Nominating and Remuneration Committees.

On behalf of the Board, I would like to thank Management for putting in sterling efforts to cope with the challenges of a difficult year.

Last but not least, the Board would like to thank our supportive customers, unions, business partners and shareholders.

Tang I-Fang
Chairman

26 March 2004
Board of Directors

Tang I-Fang (Chairman)  Jackson Yap (Group Managing Director)

Michael Lim  Thai Chee Ken

Lai Teck Poh  Tan Eng Liang
BOARD OF DIRECTORS
Tang I-Fang
Chairman
Dr Tan Eng Liang
Thai Chee Ken
Lai Teck Poh
Jackson Chevalier Yap Kit Siong
Group Managing Director
Dr Michael Lim Chun Leng

AUDIT COMMITTEE
Thai Chee Ken
Chairman
Dr Tan Eng Liang
Dr Michael Lim Chun Leng

NOMINATING COMMITTEE
Dr Michael Lim Chun Leng
Chairman
Thai Chee Ken
Tang I-Fang

REnumeration Committee
Tang I-Fang
Chairman
Lai Teck Poh
Jackson Chevalier Yap Kit Siong

COMPANY SECRETARY
Eileen Lim
Group Company Secretary

REGISTERED ADDRESS
AND HEAD OFFICE
83 Clemenceau Avenue
#18-01 UE Square
Singapore 239920
Facsimile : 6830 8398
Telephone : 6830 8383
Website : www.uel.com.sg

REGISTRAR
Barbinder & Co Pte Ltd
8 Cross Street
#11-00 PWC Building
Singapore 048424
Facsimile : 6236 3405
Telephone : 6236 3333

AUDITORS
Ernst & Young
Certified Public Accountants
Partner in charge (since financial year 2003):
Yee Woon Yim

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
Westdeutsche Landesbank Girozentrale
The Development Bank of Singapore Limited
United Overseas Bank Limited
Crédit Industriel et Commercial
The Hongkong and Shanghai Banking Corporation Limited

FINANCIAL CALENDAR
27 May 2003 Announcement of 1Q 2003 Results
26 August 2003 Announcement of 2Q 2003 Results
21 November 2003 Announcement of 3Q 2003 Results
10 February 2004 Announcement of Full Year Results FY2003
6 April 2004 Notice of Annual General Meeting
27 April 2004 Annual General Meeting
30 April 2004 Ex-Dividend Date
4 May 2004 Last date for registration of transfers
5 May to 7 May 2004 Books Closure Dates
18 May 2004 Dividend Payment Date
## Business Divisions

### Engineering
- United Engineers (Singapore) Private Limited (UES)
  - PT UE Sentosa
  - Applied Construction & Engineering (M) Sdn Bhd
  - APG Geo-Systems Sdn Bhd
  - UEWEB Industrial Engineering
  - United Power Corporation (Singapore) Pte Ltd
  - McAlister Engineering Sdn Bhd
  - PT United Engineers Indonesia
  - Delichem Pte Ltd
  - MPL Pte Ltd
- Building, engineering services, project management, infrastructure projects, civil engineering
  - (Indonesian arm of UES)
  - (West Malaysian arm of UES)
  - Geo-technical and foundation engineering
  - Industrial engineering, water & environmental engineering
  - Investment in energy sector, project management
  - Manufacture of IMO/ISO tank containers, road tankers
  - Steel fabrication, aero-bridges, bulk containers
  - R&D laboratory, specialty chemicals, application & solutions
  - Design, supply, installation and support services for the broadcasting industries

### Construction
- Greatearth Construction Pte Ltd
- United Engineers (B) Sdn Bhd
- Applied Construction & Engineering (M) Sdn Bhd
  - Construction - Singapore
  - Construction - Brunei
  - Construction - East Malaysia

### Integrated Facility Management
- UE ServiceCorp
  - China
  - India
  - Taiwan
- UMC ServiceMaster
  - Singapore
  - Malaysia
  - Hong Kong
  - Taiwan
- Net.Prop Management Services
- Greatearth Developments Pte Ltd
  - Integrated Facility Management Solutions Provider
  - Management Support Services
  - Project and IT Management
  - Development of Residential Property
  - Hospitality Management Services
  - Service apartments and offices, Singapore
  - Condominium management
  - Service apartments and offices, China
  - Asset Management Services

### Trading
- UE Trade Corporation Pte Ltd (UETC)
  - UE Myanmar Limited
  - UE Trade Corporation (Bangladesh) Pte Ltd
  - UE Trade Corporation (India) Private Limited
  - UETC Representative Office, Sri Lanka
  - UETC Representative Office, China
  - Goodman Medical Supplies Limited
  - McAlister And Company Limited
  - UE-Tradetec (Singapore) Pte Ltd
  - Grafton Pharmasia Pte Ltd
  - Trading and distribution activities
    - Supplies medical/cosmetic equipment and products in Hong Kong & China
    - Supplies industrial & transport equipment and related services
    - Leasing of industrial & construction equipment
    - Wholesale supplier of pharmaceuticals
### INCOME STATEMENT ($'000)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>464,506</td>
<td>473,686</td>
<td>441,669</td>
<td>396,961</td>
<td>434,684</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>71,758</td>
<td>36,362</td>
<td>20,415</td>
<td>25,540</td>
<td>13,569</td>
</tr>
<tr>
<td>Taxation</td>
<td>(961)</td>
<td>(7,515)</td>
<td>(6,045)</td>
<td>(6,259)</td>
<td>(4,918)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>70,797</td>
<td>28,847</td>
<td>14,370</td>
<td>19,281</td>
<td>8,651</td>
</tr>
<tr>
<td>Profit attributable to stockholders</td>
<td>52,799</td>
<td>19,698</td>
<td>13,766</td>
<td>12,992</td>
<td>11,087</td>
</tr>
</tbody>
</table>

### BALANCE SHEET ($'000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>642,277</td>
<td>703,184</td>
<td>718,660</td>
<td>812,747</td>
<td>782,362</td>
</tr>
<tr>
<td>Non-current investments</td>
<td>139,493</td>
<td>155,765</td>
<td>157,465</td>
<td>147,892</td>
<td>143,788</td>
</tr>
<tr>
<td>Net current assets (See note below)</td>
<td>252,639</td>
<td>163,395</td>
<td>119,666</td>
<td>112,895</td>
<td>135,640</td>
</tr>
<tr>
<td></td>
<td>1,034,409</td>
<td>1,022,344</td>
<td>995,791</td>
<td>1,073,534</td>
<td>1,061,790</td>
</tr>
</tbody>
</table>

**STOCKHOLDERS’ EQUITY**

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority interests</td>
<td>550,923</td>
<td>565,113</td>
<td>579,423</td>
<td>663,574</td>
<td>632,794</td>
</tr>
<tr>
<td>Short and long-term borrowings</td>
<td>86,497</td>
<td>89,055</td>
<td>89,370</td>
<td>84,111</td>
<td>73,300</td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>394,281</td>
<td>365,448</td>
<td>325,352</td>
<td>324,706</td>
<td>355,119</td>
</tr>
<tr>
<td></td>
<td>2,708</td>
<td>2,728</td>
<td>1,646</td>
<td>1,143</td>
<td>577</td>
</tr>
<tr>
<td></td>
<td>1,034,409</td>
<td>1,022,344</td>
<td>995,791</td>
<td>1,073,534</td>
<td>1,061,790</td>
</tr>
</tbody>
</table>

| Net borrowings         | 317,942 | 285,876 | 240,481 | 238,221 | 229,751 |
| Debt to equity         | 0.58    | 0.51    | 0.41    | 0.36    | 0.36    |

Note: In arriving at net current assets, short-term borrowings have been excluded but intangible assets have been included.

### PER STOCK UNIT

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</tr>
</thead>
<tbody>
<tr>
<td>Earnings (cents)</td>
<td>25.4</td>
<td>9.5</td>
<td>6.7</td>
<td>6.3</td>
<td>5.4</td>
</tr>
<tr>
<td>- profit attributable to ordinary stockholders after preference dividend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary dividends</td>
<td>10.00</td>
<td>5.00</td>
<td>4.00</td>
<td>4.00</td>
<td>3.00</td>
</tr>
<tr>
<td>- gross (cents)</td>
<td>8.0</td>
<td>3.90</td>
<td>3.12</td>
<td>3.02</td>
<td>2.22</td>
</tr>
<tr>
<td>- net (cents)</td>
<td>3.18</td>
<td>2.43</td>
<td>2.15</td>
<td>2.08</td>
<td>2.42</td>
</tr>
<tr>
<td>- cover (times)</td>
<td>2.62</td>
<td>2.73</td>
<td>2.81</td>
<td>3.23</td>
<td>3.07</td>
</tr>
<tr>
<td>Net tangible assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Listing of Business Capabilities

**ENGINEERING**

**Building Services**
Design, Supply, Installation, Commissioning & Maintenance of:
- Air-conditioning & Ventilation System
- Building Automation System
- Fire Protection System
- L.V. Electrical Distribution System
- H.V. Electrical System
- Plumbing & Sanitary System

**Civil Engineering Works**
- Earthworks & Infrastructure
- Foundation Piling
- Concrete & Steel Structures
- Roads & Bridges
- Wharves & Jetties

**Building Works**
- High rise Concrete and Steel Buildings
- Concrete & Steel Factory Buildings
- Shopping, Hotel, Convention, Recreational, and Cinema Complexes.
- Development Management Services including turnkey Design and Build capabilities, and Building Management Services

**Industrial Engineering**
- Environmental Engineering
- Incineration Plants
- Industrial Plants
- Sewage Treatment Plants
- Thermal Power Plants
- Water Treatment Plants

**Manufacturing & Fabrication**
- Customised vehicles for special applications, including trailers
- Steel structures for power plants, chemical complexes, high rise buildings, bridges, airport aero-bridges
- Intermediate Bulk Containers
- Power Transmission & Broadcasting Towers
- IMO/ISO Tanks
- Storage Tanks
- Process design, manufacture and installation of cleaning systems for precision metal components, hard disks drives, computer, automotive, audio visual and aerospace components
- Supply of environmentally friendly chemicals

**Broadcast Services & Systems**
- Analog & Digital (TV & Radio) Broadcast Systems Integration Services
- Broadcast Origination & Playout Services
- Satellite Transponder Lease Services
- Antennae & Digital Microwave Links Systems
- Satellite Uplink/ Downlink Systems
- Conditional Access & Encoding Systems
- Video Streaming Systems

**Telecommunication Services & Systems**
- Maintenance Services for Mobile GSM Networks
- GSM Networks Systems Planning & Integration Services
- Design & Construct Base Transceiver Stations
- HF Transmission Systems
- VSAT Communications Systems
- Subscriber Management & Billing Systems

**CONSTRUCTION**

**Building & Civil Engineering Works**
- Commercial & Government Buildings
- Hospitals & Medical Offices
- Condominiums & Conventional Housing
- Factories, Industrial Buildings & Business Parks
- Sports & Recreational Club Complexes
- Basements, Carparks, Roads & Bridges
- Hotels & Service Apartments
- Schools, Theatres, Auditoriums & Educational Institutions
- Religious & Columbarium Complexes
- Retrofitting & Conservation Buildings
- Military Institutions
- Telecommunications Complexes
- Biomedical Research Complexes

**INTEGRATED FACILITY MANAGEMENT**

**Facility Management Services**
- Housekeeping Maintenance Services
- Laundry/Linen Management Services
- Clinical Equipment Maintenance Services
- Bio-Hazardous Waste Management
- Plant Operations and Maintenance
- Integrated Facility Management
- Centralised Transportation & Despatch Management
- Energy and Air Quality Management
- Customised Outsource Solutions Provider
Investment Holding
- Property Investment
- Residential & Commercial Development
- Industrial Warehouse Development

Management Services
- Project & Fit-Out Construction Management
- Marketing & Corporate Leasing of Commercial/Industrial Space
- Management of Lease and Tenancy Administration
- Management of Serviced Apartments & Serviced Office Operations
- Retail Management of Shopping Mall Operation
- IT Services & Systems Maintenance
- Building Management and Property Maintenance

TRADING
Agro-commodities
- Beans & Pulses
- Cereals & Grains
- Edible Oils
- Spices
- Coffee
- Sugar

Steel
- Deformed Bars
- Structural Sections
- Plates
- Weldmesh
- Wire Rod Coil
- HR & CR Coil
- Billets
- Iron Ore
- Pipes and Fittings
- Fabrication Services

Specialised Vehicles
- Environmental Waste Vehicles
- Mechanical Road Sweepers
- Fire Engines and ancillary equipment
- Airport Ground Support Vehicles
- Truck & Mobile Cranes

Construction Equipment Rental
- Metal Formwork
- Air Compressors
- Boom Lifts

Power Generation Equipment and Services
- Generators
- HT/LV Transformers & Switchgear
- Combined Resistive/Inductive Loadbanks
- Synchronising Panels & Load Management Systems
- Power Distribution Panels and Cables
- Spark Arrestors

Electrical Load Testing Services
- Marine Vessel Turbines/Generators
- Factory Standby Generators
- Testing of Electrical Busbars in Buildings

Medical Equipment
- Instruments for OT, ICU and CCU use
- Therapeutic & Diagnostic Equipment
- General Hospital disposables
- Rehabilitation Equipment
- Cosmetic and Plastic Surgery Equipment and supplies
- Clinical Equipment maintenance & repair

Pharmaceutical and Personal care products
- Marketing and Distribution Services
- Logistic Support services
- Registration & Regulatory management services

Other Bulk Commodities
- Fertiliser
- Timber Logs
- Bitumen
- Industrial Enzymes
Engineering

Meeting challenges
The Engineering Division of the UE Group offers a comprehensive range of general and specialist engineering and project management services not readily available from a single source in Asia. Additional capabilities include the design and manufacture of high purity tanks, steel structures and equipment and the development and marketing of proprietary water treatment/purification systems and speciality chemical cleaning solutions and systems.

Following the restructuring of the UE Group, the Engineering Division has now regrouped into 3 distinct sectors: Singapore operations, International operations and Specialist services.

**SINGAPORE OPERATIONS**

United Engineers (Singapore) Private Limited (UES), a wholly owned subsidiary of the UE Group, continues to maintain the UE tradition for multi-disciplined engineering services. It builds on cross-synergies in engineering capabilities within the Engineering Division in Singapore, and provides both management and technical support to overseas subsidiaries.

The wide spectrum and combination of the engineering services provided by UES encompasses civil engineering, mechanical and electrical services and process engineering for infrastructure, power, water and the environmental sectors. The Company is ISO certified in quality, environmental and health & safety management systems for all aspects of its engineering business activities, and has attained the highest level of certification with the Building and Construction Authority of Singapore in civil, mechanical and electrical engineering.

In 2003, its Building Services Unit commenced work on the $200 million C3C contract from PUB Singapore for the Changi Water Reclamation Plant, Liquid Module 1, M&E works. The unit continued work on the electrical and ACMV services for the new National Library Building at Victoria Street, Singapore, and on a number of new fire-related engineering services contracts.
The Civil Engineering Unit performs a wide range of civil engineering works including “Design & Build”. In 2003 the unit, jointly with Greatearth Construction, won the $90 million contract for the foundation and basement works to the Fusionopolis building at One-North Buona Vista, including an MRT Circle Line station and a civil defence shelter. Work on the contract for the temporary works to the Kallang Expressway underground road continued and is expected to be completed in 2004. The steel arch bridge across the Kallang River at Whampoa was successfully launched in 2003. The unit is exploring opportunities, on its own as well as in joint venture, with internationally renowned companies to bid for large civil and environmental engineering projects in Singapore and the region. The ability to strike these strategic alliances is a recognition of UES’s ability to add value, as well as provide complementary capabilities to these technically challenging projects.

Water treatment is a major specialised business of the Industrial Engineering Unit. In third quarter 2003, the unit was awarded a $17.7 million contract by PUB for the replacement of M&E equipment at the Ulu Pandan Water Reclamation Plant. This was followed in November 2003 by the award of the $53.3 million EP5 contract – Odour Control Systems for the Changi Water Reclamation Plant and Deep Tunnel Sewerage Scheme. This unit is also active in marketing its specialised activities in China, Malaysia and Indonesia on “Design & Build” incinerators for the small medical, municipal and toxic waste sectors.

Leveraging on its wide range of engineering and construction expertise, the Development Management Services Unit provides project and construction management services within the Division and also to external clients. This unit is staffed by a team of well-trained engineers and professionals in various disciplines with strategic alliances and associations in the region. Currently, it is contracted to provide development management services to an Indonesian developer for an $80 million mixed shopping, hotel and convention complex development in Surabaya known as the Trade Centre Mall.

With a growing demand for specialised management services in the region, this business unit is poised for future growth.

Pictures from left to right:
1. UES is awarded the $200 million C3C contract for the Changi Water Reclamation Plant, Liquid Module 1, M&E works.
2. Hefei Power Plant in Anhui, China.
3. An aerial view of the newly completed Whampoa Park Connector Extension and Footbridge undertaken by UES.
INTERNATIONAL OPERATIONS

In West Malaysia, Applied Construction & Engineering (M) Sdn Bhd (ACE), a wholly owned subsidiary, has commenced the development management and construction of the 29-storey, The Mayfair, a luxurious condominium project located at the exclusive ‘Millionaires Row’ in Penang. The Company has also begun the development and construction of the Juta Mines condominium in Kuala Lumpur, a 600-unit medium-cost housing project.

APG Geo-Systems Sdn Bhd (APG), a 60% subsidiary, was awarded the Malaysian Standard ISO 9001:2000 early in 2003. With a full range of geo-technical and foundation services, APG is one of the leading ground engineering contractors in Malaysia. Since its incorporation in 1993, APG has undertaken projects not only in East and West Malaysia but also in Singapore, Vietnam and Brunei. With an extensive fleet of specialist equipment and experienced personnel, APG has the capability to undertake turnkey projects which have included the construction of a number of highways, railway double tracking and the KL SMART tunnel involving soil stabilisation and piling works. Other prominent projects in which APG has been involved include the Kuala Lumpur International Airport (KLIA), Security Commission Building and Esso Tower.

APG aims to establish its presence in Singapore and Indonesia during 2004. Its expertise and design strengths, based on new technologies support the Engineering Division in Singapore, Brunei and Indonesia with alternative engineering methods. Recently, it has added design and provision of pre-stressing and post-tensioning to its services, and it will have its own in-house branded pre-stressing system by 2004.

PT UE Sentosa, a 60% subsidiary in Indonesia, continues to perform well notwithstanding the difficult economic conditions and increasing competition in Indonesia.

PT UE Sentosa is engaged in both infrastructure and building projects in Indonesia. With management, procurement and technical support provided by the Engineering Division, the Company has been able to win contracts in various parts of the archipelago, and has projects in Banjarmasin, Jakarta, Medan and Surabaya. In 2003, its turnover continued to increase with the award of two new contracts: the $30 million contract for the Gudang Garam factories, involving the construction of steel structures to house processing, utility and conveyor facilities in Surabaya, and the $21.5 million Blossom condominium comprising 54 luxury residential houses, each with its own basement car park, in the suburb of Kemayoran in Jakarta.
During 2003, PT UE Sentosa successfully completed the $23 million Sun Plaza development in Medan, the city’s largest mega mall. The Company also continued with development management services and construction works to the $26 million Pasar Antasari project, comprising a wet market, 4-storey shopping centre and bus terminal in Banjarmasin, scheduled for completion in 2004.

With the Indonesian economy continuing to improve and private sector funds generating a steady revival in economic activities, PT UE Sentosa is confident of further growth in the coming years.

SPECIALIST SERVICES

McAlister Engineering Sdn Bhd (MESB) is a 66% subsidiary in joint venture with Nippon Sharyo Limited and Mitsui & Company Limited. The Company specialises in, and is the market leader for, the manufacture of UN portable tanks (previously known as IMO/ISO tank containers) for the transportation of speciality chemicals, liquefied gases and food products. The Company has steadily built a reputation as a leading manufacturer for its Teflon-lined and other speciality tanks, and is currently in the process of upgrading its ISO 9002 accreditation to ISO 9001:2000 standard.

After a few years of weak global demand for speciality tank containers, the Company was well-positioned to benefit from the upswing in demand in 2003 and was able to maintain its profitability. This demand is expected to continue well into 2004. The Company will market atmospheric storage tanks more aggressively in the coming years in addition to developing higher-end products like off-shore containers, and will continue to pursue the strategy of high productivity and cost control.

PT United Engineers Indonesia (PT UEI), a 60% subsidiary, specialises in the design, fabrication and erection of steel structures. In 2003, the Company completed the manufacture of a further 40,000 intermediate bulk containers (MB3), and commenced the development and manufacture of 10,800 of a new model of intermediate bulk containers (MB5) for an overseas client. In recognition of excellent performance and quality service, more intermediate bulk container orders are expected from the same client in 2004.

Pictures from left to right:

1. The development management and construction of The Mayfair – an exclusive condominium project in Penang is undertaken by ACE.

2. APG is a leading ground engineering contractor for geo-technical and foundation services in Malaysia.

3. The $21.5 million Blossom condominium in Jakarta, Indonesia is currently being developed and constructed by PT UE Sentosa.

4. The IMO-2 Food Grade and Latex tank container from MESB.

5. PT UEI is a specialist in the design, fabrication and erection of steel structures such as this new model of collapsible intermediate bulk container.
During the year, the Company also successfully manufactured and delivered specially designed products including 72-metre high transmission towers for PT Telkomsel, an Indonesian mobile phone company, and structured racks for pipes for PT Arun, a natural gas liquefaction company.

The Company is actively seeking opportunities for new value-added product lines, particularly in the oil and gas sectors where its expertise in design processes combined with practical fabrication methods prove advantageous. The Company will enjoy spin-off benefits from jobs secured by sister units in the Division. These include a sub-contract for the supply and erection of a steel bridge across the Surabaya River, and potentially the structural steel works for the Surabaya Trade Centre Mall.

Delichem Pte Ltd (Delichem) is a wholly owned subsidiary with design and marketing headquarters in Singapore, and manufacturing, sales and services in Malaysia and Thailand. Its three subsidiaries, Delichem Sdn Bhd, Design Entice (M) Sdn Bhd and Delichem (Thailand) Co Ltd, provide a one-stop, total cleaning solution systems based on proprietary know-how. They specialise in the design and fabrication of equipment and supply of customised specialty environmentally-friendly cleaning chemicals to the metal precision component industry, especially companies manufacturing hard disc drive components to increased memory capacity, decreased size and increasingly stringent cleanliness standards. Delichem’s products are used in Singapore, Malaysia, Thailand, Indonesia, China and Europe and are the preferred choice of many multinational companies.

Through its research and development activities, Delichem has developed quality cleaning systems using vacuum technology to enhance cleaning and drying of small and deep blind holes, and associate systems such as de-ionised water systems and coolant recycling systems. Delichem has also developed an electronic grade Iso-Propyl alcohol, used in the production of wafers in semiconductor plants, and the proprietary BIOCITRUS® water-based detergents.
The Company has further developed a water purification system, using reverse osmosis technology, for both household and industrial use that has been taken up by customers in Thailand and Indonesia.

**MPL Pte Ltd (MPL)**, a 75% owned subsidiary, provides one-stop broadcast and telecommunications system engineering solutions to broadcasters and mobile GSM operators in the ASEAN region.

In 2003, MPL entered into a strategic partnership with SingTel Satellite Services to provide end-to-end broadcast origination and satellite uplink/downlink services to broadcasters across the globe. With strong partners like SingTel, currently one of the largest satellite uplink service providers in Asia Pacific, MPL is well positioned to provide this service in Singapore.

Through a partnership with Ngee Ann Polytechnic and Asia Pacific Broadcasting, MPL provides broadcast engineering training and in 2003 conducted major training events as part of its effort to promote its expertise on server-based solutions. It has also installed a state-of-the-art dual-cast DVB-T TV transmitter provided by its principal DMT, an Italian TV transmitter company, to act as a showcase and training room for broadcasters in Asia who are currently preparing to follow Europe and US into digital transmission mode.

MPL’s telecommunications unit is currently one of the leading engineering companies providing GSM base transmission station infrastructure services in Indonesia due to its integration capability to deliver complex projects on time.

Business for the unit has doubled in the past year due to strong market demand from mobile phone operators in Indonesia, and the Company’s ability to provide quality service. In 2003, MPL acquired new customers, including Excelcomindo, and is currently negotiating with Indosat to provide similar services in 2004. With the growing demand to roll out mobile phone coverage in Indonesia, telecommunications business is expected to triple over the next five years. In the near future, MPL aims to provide more value-added solutions to deliver one-stop integration services for mobile GSM systems to telecommunications operators in the ASEAN region.

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Construction

Setting standards
The Construction Division of the UE Group has established a reputation for successfully completing, on time and within budget, a wide range of high quality residential, industrial, commercial and institutional buildings, both in the private and public sectors. Our capabilities include ‘design & build’ projects and our current operations are mainly in Singapore, East Malaysia and Brunei.

SINGAPORE OPERATIONS

Greatearth Construction Pte Ltd (Greatearth), an 85% subsidiary incorporated in March 1981, was in the first group of BCA registered companies to achieve the revised A1 financial grade in general building and A2 in civil engineering. In line with its focus on quality, environmental consciousness and occupational health & safety, the Company was also among the pioneer batch to obtain certification in the BCA's Integrated Management Systems (ISO 9001:2000, ISO 14001:1996 and OHSAS 18001:1999).

The Greatearth brand name enjoys a strong reputation in the market as one of the top quality main contractors in the construction of residential, industrial, commercial and institutional buildings in both the private and public sectors. Greatearth offers a wide spectrum of integrated construction solution services, ranging from foundation works to architectural finishes. It has full capabilities for ‘design & build’ projects emphasising buildability and quality.

During 2003, Greatearth broadened its portfolio of services, in partnership with the UE Group’s Property Unit, to undertake property development and management projects with major property developers in Singapore. This not only complements its construction business but also provides a new potential growth engine for the Group.

Despite sluggish demand in the Singapore construction sector in 2003, Greatearth’s impeccable project experience, good track record, high quality services and strong financial resources enabled it to secure several large and prestigious contracts worth a total of $280 million. These include the basement construction of Fusionpolis and an MRT station at One-North Buona Vista for JTC, the construction of a high-end condominium at Mar Thoma Road for Keppel Land, the mixed development at Clemenceau/Penang Road for a Wing Tai-led consortium and the ‘design & build’ contract for an 800-unit high-end condominium at Kovan Road.
In 2003, Greatearth successfully completed ‘design & build’ projects at Nee Soon Camp for the Defence Science & Technology Agency (DSTA), and The Serenade @ Holland for Wing Tai Property, as well as the erection of the Church of St. Ignatius at King’s Road. Most of its construction projects over the last few years achieved well above 80 points in BCA-certified Conquas scores; however, to further enhance its construction quality standards, the Company has now established an independent quality assessment and control team to assure quality standard consistency.

As of 31 December 2003, the Company had a committed order book in excess of $300 million, triple that of the previous year.

REGIONAL OPERATIONS

United Engineers (B) Sdn Bhd (UEB), a 90% subsidiary, continues to be an active player in the Sultanate of Brunei.

During the year, the Company successfully completed the Grand Hall for the University of Brunei. Work on the $29 million highway project linking the Tutong – Telisai districts is progressing well and is expected to be completed on time by mid-2004.

In 2003, the Company was awarded contracts for the restoration of the DST Building for the local mobile phone operator, a Data Centre Building for the Internal Security Department and the completion of the Kuala Belait Hospital (Phase 3).

The construction sector is currently poised for an upturn in Brunei Darussalam. With its long-standing reputation, UEB is well positioned to capture a significant slice of the market in the coming year.

Applied Construction & Engineering (M) Sdn Bhd (ACE), a wholly owned subsidiary, continues to expand its construction activities steadily in East Malaysia.

Work on a concrete bridge in Sarikai, Sarawak and the Kota Belud Secondary School in Sabah is progressing well towards completion. The Company has also received a Letter of Intent to build another school in Kota Marudu, Sabah.

With increasing expenditure allocated by the Federal Government to the two eastern states of Malaysia, the Company’s business here is expected to benefit positively in the medium to long term.

Pictures from left to right:
1. The newly completed Church of St. Ignatius at King’s Road, Singapore by Greatearth.
2. UEB successfully completed the Grand Hall for the University of Brunei.
3. The restoration works of the DST Building at Tungku Link, Brunei was awarded to UEB.
Integrated Facility Management
teamwork counts
OVERVIEW

Adopting an asset-light and services-based business strategy, and leveraging on its proven track record and dedication to performance excellence, IFM will expand its facility management and project management services businesses in the near future, and grow its network of Park Avenue serviced apartment and serviced office operations regionally. It aims to capture available opportunities by delivering the complete chain of project management and facility management services more effectively and efficiently working in collaboration with other UE Divisions to maximise its capabilities and expand its market space.

FACILITY MANAGEMENT SERVICES

The UMC ServiceMaster group provides premier support management services to healthcare and educational institutions as well as commercial and industrial establishments. In spite of the outbreak of SARS in almost all the regions in which these entities operate, and the difficult global business environment in 2003, attributed in part to the war in Iraq, this group has performed quite well.

UMC ServiceMaster Pte Ltd, a wholly owned subsidiary in Singapore, adopted the People Developer Standard, a structured system to link business strategies with training, and is in the process of obtaining OSHA 18000 certification for job safety measures. This additional certification reinforces the premier position held by UMC ServiceMaster in Singapore for bringing increased professionalism to the industry. The Company continued to focus on service excellence, increasing recognition of workers’ contributions and better profitability for customers through productivity improvement.
UMC ServiceMaster Sdn Bhd, a wholly owned subsidiary, grew in 2003, and secured a three-year housekeeping consultancy contract serving 72 Ministry of Health hospitals in Malaysia through the Faber Medi-Serve concession. New contracts were also secured with the private Taman Desa Medical Centre, the Australian International School, Malaysia and the world-class company PPG Powder Coatings.

ServiceMaster Hong Kong Limited, a wholly owned subsidiary, had a difficult year as the Hong Kong economy remained depressed, aggravated by SARS which further slowed down all business activities. A number of tenders were either postponed or cancelled as the Hospital Authority, its major customer, concentrated on containing the spread of SARS and its effects. While the resulting numerous ad-hoc project requirements proved a drain on the Company’s margins and resources at existing customer hospitals, it also benefited from the experience and strengthening of its operations. Post SARS, the Company won significant contracts from the Hospital Authority, at the Prince of Wales Hospital and AH Nethersole Hospital.

The Company continues to enjoy a leading position in laundry management services, securing a new contract with Ruttonjee Hospital, and renewing the existing contract with the prestigious Police Training School.

UMC Taiwan Limited, a wholly owned subsidiary, recorded another year of increased turnover and profit. The Company weathered the SARS outbreak in Taiwan extremely well through the efforts of its dedicated and disciplined team in complying with different hospitals’ policies and regulations. Its outstanding performance was given special recognition during the ‘2003 Asia Pacific SARS Forum’ in Taiwan.

The unit is also developing new opportunities in the education and commercial sectors. Its concept of integrated facility management solutions proved to be so popular with small and medium enterprises that it is currently developing a franchise licensing system scheduled to be launched in early 2004. As part of its on-going social development efforts, the unit also conducted training programmes for the mentally-challenged to equip them with basic housekeeping skills so that they can enter the job market.

REGIONAL EXPANSION

Efforts have been made to form strategic alliances to penetrate new markets in the region. One of these has resulted in our undertaking facility management services for an education and healthcare group in India.

PROJECT MANAGEMENT SERVICES

NETProp Services continued to pursue joint venture projects in Singapore and other gateway cities within the region, particularly in China and Indonesia. As part of its efforts to capture new opportunities, and to increase its competitiveness and responsiveness to the ever-changing business environment, NETProp further refined its business model transforming from a traditional support management services provider into a one-stop integrated facility management provider so as to meet all the facility management needs of its customers, especially multinationals and larger manufacturing facilities.

Pictures from left to right:

2. ServiceMaster Hong Kong secured a new laundry management contract with Ruttonjee Hospital.
3. UMC Taiwan’s General Manager KL Wang, featured here in a post-SARS award ceremony with Taipei’s Mayor Ms, in recognition of the company’s contributions during the SARS epidemic in Taiwan.
4. The SARS award presented to UMC Taiwan.
HOSPITALITY MANAGEMENT SERVICES

The Division took advantage of the lull in demand during the SARS outbreak in 2003 to begin upgrading works and renovations at Park Avenue Suites serviced apartments at UE Square. The less popular 2-bedroom suites were reconfigured to provide more of the one-bedroom units as these were more in demand. Occupancy has recovered to 100% due to good customer retention programmes, re-affirming that the Park Avenue brand is synonymous with premium services.

The 36-unit Park Avenue Residences is a boutique-style residential development located at Kim Yam Road. This is where old world charm meets new world amenities, creating a quaint and rustic living environment for those who want to escape into a sanctuary on the outskirts of the city. All the teak furniture within the apartments and shop houses are made to order and handcrafted while modern amenities include a dip pool, and the use of the gymnasium and business centre facilities at Park Avenue Suites.

Leveraging on its established brand name and recognising its strength in the serviced apartment business, the Division is constantly reviewing new opportunities in key cities within the region, especially in China and Indonesia. IFM is pursuing a two-pronged approach: acquiring properties either on its own or through joint ventures with building owners; and procuring management contracts from building owners to operate their properties as serviced apartments.

Park Avenue Fortville is a 49-unit apartment block on the east coast of Singapore with a picturesque view of the sea as well as Singapore’s skyline. Park Avenue holds the management contract for this development, which is complementary to its city-located serviced apartments, for marketing to its business clientele on mid-term leases.

A residential property, comprising a mix of 75 studio, 2-bedroom and 3-bedroom apartments, is currently under construction in the prime Pudong District of Shanghai. Upon completion, these will be marketed as serviced apartments under the Park Avenue International® brand name. Residents will have the use of an indoor heated pool, sauna, gymnasium and business centre in a 15,000 sq ft clubhouse. Operations are expected to commence in third quarter 2004.

To further strengthen its presence in the region, IFM is looking to expand its serviced apartment and serviced office operations in China and Indonesia.

The challenges of 2003 also proved to be opportunities from which IFM benefited. The Park Avenue Serviced Offices at both Shell House and Shaw House enjoyed high occupancy rates in 2003, particularly during the SARS episode as many companies were compelled to look seriously into business continuity planning. IFM experienced a huge demand for short-term office space from companies seeking to provide alternatives for important back-end operations. Revenue from teleconferencing facilities also shot up due to a sharp fall in business travel to this SARS-hit region. To complement the serviced apartment business, Park Avenue Serviced Offices will open in Shanghai’s Pudong District and in Jakarta in third quarter 2004.
United Engineers Developments Pte Ltd (UED), a wholly-owned subsidiary, undertakes three core activities: managing the UE Group’s own commercial and industrial properties with a leasable area of 1.2 million square feet; operating serviced apartments and serviced offices under the Park Avenue brand name; and providing comprehensive project and property management services in Singapore and overseas.

Shell House again maintained close to 100% occupancy for 2003 despite the completion of several Grade A office buildings in the city, and aggressive marketing efforts by landlords hit by low occupancy rates island-wide. In addition to the lease renewals of major tenants, such as Moet-Hennessy, Omron and Unilever, the anchor tenant Shell relocated its Exploration Division to Shell House. UED’s efforts to stay focused on building strong tenant relationships, and leverage on its ability to provide integrated value propositions paid off as all the major tenants chose to stay on and renew their leases. Tenants can take advantage of a host of services at a preferential bundled price, from traditional office space to short-term serviced offices and serviced apartments for overseas visitors.

UE Square Shopping Mall attracted a diverse range of new tenants in 2003 in its bid to create a one-stop shopping point. Apart from the ever-popular Shop N Save supermarket and children’s educational centres, a dance school, art gallery and other high-end lifestyle retailers took up space in the shopping mall. Additionally, new upmarket outlets, such as En Lounge and the Italian restaurant Fuenti, reinforce Mohammed Sultan Road’s image as a trendy locale.

The refurbished South Bridge Road Conservation Retail Shophouses, in the Chinatown conservation area, are jointly developed with Greatearth Construction. Their ideal location, just minutes from the popular Ann Siang Hill and Club Street areas, was boosted by the recent completion of the nearby Chinatown MRT. Full occupancy was achieved in 2002 and the ground floor units are occupied by food and beverage outlets while the upper floor provides offices for tenants engaged in consultancy services as well as the popular art house, Utterly Art.

Industrial - Warehousing
UE Tech Park at Pandan Crescent is a two block multi-storey warehouse owned by United Tech Park, a joint venture by UE Group and a minority partner, Ascendas Land (Singapore). Marketed as a one-stop warehousing solution for MNC tenants, UE Tech Park has over the years successfully differentiated itself from the competition by targeting tenants with high value-added activities. Tenants, such as UPS Logistics, Tyco, BenQ, WMF, GEA Trading and Fisher Scientific, house their office, showroom and warehouse facilities under one roof at UE Tech Park, creating a high-tech showroom complex environment. IFM is considering developing incubator centres for specific business needs on a pilot basis. These include possibilities such as regional merchandise centres to showcase materials, products and equipment from different countries. Smaller areas can be set aside for such purposes and if successful during the pilot phase can be scaled upwards quite rapidly.

The UE Centre at Jalan Ahmad Ibrahim, on 3-hectares of JTC land, currently houses the engineering units of UE’s subsidiary companies as well as third-party tenants such as Cimmerian Cranes and Well Industries.
Trading

going the distance
The Trading Division of the UE Group engages in international trade in bulk commodities, the supply of industrial equipment, the supply of construction equipment for rental, supply and installation of power systems for the short-term provision of electric power, and the marketing and distribution of healthcare and personal care products. We have established subsidiaries and liaison offices across Asia to better serve our customers.

The range of activities of the Trading Division was broadened in 2003 as a result of the internal restructuring of the UE Group. The Division now includes industrial equipment and services as well as healthcare and personal care agencies in addition to its international commodity trade portfolio. Synergy within the enlarged Division is already bearing fruit.

SYNERGY

Collaboration between UE Trade Corporation Pte Ltd, experienced in international steel trading, and McAlister and Company Limited, with its marketing and distribution capabilities in Singapore, resulted in the successful launch of the latter’s steel distribution business locally.

The Trading Division is also leveraging on its operations across Asia to facilitate the expansion of all units in the Division, as well as the UE Group companies beyond their present geographic spheres of operation. For example, Grafton Pharmasia Pte Ltd is collaborating with UETC in Sri Lanka and Myanmar on the distribution of its agencies to those countries; Goodman Medical Supplies Limited is extending its business beyond Hong Kong into China.

BULK COMMODITIES

UE Trade Corporation Pte Ltd (UETC), a wholly owned subsidiary, is the Singapore-based holding company and headquarters of the UETC group of companies with offices and operations in India, Bangladesh, Myanmar, Sri Lanka, Hong Kong and China. UETC has built a reputation as a leading regional trader specialising in emerging economies and the niche products associated with those countries. The Company utilises its network of operations to serve its customers and suppliers more effectively by spanning the supply chain wherever possible to eliminate costly middlemen, control quality and ensure timeliness of shipment.
UE Trade Corporation (India) Pte Ltd (UETCI), a wholly owned subsidiary, is headquartered in Delhi and has branches in Mumbai and Bangalore. The Company is a major importer/distributor of beans and pulses supplied from Myanmar, China, Australia and Canada, and exports agricultural commodities like castor seeds and oil, sesame, coffee, rice, wheat and sugar. In 2003, it developed a niche business in pistachios and bitumen through direct procurement from Iran. India, with its large agricultural produce base, and population of one billion, will offer exciting opportunities for trade, distribution and value addition in the next few years.

UETC continues to be a major supplier in Myanmar catering for the country’s basic needs for construction materials like steel and bitumen and agricultural fertilisers like urea. In turn, the Company is one of its biggest buyers of raw commodities like timber logs, beans, pulses and maize. Growth potential for the Myanmar business is, however, presently limited by the country’s internal policies and the US embargo on trade.

UETC had a successful and profitable season in the export of beans from Northeast China to India during 2003. The portfolio of our China operation is being increased to seize opportunities associated with China’s booming import demand for raw materials like iron ore and timber logs. This presents opportunities for our Myanmar and India operations to supply the Chinese market more extensively.

UE Trade Corporation (Bangladesh) Pte Ltd (UETCB), a wholly owned subsidiary, focused on promotion of the Myanmar-Bangladesh maize trade during 2003 as high prices from China and India depressed supplies.

UETC established a representative office in Colombo in the last quarter of 2003 to identify and develop trade and investment opportunities in Sri Lanka. Following ratification of a Free Trade Agreement with India, UETC has already commenced India-Sri Lanka trade. Niche opportunities for trade in spices and natural oils have been identified and will commence in 2004.

INDUSTRIAL EQUIPMENT & SERVICES

UE-Tradetec (Singapore) Pte Ltd (UE-Tradetec), a wholly owned subsidiary, grew its market share of the metalform rental business in Singapore, supplying to 35 different projects, as a number of competitors succumbed to the severe construction slump. It is well positioned to benefit from resumption of the HDB building programme in Singapore expected to commence in 2004.

The Company continues to reposition its industrial equipment rental business away from the construction sector to the industrial and maritime sector. UE-Tradetec has progressively upgraded its rental inventory to larger sized generator sets, high tension transformers and resistive/reactive load banks to meet the greater demands of its new markets. Technical capability has similarly been upgraded, enabling the Company to handle more challenging projects involving synchronisation of multiple generator sets. This is already bearing fruit in the securing of larger projects involving multiple generators sets, and higher margins, from shipboard rentals and offshore projects.

These enhanced capabilities enabled UE-Tradetec to meet the Meridien Hotel’s urgent power requirements when switchgear failure cut off their mains supply. The Company was able to mobilise 3.7MW of synchronised power to enable the hotel to resume full operations on rented power within 10 hours of their power loss.

Pictures from left to right:
2. Pistachio kernels, one of the many agricultural commodities traded by UETCI.
3. UE-Tradetec has successfully repositioned its rental business by supplying large-sized generator sets for the maritime and industrial sector.
4. McAlister and Company Limited supplied 200 sets of roll-on-roll-off waste containers for Semac, Singapore, as part of its expanded equipment supply for the environmental sector.
UE-Tradetec is actively pursuing a number of sizeable opportunities overseas, in particular for temporary power supply systems to the Indonesian oil and gas sector.

McAlister and Company Limited, a wholly owned subsidiary, grew dramatically during 2003 through its new core business of steel distribution in Singapore. This new business exploits synergies between the international steel trading and construction activities of the UE Group, and takes advantage of the lifting of countervailing duty protection for domestic steel producers.

In addition, the Company focused on the environmental sector in the equipment supply business. It has developed its own range of garbage compactors, and has already secured orders from a number of private garbage disposal companies in Singapore. It also secured an order for the fabrication and supply of 200 sets of roll-on-roll-off waste containers from Semac, and supplied large diameter stainless steel pipes and carbon steel pipes for the C3C water reclamation project in Changi.

The Company continues to supply specialised vehicles and ancillary equipment regionally, including aerial ladders for fire engines, truck-mounted attenuators, road sweepers, hydraulic excavators and cranes.

HEALTHCARE AND PERSONAL CARE

Goodman Medical Supplies Limited (Goodman), a wholly owned subsidiary, is a major medical equipment supplier to hospitals, clinics and community care centres in Hong Kong. During the SARS outbreak, Goodman helped the hospitals to meet their sudden shortage of masks and other medical supplies by tapping on its international networks to bring in over half a million masks and other ancillary products at short notice. However, the Hong Kong public healthcare sector budget remains depressed due to continuing economic difficulties.

To maintain long-term growth and enhance profitability, Goodman embarked on a two-pronged strategy which will reduce dependence on the Hong Kong economy and the medical equipment segment.

The first prong has been to establish a new core business, Personal Care, underpinned by securing the agency of Radiancy LHE photofacial equipment. These high value beauty treatment systems are enjoying strong demand from cosmetic and healthcare sector in Hong Kong, and are already a significant contributor to sales and margins.

The second prong is to expand out of Hong Kong into Southern China. Recognising the tremendous potential for the cosmetic treatment and rehabilitation business in China, Goodman will be working with Huntleigh, a leading rehabilitation products supplier, and Radiancy LHE to develop the South China market. These initiatives are expected to contribute positively to Goodman’s performance in 2004.

Grafton Pharmasia Pte Ltd, a 57% subsidiary, continues to steadily grow its marketing and distribution of specialised healthcare and personal care agencies in Singapore. Its key dermatological agency brands, ‘Douglas’ and ‘Ego’, are well received by major dermatologists and, in 2003, TR Networks, a Sesdaq-listed distributor of personal care and beauty products in Malaysia, appointed Grafton to distribute its products in Singapore.

During 2003 Grafton pursued opportunities overseas, making inroads into Malaysia, Sri Lanka and Bangladesh. The Company had good demand for its UE Group proprietary brand of prickly heat powder, ‘Agnesia’, and is expanding its range of products under this brand name.
Report On Corporate Governance

The Group is committed to maintaining high standards of corporate governance, and has adopted and complied, wherever feasible, with the recommendations of the Code of Corporate Governance (the Code). Pursuant to Rule 710(1) of the Listing Manual, we set out below the details of our governance processes, including explanations where deviations from the Code were adopted in the interest of the Group.

1. BOARD MATTERS

Board of Directors

The Board comprises 6 directors namely:

(1) Mr Tang I-Fang (Chairman)
(2) Dr Tan Eng Liang
(3) Mr Thai Chee Ken
(4) Mr Lai Teck Poh
(5) Mr Jackson Yap (Group Managing Director)
(6) Dr Michael Lim

(a) Board Composition and Balance

The Group considers the present Board size of 6 members to be optimal, given the background, qualifications and experience of its directors. The directors, coming as they do from diverse industry backgrounds, professions and skills bring to bear their individual specialised knowledge and experience in the service of the Group. Should the scope of business activities change, the directors would consider sourcing for appropriate additions at the right time. Brief particulars of their qualifications and experience are set out below:-

INFORMATION ON DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Professional Qualifications</th>
<th>Board Committees</th>
<th>Date of 1st Appt/ Date of Last Re-election</th>
<th>Nature of Appointment</th>
<th>Other Appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tang I-Fang</td>
<td>DUBC, BSc Mech. Eng National Central University of China, MBA, Harvard University</td>
<td>Chairman, United Engineers Limited, Chairman, Remuneration Committee, Member, Nominating Committee</td>
<td>13.2.1987, Re-appointed on yearly basis pursuant to S. 153(6), Companies Act</td>
<td>Non-Executive</td>
<td>Executive Chairman, WBL Chairman, Wearnes Int’l (1994) Ltd Deputy Chairman, Straits Trading Director, Singapore Press Holdings, OCBC Wearnes &amp; Walden Investments and several companies overseas</td>
</tr>
<tr>
<td>Tan Eng Liang</td>
<td>D. Phil. Oxford University</td>
<td>Member, Audit Committee</td>
<td>8.2.1988, 29.4.2003</td>
<td>Non-Executive, Independent</td>
<td>Director, Pokka Corporation, and several public service committees</td>
</tr>
<tr>
<td>Name</td>
<td>Professional Qualifications</td>
<td>Board Committees</td>
<td>Date of 1st Appt/ Date of Last Re-election</td>
<td>Nature of Appointment</td>
<td>Other Appointments</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-------------------------------------------</td>
<td>---------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Thai Chee Ken</td>
<td>Fellow, Institute of Chartered Accountants, Australia Member, Institute of Certified Public Accountants, Singapore</td>
<td>Chairman, Audit Committee Member, Nominating Committee</td>
<td>21.9.1992 29.4.2003</td>
<td>Non-Executive, Independent</td>
<td>Director, Keppel Land Limited, Lindetevres-Jacobberg Ltd, Schroder Investment Management (Singapore) Limited, member of several public service Boards &amp; Committees</td>
</tr>
<tr>
<td>Lai Teck Poh</td>
<td>B.A. (Hons) University of Singapore</td>
<td>Member, Remuneration Committee</td>
<td>24.9.1992 28.5.2002</td>
<td>Non-Executive</td>
<td>Head, Group Risk Mgmt, OCBC Bank</td>
</tr>
<tr>
<td>Jackson Yap</td>
<td>BSc Chemical &amp; Materials Engineering, University of Auckland</td>
<td>Member, Remuneration Committee</td>
<td>24.11.1999 Executive Position, not subject to retirement by rotation</td>
<td>Executive</td>
<td>Director, Apex Healthcare Berhad, Applied Engineering Pte Ltd, United Wearnes Technology Pte Ltd</td>
</tr>
<tr>
<td>Michael Lim</td>
<td>MBBS (S’pore) MMED (Int Med) MRCP, FAMS, FRCP</td>
<td>Chairman, Nominating Committee Member, Audit Committee</td>
<td>3.3.2000 28.5.2002</td>
<td>Non-Executive, Independent</td>
<td>Cardiologist, Member of Parliament, Chairman, Citiraya Industries Ltd, Director, Reed Group Holdings Ltd, NTUC Choice Homes Co-operative Ltd</td>
</tr>
</tbody>
</table>

(b) **Chairman and Group Managing Director**

There is clear division of responsibility between the Chairman and the Group Managing Director. The Chairman’s position is non-executive in nature, and relates to the workings of the Board as a whole, while the Group Managing Director leads the management team in the execution and implementation of strategic goals and day-to-day operations. The Chairman works with the senior management team to ensure that appropriate governance processes are adopted and complied with.

(c) **Independence**

Mr Tang, the non-executive Chairman of the Board and Mr Lai, also a non-executive director, are not considered as independent directors by virtue of their employment by a substantial shareholder/deemed substantial shareholder of the Company.

Mr Yap, the Group Managing Director, leads the management team and has executive responsibilities, and is therefore not considered an independent director. The remaining 3 directors, namely Mr Thai, Dr Tan and Dr Lim are all non-executive, independent directors, hence more than one-third of our Board is filled by independent directors.

(d) **Access to Information**

All Board members have direct and independent access to the Group Company Secretary and other senior management staff. Internal guidelines have been adopted to ensure that Board members may consult with such professional advisers, (costs of which are borne by the Company), as may be necessary to assist them in the discharge of their duties.
(e) Meetings
The Board is accountable to the shareholders. It meets at least 4 times a year for regular scheduled meetings, and as often as may be required to deal with ad hoc matters. The attendance of directors at Board and sub-Board committee meetings during the year are set out below:

BOARD AND COMMITTEE MEETINGS IN FY2003

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Directors’ Meeting (Scheduled Meetings)</th>
<th>Audit Committee</th>
<th>Nominating Committee</th>
<th>Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Held</td>
<td>Attended</td>
<td>Held</td>
<td>Attended</td>
</tr>
<tr>
<td>Tang I-Fang</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Eng Liang</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Thai Chee Ken</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Lai Teck Poh</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jackson Yap</td>
<td>5</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Lim Chun Leng</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: RC Meeting includes Scheme 2000 Committee Meeting.

(f) Matters Requiring Board Approval
The Group has adopted internal guidelines on matters that require Board approval. These principally include major policy decisions, business strategies, significant legal and financial issues, announceable matters, appointment and termination of directors and key management staff and other matters as may be considered by the Board from time to time.

(g) Board Papers
In respect of scheduled meetings and as a matter of best practices, board papers and briefing notes including management accounts and commentaries on the Group’s performance, are usually submitted at least 2 working days in advance.

(h) Articles of Association
The Company’s Articles of Association already allow for telephonic and conference meetings. The Articles also provide for one-third of its directors to retire by rotation every year.

(i) Training
Whenever a new member joins the Board, an in-house orientation programme, including briefings from various business units, is arranged. In the course of a year various ongoing training programmes are also made available to the directors, and the directors do attend such training from time to time.

2. SUB-BOARD COMMITTEES
In line with the recommendations of the Code, the Board has set up various sub-Board committees, and these are detailed in the pages that follow. Each of these committees has been formed with specific terms of reference. The Committees are:

(a) Nominating Committee (NC)
The NC reviews and makes recommendations to the Board on all Board appointments, and the appointment of the members of the sub-Board Committees. The NC is chaired by Dr Michael Lim, a non-executive independent director. He is joined by Mr Thai Chee Ken, also a non-executive independent director and Mr Tang I-Fang, a non-executive non-independent director.
The NC meets at least once a year, and more often if required. The NC focused on:-

(i) evaluating the performance of individual directors, and the Board as a whole, taking into account various criteria including attendance, adequacy of preparation, and participation at meetings, specialist knowledge, quality of decision-making, share price performance and profitability. The NC conveys the outcome of the evaluation exercise and provides constructive feedback to the Board so that improvements can be made.

(ii) determining the independence of each director on an annual basis and recommending the re-election of directors to the Board or sub-Board Committee as may be appropriate. In the course of the year, the NC has reviewed the composition of the Board and is satisfied that the 3 non-executive independent directors, namely, Mr Thai, Dr Tan and Dr Lim, continue to qualify as independent Directors. The NC also resolved that notwithstanding Mr Tang I-Fang’s and Mr Lai Teck Poh’s declarations that they not be considered as independent directors, for the purposes of serving on the Remuneration Committee, both Mr Tang and Mr Lai, being independent of management, and having no conflict of interests, would be considered as independent directors.

(iii) identifying and proposing suitable candidates for appointment as Directors.

The NC has reviewed and is satisfied that the present Board size and complementary expertise, skills and experience of the various Board members are optimal and serve the Group well.

(b) Audit Committee (AC)

The AC comprises Mr Thai Chee Ken (Chairman), Dr Tan Eng Liang and Dr Michael Lim, all of whom are non-executive and independent directors. Mr Thai, the Chairman of the AC, is a chartered accountant by profession, while both Dr Tan and Dr Lim are actively involved with various commercial organisations, and have related financial management experience. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC’s functions.

During the course of the year, the AC met four times to:

(i) review the internal and external audit plans and reports, and the effectiveness and adequacy of material control mechanisms, and the audit function,

(ii) review the financial statements and announcements of the Group and recommended the same to the Board for approval,

(iii) review the independence and performance of external auditors and recommended their re-appointment, where appropriate

(iv) review the volume of non-audit services undertaken by the external auditors.

The AC has full access to and co-operation from management, and has the discretion to invite any director or executive officer to attend its meetings where necessary. The AC also has explicit power to investigate any matter brought to its attention within its terms of reference, and will be granted reasonable resources to enable it to discharge its function properly including seeking external professional advice.

The Group has an independent in-house internal audit department (IAD) reporting primarily to the AC and administratively to the CEO. An audit charter has been adopted to mandate the IAD to review amongst other areas, the Group’s material internal controls and risk management measures. The AC is satisfied that there are adequate controls and measures within the Group, and will continue to review the same on an annual basis.

In performing its duties, the AC also met with the Group’s internal and external auditors, both with and without the presence of management. The Group has complied with SGX’s Best Practices Guide on Audit Committees. The AC confirms that it has reviewed the non-audit services undertaken by Ernst & Young and these would not, in its opinion, affect the independence of Ernst & Young as auditors. Accordingly, the AC has also recommended the re-appointment of Ernst & Young as external auditors of the Group.
(c) Remuneration Committee (RC)

The RC comprises Mr Tang I-Fang (Chairman), Mr Lai Teck Poh and Mr Jackson Yap. Mr Tang and Mr Lai are non-executive and non-independent directors while Mr Yap is an executive, non-independent director. The RC held two meetings in 2003. Its primary functions are:-

(i) to administer the Group’s share option schemes,
(ii) to determine and recommend appropriate employment terms and compensation packages of senior executives,
(iii) to evaluate and propose payment of directors’ fees for the approval of members in general meeting.

As earlier stated, the NC had determined that both Mr Tang and Mr Lai are to be considered ‘independent’ for the purposes of membership on the RC, as they are independent of management, and do not have any relationships that would interfere with the exercise of their judgment as members of the RC. All 3 RC members are senior management staff of their respective companies and have adequate knowledge of compensation matters. Mr Yap, as an executive director, abstains from any discussions or decisions concerning his own remuneration package.

Directors’ fees are proposed in accordance with a framework comprising basic fees and additional fees for other duties or serving on specialised committees. The Chairman of the Board or the Committee is paid twice the fee of a member. Executive directors do not receive directors’ fees. Directors’ fees are subject to the approval of members at the Annual General Meeting.

In deriving and approving appropriate remuneration packages, the RC is mindful of factors such as employment conditions within the industry, roles and responsibilities of the individuals and the need to link rewards to performance. The Group also has in place long-term incentive schemes such as its share option schemes for executives as part of its remuneration mix and as a staff-retention tool. Details of these schemes are found in the Directors’ Report.

The remuneration of directors and key executives are set out below:-

DIRECTORS’ REMUNERATION

<table>
<thead>
<tr>
<th>Remuneration Band</th>
<th>Directors’ Fees %</th>
<th>Salary %</th>
<th>Bonus %</th>
<th>Other Benefits %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0 - $250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tang I-Fang</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Eng Liang</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Thai Chee Ken</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lai Teck Poh</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Michael Lim</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Executive Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$500,001 - $750,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jackson Yap</td>
<td>-</td>
<td>63.1%</td>
<td>20.57%</td>
<td>16.33%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Company does not employ any immediate family member of the directors of the Company.

KEY EXECUTIVES REMUNERATION

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure will relate to the top 7 key executives of the Group within bands of $250,000.

<table>
<thead>
<tr>
<th>Remuneration Bands</th>
<th>No. of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $250,000</td>
<td>2</td>
</tr>
<tr>
<td>$250,001 - $500,000</td>
<td>4</td>
</tr>
<tr>
<td>$500,001 - $750,000</td>
<td>0</td>
</tr>
<tr>
<td>$750,001 - $1,000,000</td>
<td>1</td>
</tr>
</tbody>
</table>
3. INFORMATION ON KEY EXECUTIVES

Management is accountable to the Board. The Management team is led by Jackson Yap, the Group Managing Director. Brief particulars of his qualifications and work experience are set out below:-

**Jackson Yap - Group Managing Director**

Mr Yap has an honours degree in Chemical Engineering from the University of Auckland, New Zealand. He joined the UE Group in 1997 as its Chief Operating Officer. Prior thereto, he was with Exxon Chemical Singapore for 5 years, moving up from Intermediates Manager (with managerial responsibility for the marketing, technical support, supply and distribution and product development activities for specialty chemicals in the Asian region) to Planning Manager with responsibility for providing the planning support to major projects in Asia Pacific.

Currently, as Group Managing Director, he fills the role of chief executive officer of the Company, and has overall responsibility for leading the management team in implementing the strategic goals and directions set by the Board.

Assisting Mr Yap are 7 other key executives. Brief particulars of their qualifications and work experience are set out below:-

(a) **Chang Chew Kient - Chief Strategy Officer, Strategy and Business Development Unit**

Mr Chang holds a Bachelor’s degree in Applied Science Engineering from the University of Toronto, Canada, as well as a Master of Business Administration from Saint Mary’s University, Canada. He joined the Group in 1989 as an Operations Manager, and is now the Chief Strategy Officer of the Group, heading the Strategy and Business Development Unit (“SBD”).

Prior to joining UE, he was a lecturer at Saint Mary’s University, and a business consultant. Mr Chang is also active in volunteer work and serves on a number of not-for-profit committees.

In his present capacity, Mr Chang will lead the SBD to focus on developing appropriate business strategies and initiatives for the Group.

(b) **Chua Hock Tong - Managing Director, Construction Division**

Mr Chua graduated from the Royal Melbourne Institute of Technology University, Australia, with an Associate Diploma in Quantity Surveying. He has extensive experience in the construction industry and set up Greatearth Construction Pte Ltd (Greatearth) in 1981. In 1990, he sold 85% of the equity stake to the Group and retained a 15% stake. Greatearth is renowned in Singapore as a reputable building and civil engineering contractor in the construction of residential, industrial, commercial and prestigious buildings for both private and public sector.

Mr Chua is now the Managing Director of the Construction Division, and tasked to replicate Greatearth’s success particularly in East Malaysia, Brunei and India.

(c) **Stephen Huen - Managing Director, Trading Division**

Mr Huen graduated from the Imperial College, London University, with first class honours in Civil Engineering. He joined the Group in 1990 as a divisional manager for the IT Division. In 1996 he became the General Manager of the Group’s Myanmar business and started the commodity trading business. He is now the Managing Director of the Trading Division.

Prior to joining the Group, he was the Managing Director of Maple Computing Services Pte Ltd and before that, Project Engineer with Monenco Asia Pte Ltd. Mr Huen and his team will expand the trading activities of the group to include Sri Lanka, China and India.

(d) **David Liew - Managing Director, Integrated Facility Management (“IFM”) Division**

Mr Liew has a Bachelor of Architecture (Hons) degree from the National University of Singapore. Prior to joining the Group, he was a Senior Project Architect with RSP Architects, Planners and Engineers Ltd, and an Architect with the Housing and Development Board. He joined the UE Group in 1994 as Development Manager, and is now the Managing Director of the enlarged IFM Division. He has more than 18 years post-graduate experience in project and property management including the development of a variety of large-scale public and private projects. Leveraging on the synergies with the Engineering and Construction Divisions, Mr Liew will position the IFM Division to become a leader in providing one-stop solutions for customers’ facilities.
(e) **Eileen Lim - Group Company Secretary/Vice President (Legal Affairs)**
Miss Lim holds a Bachelor of Laws (Hons) degree from the University of Singapore, and post-graduate diplomas in Marketing, as well as in Financial Management, from the Singapore Institute of Management. She has more than 20 years post-qualifying experience. Prior to joining the Group in 1995, she was the Company Secretary/Legal Manager of Delgro/SBS Group. Her present responsibilities include legal, compliance and governance functions.

(f) **Jessie Peh - General Manager (Group Finance & Accounting)**
Mrs Peh is a qualified Chartered Accountant (Institute of Chartered Accountants, England & Wales) and a qualified Management Accountant (Chartered Institute of Management Accountants, United Kingdom) with more than 25 years experience. Prior to joining the Group in 1989, she was with Tat Lee Bank Limited as a Sub-Manager (General Accounting) and Ernst & Young as an Assistant Audit Manager. She is responsible for the Group’s financial, treasury and accounting functions.

(g) **Dominic Tan - Managing Director, Engineering Division**
Mr Tan started his career as a Trainee Quantity Surveyor with Gammon (Malaya), Limited in 1966, and progressed over the years to be the Executive Director (International Operations) before leaving Gammon Pte Ltd in 1990 to join L&M International Pte Ltd as its Commercial Director.

He has a wide range of international experience in the preparation and negotiation of construction tenders and the project management of large and complex civil, building mechanical and electrical engineering projects throughout the Asia Pacific region. Mr Tan joined the Group in 1993 as General Manager (Business Development). In his present capacity as Managing Director of the Engineering Division, he will focus on streamlining and rationalising the Division’s business activities, as well as expansion into West Malaysia, Indonesia and China.

4. **COMMUNICATION WITH SHAREHOLDERS**
The Group strives for timeliness and transparency in its disclosures to the shareholders and the public. It does not practice selective disclosure as all price-sensitive information is released through MASNET for market dissemination. A summary of the Group’s activities and performance is captured each year in the Annual Report which is distributed to all shareholders as well as business associates of the Group. In 2003, the Group has announced its financial results together with the requisite commentaries, on a quarterly basis via MASNET and has also posted the same on its website. In addition, major events such as the award of a large contract has been featured in press releases. Investors and members of the public may also access our website for more information on the Group.

5. **RISK MANAGEMENT**
A Group Operations Manual sets out established guidelines, policies, and procedures for all divisions. This promotes consistency in practices Group-wide and puts in place various control mechanisms. All business units undertake risk analysis based on Control Self Assessment, and are required to take the necessary steps to mitigate and manage such risks. As part of its audit function, the internal audit team also assists the risk management process by identifying and highlighting any areas of concern that it comes across while conducting checks.

The Directors are of the opinion, based on the results of internal and external audits, that the system of controls is operating satisfactorily.

6. **CODE OF BUSINESS ETHICS**
The Group has in place a Code of Business Ethics prescribing conduct to be adopted by its employees to prevent situations such as conflicts of interests, undue influence, abuse of power, fraud, misuse of company information and other malpractices.

7. **BEST PRACTICES GUIDE**
In line with SGX’s Best Practices Guide on Dealings in Securities, the Group’s Code of Best Practices for Dealings in Securities has been formulated and issued to its directors and officers for compliance. Under this Code, directors and officers of the Group are not permitted to deal with the listed securities of the Group one month before the release of any financial results of the Group or if they are in possession of unpublished price-sensitive information. The Group continually updates the Code of Best Practices for Dealings in Securities and reminds its directors and officers to adhere to and comply with the same.

Overall, the Board is satisfied with the Group’s standard of Code-compliance, and with the adequacy of internal controls within the Group.