NEWS RELEASE

Revenue increased by 11% in Q3 2008;
Net Profit fell 74%

SINGAPORE, 10 November 2008 – **United Engineers Limited** ('the Group') announced that revenue in Q3 2008 increased 11% to $144.2 million mainly due to the recognition of revenue from the sale of its residential project, *The Rochester*, based on percentage of completion. Gross profit rose 30% to $41.1 million and gross margin percentage increased to 28.5% as compared to 24.2% in Q3 2007. This was due to improved margins across all business segments.

Other income increased 101% to $6.6 million due to the fair value gain of $6.1 million ($4.1 million after minority interest) from the carrying value of its investment in Anhui Hefei United Power Generation Company Limited (AHUP), arising from a stronger US dollar against Singapore dollar. Other expenses also increased 111% to $18.8 million due to provision for compensation cost for the Fusionopolis project. In addition, the poor market conditions have adversely affected the market value of the Group's short-term investments, therefore resulting in fair value losses.

Finance costs decreased from $4.0 million in Q3 2007 to $2.6 million due to lower interest rates in Q3 2008.

Operating profit increased from $6.3 million in Q3 2007 to $7.3 million in Q3 2008. Income tax expense in Q3 2008 was $2.5 million, or 241% higher, in line with higher operating profits and non availability of losses from foreign subsidiaries for set-off against profitable companies within the Group.

The share of results from equity-accounted associates in Q3 2008 decreased to $0.9 million from $4.5 million in Q3 2007 due to the cessation of contribution from AHUP with effect from 1

December 2007. The proposed divestment of AHUP was approved by shareholders on 25 April 2008 and is pending finalisation.

Nine months 2008 compared with nine months 2007 performance

For the nine months ended 30 September 2008, revenue increased 5% to $418.0 million. Gross profit rose 27% to $102.3 million due to the completion of numerous projects in the E&C division and also the progressive recognition of the profit from the sale of *The Rochester*. Gross profit percentage increased to 24.5% as compared to 20.2% for the nine months ended 30 September 2007.

Other income decreased 90% to $2.8 million due to fair value gains and gains from the partial divestment of the Group's short-term investments and investment properties in 2007. Other expenses increased 176% to $34.4 million due to the following:

1. Provision for compensation cost for the Fusionopolis project;
2. fair value losses relating to the Group's short-term investments of $6.7 million; and
3. translation losses of $3.0 million and a fair value charge of $5.0 million ($2.3 million after minority interest) against AHUP arising from the stronger Singapore dollar in 2008 compared to the end of 2007.

Finance costs decreased from $13.4 million in 2007 to $8.2 million due to lower interest rates in 2008.

As a result, operating profit decreased $22.5 million to $10.1 million. Income tax expense was lower due to utilisation of group tax relief in 2008. However, the effective tax rate for 2008 was higher than that for 2007 due to divestment gains in 2007 not subject to tax.

The share of results from equity-accounted associates declined 90% to $1.2 million due to the cessation of contribution from AHUP.

Attributable profit

The Group's attributable profit for Q3 2008 was $1.9 million compared to $7.4 million in Q3 2007. For the nine months ended 30 September 2008, the attributable profit was $10.6 million as compared to $34.2 million for the nine months ended 30 September 2007.

Earnings per ordinary stock (EPS) decreased to 0.8 cents compared to 3.4 cents in Q3 2007. EPS for the nine months ended 30 September 2008 and 30 September 2007 were 4.8 cents and 15.6 cents respectively.

Net asset per ordinary stock unit stood at $3.46 as at 30 September 2008 compared with $3.55 as at the end of 2007.

Segment review for Q3 2008

In the Engineering & Construction (E&C) division, quarterly comparison of results is not meaningful as progress billings of job completion vary from project to project. The revenue of $96.6 million for Q3 2008 was $4.0 million or 4% higher than that in Q3 2007. Gross profit percentage also improved over that in Q3 2007. For the nine months ended 30 September 2008, gross profit percentage was also higher than the corresponding period for 2007 despite a 4% reduction to $291.0 million in revenue.

The E&C division recorded an operating loss of $4.3 million in Q3 2008 and $2.8 million for the nine months ended 30 September 2008 mainly due to the provision for compensation cost for Fusionopolis project and fair value loss on short term investments.

The Integrated Facility Management (IFM) division (including property development) increased its revenue by 32% to $47.9 million in Q3 2008 and 37% to $135.8 million for the nine months ended 30 September 2008. This was mainly due to higher rental rates and partial recognition of income from the sale of *The Rochester* . Arising from the revenue, the IFM division's profit before interest and tax grew $1.8 million or 21% in Q3 2008 and $14.6 million or 96% for the nine months ended 30 September 2008.

Order books

With an order book of $900 million, the Group will continue to execute several large building and infrastructure projects in Singapore and the region over the next quarter and 12 months. Maintaining current high gross margins will be a challenge in the face of the general economic slowdown although material prices are starting to come off. Interest rates are also expected to be lower as governments are trying to increase liquidity in the global credit crunch.

###

For more information, please contact:

David Lim
Corporate Communications & Investor Relations
United Engineers Limited
DID: 6830 8358
HP: 9677 3846
Email: davidlim@uel.com.sg

About United Engineers Limited

Established in 1912, the UE Group is a reputable corporation with key activities in Engineering, Construction and Integrated Facility Management. The Group's strong track record and end-to-end capabilities from Design, Build, and Manage have given it a competitive edge in today's business. One of the first listed companies in Singapore, the Group today has more than 5,000 employees and operations in about 12 countries across the Asia Pacific region.

###