NEWS RELEASE

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# UEL's Full Year

- **Revenue More than Tripled to $2.01 billion**
- **Net Profit Increased 64% to $118.1 million**

**SINGAPORE, 28 February 2014** – United Engineers Limited ("UEL" or the "Company") reported 238% increase in revenue to $2.01 billion and 64% increase in net profit to $118.1 million for the year ended 31 December 2013 ("FY 2013"). Following the successful takeover offers for WBL Corporation Limited ("WBL") which closed on 29 May 2013, WBL became a 56.8% subsidiary of the Company, and the financial results of WBL and its group of subsidiaries (the "WBL Group") were consolidated with those of the Company and its group of subsidiaries (the "UE Group") (collectively with the WBL Group, the "Group") thereafter. On 11 February 2014, the Group increased its shareholding in WBL to 67.0% following the close of its exit offers to acquire all the stock units and outstanding convertible bonds of WBL.

The increase in revenue was mainly due to the consolidation of WBL Group's revenue of approximately $1.37 billion. The higher revenue was also attributable to increased rental from the Group's income-producing properties, revenue recognition from *Eight Riversuites* and higher contribution from UE E&C Ltd. ("UEEC").

**Realignment of Property Assets**

In FY 2013, the Group made strategic moves to maximise the development potential of its property portfolio as well as consolidate prime freehold assets within the new Southern Waterfront City highlighted in the Singapore Government's 2030 Land Use Plan, which is believed to have vast redevelopment potential in the future.

In November 2013, the Group divested its mixed-use development *UE BizHub EAST* in Changi Business Park for $518 million. To continue broadening its portfolio of property assets in order to smoothen out the volatility associated with the accounting treatment of recognising the property development profits, the Group acquired a freehold industrial building at 452 Alexandra Road and a freehold commercial office building at 450 Alexandra Road. These acquisitions reinforce the Group's asset management strategy of expanding its "UE BizHub" brand into prime commercial nodes, complementing *UE BizHub TOWER* at 79 Anson Road and *The Rochester Mall* in one-north, all of which are within or in close proximity to the new Southern Waterfront City.

The Group's development properties *Eight Riversuites* and *The Manhattan* also made good sales progress in FY 2013 with about 70% of available units sold in each project as at 31 December 2013. With the acquisition of WBL, the Group also gained market presence in five Chinese cities (Chongqing, Chengdu, Shanghai, Shenyang and Suzhou).

**Segment Results**

Property Development

Revenue recorded in FY 2013 was contributed by *Eight Riversuites* whereas revenue recorded in the previous year was in relation to the resale of apartment units from a completed project. The executive condominium development project currently undertaken by the Group, *Austville Residences*, is accounted for based on the completion-of-construction accounting method. This project is expected to be completed in the first half of 2014. Operating profit before interest increased 85% to $3.7 million from $2.0 million in the previous year mainly in line with the increase in revenue, as well as due to the write back of excess cost provisions on completed projects.

Property Rental & Services

Revenue increased 14% to $205.7 million from $180.8 million in the previous year mainly due to rental contributions from *UE BizHub EAST*, *Park Avenue Changi* and *UE BizHub TOWER*. Operating profit before interest increased 171% to $180.5 million from $66.6 million in the previous year mainly due to the divestment gain of approximately $115.9 million from the sale of *UE BizHub EAST*.

Engineering & Construction

Revenue increased marginally to $455.7 million from $452.8 million in the previous year mainly due to contribution from UEEC. Operating profit before interest increased 58% to $62.4 million from $39.5 million in the previous year mainly due to cost savings upon the finalisation of accounts on completed projects.

WBL Group

This represents WBL Group's results for the period from June to December 2013 following the successful takeover offers of WBL which closed on 29 May 2013. Revenue contribution of $1.37 billion for FY 2013 was primarily from WBL Group's Automotive and Technology businesses. Operating loss before interest of $112.9 million was mainly due to gross losses arising from excess manufacturing capacity in Multi-Fineline Electronix, Inc. ("MFLEX") as a result of the lower net sales level, losses by the Property division as well as impairment loss taken up by the Group to adjust its carrying value in MFLEX's assets to the recoverable amount. These losses were partially offset by profits from its other business divisions.

**Increased Dividend Payment**

Based on the above financial and operational performances, the Company's Directors are pleased to propose a first and final dividend of 5 cents per ordinary stock, a special dividend of 2 cents per ordinary stock and a preference dividend of 7.5 cents per preference share. The proposed dividend payment on ordinary stock is based on the enlarged share capital of the Company following the one-for-one rights issue which was completed in September 2013. The proposed dividends, if approved by members at the forthcoming annual general meeting, will be paid on 14 May 2014.

**Business Outlook**

The global economic environment showed signs of strengthening and the Group believes that this improved outlook will bode well for all its businesses. In particular, the Group remains optimistic about its engineering and construction businesses as construction demand in Singapore for 2014 is projected to be between $31 billion and $38 billion, driven by public housing, institutional developments and major infrastructure projects[1].

However, the Group maintains a cautious approach towards the Singapore property market in view of the stringent government measures and loan restrictions introduced. Similarly, policy risks in the Singapore automotive industry may also affect the sustained demand for the Group's luxury and premium marques.

On 20 February 2014, the Group's subsidiary, MFLEX (which the Group has an effective interest of 37.1%) has announced its restructuring plan designed to return the company to profitability. In an effort to realign its manufacturing capacity and costs with expected revenue, MFLEX is consolidating its production facilities to reduce the total manufacturing

[1] Based on forecast by the Building and Construction Authority of Singapore

floor area by approximately one-third. These changes are expected to be completed by end of June 2014.

MFLEX expects to record a total of approximately US$40 million to US$60 million in pre-tax charges for write-downs of production equipment and building that will be idled, severance costs to move and rearrange equipment and other costs and liabilities associated with the restructuring. The charges are anticipated to be taken during the next few quarters. The near-term cash outlay portion of these charges is expected to be less than US$20 million. In connection with these actions, MFLEX anticipates annual cost savings of approximately US$50 million, and expects to return to profitability excluding special charges toward the end of the year and to exit the year with strong operating cashflow.

MFS Technology Ltd will continue to explore new opportunities to engage new customers and markets.

As part of the Group's on-going review in relation to its operations, the Group will continue to explore and capitalise on opportunities across all businesses to further unlock shareholder value.

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**About United Engineers Limited**

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that has played an integral role in the physical and economic transformation of Singapore. Building on its early engineering roots, the Group has evolved into a dynamic corporation with key businesses in property, engineering and construction. On 29 May 2013, the Group acquired a 56.8% stake in another centennial company, WBL Corporation Limited ("WBL"). Following this acquisition, the Group's businesses now include Automotive and Technology. On 11 February 2014, the Group increased its shareholding in WBL to 67.0%. The Group's flagship building *UE Square* was marked a historic site in 2002 by the Singapore National Heritage Board; the Group was also honoured as the 11th oldest company in the Singapore Chamber of Commerce.