NEWS RELEASE

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United Engineers
Full Year Revenue Up 93% to $3.21 billion

SINGAPORE, 27 February 2015 – United Engineers Limited (the "Group") today announced revenue for the full year ended 31 December 2014 ("FY 2014") increased 93% to $3.21 billion mainly due to the consolidation of approximately $2.01 billion[1] in revenue from WBL Corporation Limited ("WBL") and its group of subsidiaries (the "WBL Group"). The higher revenue was also contributed by full revenue recognition of property sales from *Austville Residences* (via completion-of-construction accounting method) as well as higher progressive revenue recognition of property sales from *Eight Riversuites*.

In line with the revenue increase, gross profit increased 80% to $414.6 million. Gross profit margin decreased from 13.9% in 2013 to 12.9% in 2014. The Group's overall attributable profit increased 5% to $123.6 million as compared with $118.1 million in 2013.

Streamlining the Group's portfolio of businesses

"The year was marked with a series of divestments of non-strategic and non-core businesses which is in line with the Group's strategic objective of streamlining business activities and to unlock and realise shareholder value," said Mr Norman Ip, Chairman of the Corporate Office.

During the year, the Group disposed of the following subsidiaries, associates and joint ventures:

- 100% stake in Delichem Pte Ltd
- 78% stake in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd (held through its 67.6%-owned subsidiary WBL)
- Effective 57% stake in MFS Technology (S) Pte Ltd
- 100% stake in UE Orchard Pte. Ltd. and UE Somerset Pte. Ltd. (which undertook the development of *orchardgateway*)

[1] FY 2014 included consolidation of WBL Group's 12-month results from January to December 2014 whereas corresponding FY 2013 only included consolidation of WBL Group's 7-month results from June to December 2013.

- 100% stake in Wearnes Automotive Pte Ltd and Associated Motor Industries (Private) Limited (held through its 67.6%-owned subsidiary WBL)
- 68.2% stake in UE E&C Ltd.

The above divestments generated cash proceeds of approximately $686 million and gave rise to a net disposal gain of approximately $55.2 million. The cash proceeds were utilised mainly for the repayment of external bank borrowings. As a result, the Group's net debt to equity ratio decreased from 1.15 times to 0.59 times.

Segment Review

Property Development revenue increased to $865.8 million as compared with $39.9 million in 2013 mainly due to full revenue recognition of property sales from *Austville Residences*, as well as higher progressive revenue recognition of property sales from *Eight Riversuites*. Operating profit before interest increased $54.2 million as compared with $3.7 million in 2013 mainly due to the contribution from *Austville Residences* and *Eight Riversuites*. This was partially offset by provisions for foreseeable losses in relation to an overseas project due to weak market conditions and expected delay in project completion.

Property Rental & Services revenue increased 18% to $241.9 million as compared with $205.7 million in 2013 mainly due to full-year rental contribution from *UE BizHub WEST* which was acquired in Q4 2013. Operating profit before interest decreased 53% to $85.0 million as compared with $180.5 million in 2013 mainly due to the absence of the divestment gain of approximately $115.9 million from the sale of *UE BizHub EAST* in 2013, which was partially offset by full-year profit contribution from *UE BizHub WEST* in 2014.

Engineering revenue increased 64% to $90.6 million as compared with $55.1 million in 2013 mainly due to higher contribution from the Group's environmental engineering projects. Operating loss before interest was $5.0 million as compared with a profit of $6.7 million in 2013 mainly due to project cost overruns and an impairment charge of approximately $3.0 million made by the Group against its carrying value of an environmental engineering plant in China, as well as the absence of disposal gain recognised in 2013 of approximately $3.0 million from the sale of a subsidiary in Hong Kong.

WBL Group operating loss before interest of $16.8 million was lower as compared with $125.2 million in 2013 mainly due to the restructuring effort undertaken by Multi-Fineline Electronix, Inc. ("MFLEX") to return to profitability and the absence of the impairment loss taken up by the Group in 2013 to adjust its carrying value in MFLEX's assets to the recoverable amount. The property division incurred a higher operating loss mainly due to write down to the net realisable value for two of its major development projects in China because of weak market conditions.

Outlook

Sentiments continue to be weighed down by ongoing property cooling measures implemented by the Singapore government as well as the slower economic growth in China. However, the Group's enlarged portfolio of rental properties will continue to provide a more steady stream of recurring income.

On 6 February 2015, following the completion of its restructuring, MFLEX announced that it intends to continue to reduce its cost structure to lower the breakeven revenue level.

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About United Engineers Limited

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that 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 services and environmental engineering today. On 29 May 2013, the Group acquired a 56.8% stake in another centennial company, WBL Corporation Limited ("WBL") and subsequently increased its shareholding to 67.6%. Following this acquisition, the Group's businesses now include Manufacturing, Distribution and Technology. 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 International Chamber of Commerce.

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