



Media Contact: David Lim
Phone Number: +65 9677-3846
Email: david@quotemarks.sg

United Engineers Recorded Half-Year Attributable Profit on Continuing Operations of \$20.6 million

SINGAPORE, 12 August 2016 – United Engineers Limited (the “Group”) today announced revenue for the first half ended 30 June 2016 decreased 42% to \$333.7 million mainly due to lower revenue from property development following the completion of *Eight Riversuites*. Attributable profit from continuing operations decreased 26% to \$20.6 million.

On 8 June 2016, the Group obtained shareholders’ approval at an Extraordinary General Meeting for the proposed disposal of Multi-Fineline Electronix, Inc. (“MFLEX”) and its subsidiaries, which was completed on 27 July 2016. Upon this disposal, MFLEX and its subsidiaries ceased to be the Group’s subsidiaries and the results of MFLEX and its subsidiaries have been presented separately in the consolidated income statement as Discontinued Operation.

“The Singapore residential market remained challenging amid an economic slowdown and dampening effects of the government’s cooling measures. As such, the Group has been more cautious in embarking on new residential development projects after the completion of *Eight Riversuites*, the Group’s largest residential development project to date. With the cash proceeds of approximately US\$355 million from the disposal of MFLEX, the Group is in a healthy financial position and we will continue to generate shareholder value through divestment of non-core businesses and assets,” said Group Managing Director Mr Norman Ip.

NEWS RELEASE

Segment Review

Property Rental & Services revenue decreased 2% to \$67.2 million. Operating profit before interest increased 6% to \$35.8 million mainly due to lower staff and other related costs.

Revenue in the **Property Development** segment decreased 82% to \$51.3 million mainly impacted by lower revenue recognition from sales of *Eight Riversuites* due to its recent completion. There was an operating loss before interest of \$4.0 million mainly due to lower revenue and higher operating expenses incurred by operations in China.

In the **Engineering & Distribution** segment, revenue increased 13% to \$141.3 million mainly due to higher contribution from the environmental engineering business. Operating profit before interest increased 65% to \$4.3 million.

Revenue for the **Manufacturing** segment decreased 11% to \$44.5 million. Operating profit before interest was \$3.7 million mainly due to improved manufacturing efficiency and cost control in China operations.

Outlook

The global economic slowdown as well as sustained impact of the property cooling measures in Singapore continue to weigh on the market. The Group's China Property division is also likely to face challenging times due to the country's slower economic growth and patchy demand. Rental income from the Group's portfolio of investment properties will help reduce the volatility in revenue and profit recognition arising from the accounting treatment on revenue recognition for certain projects using the completion-of-construction method. The Group is likely to face downward pressure on property rental income given the growing supply of office, industrial and retail space amid softening demand in Singapore.

###

NEWS RELEASE

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 country's physical and economic transformation. Building on its early engineering roots, the Group evolved into a dynamic corporation with key business activities in property, engineering and distribution, as well as manufacturing today. The Group has developed numerous iconic developments including *orchardgateway*, *UE BizHub CITY*, *UE BizHub EAST*, as well as the mixed-use development at one-north comprising *The Rochester*, *Rochester Mall* and *Park Avenue Rochester*. It also owns a stable of shopping malls which comprises *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall*, as well as manages *Changi Link* shopping mall and the *Park Avenue* chain of hotels, serviced apartments, serviced offices and convention centre. The Group's flagship building *UE BizHub CITY* was marked a historic site in 2002 by Singapore National Heritage Board; the Group was also honoured as the 11th oldest company by Singapore International Chamber of Commerce.

###