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## **United Engineers Posts 9% Rise in Q2 Revenue to \$121.9 Million Due to Increased Property Sales in China**

**SINGAPORE, 11 August 2017** – United Engineers Limited (the “Group”) saw its revenue increased 9% to \$121.9 million in the three months ended 30 June 2017 (“Q2 2017”) mainly due to pick up in China property sales. The quarter’s attributable profit for continuing operations increased 303% to \$45.3 million mainly due to revaluation gains from the Group’s investment property assets.

For the first six months ended 30 June 2017 (“6M 2017”), revenue decreased 13% to \$223.3 million mainly due to lower revenue from property development of *Eight Riversuites* as it was completed in 2016. Attributable profit for continuing operations for 6M 2017 increased 159% to \$53.6 million mainly due to revaluation gains from the Group’s investment property assets.

“In view of the global economic slowdown and geopolitical risks, the Group has been cautious in embarking on new development projects after the completion of *Eight Riversuites* in 2016. However, we saw a pick up in our China property sales in Chengdu during the quarter and this is in line with the Group’s current strategy to diversify its property operations across Singapore and China,” said Group Managing Director Mr Norman Ip.

### **Segment Review - Q2 Performance**

**Property Rental & Hospitality** revenue decreased 2% to \$32.8 million in Q2 2017. Operating profit before interest increased 176% to \$59.6 million mainly due to revaluation gains from the Group’s investment properties. The higher operating profit was partially offset by lower rental contribution from *UE BizHub TOWER* and *UE BizHub WEST*, as well as absence of a gain of \$3.9 million in relation to the disposal of an available-for-sale financial asset.

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**Property Development** revenue increased 145% to \$18.6 million in Q2 2017 mainly due to higher revenue from operations in China. Operating loss before interest increased 200% to \$10.8 million mainly due to impairment loss on *Shenyang Orchard Summer Palace* and lower profit contribution from *Eight Riversuites*.

**Engineering & Distribution** revenue increased 4% to \$35.0 million in Q2 2017 mainly due to higher revenue from system integration business in Malaysia which was in turn partially offset by lower distribution revenue. Operating profit before interest decreased 44% to \$1.4 million mainly as a result of lower profit contribution from distribution businesses.

**Manufacturing** revenue decreased 5% to \$20.9 million in Q2 2017. Operating profit before interest decreased 26% to \$1.4 million mainly due to lower revenue and a foreign exchange loss.

### Outlook

Global economic and geopolitical uncertainties may continue to weigh on market sentiments in the Singapore property industry amidst early signs of an inflexion in the office and residential markets. Therefore, the Group expects downward pressure on its rental income in Singapore. The Group's China Property division continues to operate under the challenging conditions of slower economic growth and patchy recovery of the property market in Shenyang, Liaoning Province. However, phase 4 of *Chengdu Orchard Villa*, which is almost fully sold, will contribute to the Group's performance over the next 12 months.

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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 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.