



Full Year Financial Statement Announcement

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement for the year ended

	Group		
	31/12/2018	31/12/2017⁽¹⁾	Change
	\$000	\$000	%
Revenue	374,909	525,796	(29)
Cost of sales	(212,452)	(330,037)	(36)
Gross profit	162,457	195,759	(17)
Other items of income			
Interest income	4,498	3,103	45
Other income	30,453	69,796	(56)
Other items of expense			
Distribution costs	(23,463)	(30,697)	(24)
Administrative expenses	(91,856)	(99,038)	(7)
Finance costs	(23,053)	(21,162)	9
Other expenses	(4,037)	(16,700)	(76)
Operating profit	54,999	101,061	(46)
Share of profit from equity-accounted associates and joint ventures	3,299	1,896	74
Profit before tax	58,298	102,957	(43)
Income tax expense	(5,300)	(19,508)	(73)
Profit net of tax	52,998	83,449	(36)
Profit/(loss) attributable to:			
Owners of the Company	55,760	87,182	(36)
Non-controlling interests	(2,762)	(3,733)	(26)
	52,998	83,449	(36)

⁽¹⁾ The 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") as detailed in paragraph 5 of the announcement.

1(a)(i) Note to income statement

Revenue comprises:

Sales of goods	166,957
Sales of properties held for sale	22,336
Rendering of services	5,614
Contract revenue	52,258
Rental income	125,488
Dividend income	2,256
Total revenue	374,909

Group		
31/12/2018	31/12/2017 ⁽¹⁾	Change
\$000	\$000	%
166,957	213,394	(22)
22,336	129,679	(83)
5,614	4,658	21
52,258	46,374	13
125,488	130,034	(3)
2,256	1,657	36
374,909	525,796	(29)

1(a)(ii) Other information

(Allowance)/reversal of allowance for doubtful trade receivables	(356)	470
Depreciation and amortisation	(13,926)	(18,425)
Foreign exchange loss	(642)	(373)
Gain on disposal of property, plant and equipment	42	18
Gain on disposal of a business unit	-	1,677
Impairment loss on property, plant and equipment	(1,014)	-
Inventories (written-down)/written-back	(1,776)	242
Net surplus on revaluation of investment properties	14,010	44,365
Properties held for sale written-down	-	(9,671)
Provision for rental support written-back	10,218	16,849

Group	
31/12/2018	31/12/2017
\$000	\$000
(356)	470
(13,926)	(18,425)
(642)	(373)
42	18
-	1,677
(1,014)	-
(1,776)	242
14,010	44,365
-	(9,671)
10,218	16,849

1(a)(iii) Statement of comprehensive income

Profit for the year

Other comprehensive income

Items that will not be reclassified to income statement:

Net fair value losses on equity securities at fair value through other comprehensive income (FVOCI)

Remeasurements of defined benefit pension plans

Income tax relating to components of other comprehensive income

Items that may be reclassified subsequently to income statement:

Losses on exchange differences on translation

Gains on remeasuring available-for-sale financial assets

Share of other comprehensive income from equity-accounted associates

Other comprehensive income for the year, net of tax

Total comprehensive income for the year

Attributable to:

Owners of the Company

Non-controlling interests

Group	
31/12/2018	31/12/2017 ⁽¹⁾
\$000	\$000
52,998	83,449
(671)	-
(113)	5,592
19	(951)
(765)	4,641
(14,574)	(9,345)
-	5,399
(502)	421
(15,076)	(3,525)
(15,841)	1,116
37,157	84,565
45,233	90,214
(8,076)	(5,649)
37,157	84,565

1(b)(i) Statement of financial position

	Group			Company	
	31/12/2018	31/12/2017⁽¹⁾	01/01/2017⁽¹⁾	31/12/2018	31/12/2017
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Non-current assets					
Property, plant and equipment	141,385	148,277	162,909	20,519	22,094
Investment properties	1,927,740	1,908,627	1,859,418	729,900	722,400
Intangible assets	–	–	4,704	–	–
Interests in subsidiaries	–	–	–	1,053,732	968,731
Interests in associates	108,759	114,944	112,619	322	325
Interests in joint ventures	44,830	47,938	45,478	–	–
Deferred tax assets	29,259	29,263	46,162	–	–
Other investments	26,751	30,375	25,069	1,209	1,197
Total non-current assets	2,278,724	2,279,424	2,256,359	1,805,682	1,714,747
Current assets					
Inventories	24,215	27,163	31,146	–	–
Income tax receivables	678	346	352	–	–
Trade and other receivables	98,343	90,938	230,958	31,612	2,640
Prepayments	8,739	8,929	8,131	690	867
Properties held for sale	959,720	557,247	656,661	–	–
Bank balances and deposits	251,252	384,711	623,976	22,352	117,919
Total current assets	1,342,947	1,069,334	1,551,224	54,654	121,426
Total assets	3,621,671	3,348,758	3,807,583	1,860,336	1,836,173
EQUITY AND LIABILITIES					
Equity					
Share capital	745,717 ⁽²⁾	745,717 ⁽²⁾	745,625 ⁽²⁾	808,030	808,030
Retained earnings	1,194,744	1,158,499	1,138,060	817,428	785,789
Other reserves	(13,560)	(2,782)	1,319	(21)	(33)
Equity attributable to owners of the company	1,926,901	1,901,434	1,885,004	1,625,437	1,593,786
Non-controlling interests	283,985	306,136	311,885	–	–
Total equity	2,210,886	2,207,570	2,196,889	1,625,437	1,593,786
Non-current liabilities					
Provisions	35,941	46,779	70,204	–	–
Deferred tax liabilities	54,609	56,986	75,188	–	–
Trade and other payables	228	3,616	4,300	–	–
Borrowings	728,358	746,109	896,720	150,000	150,000
Total non-current liabilities	819,136	853,490	1,046,412	150,000	150,000
Current liabilities					
Provisions	3,339	12,967	17,005	–	–
Income tax payable	30,348	43,079	31,679	3,999	4,635
Trade and other payables	197,607	146,740	220,870	23,600	84,052
Borrowings	360,355	84,912	294,728	57,300	3,700
Total current liabilities	591,649	287,698	564,282	84,899	92,387
Total liabilities	1,410,785	1,141,188	1,610,694	234,899	242,387
Total equity and liabilities	3,621,671	3,348,758	3,807,583	1,860,336	1,836,173

⁽²⁾ This excludes 21,712,000 stock units held by a subsidiary.

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

- (a) Amount repayable in one year or less, or on demand

As at 31/12/2018		As at 31/12/2017	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
300,713	59,642	72,619	12,293

- (b) Amount repayable after one year

As at 31/12/2018		As at 31/12/2017	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
578,358	150,000	596,109	150,000

- (c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group	
	31/12/2018	31/12/2017⁽¹⁾
	\$000	\$000
Cash flows from operating activities		
Profit before tax	58,298	102,957
Amortisation of intangible assets	–	2,015
Depreciation of property, plant and equipment	13,926	16,410
Dividend income from other investments	(2,256)	(1,657)
Finance costs	23,053	21,162
Gain on disposal of property, plant and equipment	(42)	(18)
Impairment loss on intangible assets	–	73
Impairment loss on investment in associate	337	–
Impairment loss on property, plant and equipment	1,014	–
Interest income	(4,498)	(3,103)
Inventories written-down/(written-back)	1,776	(242)
Net gain on disposal and/or liquidation of a business unit and subsidiaries	–	(1,581)
Net surplus on revaluation of investment properties	(14,010)	(44,365)
Properties held for sale written-down	–	9,671
Property, plant and equipment written-off	592	139
Provision for rental support written-back	(10,218)	(16,849)
Share of profit from equity-accounted associates and joint ventures	(3,299)	(1,896)
Unrealised translation loss	2,621	325
Operating cash flows before changes in working capital	67,294	83,041
Decrease in inventories	1,171	2,870
(Increase)/decrease in properties held for sale	(413,600)	113,918
Increase/(decrease) in trade and other payables, provisions and contract liabilities	36,330	(104,749)
(Increase)/decrease in trade and other receivables and contract assets	(11,584)	140,061
Cash flows (used in)/from operations	(320,389)	235,141
Income taxes paid	(20,406)	(10,738)
Interest paid	(23,075)	(25,320)
Interest received	3,904	3,631
Net cash flows (used in)/from operating activities	(359,966)	202,714
Cash flows from investing activities		
Acquisition of intangible assets	–	(2,648)
Acquisition of interests in an associate	–	(331)
Disposal and/or liquidation of a business unit and subsidiaries, net of cash disposed of	–	11,730
Distribution from dissolution of other investments	102	–
Dividends received from associates	10,152	1,928
Dividends received from joint ventures	2,104	–
Dividends received from other investments	2,256	1,657
Increase in amounts due from associates and joint ventures	(658)	(4,494)
Proceeds from disposal of property, plant and equipment	474	439
Proceeds from disposal of other investments	2,851	–
Proceeds from settlement of outstanding consideration	4,584	–
Purchase of property, plant and equipment	(12,502)	(11,411)
Properties development expenditure	(5,155)	(4,899)
Net cash flows from/(used in) investing activities	4,208	(8,029)

1(c) Statement of cash flows (continued)

	Group	
	31/12/2018	31/12/2017⁽¹⁾
	\$000	\$000
Cash flows from financing activities		
Acquisition of non-controlling interests	(9,006)	–
Cash distribution paid to non-controlling interests of subsidiaries	–	(206)
Decrease in trust receipts and bills payable	(1,543)	(3,021)
Distribution to shareholders from liquidation of a joint venture	22	–
Dividends paid	(24,698)	(73,961)
Dividends paid to non-controlling interests of subsidiaries	(218)	(138)
Increase/(decrease) in short-term loans	49,489	(15,471)
Proceeds from issuance of shares upon exercise of share options	–	92
Proceeds from long-term loans	223,149	471,886
Repayment of medium term notes	–	(246,773)
Repayment of long-term loans	(12,182)	(565,803)
Net cash flows from/(used in) financing activities	225,013	(433,395)
Net decrease in cash and cash equivalents	(130,745)	(238,710)
Cash and cash equivalents, beginning balance	384,711	623,976
Effect of exchange rate changes on cash and cash equivalents	(2,714)	(555)
Cash and cash equivalents, ending balance	251,252	384,711

The net assets and liabilities arising from the disposal and/or liquidation of a business unit and subsidiaries and the cash flow effects of the disposal and/or liquidation were as follows:-

	Group
	31/12/2017⁽¹⁾
	\$000
Property, plant and equipment	7,270
Intangible assets	5,265
Inventories	1,328
Trade and other receivables	8,884
Bank balances and deposits	2,825
Trade and other payables	(3,351)
Net assets disposed of and/or liquidated	22,221
Foreign currency translation reserve realised	(268)
Less: Non-controlling interests	244
Net gain on disposals and/or liquidation	1,581
Total consideration	23,778
Less: Amount not yet settled	(4,584)
Less: Amount contra with inter-company balances	(4,639)
Cash and cash equivalents disposed of and/or liquidated	(2,825)
Net cash inflow arising from disposal and/or liquidation	11,730

1(d)(i) Statements of Changes in Equity

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2018 (FRS framework)	2,207,570	1,901,434	808,030	(62,313)	1,190,312	(34,595)	306,136
Cumulative effects of adopting SFRS(I)	—	—	—	—	(31,813)	31,813	—
Opening balance at 1/1/2018 (SFRS(I) framework)	2,207,570	1,901,434	808,030	(62,313)	1,158,499	(2,782)	306,136
Profit/(loss) for the year	52,998	55,760	—	—	55,760	—	(2,762)
Net fair value losses on equity securities at FVOCI	(671)	(671)	—	—	—	(671)	—
Remeasurements of defined benefit pension plans	(113)	(78)	—	—	(78)	—	(35)
Income tax relating to components of other comprehensive income	19	13	—	—	13	—	6
Losses on exchange differences on translation	(14,574)	(9,289)	—	—	—	(9,289)	(5,285)
Share of other comprehensive income from equity-accounted associate	(502)	(502)	—	—	—	(502)	—
Other comprehensive income for the year, net of tax	(15,841)	(10,527)	—	—	(65)	(10,462)	(5,314)
Total comprehensive income for the year	37,157	45,233	—	—	55,695	(10,462)	(8,076)
Contributions by and distributions to owners							
Dividends paid	(24,698)	(24,698)	—	—	(24,698)	—	—
Dividends paid to non-controlling interest	(218)	—	—	—	—	—	(218)
Total contributions by and distributions to owners	(24,916)	(24,698)	—	—	(24,698)	—	(218)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(9,006)	4,851	—	—	—	4,851	(13,857)
Total changes in ownership interests in subsidiaries	(9,006)	4,851	—	—	—	4,851	(13,857)
Total transaction with owners in their capacity as owners	(33,922)	(19,847)	—	—	(24,698)	4,851	(14,075)
Others							
Share of share option reserve from equity-accounted associates	81	81	—	—	—	81	—
Transfer of reserve to retained earnings upon disposal/dissolution of other investments	—	—	—	—	5,248	(5,248)	—
Total others	81	81	—	—	5,248	(5,167)	—
Closing balance at 31/12/2018	2,210,886	1,926,901	808,030	(62,313)	1,194,744	(13,560)	283,985

1(d)(i) Statements of changes in equity (continued)

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2017 (FRS framework)	2,194,892	1,883,007	807,938	(62,313)	1,167,482	(30,100)	311,885
Cumulative effects of adopting SFRS(I)	1,997	1,997	–	–	(29,422)	31,419	–
Opening balance at 1/1/2017 (SFRS(I) framework)	2,196,889	1,885,004	807,938	(62,313)	1,138,060	1,319	311,885
Profit/(loss) for the year	83,449	87,182	–	–	87,182	–	(3,733)
Remeasurements of defined benefit pension plans	5,592	3,780	–	–	3,780	–	1,812
Income tax relating to components of other comprehensive income	(951)	(643)	–	–	(643)	–	(308)
Gains on remeasuring available-for-sale financial assets	5,399	5,399	–	–	–	5,399	–
Losses on exchange differences on translation	(9,345)	(5,925)	–	–	–	(5,925)	(3,420)
Share of other comprehensive income from equity-accounted associate	421	421	–	–	–	421	–
Other comprehensive income for the year, net of tax	1,116	3,032	–	–	3,137	(105)	(1,916)
Total comprehensive income for the year	84,565	90,214	–	–	90,319	(105)	(5,649)
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	92	92	92	–	–	–	–
Cash distribution paid to non-controlling interests of subsidiaries	(206)	–	–	–	–	–	(206)
Dividend paid	(73,961)	(73,961)	–	–	(73,961)	–	–
Dividend paid to non-controlling interests	(138)	–	–	–	–	–	(138)
Total transactions with owners in their capacity as owners	(74,213)	(73,869)	92	–	(73,961)	–	(344)
Others							
Liquidation of subsidiaries	244	–	–	–	–	–	244
Share of share option reserve from equity-accounted associates	85	85	–	–	–	85	–
Transfer of reserve to retained earnings upon expiry of employee share option scheme	–	–	–	–	4,081	(4,081)	–
Total others	329	85	–	–	4,081	(3,996)	244
Closing balance at 31/12/2017	<u>2,207,570</u>	<u>1,901,434</u>	<u>808,030</u>	<u>(62,313)</u>	<u>1,158,499</u>	<u>(2,782)</u>	<u>306,136</u>

1(d)(i) Statements of changes in equity (continued)

COMPANY

	Total equity \$000	Share capital \$000	Retained earnings \$000	Other reserves \$000
Opening balance at 1/1/2018 (FRS and SFRS(I) framework)	1,593,786	808,030	785,789	(33)
Profit for the year	57,205	–	57,205	–
Net fair value gains on equity securities at FVOCI	12	–	–	12
Other comprehensive income for the year	12	–	–	12
Total comprehensive income for the year	57,217	–	57,205	12
Contributions by and distributions to owners				
Dividends paid	(25,566)	–	(25,566)	–
Total transactions with owners in their capacity as owners	(25,566)	–	(25,566)	–
Closing balance at 31/12/2018	1,625,437	808,030	817,428	(21)
Opening balance at 1/1/2017 (FRS and SFRS(I) framework)	1,614,606	807,938	802,687	3,981
Profit for the year	55,588	–	55,588	–
Gains on remeasuring available-for-sale financial assets, net of tax	67	–	–	67
Other comprehensive income for the year	67	–	–	67
Total comprehensive income for the year	55,655	–	55,588	67
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	92	92	–	–
Dividends paid	(76,567)	–	(76,567)	–
Total transactions with owners in their capacity as owners	(76,475)	92	(76,567)	–
Others				
Transfer of reserve to retained earnings upon expiry of employee share option scheme	–	–	4,081	(4,081)
Total others	–	–	4,081	(4,081)
Closing balance at 31/12/2017	1,593,786	808,030	785,789	(33)

1(d)(ii) Details of any changes in the company's issued share capital

There was no change in the issued share capital of the Company since 31 December 2017.

As at 31 December 2018 and 31 December 2017 there was no outstanding share options in respect of unissued stock units under the United Engineers Share Option Scheme 2000.

<u>Share capital</u>	31/12/2018	31/12/2017
Number of issued stock units	637,520,399	637,520,399
Number of issued stock units (excluding subsidiary holdings)	615,808,399	615,808,399
Number of subsidiary holdings	21,712,000	21,712,000
Number of treasury shares	Nil	Nil
Percentage of the aggregate number of treasury shares and the subsidiary holdings held against the total number of shares outstanding	3.41%	3.41%

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2018, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,520,399 ordinary stock units (31 December 2017: 637,520,399).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2017.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

For annual financial period beginning on or after 1 January 2018, Singapore incorporated companies listed on the SGX-ST will apply Singapore Financial Reporting Standards (International) (SFRS(I)), a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted SFRS(I) on 1 January 2018.

The adoption of SFRS(I), amendments and interpretations did not result in any significant change to the Group's accounting policies or any significant impact on the financial statements of the Group except for the followings:

In adopting SFRS(I), the Group has elected the option to reset its cumulative foreign currency translation differences to zero at the date of transition on 1 January 2017. As a result, cumulative translation losses of \$31.4 million were reclassified from foreign currency translation reserve to set-off against the opening retained earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before 1 January 2017. In 2017, the Group has liquidated certain foreign subsidiaries. Consequently, the gains or losses on liquidation of these foreign subsidiaries were also restated.

SFRS(I) 15

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has applied the changes in accounting policies, using the full retrospective approach.

SFRS(I) 9

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirement in SFRS(I) 9 is based on an expected credit loss model and replace the FRS 39 incurred loss model. The Group applies the simplified approach and records lifetime expected losses on all trade and other receivables. The adoption of the expected credit loss model did not result in any significant impact on the financial statement.

The Group has adopted the new standard on 1 January 2018 without restating prior periods' information and recognised any differences between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings. The Group has accounted its available-for-sale equity securities at fair value through other comprehensive income, with gain and loss remaining in other comprehensive income, upon derecognition.

Impact on the comparatives for the FY2017 Financial Statement:

The effects on the comparatives arising from the adoption of SFRS(I)s, subject to year-end audit are as follows:

Income statement

Group	31/12/2017
	\$000
Decrease in revenue	(13,563)
Decrease in cost of sales	11,566
Decrease in other income	(394)
Decrease in profit for the year	(2,391)
Decrease in earnings per stock (basic)	(0.3)¢
Decrease in earnings per stock (diluted)	(0.3)¢

Statement of financial position

Group	31/12/2017	01/01/2017
	\$000	\$000
Increase in properties held for sale	—	2,346
Decrease in retained earnings	(31,813)	(29,422)
Increase in other reserves	31,813	31,419
Increase in trade and other payables	—	349

6 Earnings per stock unit (cents)

	Group	
	31/12/2018	31/12/2017⁽¹⁾
(a) Basic*:	8.7	13.7
(b) Diluted**:	8.7	13.7
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,520,399	637,509,169
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	637,520,399	637,509,169

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the year.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net asset per ordinary stock unit based on the total number of issued shares	\$3.13⁽³⁾	\$3.09⁽³⁾	\$2.55	\$2.50

⁽³⁾: Based on total number of issued stock units excluding the number of stock units held by a subsidiary.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overview

FY2018 compared with FY2017

Revenue decreased 29% to \$374.9 million in 2018 from \$525.8 million in 2017 mainly due to lower revenue from property development and the absence of contribution from the divested liquefied petroleum gas (LPG) business. Gross profit decreased 17% to \$162.5 million in 2018.

Interest income increased 45% to \$4.5 million in 2018 from \$3.1 million in 2017 mainly due to higher interest income from fixed deposits.

Other income decreased 56% to \$30.5 million in 2018 from \$69.8 million in 2017 mainly due to lower revaluation gains from the investment properties by \$30.4 million and lower write-back of provision for rental support for *UE Bizhub EAST* by \$6.6 million.

Distribution costs decreased 24% to \$23.5 million in 2018 from \$30.7 million in 2017 mainly due to the absence of expenses from the divested LPG business and lower selling and marketing expenses.

Other expenses decreased 76% to \$4.0 million in 2018 from \$16.7 million in 2017 mainly due to the absence of impairment loss in relation to certain overseas development project.

Share of profit from equity-accounted associates and joint ventures increased 74% to \$3.3 million in 2018 from \$1.9 million in 2017 mainly due to higher contribution from an associated company in Singapore arising from lower revaluation deficit from its investment property in 2018.

Income tax expense decreased 73% to \$5.3 million in 2018 from \$19.5 million in 2017. Excluding the revaluation gains on investment properties, the effective tax rate in 2017 was higher due to higher losses incurred by certain overseas subsidiaries which were not available for group relief.

The Group's attributable profit decreased 36% to \$55.8 million in 2018 from \$87.2 million in 2017.

Financial position review

Properties held for sale increased by approximately \$402 million mainly due to the land acquisition and related costs for the Dairy Farm Road residential with commercial at 1st storey development ("Dairy Farm") project.

Current trade and other payables increased by approximately \$51 million mainly due to the advances received from buyers of overseas residential development projects.

Total borrowings increased by approximately \$258 million mainly due to the term loan drawn down to finance the Dairy Farm project.

Cash flow review

As at 31 December 2018, the Group had cash and cash equivalents of \$251 million. In 2018, the Group received the remaining proceeds of \$4.6 million from the disposal of a business unit and liquidation of a subsidiary. In 2018, as part of its operation, the Group incurred approximately \$402 million for the land acquisition and related costs for the Dairy Farm project. Separately, the Group utilised \$25 million for dividend payments and \$9 million for acquisition of additional shareholding in a subsidiary. Apart from this, the Group's components of cash flow and changes in these components from 31 December 2017 to 31 December 2018 were mainly due to the Group's ongoing operations.

Operation review

Property Rental & Hospitality

Revenue decreased 5% to \$125.2 million in 2018 from \$131.6 million in 2017. Operating profit before interest decreased 31% to \$86.8 million in 2018 from \$126.1 million in 2017 mainly due to lower revaluation gains from the investment properties and lower write-back of provision for rental support.

Property Development

Revenue decreased 81% to \$25.8 million in 2018 from \$132.4 million in 2017 mainly due to the absence of revenue contribution from the property sales at *Chengdu Orchard Villa* (Phase 4) and *Eight Riversuites* as well as lower revenue from the sales of other completed commercial units at *Shenyang Orchard Summer Palace*. Operating loss before interest decreased 69% to \$2.8 million in 2018 from \$9.1 million in 2017 mainly due to absence of impairment loss on certain overseas development project in 2018.

Engineering & Distribution

Revenue decreased 20% to \$108.1 million in 2018 from \$135.1 million in 2017 mainly due to lower revenue from distribution businesses and the absence of revenue contribution from the divested LPG business. Operating profit before interest decreased 88% to \$0.9 million in 2018 from \$7.9 million in 2017 mainly due to provision for foreseeable losses for certain system integration projects in 2018.

Manufacturing

Revenue decreased 17% to \$71.3 million in 2018 from \$85.6 million in 2017 mainly due to slower demand arising from US-China trade tensions. Operating loss before interest was \$2.2 million in 2018 compared with operating profit of \$5.4 million in 2017. The decline in operating results in 2018 was mainly due to lower revenue, unfavorable product mix, inventories written-down and impairment loss on property, plant and equipment.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any forecast statement previously. The Group's Q4 2018 results are in line with the statement made in paragraph 10 of the Company's Q3 2018 results announcement on 14 November 2018.

- 10 A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The US-China trade tension may affect global economic growth prospects and impact on manufacturing services in China. In Singapore, the property cooling measures announced in July 2018 may weigh on the overall sentiment of the residential property market in Singapore in the short term but may help to maintain a stable and sustainable market in the longer term. On the other hand, office rentals in Singapore may continue to see steady recovery. The Group is working towards the launch of the Dairy Farm project for sale in the second half of 2019 and is embarking on asset enhancement initiatives for its investment properties in Singapore. In China, despite the cooling measures, the Group has successfully sold all the 231 residential units of the Chengdu Orchard Villa Phase 5 development project, which will in turn contribute positively to the Group's performance in 2019.

11 Dividend

- (a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend	Ordinary Dividend	Preference Dividend
	First and Final	
Dividend Type	Cash	Cash
Dividend Rate	3 cents per ordinary stock (one-tier tax)	7.5 cents per preference share (one-tier tax)

- (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Ordinary Dividend	Preference Dividend
	First and Final	
Dividend Type	Cash	Cash
Dividend Rate	4 cents per ordinary stock (one-tier tax)	7.5 cents per preference share (one-tier tax)

- (c) Date Payable

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 27 May 2019.

- (d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 8 May 2019 to 9 May 2019 (both dates inclusive) for the purposes of ascertaining dividend entitlements. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, up to 5.00 p.m. on 7 May 2019 will be registered to determine such dividend entitlements.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain a general mandate from shareholders for interested party transactions.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

	Property Rental & Hospitality \$000	Property Development \$000	Distribution \$000	Engineering \$000	Manufacturing \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended 31 December 2018								
Operating segments								
Segment Revenue								
Sales to external customers	124,358	25,811	47,524	60,604	71,269	45,343	–	374,909
Inter-segment sales	878	–	–	–	–	6,241	(7,119)	–
Total revenue	125,236	25,811	47,524	60,604	71,269	51,584	(7,119)	374,909
Segment result	86,819	(2,835)	5,765	(4,821)	(2,176)	(9,198)	–	73,554
Finance costs								(23,053)
Interest income								4,498
Share of profit/(loss) from equity-accounted associates	2,006	(184)	–	133	–	2,365	–	4,320
Share of loss from equity-accounted joint ventures	(14)	(1,007)	–	–	–	–	–	(1,021)
Profit before tax								58,298
Income tax expense								(5,300)
Profit net of tax								52,998
Other operating segments information:								
(Allowance)/reversal of allowance for doubtful trade receivables	(4)	–	(52)	97	(237)	(160)	–	(356)
Capital expenditure	(914)	(103)	(6,527)	(166)	(3,265)	(1,527)	–	(12,502)
Depreciation and amortisation	(2,869)	(308)	(3,544)	(412)	(3,333)	(3,460)	–	(13,926)
Impairment loss on property, plant and equipment	–	–	–	–	(1,014)	–	–	(1,014)
Inventories (written-down)/written-back	–	–	136	(144)	(1,768)	–	–	(1,776)
Net surplus on revaluation of investment properties	14,010	–	–	–	–	–	–	14,010
Provision for rental support written-back	10,218	–	–	–	–	–	–	10,218

15 **Business segments** (continued)

	Property Rental & Hospitality \$000	Property Development \$000	Distribution \$000	Engineering \$000	Manufacturing \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended 31 December 2017⁽¹⁾								
Operating segments								
Segment Revenue								
Sales to external customers	130,867	132,411	76,991	58,115	85,566	41,846	–	525,796
Inter-segment sales	734	–	–	–	–	6,431	(7,165)	–
Total revenue	131,601	132,411	76,991	58,115	85,566	48,277	(7,165)	525,796
Segment result	126,147	(9,133)	4,672	3,252	5,379	(11,197)	–	119,120
Finance costs								(21,162)
Interest income								3,103
Share of profit/(loss) from equity-accounted associates	935	(41)	–	77	–	2,644	–	3,615
Share of loss from equity-accounted joint ventures	(3)	(1,716)	–	–	–	–	–	(1,719)
Profit before tax								102,957
Income tax expense								(19,508)
Profit net of tax								83,449
Other operating segments information:								
Reversal of allowance/(allowance) for doubtful trade receivables	205	–	(94)	66	(49)	342	–	470
Capital expenditure	(1,427)	(42)	(4,925)	(308)	(3,239)	(1,470)	–	(11,411)
Depreciation and amortisation	(3,034)	(349)	(7,138)	(413)	(3,607)	(3,884)	–	(18,425)
Gain on disposal of a business unit	–	–	1,677	–	–	–	–	1,677
Inventories written-back /(written-down)	–	–	134	(77)	185	–	–	242
Net surplus on revaluation of investment properties	44,365	–	–	–	–	–	–	44,365
Properties held for sale written-down	–	(9,671)	–	–	–	–	–	(9,671)
Provision for rental support written-back	16,849	–	–	–	–	–	–	16,849

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to item 8.

- 17 A breakdown of sales as follows:

	Group		
	31/12/2018	31/12/2017⁽¹⁾	Change
	\$000	\$000	%
(a) Sales reported for first half year	201,436	230,847	(13)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	20,622	49,145	(58)
(c) Sales reported for second half year	173,473	294,949	(41)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	32,376	34,304	(6)

- 18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Dividend paid

	2018	2017
	\$000	\$000
Ordinary	24,632	73,895
Preference	66	66
Total	24,698	73,961

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that to the best of its knowledge, as at the date of this announcement, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Gn Jong Yuh Gwendolyn
Secretary
25 February 2019