United Engineers Limited

IN THE COMPANY OF OUR

PEOPLE

ANNUAL REPORT 2016



CORPORATE PROFILE

Founded in 1912, United Engineers Limited ("UEL" or the "Company", and together with its group of subsidiaries, the "Group") 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 Rental and Hospitality, Property Development, Engineering and Distribution, as well as Manufacturing today.

The Group has developed numerous iconic buildings that define the Singapore landscape, including *orchardgateway*, *UE BizHub CITY* (formerly known as *UE Square)*, *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 was honoured as the 11th oldest company by Singapore International Chamber of Commerce and its flagship building, *UE BizHub CITY*, was marked a historic site in 2002 by Singapore National Heritage Board. In recognition of its contribution to Singapore's development over the decades, the Group was awarded the Singapore Golden Jubilee Business Award organised by Singapore Business Federation, Accounting and Corporate Regulatory Authority and DP Information Group.



VISION

To be the company of choice, recognised worldwide, for unparalleled first-class solutions

MISSION

To be the leader in our chosen markets, delivering one-stop solutions to customers



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BUSINESS MODEL



PROPERTY

Property Rental and Services
- Project management and asset management for shopping malls, office buildings and mixed-use developments

Hospitality
- Hotels
- Serviced apartments
- Serviced offices
- Convention centre

Property Development
- Residential, commercial, industrial, mixed-use and build-to-suit projects in Singapore
- Residential and mixed-use projects in China

ENGINEERING AND DISTRIBUTION

Systems Integration
- For broadcasting and multimedia, communications and information technology, as well as security and surveillance sectors

Distribution
- Construction materials
- Laundry and boiler equipment
- Automotive parts
- Construction and marine equipment
- Liquefied petroleum gas (LPG)
- Sand mining





MANUFACTURING

Precision Engineering
- Manufacture of die-cast precision parts and components

Electronic Manufacturing Services
- Provision of turnkey manufacturing solutions

BUSINESS PRESENCE



PROPERTY

- Singapore
- Malaysia
- China

ENGINEERING AND DISTRIBUTION

- Singapore
- Malaysia
- Thailand
- Australia
- United States of America

MANUFACTURING

- China
- United Kingdom

CORPORATE HIGHLIGHTS

FEBRUARY

- Announced proposed disposal of Multi-Fineline Electronix, Inc.

26 FY2015 Results

APRIL

29 102nd Annual General Meeting

- Mr Chew Leng Seng stepped down as Independent and Non-Executive Director

MAY

11 Q1 2016 Results

- Announced proposed disposal of UES Holdings Pte. Ltd., UE Envirotech Pte. Ltd., UE Asia Pacific (Beijing) Co., Ltd. and Hengyang City UE Songmu Water Co., Ltd.

16 Established a $1 billion multicurrency debt issuance programme

JUNE

01 Issued $150 million in aggregate principal amount of 3.68% per annum fixed rate notes due 2021

- Resolution passed at Extraordinary General Meeting on proposed disposal of Multi-Fineline Electronix, Inc.

JULY

01 Mr Lee Lap Wah, George appointed as Non-Independent and Non-Executive Director

26 Disposed stakes in UE Envirotech Pte. Ltd., UE Asia Pacific (Beijing) Co., Ltd. and Hengyang City UE Songmu Water Co., Ltd.

27 Disposed stake in Multi-Fineline Electronix, Inc.

- UE ServiceCorp Singapore won a WSH Performance (Silver) Award at the WSH Awards

AUGUST

12 Q2 2016 Results

23 Disposed stake in Suzhou Speedling Co., Ltd.

SEPTEMBER

28 Disposed stake in UES Holdings Pte. Ltd.

OCTOBER

26 *Park Avenue* conferred Hotel Security Award 2016 at the Hotel Security Awards

- *Park Avenue* won an Outstanding Star Award, three Star Awards, six Gold Awards and 11 Silver Awards at the Excellent Service Award

NOVEMBER

11 Q3 2016 Results

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Tan Ngiap Joo
(Chairman)
Mr Norman Ip Ka Cheung
(Group Managing Director)
Mr Koh Beng Seng
Mr Koh Poh Tiong
Mr Lee Lap Wah, George
(Appointed on 1 July 2016)
Dr Michael Lim Chun Leng
Mr David Wong Cheong Fook

EXECUTIVE COMMITTEE

Mr Tan Ngiap Joo
(Chairman)
Mr Norman Ip Ka Cheung
Mr Koh Beng Seng
Mr Lee Lap Wah, George
(Appointed on 12 August 2016)

AUDIT AND RISK COMMITTEE

Mr Koh Beng Seng
(Chairman)
Dr Michael Lim Chun Leng
Mr David Wong Cheong Fook

NOMINATING COMMITTEE

Mr Koh Poh Tiong
(Chairman)
(Appointed on 12 August 2016)
Mr Tan Ngiap Joo
Dr Michael Lim Chun Leng
(Appointed on 12 August 2016)
Mr David Wong Cheong Fook

REMUNERATION COMMITTEE

Dr Michael Lim Chun Leng
(Chairman)
Mr Tan Ngiap Joo
Mr Koh Poh Tiong
Mr David Wong Cheong Fook
(Appointed on 12 August 2016)

COMPANY SECRETARY

Ms Tan Swee Hong

REGISTERED OFFICE

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088
Telephone: +65 6818 8383
Facsimile: +65 6818 8398
Website: www.uel.sg

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
(A division of Tricor Singapore
Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: +65 6236 3333
Facsimile: +65 6236 3405

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
Level 18 North Tower
Singapore 048583

Partner in charge:
Mr Yee Woon Yim
(Appointed since financial year ended
31 December 2013)

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking
Corporation Limited
United Overseas Bank Limited

FINANCIAL CALENDAR

11 May 2016	Announcement of Q1 2016 Results
12 August 2016	Announcement of Q2 2016 Results
11 November 2016	Announcement of Q3 2016 Results
27 February 2017	Announcement of Full Year Results
7 April 2017	Notice of Annual General Meeting
25 April 2017	Annual General Meeting
3 May 2017	Ex-dividend Date
5 May 2017	Last Date for Registration of Transfers
8 to 9 May 2017	Books Closure Dates
25 May 2017	Dividend Payment Date

LETTER TO SHAREHOLDERS



Mr Tan Ngiap Joo
Chairman

DEAR SHAREHOLDERS,

For the year ended 31 December 2016, the global business environment continued to be affected by financial and geopolitical uncertainties. The Group remains focussed on Property Rental and Hospitality as well as Property Development, as it continues divestment of non-core businesses. During the year, the Group disposed of its technology and environmental engineering businesses, among others. Attributable profit from these discontinued operations was $113.2 million, including approximately $123 million in divestment gains. We believe this two-pronged approach of growing the core businesses and strategic divestments will help the Group ride through tough times, while building for the future.

With the above divestments, the Group's continuing operations comprise Property Rental and Hospitality, Property Development, Engineering and Distribution, as well as Manufacturing. Revenue decreased 44% to $479.7 million mainly due to lower revenue from the property development business, following the completion of *Eight Riversuites*. As a result, gross profit decreased 12% to $193.7 million and attributable profit decreased 62% to $27.4 million.

Based on the above financial results, the Board is pleased to propose a first and final dividend of 5 cents per ordinary stock unit, a special dividend of 7 cents per ordinary stock unit and a preference dividend of 7.5 cents per preference share. These dividends will be paid on 25 May 2017, if approved by members at the forthcoming Annual General Meeting (AGM).

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STRATEGIC DIVESTMENTS OF MAJOR NON-CORE BUSINESSES

The year was marked by a number of strategic divestment activities. In February, the Group announced the proposed disposal of Multi-Fineline Electronix, Inc. ("MFLEX"), to which shareholders gave approval on at an Extraordinary General Meeting (EGM) held on 8 June 2016. On 27 July 2016, the divestment was completed and MFLEX ceased to be a subsidiary of the Group. The Group also divested its interests in UES Holdings Pte. Ltd., UE Envirotech Pte. Ltd., UE Asia Pacific (Beijing) Co., Ltd., Hengyang City UE Songmu Water Co., Ltd. and Suzhou Speedling Co., Ltd. Proceeds from the above divestments were primarily used to repay external borrowings and as general working capital.

FINANCIAL FLEXIBILITY FOR GROWTH

On 16 May 2016, the Group established a $1 billion multicurrency debt issuance programme, which will provide financial flexibility to further grow its core businesses, as it embarks on development projects as well as makes strategic investments and acquisitions. On 1 June 2016, the Group issued $150 million 3.68% per annum fixed rate notes due 2021 under this programme. The Group's outstanding $250 million 4.20% per annum fixed rate notes due January 2017 was redeemed upon its maturity. Net debt to equity ratio improved from 0.49 times to 0.30 times.

ACCOLADES ON VARIOUS FRONTS

The Group strives for excellence in all aspects of its operations. During the year, the Group won accolades on various fronts, including 21 awards at the Excellent Service Award (EXSA) for quality service at *Park Avenue Changi*, *Park Avenue Clemenceau* and *Park Avenue Rochester*. Supported by SPRING Singapore and managed by seven industry leading bodies, EXSA also seeks to inspire service staff to scale new heights, identify service role models and encourage service champions. The 21 awards comprise three Star Awards (the highest recognition), six Gold Awards, 11 Silver Awards and an Outstanding Star Award, which is an additional special award conferred to selected exemplary Star Award winners.

On the workplace safety & health (WSH) front, UE ServiceCorp Singapore won a WSH Performance (Silver) Award at the annual WSH Awards organised by WSH Council and supported by Ministry of Manpower for its



Mr Norman Ip
Group Managing Director

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good WSH performance through the implementation of sound WSH management systems.

OUTLOOK

The economic outlook remains challenging amidst the global geopolitical uncertainties and economic slowdown in China. While the Group's property business in China continues to face difficult operating conditions due to the patchy recovery in China's property market so far, we expect the recovery to pick up and help cushion the slowdown elsewhere for our property-related businesses. Nevertheless, core rental income from the Group's portfolio of investment properties is expected to remain relatively stable and the Group's net asset value continues to grow steadily.

On 26 September 2016, the Group's controlling shareholders Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and Great Eastern Holdings Limited ("GEH") announced that they were reviewing their strategic options for their combined stakes in UEL and WBL Corporation Limited ("WBL"). On 10 February 2017, OCBC Bank and GEH further announced that they had received and were evaluating non-binding expressions of interests, and there is no certainty that any transaction will materialise or that any agreement will be entered into.

ACKNOWLEDGEMENTS

During the AGM held on 29 April 2016, Mr Chew Leng Seng did not seek re-appointment as a Director and ceased to be an Independent and Non-Executive Director. Mr Chew had been a Director since October 2006 and we thank him for his contributions and counsel over the years. We also wish him all the best in his future endeavours.

We would also like to welcome Mr George Lee to the Board who was appointed as Non-Independent and Non-Executive Director on 1 July 2016. Mr Lee has a wealth of experience in the banking and finance industry and we are confident he will contribute significantly to the Group.

Lastly, we would like to thank the management and staff for their dedication, as well as business partners, investors and all other stakeholders for their continued support of the Group.



Mr Tan Ngiap Joo
Chairman



Mr Norman Ip
Group Managing Director

3 March 2017

BOARD OF DIRECTORS



A Mr Tan Ngiap Joo
Chairman
Independent and Non-Executive Director

B.A., University of Western Australia

Mr Tan Ngiap Joo joined the Board in October 2006 and was appointed Chairman in April 2007. Mr Tan was last re-elected as a Director in 2015 and serves as Chairman of the Executive Committee and is a member of the Nominating and Remuneration Committees.

Currently, Mr Tan is a Director of Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), China Fishery Group Limited and Mapletree Logistics Trust Management Ltd.

Mr Tan held various senior positions in the banking and finance sector which include the positions of Deputy President of OCBC Bank, General Manager of OCBC Bank, Australia Branch, Chairman of Bleakeys Limited Australia and CEO of Bank of Singapore (Australia) Limited.

B Mr Norman Ip Ka Cheung
Group Managing Director
Non-Independent and Executive Director

B.Sc. (Econs), London School of Economics & Political Science, UK; Fellow of The Institute of Chartered Accountants in England and Wales; Fellow Chartered Accountant of Singapore

Mr Norman Ip Ka Cheung joined the Board in December 2009 and was last re-elected as a Director in 2016. Mr Ip was appointed as the Group Managing Director on 1 December 2015 and serves as a member of the Executive Committee.

Currently, Mr Ip is an Independent Director of Great Eastern Holdings Limited ("GEH") where he served as Acting Group Chief Executive Officer till 1 November 2015. In addition, he serves as the Non-Executive Chairman of the Board of Great Eastern Life Assurance (Malaysia) Berhad. He is also an Independent and Non-Executive Director of AIMS AMP Capital Industrial REIT Management Limited as well as a member of the Building and Construction Authority Board and Securities Industry Council.

Mr Ip was the former Chairman and Director of Malaysia Smelting Corporation Berhad and a Director of Australia Oriental Minerals NL and UE E&C Ltd. He retired as the President and Group CEO of The Straits Trading Company Limited ("STC") in October 2009. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

C Mr Koh Beng Seng
Independent and Non-Executive Director

B.Com. (First Class Hons), former Nanyang University, Singapore; MBA, Columbia University, USA

Mr Koh Beng Seng joined the Board in October 2013 and was last re-elected as a Director in 2014. Mr Koh serves as Chairman of the Audit & Risk Committee and is a member of the Executive Committee.

Currently, Mr Koh is the CEO of Octagon Advisors Pte. Ltd. and Non-Executive Chairman of GEH. He is a Director of Bank of China (Hong Kong) Limited, BOC Hong Kong (Holdings) Limited, Singapore Technologies Engineering Ltd

and Hon Sui Sen Endowment CLG Limited.

Mr Koh has vast experience in the banking and financial sector. He was the Deputy President of United Overseas Bank Limited ("UOB") from June 2000 to 31 January 2005 and played a pivotal role in the integration of Overseas Union Bank and UOB. Prior to joining UOB in 2000, he was the Deputy Managing Director of the Monetary Authority of Singapore and an Advisor to the International Monetary Fund.

D

Mr Koh Poh Tiong
Independent and Non-Executive Director

B.Sc., University of Singapore

Mr Koh Poh Tiong joined the Board in December 2011 and was last re-elected as a Director in 2015. Mr Koh serves as Chairman of the Nominating Committee and is a member of the Remuneration Committee.

Currently, Mr Koh is the Non-Executive Chairman of Times Publishing Ltd and Yunnan Yulinquan Liquor Co Ltd. He is a Director, Adviser and Chairman of the Executive Committee of Fraser and Neave, Limited, a Director of The Great Eastern Life Assurance Company Limited, Raffles Medical Group Ltd, SATS Ltd, Bukit Sembawang Estates Limited and Delfi Limited (formerly known as Petra Foods Limited). He is also the Chairman of both the Singapore Kindness Movement and the National Kidney Foundation.

Mr Koh has more than 41 years of corporate experience in sectors ranging from the maritime to food and beverage industries. He was the CEO of Asia Pacific Breweries Limited for 15 years, followed by CEO of Fraser and Neave, Limited's food and beverage division for 3 years.

E

Mr Lee Lap Wah, George
Non-Independent and Non-Executive Director

B.B.A. (Hons), University of Singapore;
CFA

Mr Lee Lap Wah, George joined the Board on 1 July 2016. Mr Lee serves as a member of the Executive Committee.

Currently, Mr Lee serves as Advisor to OCBC Bank (Malaysia) Berhad.

Mr Lee has vast corporate experience in the banking and financial sector. He was Head of Global Corporate Banking of OCBC Bank from April 2012 to April 2016. He joined OCBC Bank in 1999 as Head of Capital Markets and was appointed as Head of Corporate and Institutional Banking after OCBC Bank acquired Keppel TatLee Bank in 2001. In 2002, he was appointed Head of Group Investment Banking. Prior to joining OCBC Bank, he held various senior positions in Credit Suisse First Boston, Credit Suisse Singapore and Security Pacific National Bank.

F

Dr Michael Lim Chun Leng
Independent and Non-Executive Director

MBBS, MMED (Int Med), FAMS (Cardiology), Singapore;
MRCP, UK;
FRCP, Edinburgh, UK

Dr Michael Lim Chun Leng joined the Board in March 2000 and was last re-elected as a Director in 2014. Dr Lim serves as Chairman of the Remuneration Committee and is a member of the Audit & Risk and Nominating Committees.

Currently, Dr Lim is a Medical Director of Singapore Heart, Stroke & Cancer Centre Pte. Ltd. He is also an Advisory Panel Member, North East Community Development Council. He continues to sit on various international committees in the field of cardiology.

Dr Lim had served on the Boards of several public listed and private companies. He had also sat on various Government committees as a Member of Parliament.

G

Mr David Wong Cheong Fook
Independent and Non-Executive Director

B.A. (Hons) and Master of Arts, University of Cambridge, UK;
Chartered Accountant of Singapore

Mr David Wong Cheong Fook joined the Board in January 2011 and was last re-elected as a Director in 2016. Mr Wong serves as a member of the Audit & Risk, Nominating and Remuneration Committees.

Currently, Mr Wong is a Director of PEC Ltd., Banking Computer Services Private Limited and Energy Market Company Pte Ltd. He is also the Chairman of Republic Polytechnic and a Board Member of the Methodist Welfare Services, Charity Council and the Casino Regulatory Authority of Singapore.

Mr Wong was a Partner with Ernst & Young LLP and the Managing Director of Wearnes Technology (Private) Limited (now known as WBL Technology (Private) Limited).

KEY MANAGEMENT

The management team is led by Group Managing Director Mr Norman Ip Ka Cheung. Brief particulars of his qualifications and work experience were set out earlier in this report. Assisting Mr Ip are six other key executives. Brief particulars of their qualifications and work experience are set out below:

Mr Roy Tan
Group Chief Financial Officer (GCFO)

Mr Roy Tan is the GCFO and is responsible for finance and other corporate functions of the Group. Mr Tan is also responsible for the Group's strategic planning, mergers and acquisitions, new business initiatives and divestitures. In addition, he oversees the Group's Property division.

Mr Tan has more than 17 years of experience in operations management, business development and strategic planning. Before joining the WBL Group in May 2006, he held various positions in OCBC Bank, ST Electronics and PhillipCapital.

Mr Tan holds a Bachelor of Arts (Honours) from University of Oxford, UK, as well as Master of Social Sciences (Applied Economics) and Master of Science (Management of Technology) from National University of Singapore. He is a FRM certified by Global Association of Risk Professionals and a CFA charterholder.

Mr Chan Hong Wai
Managing Director | Manufacturing Division

Mr Chan Hong Wai is the Managing Director of the Group's Manufacturing division and is responsible for strategy and operations in the precision engineering and electronics manufacturing sectors.

Mr Chan has more than 30 years of experience in the precision engineering, electronics and mechanical contract manufacturing, as well as computing and data storage industries. He joined the WBL Group in 2007 as Managing Director of the manufacturing division. Before joining the Group, he was CEO of MFS Technology Ltd. He also held various management positions in MMI Holdings Ltd, IBM Data Storage and Conner Peripherals.

Mr Chan holds a Bachelor of Science in Physics from National University of Singapore.

Mr Allan Chen
Managing Director | China Division

Mr Allan Chen is the Managing Director of the Group's China division and is responsible for the Group's property development, operations management and property management in China. Mr Chen also has oversight of all of the Group's corporate matters within China.

Mr Chen has more than 20 years of experience in auditing, finance, corporate development, as well as real estate development and management in Singapore and China. He joined the WBL Group in 2002 and held positions of Regional Finance Director and Regional Director for WBL's China property division. Prior to joining the WBL Group, he was a regional accountant at IBM Singapore.

Mr Chen holds a Bachelor of Economics from Tianjin University of Finance and Economics, China, as well as Master of Business Administration from National University of Singapore. He is a Chartered Accountant of Singapore ("CA (Singapore)") and a Fellow member of ACCA (FCCA), UK.

Mr Goh Yiow Kuang
General Manager (Operations) | Property Division

Mr Goh Yiow Kuang is the General Manager (Operations) of the Group's Property division and is responsible for its operations in Singapore and the region.

Mr Goh has more than 20 years of experience in building and infrastructural engineering design, project management, construction management and real estate development in Singapore, as well as operations management in China. Prior to joining the Group, he held the position of Director (MD & Group CEO's office) of Koh Brothers Group Limited.

Mr Goh holds a Bachelor of Engineering (Civil) from Nanyang Technological University, Singapore, Master of Science (Civil Engineering) from National University of Singapore, as well as Master of Business Administration (Finance) from University of Nottingham, UK.

Mr Steven Ong
CEO | Engineering & Distribution Division

Mr Steven Ong is the CEO of the Group's Engineering and Distribution division and is responsible for its strategy and operations.

Mr Ong joined the WBL Group in 1984 as Financial Controller and Company Secretary of Polytek Wearnes Holding Limited. Subsequently, he held the positions of General Manager (Finance & Administration) and Company Secretary of Wearnes International (1994) Limited (now known as WBL International (1994) Limited) and Managing Director of WBL's trading division. Prior to joining the WBL Group, he was with Price Waterhouse (now known as PricewaterhouseCoopers LLP).

Mr Ong holds a Bachelor of Commerce from University of New South Wales, Australia. He is a CA (Singapore) and a Fellow of CPA (Australia).

Mr Ryan Sun
General Manager | Hospitality Division

Mr Ryan Sun is the General Manager of the Group's Hospitality division which manages the *Park Avenue* chain of hotels and serviced apartments with a total of 788 hotel keys, as well as Serviced Offices and Convention Centre businesses in Singapore.

Mr Sun joined the Group's facility management business in 1991 as the Manager in Taiwan and subsequently the General Manager in Singapore. He became the country head for the Group's environmental engineering investments in 2006. In 2010, he joined the Group's Hospitality division in Singapore.

Mr Sun holds a Bachelor of Arts in Applied Psychology from Fu-Jen Catholic University of Taipei, Taiwan and Executive Master of Business Administration from Nanyang Technological University, Singapore.

KEY PROPERTY PORTFOLIO
ASSET MANAGEMENT



UE BIZHUB CITY

Development type:	Mixed-use
Location:	Clemenceau Avenue, Singapore
Description:	18-storey office building with 2 basement carpark levels, 15-storey block comprising serviced apartments and serviced offices, as well as 4-storey shopping podium
Tenure of land:	929 years leasehold from 1/1/1953; remaining lease of 865 years
Land area (sq ft):	355,023
Valuation as at 31 December 2016:	$679.5 million
Net lettable area (sq ft):	Commercial: 307,000 (est) Retail: 79,000 (est)
Selected tenants:	Commercial: Estee Lauder, Kao Corporation, Bridgestone Asia Pacific Retail: Cold Storage
Group's effective interest:	100%
Held by:	United Engineers Limited

UE BIZHUB EAST

Development type:	Mixed-use
Location:	Changi Business Park, Singapore
Description:	Integrated development comprising exhibition and convention halls, an auditorium, seminar rooms, a business hotel, business park and retail space
Land area (sq ft):	312,164
Net lettable area (sq ft):	Business park: 411,000 (est) Retail: 91,000 (est)
Selected tenants:	Cisco Systems, British Telecom, NTUC FairPrice Xtra
Group's effective interest:	0%*



* The Group divested *UE BizHub EAST* in November 2013 but continues to operate the business hotel and serviced apartments *Park Avenue Changi,* as well as manage the business park and retail space

MIXED-USE DEVELOPMENT AT ONE-NORTH



Development type:	Mixed-use
Location:	Buona Vista Road/North Buona Vista Road, Singapore
Description:	Retail: *Rochester Mall* Hospitality: *Park Avenue Rochester*
Tenure of land:	99 years less 1 day leasehold from 2/2/2005; remaining lease of 87 years
Land area (sq ft):	Retail: 95,940 (inclusive of residential development) Hospitality: 43,242
Valuation as at 31 December 2016:	Retail: $109.5 million Hospitality: $180.5 million
Net lettable area (sq ft):	75,000 (est) (*Rochester Mall*)
Selected tenants:	The Learning Lab, Julia Gabriel Centre for Learning, Buttercup Montessori Kindergarten
Group's effective interest:	100%
Held by:	UE One-North Developments Pte. Ltd.



UE BIZHUB TOWER

Development type:	Commercial
Location:	Anson Road, Singapore
Description:	23-storey freehold commercial development located at the junction of Anson Road and Palmer Street
Tenure of land:	Freehold
Land area (sq ft):	28,162
Valuation as at 31 December 2016:	$423 million
Net lettable area (sq ft):	200,000 (est)
Selected tenants:	Kellogg Brown & Root Asia Pacific Pte Ltd, Japan Travel Bureau Pte Ltd
Group's effective interest:	100%
Held by:	UE Development (Anson) Pte. Ltd.



UE BIZHUB WEST

Development type:	Industrial and Commercial
Location:	Alexandra Road, Singapore
Description:	12-storey commercial building and 8-storey industrial building
Tenure of land:	Freehold
Land area (sq ft):	191,484
Valuation as at 31 December 2016:	$412 million
Net lettable area (sq ft):	462,000 (est)
Selected tenants:	Hewlett-Packard
Group's effective interest:	100%
Held by:	UE Development (Alexandra) Pte. Ltd.

UE BIZHUB CENTRAL

Development type:	Industrial
Location:	Ang Mo Kio Street 64, Singapore
Description:	4-storey high-tech facility with ancillary office as well as 7-storey high-tech facility with ancillary office and basement carpark
Tenure of land:	30+30 years leasehold from 1/4/1984 and 23+30 years leasehold from 1/2/1991; remaining lease of 28 years
Land area (sq ft):	258,068
Valuation as at 31 December 2016:	$36 million
Net lettable area (sq ft):	289,000 (est)
Selected tenants:	Apple, Motorola
Group's effective interest:	100%
Held by:	United Engineers Limited



RETAIL



CHANGI LINK

Location: Changi Business Park, Singapore

Description: 2-storey shopping mall, part of *UE BizHub EAST*

Net lettable area (sq ft): 91,000 (est)

Selected tenants: NTUC FairPrice Xtra

ROCHESTER MALL

Location: Buona Vista Road/North Buona Vista Road, Singapore

Description: 3-storey shopping mall, part of the mixed-use development at one-north

Net lettable area (sq ft): 75,000 (est)

Selected tenants: The Learning Lab, Julia Gabriel Centre for Learning, Buttercup Montessori Kindergarten





THE SELETAR MALL*

Location: Fernvale Road, Singapore

Description: 4-storey shopping mall

Net lettable area (sq ft): 188,000 (est)

Selected tenants: Shaw Theatres, NTUC Foodfare, FairPrice Finest

UE SQUARE SHOPPING MALL

Location: Clemenceau Avenue, Singapore

Description: 4-storey shopping podium, part of *UE BizHub CITY*

Net lettable area (sq ft): 79,000 (est)

Selected tenants: Cold Storage



* The Group has a 30% stake

HOSPITALITY



PARK AVENUE CLEMENCEAU

Location: Clemenceau Avenue, Singapore

Description: Serviced apartments, part of *UE BizHub CITY*

No. of rooms: 150

PARK AVENUE CHANGI

Location: Changi Business Park, Singapore

Description: Hotel and serviced apartments, part of *UE BizHub EAST*

No. of rooms: 251





PARK AVENUE ROBERTSON

Location: Kim Yam Road, Singapore

Description: Serviced apartments

No. of rooms: 36

PARK AVENUE ROCHESTER

Location: Buona Vista Road/North Buona Vista Road, Singapore

Description: Hotel and serviced apartments, part of the mixed-use development at one-north

No. of rooms: 351 (by mid 2017)



DEVELOPMENT

THE MANHATTAN



Development type:	Residential
Location:	Jalan Raja Chulan, Kuala Lumpur, Malaysia
Description:	129-unit condominium
Tenure of land:	Freehold
Land area (sq ft):	20,322
Gross floor area (sq ft):	256,000
Group's effective interest:	100%
Held by:	Peninsular Smart Sdn. Bhd.



CHENGDU ORCHARD VILLA

Development type:	Residential
Location:	Chengdu, China
Description:	1,358 units of semi-detached villas and terrace houses
Tenure of land:	70 years leasehold from 18/9/2003
Land area (sq ft):	3,437,605
Gross floor area (sq ft):	3,171,102
Group's effective interest:	67.6%
Held by:	Chengdu Huaxin International Realty Co., Ltd.

SHENYANG ORCHARD SUMMER PALACE



Development type:	Mixed-use
Location:	Shenyang, China
Description:	City complex comprising a shopping mall, 348 units of Grade A offices, 408 units of serviced apartments and 448 units of residential apartments
Tenure of land:	Residential: 50 years leasehold from 4/9/2009 Commercial: 40 years leasehold from 4/9/2009
Land area (sq ft):	360,784
Gross floor area (sq ft):	2,680,894
Group's effective interest:	67.6%
Held by:	Shenyang Summer Palace Property Development Co., Ltd.

REVIEW OF OPERATIONS

PROPERTY







Some remaining strata terraces in *Eight Riversuites* were sold during the year

PROPERTY RENTAL AND SERVICES

Property assets of United Engineers Developments Pte. Ltd. ("UED") – *UE BizHub CENTRAL*, *UE BizHub CITY*, *UE BizHub TOWER* and *UE BizHub WEST* – achieved healthy occupancies despite challenging rental markets. In particular, *UE BizHub CITY* was close to fully leased through a high level of tenancy renewals, entry of new tenant *Asia Pharmaceutical* and expansion of rental space by current tenant *CW Group*. UED, which manages *UE BizHub EAST* for Viva Industrial Trust, secured new tenant *Mizuho Bank* for the business park.



Lobby of *Shenyang Orchard Summer Palace*'s serviced apartment tower

Rochester Mall, *The Seletar Mall* and *UE Square Shopping Mall* also enjoyed healthy occupancies even though the Singapore retail industry experienced another tough year. In line with its revamped positioning as an educational-retail lifestyle mall, *Rochester Mall* saw an increase in skill/educational-enrichment tenants such as *U-Excel Education*, *My Messy Box* and *Studio Haroobee*.

Going forward, UED will continue with the planned upgrading works at *UE Square Shopping Mall*, *UE BizHub CITY*, *UE BizHub TOWER* and *UE BizHub WEST*, as well as explore asset enhancement initiatives.

HOSPITALITY

Park Avenue Rochester, *Park Avenue Changi*, *Park Avenue Clemenceau* and *Park Avenue Robertson* recorded high occupancies throughout the year despite rising competition. To cater for higher future market

demand, *Park Avenue Rochester* is in the second phase of an asset enhancement programme which will increase the number of keys from 311 to 351 by mid 2017.

During the year, *Park Avenue Rochester* introduced three robots into its operations – two at the backroom to transport room supplies and general waste, and one to deliver room service. This resulted in manhour savings equivalent to 3.5 full-time employees daily. Being a trailblazer in adopting robotics technology, *Park Avenue Rochester* attracted much interest from hotel guests, visitors and the media. In the next phase, *Park Avenue* intends to further leverage on robotics technology and enlarge the job scope of the robots for other aspects of its operations.

Park Avenue won several awards during the year, including three Star Awards (the highest recognition), six Gold Awards, 11 Silver Awards and an Outstanding Star Award for providing quality service at the EXSA supported by SPRING Singapore and managed by seven industry leading bodies. It was also presented with the Hotel Security Award 2016 by Singapore Hotel Association, National Crime Prevention Council and Singapore Police Force in recognition of its contribution towards high security standards in Singapore's hotel industry.

PROPERTY DEVELOPMENT

Amid fewer government land sales which contributed to more competitive land bids and escalating land prices, UED took a more cautious stance on property development in Singapore and focussed on actively marketing its existing residential projects. As at 31 December 2016, 862-unit *Eight Riversuites* achieved total sales of 98% with a few remaining strata terraces which are progressively being sold.

In China, Huaxin International completed construction of the serviced apartment tower, as well as continued with sales and leasing of office units at *Shenyang Orchard Summer Palace*. With the completion of the serviced apartment tower, Huaxin International is in negotiations with a major serviced apartment operator for a management service contract. *Chengdu Orchard Villa* achieved total sales of 96% for phase 4 (comprising 164 units of terrace houses) as at 31 December 2016 since launching in June 2016. For 2017, Huaxin International will mainly focus on construction of phase 4 and plan for construction of phase 5 (comprising 155 units of terrace houses) at *Chengdu Orchard Villa*.



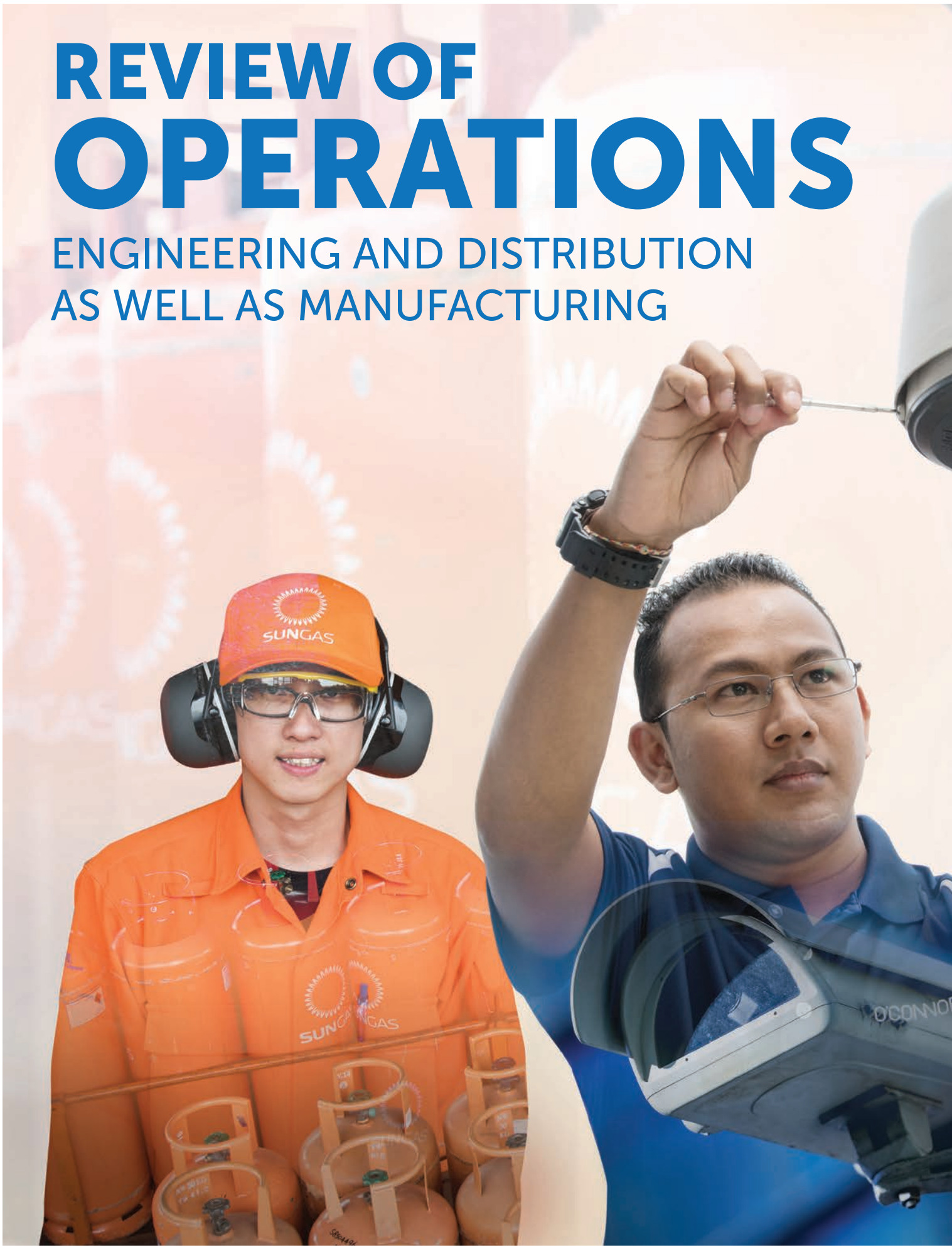
Park Avenue won 21 awards including an Outstanding Star Award at the EXSA



Ongoing construction for phase 4 of *Chengdu Orchard Villa*

REVIEW OF OPERATIONS

ENGINEERING AND DISTRIBUTION AS WELL AS MANUFACTURING




PELCO

SYSTEMS INTEGRATION

The Security & Sensor business of O'Connor's Singapore Pte Ltd ("O'Connor's Singapore") secured projects from Changi Airport Group and other clients in the law enforcement and public safety sector as well as additions and alterations works. For its Medical, Radiation, Laboratory & Product distribution business, O'Connor's Singapore focussed on medical products and consumables to capitalise on Singapore's growing pharmaceutical and biotechnology industry. O'Connor's Singapore's Satellite Communications business saw slower sales mainly due to postponement of some public tenders in Singapore and the change of government in Myanmar.

O'Connor's Engineering Sdn. Bhd. ("O'Connor's Malaysia") saw a challenging year affected by the weakening Ringgit, reduced government funding and increased competition. Nonetheless, several projects were completed on schedule during the year. These included the smart home system for Damansara City, the radio communication system for Shell at the Malikai deepwater oil platform, as well as the two radio networks for Kelana Jaya Line and Petronas Carigali which helped maintained its profitability. Going forward, O'Connor's Malaysia will continue to grow its current businesses and venture into rental of equipment to the hospitality industry for steady recurring income.



O'Connor's Malaysia performing antenna load test at an offshore project

Political instability in Thailand continued to affect business performance of O'Connor's (Thailand) Co., Ltd ("O'Connor's Thailand"). The slow demand for automotive and related equipment and parts due to lower vehicle sales and production, as well as deferment of new broadcast and multimedia projects by the government also affected O'Connor's Thailand's businesses.



The *JCB* 540-170 is one of the more popular telescopic handlers rented by Wealco Equipment's clients

DISTRIBUTION

During the year, Welmate saw increased demand for *Promatect* fire-resistant boards from public hospitals, MRT (Mass Rapid Transit) stations and public housing. In addition, the permitted use of lightweight precast concrete panels for housing units by Housing & Development Board boosted Welmate's sales of *Acotec* precast concrete panels and *YTONG* autoclaved aerated concrete panels. Welmate also supplied *Rockfon* ceiling products to several projects, including *Sengkang General and Community Hospitals*, *Waterway Point* shopping centre, as well as Terminal 2 departure hall of *Singapore Changi Airport*.

Polytek Engineering increased sales of laundry equipment to public and private sector clients during the year. It also completed several projects, including the installation of boilers for solar panel manufacturer REC, the testing and commissioning of Singapore's first steamless laundry production plant with automatic linen baggage system for YR Industries, as well as the installation of *CERTUSS* steam generator for California Laundry. To further enhance its competitive edge, Polytek Engineering plans to provide more comprehensive solutions by expanding its product range to include *Chicago Dryer* flatwork finishing equipment, *Lapauw*

ironer, as well as *Comac* and *White Conveyors* finishing equipment.

Far East Motors completed several projects during the year, including the supplying, installing and commissioning of the fully computerised oil management system at Borneo Motors' new flagship car workshop at Pandan Crescent, the fully computerised heavy vehicle test lane at *Seletar Camp*, as well as the bus wash machine for SBS Transit's *Bukit Batok Bus Depot*. Sales in the commercial sector increased as more operators took up the Early Turnover Scheme initiated by Land Transport Authority (LTA) and National Environment Agency. However, parts sales were affected by the phasing out of older commercial vehicles and rise in new car sales. Far East Motors will capitalise on the projected upturn in construction of bus depots as LTA's new bus contracting model becomes fully implemented, as well as construction of new workshops and expansion of workshops due to recent growth in new car sales.

Wealco Equipment's sales of construction equipment were affected by significant slowdown in the oil & gas industry which had a knock-on effect on the construction industry. This was offset by higher demand in rental of construction equipment, particularly the *JCB* 540-170 telescopic handler, as companies were discouraged from investing in new construction equipment. The lacklustre oil & gas industry also affected Wealco Equipment's sales of waterjet propulsion systems to the marine sector.



Expanding the sand drying plant boosted Pacific Silica's sales and client base



Production of die-cast precision parts in one of the Group's precision engineering factories

Although WLPG's sales dipped slightly, gross margin increased due to favourable pricing strategy, improvement in productivity, as well as growth in distribution of LPG-related parts and equipment sourced directly from manufacturers. During the year, WLPG introduced a new source of income by combining its engineering resources with those of Polytek Engineering and Far East Motors. WLPG also started its own delivery fleet to cater to new clients in the laundry and food & beverage businesses, as well as launched Singapore's first 9kg LPG cylinder. This smaller and lighter LPG cylinder is suitable for smaller households and can fit into compact-size kitchens and gas grills.

Pacific Silica achieved strong sales mainly driven by increased production of specialty dried sands and the bustling construction industry. The completion of major expansion works at its sand drying plant enabled more specialty dried sands to be produced. During the year, Pacific Silica also expanded its truck fleet, as well as introduced measures to improve productivity and production capacity.

MANUFACTURING

During the year, the Group's precision engineering business was restructured to achieve higher quality and productivity, and investments were made to improve process automation as well as increase technical resources. With these, the precision engineering business was able to reduce its overheads and secure a number of new projects which will come into volume production by end 2017. The Group's components business performed well during the year with a major contract win. Going forward, the Group's manufacturing segment will continue with prudent cost management, as well as improve productivity and quality through selective investments in automation and technical capabilities.

OCCUPATIONAL SAFETY AND HEALTH



Mass exercise during UE Safety Day

The Group's incident frequency rate fell from 0.56 in 2015 to 0.17 in 2016 and there was one incident reported during the year. The significant improvement was mainly due to reduction in operations which arose from continued divestment of businesses, as well as improved WSH performance.

The Group implemented appropriate procedures and policies to minimise occurrence and impact of workplace incidents and occupational diseases, as well as regularly conducts audits on WSH practices to ensure compliance at all times. The Group is also inclined towards engaging vendors and contractors who participates in bizSAFE certification, a programme by WSH Council which rates companies' commitment to safety. During the year, UE ServiceCorp Singapore won a WSH Performance (Silver) Award at the WSH Awards for its good WSH performance through the implementation of sound WSH management systems.

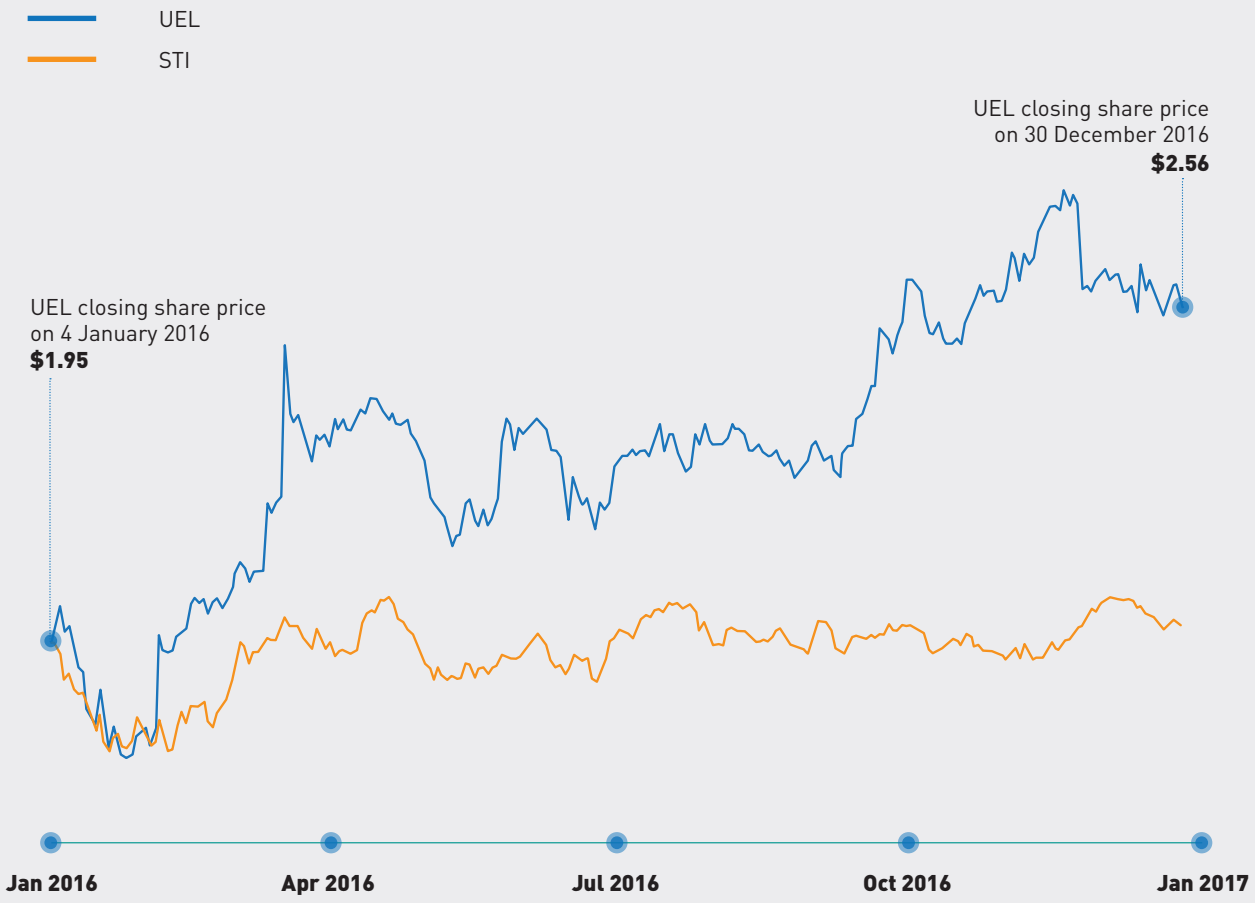
Training programmes in the form of workshops and fun activities were conducted during the year to raise WSH awareness and knowhow. These included training on proper use of CPR (cardiopulmonary resuscitation) and AED (automated external defibrillator), a healthful cooking demonstration, workshops on health and wellness, as well as recreational activities such as kickboxing, cardio mix and K-pop dancing. In July 2016, the Group held its annual UE Safety Day which included a mass exercise and WSH-themed games.



Staff undergoing training on the proper use of CPR

During the year, UE ServiceCorp Singapore won a WSH Performance (Silver) Award at the WSH Awards for its good WSH performance through the implementation of sound WSH management systems.

INVESTOR RELATIONS



Relative performance of UEL share price against the Straits Times Index (STI)

The Group held its 102nd AGM in April 2016 to give shareholders an update on the Group's performance in 2015, address issues, as well as pass various resolutions. In June 2016, the Group held an EGM to seek shareholders' approval on its proposed disposal of MFLEX. All resolutions were passed during the AGM and EGM and their results were posted on SGXNET, the Group's corporate website (www.uel.sg) as well as investment portal ShareInvestor (www.shareinvestor.com).

In May 2016, the Group established a $1 billion multicurrency debt issuance programme and on 1 June 2016, it issued $150 million 3.68% per annum fixed rate notes due 2021 under this programme.

UEL's share price showed a general uptrend during the year, from a closing share price of $1.95 on 4 January 2016 to $2.56 on 30 December 2016.

In line with its commitment to communicate disclosures in a timely and effective manner, the Group also posted its disclosures made during the year on the various platforms mentioned above, as well as disseminated them via an email alert service to those who signed up for it.

UEL's share price showed a general uptrend during the year, from a closing share price of $1.95 on 4 January 2016 to $2.56 on 30 December 2016.

CORPORATE SOCIAL RESPONSIBILITY



Vertical greening on part of the facade of *UE BizHub EAST* which the Group manages for Viva Industrial Trust

The Group made a contribution of $20,000 to Singapore Children's Society during the Group's Dinner & Dance, as well as contributed to An Enchanted Evening and S3 Gala Charity Dinner.

The Group is committed to develop and manage buildings with environmentally-friendly features which conserve water and energy, improve air quality, as well as incorporate greenery within built-up environments, among others. It also embraces sustainable products in its operations as far as possible. During the year, *Park Avenue*'s guest rooms started using eco-friendly room supplies such as biodegradable cleaning agents and filtered water system (instead of bottled water) to reduce its carbon footprint. *Park Avenue* also organised activities such as Beach Cleaning Day at Pasir Ris Beach to promote environmental protection.

In addition, the Group participated in a number of activities to give back to society. The highlight among them was a contribution of $20,000 to Singapore Children's Society (SCS) during the Group's Dinner & Dance which included a short performance by young beneficiaries of SCS. The Group also contributed to An Enchanted Evening and S3 Gala Charity Dinner in support of Methodist Welfare Services and Stroke Support Station respectively. O'Connor's Singapore collaborated with Nestlé in Boys' Brigade's Share-a-Gift project for the second year to raise funds for gifts and food items to the less privileged.



Chairman Mr Tan giving a donation cheque to SCS during the Group's Dinner & Dance

5-YEAR FINANCIAL PROFILE OF THE GROUP

	2016[2]	2015[2]	2014[3]	2013[3]	2012
Income Statement ($000)					
Continuing operations[2,3]					
Revenue	479,701	851,190	3,209,321	1,664,921	595,744
Profit before Tax	29,513	63,446	75,754	53,166	102,094
Income Tax Expense	(8,773)	(512)	(35,267)	(40,146)	(14,344)
Profit Net of Tax	20,740	62,934	40,487	13,020	87,750
Continuing & discontinued operations					
Profit Attributable to Owners of the Company, Net of Tax (Net Profit)	140,581	102,210	123,583	118,060	72,164
Statement of Financial Position ($000)					
Property, Plant and Equipment	162,909	359,385	389,315	782,243	164,394
Investment Properties	1,859,418	1,857,542	1,847,071	1,870,923	1,203,765
Other Non-Current Assets	234,032	298,437	328,741	503,511	428,758
Net Current Assets[1]	1,279,673	1,483,667	1,715,439	2,464,561	1,088,870
	3,536,032	3,999,031	4,280,566	5,621,238	2,885,787
Stockholders' Equity	1,883,007	1,830,603	1,803,846	1,711,660	1,238,851
Non-Controlling Interests	311,885	556,864	576,348	809,696	67,088
Short and Long-Term Borrowings	1,191,448	1,443,761	1,716,909	2,882,276	1,539,518
Other Non-Current Liabilities	149,692	167,803	183,463	217,606	40,330
	3,536,032	3,999,031	4,280,566	5,621,238	2,885,787
Net Borrowings ($000)	567,472	899,634	1,066,662	1,976,877	1,087,517
Net Debt to Equity (times)	0.30	0.49	0.59	1.15	0.88
Per Stock Unit					
Earnings per Stock Unit (cents)					
- Profit Attributable to Ordinary Stockholders after Preference Dividend	22.0	16.0	19.4	24.5	20.0
Ordinary Dividends					
- First and final (cents)	5.0*	5.0	5.0	5.0	5.0
- Special (cents)	7.0*	3.0	5.0	2.0	5.0
- Cover (times)	1.83	2.00	1.94	3.50	2.00
Net Tangible Assets ($)	3.05[4]	2.93[4]	2.88[4]	2.70[4]	2.72

[1] In arriving at net current assets, short-term borrowings have been excluded

[2] Income Statement on continuing operations basis, as presented in 2016 Annual Report

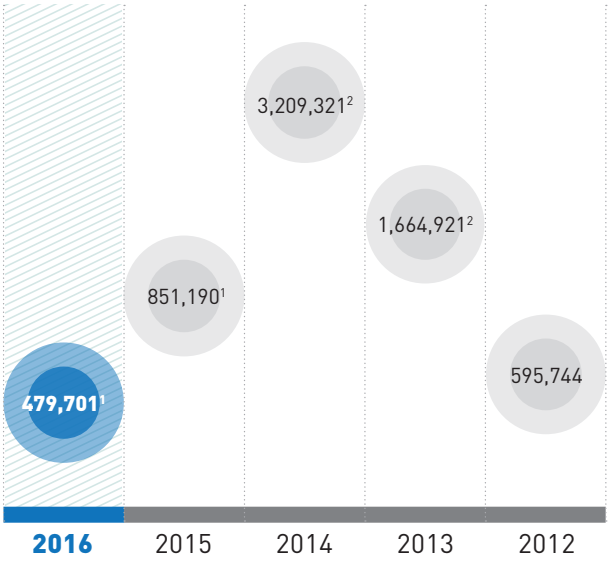
[3] Income Statement on continuing operations basis, as presented in 2014 Annual Report

[4] Based on total number of issued stock units excluding the number of stock units held by a subsidiary

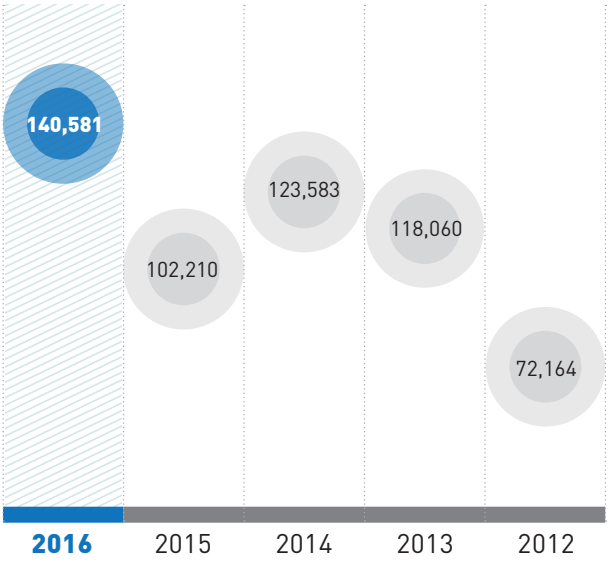
* Subject to shareholders' approval

KEY FINANCIAL HIGHLIGHTS

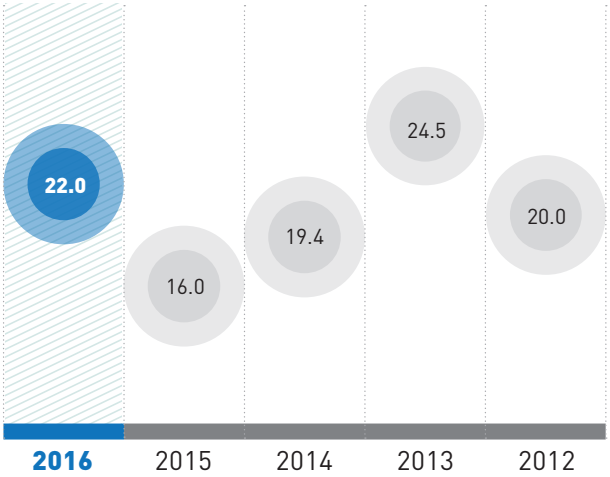
GROUP REVENUE ($000)



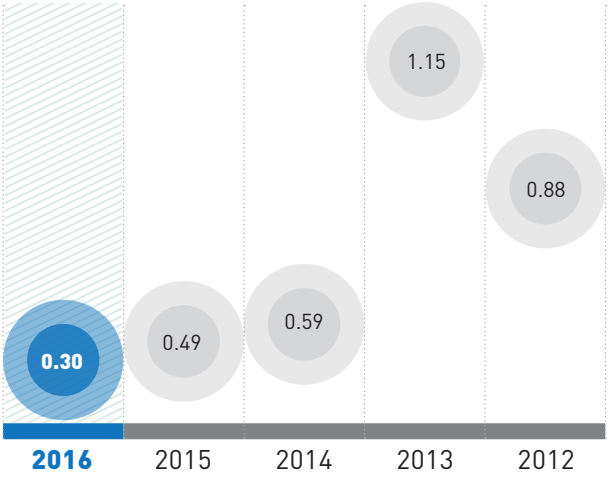
GROUP NET PROFIT ($000)



EARNINGS PER STOCK UNIT (CENTS)

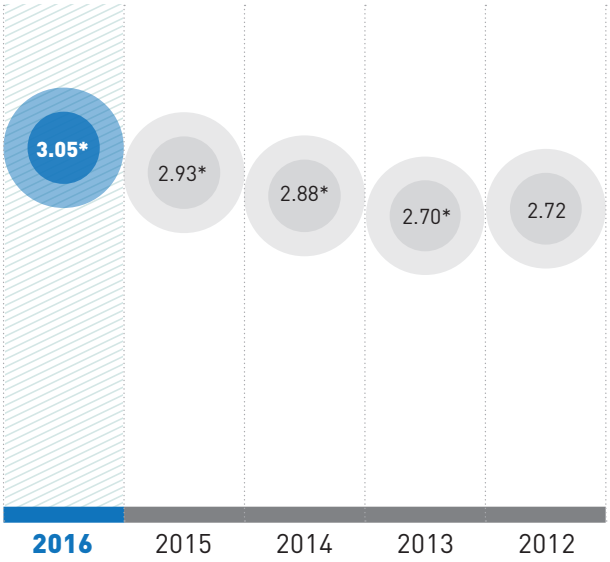


NET DEBT TO EQUITY

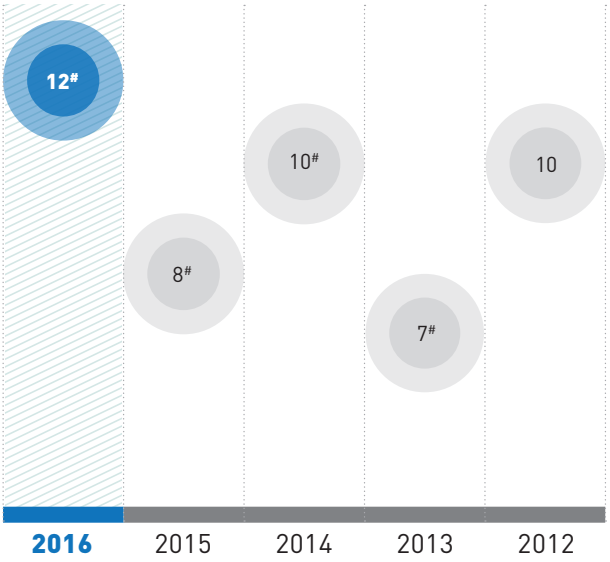


[1] Based on continuing operations basis, as presented in 2016 Annual Report
[2] Based on continuing operations basis, as presented in 2014 Annual Report
* Based on total number of issued stock units excluding the number of stock units held by a subsidiary
# On an enlarged share capital after the 1-for-1 Rights Issue in 2013

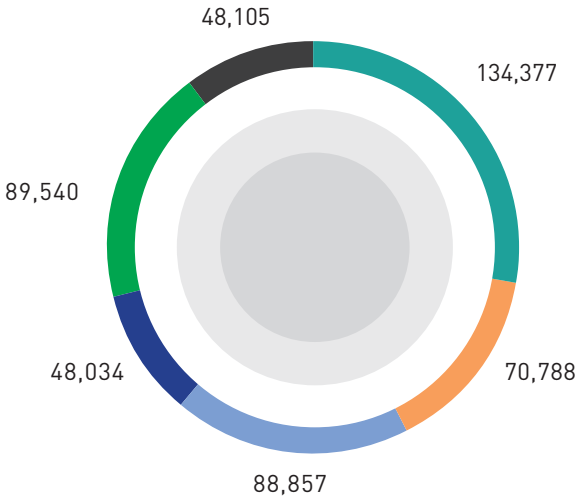
NET TANGIBLE ASSETS PER STOCK UNIT ($)



DIVIDEND PER ORDINARY STOCK UNIT (CENTS)

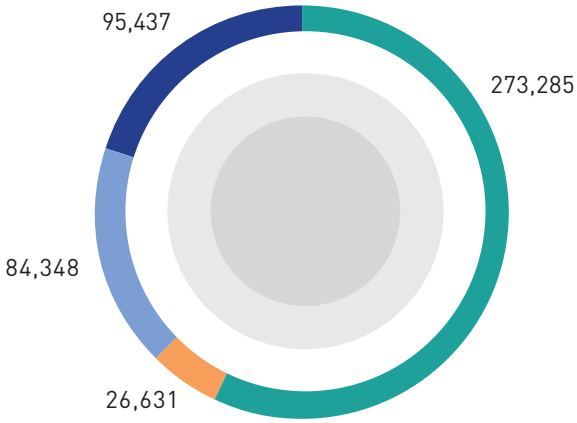


REVENUE BY BUSINESS SEGMENTS ($000)



- Property Rental and Hospitality
- Property Development
- Distribution
- Engineering
- Manufacturing
- Corporate Services and Others

REVENUE BY GEOGRAPHICAL SEGMENTS ($000)



- Singapore
- ASEAN (excluding Singapore)
- Asia (excluding ASEAN)
- Others (or Non-Asian countries)

REPORT ON CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining high standards of corporate governance and transparency within the Group. The Group has adopted and complied with, wherever feasible, the principles and guidelines of the Code of Corporate Governance 2012 ("Code 2012"). Pursuant to Rule 710 of the Listing Manual of the SGX-ST, we set out below the details of our governance practices and provide explanations for deviations from the Code 2012 within this Annual Report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is entrusted with the responsibility for effective oversight of the management of the Group's businesses and affairs. The Board works closely with management to promote the success of the Group. Apart from its statutory responsibilities, the principal functions of the Board include, but are not limited to, the following:

(i) setting the overall strategic directions and long-term goals of the Group, and ensuring that the financial and human resources are allocated in an optimal manner for the Group to meet its objectives;

(ii) approving major projects, policy decisions, annual budgets, major investment funding and major restructuring of core businesses;

(iii) establishing a framework of prudent and effective controls so that all risks faced by the Group in its business operations can be effectively and comprehensively assessed and managed;

(iv) monitoring and reviewing management's performance and the financial performance of the Group; and

(v) setting the Group's values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met.

The Board has formed various Board Committees, namely Executive Committee (EXCO), Audit & Risk Committee (ARC), Nominating Committee (NC) and Remuneration Committee (RC). The Board has delegated specific responsibilities to each of these Committees. These Committees have been formed and guided by their specific terms of reference.

The composition of the Board Committees for the financial year ended 31 December 2016 ("FY 2016") is tabulated below:

Directors	***EXCO***	***ARC***	***NC***	***RC***
Mr Tan Ngiap Joo	C		M	M
Mr Norman Ip Ka Cheung	M			
Mr Chew Leng Seng[(1)]	M		C	
Mr Koh Beng Seng	M	C		
Mr Koh Poh Tiong[(2)]			C	M
Dr Michael Lim Chun Leng[(3)]		M	M	C
Mr David Wong Cheong Fook[(4)]		M	M	M
Mr Lee Lap Wah, George[(5)]	M			

Denotes: *C – Chairman* *M - Member*

Notes:

(1) Mr Chew Leng Seng did not seek re-election at the AGM of the Company held on 29 April 2016 and accordingly, he retired as a Director of the Company and also ceased to be the Chairman of the NC and a member of the EXCO on the same day.

(2) Mr Koh Poh Tiong was appointed as the Chairman of the NC on 12 August 2016.

(3) Dr Michael Lim Chun Leng was appointed as a member of the NC on 12 August 2016.

(4) Mr David Wong Cheong Fook was appointed as a member of the RC on 12 August 2016.

(5) Mr Lee Lap Wah, George was appointed as a Non-Independent and Non-Executive Director of the Company on 1 July 2016 and was also appointed as a member of the EXCO on 12 August 2016.

The Board meets at least four times a year for regular scheduled meetings, and as often as may be required to deal with *ad-hoc* matters. The Constitution of the Company (the "Constitution") allows for telephonic and conference meetings.

The attendance records of the Directors at meetings of the Board and Board Committees in FY 2016 are set out below:

	Board	***EXCO***	***ARC***	***NC***	***RC***
No. of Meetings Held	**4**	**4**	**6**	**1**	**2**
No. of Meetings attended:					
Mr Tan Ngiap Joo	4	4	6*	1	2
Mr Norman Ip Ka Cheung	4	4	6^	1	2
Mr Chew Leng Seng[(1)]	-	1	-	-	N/A
Mr Koh Beng Seng	4	4	6^	N/A	N/A
Mr Koh Poh Tiong	4	1*	6*	1	2
Dr Michael Lim Chun Leng	4	1*	6^	1	2
Mr David Wong Cheong Fook	4	1*	6^	1	1
Mr Lee Lap Wah, George[(2)]	2	1	3*	1*	1*

Notes:

^ Enterprise Risk Management (ERM) forms part of ARC's scope and responsibilities. During the year, ARC held two separate meetings to discuss ERM matters specifically.

* By Invitation

(1) Mr Chew Leng Seng retired as a Director of the Company on 29 April 2016.

(2) Mr Lee Lap Wah, George was appointed as a Non-Independent and Non-Executive Director of the Company on 1 July 2016 and was also appointed as a member of the EXCO on 12 August 2016.

N/A - Not applicable.

The Group has adopted internal guidelines on matters that require Board's approval. These principally include broad policy decisions, annual budgets, material acquisitions and disposals of assets, significant legal and financial issues, major tenders, announceable matters, interested person transactions (IPT), appointment and termination of Directors and key management staff and other matters as may be considered by the Board from time to time.

Any newly appointed Director is provided with an information package and a formal letter which sets out his duties and obligations as a Director under the various regulations and how these are to be discharged. An in-house orientation programme incorporating briefings from various business and corporate units is arranged for a new Director to better familiarise himself with the Group's businesses and governance practices.

Various training programmes in areas such as accounting, legal, risk management and industry-specific matters are made available to and arranged for the Directors. The Company Secretary brings to the Directors' attention information on any seminars that may be of relevance to them.

Principle 2: Board Composition and Guidance

The Board comprises seven (7) Directors, of whom five (5) are Independent and Non-Executive Directors. The five Independent and Non-Executive Directors are Mr Tan Ngiap Joo, Mr Koh Beng Seng, Mr Koh Poh Tiong, Dr Michael Lim Chun Leng and Mr David Wong Cheong Fook. They and their immediate family members have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group. Mr Norman Ip Ka Cheung, the Group Managing Director is considered Executive and Non-Independent. On 1 July 2016, Mr Lee Lap Wah, George was appointed as a Non-Independent and Non-Executive Director.

The NC, taking into account the nature of Group's operations, considers its current size to be adequate for effective decision making. The NC reviews whether the Board and its Board Committees provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. The NC is satisfied that the present Board has an appropriate mix of expertise, experience and independence needed to discharge its duties effectively. The Directors

have diverse backgrounds in the banking, accounting, medical, business and public sectors. They possess core competencies and skills that best contribute to the Board's decision making process. They actively participate in discussions and decision making at the Board and Board Committee levels, as well as in open and candid discussions with management. They review and monitor the performance of the management against target goals and objectives.

No individual Board member dominates the Board's decision making and there is sufficient accountability and capacity for independent decision making. Any Director who has conflicting interest with the subject discussed at the meeting would either declare his interest and abstain from voting or recuse himself from the information flow and discussion of the subject matter.

The NC determines annually whether or not a Director is independent based on Code 2012 and written declaration of their independence provided by the Directors. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment is subject to particularly rigorous review. During the year, the Directors who had served on the Board beyond nine years were Dr Michael Lim Chun Leng and Mr Tan Ngiap Joo.

The Board has determined that Dr Michael Lim Chun Leng and Mr Tan Ngiap Joo be considered independent as they had demonstrated the essential characteristics of independence by expressing independent views and challenging management at Board and Board Committee meetings which they served on. Despite their long tenure of service on the Board, their continued independence with management remained as the Company had undergone a change of management team during the last three years and hence, the Directors could not be considered as being too familiar with the current management team. The Board was of the view that it would be desirable to extend the tenure of the said Directors on the Board for their experience and institutional knowledge.

Profiles of the Directors are found on pages 9 and 10 of this Annual Report.

Principle 3: Chairman and Group Managing Director

The roles and responsibilities of the Chairman and the Group Managing Director are distinct and separate.

The Chairman's position is independent and non-executive in nature, and relates to the workings of the Board as a whole. He focuses on leading the Board to ensure its effectiveness in all aspects of its role and setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. He plays a significant leadership role by providing clear oversight, advice and guidance to management. He ensures that the Directors receive complete, adequate and timely information. At Board meetings, he promotes a culture of openness and ensures Non-Executive Directors are able to communicate freely and contribute effectively. He also ensures that the Company maintains high standards of corporate governance. At shareholders' meetings, the Chairman plays an important role in promoting constructive dialogue between shareholders, the Board and management.

The Group Managing Director bears executive responsibility for the management and development of the Group's businesses. He executes the agreed strategies and implements the Board's decisions so as to enable the Group to continue its strategic objective of streamlining business activities and enhancing and unlocking value for shareholders.

The Chairman and the Group Managing Director are not related to each other.

Principle 4: Board Membership

The NC is chaired by Mr Koh Poh Tiong and its members comprise Mr Tan Ngiap Joo, Mr David Wong Cheong Fook and Dr Michael Lim Chun Leng. All NC members, including the Chairman, are Independent and Non-Executive Directors.

The NC meets at least once a year and more often if required. In FY 2016, the NC met once. Its primary functions are to:

(i) review and make recommendations to the Board for the appointment of Directors and members to the Board Committees;

(ii) determine annually whether or not a Director is independent and recommend the re-election of Directors to the Board as may be appropriate;

(iii) assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board annually through a formal Board and Individual Director Evaluation Exercise;

(iv) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, especially for Directors with multiple board representations;

(v) re-nominate a Director having regard to their contribution and performance (e.g. attendance, preparedness, participation and candour) and whether he is able to adequately discharge his duties, including, if applicable, as an Independent Director;

(vi) propose objective performance criteria to evaluate the Board's performance; and

(vii) review succession plans for CEO and key management staff.

The NC has put in place a formal and transparent process for the appointment of new Directors to the Board. This process involves identifying, reviewing and recommending potential candidates to the Board for consideration.

Board members who have identified suitable candidates submit the bio-data of such candidates to the NC for discussion and review. Generally, these candidates are identified through the business network of the Board members, and would be skilled in core competencies such as strategic planning and have business or management expertise as well as finance and industry knowledge.

If the NC considers the candidate to be suitable, the NC will then recommend its choice to the Board. Meetings with the Board members may be arranged to facilitate open discussion with such candidate. Upon appointment, the Company will send out a formal letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with management.

In relation to (ii) above, Article 99 of the Constitution provides for one-third of the Company's Directors to retire by rotation every year, and this has been consistently adhered to. In addition, a new Director appointed by the Board will submit himself for re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement under Article 99 of the Constitution.

The Directors who are seeking re-election at the next AGM on 25 April 2017 are set out in the Notice of AGM on pages 128 to 130 of this Annual Report.

The NC is satisfied that sufficient time and attention is given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. Hence, there is presently no need to implement internal guidelines to address their competing time commitments. The NC is of the view that the multiple board representations held presently by the Directors are acceptable and do not impede their performance in carrying out their duties to the Company and in fact, enhance the performance of the Directors as these broaden the experience and knowledge of the Board.

Principle 5: Board Performance

The NC has implemented a formal Board and Individual Director Evaluation Exercise. The Board Evaluation process takes into account various criteria, including Board structure, strategy and performance, governance, Board function and team dynamics (Board procedures, succession planning and standards of conduct). The Individual Director Evaluation process has the following performance criteria: Directors' duties, communication skills, strategy and risk management, Board contribution, specialist knowledge and ethics/values. The Individual Director Evaluation also takes into account the contributions of each Director and his commitment in terms of time and effort spent on the Company's matters. The evaluation and feedback are then consolidated and presented to the Board for discussion on areas of strengths and weaknesses to improve the effectiveness of the Board and Board Committees.

As the Company is classified as being multi-industry, there are no directly relevant comparisons that it can undertake vis-à-vis its industry peers.

Principle 6: Access to Information

All Directors have direct and independent access to the Company Secretary and the management team. The Company Secretary, under the direction of the Chairman, is responsible for ensuring good information flow within the Board and Board Committees and between the management team, as well as facilitating orientation and assisting with professional development of the Board as required. The Company Secretary attends all Board meetings and is

also responsible for ensuring that the Board's procedures and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary has to be deliberated on and decided by the Board as a whole.

For purpose of best practices, the Board and Board Committee meetings are usually scheduled one year in advance to facilitate the Directors' individual schedules. Board papers and briefing notes including management accounts and commentaries on the Group's performance are usually submitted at least three working days in advance.

Internal guidelines have been adopted to ensure that the Directors may consult with professional advisors, costs of which are borne by the Company, as may be necessary to assist them in discharging their duties.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC is chaired by Dr Michael Lim Chun Leng and its members comprise Mr Tan Ngiap Joo, Mr Koh Poh Tiong and Mr David Wong Cheong Fook. All RC members, including the Chairman, are Independent and Non-Executive Directors. All RC members have adequate knowledge of compensation matters. The RC has been formed and guided by its terms of reference.

The RC meets at least once a year and more often if required. In FY 2016, the RC held two meetings and its primary functions are to:

(i) evaluate and propose payment of Directors' Fees for the approval of members in shareholders' meeting; and

(ii) recommend to the Board a framework of remuneration and specific remuneration packages for Directors and key management staff, including the Group Managing Director. The framework takes into account all aspects of executive remuneration including salaries, allowances, bonuses, options and benefits in kind. The RC benchmarks the framework against pay and employment conditions within the industry and structures the same so as to link rewards to corporate and individual performance.

The RC has direct and independent access to the Head of Group Human Resources, who attends all RC meetings.

In FY 2016, there were no termination, retirement and post-employment benefits that may be granted to Directors (including the Group Managing Director) and the top five key management staff.

The Company does not employ any immediate family member of the Directors or the Group Managing Director.

Directors' Fees are proposed in accordance with a framework comprising basic fees and additional fees for other duties or serving on specialised committees. FY 2016 Directors' Fees set out below are subject to the shareholders' approval at the forthcoming AGM of the Company.

Directors' Remuneration

Directors	*Directors' Fees $*	*Salary $*	*Bonus $*	*Other Benefits $*	*Total $*
Mr Tan Ngiap Joo	238,000	-	-	13,803	251,803
Mr Chew Leng Seng[1]	29,868	-	-	-	29,868
Mr Koh Beng Seng	127,000	-	-	-	127,000
Mr Koh Poh Tiong	99,760	-	-	-	99,760
Dr Michael Lim Chun Leng	120,880	-	-	-	120,880
Mr David Wong Cheong Fook	108,880	-	-	-	108,880
Mr Lee Lap Wah, George[2]	46,957	-	-	-	46,957
Group Managing Director					
Mr Norman Ip Ka Cheung	103,000	360,000	300,000	87,180	850,180

(1) Mr Chew Leng Seng retired as a Director of the Company on 29 April 2016.

(2) Mr Lee Lap Wah, George was appointed as a Non-Independent and Non-Executive Director of the Company on 1 July 2016.

Key Management Remuneration

The Company adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that are linked to the performance of the Company and the individual. Compensation packages and revisions of key management staff's remuneration are subject to the review and approval of RC.

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure relating to the top five key management staff (who are not Directors) of the Group has been made within bands of $250,000. For more information on the aggregate total remuneration paid to all key management staff (including the top five key management staff), please refer to Note 34 in the Notes to the Financial Statements on page 110 of this Annual Report.

Remuneration Bands	No. of Executives
Below $250,000	1
$250,001 - $500,000	2
$500,001 - $750,000	1
$750,001 - $1,000,000	1

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

On a regular basis, management prepares and submits proposals and financial reports for the Board's consideration, setting out the background, explanatory information and their recommendations. These are supported with disclosure documents, budgets and forecasts. Any material variance between the budgets and actual results will be disclosed and explained to the Board.

To promote shareholders' confidence and to comply with SGX-ST regulatory requirements, the Company releases announcements including its quarterly and full year financial results through SGXNET for market dissemination. These provide the shareholders, members of the public as well as investors a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The ERM framework forms part of ARC's scope and responsibilities. Supported by the Group Managing Director and other senior executives of the Company, the ARC performs an oversight role in the formulation, implementation and maintenance of an adequate and effective ERM framework and internal control mechanism. During the year, two ARC meetings were held to specifically review and discuss issues relating to ERM matters.

The Group promotes the standardisation of policies, processes and internal control procedures for the effective oversight of the operations throughout the Group, including the subsidiaries. This is achieved in part through the Group's long-established Group Operations Manual which provides a framework for quality management systems and assurance processes.

On an annual basis, the Group's internal auditor prepares an audit plan taking into consideration the risks identified. This plan is approved by ARC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in managing its financial, operational, information technology and compliance risks. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to ARC. The external auditor also reports to ARC on matters relating to internal financial controls which came to their attention during the course of their normal audit and provides related recommendations for improvements. The ARC reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Group's ERM framework, which was first established in FY 2009, is in line with international best practices. The framework comprises a comprehensive set of management systems, organisational structures, policies, processes and internal control standards adopted by the Group in conducting its business and delivering returns for shareholders.

The Group's clear organisation structures and transparent business practices are closely integrated with its risk management system. Key risks are reported and managed upstream in a prompt and consistent manner to

complement business planning, ensure appropriate intervention and promote knowledge sharing.

The ERM framework is based on ISO 31000:2009 that focuses on four dimensions of (i) commitment and mandate, (ii) structure and accountability, (iii) communication and training, and (iv) review and improvement. This is to ensure that strategic and operational objectives are achieved, reporting is reliable, all relevant laws and regulations are compiled with, a responsible corporate governance that facilitates the Board and Board Committees in exercising risk oversight on the various risks faced by the Group, and an internal control system is being implemented for controlling the various risks throughout the year.

The Company maintains a Risk Register setting out the key risks and the implemented internal controls to manage and mitigate those risks. The ARC and the Board review the Risk Register annually. The effectiveness of the risk management and internal control systems is reviewed by the ARC periodically. The Board has received written assurance from the Group Managing Director and the Group Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY 2016 give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing material risks faced by the Group in its current business environment, including material financial, operational, compliance and information technology risks.

Based on the ERM framework, internal control system established and maintained by the Group, work performed by the internal auditor, statutory audit conducted by the external auditor, and reviews performed by management, various Board Committees and the Board, the Board is of the opinion with the concurrence of the ARC that the Group's internal controls addressing financial, operational, information technology and compliance risks are adequate.

The system of internal controls and ERM framework established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board, however, notes that no system of internal controls and ERM can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 12: Audit & Risk Committee

The ARC is chaired by Mr Koh Beng Seng and its members comprise Dr Michael Lim Chun Leng and Mr David Wong Cheong Fook. All ARC members, including the Chairman, are Independent and Non-Executive Directors. Most of the ARC members are actively involved in various other commercial organisations, and have related financial management experience. The NC is of the view that ARC members have sufficient financial management expertise and experience to discharge ARC's functions.

The ARC meets at least four times a year. In FY 2016, ARC held six meetings and its primary functions are to:

(i) review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor;

(ii) review the nature and extent of the external auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value from the services provided;

(iii) review the quarterly, half-yearly and full-year financial statements of the Group prior to their submission to the Board;

(iv) review the significant financial reporting issues and judgement made by management so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the financial performance of the Group;

(v) review IPT to ensure compliance with the Listing Manual of the SGX-ST;

(vi) review the adequacy of the Group's internal financial controls, operational and compliance controls, information technology controls and risk management policies and systems (collectively, "internal controls");

(vii) review the effectiveness of the Group's internal controls, internal audit plan and function;

(viii) make recommendations to the Board on the appointment and re-appointment of both the external and internal auditors, and approve the remuneration and terms of engagement thereof;

(ix) review the assessment and monitoring of all risks associated with the investments and operations of the Group;

(x) review the effectiveness of internal compliance and control systems and procedures to manage risk, and recommend to the Board in relation to risk management strategy and policy framework; and

(xi) consider and report to the Board on any material changes to the risk profile of the Group.

The ARC has full access to and cooperation from management, and has the discretion to invite any Director or executive to attend its meetings where necessary. The ARC also has explicit power to investigate any matter brought to its attention within its terms of reference, and will be granted reasonable resources to enable it to discharge its functions properly, including seeking external professional advice.

The Group has put in place, and ARC has endorsed, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation and appropriate follow-up actions on such matters. The arrangements provide for investigation to be undertaken by the Group Internal Audit Department which will be channeled to the ARC accordingly.

The ARC met with the external auditor to discuss the results of their examinations and matters relating to internal financial controls which came to their attention during the course of their statutory audit and related recommendations for improvements. In addition, updates on changes in accounting standards and treatment are prepared by the external auditor and circulated to ARC members periodically for their information. The ARC meets with the internal and external auditors of the Company, without the presence of management, at least once a year. The following significant matters impacting the financial statements were discussed with management and the external auditor and were reviewed by the ARC. Following the review and discussions, the ARC recommended to the Board to approve the full-year financial statements.

Key issues	**Matters considered**
Adequacy of provision for rental top up for the business park, retail and hotel components of *UE BizHub EAST* which amounted to $72 million as at 31 December 2016.	The assessment of the present obligations under the contract including the key assumptions, market data and estimates on which they are based. The external auditor has included this item as a key audit matter in its audit report for FY 2016. Refer to page 47 of this Annual Report. Based on the work performed, the external auditor considered the assumptions used by management to be appropriate.
Fair value of the investment properties of the Group which amounted to $1,859 million as at 31 December 2016.	The valuation methodology and techniques used by independent external valuation specialists including the key assumptions, market data and estimates on which they are based. The external auditor has included this item as a key audit matter in its audit report for FY 2016. Refer to page 47 of this Annual Report. Based on their independent assessment, the external auditor considered the methodology and assumptions used by management to be appropriate.

Key issues	Matters considered
Net realisable value of development properties held for sale which amounted to $654 million as at 31 December 2016.	The valuation methodology and techniques used by independent external valuation specialists including the key assumptions, market data, and estimates on which they are based. The external auditor has included this item as a key audit matter in its audit report for FY 2016. Refer to page 48 of this Annual Report. Based on their independent assessment, the external auditor considered the methodology and assumptions used by management to be appropriate.

The ARC confirms that it has undertaken a review of all non-audit services provided by Ernst & Young LLP and is satisfied that the nature and extent of such services would not, in the ARC's opinion, affect the independence of Ernst & Young LLP as auditor. The breakdown of their fees for audit and non-audit services is found on Note 8 in the Notes to the Financial Statements on page 77 of this Annual Report.

Accordingly, the ARC has also recommended the re-appointment of Ernst & Young LLP as external auditor of the Company. The ARC is satisfied that the Group has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

The ARC has the authority to seek any information it requires from any staff of the Group. They make recommendations to the Board but shall have no executive powers in relation to the findings and recommendations. The ARC shall make recommendations to take such independent professional advice as it deems necessary.

Principle 13: Internal Audit

Internal audits are performed in accordance with the risk-based audit plan approved by the ARC. The audit work was performed by the in-house Internal Audit Department with assistance from an outsourced internal auditor, BDO LLP, which is an international accounting firm. The audit plan focused on the adequacy and effectiveness of the risk management and internal controls. All audit findings and recommendations are reviewed by the ARC, and management will take the appropriate actions to improve the internal controls and mitigate risks. The ARC is satisfied that there are adequate controls and measures within the Group, and will continue to review the same on an annual basis.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholders' Meetings

The Company treats all its shareholders fairly and equitably and keeps them abreast of its corporate actions, including changes in the Company or its business that would likely and materially affect the price or value of its shares, in a timely and consistent manner. It does not practise selective disclosure as all price-sensitive information is released through SGXNET for market dissemination. The Group strives to provide a balanced and understandable assessment of its performance and financial effects when disseminating financial and other price-sensitive public reports. The shareholders who sign up for email alert services will receive such disclosure via email.

The Group announced its financial results together with the requisite commentaries on a quarterly basis via SGXNET, and also posted the same on its website (www.uel.sg) as well as financial portal www.shareinvestor.com. A summary of the activities and performance of the Group is recorded each year in the Annual Report which is distributed to all shareholders and business associates of the Group. In addition, major events such as the award of large or significant contracts, major acquisition or divestment of assets and other newsworthy events, had been featured in various press releases and other publications. Investors and members of the public may also access the Group's website for more information.

At shareholders' meetings, the Company ensures that shareholders are briefed on the rules, including voting procedures, that govern such meetings. The Constitution provides appropriate provisions to allow shareholders to vote in person or in absentia through proxies.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at shareholders' meetings.

The Company has implemented electronic poll voting at shareholders' meetings. Through this voting method, shareholders are able to vote on each of the resolutions by poll, using an electronic voting system, thereby allowing shareholders to vote on a one-share-one-vote basis. The results of each resolution, including the number of votes for or against each resolution, are instantaneously screened at the meeting and announced to the SGX-ST after the meeting.

Minutes of shareholders' meetings are recorded and are available for shareholders' inspection upon their requests.

All Directors, including the Chairman of each Board Committee, are present and available to address questions at shareholders' meetings. The external auditor is also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditor's report.

DIVIDEND POLICY

While the Company has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, *inter alia*, the Group's financial position, retained earnings, results of operation and cash flows, the Group's expected working capital requirements and capital expenditure, future expansion and investment plans, funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board strives to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

ADDITIONAL BOARD COMMITTEE

The EXCO, an additional Board Committee, was formed to carry out the Board functions and to exercise oversight over management, as well as to evaluate in greater depth the proposals set out by management and in turn recommend to the Board for approval, if necessary.

The EXCO is chaired by Mr Tan Ngiap Joo and its members comprise Mr Norman Ip Ka Cheung, Mr Koh Beng Seng and Mr Lee Lap Wah, George.

In FY 2016, the EXCO met four times. Its primary functions under its terms of reference are to:

(i) review, evaluate and approve the Company's policies, principles, strategies, values, objectives and performance targets within parameters set by the Board;

(ii) review, evaluate and approve investments and divestments and related policies within parameters set by the Board;

(iii) review, evaluate, approve and endorse such other matters and initiate any special reviews and actions as appropriate for the prudent management of the Company;

(iv) review and forward specific issues where the Board's policy guidance is required and recommend the said policies to the Board for approval in full session; and

(v) review, evaluate and approve any specific projects or issues which may, from time to time, be delegated by the Board.

INTERESTED PERSON TRANSACTIONS

The Company has renewed the IPT Mandate at the AGM held on 29 April 2016. The IPT Mandate defines the levels and procedures to obtain approval for such transactions. The Company maintains a register of the Group's IPT in accordance with the reporting requirements stipulated by Chapter 9 of the Listing Manual of the SGX-ST. Details of the IPT Mandate are disclosed in the Letter to Members. Information on IPT for FY 2016 can be found on page 125 of this Annual Report under Other Information Required under the SGX-ST Listing Manual.

DEALINGS IN SECURITIES

The internal code of Best Practices for Dealings in Securities (the "Best Practices") of the Group has been issued to its Directors and officers for compliance. In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, Directors and officers of the Group are not permitted to deal with the listed securities of the Group two weeks before the release of the Group's financial results for the first three quarters, and one month before the release of the Group's full-year results.

The Company, Directors and officers are also prohibited from dealing with the listed securities of the Group while in possession of unpublished price-sensitive information. In addition, they are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and officers are also discouraged from dealing in listed securities of the Group on short-term consideration.

Overall, the Board is satisfied with the Group's Best Practices, and with the adequacy of internal controls within the Group.

FINANCIAL STATEMENTS



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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Tan Ngiap Joo	(Chairman)
Mr Norman Ip Ka Cheung	(Group Managing Director)
Mr Koh Beng Seng	
Mr Koh Poh Tiong	
Mr Lee Lap Wah, George	(Appointed on 1 July 2016)
Dr Michael Lim Chun Leng	
Mr David Wong Cheong Fook	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the ordinary stock units and share options of the Company and ordinary shares in its related corporations (other than wholly-owned subsidiaries) as stated below:

	Held in the name of director		Deemed interest	
The Company				
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
	Ordinary Stock Units			
Mr Tan Ngiap Joo	89,850	89,850	—	—
Dr Michael Lim Chun Leng	144,776	144,776	—	—
Mr David Wong Cheong Fook	10,000	10,000	—	—

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2017.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(continued)*

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of its subsidiaries or related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

OPTIONS

By the Company

United Engineers Share Option Scheme 2000 ("Scheme 2000")

The United Engineers Share Option Scheme 2000 was approved by the members of the Company at an Extraordinary General Meeting held on 21 June 2000. The duration of Scheme 2000 is for 10 financial years commencing from the financial year 2000. Scheme 2000 incorporated features designed to enhance the efficacy of share options as incentive tools, and to reinforce the use of a share option scheme as a means to encourage long-term staff retention. Scheme 2000 expired in financial year 2009.

Movement in the number of options under Scheme 2000 during the financial year was as follows:

Date of grant	Exercise Period	Exercise price	Balance as at 01.01.2016	No. of shares under option exercised	No. of shares under option forfeited	Balance as at 31.12.2016
27.11.2006	27.11.2007 to 26.11.2016	$1.90	211,608	(211,608)	–	–
6.12.2007	6.12.2008 to 5.12.2017	$3.31	417,590	–	(96,225)	321,365
20.5.2009	20.5.2010 to 19.5.2019	$1.36	80,188	(12,251)	–	67,937
			709,386	(223,859)	(96,225)	389,302

The aggregate number of options granted since the commencement of the Scheme 2000 in year 2000 (including adjustments made to the number of outstanding (unexercised) options as at 18 September 2013) is 21,157,201.

Controlling shareholders of the Company and their associates are not eligible to participate in Scheme 2000. No participant has received 5% or more of the total number of options available under Scheme 2000. No options were granted at a discount since the commencement of Scheme 2000.

The options granted by the Company do not entitle the holders of the options, by virtue of such options, any right to participate in any share issue of any other company. The exercise price in respect of which an option is exercisable shall be equal to the average of the last dealt price for a stock unit of the Company for the 3 consecutive days immediately preceding the date of grant of that option.

By a subsidiary

Pacific Silica Pty Ltd ("PSPL")
PSPL Employee Share Option Scheme ("PSPL Scheme")

The PSPL Scheme was established in May 2002 and is administered by a committee which comprises Messrs Ong Kim Teck and Ian Harrison.

During the financial year, no options were granted pursuant to the PSPL Scheme and as at 31 December 2016, there were no outstanding options in respect of unissued shares of PSPL.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee (ARC) comprises the following Independent and Non-Executive Directors as at the date of this statement:

Mr Koh Beng Seng	Chairman
Dr Michael Lim Chun Leng	
Mr David Wong Cheong Fook	

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50 (the "Act"). The ARC reviewed the Company's accounting policies and internal controls on behalf of the Board of Directors and performed the functions specified in the Act and Listing Manual of the SGX-ST. In performing its functions, the ARC reviewed the overall scope of both internal and external audits. It met with the Company's internal and external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls.

The ARC also reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as the Independent Auditor's Report thereon.

The ARC recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as the external auditor of the Company for the financial year ending 31 December 2017 at the forthcoming Annual General Meeting of the Company.

Further details regarding the ARC are disclosed in the Report on Corporate Governance of the Company's Annual Report for the financial year ended 31 December 2016.

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

TAN NGIAP JOO
Director

NORMAN IP KA CHEUNG
Director

16 March 2017
Singapore

INDEPENDENT AUDITOR'S REPORT

To the Members of United Engineers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fullfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Adequacy of provision for rental top up
As at 31 December 2016, the Group recognised provision for rental top up amounting to $72 million. The provision for rental top up relates to rental income support for the business park, retail and hotel components of UE BizHub East, which is equivalent to the differences between the agreed amount and the net property income. Due to the amount of the provision recognised, the significant judgement applied in determining the provision, and the uncertain market outlook, we considered this matter to be a key audit matter.

We evaluated the key assumptions applied by the management in determining the present obligations under the contract, amongst others, by analysing the underlying contract in place and performing sensitivity analysis. We assessed the appropriateness of the data used in the estimation process, including the assumptions applied (such as occupancy rate, discount rate and current information available to compute the net property income) by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We have also assessed the reasonableness of the rental value used in the cash flows projection by comparing to supporting leases. We further evaluated the presentation and adequacy of Note 28 on the provision. Based on the work performed, we considered the assumptions used by management to be appropriate.

Fair value of investment properties
As at 31 December 2016, investment properties of the Group amounted to $1,859 million. The valuation of the investment properties is significant to our audit due to their magnitude, complexity of the valuation and the high dependency on a range of estimates (amongst others, rental value and capitalisation rates) made by management as well as the use of external valuation specialists. As such, this is considered to be a key audit matter.

The management engaged independent external valuation specialists to support its determination of the individual fair value of the investment properties annually. Amongst others, we have considered the objectivity, independence and expertise of the external valuation specialists. We also read the terms of engagement entered into between the Group and the external valuation specialists to determine whether there were limitation in the scope of work or matters that might affect the objectivity of the external valuation specialists.

Key Audit Matters *(continued)*

Fair value of investment properties (continued)
We evaluated the appropriateness of the valuation methodology used against those applied by other valuation specialists for similar property types. We assessed the reasonableness of the capitalisation rate used by comparing to historical rate and available industry data, taking into consideration comparability and market factors. We also assessed the property related data used in the projected cash flows by comparing to supporting leases. In addition, we engaged the external valuation specialists to discuss on their valuation methodology and techniques used. We further assessed the appropriateness of Note 13 and 37 relating to the assumptions, given the estimation uncertainty and sensitivity of the valuations. Based on our independent assessment, we considered the methodology and assumptions used by management to be appropriate.

Net realisable value of property held for sale
As at 31 December 2016, development properties held for sale of the Group amounted to $654 million. During the year, the Group also wrote down certain development properties held for sale by $16 million. As such, the determination of the net realisable value of development properties held for sale is significant to our audit due to their magnitude and highly dependent on a range of estimates (amongst others, estimated selling price and expected construction costs of the projects) made by management as well as the external valuation specialists used. As such, this is considered to be a key audit matter.

The management engaged independent external valuation specialists to support its determination of the individual net realisable value of the development properties held for sale annually. Amongst others, we have considered the objectivity, independence and expertise of the external valuation specialists. We also read the terms of engagement entered into between the Group and the external valuation specialists to determine whether there were limitation in the scope of work or matters that might affect the objectivity of the external valuation specialists.

We evaluated the appropriateness of the valuation methodology used against those applied by other valuation specialists for similar property types. We assessed the reasonableness of the estimated selling price by comparing to external available industry data, taking into consideration comparability and market factors. We also assessed the expected construction cost of the projects by comparing to the quantity surveyor's report. In addition, we engaged the external valuation specialists to discuss on their valuation methodology and techniques used. We further evaluated the presentation and adequacy of Note 23 on the development properties held for sale. Based on our independent assessment, we considered the methodology and assumptions used by management to be appropriate.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

16 March 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2016

	Note	GROUP 2016 $000	GROUP 2015[1] $000
Continuing operations			
Revenue	4	479,701	851,190
Cost of sales		(285,953)	(632,045)
Gross profit		193,748	219,145
Other items of income			
Interest income	5	2,587	1,821
Other income	6	25,864	29,038
Other items of expense			
Distribution costs		(29,650)	(25,593)
Administrative expenses		(100,664)	(107,565)
Finance costs	7	(35,744)	(36,042)
Other expenses		(29,518)	(21,757)
Share of profit from equity-accounted associates		5,386	1,856
Share of (loss)/profit from equity-accounted joint ventures		(2,496)	2,543
Profit before tax from continuing operations	8	29,513	63,446
Income tax expense	9	(8,773)	(512)
Profit from continuing operations, net of tax		20,740	62,934
Discontinued operations			
Profit from discontinued operations, net of tax	10	156,843	67,087
Profit net of tax		177,583	130,021
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax		27,381	71,612
- Discontinued operations, net of tax		113,200	30,598
		140,581	102,210
Non-controlling interests			
- Continuing operations, net of tax		(6,641)	(8,678)
- Discontinued operations, net of tax		43,643	36,489
		37,002	27,811
Earnings per stock unit - continuing operations attributable to owners of the Company (cents)			
Basic	11(a)	4.3	11.2
Diluted	11(a)	4.3	11.2
Earnings per stock unit (cents)			
Basic	11(b)	22.0	16.0
Diluted	11(b)	22.0	16.0

[1] The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations (Note 10).

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	GROUP 2016 $000	GROUP 2015 $000
Profit net of tax	177,583	130,021
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	(3,658)	152
Income tax relating to components of other comprehensive income	658	(29)
	(3,000)	123
Items that may be reclassified subsequently to income statement:		
(Losses)/gains on exchange differences on translation, net of tax	(52,376)	5,449
Gains/(losses) on remeasuring available-for-sale financial assets, net of tax	1,389	(2,667)
Realisation of reserves to income statement on disposal of subsidiaries and available-for-sale financial assets, net of tax	(8,929)	(5,759)
Share of other comprehensive income from equity-accounted associates, net of tax	(1,178)	2,279
	(61,094)	(698)
Other comprehensive income, net of tax	(64,094)	(575)
Total comprehensive income	113,489	129,446
Attributable to:		
Owners of the Company	103,572	89,158
Non-controlling interests	9,917	40,288
Total comprehensive income for the year	113,489	129,446
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	2,297	31,635
Total comprehensive income from discontinued operations, net of tax	101,275	57, 523
Total comprehensive income for the year attributable to owners of the Company	103,572	89,158

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	GROUP 2016 $000	GROUP 2015 $000	COMPANY 2016 $000	COMPANY 2015 $000
ASSETS					
Non-current assets					
Property, plant and equipment	12	162,909	359,385	22,735	23,424
Investment properties	13	1,859,418	1,857,542	679,500	676,572
Intangible assets	14	4,704	30,023	–	–
Interests in subsidiaries	15	–	–	1,005,749	1,343,594
Interests in associates	16	112,619	125,469	337	315
Interests in joint ventures	17	45,478	57,135	–	–
Deferred tax assets	18	46,162	61,981	–	–
Other investments	19	25,069	23,829	1,130	1,078
Total non-current assets		2,256,359	2,515,364	1,709,451	2,044,983
Current assets					
Inventories	20	31,146	109,103	–	–
Income tax receivables		352	638	–	–
Trade and other receivables	21	217,492	231,796	4,259	44,962
Gross amount due from customers for contract work	22	13,466	42,448	–	–
Prepayments		8,131	10,094	1,538	2,355
Properties held for sale	23	654,315	1,023,838	–	–
Bank balances and deposits	24	623,976	544,127	420,959	14,188
		1,548,878	1,962,044	426,756	61,505
Assets of disposal group classified as held for sale	10	–	2,185	–	–
Total current assets		1,548,878	1,964,229	426,756	61,505
Total assets		3,805,237	4,479,593	2,136,207	2,106,488
EQUITY AND LIABILITIES					
Equity					
Share capital	25(a)	807,938	807,519	807,938	807,519
Treasury shares	25(b)	(62,313)	(62,313)	–	–
Retained earnings		1,167,482	1,078,829	802,687	785,094
Other reserves	26	(30,100)	6,568	3,981	3,929
Equity attributable to owners of the Company		1,883,007	1,830,603	1,614,606	1,596,542
Non-controlling interests		311,885	556,864	–	–
Total equity		2,194,892	2,387,467	1,614,606	1,596,542
Non-current liabilities					
Provisions	28	70,204	84,249	–	–
Deferred tax liabilities	18	75,188	80,388	–	–
Trade and other payables	29	4,300	3,166	–	–
Borrowings	27	896,720	829,458	150,000	250,295
Total non-current liabilities		1,046,412	997,261	150,000	250,295
Current liabilities					
Provisions	28	17,005	21,813	–	–
Income tax payable		31,679	34,976	4,303	3,206
Trade and other payables	29	218,839	420,843	117,275	21,545
Borrowings	27	294,728	614,303	250,023	234,900
Gross amount due to customers for contract work	22	1,682	2,364	–	–
		563,933	1,094,299	371,601	259,651
Liabilities of disposal group classified as held for sale	10	–	566	–	–
Total current liabilities		563,933	1,094,865	371,601	259,651
Total liabilities		1,610,345	2,092,126	521,601	509,946
Total equity and liabilities		3,805,237	4,479,593	2,136,207	2,106,488

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

GROUP

		Attributable to owners of the Company					
	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
Opening balance at 01/01/2016	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864
Profit for the year	177,583	140,581	–	–	140,581	–	37,002
Remeasurements of defined benefit pension plans	(3,658)	(2,473)	–	–	(2,473)	–	(1,185)
Income tax relating to components of other comprehensive income	658	445	–	–	445	–	213
Gains on remeasuring available-for-sale financial assets, net of tax	1,389	1,389	–	–	–	1,389	–
Losses on exchange differences on translation, net of tax	(52,376)	(26,263)	–	–	–	(26,263)	(26,113)
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(8,929)	(8,929)	–	–	–	(8,929)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(1,178)	(1,178)	–	–	–	(1,178)	–
Other comprehensive income for the year	(64,094)	(37,009)	–	–	(2,028)	(34,981)	(27,085)
Total comprehensive income for the year	113,489	103,572	–	–	138,553	(34,981)	9,917
Contributions by and distributions to owners							
Cash distribution paid to non-controlling interests	(12,586)	–	–	–	–	–	(12,586)
Ordinary shares issued on exercise of share options converted into ordinary stocks	419	419	419	–	–	–	–
Dividends paid (Note 30)	(49,311)	(49,311)	–	–	(49,311)	–	–
Dividends paid to non-controlling interests	(91,637)	–	–	–	–	–	(91,637)
Total contributions by and distributions to owners	(153,115)	(48,892)	419	–	(49,311)	–	(104,223)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,903)	1,260	–	–	–	1,260	(4,163)
Dilution of interests in subsidiaries	(66)	(4,942)	–	–	–	(4,942)	4,876
Disposal of interests in subsidiaries and associates	(152,592)	–	–	–	–	–	(152,592)
Employee share option scheme/ share appreciation rights:							
- value of employee services	2,612	1,406	–	–	–	1,406	1,206
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(589)	589	–
Total changes in ownership interests in subsidiaries	(152,949)	(2,276)	–	–	(589)	(1,687)	(150,673)
Total transactions with owners in their capacity as owners	(306,064)	(51,168)	419	–	(49,900)	(1,687)	(254,896)
Closing balance at 31/12/2016	2,194,892	1,883,007	807,938	(62,313)	1,167,482	(30,100)	311,885

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

GROUP

		Attributable to owners of the Company					
	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
Opening balance at 01/01/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the year	130,021	102,210	–	–	102,210	–	27,811
Remeasurements of defined benefit pension plans	152	103	–	–	103	–	49
Income tax relating to components of other comprehensive income	(29)	(20)	–	–	(20)	–	(9)
Gains/(losses) on exchange differences on translation, net of tax	5,449	(6,988)	–	–	–	(6,988)	12,437
Losses on remeasuring available-for-sale financial assets, net of tax	(2,667)	(2,667)	–	–	–	(2,667)	–
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	(5,759)	–	–	–	(5,759)	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,279	2,279	–	–	–	2,279	–
Other comprehensive income for the year	(575)	(13,052)	–	–	83	(13,135)	12,477
Total comprehensive income for the year	129,446	89,158	–	–	102,293	(13,135)	40,288
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	249	–	–	–	–
Dividends paid (Note 30)	(61,603)	(61,603)	–	–	(61,603)	–	–
Dividend paid to non-controlling interests	(54,402)	–	–	–	–	–	(54,402)
Total contributions by and distributions to owners	(115,756)	(61,354)	249	–	(61,603)	–	(54,402)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,354)	1,043	–	–	–	1,043	(3,397)
Dilution of interests in subsidiaries	9	(4,124)	–	–	–	(4,124)	4,133
Disposal of interests in subsidiaries and associates	(10,097)	(8)	–	–	–	(8)	(10,089)
Employee share option scheme/ share appreciation rights:							
- value of employee services	6,025	3,348	–	–	–	3,348	2,677
Reallocation of losses assumed by owners of the Company	–	(1,306)	–	–	(1,306)	–	1,306
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(6,417)	(1,047)	–	–	282	(1,329)	(5,370)
Total transactions with owners in their capacity as owners	(122,173)	(62,401)	249	–	(61,321)	(1,329)	(59,772)
Closing balance at 31/12/2015	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864

COMPANY

	Total equity $000	Share capital (Note 25(a)) $000	Retained earnings $000	Other reserves (Note 26) $000
Opening balance at 01/01/2016	1,596,542	807,519	785,094	3,929
Profit for the year	68,641	–	68,641	–
Gains on remeasuring available-for-sale financial assets, net of tax	52	–	–	52
Other comprehensive income for the year	52	–	–	52
Total comprehensive income for the year	68,693	–	68,641	52
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	419	419	–	–
Dividends paid (Note 30)	(51,048)	–	(51,048)	–
Total transactions with owners in their capacity as owners	(50,629)	419	(51,048)	–
Closing balance at 31/12/2016	1,614,606	807,938	802,687	3,981
Opening balance at 01/01/2015	1,612,707	807,270	795,743	9,694
Profit for the year	53,125	–	53,125	–
Losses on remeasuring available-for-sale financial assets, net of tax	(6)	–	–	(6)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	(5,759)
Other comprehensive income for the year	(5,765)	–	–	(5,765)
Total comprehensive income for the year	47,360	–	53,125	(5,765)
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	–	–
Dividends paid (Note 30)	(63,774)	–	(63,774)	–
Total transactions with owners in their capacity as owners	(63,525)	249	(63,774)	–
Closing balance at 31/12/2015	1,596,542	807,519	785,094	3,929

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	GROUP	
	2016 $000	2015 $000
Cash flows from operating activities		
Profit before tax from continuing operations	29,513	63,446
Profit before tax from discontinued operations	175,744	73,168
Profit before tax	205,257	136,614
Amortisation of intangible assets	2,074	2,393
Depreciation of property, plant and equipment	44,588	82,495
Dividend income from other investments	(1,936)	(2,519)
Finance costs	36,430	37,139
Gain on disposal of available-for-sale financial assets	(4,001)	(5,484)
Gain on disposal of assets of disposal group classified as held for sale	–	(8,469)
Impairment loss on available-for-sale financial assets	21	–
Impairment loss on intangible assets	–	846
Interest income	(4,044)	(4,460)
Inventories written-back	(356)	(15,770)
(Gain)/loss on disposal of property, plant and equipment	(481)	513
Net gain on disposal/liquidation of subsidiaries and associates	(199,064)	(16,064)
Properties held for sale written-down	15,957	12,489
Property, plant and equipment written-off	221	149
Provision for development charge written-back	(5,000)	–
Share-based compensation expenses	2,703	6,066
Share of profit from equity-accounted associates and joint ventures	(3,673)	(4,396)
Deficit/(surplus) on revaluation of investment properties	6,194	(2,179)
Unrealised exchange (gain)/loss	(4,106)	7,591
Operating cash flows before changes in working capital	90,784	226,954
Properties held for sale		
- Development expenditure	(55,566)	(164,763)
- Proceeds from progress billings	438,283	255,567
Decrease in trade and other payables and provisions	(86,052)	(59,206)
Decrease in gross amount due to customers for contract work	(682)	(310)
Decrease in inventories	21,505	27,380
(Increase)/decrease in trade and other receivables	(94,214)	68,987
Decrease/(increase) in gross amount due from customers for contract work	17,349	(3,992)
Cash flows from operations	331,407	350,617
Income taxes paid	(21,321)	(37,137)
Interest paid	(38,438)	(44,529)
Interest received	4,115	3,501
Net cash flows from operating activities	275,763	272,452
Cash flows from investing activities		
Acquisition of intangible assets	(1,979)	(1,560)
Acquisition of non-controlling interests	(2,903)	(2,354)
Change in restricted deposits	62,548	43,578
Decrease in amounts due from associates and joint ventures	4,567	5
Disposal and liquidation of subsidiaries, net of cash disposed of	234,741	(2,548)
Dividends received from associates	237	10,747
Dividends received from joint ventures	150	24,751
Dividends received from other investments	1,936	2,519
Investments in associates	–	(479)
Increase in loans to associates	–	(5,463)
Proceeds from disposal of available-for-sale financial assets	4,129	4,471
Proceeds from disposal of assets of disposal group classified as held for sale	–	12,088
Proceeds from disposal of property, plant and equipment	1,356	1,883
Purchase of property, plant and equipment	(41,189)	(33,955)
Properties development expenditure	(8,185)	(930)
Net cash flows from investing activities	255,408	52,753

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016

	GROUP	
	2016 $000	2015 $000
Cash flows from financing activities		
Distribution to non-controlling interests of subsidiaries from capital reduction	(12,586)	–
Distribution to shareholders from joint ventures	2,415	500
Dividends paid	(49,311)	(61,603)
Dividends paid to non-controlling interests of subsidiaries	(91,637)	(54,402)
(Decrease)/increase in short-term loans	(69,484)	21,142
Increase in trust receipts and bills payable	1,013	5,894
Issuance of shares upon exercise of share options	419	249
Proceeds from issuance of medium term notes	150,000	–
Proceeds from long-term loans	51,833	161,589
Repayment of long-term loans	(355,857)	(455,171)
Net cash flows used in financing activities	(373,195)	(381,802)
Net increase/(decrease) in cash and cash equivalents	157,976	(56,597)
Cash and cash equivalents, beginning balance	481,579	537,818
Effect of exchange rate changes on cash and cash equivalents	(15,579)	358
Cash and cash equivalents, ending balance	623,976	481,579
Cash and cash equivalents comprise:		
Bank balances and deposits (Note 24)	623,976	544,127
Restricted deposits (Note 24)	–	(62,548)
Cash and cash equivalents	623,976	481,579

The net assets and liabilities arising from the disposal/liquidation of subsidiaries and associates and the cash flow effects of the disposal/liquidation are as follows:-

	GROUP	
	2016 $000	2015 $000
Property, plant and equipment	178,779	4,523
Intangible assets	23,558	1,469
Interests in associates	16,345	–
Deferred tax assets	12,962	390
Inventories	57,853	697
Trade and other receivables	111,423	26,693
Gross amount due from customers for contract work	11,610	606
Bank balances and deposits	288,210	25,683
Deferred tax liabilities	(227)	–
Income tax payables	(10,635)	(570)
Trade and other payables	(174,652)	(31,084)
Borrowings	(29,818)	(4,407)
Net assets disposed/liquidated	485,408	24,000
Foreign currency translation reserve realised	(8,929)	(6,840)
Less: Non-controlling interests	(152,592)	(10,089)
Net gain on disposals/liquidation	199,064	16,064
Total consideration	522,951	23,135
Cash and cash equivalents in subsidiaries disposed of/liquidated	(288,210)	(25,683)
Net cash inflow/(outflow) arising from disposal/liquidation	234,741	(2,548)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2016

1 GENERAL

The Company is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company operates in Singapore and its principal activities are those of a holding company and property owner and the provision of management services and deriving income therefrom. The principal activities and place of business of the subsidiaries are set out in Note 15 to the financial statements.

The registered office of the Company is located at:

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088

The principal place of business of the Company is located at:

12 Ang Mo Kio Street 64
#03A-01 UE BizHub CENTRAL
Singapore 569088

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 7 Disclosure Initiative	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers
FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, 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 new revenue standards will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Standards issued but not yet effective *(continued)*

FRS 115 Revenue from Contracts with Customers *(continued)*
During 2016, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed on-going analysis. Based on the preliminary assessment, the Group expects the following area that is likely to be affected:

Variable consideration
Some contracts with customers provide trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraints. The Group expects that application of such constraints may result in some revenue being deferred but does not expect the impact to be material to the Group.

The Group plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments
FRS 109 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 characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

For equity securities, the Group will continue to measure its currently available-for-sale equity securities at fair value through other comprehensive income. The Group does not expect any significant impact arising from the change.

The Group expects to apply the simplified approach and record lifetime expected losses on trade receivables and will peform a more detailed assessment and analysis to determine the extent of impact of the new standard.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group does not expect a significant change to the classification and measurement basis arising from adopting the new classification and measurement model under FRS 109.

FRS 116 Leases
FRS 116 requires lessees to recognise most leases on statements of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation and business combinations

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:
- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in the income statement;
- re-classifies the Group's share of components previously recognised in other comprehensive income to the income statement or retained earnings, as appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

Business combinations
Business combinations (other than combinations involving entities or businesses under common control which are accounted for by applying the pooling of interest method) are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control
Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts reported in the consolidated financial statements. The retained earnings and other reserves recognised in the combined financial statements are the retained earnings and other reserves of the combining entities or businesses immediately before the combination.

Any difference between the consideration paid and the share capital of the acquired entity or the net tangible asset amount of the acquired business is reflected within equity as merger reserve or deficit. The combined income statement reflects the results of the combining entities or businesses for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the Company.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific revenue criteria must also be met before revenue is recognised:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Sale of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental income
Rental income arising from operating leases on investment properties and property, plant and equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Contract revenue
Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.18.

Rendering of services
Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale
A development property held for sale is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- A contract to construct a property; or
- A contract for the sale of completed property.

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completion of construction method).

   i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the buyer, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

   ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

Service concession arrangement
Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts (refer to Note 2.18). Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Revenues from services rendered in respect of water and medical waste treatment concession arrangements are recognised by reference to the unit price and quantity of water and medical waste treated respectively. Unit price is stated in each contract. Quantity of water and medical waste treated is measured according to the contract. Any losses are provided for as and when they become known.

Dividend and interest income
Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Compensation and insurance claims
Compensation and insurance claims are recognised when the right to receive payment is established.

2.7 Employee benefits

Defined contribution plans
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, the Group's companies in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Equity compensation benefits
The Company also operates the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options to certain employees of the Company as consideration for services rendered. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital of the Company accordingly.

The compensation cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted which takes into account market conditions and non-vesting conditions.

The compensation cost is recognised in the income statement with a corresponding increase in the employee share option reserve, over the vesting period that is the period which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.

Where the employee share option plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new employee share option plan is substituted for the cancelled employee share option plan, and designated as a replacement employee share option plan on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

Employee leave entitlement
Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.8 Foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Foreign currencies *(continued)*

(a) *Transactions and balances* (continued)
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*
For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

2.9 Income taxes

Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

Deferred tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax/sales tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax/sales tax except:

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

For self-constructed assets, the cost includes materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

The accounting policy for borrowing costs is set out in Note 2.25. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Leases with unexpired terms of over 100 years are classified as long leaseholds; those under 100 years are classified as leaseholds.

No depreciation is provided on freehold/long leasehold land as it has an unlimited and long useful life respectively.

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	over terms of lease ranging from 8 to 99 years
Leasehold buildings	-	lower of term of lease and 50 years
Freehold/long leasehold buildings	-	50 years
Plant and machinery	-	2 to 15 years
Motor vehicles and other assets	-	2 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment *(continued)*

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held on a long-term basis for their investment potential and income.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

Investment properties under construction (IPUC)
IPUC is measured at fair value when the fair value is reliably determinable in accordance with FRS 40, Investment Property. When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

- Is the asset being constructed in a developed liquid market?
- Has a construction contract with the contractor been signed?
- Are the required building and letting permits obtained?
- What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC was determined at the end of the reporting period based on valuation by a qualified independent valuer. The valuation was performed based on open market value in existing state of construction, as deemed appropriate by the valuer. Each IPUC is individually assessed.

2.12 Intangibles

a) *Goodwill*
Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Intangibles *(continued)*

a) *Goodwill (continued)*
Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

b) *Other intangible assets*
Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangible assets are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) *Concession rights*
The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure whether acquired or self-constructed by the Group. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided. When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The estimated useful life of an intangible asset in a service concession arrangement is the period when it is available for use to the end of the concession period.

(ii) *Distributorship and dealership rights*
The distributorship and dealership rights acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 15 to 20 years.

(iii) *Development cost and technical know-how*
Development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter. Technical know-how acquired in business combination is carried at fair values at the date of acquisition.

(iv) *Customer relationships*
Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

(v) *Others*
This comprises the licence fees for trademark, software and marketing rights which are amortised on a straight-line basis over the respective licence periods/economic useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at the end of each reporting period. The effects of any revision are recognised in the income statement when the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures

Subsidiary
A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate
An associate is an entity, not being a subsidiary or a joint venture, in which the Group has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies. The entity will be treated as an associate from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The Group's share of the results of its associates is its effective share of the profit attributable to equity holders of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the results of its associates is shown on the face of income statement after tax and non-controlling interests in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The financial years of some of the associates are not co-terminous with that of the Company. In the case of the associates whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the Company's financial year. Where necessary, adjustments are made for the effects of significant transactions or events that occur between that date and reporting date of the Company, and to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and the proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

Joint venture
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Joint Venture (continued)
The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the income statement.

Upon loss of joint control, the Group measures any retained interest at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

Accounting for subsidiaries, associates and joint ventures by the Company
In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. Loans and amounts due from or to subsidiaries, associates and joint ventures are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.15.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs incurred in bringing the inventories to their present location and condition are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw materials, direct costs of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

2.15 Financial assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their classifications as follows:

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivative, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets (including exchange differences, interest and dividend income) are recognised in the income statement.

b) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial assets *(continued)*

Subsequent measurement (continued)

c) Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) Available-for-sale financial assets
Available-for-sale financial assets are financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition
A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset
All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.16 Impairment of financial assets

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly in the income statement or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

Assets carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Impairment of financial assets *(continued)*

Available-for-sale financial assets (continued)
If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognised in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.17 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to-date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Properties held for sale

Development properties held for sale
Development projects for which revenue is recognised using the percentage of completion method is stated at cost plus estimated profits to-date less progress billings. Progress claims from purchasers of residential units for sale are shown as a deduction from the cost of the development properties held for sale.

Development projects for which revenue is recognised using the completed contract method is stated at cost. Progress claims from purchasers of residential units for sale are included in "trade and other payables" as "progress billings received in advance".

Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

Costs include cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction. Financing charges incurred to finance the development of such properties are capitalised during the period that is required to complete and prepare each property for its sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Developments are considered completed upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

Profit on development properties held for sale using the percentage of completion method is recognised on partly completed projects which have been sold and is based on the accounting policy in Note 2.6. The expected profit is assessed having regard to the sales procured less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential costs overruns and allowance for contingencies.

Progress billings not yet paid by customers are included in trade and other receivables.

Completed properties held for sale
Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

Revenue from completed properties held for sale is recognised upon execution of Sale and Purchase Agreements and issue of Notice of Vacant Possession.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

2.21 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Borrowings
Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income statement over the period of the borrowings using the effective interest method.

Convertible bonds
When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Borrowings *(continued)*

Convertible bonds (continued)
The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.22 Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for warranty is recognised for all products under warranty at the end of the reporting period. The provision is calculated based on service history.

2.24 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6. Contingent rents are recognised as revenue in the period in which they are earned.

As lessee
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Leases *(continued)*

As lessee (continued)
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.26 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and foreign currency forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivative financial instruments is taken to the income statement for the year.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 35.

2.27 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
    (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Contingencies *(continued)*

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managing directors and responsible for or have an oversight over the performance of the respective segments under their charge. The management and board of directors of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39.

2.31 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.32 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) or arising from business combination are recognised at cost and deducted from equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group.

2.33 Non-current assets and disposal group held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In the income statement of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.34 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The following is the judgement, apart from those involving estimations, made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Income tax
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. Tax is computed in accordance with taxation rules in each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets as at 31 December 2016 are $31,679,000 (2015: $34,976,000), $75,188,000 (2015: $80,388,000) and $46,162,000 (2015: $61,981,000) respectively.

Impairment of property, plant and equipment
Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of property, plant and equipment may be impaired. This assessment required significant judgement. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and machinery
The cost of plant and machinery is depreciated on a straight-line basis over the useful lives estimated to be within 2 to 15 years. The carrying amount of the plant and machinery as at 31 December 2016 was $43,208,000 (2015: $170,683,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. Based on management's estimates, a 5% difference in the expected useful lives of these assets would result in approximately 1% (2015: 1%) variance in the Group's profit before tax from continuing operations for the financial year.

Impairment of loans and receivables
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables with impairment indicators at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by $826,000 (2015: $1,413,000).

Provision for rental top-up
The Group recognises a provision for rental top-up in connection with UE BizHub EAST as disclosed in Note 28. The provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimates. In determining the fair value of the provision, assumptions and estimates are made in relation to occupancy rate, rental rate, discount rate and net operating expenses. These estimates are based on present obligations under the contract and local market conditions existing at the end of each reporting date. If the present value of estimated future cash flows of the underlying components of the property has been 5% lower than management's estimates, the carrying amount of the provision will be $3,610,000 (2015: $4,303,000) higher.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

Estimation of net realisable value of properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of the properties represents the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less estimated costs to be incurred in selling the property.

Revaluation of investment property
Investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes.

The Group carries its completed investment properties at fair value, with changes in fair values being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value as at 31 December 2016. The fair value of investment properties are determined using recognised valuation techniques.

The determination of the fair values of these investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property) and capitalisation rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The key methodology used for valuing investment property is set out in Note 13.

4 REVENUE

	GROUP	
	2016 $000	2015 $000
Sale of goods	235,465	242,123
Sale of properties held for sale (recognised on percentage of completion basis)	50,594	380,389
Sale of properties held for sale (recognised on completed contract basis)	18,999	21,019
Rendering of services	1,284	14,271
Contract revenue	38,982	59,758
Rental income	132,441	131,111
Dividend income	1,936	2,519
	479,701	851,190

5 INTEREST INCOME

Interest income from loans and receivables	2,587	1,821

6 OTHER INCOME

Other income includes the following items:

Compensation and insurance claims	5,243	–
Gain on disposal of available-for-sale financial assets	4,001	5,484
Gain on disposal of assets of disposal group classified as held for sale	–	1,837
Gain on disposal of property, plant and equipment	34	264
Net foreign exchange gains	281	–
Net gain on disposal of subsidiaries, associates and joint ventures	–	16,488
Surplus on revaluation of investment properties (Note 13)	–	2,179
Write-back of provision for development charge (Note 28)	5,000	–

7 FINANCE COSTS

	GROUP 2016 $000	GROUP 2015 $000
Interest expense on:		
- Bank loans and bank overdrafts	38,554	47,192
Less: Interest expense capitalised in:		
- Properties held for sale (Note 23)	(2,810)	(11,150)
Total finance costs	35,744	36,042

8 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax from continuing operations is stated after including the following expenses by nature:

Amortisation of intangible assets (Note 14)	(1,515)	(1,192)
Deficit on revaluation of investment properties (Note 13)	(6,194)	–
Depreciation of property, plant and equipment (Note 12)	(17,384)	(19,516)
Direct operating expenses arising from investment properties (Note 13)	(29,008)	(32,144)
Impairment loss on financial assets:		
- Trade receivables (Note 21)	(4,089)	(5,575)
- Other receivables (Note 21)	(1,587)	(160)
Impairment loss on intangible assets (Note 14)	–	(846)
Inventories recognised as an expense in cost of sales	(115,106)	(149,302)
Loss on disposal of subsidiaries	(333)	–
Net foreign exchange loss	–	(1,848)
Net inventories written-down	(602)	(1,590)
Properties held for sale written-down	(15,957)	(12,489)
Realisation of translation reserve upon liquidation of subsidiaries	–	(424)
Staff costs (including director's remuneration)		
- Salaries, wages, bonuses and other costs	(95,626)	(105,291)
- Central Provident Fund and other defined contribution plans	(8,986)	(9,118)
Audit fees:		
- Auditor of the Company	(569)	(632)
- Other auditors	(500)	(628)
Non-audit fees:		
- Auditor of the Company	(184)	(133)
- Other auditors	(408)	(398)
Total audit and non-audit fees	(1,661)	(1,791)

9 INCOME TAX EXPENSE

Major components of income tax expense for the financial years ended 31 December are:

Income Statement

Current income tax – continuing operations:		
- Current income taxation	13,196	14,263
- Over provision in respect of prior years	(1,649)	(10,736)
	11,547	3,527
Deferred tax – continuing operations:		
- Origination and reversal of temporary differences	(2,774)	(3,015)
Income tax attributable to continuing operations	8,773	512
Income tax attributable to discontinued operations (Note 10)	18,901	6,081
Income tax expense recognised in the income statement	27,674	6,593

9 INCOME TAX EXPENSE *(continued)*

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before tax due to the following factors:

	GROUP	
	2016 %	2015 %
Applicable tax rate	17.0	17.0
Adjustments:		
Expenses not deductible for tax purposes	12.0	10.9
Income not subject to tax	(19.1)	(10.0)
Utilisation of previously unrecognised deferred tax assets	(0.5)	(1.3)
Utilisation of tax losses/capital allowances under group relief	(0.4)	(2.9)
Losses of subsidiaries not utilised and not available under group relief	6.5	4.5
Over provision of income tax in respect of prior years	(0.6)	(10.7)
Effect of differences in tax rates in other countries where the Group operates	(1.1)	(2.2)
Share of profit from equity-accounted associates and joint ventures	(0.3)	(0.5)
Effective tax rate	13.5	4.8

Tax losses and capital allowances of $1,390,000 (2015: $518,000) and $Nil (2015: $1,865,000) respectively for the Group have been utilised during the financial year.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

10 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Discontinued operations

2016

At an Extraordinary General Meeting held on 8 June 2016, the shareholders of the Company approved the proposed disposal of Multi-Fineline Electronix, Inc. ("MFLEX") and its subsidiaries to Suzhou Dongshan Precision Manufacturing Co., Ltd. (the "Proposed Transaction"). On 27 July 2016, the Group announced the completion of the Proposed Transaction and MFLEX and its subsidiaries had thereafter ceased to be subsidiaries of the Company.

On 13 May 2016, the Company announced that it and its wholly owned subsidiary, UE UMC Pte. Ltd. had entered into agreements with Giant Maze Limited in relation to the sale of UES Holdings Pte. Ltd. and its subsidiaries, UE Envirotech Pte Ltd and its subsidiaries, UE Asia Pacific (Beijing) Co., Ltd. and its subsidiary, and Hengyang City UE Songmu Water Co., Ltd. (collectively known as "EE Businesses"). The Group completed the sale of the EE Businesses as announced on 26 July 2016 and 28 September 2016.

As at 31 December 2016, the result of MFLEX and its subsidiaries and EE Businesses have been presented separately in the consolidated income statement as discontinued operations. The comparative figures have been re-presented to report separately profit and loss items from continuing and discontinued operations.

Income statement disclosures

The results for MFLEX Group and EE Businesses for the year ended 31 December are as follows:

	GROUP	
	2016 $000	2015 $000
Revenue	374,118	1,005,802
Expenses	(397,084)	(931,537)
(Loss)/profit from discontinued operations	(22,966)	74,265
Finance costs	(687)	(1,097)
(Loss)/profit before tax from discontinued operations	(23,653)	73,168
Gain on disposal of subsidiaries	199,397	–
	175,744	73,168
Taxation:		
- Related to (loss)/profit from ordinary activities of the discontinued operations (Note 9)	(801)	(6,081)
- Related to gain on discontinuance (Note 9)	(18,100)	–
Profit from discontinued operations, net of tax	156,843	67,087

10 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

***Discontinued operations** (continued)*

2016 *(continued)*

	GROUP	
	2016 $000	2015 $000
Cash flow statement disclosures		
Operating	(816)	129,966
Investing	(26,119)	(27,729)
Financing	10,440	13,642
Net cash (outflows)/inflows	(16,495)	115,879
Earnings per stock unit disclosures		
Earnings per stock unit from discontinued operations attributable to owners of the Company (cents)		
Basic	17.7	4.8
Diluted	17.7	4.8

Basic earnings per stock unit (EPS) from discontinued operations is calculated by dividing net profit from discontinued operations attributable to owners of the Company of $113,200,000 (2015: $30,598,000) by the weighted average number of ordinary stock units in issue during the financial year.

Diluted EPS from discontinued operations is calculated by dividing the net profit from discontinued operations attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

Disposal group classified as held for sale

2015
The disposal group classified as held for sale as at 31 December 2015 comprised the following transaction:

The Group entered into conditional sale and purchase agreements with Zhang Xiaodong and Wu Liang to dispose of its entire interests in Suzhou Speedling Co., Ltd. for a consideration of approximately RMB 5.5 million (equivalent to approximately $1.2 million) subject to relevant authority's approval in China. The sale was completed in August 2016.

	GROUP	
	2016 $000	2015 $000
Details of the assets of disposal group classified as held for sale are as follows:		
Property, plant and equipment	–	263
Inventories	–	1,044
Trade and other receivables	–	563
Bank balances and deposits	–	315
	–	2,185
Details of the liabilities of disposal group classified as held for sale are as follows:		
Trade and other payables	–	566
	–	566

11 EARNINGS PER STOCK UNIT

a) Continuing operations

Basic earnings per stock unit (EPS) from continuing operations is calculated by dividing net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units in issue during the financial year.

Diluted EPS from continuing operations is calculated by dividing the net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

b) Earnings per stock unit

Basic EPS is calculated by dividing net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units in issue during the financial year.

Diluted EPS is calculated by dividing the net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

The following tables reflect the profit and stock unit data used in the computation of the basic and diluted earnings per stock unit for the year ended 31 December:

	GROUP	
	2016 $000	2015 $000
Net profit attributable to owners of the Company used in computation of basic and diluted EPS	140,581	102,210
Less: Net profit from discontinued operations attributable to owners of the Company	(113,200)	(30,598)
Net profit from continuing operations attributable to owners of the Company used in computation of basic and diluted EPS	27,381	71,612
Less: Preference dividends	(66)	(66)
	27,315	71,546

	No. of shares 000	No. of shares 000
Weighted average number of ordinary stock units applicable to basic EPS	637,296	637,122
Effect of dilutive securities:		
- Share options	29	101
Adjusted weighted average number of ordinary stock units applicable to diluted EPS	637,325	637,223

321,365 (2015: 417,590) of share options granted to the employees under the existing employee share option plans have not been included in the calculation of diluted EPS because they are anti-dilutive for the current and previous financial years presented.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold/ long leasehold land $000	Freehold/ long leasehold buildings $000	Leasehold land and buildings $000	Capital work-in-progress $000	Plant and machinery $000	Motor vehicles and other assets $000	Total $000
GROUP							
Cost							
At 1 January 2015	26,197	14,625	125,418	4,413	258,204	39,920	468,777
Additions	247	109	463	696	25,295	7,145	33,955
Amount written-off	–	–	(31)	–	(13,676)	(1,348)	(15,055)
Currency realignment	(686)	2,974	1,192	65	6,594	161	10,300
Disposal of subsidiaries	(392)	(621)	(54)	(2,083)	(2,991)	(4,432)	(10,573)
Disposals	–	–	(733)	(762)	(9,619)	(3,920)	(15,034)
Reclassification	–	–	–	(72)	62	10	–
Reclassification to assets of disposal group classified as held for sale	283	8,140	9,926	2,040	(1,240)	1,588	20,737
At 31 December 2015 and 1 January 2016	25,649	25,227	136,181	4,297	262,629	39,124	493,107
Additions	366	369	317	530	33,231	6,376	41,189
Amount written-off	–	–	(580)	–	(735)	(716)	(2,031)
Currency realignment	308	664	884	(223)	(31,548)	(1,901)	(31,816)
Disposal of subsidiaries	–	–	(53,957)	(812)	(169,172)	(15,334)	(239,275)
Disposals	–	–	–	–	(17,772)	(1,689)	(19,461)
At 31 December 2016	26,323	26,260	82,845	3,792	76,633	25,860	241,713
Accumulated depreciation and impairment loss							
At 1 January 2015	–	(4,120)	(6,388)	(349)	(49,517)	(19,088)	(79,462)
Amount written-off	–	–	22	–	13,643	1,241	14,906
Charge for the financial year							
- Continuing operations	–	(1,914)	(4,729)	–	(9,234)	(3,678)	(19,555)
- Discontinued operations	–	–	(3,868)	–	(56,089)	(3,052)	(63,009)
Currency realignment	–	(2,553)	(624)	–	(3,509)	(44)	(6,730)
Disposal of subsidiaries	–	320	–	–	2,304	3,426	6,050
Disposals	–	–	508	–	9,316	2,815	12,639
Reclassification to assets of disposal group classified as held for sale	–	(2,038)	2,320	–	1,140	17	1,439
At 31 December 2015 and 1 January 2016	–	(10,305)	(12,759)	(349)	(91,946)	(18,363)	(133,722)
Amount written-off	–	–	389	–	728	692	1,809
Charge for the financial year							
- Continuing operations	–	(1,507)	(3,807)	–	(8,364)	(3,738)	(17,416)
- Discontinued operations	–	–	(2,009)	–	(23,647)	(1,570)	(27,226)
Currency realignment	–	(703)	(5,192)	–	23,111	1,454	18,670
Disposal of subsidiaries	–	–	2,877	–	49,767	7,851	60,495
Disposals	–	–	–	–	16,926	1,660	18,586
At 31 December 2016	–	(12,515)	(20,501)	(349)	(33,425)	(12,014)	(78,804)
Net book value							
At 31 December 2015	25,649	14,922	123,422	3,948	170,683	20,761	359,385
At 31 December 2016	26,323	13,745	62,344	3,443	43,208	13,846	162,909

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold land and building $000	Capital work-in-progress $000	Motor vehicles and other assets $000	Total $000
COMPANY				
Cost				
At 1 January 2015	25,938	281	8,447	34,666
Additions	–	194	1,059	1,253
Disposals	–	–	(547)	(547)
At 31 December 2015 and 1 January 2016	25,938	475	8,959	35,372
Additions	–	8	572	580
Disposals	–	–	(623)	(623)
At 31 December 2016	25,938	483	8,908	35,329
Accumulated depreciation				
At 1 January 2015	(3,734)	–	(7,119)	(10,853)
Charge for the financial year	(786)	–	(432)	(1,218)
Disposals	–	–	123	123
At 31 December 2015 and 1 January 2016	(4,520)	–	(7,428)	(11,948)
Charge for the financial year	(786)	–	(483)	(1,269)
Disposals	–	–	623	623
At 31 December 2016	(5,306)	–	(7,288)	(12,594)
Net book value				
At 31 December 2015	21,418	475	1,531	23,424
At 31 December 2016	20,632	483	1,620	22,735

	GROUP 2016 $000	GROUP 2015 $000
The depreciation charge for the financial year in the income statement is as follows:		
Depreciation for the financial year	44,642	82,564
Current financial year's depreciation capitalised	(54)	(69)
	44,588	82,495
Less: Attributable to discontinued operations		
Depreciation for the financial year	(27,226)	(63,009)
Current financial year's depreciation capitalised	22	30
	(27,204)	(62,979)
Charged to the income statement – continuing operations (Note 8)	17,384	19,516

Certain property, plant and equipment have been pledged as collateral to secure the banking facilities for certain subsidiaries, as follows:

Leasehold land and buildings	4,669	5,165

13 INVESTMENT PROPERTIES

Investment properties owned by the Group include office, hospitality, industrial and retail space and comprised mainly completed properties.

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Statement of financial position:				
(a) Freehold land and buildings				
At 1 January	841,452	839,815	–	–
Currency realignment	(73)	–	–	–
Revaluation (deficit)/surplus recognised in the income statement (Note 6 & 8)	(7,245)	1,451	–	–
Subsequent expenditure	2,965	186	–	–
At 31 December	837,099	841,452	–	–
(b) Long leasehold land and buildings				
At 1 January	677,645	676,173	676,572	675,100
Currency realignment	(173)	–	–	–
Revaluation surplus recognised in the income statement (Note 6 & 8)	53	728	53	728
Subsequent expenditure	2,875	744	2,875	744
At 31 December	680,400	677,645	679,500	676,572
(c) Leasehold land and buildings				
At 1 January	338,445	331,083	–	–
Currency realignment	3	–	–	–
Revaluation surplus recognised in the income statement (Note 8)	998	–	–	–
Transfer from assets of disposal group classified as held for sale	–	7,362	–	–
Subsequent expenditure	2,473	–	–	–
At 31 December	341,919	338,445	–	–
At valuation	1,859,418	1,857,542	679,500	676,572
Income statement:				
Rental income from investment properties:				
- Minimum lease payments	80,884	81,738	38,781	39,409
Direct operating expenses (including repairs and maintenance) (Note 8) arising from continuing operations:				
- Rental generating properties	28,936	32,072	18,685	19,557
- Non-rental generating properties	72	72	–	–

Investment properties are stated at their fair value, which has been determined based on independent professional valuations performed as at 31 December 2016 and 31 December 2015. The valuations were performed by Edmund Tie & Company (SEA) Pte Ltd (formerly known as DTZ Debenham Tie Leung (SEA) Pte Ltd), Colliers International Consultancy & Valuation (Singapore) Pte Ltd, PA International Property Consultants Sdn Bhd, JS Valuers Property Consultant (E.M) Sdn Bhd and Yinxin Assets Appraisal Co., Ltd. These were independent valuers with recognised and relevant professional qualification and with experience in the location and category of the properties being valued. Majority of the valuations are based on the income method that makes reference to estimated market rental values, equivalent yields and discount rate. Others are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. Details of the valuation techniques and inputs are disclosed in Note 37.

Investment properties amounting to $1,126,720,000 (2015: $1,128,000,000) have been mortgaged to secure term loan facilities for certain subsidiaries (Note 27).

14 INTANGIBLE ASSETS

	Concession rights $000	Development costs and technical know-how $000	Customer relationships $000	Goodwill $000	Others[1] $000	Total $000
GROUP						
Cost						
At 1 January 2015	29,985	14,130	4,295	11,456	1,220	61,086
Additions – internal development	–	1,458	–	–	102	1,560
Currency realignment	896	–	–	–	40	936
Disposal of subsidiaries	–	–	–	–	(3,016)	(3,016)
Transfer from assets of disposal group classified as held for sale	–	–	–	–	2,987	2,987
At 31 December 2015 and 1 January 2016	30,881	15,588	4,295	11,456	1,333	63,553
Additions – internal development	–	1,979	–	–	–	1,979
Currency realignment	(2,146)	–	–	–	(8)	(2,154)
Disposal of subsidiaries	(28,735)	(9,700)	–	(5,126)	(1,145)	(44,706)
At 31 December 2016	–	7,867	4,295	6,330	180	18,672
Accumulated amortisation and impairment losses						
At 1 January 2015	(5,560)	(12,351)	(1,429)	(9,753)	(1,028)	(30,121)
Amortisation						
- Continuing operations	–	(750)	(432)	–	(10)	(1,192)
- Discontinued operations	(1,195)	–	–	–	(6)	(1,201)
Currency realignment	(170)	–	–	–	–	(170)
Disposal of subsidiaries	–	–	–	–	1,546	1,546
Impairment loss	–	(775)	–	–	(71)	(846)
Transfer from assets of disposal group classified as held for sale	–	–	–	–	(1,546)	(1,546)
At 31 December 2015 and 1 January 2016	(6,925)	(13,876)	(1,861)	(9,753)	(1,115)	(33,530)
Amortisation						
- Continuing operations	–	(1,062)	(432)	–	(21)	(1,515)
- Discontinued operations	(556)	–	–	–	(3)	(559)
Currency realignment	489	–	–	–	(1)	488
Disposal of subsidiaries	6,992	9,700	–	3,423	1,033	21,148
At 31 December 2016	–	(5,238)	(2,293)	(6,330)	(107)	(13,968)
Net carrying amount						
At 31 December 2015	23,956	1,712	2,434	1,703	218	30,023
At 31 December 2016	–	2,629	2,002	–	73	4,704

[1] Others comprise mainly trademark, software licence and marketing rights.

(a) Concession rights

The Group has service concession arrangements with various government bodies and agencies of the government of the People's Republic of China ("the grantors"). Under these concession arrangements, the Group will typically construct and operate the water and medical waste treatment plants to collect and treat water and medical waste for local hospitals and clinics at the tariffs which are determined by the grantors for concession periods of between 20 to 30 years. The plants are transferred to the grantors at the end of the concession periods. The concession rights are amortised evenly over their economic useful lives of 20 to 30 years. During the financial year ended 31 December 2016, the entire carrying amount of concession rights has been recognised in the income statement of the discontinued operations under the line item "Gain on disposal of subsidiaries" as part of the determination of gain/(loss) from disposal of subsidiaries, following the divestment of certain subsidiaries.

14 INTANGIBLE ASSETS *(continued)*

(b) Development costs and technical know-how

Development costs and technical know-how are separately identified intangible assets recognised and acquired as part of business combination mainly relating to the technology and liquefied petroleum gas businesses of WBL Group. Development costs and technical know-how are amortised evenly over their economic useful lives of 5 to 10 years. The range of remaining amortisation period is 1 to 4 years (2015: 1 to 5 years). During the financial year ended 31 December 2016, the carrying amount of development costs and technical know-how relating to the technology business has been recognised in the Income statement of the discontinued operations under the line item "Gain on disposal of subsidiaries" as part of the determination of gain/(loss) from disposal of subsidiaries, following the divestment of certain subsidiaries.

(c) Customer relationships

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years. The range of remaining amortisation period is 1 to 5 years (2015: 2 to 6 years).

Amortisation expense

Amortisation of intangible assets is included in the line "Other items of expense" in the income statement.

(d) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs), which are also the basis for impairment testing:

Cash-generating unit (CGU)	2015 $000	Basis on which recoverable values were determined	Discount rate	Years of cash flow projections
UE Envirotech Pte Ltd (UEEV) Group	1,703	Value-in-use	13%	20 to 30
	1,703			

Goodwill is tested for impairment annually. For CGUs with recoverable values determined based on the value-in-use method, the value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management for periods as stated in the table above. In 2015, the cash flows beyond the budget period were extrapolated using a terminal growth rate of 3% per annum. The terminal growth rate does not exceed the long-term average growth rate of the respective industry and country in which the entity operates. The discount rates applied to the cash flow projections are pre-tax and reflected a reasonable risk premium at the date of the assessment of the respective cash-generating units.

During the financial year ended 31 December 2016, the goodwill relating to UE Envirotech Pte Ltd Group CGU amounting to $1,703,000 has been recognised in the income statement of the discontinued operations under the line item "Gain on disposal of subsidiaries" as part of determination of gain/(loss) from disposal of subsidiaries, following the divestment of these entities.

15 INTERESTS IN SUBSIDIARIES

	COMPANY	
	2016 $000	2015 $000
Unquoted equity shares at cost	150,988	261,079
Impairment losses	(60,195)	(60,286)
Carrying amount of investments	90,793	200,793
Loans receivable	960,159	1,188,004
Allowance for doubtful loans receivable	(45,203)	(45,203)
	914,956	1,142,801
	1,005,749	1,343,594

Included in loans receivable are non-interest bearing unsecured loans of $652,089,000 (2015: $839,018,000) which form part of the Company's net investment in the subsidiaries. The other loans receivable are unsecured and bear interest ranging from 0.3% to 4.2% (2015: 0.3% to 6.5%) per annum. All loans receivable are not expected to be repayable within the next 12 months.

Receivables that are impaired
At the end of the reporting period, the Company has provided an allowance of $45,203,000 (2015: $45,203,000) for impairment of the unsecured loans to certain subsidiaries. These subsidiaries have been suffering significant financial losses for the past financial years.

	COMPANY	
	2016 $000	2015 $000
Movement in the allowance account is as follows:		
At 1 January	(45,203)	(50,400)
Written back	–	9,256
Exchange differences	–	(4,059)
At 31 December	(45,203)	(45,203)

Disposal of subsidiaries

2016

During the financial year ended 31 December 2016, the Group disposed of the following subsidiaries:

a) In July 2016, the Group completed the following disposals:
- 42.2% effective shareholdings in Multi-Fineline Electronix, Inc. (MFLEX) and its subsidiaries;
- 100% shareholdings in UE Envirotech Pte. Ltd. and its subsidiaries;
- 100% shareholdings in UE Asia Pacific (Beijing) Co., Ltd. and its subsidiary; and
- 100% shareholdings in Hengyang City UE Songmu Water Co., Ltd.

b) In August 2016, the Group completed the disposal of its 62.6% effective shareholdings in Suzhou Speedling Co., Ltd.

c) In September 2016, the Group completed the disposal of its 100% shareholdings in UES Holdings Pte. Ltd., its subsidiaries and associates.

2015

During the financial year ended 31 December 2015, the Group disposed of the following subsidiaries:

a) In January 2015, the Group completed the following disposals:
- 51% shareholdings in UE Managed Solutions Pte Ltd;
- 100% shareholdings in UE ServiceCorp (Taiwan) Limited; and
- 60% shareholdings in Tangshan UE Shengxing Renewable Resources Co., Ltd.

b) In June 2015, the Group completed the disposal of its 100% shareholdings in Chengdu Huaxin Ruitai Property Management Co., Ltd..

c) In October 2015, the Group completed the disposal of its 100% shareholdings in PT United Engineers Indonesia.

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in Singapore			
McAlister and Company, Limited	Investment holding and provision of management services	100	100
MFS Technology Ltd	In the process of members' voluntary liquidation	52.2	57
Multi-Fineline Electronix Singapore Pte. Ltd. [3]	Regional office	–	42.5
O'Connor's Holdings Pte Ltd	Investment holding	67.6	67.6
O'Connor's Singapore Pte Ltd	System Integrator and value-added reseller of security, telecommunication, scientific and medical systems	67.6	67.6
O'Connor's Technology Pte. Ltd.	Manufacture of medical tools, development and manufacture of systems for tracking equipment and consumables in hospitals, and distribution of software solutions	67.6	67.6
Puffersoft Labs Pte. Ltd.	Dormant	54.1	54.1
Shenyang Summer Palace Pte. Ltd.	Investment holding	67.6	67.6
Speedling Investment Pte Ltd	Investment holding	67.6	67.6
UE Centennial Venture Pte. Ltd.	Investment holding	100	100
UE Development (Alexandra) Pte. Ltd.	Property development and leasing	100	100
UE Development (Anson) Pte. Ltd.	Property development and leasing	100	100
UE Development (Bendemeer) Pte. Ltd.	Property development	100	100
UE Envirotech Pte. Ltd. [3]	Investment holding and trading of specialised waste disposal equipment	–	100
UE H2O Pte. Ltd. [3]	Environmental engineering and investment holding	–	100
UE NEWater Pte. Ltd. [3]	Environmental engineering and investment holding	–	100
UE One-North Developments Pte. Ltd.	Property development and leasing	100	100
UE Park Avenue International Pte. Ltd.	Hotel management services	100	100
UE Support Services Pte Ltd	Management services	100	100
UE Trade Corporation Pte Ltd	Investment holding	100	100
UE UMC Pte. Ltd.	Investment holding	100	100
UE Ville Developments Pte Ltd	Property development and leasing	100	100

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in Singapore *(continued)*			
UES Holdings Pte. Ltd. [3]	Environmental engineering and investment holding	–	100
UESH-BEWGI ENG. Pte. Ltd. [3]	Water engineering service	–	80
United Engineers Developments Pte. Ltd.	Property facilities management and leasing	100	100
United Infrastructure Pte Ltd	Struck off	–	100
United WBL Technology Pte. Ltd.	Investment holding	80.6	80.6
WBL Corporation Limited	Investment holding and provision of management services to related companies	67.6	67.6
WBL Properties (Private) Limited	Investment holding	67.6	67.6
WBL Services (Private) Limited	Provision of management and financial services to related companies	67.6	67.6
WBL Properties (China) (Private) Limited	Investment holding and provision of management services to related companies	67.6	67.6
WBL Engineering & Distribution Pte. Ltd.	Trading of marine and heavy equipment and related services, and the supply and installation of building materials, industrial laundry, filling of liquefied petroleum gas ("LPG") cylinders, the receipt, bottling, storage and dispatch of LPG and the marketing, distribution and sale of bottled and bulk LPG	67.6	67.6
WBL Hollingsworth Singapore Pte. Ltd.	Investment holding	64.4	64.4
WBL International (1994) Limited	Investment holding	67.6	67.6
WBL Precision (Private) Limited	Investment holding	67.5	67.5
WBL Technology (Private) Limited	Investment holding	67.5	67.5
Incorporated in Malaysia			
Far East Motors Malaysia Sendirian Berhad [2]	Distribution of light industrial equipment	67.6	67.6
Kumpulan O'Connor's (Malaysia) Sdn. Bhd. [2]	Investment holding	67.6	67.6
McAlister Engineering Sdn. Bhd. [2]	Dormant	100	100
McAlister Holdings (Malaysia) Sdn. Bhd.	In the process of striking off	100	100
McAlister Trading (Malaysia) Sdn. Bhd.	In the process of striking off	100	100
Multi-Fineline Electronix Malaysia Sdn. Bhd. [3]	Dormant	–	42.5

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in Malaysia *(continued)*			
O'Connor's Engineering Sdn. Bhd. [2]	Supply, delivery, testing and commissioning of telecommunication, stage rigging system, audio-visual, studio projection and lighting equipment, data communication, card access and security systems, and after sales services	67.6	67.6
O'Connor's Enterprise Sdn. Bhd. [2]	In the process of members' voluntary winding up	67.6	67.6
O'Connor's Technologies Sdn. Bhd. [2]	Supply, delivery, testing and commissioning of telecommunication equipment and after sales service	67.6	67.6
Peninsular Smart Sdn. Bhd. [2]	Property owner and property developer	100	100
Polytek Engineering Sdn. Bhd. [2]	In the process of members' voluntary winding up	67.6	67.6
UE ServiceCorp (Malaysia) Sdn. Bhd. [2]	Dormant	100	100
UED Developments (M) Sdn. Bhd. [2]	Civil, electrical, mechanical engineers and contractors	100	100
WBL Electronics (Malaysia) Sdn. Bhd. [2]	Dormant	65.9	65.9
Incorporated in Brunei			
O'Connor's (B) Sdn Bhd	Dormant	67.6	67.6
Incorporated in Indonesia			
PT UE Developments	In the process of striking off	100	100
PT UE Sentosa [3]	In the process of striking off	–	60
Incorporated in Thailand			
UES (Thailand) Company Limited	Struck off	–	90
Incorporated in Vietnam			
UE Newater (Vietnam) Limited [3]	Environmental engineering	–	100
Incorporated in Myanmar			
UE Myanmar Limited	Dormant	100	100
Incorporated in India			
UE Trade Corporation (India) Private Limited	Dormant	100	100
Incorporated in Hong Kong			
WBL (Hong Kong) Limited	Investment holding	67.6	67.6

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in Korea			
MFLEX Korea, Ltd [3]	Regional office	–	42.5
Incorporated in People's Republic of China			
Chengdu Huaxin International Realty Co., Ltd.	Property development	67.6	67.6
Chengdu WBL UEST New Tech Co., Ltd *(formerly known as Chengdu Wearnes UEST Co., Ltd.)*	Production of bio-electronic products	57.2	57.2
Hengyang City UE Songmu Water Co., Ltd. [3]	Industrial water supply	–	100
Huaxin Community Broadband Service Co., Ltd.	Investment holding	67.6	67.6
Jiaozuo UE Environmental Protection Technology Co., Ltd. [3]	Treatment of medical waste and related activities	–	90
Kunming Speedling Co., Ltd.	Under liquidation	60.8	60.8
Liaocheng UE Environmental Protection Technology Co., Ltd. [3]	Treatment of medical waste and related activities	–	90
MFLEX Chengdu Co., Ltd. [3]	Dormant	–	42.5
MFLEX Suzhou Co., Ltd. [3]	Manufacture and assembly of flexible printed circuits	–	42.5
Shanghai WBL Enterprise Management Co., Ltd.	Provision of management services for property development	67.6	67.6
Shaoyang UE Environmental Protection Technology Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
Shenyang Huaxin International City Development Co., Ltd.	Property development	67.6	67.6
Shenyang Huaxin International Realty Co., Ltd.	Property development	67.6	67.6
Shenyang Huaxin Property Management Co., Ltd.	Property management	67.6	67.6
Shenyang Summer Palace Property Development Co., Ltd.	Property development	67.6	67.6
Shenzhen Technology Development Corporation [β]	Dormant	40.6	40.6
Shenzhen Weko Biotechnology Limited	Dormant	60.8	60.8
Suzhou Future Agriworld Co., Ltd.	Agribusiness exhibition and trade emporium centre	56.2	56.2
Suzhou Speedling Co., Ltd. [3]	Production and distribution of agricultural seedlings	–	62.6
Suzhou Wearnes Technology Co., Ltd.	Investment holding	67.5	67.5

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in People's Republic of China *(continued)*			
UE Asia Pacific (Beijing) Co., Ltd. [3]	General activities	–	100
UE (Liaocheng) Water Co., Ltd. [3]	Treatment of waste water and related activities	–	100
UE Envirotech (Beijing) Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
UE Envirotech (Chenzhou) Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
UE Envirotech (Ji'an) Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
UE Envirotech (Weifang) Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
UE Envirotech (Xinxiang) Co., Ltd. [3]	Treatment of medical waste and related activities	–	100
WCSY Ltd *(formerly known as Wearnes Components Shenyang Ltd.)*	Manufacture of electronic components	67.5	67.5
Wearnes Electronics Shenyang Ltd.	Dormant	59.4	59.4
WPSY Ltd.	Diecasting and precision engineering	67.5	67.5
WBL Technology (Shenyang) Ltd. *(formerly known as Wearnes Technology (Shenyang) Ltd.)*	Property investment	54.1	54.1
Wuhan Wearnes Technology Co., Ltd.	Under liquidation	61.3	61.3
Yuan-Wearnes Technology (Changsha) Limited [β]	Dormant	37.2	37.2
Incorporated in Australia			
Pacific Silica Pty Ltd [2, β]	Mineral sand mining	49.9	49.9
Incorporated in Cayman Islands			
M-Flex Cayman Islands, Inc. [3]	Investment holding	–	42.5
Incorporated in Netherlands			
MFLEX B.V. [3]	Investment holding	–	42.5
Incorporated in United Kingdom			
MFLEX UK Limited [3]	Dormant	–	42.5
Cambion Electronics Limited [2] *(formerly known as Wearnes Cambion Limited)*	Manufacture of electronic connectors	67.5	67.5

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in United States of America			
Multi-Fineline Electronix, Inc. [3]	Corporate headquarters and research and development	–	42.5
Speedling, Incorporated	Transplant technology provider and production of seedlings	67.6	67.6
WBL (USA) Inc. *(formerly known as Wearnes (USA), Inc.)*	Investment holding	67.6	67.6

All the Singapore incorporated subsidiaries which are subject to an audit are audited by Ernst & Young LLP, Singapore.

[1] Place of business in the respective countries of incorporation unless otherwise stated.
[2] Audited by member firms of Ernst & Young Global in the respective countries.
[3] Subsidiaries disposed of during the financial year.
[β] Accounted for as subsidiary as the company was held through WBL.

The Group has the following subsidiaries which have material non-controlling interests (NCI) to the Group.

Name of Subsidiary	Place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the financial year $000	Accumulated NCI at the end of the financial year $000	Dividends paid to NCI $000
31 December 2016: WBL Corporation Limited	Singapore	32.4%	50,669	173,797	91,143
31 December 2015: WBL Corporation Limited	Singapore	32.4%	315	210,227	45,572
Multi-Fineline Electronix, Inc. and its subsidiaries	United States of America	57.5%	35,418	293,509	–

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	WBL Corporation Limited 2016 $000	2015 $000
Current		
Assets	88,867	540
Liabilities	(3,549)	(69,715)
Net current assets/(liabilities)	85,318	(69,175)

15 INTERESTS IN SUBSIDIARIES *(continued)*

Summarised statement of financial position *(continued)*

	WBL Corporation Limited	
	2016 $000	2015 $000
Non-current		
Assets	681,305	944,067
Liabilities	(230,214)	(226,043)
Net non-current assets	451,091	718,024
Net assets	536,409	648,849
Summarised statement of comprehensive income		
Revenue	306,662	17,975
Profit before income tax	156,388	981
Income tax expense	(3)	(8)
Profit after tax – continuing operations	156,385	973
Other comprehensive income	12,376	(20,111)
Total comprehensive income	168,761	(19,138)
Other summarised information		
Net cash flows used in operations	(1,865)	(3,132)

Summarised statement of financial position

	Multi-Fineline Electronix, Inc. and its subsidiaries 2015 $000
Current	
Assets	504,647
Liabilities	(198,791)
Net current assets	305,856
Non-current	
Assets	204,718
Liabilities	(123)
Net non-current assets	204,595
Net assets	510,451

15 INTERESTS IN SUBSIDIARIES *(continued)*

	Multi-Fineline Electronix, Inc. and its subsidiaries 2015 $000
Summarised statement of comprehensive income	
Revenue	875,069
Profit before income tax	66,576
Income tax expense	(4,979)
Profit after tax – continuing operations	61,597
Other comprehensive income	11,463
Total comprehensive income	73,060
Other summarised information	
Net cash flows from operations	150,839
Acquisition of significant property, plant and equipment	(20,875)

16 INTERESTS IN ASSOCIATES

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Unquoted equity shares				
At cost	46,086	46,295	317	317
Impairment losses	(1)	(1)	(2)	(2)
Goodwill on acquisition	(1,023)	(1,023)	–	–
Currency realignment	(8,685)	(9,142)	–	–
Share of net gain on fair value changes recognised directly in other comprehensive income	3,611	4,819	–	–
Share of net post acquisition reserves	16,071	10,711	–	–
	56,059	51,659	315	315
Loans receivable	53,700	57,100	–	–
Amounts receivable	2,945	16,796	107	86
	56,645	73,896	107	86
Allowance for doubtful receivables	(85)	(86)	(85)	(86)
	56,560	73,810	22	–
	112,619	125,469	337	315

The loans and amounts receivable are mainly non-trade in nature, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months.

16 INTERESTS IN ASSOCIATES *(continued)*

The associates as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in Singapore			
BEWGI-H2O Pte. Ltd. [3]	Operation and maintenance of waste water service	–	20
BEWGI-UE NEWater (S) Pte. Ltd. [3]	Water management services	–	20
Lycorpipe Investment Pte. Ltd. [β]	Investment holding	11	11
MaxLee Development Pte. Ltd.	Property development and investment	35	35
The Seletar Mall Pte Ltd [2]	Property development and investment	30	30
Incorporated in Malaysia			
Apex Pharmacy Holdings Sendirian Berhad	Investment holding	30	30
Asia Travel Service (Malaysia) Sdn. Bhd.	Dormant	30	30
NS Bluescope Lysaght Malaysia Sdn Bhd	Steel roofings	40	40
Incorporated in Thailand			
Rank P.T. O'Connor's Co., Ltd	Ceased operation	26.4	26.4
O'Connor's (Thailand) Co., Ltd	System integration and trading and distribution of engineering systems	33.1	33.1
Incorporated in Taiwan			
Global Investment Holdings Co., Ltd [β]	Investment holding and financial services	13.9	13.9
Wearnes Global Co., Ltd	Trading of electronic components	32.8	32.8
Incorporated in People's Republic of China			
Advance Science-Lab Industries (Panyu) Co., Ltd [β]	Manufacture of laboratory equipment and furniture	13.5	13.5
Laiyang Speedling Co., Ltd	Under liquidation	27	27
Incorporated in United States of America			
Chrontel, Inc	Development of integrated circuits	29.7	29.7

[1] Place of business in the respective countries of incorporation unless otherwise stated.
[2] Audited by KPMG LLP, Singapore.
[3] Associates disposed of during the financial year.
[β] Accounted for as associate as the Group has significant influence over the financial and operating policy decisions of the investees.

16 INTERESTS IN ASSOCIATES *(continued)*

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group which are not individually material, are as follows:

	GROUP	
	2016 $000	2015 $000
Assets and liabilities:		
Assets	601,970	836,844
Liabilities	(493,121)	(653,659)
Profit and loss:		
Profit for the financial year	17,912	6,785
Other comprehensive income	(1,092)	3,447
Total comprehensive income	16,820	10,232

17 INTERESTS IN JOINT VENTURES

Unquoted equity shares, at cost	67,097	69,512
Currency realignment	(3,374)	(1,697)
Share of net post acquisition reserves	22,077	24,573
Dividends declared, net of tax	(39,017)	(38,867)
	46,783	53,521
Amounts (payable)/receivable	(1,305)	3,614
	45,478	57,135

The amounts payable/receivable are mainly non-trade, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months.

The joint ventures as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group	
		2016 %	2015 %
Incorporated in Singapore			
Greatearth Developments Pte Ltd	Real estate development and investment holding	50	50
Incorporated in Malaysia			
Permata Alasan (M) Sdn Bhd	Property investment	33.8	33.8
Renown Heritage Sdn. Bhd.	In the process of members' voluntary winding up	33.8	33.8
Incorporated in People's Republic of China			
Chongqing Huaxin International Realty Co., Ltd.	Property development	33.8	33.8

17 INTERESTS IN JOINT VENTURES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2016 %	2015 %
Incorporated in People's Republic of China *(continued)*			
Shanghai Olympic Garden Property Development Co., Ltd.	Property development	30.5	30.5
Shanghai Olympic Sports Center Co., Ltd	Liquidated	–	30.5
Suzhou Huaxin International Real Estate Co., Ltd.	Property development	22.5	22.5
Suzhou Industrial Park Huaxin International Urban Development Co., Ltd.	Property development	32.1	32.1

[1] Place of business in respective countries of incorporation unless otherwise stated.

The summarised financial information of joint ventures relating to the Group's interest in the joint ventures which are not individually material, are as follows:

	GROUP 2016 $000	2015 $000
Assets and liabilities:		
Assets	67,227	82,052
Liabilities	(20,445)	(28,554)
Profit and loss:		
(Loss)/profit after income tax from continuing operations	(2,495)	2,538
Other comprehensive income	(1,678)	(1,789)
Total comprehensive income	(4,173)	749

18 DEFERRED TAX

Balance at beginning of the financial year	18,407	21,554
Disposal of subsidiaries	12,735	–
Reclassification from assets of disposal group classified as held for sale	–	1,110
Currency realignment	1,761	(1,135)
(Credited)/debited to equity	(658)	29
(Credited)/debited to income statement		
- Current year	(2,584)	1,813
- Over provision in respect of prior year	(635)	(4,964)
Balance at end of the financial year	29,026	18,407
The deferred taxation arises as result of:		
Deferred tax liabilities		
Accrued income on completed project	57,915	63,288
Convertible bonds	–	108
Excess of net book value over the tax written down value of property, plant and equipment	8,160	8,179
Others	3,640	3,451
Unremitted earnings	5,473	5,362
	75,188	80,388

18 DEFERRED TAX *(continued)*

	GROUP	
	2016 $000	2015 $000
Deferred tax assets		
Excess of tax written down value over net book value of property, plant and equipment	(1,286)	(12,655)
General provisions	(20,915)	(22,496)
Provision for rental top-up	(12,280)	(14,600)
Share-based compensation	–	(334)
Tax losses	(11,681)	(11,896)
	(46,162)	(61,981)
	29,026	18,407

Unrecognised tax losses, reinvestment allowance and capital allowances
Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2016, the Group has unabsorbed tax losses and unutilised capital allowances of approximately $179,034,000 (2015: $438,665,000) and $3,479,000 (2015: $4,003,000) respectively, available for set-off against future assessable income subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for $86,996,000 (2015: $78,943,000) which will expire between 2017 and 2036 (2015: 2016 and 2035).

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $3,594,000 (2015: $196,431,000) of certain overseas subsidiaries as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary difference will not reverse in the foreseeable future.

Tax consequences of proposed dividends
There are no income tax consequences attached to the dividends to the shareholders proposed by the Company in the current and previous financial years but not recognised as a liability in the financial statements (Note 30).

19 OTHER INVESTMENTS

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Non-current:				
Available-for-sale financial assets				
Quoted equity shares, at fair value	22,424	21,087	–	–
Unquoted equity shares, at fair value	2,645	2,622	1,130	1,078
Unquoted equity shares, at cost	–	120	–	–
	25,069	23,829	1,130	1,078

During the year, the Group disposed of its investment in unquoted equity shares carried at cost of $120,000. A gain of $3,880,000 was recognised in the income statement.

20 INVENTORIES

	GROUP	
	2016 $000	2015 $000
Statement of financial position:		
Inventories, at lower of cost and net realisable value		
- Engineering supplies and raw materials	9,576	24,836
- Trading inventories and finished goods	14,690	54,374
- Work-in-progress	6,880	29,893
Total inventories at 31 December	31,146	109,103

The Group has recognised a reversal of $307,000 (2015: $332,000), being part of inventories write down made in preceding years, as inventories were sold above the carrying amounts.

21 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Total trade and other receivables (current):				
Trade receivable	210,299	207,819	3,291	3,330
Allowance for doubtful receivables	(10,337)	(12,191)	(2,644)	(9)
	199,962	195,628	647	3,321
Other receivables:				
Claims/expenses recoverable	187	119	–	–
Deposits	5,453	10,741	138	237
Due from subsidiaries	–	–	3,664	42,227
Project advance	4,628	4,012	–	–
Sundry receivables	10,920	23,679	676	43
	21,188	38,551	4,478	42,507
Allowance for doubtful receivables	(3,658)	(2,383)	(866)	(866)
	17,530	36,168	3,612	41,641
	217,492	231,796	4,259	44,962
Add:				
Loans and amounts receivables:				
- Subsidiaries (Note 15)	–	–	914,956	1,142,801
- Associates (Note 16)	56,560	73,810	22	–
- Joint ventures (Note 17)	–	3,614	–	–
Bank balances and deposits (Note 24)	623,976	544,127	420,959	14,188
Total loans and receivables	898,028	853,347	1,340,196	1,201,951

Trade receivables
Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

There are no retention sums relating to construction contracts for the current financial year. Included in the trade receivables are $652,000 of retention sums relating to construction contracts for the previous financial year.

The Group's trade receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2016 are as follows:
- $7,017,000 (2015: $11,611,000) denominated in United States Dollars and
- $1,479,000 (2015: $2,621,000) denominated in other foreign currencies.

Due from subsidiaries
Amounts receivable from subsidiaries are mainly non-trade in nature, unsecured, to be settled in cash and bear interest of 6.5% (2015: 6.5%) per annum. In 2015, $27,236,000 of the amounts receivable from susidiaries were interest-free and payable on demand. Interest rates are repriced at intervals of 1, 2, 3 or 6 months.

21 TRADE AND OTHER RECEIVABLES *(continued)*

Receivables that are past due but not impaired
The Group has trade and other receivables amounting to $16,284,000 (2015: $25,333,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	GROUP	
	2016 $000	2015 $000
Trade and other receivables past due but not impaired:		
Less than 30 days	9,755	11,033
30 to 60 days	2,141	5,257
61 to 90 days	1,752	2,822
91 to 120 days	715	1,251
More than 120 days	1,921	4,970
	16,284	25,333

Receivables that are impaired
The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2016 $000	2015 $000
Trade and other receivables - nominal amounts	14,225	17,508
Less: Allowance for impairment	(13,995)	(14,574)
	230	2,934

	Trade receivables		Other receivables	
	2016 $000	2015 $000	2016 $000	2015 $000
Movement in allowance accounts:				
At 1 January	(12,191)	(7,889)	(2,383)	(2,832)
Charge for the year	(4,089)	(6,462)	(1,587)	(501)
Disposal of subsidiaries	3,992	–	98	–
Written-off	679	1,135	–	960
Written-back	1,272	720	214	–
Exchange differences	–	305	–	(10)
At 31 December	(10,337)	(12,191)	(3,658)	(2,383)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2016 $000	2015 $000
Costs incurred and attributable profits less recognised losses to-date	82,040	299,970
Less: Progress billings	(70,256)	(259,886)
Amounts due from customers for contract work, net	11,784	40,084

22 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK *(continued)*

	GROUP 2016 $000	GROUP 2015 $000
Presented as:		
Gross amount due from customers for contract work	13,466	42,448
Gross amount due to customers for contract work	(1,682)	(2,364)
	11,784	40,084
Included in progress billings are retention sums of	1,337	2,526

23 PROPERTIES HELD FOR SALE

Completed properties, at cost		
Land cost	37,258	27,099
Development costs	275,082	286,285
	312,340	313,384
Properties under development		
Land cost	91,331	638,396
Development expenditure	246,811	488,385
Interest costs	3,833	61,040
	341,975	1,187,821
Add: Attributable profits	–	70,774
	341,975	1,258,595
Less: Progress billings	–	(548,141)
	341,975	710,454
	654,315	1,023,838

During the financial year, the Group wrote down certain properties under development by $15,957,000 (2015: $12,489,000), based on an independent professional valuation performed as at 31 December 2016.

Interest capitalised during the financial year is $2,810,000 (2015: $11,150,000) at rates ranging from 2.6% to 6.0% (2015: 2.1% to 7.0%) per annum.

Properties held for sale amounting to $431,588,000 (2015: $835,056,000) have been mortgaged to secure term loan facilities for certain subsidiaries (Note 27).

Certain projects amounting to $172,427,000 (2015: $209,318,000) included in properties held for sale are expected to be recovered more than twelve months after the reporting period.

The following table provides information about agreements that are in progress at the reporting date, the revenue of which is recognised based on percentage of completion method:

	GROUP 2016 $000	GROUP 2015 $000
Aggregate costs incurred and recognised to-date, including attributable profits	–	935,365
Less: Progress billings	–	(548,141)
	–	387,224

During the financial year, cost of sales amounting to $43,909,000 (2015: $339,866,000) in relation to development properties recognised based on percentage of completion method were recorded.

24 BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Cash at banks and in hand	409,564	396,199	311,159	14,188
Fixed deposits	178,186	68,183	109,800	–
Project accounts	36,226	17,197	–	–
Restricted deposits	–	62,548	–	–
	623,976	544,127	420,959	14,188

The Group's bank balances and deposits denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2016 are as follows:

- $2,682,000 (2015: $2,793,000) denominated in United States Dollars;
- $1,437,000 (2015: $86,000) denominated in European Dollars; and
- $1,409,000 (2015: $816,000) denominated in other foreign currencies.

Bank balances and deposits earn interest at effective interest rates ranging from 0.3% to 3.0% (2015: 0.05% to 4.0%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group, and earn interests at the respective short-term deposit rates.

The project accounts are maintained in accordance with the Housing Developers Project Account Rules – 1997 Ed. Withdrawals are restricted to payments for expenditure incurred on development projects. A sum of $28,000,000 (2015: $15,000,000) of the project accounts has been placed in fixed deposits as at year end.

25 SHARE CAPITAL AND TREASURY SHARES

	GROUP AND COMPANY			
	2016		2015	
	No. of shares 000	$000	No. of shares 000	$000
(a) Share Capital				
Issued and fully paid:				
7.5 cents cumulative preference shares	875	875	875	875
Ordinary stock units issued and fully paid:				
Balance at 1 January	637,228	806,644	637,069	806,395
Share options exercised	224	419	159	249
Balance at 31 December	637,452	807,063	637,228	806,644
	638,327	807,938	638,103	807,519

The holders of ordinary stock units and preference shares are entitled to receive dividends as and when declared by the Company. The ordinary stock units have no par value. The voting rights of the shares/stock units are as follows:

Preference Share	–	One vote for one preference share.
Ordinary Stock Unit	–	One vote for one ordinary stock unit.

25 SHARE CAPITAL AND TREASURY SHARES *(continued)*

(a) Share Capital ***(continued)***

Outstanding options

Movement in the number of options during the financial year was as follows:

Date of Grant	Exercise Period	Exercise Price	Balance as at 01.01.16	No. of shares under option exercised	No. of shares under option forfeited	Balance as at 31.12.16
27.11.06	27.11.07 to 26.11.16	$1.90	211,608	(211,608)	–	–
6.12.07	6.12.08 to 5.12.17	$3.31	417,590	–	(96,225)	321,365
20.5.09	20.5.10 to 19.5.19	$1.36	80,188	(12,251)	–	67,937
			709,386	(223,859)	(96,225)	389,302

	GROUP			
	2016		2015	
	No. of shares 000	$000	No. of shares 000	$000
(b) Treasury shares				
Balance at 1 January and 31 December	(21,712)	(62,313)	(21,712)	(62,313)

Treasury shares relate to ordinary stock units of the Company that are held by a subsidiary. With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, the subsidiary is permitted to maintain its shareholding in the Company, subject to certain restrictions.

26 OTHER RESERVES

GROUP

	AFS reserve $000	Share option reserve $000	Translation reserve $000	Capital reserve on change in non-controlling interests $000	Gain or loss on reissuance of treasury shares $000	Capital reserve on fair value gain from long-term loans $000	Exercise of share options of subsidiaries and related income tax benefit $000	Other reserves, total $000
Opening balance at 01/01/2016	(586)	2,835	4,030	(17,757)	2,659	4,674	10,713	6,568
Losses on exchange differences on translation, net of tax	–	–	(26,263)	–	–	–	–	(26,263)
Gains on remeasuring available-for-sale financial assets, net of tax	1,389	–	–	–	–	–	–	1,389
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	–	–	(9,186)	257	–	–	–	(8,929)
Share of other comprehensive income from equity-accounted associate, net of tax	(832)	–	–	–	–	(346)	–	(1,178)
Additional interests in subsidiaries	–	–	–	1,260	–	–	–	1,260
Dilution of interests in subsidiaries	–	–	–	(4,942)	–	–	–	(4,942)
Employee share option scheme/ share appreciation rights:								
- value of employee services	–	(933)	–	–	–	–	2,339	1,406
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	2,179	–	11,462	–	–	(13,052)	589
Closing balance at 31/12/2016	(29)	4,081	(31,419)	(9,720)	2,659	4,328	–	(30,100)
Opening balance at 01/01/2015	8,013	4,219	11,018	(13,088)	2,659	2,222	5,989	21,032
Losses on exchange differences on translation, net of tax	–	–	(6,988)	–	–	–	–	(6,988)
Losses on remeasuring available-for-sale financial assets, net of tax	(2,667)	–	–	–	–	–	–	(2,667)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	–	–	–	–	(5,759)
Share of other comprehensive income from equity-accounted associate, net of tax	(173)	–	–	–	–	2,452	–	2,279
Additional interests in subsidiaries	–	–	–	1,043	–	–	–	1,043
Dilution of interests in subsidiaries	–	–	–	(4,124)	–	–	–	(4,124)
Disposal of interests in associates	–	(8)	–	–	–	–	–	(8)
Employee share option scheme/ share appreciation rights:								
- value of employee services	–	(1,376)	–	–	–	–	4,724	3,348
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	(1,588)	–	–	–	(1,588)
Closing balance at 31/12/2015	(586)	2,835	4,030	(17,757)	2,659	4,674	10,713	6,568

26 OTHER RESERVES *(continued)*

COMPANY

	AFS reserve $000	Share option reserve $000	Other reserves, total $000
Opening balance at 01/01/2016	(152)	4,081	3,929
Gains on remeasuring available-for-sale financial assets, net of tax	52	–	52
Closing balance at 31/12/2016	(100)	4,081	3,981
Opening balance at 01/01/2015	5,613	4,081	9,694
Losses on remeasuring available-for-sale financial assets, net of tax	(6)	–	(6)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	(5,759)
Closing balance at 31/12/2015	(152)	4,081	3,929

(a) AFS reserve records the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

(b) Share option reserve represents the equity-settled share options granted to employees (Note 33). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

(c) Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Capital reserve on change in non-controlling interests is used to record the differences arising from the movement in non-controlling interests resulting from the restructuring of the Group.

(e) Gain or loss on reissuance of treasury shares represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(f) Capital reserve on fair value gains from long-term loans relates to fair value gains from shareholders loans of an associate.

27 BORROWINGS

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Current				
Unsecured borrowings under MTN Programme				
- 4.2% p.a. fixed rate SGD notes (repayable in January 2017)	246,772	–	250,023	–
Bank trust receipts and bills payable:				
- unsecured	6,907	5,894	–	–
Bank loans:				
- secured	32,057	337,749	–	–
- unsecured	8,992	270,660	–	234,900
	41,049	608,409	–	234,900
	294,728	614,303	250,023	234,900
Non-current				
Unsecured borrowings under MTN Programme				
- 3.68% p.a. fixed rate SGD notes (repayable in June 2021)	150,000	–	150,000	–
- 4.2% p.a. fixed rate SGD notes (repayable in January 2017)	–	247,045	–	250,295

27 BORROWINGS *(continued)*

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Non-current *(continued)*				
Bank loans				
- secured				
- Repayable within 2 years	52,834	5,349	–	–
- Repayable within 3 to 5 years	691,285	571,492	–	–
- Repayable after 5 years	2,601	3,608	–	–
	746,720	580,449	–	–
- unsecured				
- Repayable within 2 years	–	1,964	–	–
	–	1,964	–	–
	896,720	829,458	150,000	250,295
Total borrowings	1,191,448	1,443,761	400,023	485,195

Bank overdrafts are repayable on demand.

The borrowings for certain subsidiaries are generally secured on their respective investment properties and properties held for sale (Note 13 and Note 23), and/or fixed/floating charges over certain assets (Note 12).

The Group's floating rate bank loans comprise:

	2016			2015		
	Effective interest rate % p.a.	Maturity	Total $000	Effective interest rate % p.a.	Maturity	Total $000
Singapore Dollars	1.5 – 3.3	2017 – 2018	727,402	1.7 – 3.1	2016 – 2018	1,157,055
Chinese Renminbi	5.5 – 6.3	2017 – 2019	52,647	5.4 – 7.0	2016 – 2017	25,915
United States Dollars	2.0 – 2.5	2017 – 2025	6,936	2.0 – 3.0	2016 – 2025	7,852
Other currencies	3.9	2017 – 2018	784	–	–	–
			787,769			1,190,822

28 PROVISIONS

	GROUP		
	Rental top-up $000	Development charge $000	Total $000
At 1 January 2016	86,062	20,000	106,062
Utilised during the year	(12,515)	–	(12,515)
Unused amounts reversed during the year	(1,338)	(5,000)	(6,338)
At 31 December 2016	72,209	15,000	87,209
As at 31 December 2016 (Current)	17,005	–	17,005
As at 31 December 2016 (Non-current)	55,204	15,000	70,204
	72,209	15,000	87,209
At 1 January 2015	97,695	20,000	117,695
Utilised during the year	(11,633)	–	(11,633)
At 31 December 2015	86,062	20,000	106,062
As at 31 December 2015 (Current)	21,813	–	21,813
As at 31 December 2015 (Non-current)	64,249	20,000	84,249
	86,062	20,000	106,062

28 PROVISIONS *(continued)*

Rental top-up

The provision for rental top-up relates to rental income support for the business park, retail and hotel components of UE BizHub EAST, which is equivalent to the differences between the agreed amount and net property income for each 12-month period commencing from the completion date over a remaining duration of 2 to 7 years (2015: 3 to 8 years). Assumptions used to calculate the provision for the rental top-up were based on current occupancy level, rental rate and current information available to compute the net property income.

Development charge

The provision for development charge relates to the undertaking provided by a subsidiary to the share purchaser in connection with the divestment of the Group's Automotive business in 2014. The undertaking is for the subsidiary to pay a maximum sum of $20 million for its share of any potential development charge and/or differential premiums payable by the share purchaser to government agencies or local authority in respect of certain properties located in Singapore in order to secure or obtain from such properties the benefit of any increase in plot ratio up to the maximum allowable in respect of the approved use and zoning of such properties. The undertaking will continue up to 2024 (i.e. 10 years from the date of completion of the sale of the Automotive business). During the financial year ended 31 December 2016, the Group signed a Supplemental Deed with the share purchaser to reduce the provision amount from $20 million to $15 million with the transfer of automotive business in Thailand. Accordingly, $5 million provision was written back to the income statement.

29 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Total trade and other payables (current):				
Trade payables	49,610	223,682	205	591
Other payables:				
Accrued staff cost	10,821	20,945	3,191	2,538
Accrued job cost	17,317	36,118	–	–
Accrued operating expenses	14,050	37,398	–	–
Deferred income	2,087	1,914	–	–
Deposits	30,658	23,146	7,351	8,429
Due to subsidiaries	–	–	97,621	636
Interest payable	5,366	7,427	4,993	5,242
Other accruals	28,289	53,484	3,056	3,302
Payable for purchase of property, plant and equipment	5	10,603	–	–
Progress billing received in advance	43,578	3,860	–	–
Sundry payables	17,058	2,266	858	807
	169,229	197,161	117,070	20,954
	218,839	420,843	117,275	21,545
Total trade and other payables (non-current):				
Retention sums	4,300	3,166	–	–
	4,300	3,166	–	–
Total trade and other payables (current and non-current)	223,139	424,009	117,275	21,545
Add:				
Accounts payable:				
- Joint ventures (Note 17)	1,305	–	–	–
Borrowings (Note 27)	1,191,449	1,443,761	400,023	485,195
Less:				
Deferred income	(2,087)	(1,914)	–	–
Progress billing received in advance	(43,578)	(3,860)	–	–
Total financial liabilities carried at amortised cost	1,370,228	1,861,996	517,298	506,740

29 TRADE AND OTHER PAYABLES *(continued)*

Trade payables/Other payables
Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group's payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2016 are as follows:

- $4,678,000 (2015: $11,114,000) denominated in United States Dollars,
- $1,613,000 (2015: $1,942,000) denominated in other foreign currencies.

Other payables are non-interest bearing and have an average term of six months.

Due to subsidiaries
Amounts payable to subsidiaries are mainly non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

30 DIVIDENDS PAID

The following dividends were paid:

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Declared and paid during the financial year:				
Cumulative Preference Shares:				
Tax exempt (one-tier) dividend of 7.5 cents (2015: 7.5 cents)	66	66	66	66
Ordinary Stock:				
- First and final tax exempt (one-tier) dividend of 5 cents (2015: 5 cents)	30,778	30,769	31,864	31,854
- Special tax exempt (one-tier) dividend of 3 cents (2015: 5 cents)	18,467	30,768	19,118	31,854
	49,311	61,603	51,048	63,774

Proposed but not recognised as a liability as at 31 December:
The directors have proposed a first and final tax exempt (one-tier) dividend of 5 cents per ordinary stock and a special tax exempt (one-tier) dividend of 7 cents per ordinary stock, amounting to a total of approximately $76,494,000 and a tax exempt (one-tier) dividend of 7.5 cents on the cumulative preference shares, amounting to $66,000. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting.

31 FUTURE CAPITAL COMMITMENTS

	GROUP	
	2016 $000	2015 $000
Capital commitments contracted for not recognised in the financial statements	6,773	11,905

32 OPERATING LEASE COMMITMENTS

(a) Lessees' lease commitments

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates and contain provisions for rental adjustments. There are no renewal options or contingent rent provision included in the lease agreements. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the income statement during the financial year amounted to $13,643,000 (2015: $14,245,000). The Group is restricted from subleasing leased equipment to third parties.

32 OPERATING LEASE COMMITMENTS *(continued)*

(a) Lessees' lease commitments *(continued)*

Future minimum lease payments payable under non-cancellable operating leases with initial or remaining term of one year or more at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Within one year	12,335	14,616	1,402	1,525
After one year but not more than five years	46,336	47,734	6,405	6,756
After five years	18,998	30,390	–	–
	77,669	92,740	7,807	8,281

(b) Lessors' lease commitments

The Group has entered into non-cancellable commercial property leases on its investment properties. All leases include a clause to enable revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable in respect of significant non-cancellable operating leases at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2016 $000	2015 $000	2016 $000	2015 $000
Within one year	70,877	71,910	36,721	33,690
After one year but not more than five years	75,288	74,279	49,374	30,834
After five years	2,636	3,370	–	–
	148,801	149,559	86,095	64,524

33 EMPLOYEE SHARE OPTION SCHEME

Share options are granted to senior executives with more than 12 months' service. The exercise price of the options is equal to the average of the last dealt prices of the shares for the three (3) consecutive trading days immediately preceding the grant. The options vest if the employee remains in service for a period of one year from the date of grant. The option period commences 1 year after the date of the grant and expires on the day immediately before the 10th anniversary of the date of the grant. There are no cash settlement alternatives. The United Engineers Share Option Scheme expired in financial year 2009.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year.

	2016 No.	2016 WAEP($)	2015 No.	2015 WAEP($)
Outstanding at beginning of the financial year	709,386	2.67	1,623,552	2.82
Exercised during the financial year[1]	(223,859)	1.87	(159,262)	1.56
Forfeited during the financial year	(96,225)	3.31	(754,904)	3.23
Outstanding at the end of the financial year[2]	389,302	2.97	709,386	2.67
Exercisable at end of the financial year	389,302	2.97	709,386	2.67

[1] The weighted average share price during the financial year was $2.37 (2015: $2.68).

[2] The range of exercise prices for options outstanding at the end of the year was $1.36 to $3.31 (2015: $1.36 to $3.31). The weighted average remaining contractual life for these options is 1.35 years (2015: 1.93 years).

33 EMPLOYEE SHARE OPTION SCHEME *(continued)*

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial model, taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant are incorporated into the measurement of fair value.

34 RELATED PARTY TRANSACTIONS

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	GROUP	
	2016 $000	2015 $000
Compensation of key management executives		
Short term employee benefits	3,367	2,230
Other long term employee benefits	–	60
Central Provident Fund	74	48
Total compensation paid to key management executives	3,441	2,338
Comprising amounts paid to:		
Director of the Company	747	37[1]
Other key management executives	2,694	2,301
	3,441	2,338

[1] In relation to Mr Norman Ip's appointment as the Group Managing Director with effect from 1 December 2015.

Key Management Executives' Interests in Employee Share Option Scheme
No share options were granted to the directors of the Company and other key management executives during the current and previous financial year. During the current and previous financial year, no option was exercised by the director and other key management executives. The outstanding number of share options granted to directors of the Company and other key management executives at the end of the financial year were Nil and 35,639 (2015: Nil and 71,278) respectively. No share options have been granted to the Company's non-executive directors.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans, cash and term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Group's financial instruments are credit risk, market price risk, foreign currency risk, interest rate risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the corporate office. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management systems and practices for effective risk identification and management, and compliance with internal guidelines and external requirements. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative transactions, including principally interest rate swaps and foreign currency forward contracts are entered into for the purpose of managing the interest rate and currency risks arising from the Group's operations and its sources of financing.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and bank balances and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy to sell to a diverse group of customers who have been assessed for their credit worthiness to reduce credit risk. The Group has a formal Group Credit Committee to oversee the management of the Group's debts.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on managing the concentration of credit risks. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk
At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile
The Group determines concentrations of credit risk by monitoring the country and industry sector profile/segment of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	GROUP			
	2016		2015	
	$000	% of total	$000	% of total
By country:				
Singapore	223,188	81	145,833	47
China	15,618	6	53,031	17
USA	12,820	5	64,140	21
Other countries	22,426	8	46,216	15
	274,052	100	309,220	100
By industry sector/segment:				
Property Rental & Hospitality	61,705	23	69,246	22
Property Development	139,952	51	11,742	4
Distribution	18,065	7	17,809	6
Engineering	8,658	3	13,130	4
Manufacturing	25,469	9	23,336	8
Corporate Services & Others	20,203	7	28,151	9
Adjustments	–	–	145,806*	47
	274,052	100	309,220	100

* Adjustment relates to the discontinued operations, MFLEX Group and EE businesses.

The Group does not have significant credit risk concentration in any customers.

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Bank balances and deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

It is not the Group's policy to actively trade in quoted equity instruments.

Sensitivity analysis for equity price risk
Had the available-for-sale quoted equity instruments listed on the SGX-ST held by the Group been 5% (2015: 5%) higher/lower with all other variables held constant, the Group's AFS reserve would have been $1,121,000 (2015: $1,054,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies of Group entities, arising from normal trading activities.

As at 31 December 2016, the Group has foreign currencies exposure mainly in United States Dollars in its bank balances and deposits, trade receivables as well as trade payables as disclosed in the respective notes.

It is the Group's policy to hedge these risks through foreign currency forward contracts. The primary purpose of the Group's foreign currency hedging activities is to protect against volatility associated with foreign currency purchases of materials and other assets and liabilities created in the normal course of business. The Group does not use foreign currency forward contracts for trading purposes.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

The treasury transactions of the listed subsidiaries, associated companies and joint ventures are carried out in accordance with their own policies and guidelines.

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against SGD, with all other variables held constant.

		GROUP	
		2016 $000 Profit net of tax	2015 $000 Profit net of tax
USD/SGD	: strengthened 5% (2015: 5%)	+251	+165
	: weakened 5% (2015: 5%)	-251	-165

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate exposure relates primarily to its investment portfolio in fixed deposits and the Company's long-term debt obligations. Majority of the Group's and the Company's financial assets and liabilities are at floating rates and are contractually repriced at intervals of 1, 2, 3 or 6 months (2015: 1, 2, 3 or 6 months) from the end of the reporting period.

The Group's policy is to manage interest costs using combination of fixed and floating rate debts taking into consideration the funding requirements of the Group. It is also the Group's policy to hedge its interest rate risk through interest rate cap and swap contracts. As at 31 December 2016 and 2015, the Group has no outstanding interest rate cap and swap contracts.

Sensitivity analysis for interest rate risk
At the end of the reporting period, if SGD interest rates had been 75 (2015: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $5,445,000 (2015: $8,678,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans and bank borrowings.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of committed banking facilities through regular review of its working capital requirements. At the end of the reporting period, approximately 25% (2015: 43%) of the Group's borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 63% (2015: 48%) of the Company's borrowings will mature in less than one year at the end of the reporting period.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities
The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	2016				2015			
	1 year or less $000	More than 1 year to 5 years $000	More than 5 Years $000	Total $000	1 year or less $000	More than 1 year to 5 Years $000	More than 5 years $000	Total $000
Group								
Trade and other payables	218,839	4,300	–	223,139	420,843	3,166	–	424,009
Borrowings	321,032	942,113	2,811	1,265,956	654,168	864,667	3,910	1,522,745
	539,871	946,413	2,811	1,489,095	1,075,011	867,833	3,910	1,946,754
Company								
Trade and other payables	117,275	–	–	117,275	21,545	–	–	21,545
Borrowings	255,543	172,080	–	427,623	251,650	260,808	–	512,458
	372,818	172,080	–	544,898	273,195	260,808	–	534,003

36 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios to sustain growth, maximise shareholder value and fulfil all borrowing covenants.

The Group manages its capital structure and may make adjustments to it, in light of changes in economic conditions. In order to manage or adjust the capital structure, the Group may obtain new borrowings or reduce its borrowings. No changes were made in the objectives, policies and processes during the years ended 31 December 2016 and 2015.

The Group monitors capital using a net debt to equity ratio, which is net borrowings divided by shareholders equity. The Group endeavours to keep its medium to long term net debt to equity ratio to below 1.1 times but will manage the ratio taking into consideration business opportunities and liquidity conditions. Net borrowings include interest-bearing borrowings less bank balances and deposits. Equity includes equity attributable to the owners of the Company.

	GROUP	
	2016 $000	2015 $000
Borrowings	1,191,448	1,443,761
Less: Bank balances and deposits	(623,976)	(544,127)
Net borrowings	567,472	899,634
Equity attributable to owners of the Company	1,883,007	1,830,603
Net debt to equity (times)	0.30	0.49

37 FAIR VALUE OF ASSETS AND LIABILITIES

(A) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(B) Assets and liabilities measured at fair value

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period:

	GROUP			
	2016 $000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	22,424	–	–	22,424
- Equity instruments (unquoted)	–	–	2,645	2,645
Financial assets as at 31 December 2016	22,424	–	2,645	25,069
Non-financial assets:				
Investment properties (Note 13)	–	–	1,859,418	1,859,418
Non-financial assets as at 31 December 2016	–	–	1,859,418	1,859,418

	GROUP			
	2015 $000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	21,087	–	–	21,087
- Equity instruments (unquoted)	–	–	2,622	2,622
Financial assets as at 31 December 2015	21,087	–	2,622	23,709
Non-financial assets:				
Investment properties (Note 13)	–	–	1,857,542	1,857,542
Non-financial assets as at 31 December 2015	–	–	1,857,542	1,857,542

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) Level 3 fair value measurement

i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair Value at 31 December 2016 $000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	2,645	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,859,418	Income Capitalisation Method	Capitalisation Rate	3.3% to 5.0%

Description	Fair Value at 31 December 2015 $000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	2,622	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,857,542	Income Capitalisation Method	Capitalisation Rate	3.3% to 5.0%

For equity instruments (unquoted), a significant increase/decrease in the fair value of underlying assets of the investment would result in a significantly higher/lower fair value measurement.

For investment properties, a significant increase/decrease in capitalisation rate would result in a significantly lower/higher fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2016		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	Profit or loss $000	Other comprehensive income $000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	2,645	–	132

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) Level 3 fair value measurement (continued)

i) Information about significant unobservable inputs used in Level 3 fair value measurements *(continued)*

	31 December 2015		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	Profit or loss $000	Other comprehensive income $000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	2,622	–	131

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

For equity instruments (unquoted), the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5%.

ii) Movements in level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all the assets measured at fair value based on significant unobservable inputs (level 3):

	GROUP Available-for-sale financial assets Equity instruments (unquoted)	
	2016 $000	2015 $000
Opening balance	2,622	8,488
Total gains or losses:		
Disposals	(8)	(5,759)
Included in other comprehensive income:		
Gains/(losses) on remeasuring available-for-sale financial assets, net of tax	31	(107)
Closing balance	2,645	2,622

	GROUP Investment properties	
	2016 $000	2015 $000
Opening balance	1,857,542	1,847,071
Subsequent expenditure	8,313	930
Transfer from assets of disposal group classified as held for sale	–	7,362
Currency realignment	(243)	–
Total gains or losses:		
Included in income statement:		
Net (deficit)/surplus on revaluation of investment properties	(6,194)	2,179
Closing balance	1,859,418	1,857,542

There has been no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 December 2016 and 2015.

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) Level 3 fair value measurement (continued)

iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant unobservable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(D) Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and floating rate borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

(E) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The loans and amounts receivable from/payable to subsidiaries, associates and joint ventures have no fixed terms of repayment. Accordingly, their fair values cannot be measured reliably as the timing of the future cash flows cannot be determined.

The aggregate of these financial assets for the Group and Company amounted to $55,255,000 (2015: $77,424,000) and $914,978,000 (2015: $1,142,801,000) respectively.

Fair value information has not been disclosed for the Group's investment in unquoted equity instrument that are carried at cost amounting to $Nil (2015: $120,000) (Note 19) because fair value cannot be measured reliably. These investments represent ordinary shares in companies that are not quoted in any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group has disposed the investment during the year.

38 SUBSIDIARY'S SHARE OPTION SCHEME

Pacific Silica Pty Ltd ("PSPL")
PSPL Employee Share Option Scheme ("PSPL Scheme")

Share options are granted to employees and directors of PSPL under the PSPL Scheme.

During the current financial and previous financial year, no grant under the PSPL Scheme has been made and as at 31 December 2016 and 2015, there were no outstanding options in respect of unissued shares of PSPL.

39 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and the reportable operating segments are as follows:

1. The Property Rental & Hospitality segment is in the business of providing hospitality and asset management services.

2. The Property Development segment involves in the development, marketing and sales of residential, commercial, industrial, mixed-use and build-to-suit properties.

3. The Distribution segment is in the business of mining, distribution of construction material, auto parts and liquefied petroleum gas.

4. The Engineering segment provides system integration for broadcasting and multimedia, communication and information technology, security and surveillance sectors.

5. The Manufacturing segment is in the business of manufacture of die-cast precision parts and components as well as provision of turnkey manufacturing solutions.

6. Corporate Services & Others segment comprises investment management and corporate activities.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate revenue, assets, expenses and liabilities, income tax, deferred tax assets and liabilities, and borrowings.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

In the current financial year, the major segmental information has been represented to better reflect the nature of the reportable operating segments within the Group.

39 SEGMENT INFORMATION *(continued)*

(a) Business segments

The following tables present revenue and profit as well as certain asset and liability information regarding business segments at 31 December 2016 and 2015.

	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 2016								
Segment revenue								
Sales to external customers	134,377	70,788	88,857	48,034	89,540	48,105	–	479,701
Inter-segment sales	838	–	–	–	–	7,895	(8,733)	–
Total revenue	135,215	70,788	88,857	48,034	89,540	56,000	(8,733)	479,701
Segment results	77,849	(23,215)	10,545	(1,437)	6,735	(10,697)	–	59,780
Finance costs								(35,744)
Interest income								2,587
Share of profit from equity-accounted associates	3,459	99	–	69	–	1,759	–	5,386
Share of profit/(loss) from equity-accounted joint ventures	130	(2,626)	–	–	–	–	–	(2,496)
Profit before tax								29,513
Income tax expense								(8,773)
Profit from continuing operations, net of tax								20,740
Profit from discontinued operations, net of tax								156,843
Profit net of tax								177,583
Segment assets	1,976,984	775,695	104,097	56,951	77,121	610,130	–	3,600,978
Interests in associates	82,337	5,240	–	3,389	–	21,653	–	112,619
Interests in joint ventures	4,632	32,108	–	–	–	8,738	–	45,478
Unallocated assets								46,162
Total assets								3,805,237
Segment liabilities	111,455	120,453	12,136	14,863	23,704	29,419	–	312,030
Unallocated liabilities								1,298,315
Total liabilities								1,610,345
Other operating segment information:								
Impairment loss on trade receivables	(2,457)	–	(237)	(59)	(23)	(1,313)	–	(4,089)
Capital expenditure	(1,637)	(150)	(9,544)	(309)	(1,552)	(2,155)	–	(15,347)
Deficit on revaluation of investment properties	(6,194)	–	–	–	–	–	–	(6,194)
Depreciation and amortisation	(3,308)	(442)	(6,613)	(386)	(3,652)	(4,498)	–	(18,899)
Gain on disposal of available-for-sale financial assets	3,880	–	–	–	–	121	–	4,001
Net loss on disposal of subsidiaries	–	–	–	–	–	(333)	–	(333)
Properties held for sale written down	–	(15,957)	–	–	–	–	–	(15,957)

39 SEGMENT INFORMATION *(continued)*

(a) 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 2015[1]								
Segment revenue								
Sales to external customers	137,992	402,037	90,501	62,516	96,078	62,066	–	851,190
Inter-segment sales	977	–	–	–	–	9,819	(10,796)	–
Total revenue	138,969	402,037	90,501	62,516	96,078	71,885	(10,796)	851,190
Segment results	68,839	18,385	8,682	(3,097)	(4,601)	5,060	–	93,268
Finance costs								(36,042)
Interest income								1,821
Share of profit/(loss) from equity-accounted associates	3,970	(186)	–	(95)	–	(1,833)	–	1,856
Share of profit/(loss) from equity-accounted joint ventures	6,844	(4,301)	–	–	–	–	–	2,543
Profit before tax								63,446
Income tax expense								(512)
Profit from continuing operations, net of tax								62,934
Profit from discontinued operations, net of tax								67,087
Profit net of tax								130,021
Segment assets	1,983,657	950,030	94,768	58,745	67,984	301,156	775,067*	4,231,407
Interests in associates	64,879	1,654	–	5,455	–	38,251	15,230*	125,469
Interests in joint ventures	7,729	38,910	–	–	–	10,496	–	57,135
Unallocated assets								65,582
Total assets								4,479,593
Segment liabilities	134,763	84,518	13,132	19,698	19,484	36,608	224,798*	533,001
Unallocated liabilities								1,559,125
Total liabilities								2,092,126

[1] The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

* Adjustment relates to the discontinued operations, MFLEX Group and EE businesses.

39 SEGMENT INFORMATION *(continued)*

(a) 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 2015[1] *(continued)*								
Other operating segment information:								
Impairment loss on trade receivables	(4,499)	–	(643)	(223)	(146)	(64)	–	(5,575)
Capital expenditure	(1,736)	(86)	(5,121)	(332)	(3,144)	(1,915)	–	(12,334)
Depreciation and amortisation	(2,757)	(762)	(6,114)	(388)	(5,271)	(5,416)	–	(20,708)
Gain on disposal of available-for-sale financial assets	–	–	–	–	–	5,484	–	5,484
Gain on disposal of assets of disposal group classified as held for sale	–	–	–	–	–	1,837	–	1,837
Impairment loss on intangible assets	–	–	(775)	–	–	(71)	–	(846)
Net gain on disposal of subsidiaries, associates and joint ventures	2,735	–	–	–	–	13,753	–	16,488
Properties held for sale written down	–	(12,489)	–	–	–	–	–	(12,489)
Realisation of translation reserve upon liquidation of subsidiaries	(220)	–	–	–	–	(204)	–	(424)
Surplus on revaluation of investment properties	2,179	–	–	–	–	–	–	2,179

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016 $000	2015 $000	2016 $000	2015 $000
Singapore	273,285	624,659	1,893,272	1,905,252
Malaysia	25,753	27,879	9,805	25,343
ASEAN (excluding Singapore and Malaysia)*	878	4,232	–	931
China	82,496	78,461	59,558	233,980
Asia (excluding ASEAN and China)*	1,852	2,901	–	15,538
USA	58,340	66,542	–	27,486
Others (or Non-Asian countries and USA)*	37,097	46,516	64,396	38,420
	479,701	851,190	2,027,031	2,246,950

* This includes countries which individually contribute less than 5% of revenue/non-current assets to the Group.

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the statement of financial position.

40 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 16 March 2017.

SHAREHOLDING STATISTICS
AS AT 9 MARCH 2017

TOTAL NUMBER OF CLASS OF SHARES:

7.5 cents Cumulative Preference Shares - 875,000

VOTING RIGHTS: One vote for one preference share.

DISTRIBUTION OF SHAREHOLDINGS:

Size of Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 – 99	5	9.26	159	0.02
100 – 1,000	20	37.04	15,821	1.81
1,001 – 10,000	21	38.89	104,536	11.95
10,001 – 1,000,000	8	14.81	754,484	86.22
1,000,001 and above	-	-	-	-
Total	**54**	**100.00**	**875,000**	**100.00**

TEN LARGEST PREFERENCE SHAREHOLDERS:

	Name of Preference Shareholders	No. of Preference Shares held	%
1.	Great Eastern Life Assurance Co Ltd – Participating Fund	535,207	61.17
2.	Kambau Pte Ltd	69,000	7.89
3.	The Great Eastern Trust Private Limited	41,357	4.73
4.	The Shaw Foundation Pte	40,000	4.57
5.	Oversea Chinese Bank Nominees Pte Ltd	20,500	2.34
6.	William Tan Cheng Ju	18,420	2.11
7.	Thia Cheng Song	17,000	1.94
8.	Ng Lee Kiang	13,000	1.49
9.	Chong Lee Yin	10,000	1.14
10.	Ng Ing Liang	10,000	1.14
	Total	**774,484**	**88.52**

STOCKHOLDING STATISTICS

AS AT 9 MARCH 2017

TOTAL NUMBER OF CLASS OF SHARES:

Ordinary Shares each converted into Stock Units - 637,508,148

VOTING RIGHTS: One vote for one ordinary stock unit.

DISTRIBUTION OF STOCKHOLDINGS:

Size of Stockholdings	No. of Ordinary Stockholders	%	No. of Stock Units	%
1 – 99	135	1.60	3,122	0.00
100 – 1,000	726	8.60	547,030	0.09
1,001 – 10,000	4,919	58.29	24,968,643	3.92
10,001 – 1,000,000	2,612	30.95	144,176,805	22.61
1,000,001 and above	47	0.56	467,812,548	73.38
Total	**8,439**	**100.00**	**637,508,148**	**100.00**

TWENTY LARGEST ORDINARY STOCKHOLDERS:

	Name of Ordinary Stockholders	No. of Stock Units held	%
1.	Citibank Nominees Singapore Pte Ltd	81,597,500	12.80
2.	Great Eastern Life Assurance Co Ltd - Participating Fund	80,235,499	12.59
3.	Lee Foundation States Of Malaya	52,673,116	8.26
4.	DBS Nominees Pte Ltd	28,264,935	4.43
5.	Oversea Chinese Bank Nominees Pte Ltd	26,656,124	4.18
6.	WBL Corporation Limited	21,712,000	3.41
7.	The Overseas Assurance Corporation Ltd	17,099,408	2.68
8.	Morph Investments Ltd	16,590,000	2.60
9.	Raffles Nominees (Pte) Ltd	12,614,294	1.98
10.	DBSN Services Pte Ltd	9,458,325	1.48
11.	HSBC (Singapore) Nominees Pte Ltd	7,909,461	1.24
12.	Singapore Investments Pte Ltd	7,692,110	1.21
13.	Kota Trading (Singapore) Pte Ltd	7,468,800	1.17
14.	The Great Eastern Trust Private Limited	6,821,680	1.07
15.	Lee Foundation	6,296,590	0.99
16.	UOB Kay Hian Pte Ltd	5,619,833	0.88
17.	United Overseas Bank Nominees Pte Ltd	5,426,048	0.85
18.	Tropical Produce Company Pte Ltd	4,961,640	0.78
19.	Chen Chun Nan	4,830,000	0.76
20.	Cheok Soo Yew	4,399,000	0.69
	Total	**408,326,363**	**64.05**

OTHER INFORMATION REQUIRED UNDER THE SGX-ST LISTING MANUAL

PUBLIC FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual

As at 9 March 2017, approximately 65.26% of the total number of issued shares of the Company was held by the public and accordingly, Rule 723 of the SGX-ST Listing Manual has been complied with. As at that date, there were no treasury shares, except for 21,712,000 ordinary stock units held by WBL Corporation Limited.

INTERESTED PERSON TRANSACTIONS

Disclosure pursuant to Rule 907 of the SGX-ST Listing Manual

The value of interested person transactions carried out by the Group during the financial year was as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$000	$000
–	–	–

Note:

Although there were interested person transactions during FY 2016, the aggregate value of all such transactions was less than $100,000.

MATERIAL CONTRACTS

Disclosure pursuant to Rule 1207(8) of the SGX-ST Listing Manual

On 16 May 2016, the Company entered into a Programme Agreement with Oversea-Chinese Banking Corporation Limited, as the Arranger and Dealer, to establish a $1 billion multicurrency debt issuance programme.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS
AS AT 9 MARCH 2017

Name of Substantial Shareholders	Stock Units				Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Stock Units	%	No. of Stock Units	%	No. of Preference Shares	%	No. of Preference Shares	%
Oversea-Chinese Banking Corporation Limited (1)	26,233,458	4.11	104,175,958	16.34	20,500	2.34	591,800	67.63
Great Eastern Holdings Limited (2)	-	-	104,175,958	16.34	-	-	591,800	67.63
The Great Eastern Life Assurance Company Limited	80,240,675	12.59	-	-	537,207	61.40	-	-
Lee Foundation States Of Malaya	52,673,116	8.26	-	-	-	-	-	-
Kambau Pte Ltd	-	-	-	-	69,000	7.89	-	-
Dr Tan Kheng Lian (3)	-	-	-	-	-	-	69,000	7.89
Grange Investment Holdings Pte Ltd (BVI Company) (3)	-	-	-	-	-	-	69,000	7.89

Notes:

(1) Oversea-Chinese Banking Corporation Limited is deemed to have an interest in:

(a) 104,175,958 Stock Units, of which 80,235,499 Stock Units were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Stock Units were held by The Overseas Assurance Corporation Limited, 6,821,680 Stock Units were held by The Great Eastern Trust Private Limited, 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Stock Units were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and

(b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

(2) Great Eastern Holdings Limited is deemed to have an interest in:

(a) 104,175,958 Stock Units, of which 80,235,499 Stock Units were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Stock Units were held by The Overseas Assurance Corporation Limited, 6,821,680 Stock Units were held by The Great Eastern Trust Private Limited, 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Stock Units were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and

(b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

(3) Dr Tan Kheng Lian and Grange Investment Holdings Pte Ltd (BVI Company) are deemed to be interested in the Preference Shares held by Kambau Pte Ltd.

MAJOR PROPERTIES
31 DECEMBER 2016

INVESTMENT PROPERTIES

Description and Location	Existing use	Tenure	Unexpired lease term
UE BizHub CITY Clemenceau Avenue, Singapore	Commercial, retail and hospitality	Leasehold	865 years
Mixed-use development at one-north Buona Vista Road/ North Buona Vista Road, Singapore	Retail and hospitality	Leasehold	87 years
UE BizHub TOWER Anson Road, Singapore	Commercial	Freehold	N.A
UE BizHub WEST Alexandra Road, Singapore	Industrial and Commercial	Freehold	N.A

PROPERTIES UNDER DEVELOPMENT

Description and Location	Group's effective interest (%)	Land area[(1)] (sqft)	Gross floor area[(1)] (sqft)	Stage of completion as at date of annual report (expected year of completion)
Chengdu Orchard Villa Semi-detached villas and terrace houses Chengdu, China	67.6%	3,437,605	3,171,102	Phase 4: 87% (2017)
Shenyang Orchard Summer Palace City complex comprising a shopping mall, Grade A offices, serviced apartments and residential apartments Shenyang, China	67.6%	360,784	2,680,894	Serviced apartments: 82% (2017) Residential apartments: 19% (2018)

(1) In respect of the whole development.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Third Annual General Meeting of United Engineers Limited (the "Company") will be held at UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Tuesday, 25 April 2017 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2016 and the Auditor's Report.

2. To declare a first and final dividend of 7.5 cents (one-tier tax exempt) per cumulative preference share for the year ended 31 December 2016, as recommended by the Directors.

3. To declare a first and final dividend of 5 cents (one-tier tax exempt) per ordinary stock unit and a special dividend of 7 cents (one-tier tax exempt) per ordinary stock unit for the year ended 31 December 2016, as recommended by the Directors.

4. To re-elect Dr Michael Lim Chun Leng, a Director retiring by rotation pursuant to Article 99 of the Constitution of the Company and who, being eligible, offers himself for re-election.

5. To re-elect Mr Koh Beng Seng, a Director retiring by rotation pursuant to Article 99 of the Constitution of the Company and who, being eligible, offers himself for re-election.

6. To re-elect Mr Lee Lap Wah, George, a Director retiring pursuant to Article 103 of the Constitution of the Company and who, being eligible, offers himself for re-election.

7. To approve Directors' Fees of $874,345 for the year ended 31 December 2016. (2015: $877,000)

8. To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution with or without any modifications, as an Ordinary Resolution:

9. That:

   (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix A of the Company's letter to members dated 7 April 2017 (the "Letter"), with any party who is of the classes of Interested Persons described in Appendix A of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the "IPT Mandate");

   (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board

Tan Swee Hong
Company Secretary

Singapore
7 April 2017

Notes:

1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2) A proxy need not be a member of the Company.

3) If the appointer is a corporation, the instrument appointing a proxy or proxies must be under seal or the hand of its duly authorised officer or attorney.

4) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time set for the Annual General Meeting or any adjournment thereof.

Additional Information on items of Ordinary and Special Business:

Item no. 4 is to re-elect Dr Michael Lim Chun Leng, who will be retiring by rotation under Article 99 of the Constitution of the Company. Dr Lim is the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee and Nominating Committee. Dr Lim is considered an Independent Director for the purpose of Rule 704(8) of the Listing Manual. There are no material relationships (including family relationships) between Dr Lim and the other Directors or the Company or its 10% shareholders (as defined in the Code of Corporate Governance 2012). For further information on Dr Lim, please refer to the "Board of Directors" section in the Annual Report 2016.

Item no. 5 is to re-elect Mr Koh Beng Seng, who will be retiring by rotation under Article 99 of the Constitution of the Company. Mr Koh is the Chairman of the Audit & Risk Committee and a member of the Executive Committee. Mr Koh is considered an Independent Director for the purpose of Rule 704(8) of the Listing Manual. There are no material relationships (including family relationships) between Mr Koh and the other Directors or the Company or its 10% shareholders (as defined in the Code of Corporate Governance 2012). For further information on Mr Koh, please refer to the "Board of Directors" section in the Annual Report 2016.

Item no. 6 is to re-elect Mr Lee Lap Wah, George, who will be retiring under Article 103 of the Constitution of the Company. Mr Lee is a Non-Independent Director and a member of the Executive Committee. For further information on Mr Lee, please refer to the "Board of Directors" section in the Annual Report 2016.

Item no. 7 is to facilitate the payment of Directors' Fees of $874,345 for the year ended 31 December 2016.

Item no. 9 is to renew, effective until the conclusion of the next Annual General Meeting, the IPT Mandate to enable the Company, its subsidiaries and associated companies which are considered "entities at risk" to enter in the ordinary course of business into certain types of Interested Person Transactions with specified classes of the Company's Interested Persons. Particulars of the IPT Mandate and the Audit & Risk Committee's confirmation in support of the renewal of the IPT Mandate are set out in the Company's letter to members dated 7 April 2017 accompanying the Annual Report 2016.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 8 May 2017 to 9 May 2017 (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 5 May 2017 will be registered to determine such dividend entitlements.

Members (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary stock units or (as the case may be) preference shares as at 5.00 p.m. on 5 May 2017 will rank for the relevant proposed dividends.

The proposed dividends, if approved by members at the One Hundred and Third Annual General Meeting, will be paid on 25 May 2017.

United Engineers Limited

(Company Registration No. 191200018G)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy United Engineers Limited stock units and/or preference shares, this Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2017.

I/We, (Name) ..... , NRIC/Passport No./Co. Regn No.: .....

of (Address) .....

being a member/members of UNITED ENGINEERS LIMITED (the "Company") hereby appoint:

NAME	ADDRESS	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the One Hundred and Third Annual General Meeting (the "Meeting") of the Company, to be held at UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Tuesday, 25 April 2017 at 2.30 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	ORDINARY RESOLUTIONS	FOR*	AGAINST*
1.	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report		
2.	Declaration of Dividend on Preference Shares		
3.	Declaration of Dividends on Ordinary Stock Units		
4.	Re-election of Dr Michael Lim Chun Leng		
5.	Re-election of Mr Koh Beng Seng		
6.	Re-election of Mr Lee Lap Wah, George		
7.	Approval of Directors' Fees		
8.	Re-appointment of Ernst & Young LLP as Auditor		
9.	Renewal of Interested Person Transactions Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this .....day of ..... 2017.

Number of Stock Units held	
Number of Preference Shares held	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Signature(s) of Member(s) / Common Seal

Notes:

1. Please insert the total number of Stock Units/Preference Shares held by you. If you have Stock Units/Preference Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Stock Units/Preference Shares. If you have Stock Units/Preference Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Stock Units/Preference Shares. If you have Stock Units/Preference Shares entered against your name in the Depository Register and Stock Units/Preference Shares registered in your name in the Register of Members, you should insert the aggregate number of Stock Units/Preference Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Stock Units/Preference Shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of Stock Units/Preference Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Stock Units/Preference Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

United Engineers Limited
Company Registration No. 191200018G

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