



Q3 2019 Financial Statement Announcement

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

1(a)(i) Income statement for the third quarter ended

	Group					
	3 months ended			9 months ended		
	30/9/2019	30/9/2018	Change	30/9/2019	30/9/2018	Change
	\$000	\$000	(%)	\$000	\$000	(%)
Revenue	112,367	81,505	38	285,800	282,941	1
Cost of sales	(58,531)	(41,112)	42	(147,260)	(153,295)	(4)
Gross profit	53,836	40,393	33	138,540	129,646	7
Other items of income						
Interest income	2,688	1,006	167	5,114	3,150	62
Other income	2,541	2,794	(9)	3,855	4,802	(20)
Other items of expense						
Distribution costs	(6,241)	(5,299)	18	(16,284)	(17,432)	(7)
Administrative expenses	(22,442)	(22,554)	–	(66,157)	(67,959)	(3)
Finance costs	(7,003)	(5,792)	21	(21,008)	(16,969)	24
Other expenses	1,028	(1,870)	NM	(1,761)	(3,416)	(48)
Operating profit before revaluation of investment properties	24,407	8,678	181	42,299	31,822	33
Net surplus on revaluation of investment properties	65,200*	–	NM	65,200*	–	NM
Operating profit after revaluation of investment properties	89,607	8,678	933	107,499	31,822	238
Share of profit from equity-accounted associates and joint ventures	3,068	536	472	4,935	2,898	70
Profit before tax	92,675	9,214	906	112,434	34,720	224
Income tax expense	(5,354)	(2,457)	118	(9,874)	(7,341)	35
Profit net of tax	87,321	6,757	NM	102,560	27,379	275
Profit/(loss) attributable to:						
Owners of the Company	84,836	7,683	NM	100,898	27,691	264
Non-controlling interests	2,485	(926)	NM	1,662	(312)	NM
	87,321	6,757	NM	102,560	27,379	275

NM: Not meaningful

* In line with independent external valuations conducted in connection with the Offer Announcement as outlined in Paragraph 10.

1(a)(ii) Other information

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$000	\$000	\$000	\$000
Depreciation of property, plant and equipment ⁽¹⁾	(5,971)	(3,426)	(18,030)	(10,459)
Foreign exchange gain/(loss)	81	(869)	(232)	(566)
Gain on disposal of property, plant and equipment	1,701	31	1,758	40
Inventories (written-down)/written-back	(21)	142	10	16
Loss on sale of investment property	-	-	(582)	-
Net surplus on revaluation of investment properties	65,200	-	65,200	-
Over/(under) provision of prior years' tax	2	3	153	(515)
Reversal of impairment loss/(impairment loss) on trade receivables	2,401	(291)	2,370	(573)

⁽¹⁾ Depreciation of property, plant and equipment increased mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16.

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$000	\$000	\$000	\$000
Profit net of tax for the period	87,321	6,757	102,560	27,379
Other comprehensive income				
Items that will not be reclassified to income statement:				
Financial assets, at fair value through other comprehensive income (FVOCI)				
- Fair value changes during the period	238	891	466	(891)
Items that may be reclassified subsequently to income statement:				
Losses on exchange differences on translation, net of tax	(6,420)	(19,115)	(14,501)	(15,344)
Share of other comprehensive income from equity-accounted associates, net of tax	231	2,875	252	3,377
	(6,189)	(16,240)	(14,249)	(11,967)
Other comprehensive income for the period, net of tax	(5,951)	(15,349)	(13,783)	(12,858)
Total comprehensive income for the period	81,370	(8,592)	88,777	14,521
Attributable to:				
Owners of the Company	81,105	(1,580)	91,965	20,274
Non-controlling interests	265	(7,012)	(3,188)	(5,753)
	81,370	(8,592)	88,777	14,521

1(b)(i) Statements of financial position

	Group		Company	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
	\$000	\$000	\$000	\$000
ASSETS				
Non-current assets				
Property, plant and equipment	198,501	141,385	40,166	20,519
Investment properties	1,993,170	1,927,740	749,928	729,900
Interests in subsidiaries	–	–	1,073,512	1,053,732
Interests in associates	114,082	108,759	318	322
Interests in joint ventures	45,632	44,830	–	–
Deferred tax assets	22,312	29,259	–	–
Other investments	27,216	26,751	1,209	1,209
Total non-current assets	2,400,913	2,278,724	1,865,133	1,805,682
Current assets				
Inventories	21,817	24,215	–	–
Income tax receivables	507	678	–	–
Trade and other receivables	61,206	98,343	20,691	31,612
Prepayments	7,094	8,739	643	690
Properties held for sale	986,649	959,720	–	–
Bank balances and deposits	253,699	251,252	21,871	22,352
Total current assets	1,330,972	1,342,947	43,205	54,654
Total assets	3,731,885	3,621,671	1,908,338	1,860,336
EQUITY AND LIABILITIES				
Equity				
Share capital	808,030	745,717 ⁽¹⁾	808,030	808,030
Retained earnings	1,277,061	1,194,744	837,786	817,428
Other reserves	(29,256)	(13,560)	(21)	(21)
Equity attributable to owners of the Company	2,055,835	1,926,901	1,645,795	1,625,437
Non-controlling interests	280,694	283,985	–	–
Total equity	2,336,529	2,210,886	1,645,795	1,625,437
Non-current liabilities				
Provisions	31,137	35,941	–	–
Deferred tax liabilities	49,662	54,609	–	–
Trade and other payables	54,634	228	20,292	–
Borrowings	967,470	728,358	150,000	150,000
Total non-current liabilities	1,102,903	819,136	170,292	150,000
Current liabilities				
Provisions	6,087	3,339	–	–
Income tax payable	31,325	30,348	4,059	3,999
Trade and other payables	187,429	197,607	65,611	23,600
Borrowings	67,612	360,355	22,581	57,300
Total current liabilities	292,453	591,649	92,251	84,899
Total liabilities	1,395,356	1,410,785	262,543	234,899
Total equity and liabilities	3,731,885	3,621,671	1,908,338	1,860,336

⁽¹⁾ This excludes 21,712,000 stock units held by a subsidiary.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

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

As at 30/9/2019		As at 31/12/2018	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
42,033	25,579	300,713	59,642

(b) Amount repayable after one year

As at 30/9/2019		As at 31/12/2018	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
817,470	150,000	578,358	150,000

(c) Details of any collaterals

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

1(c) Statement of cash flows

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	92,675	9,214	112,434	34,720
Depreciation of property, plant and equipment	5,971	3,426	18,030	10,459
Dividend income from other investments	(477)	(1,202)	(1,634)	(1,754)
Finance costs	7,003	5,792	21,008	16,969
Gain on deemed acquisition of an associate	(30)	–	(30)	–
Gain on disposal of property, plant and equipment	(1,701)	(31)	(1,758)	(40)
Impairment loss on investment in associate	–	–	–	337
Interest income	(2,688)	(1,006)	(5,114)	(3,150)
Inventories written-down/(written-back)	21	(142)	(10)	(16)
Loss on sale of investment property	–	–	582	–
Net surplus on revaluation of investment properties	(65,200)	–	(65,200)	–
Property, plant and equipment written-off	–	1	27	84
Share of profit from equity-accounted associates and joint ventures	(3,068)	(536)	(4,935)	(2,898)
Unrealised foreign exchange loss	482	2,803	3,152	1,695
Operating cash flows before changes in working capital	32,988	18,319	76,552	56,406
Decrease/(increase) in inventories	160	(572)	2,409	1,167
Decrease in trade and other payables, provisions and contract liabilities	(24,462)	(4,398)	(14,055)	(33,431)
Decrease/(increase) in trade and other receivables and contract assets	7,018	(51,279)	38,901	(44,587)
Decrease/(increase) in properties held for sale	3,749	(10,697)	(40,923)	(7,403)
Cash flows from operations	19,453	(48,627)	62,884	(27,848)
Income taxes paid	(3,142)	(5,528)	(7,362)	(14,561)
Interest paid	(6,929)	(3,410)	(23,747)	(14,832)
Interest received	2,754	980	5,124	3,082
Net cash flows from/(used in) operating activities	12,136	(56,585)	36,899	(54,159)
Cash flows from investing activities				
Distribution from dissolution of other investments	–	–	–	102
Dividends received from associates	–	751	1,427	858
Dividends received from joint ventures	–	2,104	–	2,104
Dividends received from other investments	477	1,202	1,634	1,754
Decrease/(increase) in amounts due from associates and joint ventures	226	(644)	(2,112)	(490)
Proceeds from disposal of property, plant and equipment	2,014	97	2,118	376
Proceeds from sale of investment property	–	–	7,169	4,584
Proceeds from settlement of outstanding consideration	–	–	–	–
Purchase of property, plant and equipment	(3,481)	(2,647)	(12,152)	(8,628)
Subsequent expenditure on investment properties	(3,050)	(1,387)	(5,928)	(2,289)
Net cash flows used in investing activities	(3,814)	(524)	(7,844)	(1,629)

1(c) Statement of cash flows (continued)

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	\$000	\$000	\$000	\$000
Cash flows from financing activities				
Acquisition of non-controlling interests	(91)	–	(109)	(9,003)
Decrease in short-term loans	(50,029)	(209)	(34,430)	(3,694)
(Decrease)/increase in banker acceptance	(451)	(1,144)	656	(3,236)
Distribution to shareholders from liquidation of a joint venture	–	–	–	22
Dividends paid	–	–	(18,540)	(24,698)
Dividends paid to non-controlling interests of subsidiaries	–	(132)	–	(132)
Payment of lease liabilities	(2,937)	–	(9,392)	–
Proceeds from long-term loans	1,053	–	19,395	275
Proceeds from sale of the Company stock units held by a subsidiary	55,543	–	55,543	–
Repayment of long-term loans	(36,553)	(4,500)	(36,974)	(11,400)
Net cash flows used in financing activities	(33,465)	(5,985)	(23,851)	(51,866)
Net (decrease)/increase in cash and cash equivalents	(25,143)	(63,094)	5,204	(107,654)
Cash and cash equivalents, beginning balance	279,698	340,854	251,252	384,711
Effect of exchange rate changes on cash and cash equivalents	(856)	(1,913)	(2,757)	(1,210)
Cash and cash equivalents, ending balance	253,699	275,847	253,699	275,847

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

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury# shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2019, as previously reported	2,210,886	1,926,901	808,030	(62,313)	1,194,744	(13,560)	283,985
Effect of adoption of SFRS(I) 16	(62)	(41)	–	–	(41)	–	(21)
Opening balance at 1/1/2019, as adjusted	2,210,824	1,926,860	808,030	(62,313)	1,194,703	(13,560)	283,964
Profit/(loss) for the period	15,239	16,062	–	–	16,062	–	(823)
Losses on exchange differences on translation, net of tax	(8,081)	(5,451)	–	–	–	(5,451)	(2,630)
Financial assets, at FVOCI							
- Fair value changes arising during the period	228	228	–	–	–	228	–
Share of other comprehensive income from equity-accounted associate, net of tax	21	21	–	–	–	21	–
Other comprehensive income for the period	(7,832)	(5,202)	–	–	–	(5,202)	(2,630)
Total comprehensive income for the period	7,407	10,860	–	–	16,062	(5,202)	(3,453)
Contributions by and distributions to owners							
Dividends paid	(18,540)	(18,540)	–	–	(18,540)	–	–
Total contributions by and distributions to owners	(18,540)	(18,540)	–	–	(18,540)	–	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(18)	–	–	–	–	–	(18)
Total changes in ownership interests in subsidiaries	(18)	–	–	–	–	–	(18)
Total transactions with owners in their capacity as owners	(18,558)	(18,540)	–	–	(18,540)	–	(18)
Others							
Transfer of share option reserve from equity-accounted associates	17	17	–	–	–	17	–
Total others	17	17	–	–	–	17	–
Closing balance at 30/6/2019	2,199,690	1,919,197	808,030	(62,313)	1,192,225	(18,745)	280,493
Profit for the period	87,321	84,836	–	–	84,836	–	2,485
Losses on exchange differences on translation, net of tax	(6,420)	(4,200)	–	–	–	(4,200)	(2,220)
Financial assets, at FVOCI							
- Fair value changes arising during the period	238	238	–	–	–	238	–
Share of other comprehensive income from equity-accounted associate, net of tax	231	231	–	–	–	231	–
Other comprehensive income for the period	(5,951)	(3,731)	–	–	–	(3,731)	(2,220)
Total comprehensive income for the period	81,370	81,105	–	–	84,836	(3,731)	265

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

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury# shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions by and distributions to owners							
Sale of the Company stock units held by a subsidiary	55,543	55,543	–	62,313	–	(6,770)	–
Total contributions by and distributions to owners	55,543	55,543	–	62,313	–	(6,770)	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(91)	(27)	–	–	–	(27)	(64)
Total changes in ownership interests in subsidiaries	(91)	(27)	–	–	–	(27)	(64)
Total transactions with owners in their capacity as owners	55,452	55,516	–	62,313	–	(6,797)	(64)
Others							
Share of share option reserve from equity-accounted associates	17	17	–	–	–	17	–
Total others	17	17	–	–	–	17	–
Closing balance at 30/9/2019	2,336,529	2,055,835	808,030	–	1,277,061	(29,256)	280,694

This relates to 21,712,000 stock units held by a subsidiary.

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

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury# shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2018, as previously reported	2,207,570	1,901,434	808,030	(62,313)	1,190,312	(34,595)	306,136
Effect of adopting SFRS(I)	–	–	–	–	(31,813)	31,813	–
Opening balance at 1/1/2018, restated	2,207,570	1,901,434	808,030	(62,313)	1,158,499	(2,782)	306,136
Profit for the period	20,622	20,008	–	–	20,008	–	614
Gains on exchange differences on translation, net of tax	3,771	3,126	–	–	–	3,126	645
Financial assets, at FVOCI							
- Fair value changes arising during the period	(1,782)	(1,782)	–	–	–	(1,782)	–
Share of other comprehensive income from equity-accounted associate, net of tax	502	502	–	–	–	502	–
Other comprehensive income for the period	2,491	1,846	–	–	–	1,846	645
Total comprehensive income for the period	23,113	21,854	–	–	20,008	1,846	1,259
Contributions by and distributions to owners							
Dividends paid	(24,698)	(24,698)	–	–	(24,698)	–	–
Total contributions by and distributions to owners	(24,698)	(24,698)	–	–	(24,698)	–	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(9,003)	4,851	–	–	–	4,851	(13,854)
Total Changes in ownership interests in subsidiaries	(9,003)	4,851	–	–	–	4,851	(13,854)
Total transaction with owners in their capacity as owners	(33,701)	(19,847)	–	–	(24,698)	4,851	(13,854)
Others							
Share of share option reserve from equity-accounted associates	42	42	–	–	–	42	–
Transfer of reserve upon dissolution of other investments	–	(15)	–	–	32	(47)	15
Total others	42	27	–	–	32	(5)	15
Closing balance at 30/6/2018	2,197,024	1,903,468	808,030	(62,313)	1,153,841	3,910	293,556
Profit/(loss) for the period	6,757	7,683	–	–	7,683	–	(926)
Losses on exchange differences on translation, net of tax	(19,115)	(13,029)	–	–	–	(13,029)	(6,086)
Financial assets, at FVOCI							
- Fair value changes arising during the period	891	891	–	–	–	891	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,875	2,875	–	–	–	2,875	–
Other comprehensive income for the period	(15,349)	(9,263)	–	–	–	(9,263)	(6,086)
Total comprehensive income for the period	(8,592)	(1,580)	–	–	7,683	(9,263)	(7,012)
Contributions by and distributions to owners							
Dividends paid to non-controlling interest	(132)	–	–	–	–	–	(132)
Total contributions by and distributions to owners	(132)	–	–	–	–	–	(132)
Total transaction with owners in their capacity as owners	(132)	–	–	–	–	–	(132)
Closing balance at 30/9/2018	2,188,300	1,901,888	808,030	(62,313)	1,161,524	(5,353)	286,412

This relates to 21,712,000 stock units held by a subsidiary.

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

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	\$000	\$000	\$000	\$000
Opening balance at 1/1/2019	1,625,437	808,030	817,428	(21)
Profit for the period	16,725	–	16,725	–
Total comprehensive income for the period	16,725	–	16,725	–
Contributions by and distributions to owners				
Dividends paid	(19,192)	–	(19,192)	–
Total transactions with owners in their capacity as owners	(19,192)	–	(19,192)	–
Closing balance at 30/6/2019	1,622,970	808,030	814,961	(21)
Profit for the period	22,825	–	22,825	–
Total comprehensive income for the period	22,825	–	22,825	–
Closing balance at 30/9/2019	1,645,795	808,030	837,786	(21)
Opening balance at 1/1/2018	1,593,786	808,030	785,789	(33)
Profit for the period	37,794	–	37,794	–
Total comprehensive income for the period	37,794	–	37,794	–
Contributions by and distributions to owners				
Dividends paid	(25,566)	–	(25,566)	–
Total transactions with owners in their capacity as owners	(25,566)	–	(25,566)	–
Closing balance at 30/6/2018	1,606,014	808,030	798,017	(33)
Profit for the period	8,643	–	8,643	–
Total comprehensive income for the period	8,643	–	8,643	–
Closing balance at 30/9/2018	1,614,657	808,030	806,660	(33)

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

There was no change in the issued share capital of the Company since 31 December 2018.

<u>Share capital</u>	30/9/2019	30/9/2018
Number of issued stock units	637,520,399	637,520,399
Number of issued stock units (excluding subsidiary holdings)	637,520,399	615,808,399
Number of subsidiary holdings	Nil	21,712,000
Number of treasury shares	Nil	Nil
Percentage of the aggregate number of treasury shares and the subsidiary holdings held against the total number of shares outstanding	NA	3.41%

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

As at 30 September 2019, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,520,399 ordinary stock units (31 December 2018: 637,520,399).

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

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

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

On 5 July 2019, the Company announced the sale of the entire subsidiary holdings comprising 21,712,000 stock units in the Company held by a subsidiary, WBL Corporation Limited.

Except as disclosed above, there were no other sales, transfers, cancellation and/or use of the subsidiary holdings as at the end of the current period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The consolidated financial information of the Group for the 9 months ended 30 September 2019 as set out in Sections 1(a), 1(b)(i) and 1(c) to 1(d)(i) of this announcement have been extracted from the interim condensed financial statements that has been prepared in accordance with Singapore Financial Reporting Standard International 1-34 Interim Financial Reporting, which has been reviewed by the independent auditor in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("SSRE 2410"). The results for the 3rd quarter ended 30 September 2019, 3rd quarter ended 30 September 2018 and the 9 months ended 30 September 2018 have not been audited or reviewed.

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

Please refer to the independent auditor's review report dated 11 November 2019 appended to this announcement.

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

Except as disclosed in Paragraph 5 below, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2018.

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

The Group adopted the new/revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases
 SFRS(I) INT 23 Uncertainty over Income Tax Treatments
 Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
 Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Venture
 Annual improvements to SFRS(I)s 2015-2017 Cycle

The adoption of the above SFRS(I) did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements except for the following:

SFRS(I) 16

On the adoption of SFRS(I) 16, the Group elected to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

The Group choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- i. its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

6 Earnings per stock unit (cents)

	3 months ended		9 months ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
(a) Basic*:	13.3	1.2	15.8	4.3
(b) Diluted**:	13.3	1.2	15.8	4.3
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,520,399	637,520,399	637,520,399	637,520,399
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	637,520,399	637,520,399	637,520,399	637,520,399

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

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

7 Net asset value per stock unit

	Group		Company	
	30/9/2019	31/12/2018 ⁽¹⁾	30/9/2019	31/12/2018
Net asset per ordinary stock unit based on the total number of issued stock units	\$3.22	\$3.13	\$2.58	\$2.55

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

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

Overview

Q3 2019 compared with Q3 2018

Revenue increased 38% to \$112.4 million in Q3 2019 from \$81.5 million in Q3 2018 mainly due to higher revenue contribution from property development and property rental & hospitality. The increase was partially offset by lower revenue contribution from manufacturing and engineering. Gross profit increased 33% to \$53.8 million in Q3 2019.

Interest income increased 167% to \$2.7 million in Q3 2019 from \$1.0 million in Q3 2018 mainly due to notional interest income on interest-free loan to an associated company and higher interest income from fixed deposits.

Distribution costs increased 18% to \$6.2 million in Q3 2019 from \$5.3 million in Q3 2018 mainly due to higher selling and marketing expenses for overseas property development projects.

Finance costs increased 21% to \$7.0 million in Q3 2019 from \$5.8 million in Q3 2018 mainly due to higher interest rates and the accretion of interest on lease liabilities arising from the adoption of SFRS(I) 16 in 2019.

Other expenses was a credit of \$1.0 million in Q3 2019 compared with expenses of \$1.9 million in Q3 2018 mainly due to net reversal of impairment loss on trade receivables.

Share of profit from equity-accounted associates and joint ventures increased 472% to \$3.1 million in Q3 2019 from \$0.5 million in Q3 2018 mainly due to higher contribution from an associated company in Singapore arising from revaluation gains from its investment property.

Income tax expense increased 118% to \$5.4 million in Q3 2019 from \$2.5 million in Q3 2018, which was in line with higher operating profit (excluding the revaluation gains on investment properties).

9 months 2019 (9M 2019) compared with 9 months 2018 (9M 2018)

Revenue increased marginally to \$285.8 million in 9M 2019 from \$282.9 million in 9M 2018 mainly due to higher contribution from property development and property rental & hospitality. The increase was partially offset by lower revenue contribution from manufacturing and engineering. Gross profit increased 7% to \$138.5 million in 9M 2019.

Interest income increased 62% to \$5.1 million in 9M 2019 from \$3.2 million in 9M 2018 mainly due to notional interest income on interest-free loan to an associated company and higher interest income from fixed deposits.

Other income decreased 20% to \$ 3.9million in 9M 2019 from \$4.8 million in 9M 2018 mainly due to lower rebates and grants from government.

Finance costs increased 24% to \$21.0 million in 9M 2019 from \$17.0 million in 9M 2018 mainly due to higher interest rates and the accretion of interest on lease liabilities arising from the adoption of SFRS(I) 16 in 2019.

Other expenses decreased 48% to \$1.8 million in 9M 2019 from \$3.4 million in 9M 2018 mainly due to net reversal of impairment loss on trade receivables. The decrease was partially offset by the absence of write-back of excess provision of \$1.0 million in relation to completed overseas development project recorded in 9M 2018.

Share of profit from equity-accounted associates and joint ventures increased 70% to \$4.9 million in 9M 2019 from \$2.9 million in 9M 2018 mainly due to higher contribution from an associated company in Singapore arising from revaluation gains from its investment property.

Income tax expense increased 35% to \$9.9 million in 9M 2019 from \$7.3 million in 9M 2018, which was in line with higher operating profit (excluding the revaluation gains on investment properties).

The Group's attributable profit increased to \$84.8 million in Q3 2019 from \$7.7 million in Q3 2018. For 9M 2019, attributable profit increased to \$100.9 million from \$27.7 million in 9M 2018. Excluding the net revaluation gain on investment properties of \$65.2 million, the Group's attributable profit is \$19.6 million in Q3 2019 and \$35.7 million in 9M 2019, representing an increase of 155% from \$7.7 million in Q3 2018 and 29% from \$27.7 million in 9M 2018 respectively.

Financial position review

Property, plant and equipment increased by approximately \$57 million mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16.

Trade and other receivables decreased by approximately \$37 million mainly due to GST refund of \$22 million from the Inland Revenue Authority of Singapore in relation to the residential land parcel at Dairy Farm Road.

Total trade and other payables increased by approximately \$44 million mainly due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16.

Cash flow review

As at 30 September 2019, the Group had cash and cash equivalents of approximately \$254 million. In 9M 2019, the Group incurred development expenditure of approximately \$41 million for its Singapore and China property development projects. Separately, the Group utilised approximately \$19 million for dividend payment. Apart from this, the Group's components of cash flow and changes in these components from 31 December 2018 to 30 September 2019 were mainly due to the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue increased 8% to \$34.4 million in Q3 2019 from \$31.8 million in Q3 2018 and 4% to \$97.8 million in 9M 2019 from \$94.2 million in 9M 2018. Operating profit before interest increased 429% to \$86.2 million in Q3 2019 from \$16.3 million in Q3 2018 and 145% to \$118.2 million in 9M 2019 from \$48.2 million in 9M 2018 mainly due to higher revenue and profit contribution from *UE BizHub Tower* and *UE BizHub West* as well as net revaluation gains of \$65.2 million from the Group's investment properties. Excluding the net revaluation gain on investment properties of \$65.2 million, operating profit before interest increased 29% to \$21.0 million and 10% to \$53.0 million respectively.

Property Development

Revenue increased to \$37.8 million in Q3 2019 from \$2.5 million in Q3 2018 and 98% to \$49.6 million in 9M 2019 from \$25.0 million in 9M 2018 mainly due to revenue recognition from *Chengdu Orchard Villa* (Phase 5A) in China upon project completion and handover in accordance with completed contract method. Operating profit before interest was \$7.1 million in Q3 2019 and \$5.2 million in 9M 2019 compared with operating loss before interest of \$2.1 million in Q3 2018 and \$2.6 million in 9M 2018 mainly due to higher revenue.

Engineering & Distribution

Revenue decreased 22% to \$19.1 million in Q3 2019 from \$24.4 million in Q3 2018 and 19% to \$62.2 million in 9M 2019 from \$76.8 million in 9M 2018 mainly due to lower revenue contribution from the system integration operation. Operating profit before interest decreased 70% to \$0.6 million in Q3 2019 from \$2.0 million in Q3 2018 mainly due to lower profit contribution from the distribution business in Singapore. Operating profit before interest decreased 39% to \$3.4 million in 9M 2019 from \$5.6 million in 9M 2018 mainly due to lower revenue and profit contribution from the system integration and distribution businesses in Singapore.

Manufacturing

Revenue decreased 28% to \$11.8 million in Q3 2019 from \$16.3 million in Q3 2018 and 22% to \$42.2 million in 9M 2019 from \$53.8 million in 9M 2018. Operating profit before interest was \$1.3 million in Q3 2019 compared with operating loss of \$0.01 million in Q3 2018 mainly due to the gain on disposal of property, plant and equipment. Operating profit before interest decreased 45% to \$0.6 million in 9M 2019 from \$1.1 million in 9M 2018 mainly due to lower revenue, unfavorable product mix and a slower production ramp up for certain new products. The decrease was partially offset by the gain on disposal of property, plant and equipment.

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

The Company did not make any forecast statement previously. The Group's Q3 2019 results are in line with the statement made in paragraph 10 of the Company's Q2 2019 results announcement on 14 August 2019.

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

The slower economic growth forecast for Singapore may weigh on the overall sentiments of the residential property markets in Singapore which are presently holding steady. The office rentals in Singapore may moderate against the backdrop of continuing global economic uncertainties and trade tensions.

The Group is on track to launch the *Dairy Farm Residences* for sale in end November 2019 and is continuing on asset enhancement program for its investment properties in Singapore. The improvement works for the commercial block at *UE BizHub WEST* (Alexandra) has been substantially completed and this will help to contribute to the Group's recurring rental income, going forward.

In China, the cooling measures and slower economic growth may pose challenges to the overall property market in the near term, but the demand for good quality housing remains and the residential property market may continue to see sustainable growth in the longer term.

Going forward, the Group will focus on executing a few residential property development projects in Singapore and China, comprising *Dairy Farm Residences*, *Chengdu Orchard Villa Phase 6*, *Shenyang Orchard Summer Palace* (Residential) and *Shanghai Olympic Garden Phase 3.2*.

As part of its growth strategy, the Group will continue to seek investment and partnership opportunities and will make selective property acquisitions as and when such opportunities arise.

Subsequent event

On 25 October 2019, DBS Bank Ltd. ("DBS"), for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. (the "Offeror") announced ("Offer Announcement"):

- (1) a mandatory conditional cash offer (the "UEL Ordinary Share Offer") for all the issued and paid-up ordinary stock units in the capital of United Engineers Limited (the "Company"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at \$2.60 per ordinary stock unit;
- (2) a comparable offer for all the issued and paid-up preference shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at \$2.60 per preference share (the "UEL Preference Share Offer"); and
- (3) (in the event that the UEL Ordinary Share Offer becomes unconditional as to acceptances or the Offeror acquires statutory control of the Company, whether pursuant to the UEL Ordinary Share Offer or otherwise) the mandatory unconditional cash offer to be made by the Offeror pursuant to Note 7 to Rule 14.1 of the Singapore Code on Take-Overs and Mergers for all the issued and paid-up ordinary shares in the capital of WBL Corporation Limited, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at \$2.5947 per ordinary share.

11 Dividend

- (a) Current financial period reported on
Any dividend recommended for the current financial period reported on?

None.

- (b) Corresponding period of the immediately preceding financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) Date Payable

Not applicable.

- (d) Books closure date

Not applicable.

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

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock when the full year results are finalised.

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

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

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

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

BY ORDER OF THE BOARD

Gn Jong Yuh Gwendolyn

Secretary

11 November 2019

Confirmation by the Board

We, Zhong Sheng Jian and Tan Chee Keong Roy, being two directors of United Engineers Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2019 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
Zhong Sheng Jian
Executive Chairman

.....
Tan Chee Keong Roy
Group Managing Director

Responsibility Statement

The directors of the Company (including any director who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement (the omission of which would render any statement in this announcement misleading in any material aspect), and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

UNITED ENGINEERS LIMITED AND ITS SUBSIDIARIES

Independent Auditor's Review Report on Unaudited Interim Condensed Consolidated Financial Statements of United Engineers Limited and its Subsidiaries for the nine months ended 30 September 2019

To the Members of United Engineers Limited

Report on review of interim financial information

Introduction

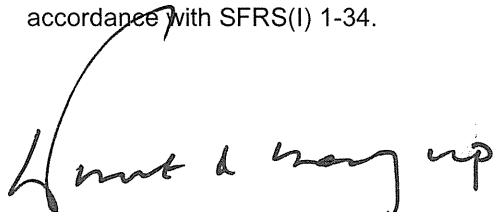
We have reviewed the accompanying interim condensed consolidated statement of financial position of United Engineers Limited as at 30 September 2019 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standard (International) SFRS(I) 1-34 *Interim Financial Reporting* (SFRS(I) 1-34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 November 2019