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LEXICONDESIGN.COM

united engineers limited annual report 2001

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U
nrivalled skills
90 years xperience
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Contents

Chairman's Statement	02
Board of Directors	08
Corporate Information / Financial Calendar	09
Corporate Function Chart	10
Five Year Financial Profile of the Group	11
Listing of Business Capabilities	12
Engineering and Construction	14
Manufacturing and Equipment Supply	18
Healthcare Services	22
Property	26
Trading and Distribution	30
Information Technology	34
Financial Statements	37
Shareholder Information	90
Notice of Annual General Meeting	93
Proxy Form	95

United Engineers Limited enjoys an enviable reputation as *the* engineering company in the region. With 90 years of knowledge and a vast project track record accumulated since 1912, we have developed into a major multi-skilled corporation. Today, with our operations centred in Singapore, our 3000 staff world-wide are engaged in engineering and construction, manufacturing and equipment supply, healthcare services, property, trading and distribution and information technology.

The Group's strategy for continued success is to build on the shared strengths of our six inter-related core businesses by leveraging on our long established skills and expertise, the breadth of our experience and our reputation for the highest levels of service:

ENGINEERING & CONSTRUCTION

- Infrastructure projects, process engineering, building construction and all engineering-related services

MANUFACTURING & EQUIPMENT SUPPLY

- Manufacturing IMO/ISO tank containers, aero-bridges, steel fabrication, specialised industrial equipment and specialty chemical products

HEALTHCARE SERVICES

- Management support services to hospitals, commercial buildings and educational establishments, wholesale supply of pharmaceuticals, medical products and equipment

PROPERTY

- Managing the Group's commercial and industrial properties, operating serviced apartments and offices and providing comprehensive building-related services

TRADING & DISTRIBUTION

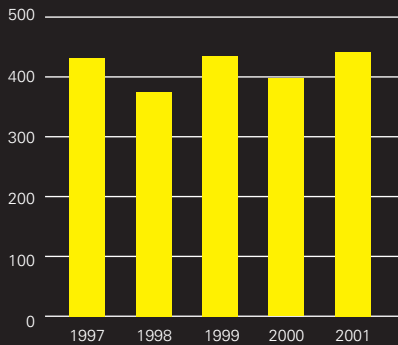
- Agricultural and forestry produce, construction steel products, building materials and automotive and industrial hardware

INFORMATION TECHNOLOGY

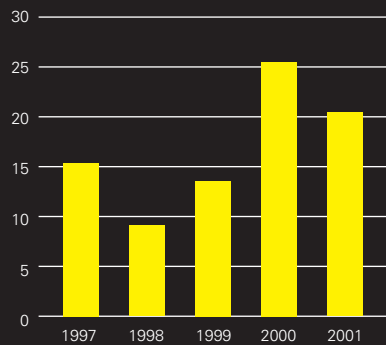
- Services, equipment and management support for the telecommunications and broadcasting industries

FORE

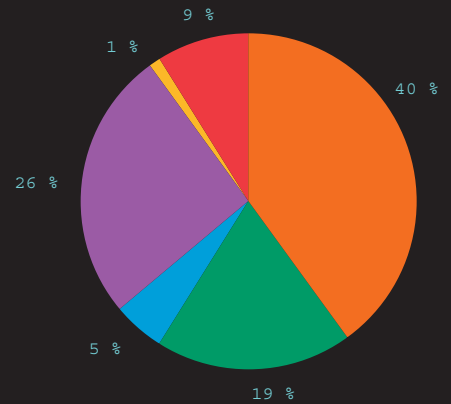
GROUP TURNOVER
Million \$



GROUP PROFIT BEFORE TAXATION
Million \$



GROUP TURNOVER BY PERCENTAGE



- Engineering & Construction
- Manufacturing & Equipment Supply
- Healthcare Services
- Property
- Trading & Distribution
- Information Technology

SIGHT

I am pleased to report that despite the recession, the Group continued on its growth path in 2001 with 11% increase in revenue and 33% improvement in operating profit (after interest but before exceptional items) over the previous year.

OVERVIEW

This was made possible by growing our higher profit margin core businesses in engineering, construction, management services and trading, in line with our development strategies:

- As a multi-disciplinary services company, we continued to expand our talent pool of technologists, engineers and project managers. In investments, we placed emphasis on building 'people-capabilities' and acquiring new technologies rather than low-yield fixed assets;
- Leveraging on our track record, we expanded our overseas businesses, which in 2001 accounted for more than 50% of the Group's sales, under our brand names: *UES* in engineering services; *Greathearth* in building construction; *McAlister* in specialised equipment; *Medicorp* and *ServiceMaster* franchises in healthcare services, *Goodman* in medical supplies; *Delichem* in specialty chemicals; *Park Avenue*

Suites in service apartments and serviced offices and *NET.Prop Management Services* in property management and consultancy. In Singapore, UES attained the highest level of certification with the Building and Construction Authority (BCA) in the 'Unlimited' Financial Category for building, civil, mechanical and electrical engineering;

- With emphasis on specialisation, 'Specialist Teams' were formed to focus on the growing demand for engineering services and equipment supplies for water and waste treatment, geo-tech systems and energy generation and distribution projects; and
- At our Corporate Headquarters, the operational efficiency and productivity of all operating units were closely monitored to ensure quick response to customers' needs and service excellence.

Our pursuit of the above policies has already brought about a structural

transformation in the Group's business with our Service and Trading sectors (non-property business) emerging as the core elements. In 2001 these non-property sectors accounted for 91% of the Group's total sales. This transformation will enhance the return on equity (ROE) and shareholders' value. In fact, most of our operating units engaged in services and trading achieved a ROE of about 20%, while our two major investment properties (*UE Square* and *UE Tech Park*), currently valued at \$655 million, only gave a gross yield of about 3%, despite their nearly full occupancy.

Nevertheless, *UE Square* is a landmark development in Singapore and serves as a valuable demonstration of, and showcase for, our engineering, information technology (IT) and property management services. With these synergies of expertise in various divisions and the rapid growth of our service and trading businesses, the Group aims at substantial improvement in our ROE in our overall performance in the coming years.

As of 31 December 2001, the Group had a confirmed order book of over \$300 million for engineering, construction and service contracts, 22% higher than at the end of 2000. In a recession environment, many countries are stepping up infrastructure construction to stimulate their economies. The Group is well positioned to secure additional work in such infrastructure developments and to ride the upturn when all sectors of the market recover.

FINANCIAL REVIEW

As compared to 2000, the Group's turnover increased by 11% to \$442 million due mainly to higher revenue from the Engineering & Construction Division. Sales of the Manufacturing & Equipment Supply Division, Trading & Distribution Division and Information Technology Division remained at about the same levels as in 2000. The turnover of the Healthcare Services Division was \$82 million as against \$97 million in 2000, as a result of the divestment of our pharmaceutical retail business.

The Group's operating profit (after interest but before exceptional items) improved by 33% to \$23.5 million mainly due to higher contributions from the Engineering & Construction and Trading & Distribution Divisions. After taxation and other adjustments, net earnings increased by 3% to \$14.1 million. Earnings per stock unit were 6.8 cents against 6.6 cents in 2000.

The net tangible asset backing per stock unit declined from \$3.22 in 2000 to \$2.82 due to lower valuations of the Group's investment properties, *UE Square* and *UE Tech Park*, at the year-end under prevailing weak property market conditions. The deficit on revaluation amounting to \$97.6 million has been charged against asset revaluation reserves.

The Group continued to generate satisfactory cash flows, with a net positive flow of \$38.2 million from operations, against \$23.9 million in 2000. At the end of 2001, the Group's net borrowings of \$240 million remained at about the same level as the previous year. As a result of the downward revaluation of the

investment properties, our net debt/equity ratio (borrowings less bank balances over shareholders' fund) edged up to 41% compared to 36% at the end of 2000.

DIVIDENDS

The Board recommends the payment of full dividend on the 7.5% Cumulative Preference Shares of \$1.00 each (2000: 7.5%) as well as a first and final dividend of 4 cents per \$1.00 Ordinary Stock (2000: 4 cents), less Singapore Income Tax at 24.5%. The total dividend payment amounts to \$6.3 million.

SECTORAL REVIEW

ENGINEERING & CONSTRUCTION DIVISION

On a segmental basis, the Division's turnover of \$180 million and operating profit of \$11.7 million were 44% and 65% higher respectively than in 2000. In Singapore, Greatearth Construction Pte Ltd, an 85% subsidiary with full 'Design & Build' capability and specialising in quality buildings, continued to record a year of double digit growth.

The Division's overseas activities especially in Brunei, Indonesia and Malaysia have been considerably expanded. Major projects undertaken include industrial and business parks, a biomedical research complex, resort and club facilities, an university complex, commercial complex, condominium development, water and waste treatment and various infrastructure constructions.

The Division recently acquired a 60% stake in APG Geo-Systems Sdn Bhd (APG), for a consideration of RM8.5 million. APG is a leading Malaysian specialist geo-technical and foundation engineering company. This acquisition will strengthen local support for the Group's operations in Malaysia and Indonesia. In China, the Division holds an effective 20% stake in the Anhui Hefei United Power Generation Company Limited (AHUP). The construction of the 2x350 MW coal-fired power plant was satisfactorily completed within budget. Its commercial operation commenced in June 2001. AHUP expects to be profitable in 2002.

MANUFACTURING & EQUIPMENT SUPPLY DIVISION

This Division's business has been most affected by the recession, with sales of \$20.5 million, about the same level as in 2000 but with an operating loss of \$2.7 million in 2001. McAlister Engineering Sdn Bhd (MESB), a 66% subsidiary specialising in the manufacture of IMO/ISO tank containers for the transport of specialty chemicals, liquefied gases and food products, achieved a net profit. However, PT United Engineers Indonesia (PTUEI), a 60% subsidiary specialising in steel structures, incurred a loss. PTUEI has now broadened its range of products to include fabricating steel structures for power plants, boarding bridges for airports, and telecommunication transmission towers. Having recently secured a large contract to manufacture specially designed steel bulk containers for export, PTUEI expects to have a much better performance in 2002. Leveraging on their technologies and competitive production costs, both MESB and PTUEI will be strategically important for growing our specialised equipment business in the region as the markets recover.

In Singapore, the Division supplies specialised equipment as well as technical services in project and system integrations. It was commissioned to provide the power supply to Singapore's National Day Celebration and Parade 2001 at the National Stadium. The Division's subsidiary, UE-Tradetec, successfully installed and operated the power system involving some 48 unit generators for this national event.

The Division also markets its proprietary specialty chemicals through its Delichem group of subsidiaries. Delichem provides turnkey environmental solutions for industrial plants. Recently, *BIO-CITRUS™*, a water-based non-toxic cleaning chemical developed by Delichem received wide recognition, when it was designated by IBM for use by its vendors throughout Malaysia, Thailand and Indonesia. The Group was also commissioned to build a turnkey water treatment plant for Samsung's manufacturing plant in Malaysia.

HEALTHCARE SERVICES DIVISION

The Division operates two major businesses: (1) United MediCorp Pte Ltd (UMC), a wholly-owned subsidiary, provides management and technical services under the ServiceMaster franchise to hospitals and educational, commercial and industrial establishments in Singapore, Malaysia, Hong Kong and Taiwan, and (2) Goodman Medical Supplies Limited, another wholly-owned subsidiary, distributes medical equipment. In a recession environment, most public and commercial institutions have deferred their investments. As a result, the sales and profit of the Division declined by 15% and 33% respectively in 2001.

To assist in improving the productivity of its institutional clients, UMC focuses on innovation and developing new operating systems. During the year, the Company successfully introduced a web-enabled job-tracking system which uses remote quality control technology to monitor and update the progress of on-site jobs in various locations across the country. So far, more than 800 customer sites in Singapore have been placed on this

system and can now be monitored accurately on a real-time basis from remote locations. The Company also launched a computerised Central Transportation and Dispatch System which facilitates all arrangements for patient movement and materials utilisation within the location. All these measures will assure the Division of a headstart and early resumption of growth as the general economy improves.

PROPERTY DIVISION

The Division operates through United Engineers Developments Pte Ltd (UED), a wholly-owned subsidiary, in three major areas: managing the Group's investment properties; operating service apartments and serviced offices under its brand name *Park Avenue*; and providing comprehensive consultancy and management services to property developers and owners both in Singapore and overseas. The last two businesses will be its fastest growing areas in the coming years. In 2001, UED's turnover and operating profit grew by 12% to \$40.2 million and 20% to \$29.0 million respectively.

During the year, both *UE Square* and *UE Tech Park* maintained nearly full occupancy. Almost all our MNC tenants whose leases were up for renewal in 2001 elected to extend their leases due to our efficient facility management and IT support to serve their regional business needs.

The Division set up *NET. Prop Management Services* as a fee-based business leveraging on its facility management and IT capabilities and strategic alliances with partners such as NTT Facilities Group. This provides an integrated approach to property and facilities management. In recognition of the quality of its services, UED received the 'ASEAN Energy Efficiency Award' from the Ministry of the Environment, the 'Clean Commercial Building Award' from the Association of Property Managers and the 'Fire Safety Excellence Award 2001' from the National Fire Prevention Council of Singapore.

To further expand its overseas services, UED is currently examining several 'build-operate-transfer' project proposals and management contracts for service apartments, particularly in China and Indonesia.

**TRADING &
DISTRIBUTION DIVISION**

This newly constituted Division operates its business through UE Trade Corporation Pte Ltd (UETC), a wholly-owned subsidiary. Backed by its international market network and specialised skills in upgrading agricultural and other local produce, UETC assists developing countries to expand their export markets. In turn, the increased foreign exchange earnings enable UETC to supply some of the essential imports such as steel, cement, fertiliser, machinery and IT products. To-date UETC's operations cover mainly Bangladesh and Myanmar. In 2001, UETC achieved a turnover of \$117 million and a pre-tax profit before interest of \$3.1 million. The Company aims to grow into a \$300 million revenue business over the next 4-5 years by establishing more overseas operations so as to exploit economies of scale.

**INFORMATION
TECHNOLOGY DIVISION**

The Division manages the Group's in-house IT services. It also operates through a 70% owned subsidiary, MPL Pte Ltd (MPL), in providing project and

system integration solutions for the broadcast and telecommunications industry. The global economic downturn, combined with the start-up cost of MPL's operations resulted in an operating loss of \$3.3 million in 2001. However, the operation saw marginal improvement towards the end of the year. With the introduction of digital broadcast technologies, most countries in the region are evaluating and in the final stages of deciding which digital broadcast standard to adopt. This will provide MPL with new business opportunities.

CURRENT YEAR PROSPECTS

At the end of 2001, the orders in hand for engineering, construction and service contracts stood at over \$300 million. All the Group's core businesses, with the possible exception of the IT sector, are expected to continue to grow. Overall, barring unforeseen circumstances, the Group expects its net earnings in the current year to be higher than in 2001.

BOARD AND MANAGEMENT

In addition to our existing Audit Committee and Remuneration Committee, in 2001 the Board

instituted a Nominating Committee chaired by Dr Michael Lim Chun Leng.

Having regard to prevailing economic conditions, all the staff of the Group in Singapore accepted a wage freeze for 2002. The Board would like to thank them for their dedicated service and their understanding of the need for wage restraint in these uncertain times.

The Board also thanks our union, customers, business partners and shareholders for their support.

Finally, I wish to thank my fellow Directors for their contribution and support.



Tang I-Fang
Chairman

27 March 2002



Standing left to right: Lai Teck Poh, Thai Chee Ken, Tan Eng Liang, Michael Lim Chun Leng,
Sitting left to right: Jackson Yap, Tang I-Fang (Chairman)

BOARD OF DIRECTORS

Tang I-Fang *Chairman*
Dr Tan Eng Liang
Thai Chee Ken
Lai Teck Poh
Jackson Chevalier Yap Kit Siong *Group Managing Director*
Dr Michael Lim Chun Leng

AUDIT COMMITTEE

Thai Chee Ken *Chairman*
Dr Tan Eng Liang
Dr Michael Lim Chun Leng
(Appointed on 27.3.2001)

REMUNERATION COMMITTEE

Tang I-Fang *Chairman*
Lai Teck Poh
Jackson Chevalier Yap Kit Siong

NOMINATING COMMITTEE

Dr Michael Lim Chun Leng *Chairman*
Tang I-Fang
Thai Chee Ken

COMPANY SECRETARY

Eileen Lim

REGISTERED ADDRESS AND HEAD OFFICE

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Website: www.uel.com.sg

REGISTRAR

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#11-00 PWC Building
Singapore 048424
Facsimile : 6236 3405
Telephone : 6236 3333

AUDITORS

Ernst & Young
Certified Public Accountants
Partners : Liew Choon Wei & Yee Woon Yim

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
The Development Bank of Singapore Limited
Westdeutsche Landesbank Girozentrale
Crédit Industriel et Commercial
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

> FINANCIAL CALENDAR

28 August 2001	Announcement of 2001 Half Year Results
27 March 2002	Announcement of 2001 Full Year Results
3 May 2002	Notice of Annual General Meeting
28 May 2002	Annual General Meeting
4 June 2002	Last date for registration of transfers
5 June to 7 June 2002	Books Closure Dates
20 June 2002	Dividend Payment Date

ENGINEERING & CONSTRUCTION

Building Services

Design, Supply, Installation, Commissioning & Maintenance of:

- Air-conditioning & Ventilation System
- Building Automation System
- Fire Protection System
- L.V. Electrical Distribution System
- H.V. Electrical System
- Plumbing & Sanitary System

Construction

Building & Civil Engineering Works

- Commercial & Government Buildings
- Hospitals & Medical Offices
- Condominiums & Conventional Housing
- Factories, Industrial Buildings & Business Parks
- Sports & Recreational Club Complexes
- Basements, Carparks, Roads & Bridges
- Hotels & Service Apartments
- Schools, Theatres, Auditoriums & Educational Institutions
- Religious & Columbarium Complexes
- Retrofitting & Conservation Buildings
- Military Institutions
- Telecommunications Complexes
- Biomedical Research Complexes

Civil Engineering Works

- Earthworks & Infrastructure
- Foundation Piling
- Concrete & Steel Structures
- Roads & Bridges
- Wharves & Jetties

Industrial Engineering

- Environmental Engineering
- Incineration Plants
- Industrial Plants
- Sewage Treatment Plants
- Thermal Power Plants
- Water Treatment Plants

MANUFACTURING & EQUIPMENT SUPPLY

Manufacturing & Fabrication

- Customised vehicles for special applications, including trailers
- Steel structures for power plants, chemical complexes, high rise buildings, bridges, airport aero-bridges
- Intermediate Bulk Container
- IMO/ISO Tanks and Road Tankers

Equipment Supply & Services

- Installation and maintenance of transport systems such as monorail
- Corrosion protection services and preservation
- Maintenance of industrial equipment
- Mechanical road sweepers
- Cranes for defence and marine industries
- Airport ground supporting equipment
- Terminal prime movers for ports and airports
- Industrial batteries
- Environmental products
- Truck and Mobile Cranes
- Hydraulic Equipment
- Fire engines and accessories
- Special Vehicles

- Manufacturing of environmentally friendly cleaning chemicals for electronics industry
- Fabrication of automated cleaning machines for electronic industry
- Design of chemical waste recovery systems
- Petrochemical products development for special applications

Construction Equipment

- Metal Formwork
- Blast Doors
- Ventilation Sleeves
- Generator Sets
- Air Compressors
- HT/LV Transformers
- Combined Resistive/Inductive Loadbanks
- Synchronising Panels
- Power Cables
- Power Distribution Panels
- Boomlifts

HEALTHCARE SERVICES

Facility Management (Hospitals & Other Institutions)

- Housekeeping Maintenance Services
- Laundry/Linen Management Services
- Clinical Equipment Maintenance Services
- Bio-Hazardous Waste Management
- Plant Operations and Maintenance
- Integrated Facility Management
- Centralised Transportation & Dispatch Services

Medical Equipment

- Marketing and Distribution of Medical Equipment to Major Hospitals and Clinics
- Supply of Medical Disposables, Therapeutic & Diagnostic Clinical Equipment
- Clinical Equipment Maintenance & Repair Facilities

Consumer Products

- Manufacturers of Healthcare Products
- Marketing and Distribution Services
- Suppliers to Pharmacies, Supermarkets, Drugstores and Department Stores

Pharmaceuticals

- Manufacturers of Generic Pharmaceuticals
- Marketing and Distribution Services
- Suppliers to Hospitals, Clinics and Industries
- Chain Retail Pharmacies

PROPERTY

Investment Holding

- Property Investment
- Residential & Commercial Development
- Industrial Warehouse Development

Management Services

- Project & Fit-Out Construction Management
- Marketing & Corporate Leasing of Commercial/Industrial Space
- Management of Lease and Tenancy Administration

- Management of Serviced Apartments & Serviced Office Operations
- Retail Management of Shopping Mall Operation
- IT Services & Systems Maintenance
- Building Management and Property Maintenance

TRADING & DISTRIBUTION

Construction Steel Products & Building Materials

- Deformed Bars
- Angles & Channels
- Wire Rod Coil
- HR & CR Coil
- Billets
- Paints & Accessories

Agricultural & Forestry Produce

- Beans, Pulses and Peas
- Feed Grain
- Rice
- Fertiliser
- Agricultural Chemicals
- Timber Logs

Paper Processing & Supplies

- Wood-free Printing Paper
- Cast Coated Paper
- Newsprint
- Duplex Board
- Copy & Laser Paper
- Sticker/Card/Art Paper

Automotive & Industrial Hardware

- Hoses, Belts & Bearings
- Automotive Spares
- Industrial Spares

INFORMATION TECHNOLOGY

Broadcasting Products

- Analog TV & Radio Transmission Systems (Upgradable to Digital with LDMOS Technology)
- Digital TV & Radio Transmission Systems (DVB-T/DAB)
- Turnkey Broadcast Solutions
- Broadcast Systems Integration
- Studio-to-Transmitter Links (STL)
- Transmitter-to-Studio Links (TSL)
- Digital Microwave Links
- TV and Radio Transposer Systems
- Multiplex Systems for Pay TV Channels
- Multichannel Multipoint Distribution Service (MMDS)
- Local Multipoint Distribution Service (LMDS)
- Interactive Multimedia Systems for Digital Transmission
- Broadcast Equipment Supply

Satellite Telecommunication Systems

- Uplink & Downlink Systems
- VSAT Communications
- Earth Stations
- Satellite Transponder Lease

IT/OA Retail & Distribution

- Computers & Printers
- Components & Peripherals & Accessories
- Networking Products
- Copiers, Collators & Binders
- Cash Counting Machines
- Banknote Sorters & Counterfeit Detectors



> FIVE YEAR FINANCIAL PROFILE OF THE GROUP

INCOME STATEMENT (\$'000)	2001	2000	1999	1998	1997
Turnover	441,669	396,961	434,684	375,061	431,713
Profit before taxation	20,415	25,540	13,569	9,081	15,371
Taxation	(5,745)	(5,617)	(4,918)	(4,060)	(7,303)
Profit after taxation	14,670	19,923	8,651	5,021	8,068
Profit attributable to stockholders	14,066	13,634	11,087	6,149	10,316
BALANCE SHEET (\$'000)					
Fixed assets	718,660	812,747	782,362	758,765	972,239
Non-current investments	157,465	147,892	143,788	136,187	123,321
Net current assets (See Note Below)	119,666	112,895	135,640	113,915	153,348
	995,791	1,073,534	1,061,790	1,008,867	1,248,908
Stockholders' equity	580,365	664,216	632,794	590,535	812,363
Minority interests	89,370	84,111	73,300	69,478	64,885
Short and long-term borrowings	325,352	324,706	355,119	347,940	371,161
Deferred taxation	704	501	577	579	499
	995,791	1,073,534	1,061,790	1,008,532	1,248,908
Net borrowings	240,481	238,221	229,751	274,049	271,253
Debt to equity	0.41	0.36	0.36	0.46	0.33

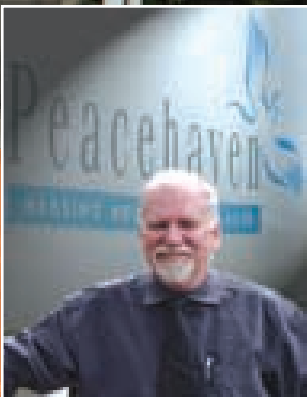
Note : In arriving at net current assets, short-term borrowings have been excluded but intangible assets have been included.

PER STOCK UNIT

Earnings (cents)					
- profit attributable to ordinary stockholders after preference dividend	6.8	6.6	5.4	3.0	5.0
Ordinary dividends					
- gross (cents)	4.00	4.00	3.00	3.00	3.00
- net (cents)	3.02	3.02	2.22	2.22	2.22
- cover (times)	2.26	2.18	2.42	1.34	2.25
Net tangible assets	2.82	3.22	3.07	2.85	3.93

Note : All comparative figures of prior years have been restated in accordance with new accounting standards on dividends, leave pay provision and pre-operating expenses (in respect of an associated company).

EX



"Following the successful completion of the Peacehaven Nursing Home and a splendid performance on the Changi Corps & Conference Centre, we were pleased to award United Engineers (Singapore) a third contract - for the construction of the Salvation Army Institution Building at Upper Bukit Timah Road. They have proven themselves very responsible and reliable contractors and, backed by a multi-disciplinary engineering staff, consistently produce good quality work."

Geoffrey T Malone, an award-winning architect from
GEOFF MALONE INTERNATIONAL

PERTISE

Just as we are proud of our achievements, we are proud of the expertise behind them. Over 90 years we've successfully completed innumerable projects, many highly specialised and complex, in many parts of the world meeting all time and cost requirements without compromising quality and safety. Our customers can be confident that when they work with us they work with a company with a lifetime of hands-on project experience.

“We have attained the highest levels of certification from the Building Construction Authority (BCA) for all categories of engineering and construction services that we offer.”

United Engineers (Singapore) Pte Ltd (UES), a wholly owned subsidiary of the Group, provides a broad base of engineering services including civil engineering and building construction, mechanical and electrical services as well as process engineering for the power, water and environmental sectors. UES is an ISO 9000 certified Company for all aspects of its engineering business activities, including ISO 9001 for the design element covering mechanical and electrical engineering. UES has attained the highest level of certification with the Building and Construction Authority of Singapore (BCA) in the 'Unlimited' Financial Category for Building, Civil Engineering, Mechanical Engineering and Electrical Engineering.

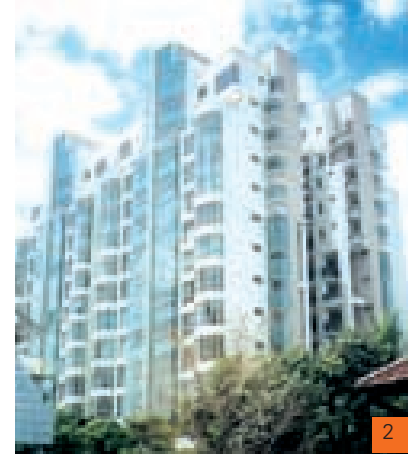
Despite the downturn in the construction industry in 2001, the Company registered a 21% growth on turnover. Major projects secured in Singapore during the year included the earthworks and foundation contract for Micropolis at the Buona Vista Science Hub, electrical installation

contract for the PSA HarbourFront and fire protection services for the Cargo Agent Building 'B' at Changi Airfreight Centre.

Projects successfully completed include the Institutional Building at Bukit Timah for the Salvation Army, combined M&E services for the Carlton Hotel extension and fire protection works to the new Singapore Press Holdings headquarters at Toa Payoh.

The Company continued to focus on expansion abroad and is pursuing infrastructure and building projects in the region.

Greatearth Construction Pte Ltd (Greatearth), an 85% subsidiary, is accorded G8, the highest financial grade with unlimited tendering capacity in general building and G6 in civil engineering by the BCA. With the revised contractors' registration system that will take effect from 1 July 2002, Greatearth has applied to qualify in the top A1 grade in general building and A2 in civil engineering.



1 United Engineers (Singapore) secured the contract for electrical installation works at the new office park at PSA HarbourFront, Singapore. **2** The prestigious 1 Holt Road, an upmarket freehold condominium in Singapore's prime district built by Greatearth Construction Pte Ltd. **3** Fatmawati Shopping Complex, Jakarta's latest shopping hub, was successfully completed by PT UE Sentosa. **4** Completion of the Hefei Power Plant in China. **5** Design, supply and installation of covering of the Bedok Sewage Treatment Works was undertaken by UWB Pte Ltd.

The Greatearth brand name enjoys a reputation in the market as a quality contractor in the construction of residential, industrial, commercial and institutional buildings together with civil engineering works for both private and public sectors. It possesses full 'design & build' capability emphasising on buildability and quality. In addition to construction, the Company recently entered into a 50:50 joint venture with the Group's Property Division to undertake property development and management in Singapore and overseas. Greatearth has now become a comprehensive properties' service provider offering feasibility studies, conceptual design, design development, project management, construction management and building enhancement.

Owing to its good track record with high quality engineering and construction services, despite the severe slow-down in the construction industry, Greatearth was able to continue to clinch several high value and prestigious jobs during the year. These included the driving range with club facilities at Island Club Road for

Singapore Island Country Club, The Serenade @ Holland (design & build) and condominium housing development at Cairnhill Circle for Wing Tai Property, and the sub-structure works to y-blocks of multi-storey Biomedical Research Complex at Buona Vista Science Hub for Jurong Town Corporation.

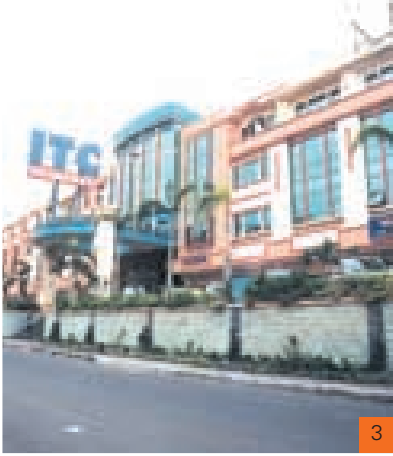
During the year, Greatearth completed the two block 12-storey condominium development at 1 Holt Road, 6-storey CHIJ Primary School at Serangoon Road and the 7-storey office building at Changi Business Park for Jurong Town Corporation. The 7-storey office building was awarded the merit award for 'safety performance in construction' from the Ministry of Manpower. The National University of Singapore Hall Complex Development at Kent Ridge Crescent, which was completed in 2000, achieved a very commendable overall score of 82.2 points under the Construction Quality Assessment System (CONQUAS) certified by BCA in May 2001.

Financially, the Company recorded another year of double digit growth.

With more jobs secured during the year and continuous efforts to enhance productivity, the Company achieved a 17% improvement in revenue and a net earnings growth of 17% over the previous year.

PT UE Sentosa, a 60% subsidiary in Indonesia, recorded a year of strong performance in turnover and earnings despite difficult market conditions in Indonesia. The Company successfully completed the Fatmawati Shopping Centre and the PN Gas H.Q. Building in Jakarta. Construction continued on the large Cempaka Mas Shopping Complex, with the Phase I Development nearing completion. The Antasari Shopping and Market Mixed Development at Banjarmasin is in progress and expected to be completed in 2002.

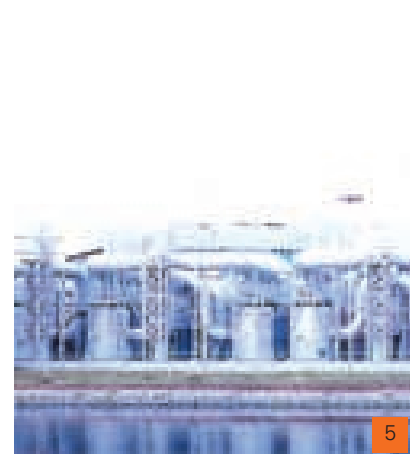
During 2001, the Company was commissioned to construct the Legenda Wisata Shopping Centre at Cibubu for completion in 2002, and expects to continue to secure a number of new infrastructure and building construction contracts.



3



4



5

United Engineers (B) Sdn Bhd (UEB), a 90% subsidiary, had a busy year in the Sultanate of Brunei despite the slowdown of the country's construction industry. During the year the Company completed the civil works portion of the Gadong Power Station Project and a VIP Residence at Kampong Jerudong. It was awarded the contracts for the construction of the Grand Hall for the University of Brunei and the Mufti Museum Building.

The construction sector in Brunei is expected to grow in 2002 with the anticipated improvement in its national economy and the Company, as a major contractor in the country, is well-positioned to compete for new engineering and construction projects in both the private and public sectors.

Applied Construction and Engineering Sdn Bhd (ACE), a wholly owned subsidiary, completed and successfully handed over the Matriculation College Buildings at Labuan, Malaysia. The Company continued to tender and market for new specialist works and was recently awarded a slope protection work

contract in Sabah. A Letter of Intent has also been received for the Police Headquarters Building Complex in Kota Kinabalu. With the expected up-turn in construction works in Malaysia, the Company's business is expected to continue to grow.

UWB Pte Ltd (UWB), formerly known as UE Waagner-Biro Pte Ltd, became a wholly-owned subsidiary in October 2001. The existing technical collaboration with VA Tech Wabag of Austria will continue. During the year the engineering work for providing cover and odour treatment at the Bedok Sewage Treatment Plant for PUB was successfully commissioned and handed over to the owner. Another order was received for the supply and installation of plant components, such as tanks and lifts for the Granulation/Tableting 'Augmentin' Plant of GlaxoSmithKline in Jurong, Singapore. The work is progressing on schedule. UWB has now been appointed as the sole agent for the marketing and technical support of such water purification plants in South-east Asia and China.

United Power Corporation (Singapore) Pte Ltd, a 42%

associated company in joint venture with a subsidiary of the Government of Singapore Investment Corporation, and Singapore Power International Pte Ltd, continues to hold a 49% stake in the Anhui Hefei United Power Generation Company Limited (AHUP) in China. Various Chinese government agencies together hold the remaining 51% of AHUP.

Construction of the 2x350 MW coal-fired power plant in Hefei, Anhui Province was completed a few months behind schedule. The commercial operation of Unit No. 1 commenced in June 2001 and of Unit No. 2 in August 2001. The delay was due to technical problems associated with the pulverised coal system. However, to-date, no over-run of project cost has occurred. Financially, the start-up operation resulted in a loss of \$2 million at the UEL Group level in 2001 due to the low provisional electricity tariff. Pending finalisation of the electricity tariff by the Chinese authorities, AHUP could potentially record a profit for 2001. AHUP aims at operating profitably in 2002.

ENTE



"UE-Tradetec has epitomised professionalism and proficiency in the delivery of generators and power supply for the success of National Day Parade 2001. Their total commitment was evident in the all-out support provided and they have received many accolades from the various committees and users of NDP 01. Kudos for a job well done."

Major Paul Png, Air Logistics Department,
REPUBLIC OF SINGAPORE AIR FORCE

RPRISING

We focus on manufacturing and supplying products and services for special applications and for demanding industries such as electronics, chemicals, ports and airports, defence and marine industries. This requires continuous efforts in research and development to expand our specialised equipment and technical services and establish a name for innovation, reliability and performance.

“Our success leverages on applying specialised skills and proprietary technologies in exacting situations.”

MANUFACTURING PLANTS

McAlister Engineering Sdn Bhd

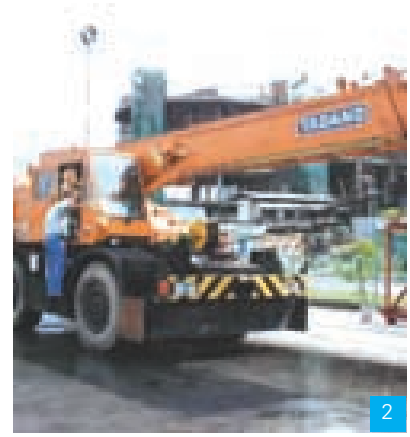
(MESB), is a 66% subsidiary in joint venture with Nippon Sharyo Ltd and Mitsui & Company Limited. It is ISO 9002 certified in the manufacture of IMO/ISO tank containers for the transportation of specialty chemicals, liquefied gases and food products. Over the years, the Company has firmly established a brand name for its products, especially teflon-lined and other specialty tanks.

Performance in 2001 has been encouraging and the Company was able to achieve a net profit despite the severe slowdown of the world's economy. To remain competitive, MESB will continue with its efforts to enhance its product line and quality to meet the needs of its discerning customers.

PT United Engineers Indonesia

(PTUEI), a 60% subsidiary, specialises in the design, fabrication and erection of steel structures. In 2001, the Company broadened its range of products and capability when it completed work on passenger boarding bridges for two airports in Ambon and Manado, and transmission towers used in telecommunications.

Prospects for the year 2002 look good. In late 2001, backed by its fabrication expertise, the Company was awarded a contract to manufacture specially designed steel bulk containers. These products are scheduled for delivery over a period of twelve months starting January 2002.



EQUIPMENT SUPPLY & SERVICES

McAlister And Company Limited

(McAlister), a wholly-owned subsidiary, provides a broad range of specialised equipment supplies as well as technical services in project and system integration. Major projects undertaken during the year included rust proofing of HDB rooftop water-tanks, maintenance of naval vessels, supply of mobile cranes, road sweepers and hydraulic equipment in Singapore as well as overseas. Lately, McAlister has stepped up its effort to expand its business in the environmental and transportation equipment sectors in the region.

During the year, **UE-Tradetec**

(Singapore) Pte Ltd (UE-Tradetec)

continued to expand its equipment supply activities to the construction and shipyard industries. It undertook complex projects involving the combined use of generators, loadbanks and transformers. A number of major maintenance projects were also carried out for multi-national corporations in connection with their annual overhaul and maintenance programmes.

In recognition of its high technical competence, the Company was commissioned to provide the power supply for the Singapore National Day



1 Design, fabrication and erection of passenger bridges for two Airports in Ambon and Manado was undertaken by PT United Engineers Indonesia. 2 Tadano mobile cranes were sold to Australia by McAlister and Company Limited. 3 High-technology road sweepers for Singapore's Changi Airport were supplied by McAlister and Company Limited. 4 Delichem's R&D laboratory where specialty chemical formulations are processed.

Celebration and Parade 2001 at the National Stadium. UE-Tradetec successfully supplied, installed and operated the power system, involving some 48 unit generators, for this important event.

UE-Tradetec remains as the major supplier of metalforms to the construction industry. It supplies to more than 40 construction worksites in Singapore at any one time. The Company expects that the current level of demand for formworks business will be maintained in 2002.

PROPRIETARY TECHNOLOGY

Delichem Pte Ltd is a wholly-owned company with three subsidiaries, **Delichem Sdn Bhd, Design Entice (M) Sdn Bhd** and **Delichem (Thailand) Co., Ltd.** The Delichem Group specialises in providing a total cleaning and related maintenance solution for industrial plants. As part of the total package, Delichem designs and fabricates cleaning equipment systems and supplies specialty chemicals based on its proprietary technology.

Through its research and development, Delichem's technology and specialty chemicals are especially well received by the demanding electronics industry.

BIO-CITRUS™, a water-based cleansing solution which is non-toxic and environmentally friendly, is manufactured at Delichem to meet the exacting requirements of modern industrial plants. Recently, *BIO-CITRUS™* received high recognition when it was designated by IBM for use by its vendors throughout Malaysia, Thailand and Indonesia.

Delichem Sdn Bhd in Malaysia has also developed its know-how on water purification processes and is currently working on a turnkey water treatment plant at Samsung SDI Malaysia. It is also looking into a new process to convert river water for cleaning use.

COM



"Over the years, we have found in UMC ServiceMaster a group of staff who are dedicated to serving our patients with dignity and respect. They work diligently to meet our needs, and I have found them to be very responsive and committed. Together, we have developed a mutual trust which defines our relationship."

Dr Jennifer Lee, Chief Executive Officer,
KK WOMEN'S AND CHILDREN'S HOSPITAL

MITTED

We are dedicated to meeting the needs of customers in hospital, educational, commercial and industrial establishments for management support services, healthcare products and equipment. This releases them to focus on their main activities and purposes. Our commitment as a quality supplier is to service excellence through international best practices and customer-specific solutions.

“Our total care guarantees the level of service and support that our customers can expect.”

United MediCorp Pte Ltd (UMC), a wholly-owned subsidiary, operates the Healthcare Services Division of the Group. UMC is a holding company whose subsidiary and associate companies provide management and technical services to hospitals and other healthcare institutions and educational, commercial and industrial establishments. They also distribute medical equipment and manufacture and sell pharmaceutical products wholesale.

Despite the economic downturn in the region, the Healthcare Services Division achieved a 10% growth in turnover as compared to 2000, after excluding the pharmaceutical retail business which was divested in late 2000. However, margins continue to be under pressure because of strong competition especially in the medical equipment sector.

MANAGEMENT AND SUPPORT SERVICES

2001 marked the 13th year of uninterrupted growth of UMC's ServiceMaster Group. Several operations posted an increase of over 15% in revenue. The Group's business model, which focuses on service excellence, increased recognition of workers' contribution and better profitability for clients through productivity improvements, was further refined to adapt it to each customer's specific needs. Innovations and best practices developed in one country were introduced across the Group's operations in all other countries.

UMC ServiceMaster Pte Ltd, a wholly-owned subsidiary in Singapore, continued to perform well in 2001 and enjoyed 100% customer retention. The Company focuses on innovation and introduced several new systems during the year. A wireless quality control and assurance system, which allows real-time monitoring of the quality of performance at customers' facilities, was successfully introduced.



1 Improving quality and productivity through mechanised cleaning equipment for KK Women's and Children's Hospital. **2** Facility management of healthcare institutions include linen and laundry services at Alice Ho Miu Ling Hospital by ServiceMaster Hong Kong Limited. **3** Maintenance works at United Christian Hospital by ServiceMaster Hong Kong Limited. **4** Stringent checks and close supervision ensures that UMC ServiceMaster Pte Ltd maintains its reputation for high quality healthcare facility management. **5** The latest Vidal Sasson hair accessories are marketed and distributed by Grafton Pharmasia Pte Ltd.

Currently, over 800 customer sites in Singapore have adopted this system which integrates traditional service management with logistic and remote quality control technology to provide consistent and higher quality service to customers. Also a new computerised Central Transportation and Dispatch System service, which allows healthcare institutions to enhance productivity and service quality in patient care, materials' utilisation and document movement, continues to generate strong interest among our customers.

UMC ServiceMaster Taiwan Limited, a wholly-owned subsidiary, maintains its position as the largest service provider in Taiwan's healthcare sector. It also made significant inroads into the management of manufacturing facilities for the electronic and semiconductor sectors. The Company's Distributed Site

Management Service recorded over three-fold growth in the number of customers served. This service enjoyed particular popularity among smaller manufacturing and commercial facilities that seek premier facility management without the budget of larger institutions. The Company continues to distinguish itself in the provision of one-stop integrated management support services.

ServiceMaster Hong Kong Limited, also a wholly-owned subsidiary, experienced a challenging year in 2001 due to the economic downturn and the much regulated healthcare services of government hospitals. Nevertheless, the Company made inroads into the education, business and industrial markets and achieved over 10% growth in revenue as compared with 2000. During the year, ServiceMaster Hong Kong introduced an improved version of the only fully automatic

central transportation and dispatch system in the region.

UMC ServiceMaster Sdn Bhd, another wholly-owned subsidiary, performed relatively well in 2001. While the Company enjoyed particularly good growth in the private healthcare market, it also entered the industrial market where high-tech electronic companies are looking for premier facilities support and maintenance services. It has successfully carried out the existing 5-year service contract for nine government hospitals. Given its track record and accumulated experience in the operation of hospitals in the region, the Company is better equipped than ever before and looks forward to undertaking more contracts and further contributing to healthcare services in Malaysia.



MEDICAL EQUIPMENT

In 2001, the sales revenue of **Goodman Medical Supplies Limited** (Goodman), a wholly-owned subsidiary, fell by 8% due mainly to the continuing reduction in the budgets of the Hong Kong Hospital Authority's hospitals. To cushion the decline in demand in public healthcare institutions, the Company continued to seek to expand its revenue stream from equipment sales to the services and retail trade. In advancing its position in the Hong Kong and Macau markets, Goodman relies on its strong agency lines, wide marketing network and superior after-sales services. With China's entry into the WTO, the Company is well positioned to extend its business into the mainland.

PHARMACEUTICALS

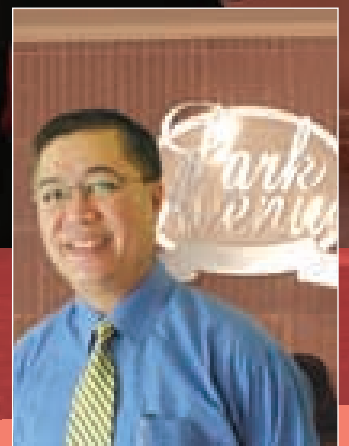
Grafton Pharmasia Pte Ltd (Grafton), a 51% subsidiary, continues to grow as a marketing and distribution company dealing in Healthcare and Personal Care products. The Company extended its marketing reach to Malaysia in 2001 with some of its top line of products including Vidal Sasson hair accessories, Fade-Out skin care, Ares Serono fertility drugs and Ego dermatological and other products. It has also made inroads into Thailand, Bangladesh and Sri Lanka. The Company leveraged on the Internet to streamline its sales activity, inventory management and order fulfilment. Grafton also embarked on the endeavour to attain People Developer standards to further strengthen its people development systems and practices.

COMPR



"Park Avenue Residences has been a great home-away-from-home for me. The management and staff have also been wonderfully helpful in making my stay a comfortable one. The quality and dependability of service – from security, housekeeping and maintenance – gives me such peace of mind."

Vince Socco, General Manager,
TOYOTA MOTOR ASIA PACIFIC



EHENSIVE

Whether it is developing our own portfolio of properties or managing and serving those belonging to other property developers and owners, we offer a complete project, facility and property management service to take care of all your concerns for leasing, management and maintenance. As a comprehensive service provider we offer our customers efficiency and cost-saving benefits through economies of scale and superior management practices.

“We provide one-stop integrated solutions to meet all property needs.”

United Engineers Developments Pte Ltd (UED), a wholly-owned subsidiary, is engaged in three core businesses: managing the Group’s own commercial and industrial properties with a leaseable area of 1.2 million square feet catering to a wide variety of business tenants; operating service apartments and serviced offices under our brand name *Park Avenue*; and providing comprehensive consultancy and management services to property developers and owners both in Singapore and overseas, ranging from project conception and feasibility studies to design, construction and management.

Leveraging on our track record and commitment to performance excellence, we expect that our operations in *Park Avenue* service apartments and serviced offices and international property consultancy and management services will be our fastest growing areas in the coming years.

COMMERCIAL - OFFICE & RETAIL

To enhance the value of our investment properties and to strengthen our

networking and commitment to provide the highest level of tenant service, UED continued to pursue a two-pronged approach: strengthening our brand name, *Park Avenue*, in hospitality services and enlarging its existing network by cross-selling our services; and providing a comprehensive cost-efficient management strategy for both our own and our customers’ properties.

UE Square Complex - Clemenceau Avenue

With its strategic location, unique design and fully built-in IT infrastructure, *UE Square* has always been the benchmark for prime office space along the River Valley and Orchard Road corridor on the fringe of the Central Business District. *UE Square* offers a live-and-work environment for the modern urbanite with its office, retail and residential components.

Our premier *Office Tower* enjoyed and maintained almost full occupancy in 2001 despite the weakening economy and the recession. Almost all our MNC tenants whose leases were up for



“We are indeed pleased to enjoy the landlord’s good services, support and close co-operation. The provision and maintenance of the building facilities at *UE Square* are efficient, security-intelligent and relevant to the times. We appreciate your high standards and the qualities set by you through continued efforts.”

Katsuhiko Ishii, Managing Director,
SHISEIDO SINGAPORE CO (PTE) LTD

renewal in 2001 elected to renew them due to our efficient facility management and adequate IT support to serve their regional business needs.

Park Avenue Serviced Office commenced operations in mid-2001 at an opportune time when many companies were downsizing while others were proceeding cautiously in this global recession. There is great demand for serviced offices due to their flexibility in catering for different needs and budgets. *Park Avenue Business Centre* continues to be highly utilised for business teleconferencing and seminars by our office tenants as well as by external parties.

In the retail arena, our *UE Square Shopping Mall* continues to attract lifestyle retailers and chic al fresco dining was very much encouraged to enhance and make the environment livelier. A range of comprehensive services retailers catering to the increasing expatriate community in the vicinity was also brought into the *Mall*. Our anchor tenant, Shop N Save

supermarket renewed its lease and repositioned itself to cater to a slightly upmarket clientele, initiating a doorstep delivery service via our IT networks to our serviced and residential apartment tenants. Our retail management team arranged our participation in the Singapore River Buskers’ Festival organised by the Singapore Tourism Board and the soccer clinic program conducted by local football clubs to actively promote our *Shopping Mall*.

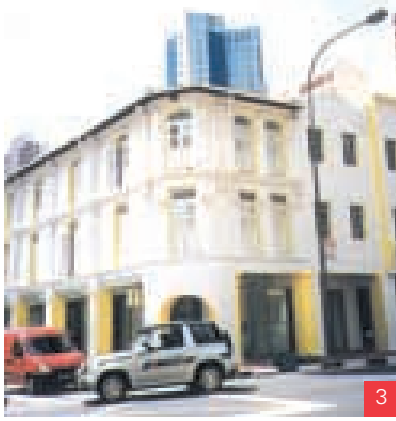
The Conservation Retail Shophouses - South Bridge Road

which we have jointly developed with our sister company, **Greatearth Construction**, is located within the historic Chinatown conservation area and has been designated for retail and office use. Leasing has begun and full occupancy will be achieved by the end of 2002. The new People’s Park MRT Station when completed in 2003 will be only minutes away, and will greatly enhance pedestrian traffic flow to our retail shophouses.

INDUSTRIAL - WAREHOUSING

UE Tech Park at Pandan Crescent is owned by **United Tech Park Pte Ltd**, a joint-venture company between the UE Group and Ascendas Land (Singapore) Pte Ltd as a minority partner. It consists of two blocks of multi-storey modern warehousing adjacent to the West Coast Highway. Since its opening in 1996, *UE Tech Park* has been the warehousing address of many top companies. Apart from its strategic location and ample facilities, one of its main attractions is the efficient layout and provision of sufficient loading docks for quick turnaround of ingoing and outbound cargo. The complex houses many MNCs whose main concerns are image and security, such as UPS Logistics, Tyco Group, Honeywell Rotary, Shiseido, and Courts Group. Occupancy was maintained consistently at well above 90%.

UE Centre, Jurong, previously the UE Group’s temporary headquarters, now houses our subsidiary companies’ engineering outfit. Presently, the



1 Exciting acrobat stunts during the Singapore River Buskers Festival at *UE Square*. **2** *Park Avenue Residences*, a unique conservation residential apartment block of 36 studio apartments and conserved townhouses at Kim Yam Road commenced leasing in mid-2001. **3** *The Conservation Retail Shophouses - South Bridge Road* in Chinatown, Singapore, was jointly developed by United Engineers Developments Pte Ltd and Greatearth Construction Pte Ltd. **4** *UE Tech Park* with its strategic location, facilities, security features and IT connectivity houses many MNCs and is near full occupancy.

premises are leased to several external warehouse tenants such as IRE Corporation and Webforge Singapore Pte Ltd. Incoming tenants will be industrial supplies companies relocating their warehousing base here to take advantage of our proximity to the second crossing to Malaysia.

HOSPITALITY SERVICES - PARK AVENUE

Park Avenue Suites – UE Square

Impeccable service excellence and strong marketing efforts have sustained *Park Avenue Suites* through the challenging year. *Park Avenue Suites* sustained high occupancy above 90% until last quarter 2001, when they suffered a drastic drop in occupancy rates due to the sharp fall in business travel following September 11.

However, they experienced some recovery towards the end of the year. After five years in operation, plans are underway to upgrade some of the apartments in 2002. Upgrading works will be undertaken during the lull period and, after completion by year-end, we will be able to capitalise on the estimated increase from 130 to 148

refurbished apartments which will further boost our sales.

To complement our serviced apartment business, *Park Avenue Residences*, a conservation residential apartment block at Kim Yam Road adjacent to *UE Square* Condominium, commenced leasing in mid-2001 as apartments for longer term leases with ancillary housekeeping services. Comprising 36 studio apartments and conserved townhouses furnished in a Balinese theme, these residences are highly popular with expatriates who wish to live near the city while enjoying the rustic charm of our tropical ambience. Residents have use of a gymnasium and dip pool and reciprocal use of *Park Avenue Suites'* amenities including the Business Centre.

FACILITY MANAGEMENT SERVICES - NET.PROP

NET.Prop Management Services

was set up as a fee-based business leveraging on our facility management and IT capabilities and strategic alliances with partners such as NTT Facilities Group. We aim to provide an

integrated approach to property and facilities management for our clientele, focusing on management systems and excellent delivery of building and IT services. Presently, besides maintaining our own properties, we are also managing the Park and River Wing Condominium of *UE Square* which was sold in 1994.

Our continuous efforts to improve upon our facilities management services have been recognised with the 'ASEAN Energy Efficiency Award', the 'Clean Commercial Building Award' from the Ministry of the Environment and Association of Property Managers and the 'Fire Safety Excellence Award 2001' from the National Fire Prevention Council of Singapore.

We are now looking towards the region to apply our expertise in 'build, operate and transfer' capabilities for project ventures as well as property management services including service apartments, particularly in Indonesia and China through their gateway cities of Jakarta and Shanghai.

REPU



"We congratulate you on becoming the largest supplier of yellow maize in Bangladesh in such a short time. This is to put on record our great appreciation for your supply of maize to us which we in turn supply to almost 60% of feed manufacturers of repute. With your continued co-operation in timely supplies we will further increase our customer base."

Sudhir Chowdhury, Managing Director,
CHOWDHURY ENTERPRISE



TABLE

We work closely with countries in the region to maximise the value of their products and make them more competitive in external markets. Trading on our good name we offer a tried and tested service. Using our own chartered vessels, storage and distribution outlets, we offer a reliable, fast and cost-effective turnaround for both exports and imports.

“Our Group capabilities and network provide infrastructure for a seamless two-way supply chain.”

UE Trade Corporation Pte Ltd

(UETC), a wholly-owned subsidiary, is the holding company and headquarters of the newly constituted Trading and Distribution Division of the UE Group. Backed by its regional market network and specialised technical skill, UETC focuses on assisting developing countries in expanding their exports, especially in agricultural produce. In turn, the increased foreign exchange earnings enable UETC to supply some essential imports such as steel, cement, fertiliser, machinery and IT products.

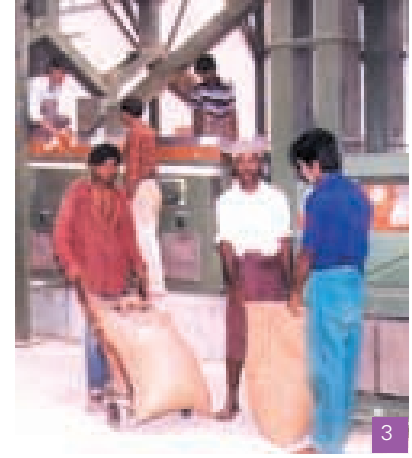
UETC spans the supply chain by procuring directly from international manufacturers and supplying to end-users in each country through its wholly-owned local subsidiaries. These subsidiaries procure and provide technical support to upgrade agricultural produce for export to overseas customers through UETC. Thus, UETC’s value-added services help to enhance the competitiveness of the export commodities of these countries and increase their foreign exchange earnings. To-date, UETC’s operations cover mainly Myanmar and Bangladesh.



1



2



3

1 UE Trade Corporation's rice packs being shipped for export from Myanmar to Bangladesh. 2 Iron and steel coils are procured worldwide and shipped via UE Myanmar Limited's own chartered vessels to Myanmar. 3 Workers sorting and bagging maize in one of UE Bangladesh Pte Ltd's warehouse. 4 Timber logs in preparation for export by UE Bangladesh Pte Ltd. 5 Agricultural products are well-organised for efficiency in UE Myanmar Limited's distribution centres.

In 2001 UETC achieved a turnover of \$117 million and a pre-tax profit before interest of \$3.1 million. The Company targets to grow into a \$300 million revenue business over the next five years by establishing more overseas operations, exploiting synergies and economies of scale.

UE Myanmar Limited (UEML) is the wholly-owned subsidiary of UETC, incorporated in Myanmar. Established in 1993, UEML now has over 200 staff engaged in agricultural processing, export, import and agency representation in Myanmar. The Agricultural Products Division of UEML has a nation-wide procurement and processing network for maize and a variety of beans and pulses for export.

The Timber Division procures timber logs and products for export in collaboration with local enterprises.

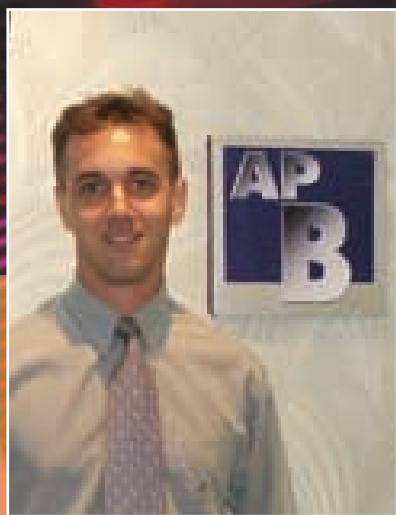
The Fertiliser and Steel Division procures urea and construction steel directly from leading manufacturers worldwide, ships them to Myanmar in its own chartered vessels and stocks and distributes them nationwide through its own network in the country. The Paper Division collaborates with Myanmar Win International Ltd (MWI), in the distribution of paper products. This collaboration is being extended to include the establishment of a paper conversion facility.



UE Bangladesh Pte Ltd (UEBD) was incorporated in Bangladesh in 1999, and today is a major importer and distributor of agricultural products in the country. UEBD is known among feed mills and poultry farms as a leading supplier of premium quality maize. It is also a major importer and distributor of white rice. Additionally, UEBD distributes its own brand of table and ceiling fans and will be enlarging its trade portfolio in 2002 to include international agencies.



INN



"MPL is one of the more innovative broadcast systems engineering companies and has given special emphasis to developing its branding in the Asia Pacific Region. I have been very impressed with their innovative marketing efforts, particularly in the area of brand communications, and 'Asia Pacific Broadcasting', the leading broadcasting magazine, looks forward to working with them as the regional broadcast markets move forward."

Sean Macfarlane, Associate Publisher,
ASIA PACIFIC BROADCASTING

OVATIVE

We have developed our core competences in broadcast engineering especially in systems integration and digital technologies so as to be prepared to pursue the opportunities when they come on-stream.

“We are well positioned to facilitate the introduction and implementation of digital broadcasting technologies when economies in the region improve.”

Through its 70% owned subsidiary, **MPL Pte Ltd** (MPL), the Division provides turnkey solutions for the broadcast and telecommunications industry. The global economic downturn, together with the high start-up cost of MPL's operations, resulted in an operating loss of \$3.3 million in 2001. However, the operation saw marginal improvement towards the end of the year.

MPL achieved some progress in the development of its broadcast and telecommunications business in the early part of 2001. The serious economic setback in the last quarter, however, made it harder for its core business to strive for better performance. Nevertheless, MPL secured several contracts to supply transmitting equipment and antennas for the upgrading of the ten television stations in Myanmar. Other projects in the pipeline involve the supply of transmitting equipment to government

and private TV Stations in Indonesia. In addition, MPL participated in tenders for several major projects involving the upgrading and replacement of numerous TV and radio transmitters for government TV stations in other countries. Some of these projects are scheduled for implementation in the second quarter of 2002.

In Cambodia, MPL acquired a radio and TV station licence. It also obtained a four-year contract with TVK7 to provide management services to the station and has since introduced foreign TV programmes and local productions from its newly established Arts Club in Cambodia. The Arts Club acts as an incubator to nurture budding local talents for the Cambodian television market. Two subsidiary companies, **United Media Limited** and **Media Services Limited**, were incorporated in Cambodia to separately manage these operations.



"Your sales executives' endeavours and concern to satisfy the customer's needs, and service engineers' rendering of prompt and reliable maintenance services demonstrate the high professional standard of the human resource in UE Myanmar Limited. We are delighted to state that UE Myanmar Limited offers a full range of quality office equipment at reasonable prices with quality after-sales services."

Thein Htay, Head, Administrative & Finance Dept.,
UNIVERSITY OF DISTANCE EDUCATION, YANGON

As a regional broadcast systems solutions provider, and a transmitting equipment supplier, MPL participated in the Broadcast and Multimedia Exposition in Jakarta, Indonesia in November 2001. Amongst the visitors, there was an impressive number of TV and radio broadcasters in Indonesia showing interest in MPL's technical services and the products MPL represents for the broadcast and telecommunications industry.

With the introduction of digital broadcast, most countries in this region are evaluating and in the final stages of deciding which digital broadcast standard to adopt. This important technological transformation will be speeded up as national economies improve.

UE Myanmar Limited (UEML), a wholly-owned subsidiary, continued to be a leading distributor of Information Technology/Office Automation (IT/OA) solutions in Myanmar. Its agencies include Epson printers, Acer computers and peripherals, Gestetner and Ricoh duplicators and copiers and De La Rue cash management systems. The Company is also a major distributor of CPUs, DRAMs, disk drives, consumables and casings. During the year, UEML secured a sizeable order from the Myanmar Ministry of Education for the supply of Epson projectors to high schools throughout the country. With its strong marketing network and strong after-sales support organisation, UEML is well-positioned to benefit from any upswing in the IT/OA business when economic conditions improve.

1 Epson showroom in Myanmar - a leading supplier of projectors to high schools throughout the country. 2 UE Myanmar Booth at the Myanmar IT/OA Exhibition.