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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2001.

DIRECTORS

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

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	

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of a holding company and property owner and developer and deriving income therefrom. The subsidiary companies are primarily engaged in:

(A) ENGINEERING

- ownership, development of and engineering design services for power generating plants, port terminals and handling systems, incineration plants, sewage/industrial waste treatment plants, water treatment and industrial process plants;
- mechanical and electrical building services for industrial, commercial and institutional complexes.

(B) DEVELOPMENT AND CONSTRUCTION

- provision of services as project and business managers of buildings, apartments, hotels, shopping centres and other properties;
- ownership of a warehouse complex for the purpose of carrying on a warehouse leasing business;
- property development for the purpose of sales and leasing of apartments.

(C) HEALTHCARE SERVICES

- wholesale of pharmaceutical and consumer healthcare products;
- marketing, distribution and maintenance of medical equipment and accessories;
- provision of housekeeping, linen, laundry and facility engineering support services to healthcare facilities and other institutions.

(D) MANUFACTURING AND EQUIPMENT

- manufacturing of ISO tank containers which meet International Maritime Organisation requirements;
- fabrication of trailers, structural steel for high-rise buildings, industrial plants and specialised vehicles;
- supply of construction equipment, corrosion protection services, manufacturing equipment and industrial tools;
- design, supply and installation of specialty chemical products and processes;
- engineering and industrial equipment;
- processing and distribution of agricultural produces.

PRINCIPAL ACTIVITIES *(continued)*

(E) TRADING AND DISTRIBUTION

- import, export and distribution of agricultural commodities, steel, cement, timber, construction materials, automotive and industrial hardware and information technology/office automation products.

(F) INFORMATION TECHNOLOGY

- office automation equipment and systems;
- broadcasting and telecommunication facilities.

There have been no significant changes in these activities during the financial year.

RESULTS FOR THE FINANCIAL YEAR

	GROUP \$000	COMPANY \$000
Profit after taxation and minority interests	14,066	6,503
Accumulated profits brought forward as restated	42,048	82,452
	56,114	88,955
Dividends paid, less Singapore income tax	(6,262)	(6,262)
Accumulated profits carried forward	49,852	82,693

MATERIAL MOVEMENTS IN RESERVES AND PROVISIONS

The following net transfers have been made to/(from) reserves:

	GROUP \$000	COMPANY \$000
Assets revaluation reserve, net	(97,582)	(84,455)
Associated company revaluation reserves	—	194
Foreign currency translation, net	5,927	169

Material movements in provisions are set out in various notes to the financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

During the financial year, the acquisition and disposal of subsidiary companies were as follows:

- (a) MPL Pte Ltd, a 70%-owned subsidiary of McAlister And Company Limited, a wholly-owned subsidiary of United Engineers Limited, acquired the entire share capital of United Media Limited (formerly known as TV & Radio Angkor Co. Ltd) incorporated in Cambodia for a cash consideration of US\$355,500. The attributable net assets at the date of acquisition were US\$355,500.
- (b) MPL Pte Ltd also incorporated a wholly-owned subsidiary in Cambodia, Media Services Limited. Media Services Limited has an issued share capital of US\$5,500 paid for in cash.

DIRECTORS' REPORT

ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES *(continued)*

- (c) United Engineers (Singapore) Private Limited (UES), a wholly-owned subsidiary, acquired the remaining 495,000 shares representing 45% of the issued share capital of UE Waagner-Biro Pte Ltd (UEWB) from VA Tech Wabag GmbH for a total consideration of \$473,000. With this acquisition, UEWB became a wholly-owned subsidiary of UES and was renamed UWB Pte Ltd.
- (d) The Company acquired an additional 20,700 shares of US\$10.00 each, representing 9% of the issued share capital of PT United Engineers Indonesia (PTUEI), for a nominal consideration of US\$1/- from Waagner-Biro Binder AG. The net tangible liabilities at the date of acquisition were \$10.8 million. With the acquisition, PTUEI became a 60%-owned subsidiary.

There were no other acquisitions or disposals of interests in subsidiaries during the financial year.

ISSUE OF SHARES AND DEBENTURES

THE COMPANY

No shares or debentures were issued by the Company during the financial year.

SUBSIDIARY COMPANIES

- (a) Applied Construction and Engineering (M) Sdn Bhd, a wholly-owned subsidiary of United Engineers (Singapore) Private Limited, has increased its issued and paid-up capital to RM750,000 by the allotment of 749,998 new ordinary shares of RM1.00 each at par for cash to provide for working capital.

The subsidiary has also increased its authorised share capital from RM100,000 to RM1,000,000 by the creation of 900,000 new ordinary shares of RM1.00 each.

- (b) United Infrastructure Pte Ltd, a 62%-owned subsidiary has increased its issued and paid-up capital from \$71,600,000 to \$71,900,000 through the issue of 300,000 ordinary shares of \$1.00 each at par for cash to provide for working capital.
- (c) United Power Corporation (Singapore) Pte Ltd, a 67%-owned subsidiary of United Infrastructure Pte Ltd, has increased its issued and paid-up capital from \$106,600,000 to \$107,000,000 through the issue of 400,000 ordinary shares of \$1.00 each at par for cash to provide for working capital.
- (d) Greatearth Construction Pte Ltd (Greatearth), a wholly-owned subsidiary of Greatearth Holding Pte Ltd, in turn a 85%-owned subsidiary of United Engineers (Singapore) Private Limited, itself a wholly-owned subsidiary of the Company, has increased its paid-up share capital from \$7,000,000 to \$15,000,000 by way of a bonus issue of 8,000,000 ordinary shares of \$1.00 each on the basis of 8 bonus shares for every 7 existing shares held. The bonus issue was effected by partial capitalization of Greatearth's revenue reserve. The Company has also increased its authorised capital from \$10,000,000 to \$30,000,000 by the creation of 20,000,000 new ordinary shares of \$1.00 each.

There were no other issues of shares or debentures by any corporation in the Group during the financial year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in the ordinary stock units and share options of the Company as stated below:

NAME OF DIRECTOR	HELD IN THE NAME OF DIRECTORS		DEEMED INTEREST	
	AT THE BEGINNING OF THE YEAR	AT THE END OF THE YEAR	AT THE BEGINNING OF THE YEAR	AT THE END OF THE YEAR
	Ordinary Stock Units of \$1.00 each			
Tang I-Fang	40,000	40,000	—	—
Thai Chee Ken	—	—	3,288	3,288
	No. of Unissued Shares Under Option			
Jackson Chevalier Yap Kit Siong (Group Managing Director)	373,168	523,168	—	—

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2002.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in shares or debentures of the Company or its subsidiary companies.

DIVIDENDS

During the financial year, the Company paid a first and final dividend of 4 cents per \$1.00 ordinary stock, less Singapore income tax, amounting to \$6,212,000 and a full dividend on the 7½% cumulative preference shares of \$1.00 each, less Singapore income tax, amounting to \$50,000 in respect of the previous year as proposed in the Directors' Report of 2000.

The directors propose a first and final dividend of 4 cents per \$1.00 ordinary stock, less Singapore income tax, amounting to \$6,212,000 (2000: \$6,212,000) and a full dividend on the 7½% cumulative preference shares of \$1.00 each, less Singapore income tax, amounting to \$50,000 (2000: \$50,000) in respect of the year under review to be paid on 20 June 2002.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts if any have been written off and that where necessary adequate provision has been made for doubtful debts.

DIRECTORS' REPORT

BAD AND DOUBTFUL DEBTS *(continued)*

At the date of this report, the directors are not aware of any circumstances which would render any amount written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provision had been made for the diminution in the value of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Since the end of the financial year, and up to the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or in the consolidated financial statements that would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 4 to the financial statements.

OPTIONS

UNITED ENGINEERS EXECUTIVES' SHARE OPTION SCHEME (ESOS)

The United Engineers Executives' Share Option Scheme (ESOS) was approved by the members of the Company at an Extraordinary General Meeting held on 31 May 1994. Under ESOS, selected full-time executive employees and full-time executive directors of the Company and/or its subsidiary companies have been granted various options in respect of unissued ordinary shares of \$1.00 each.

ESOS is administered by the Remuneration Committee comprising Mr Tang I-Fang (Chairman), Mr Lai Teck Poh and Mr Jackson Chevalier Yap Kit Siong.

Details of options granted in 1997, 1998 and 1999 have been disclosed in the Directors' Reports for the financial years ended 31 December 1997, 31 December 1998 and 31 December 1999 respectively. ESOS options granted in 1994, 1995 and 1996 have since expired.

Pursuant to the Bonus Issue in 2000 and the terms of ESOS, adjustments were made to the subscription prices and number of ordinary shares comprised in outstanding (unexercised) options.

As at 31 December 2001, unissued shares of the Company under ESOS were as follows:

DATE OF GRANT	NO. OF SHARES UNDER OPTION GRANTED	SHARES UNDER OPTION LAPSED	SHARES UNDER OPTION EXERCISED	NO. OF SHARES UNDER OPTION UNEXERCISED	EXERCISE PRICE	NO. OF SHARES UNDER OPTION (ADJUSTED)	ADJUSTED PRICE	EXERCISE PERIOD
13.5.97	1,289,000	264,000	—	1,025,000	\$2.30	1,366,652	\$1.73	13.2.00 to 12.4.02
18.11.98	2,005,250	415,750	—	1,589,500	\$1.01	2,434,600	\$1.00	18.8.01 to 17.10.03
18.10.99	2,063,910	442,800	—	1,621,110	\$1.59	2,161,479	\$1.19	18.7.02 to 17.9.04

As at 31 December 2001, the status of the options granted under ESOS to the executive director of the Company was as follows:

NAME OF PARTICIPANT	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF ESOS TO END OF FINANCIAL YEAR	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF ESOS TO END OF FINANCIAL YEAR	AGGREGATE OPTIONS OUTSTANDING AS AT END OF FINANCIAL YEAR
Jackson Chevalier Yap Kit Siong (Group Managing Director)	273,168	—	273,168

DIRECTORS' REPORT

OPTIONS (continued)

UNITED ENGINEERS SHARE OPTION SCHEME 2000 (SCHEME 2000)

The United Engineers Share Option Scheme 2000 was approved by the members of the Company at an Extraordinary General Meeting held on 21 June 2000. Scheme 2000 has incorporated features designed to enhance the efficacy of share options as incentive tools, and to reinforce the use of a share option scheme as a means to encourage long-term staff retention. With the implementation of Scheme 2000, ESOS has been terminated, but all outstanding options granted under ESOS will continue to be exercisable and administered in accordance with the rules of ESOS.

Scheme 2000 is administered by the Remuneration Committee comprising Mr Tang I-Fang (Chairman), Mr Lai Teck Poh and Mr Jackson Chevalier Yap Kit Siong.

As at 31 December 2001, unissued shares granted under Scheme 2000 were as follows:

DATE OF GRANT	NO OF SHARES UNDER OPTION GRANTED	SHARES UNDER OPTION LAPSED	SHARES UNDER OPTION EXERCISED	NO OF SHARES UNDER OPTIONS UNEXERCISED	EXERCISE PRICE	EXERCISE PERIOD
6.12.00	2,534,700	25,500	—	2,509,200	\$1.14	6.12.01 to 5.12.10
5.11.01	2,967,800	—	—	2,967,800	\$1.01	5.11.02 to 4.11.11

As at 31 December 2001, the status of the options granted under Scheme 2000 to the executive director of the Company was as follows:

NAME OF PARTICIPANT	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF SCHEME 2000 TO END OF FINANCIAL YEAR	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME 2000 TO END OF FINANCIAL YEAR	AGGREGATE OPTIONS OUTSTANDING AS AT END OF FINANCIAL YEAR
Jackson Chevalier Yap Kit Siong (Group Managing Director)	250,000	—	250,000

No options have been granted to controlling shareholders of the Company and their associates or parent group employees. No participant has received 5% or more of the total number of options available under ESOS or Scheme 2000.

The options granted by the Company do not entitle the holders of the options, by virtue of such options, any right to participate in any share issue of any other company.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Thai Chee Ken	—	Chairman, non-executive director
Dr Tan Eng Liang	—	non-executive director
Dr Michael Lim Chun Leng	—	non-executive director

The Audit Committee reviewed the Company's accounting policies and internal controls on behalf of the Board of Directors and performed the functions specified in the Companies Act. In performing its functions, the Committee reviewed the overall scope of both internal and external audits. It met with the Company's internal auditors and external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as the auditor's report thereon.

The Audit Committee nominates Ernst & Young as auditors of the Company for the financial year ending 31 December 2002 to be approved and appointed by the Company at the forthcoming Annual General Meeting.

AUDITOR

Ernst & Young have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board,

TANG I-FANG
Director

JACKSON CHEVALIER YAP KIT SIONG
Director

27 March 2002
Singapore

REPORT ON CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance, and in line with the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited, the Company has developed its own internal guidelines and Code of Best Practices.

BOARD OF DIRECTORS

The Board of Directors currently comprises five non-executive directors, and one executive director, namely the Group Managing Director.

The Board meets at least 4 times a year to deliberate on and review strategic operational and financial matters, and to consider matters specifically reserved for its approval. Where necessary, ad hoc meetings are also arranged to deal with specific issues. In addition, the Board delegates certain functions to the various Board committees for effective management.

Generally, the Board would review and approve corporate strategy, major investment and strategic commitments, significant capital expenditure or disposal of assets, substantial credit facilities and the appointment of key executives.

AUDIT COMMITTEE

The Audit Committee comprises three directors, all of whom are regarded as independent directors. The Audit Committee meets at least twice a year with management, internal auditors and external auditors to discuss and review:

- (a) the audit plans of the internal auditors and auditors of the Group and the results of their examination and evaluation of the Group's systems of internal accounting controls;
- (b) the scope and results of internal audit procedures;
- (c) the Group's financial and operating results and accounting policies;
- (d) the assistance given by the Group's officers to the auditors;
- (e) the Group's transactions with related parties; and
- (f) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the auditor's report on those financial statements.

The Audit Committee also evaluates the performance of the auditors and nominates them for re-appointment.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three directors, two of whom are non-executive directors independent of management. The Committee evaluates and determines the Group's remuneration packages of key executives, and administers the Group's Share Option Schemes in accordance with the rules as approved by the shareholders.

NOMINATING COMMITTEE

The Nominating Committee comprises three directors, majority of whom are independent non-executive directors. The Nominating Committee will undertake the review, and make recommendations to the Board on all board appointments and re-appointments.

The Nominating Committee will also determine the independence of each director and undertake the assessment of the performance of directors, and the effectiveness of the Board as a whole.

REPORT ON CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

In compliance with the Best Practices Guide on Dealings in Securities, the Company has developed its own Code of Best Practices for directors and officers. This has been practised since 1998.

On behalf of the Board,

TANG I-FANG

Director

JACKSON CHEVALIER YAP KIT SIONG

Director

27 March 2002

Singapore

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201(15)

We, TANG I-FANG and JACKSON CHEVALIER YAP KIT SIONG, being two of the directors of UNITED ENGINEERS LIMITED, do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheets, profit and loss accounts, statement of changes in equity, consolidated statement of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2001, of the results of the business and changes in equity of the Company and of the Group, and the cash flow of the Group, for the year then ended; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 27 March 2002.

On behalf of the Board,

TANG I-FANG
Director

JACKSON CHEVALIER YAP KIT SIONG
Director

27 March 2002
Singapore

AUDITOR'S REPORT To the Members of United Engineers Limited

We have audited the financial statements of United Engineers Limited and the consolidated financial statements of the Group set out on pages 50 to 89, comprising the balance sheets of the Company and of the Group as at 31 December 2001, the profit and loss accounts and the statements of changes in equity of the Company and of the Group, and the consolidated cash flow statement of the Group for the year ended 31 December 2001, and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act (Act) and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 31 December 2001, the results and changes in equity of the Company and of the Group and cash flow of the Group for the year then ended on that date; and
 - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditor's reports of all subsidiary companies which we have not acted as auditor, being financial statements included in the consolidated financial statements. The names of those subsidiary companies audited by our associated firms and those audited by other firms are stated in Note 12 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with financial statements of the Company are in a form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditor's reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of subsidiary companies incorporated in Singapore did not include any comment made under section 207(3) of the Act.

ERNST & YOUNG
Certified Public Accountants

27 March 2002
Singapore

PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTE	GROUP		COMPANY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
			(Restated)		(Restated)
Revenue					
Sales of goods		152,942	177,023	—	—
Rendering of services		288,613	219,890	30,408	30,496
Dividend income	3	114	48	50	1,175
		441,669	396,961	30,458	31,671
Cost of sales		(347,685)	(307,783)	4,218	(260)
Gross profit		93,984	89,178	34,676	31,411
Other operating income		1,908	2,462	120	19
Distribution costs		(9,971)	(16,238)	—	—
Administrative costs		(43,089)	(38,360)	(16,146)	(15,926)
Other operating expenses		(7,313)	(5,509)	—	—
Operating profit	4	35,519	31,533	18,650	15,504
Exceptional items	5	(1,426)	5,421	(1,006)	25,845
Operating profit after exceptional items		34,093	36,954	17,644	41,349
Interest income	6	2,145	3,161	369	1,086
Interest expense	6	(14,180)	(17,001)	(10,293)	(12,537)
		22,058	23,114	7,720	29,898
Share of results of associated companies		(1,643)	2,426	—	—
Profit before taxation		20,415	25,540	7,720	29,898
Taxation	8	(5,745)	(5,617)	(1,217)	(1,323)
Profit after taxation		14,670	19,923	6,503	28,575
Minority interest		(604)	(6,289)	—	—
Profit attributable to members of United Engineers Limited		14,066	13,634	6,503	28,575
Earnings per stock unit (cents)	9				
Basic earnings per share		6.8¢	6.6¢		
Diluted earnings per share		6.8¢	6.6¢		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2001

	NOTE	GROUP		COMPANY	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
			(Restated)		(Restated)
INVESTMENT PROPERTIES	10	682,000	750,000	520,000	600,000
FIXED ASSETS	11	36,660	62,747	5,248	6,159
SUBSIDIARY COMPANIES	12	—	—	261,716	255,626
ASSOCIATED COMPANIES	13	152,445	142,209	8,224	8,049
OTHER INVESTMENTS	14	5,020	5,683	2,767	2,767
INTANGIBLES	15	966	1,043	—	—
CURRENT ASSETS					
Stocks and work-in-progress	16	38,830	36,108	—	—
Debtors	17	109,771	108,304	1,760	3,065
Bank balances and deposits		84,871	86,485	3,830	13,904
		233,472	230,897	5,590	16,969
DEDUCT: CURRENT LIABILITIES					
Bank borrowings	18	22,980	24,903	—	—
Creditors	19	109,699	106,973	9,837	13,148
Term loans	20	49,590	128,021	28,200	105,000
Provision for taxation		5,073	12,072	143	7,206
		187,342	271,969	38,180	125,354
NET CURRENT ASSETS/(LIABILITIES)		46,130	(41,072)	(32,590)	(108,385)
TERM LOANS	20	(252,782)	(171,782)	(185,000)	(100,000)
DEFERRED TAXATION	21	(704)	(501)	—	—
		669,735	748,327	580,365	664,216
CAPITAL AND RESERVES					
Share capital	22	206,600	206,600	206,600	206,600
Reserves		373,765	457,616	373,765	457,616
SHAREHOLDERS' FUNDS		580,365	664,216	580,365	664,216
MINORITY INTERESTS		89,370	84,111	—	—
		669,735	748,327	580,365	664,216

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTE	AMOUNT		NO. OF SHARES	
		2001	2000	2001	2000
		\$000	\$000	000	000
ISSUED CAPITAL					
	22				
Balance, beginning of year					
7½% cumulative preference shares		875	875	875	875
Ordinary shares		205,725	154,295	205,725	154,295
		206,600	155,170	206,600	155,170
Issued during the year					
Ordinary shares		—	51,430	—	51,430
Balance, end of year		206,600	206,600	206,600	206,600
SHARE PREMIUM					
Balance, beginning of year		—	30,031		
Amount applied for bonus issue of ordinary shares		—	(30,031)		
Balance, end of year		—	—		
ASSET REVALUATION RESERVE					
Balance, beginning of year		436,929	437,656		
Amount applied for bonus issue of ordinary shares		—	(21,399)		
(Deficit)/surplus on revaluation of investment properties		(97,582)	20,672		
Balance, end of year		339,347	436,929		
FOREIGN CURRENCY TRANSLATION					
Balance, beginning of year					
Subsidiary and associated companies' reserves					
— as previously reported		475	(3,276)		
— prior year adjustment	23	(59)	—		
		416	(3,276)		
Inter-company balances of a long-term nature		(21,777)	(19,119)		
		(21,361)	(22,395)		
Foreign currency translation adjustments:					
Subsidiary and associated companies' reserves					
— restated for effect of prior year adjustment		4,180	3,692		
Inter-company balances of a long-term nature		1,747	(2,658)		
Balance, end of year		(15,434)	(21,361)		
ACCUMULATED PROFITS					
Balance, beginning of year					
— as previously reported		38,550	30,203		
— prior year adjustment	23	3,498	2,129		
		42,048	32,332		
Net profit – restated for effect of prior year adjustment		14,066	13,634		
Goodwill written off		—	(421)		
Dividends, paid	24	(6,262)	(3,497)		
Balance, end of year		49,852	42,048		
Total reserves					
		373,765	457,616		
Total equity and shares outstanding					
		580,365	664,216	206,600	206,600
Net change in equity from non-owner sources					
excluding net profits		(91,655)	307		

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2001

	NOTE	AMOUNT		NO. OF SHARES	
		2001 \$000	2000 \$000	2001 000	2000 000
ISSUED CAPITAL					
	22				
Balance, beginning of year					
7½% cumulative preference shares		875	875	875	875
Ordinary shares		205,725	154,295	205,725	154,295
		206,600	155,170	206,600	155,170
Issued during the year					
Ordinary shares		—	51,430	—	51,430
Balance, end of year		206,600	206,600	206,600	206,600
SHARE PREMIUM					
Balance, beginning of year		—	30,031		
Amount applied for bonus issue of ordinary shares		—	(30,031)		
Balance, end of year		—	—		
ASSET REVALUATION RESERVE					
Balance, beginning of year		387,857	399,256		
(Deficit)/surplus on revaluation of investment properties		(84,455)	10,000		
Amount applied for bonus issue of ordinary shares		—	(21,399)		
Balance, end of year		303,402	387,857		
ASSOCIATED COMPANIES REVALUATION RESERVE					
Balance, beginning of year		7,712	8,368		
Surplus/(deficit)		194	(656)		
Balance, end of year		7,906	7,712		
FOREIGN CURRENCY TRANSLATION					
Balance, beginning of year		(20,405)	(17,405)		
Foreign currency translation adjustment		169	(3,000)		
Balance, end of year		(20,236)	(20,405)		
ACCUMULATED PROFITS					
Balance, beginning of year					
— as previously reported		79,013	55,245		
— prior year adjustment	23	3,439	2,129		
		82,452	57,374		
Net profit – restated for effect of prior year adjustment		6,503	28,575		
Dividends, paid	24	(6,262)	(3,497)		
Balance, end of year		82,693	82,452		
Total reserves		373,765	457,616		
Total equity and shares outstanding		580,365	664,216	206,600	206,600
Net change in equity from non-owner sources excluding net profits		(84,092)	(15,055)		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 \$000	2000 \$000
		(Restated)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,415	25,540
Adjustments for:		
Amortisation of deferred expenditure	242	—
Amortisation of trademark	119	115
Currency realignment	596	(1,728)
Depreciation of fixed assets	7,739	7,628
Exceptional items	1,426	(5,421)
Interest expense	14,180	17,001
Interest income	(2,145)	(3,161)
Gain on disposal of fixed assets	(148)	(232)
Gain on disposal of short-term investments	—	(880)
Provision for amount receivable from an associated company	20	—
Share of results of associated companies	1,643	(2,426)
Operating profit before working capital changes	44,087	36,436
Increase/(decrease) in creditors	3,269	(23,013)
(Increase)/decrease in debtors	(6,919)	7,359
(Increase)/decrease in stocks and work-in-progress	(2,202)	3,127
Cash generated from operations	38,235	23,909
Interest paid	(15,343)	(18,179)
Interest received	1,338	3,085
Taxation paid	(12,554)	(4,132)
Net cash generated from operating activities	11,676	4,683
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies, net of cash acquired	(473)	(1,132)
Capital and development expenditure, net of grants received	(14,466)	(19,770)
(Increase)/decrease in amounts due from associated companies	(471)	646
Dividends received from associated companies	341	913
Net proceeds from sale of associated companies	11	346
Net proceeds from disposal of fixed assets	591	520
Net proceeds from disposal of other investments	574	1,455
Net proceeds from disposal of pharmaceutical retail business	6,484	8,110
Other investments	(48)	(30)
Net cash used in investing activities	(7,457)	(8,942)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 \$000	2000 \$000
		(Restated)
CASH FLOW FROM FINANCING ACTIVITIES		
Capital contribution by minority shareholders	309	553
Increase/(decrease) in secured bank borrowings	4,452	(1,082)
Dividends paid	(6,262)	(3,497)
Dividends paid to minority shareholders	(1,245)	(450)
Proceeds from/(repayment of) term loans	2,551	(33,161)
Net cash used in financing activities	(195)	(37,637)
Cash and cash equivalents at beginning of year	64,062	105,958
Net increase/(decrease) in cash and cash equivalents	4,024	(41,896)
Cash and cash equivalents at end of year	68,086	64,062
 Cash and cash equivalents comprise:		
Bank balances and deposits	84,871	86,485
Unsecured bank borrowings	(16,785)	(23,160)
Cash and cash equivalents as previously reported	68,086	63,325
Effect of exchange rate changes	—	737
Cash and cash equivalents as restated	68,086	64,062

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

1 GENERAL

The Company is domiciled and registered in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of a holding company and property owner and property developer and deriving income therefrom. The principal activities of the subsidiary companies are set out in Note 12 to the financial statements.

The registered office of the Company is located at:

83 Clemenceau Avenue,
#18-01 UE Square
Singapore 239920

The Group and the Company employed 3,703 (2000: 3,232) and 48 (2000: 50) employees as of 31 December 2001 respectively.

2 SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements of the Company and of the Group are prepared in accordance with Singapore Statements of Accounting Standard (SAS) and applicable requirements of Singapore law.

The financial statements of the Company and of the Group are prepared under the historical cost convention except for investment properties, certain freehold/long leasehold land and all investments in subsidiary and associated companies which are stated at directors' valuation.

The accounting policies have been consistently applied by the Company, except for the changes in accounting policies discussed more fully below.

The financial statements are expressed in Singapore Dollars.

(B) CHANGES IN ACCOUNTING POLICIES

SAS 22 (2000) – Business Combinations

Effective 1 January 2001, the Company adopted SAS 22 (2000), Business Combinations. In accordance with the transitional provisions of SAS 22 (2000), the change in accounting policy is applied prospectively where the goodwill on consolidation is amortised on a straight-line basis through the consolidated profit and loss account for the current year, over its economic useful life up to a maximum of 20 years. Prior to the adoption of SAS 22 (2000), goodwill was debited to group reserves in the year in which it arose.

SAS 10 – Events after Balance Sheet Date

Effective 1 January 2001, the Company adopted SAS 10, Events after Balance Sheet Date. The revised SAS 10 requires that dividends proposed or declared after the balance sheet date should not be recognised as a liability at the balance sheet date. Instead, such dividends proposed or declared would be disclosed as a subsequent event in the financial statements.

As a result of the change, there will be no dividend payable for both the Group and the Company for the current financial year. Accordingly, the comparative amounts have been restated. Further details are set out in Note 24.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(B) CHANGES IN ACCOUNTING POLICIES *(continued)*

SAS 34 (2000) – Intangible Assets

Effective 1 January 2001, the Company adopted SAS 34 (2000), Intangible Assets. SAS 34 (2000) requires that items of expenditure in nature (e.g. pre-operating expenses) to be expensed to the profit and loss account. Arising from the adoption of SAS 34 (2000), pre-operating expenses incurred by Anhui Hefei United Power Generation Company Limited (AHUP), a 20.35%-owned associated company, was written off. Accordingly, the comparative amounts have been restated. Further details are set out in Note 23.

SAS 17 (2001)– Employee Benefits

Effective 1 January 2001, the Company adopted SAS 17 (2001), Employee Benefits. Arising from the adoption of SAS 17 (2001), a provision is made for all estimated liability for leave as a result of services rendered by employees up to the balance sheet date. Previously, such liability was only recognised when there is a reasonable expectation of their realisation. Accordingly, the comparative amounts have been restated. Further details are set out in Note 23.

(C) BASIS OF CONSOLIDATION

The financial year of the Company and all its subsidiary companies ends on 31 December and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies. The results of subsidiary companies acquired or disposed of during the year are included in or excluded from the respective dates of acquisition or disposal, as applicable.

Assets, liabilities and results of overseas subsidiary companies are translated into Singapore dollars on the basis outlined in paragraph (T) below.

(D) REVENUE RECOGNITION

Revenues from trading sales are recognised upon transfer of title to the customer which generally coincides with their delivery and acceptance.

Rental income from properties is recognised on a straight-line basis over the lease term.

Revenues from contracts are recognised on the percentage of completion method. Any losses are provided for as and when they become known.

(E) ASSOCIATED AND SUBSIDIARY COMPANIES

The Group treats as associated companies those active trading companies in which it has a long-term equity interest of between 19% and 50% and has board representation. The financial years of some of the associated companies are not co-terminous with that of the Company. In the case of the associated companies whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(E) ASSOCIATED AND SUBSIDIARY COMPANIES *(continued)*

In the Group's financial statements, the Group's share of results and reserves of associated companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal or cessation of significant influence.

In the Company's financial statements, dividends received from subsidiary and associated companies are credited to the profit and loss account. Investments in subsidiary and associated companies are restated annually at their attributable net assets. Any surpluses or deficits resulting from this are credited or charged to non-distributable reserves. Net deficits, to the extent that they exceed the amount standing in the non-distributable reserves, are charged to distributable reserves via the profit and loss account. Where necessary, provisions have been made against amounts due from subsidiary and associated companies.

(F) INVESTMENT PROPERTIES

Investment properties are those properties which have been completed and are held on a long-term basis for their investment potential and income.

Investment properties of the Group are revalued annually by the directors, based on independent professional valuation on an open market value basis. Any surpluses or deficits on revaluation are credited or charged to the asset revaluation reserve. Net deficits, to the extent that they exceed the amount standing in the asset revaluation reserve, are charged to distributable reserves via the profit and loss account. Any surplus may be credited to the profit and loss account to the extent of the amount previously charged to the profit and loss account.

On disposal of an investment property, the difference between the carrying amount and the proceeds of disposal, net of expenses, is recognised in the profit and loss account as an exceptional item. Any surplus standing in the asset revaluation reserve is credited to distributable reserves via the profit and loss account as an exceptional item.

(G) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

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

No depreciation is provided on freehold/long leasehold land and capital work-in-progress.

Depreciation is calculated on other fixed assets on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land	-	over term of lease
Leasehold buildings	-	lower of term of lease and 50 years
Freehold/long leasehold buildings	-	50 years
Light plant and machinery	-	2 to 10 years
Heavy plant and machinery	-	11 to 15 years
Motor vehicles and other assets	-	2 to 5 years

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(H) INTANGIBLES

Goodwill

Goodwill represents the excess of the consideration over the fair value of identifiable net assets of a subsidiary or associated company at the date of acquisition. Goodwill is amortised on a straight-line basis, through the consolidated profit and loss account, over its economic useful life up to a maximum of 20 years.

Trademark

The licence fees for the trademark are amortised over the respective licence periods.

Deferred Expenditure

Deferred expenditure is stated at cost less amortisation. It includes development expenditure attributable to major projects whose technical feasibility and commercial viability are reasonably assured. Amortisation is charged over three years up to a maximum of 20 years commencing from the first year of commercial production or operations.

(I) INVESTMENTS

Quoted short-term investments are stated at the lower of average cost and market value.

Other investments held on a long-term basis are stated at cost. Provision is made on a portfolio basis for any diminution in value which is considered to be other than temporary in nature.

Dividend income is accrued on the basis of the dates dividends are declared by the investee company. Interest income is accrued on a day-to-day basis.

(J) STOCKS AND WORK-IN-PROGRESS

Stocks are stated at the lower of cost and net realisable value. The cost of all stocks is determined on a weighted average basis.

Work-in-progress is stated at cost less progress payments received or receivable on account. Cost is made up of materials, labour and a proportion of overhead expenses.

Profits accruing on work-in-progress are accounted for on a percentage of completion basis and when the work has progressed to such a stage that profit can reasonably be recognised. Percentage of completion is measured by reference to the proportion of costs incurred to the estimated total costs of the contract with adjustments made to include only those costs that reflect work performed. Provision is made for all anticipated losses on work-in-progress.

(K) TRADE AND OTHER DEBTORS

Trade and other debtors, which generally have 30 - 90 day terms, are carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(L) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of unsecured short-term borrowings.

(M) IMPAIRMENT

The carrying amounts of the Company's assets, other than stocks, work-in-progress (Note 2(J)) and debtors (Note 2(K)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognized in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognized in the profit and loss account.

(N) TRADE AND OTHER CREDITORS

Liabilities for trade and other amounts payable, which are normally settled on 30 - 60 day terms, are carried at cost which is the fair consideration to be paid in the future for goods and services received, whether or not billed to the Company or the Group.

Payables to related parties are carried at cost.

(O) ACCOUNTING FOR LEASES

Operating lease payments are charged to the profit and loss account on a straight-line basis over the period of the lease.

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

(P) LOANS AND BORROWINGS

Loans and borrowings are initially recognised at cost net of transaction costs associated with the borrowing or loan.

(Q) CAPITALISATION OF BORROWING COSTS

Borrowing costs are capitalised when incurred specifically to prepare the assets for their intended use or sale. Borrowing costs incurred for buildings are capitalised up to the receipt of temporary occupation permits.

(R) PROVISIONS

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

A provision for warranty is recognised for all products under warranty at the balance sheet date. The provision is calculated based on service history.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(S) DEFERRED TAXATION

Deferred taxation is accounted for under the liability method whereby the tax charge for the year is based on the disclosed book profit after adjusting for all permanent differences and for timing differences which are not expected to be reversed for at least three years. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

(T) FOREIGN CURRENCIES

Foreign currency monetary assets and liabilities are translated into Singapore dollars at rates of exchange which approximate those ruling at balance sheet date and transactions during the year are recorded in Singapore dollars at the rates ruling at the time of the transactions. Exchange differences arising from the translation of long-term inter-company balances are taken directly to revenue reserves. Other exchange differences are dealt with in the profit and loss account.

For inclusion in the consolidated financial statements, all assets, liabilities and results of foreign subsidiary and associated companies are translated into Singapore dollars at exchange rates ruling at balance sheet date. Exchange differences due to such currency translations are included in Group reserves.

(U) EMPLOYEE BENEFITS

Pension Obligations

As required by law, the Group's companies in Singapore make contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Equity Compensation Benefits

The Company also operates two share options schemes – the United Engineers Executives' Share Option Scheme (ESOS) and the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options. The ESOS was terminated with the implementation of Scheme 2000, but all outstanding options granted under ESOS will continue to be exercisable and administered in accordance with the rules of ESOS. There are no charges to earnings upon the grant or exercise of the options because the exercise price equals the average of the last dealt prices over the 3 consecutive trading days immediately preceding the date of grant.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(V) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments such as interest rate swaps and foreign exchange forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments. The foreign exchange forward contracts entered into by the Group are recorded as off-balance sheet items at their notional principal amounts. Details of the Group's financial risk management objectives and policies are set out in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

3 DIVIDEND INCOME

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Gross dividend income from:				
- unquoted equity investments	114	48	50	48
- unquoted associated company	—	—	—	1,127
	114	48	50	1,175

4 OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

Amortisation of deferred expenditure	242	—	—	—
Amortisation of trademark	119	115	—	—
Auditors' remuneration				
- auditors of the Company	219	206	71	65
- other auditors	92	94	—	—
Bad trade debts written off	74	11	—	—
Cost adjustment on sale of residential apartments	(4,455)	—	(4,455)	—
Depreciation of fixed assets	7,739	7,628	1,157	1,190
Directors' fees	159	157	159	157
Directors' remuneration in respect of full-time employment	1,131	902	1,131	902
Fees paid to a company in which a director has deemed interest	240	240	240	240
Gain on disposal of fixed assets	(148)	(232)	(55)	(2)
Gain on disposal of short-term investments	—	(880)	—	—
(Gain)/loss on foreign exchange differences	(359)	1,741	(28)	(18)
Non-audit fees paid to auditors for professional services	250	219	131	74
Provision for doubtful non-trade debts	37	—	—	—
Provision for doubtful trade debts	908	625	58	—
Provision for doubtful trade debts written back	(534)	—	—	(10)
Provision for project costs over-run	800	—	—	—
Provision for project costs over-run written back	(2,830)	—	—	—
Provision for stocks obsolescence	759	93	—	—
Provision for amount receivable from an associated company	20	—	20	—
Staff costs				
- Salaries, wages, bonuses and other costs	61,775	60,682	2,301	2,586
- Central Provident Fund and other defined contribution plans	4,658	3,713	319	289
Write back of bad trade debts previously written off	(10)	(1,000)	—	—

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

5 EXCEPTIONAL ITEMS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
				(Restated)
Gain on completion of disposal of pharmaceutical retail business	400	—	—	—
Gain on disposal of pharmaceutical retail business	—	7,516	—	—
Loss on disposal of associated companies	(26)	—	—	—
Provision for diminution in value of associated companies	—	(1,416)	1	(13)
Provision for diminution in value of deferred expenditure	(1,655)	—	—	—
Provision for diminution in value of other investments				
- quoted shares	—	(679)	—	—
- unquoted shares	(145)	—	—	—
Revaluation adjustment in value of investment in subsidiary companies	—	—	(1,007)	25,858
	(1,426)	5,421	(1,006)	25,845

6 INTEREST INCOME AND INTEREST EXPENSE

Interest income				
- deposits with banks and financial institutions	1,618	2,594	67	532
- associated companies	472	522	—	—
- staff loans	—	11	—	—
- subsidiary companies	—	—	302	544
- others	55	34	—	10
	2,145	3,161	369	1,086
Interest expense				
- term loans	(13,699)	(16,517)	(10,292)	(12,535)
- bank overdrafts	(284)	(403)	(1)	(2)
- trade facilities	(183)	(56)	—	—
- others	(14)	(25)	—	—
	(14,180)	(17,001)	(10,293)	(12,537)

7 REMUNERATION BANDS OF DIRECTORS OF THE COMPANY

	COMPANY	
	2001 \$000	2000 \$000
Number of directors of the Company in remuneration bands of:		
- Above \$500,000	1	1
- \$250,000 to \$499,999	1	1
- Below \$250,000	5	4
	7	6

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

8 TAXATION

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
		(Restated)		
Provision for current taxation in respect of profit for the year	5,582	4,502	1,217	329
Share of taxation of associated companies	(38)	120	—	—
Underprovision in respect of prior years	—	1,071	—	994
	5,544	5,693	1,217	1,323
Deferred taxation charge/(written back)	201	(76)	—	—
	5,745	5,617	1,217	1,323

The tax charge for the year is lower than the amount determined by applying the income tax rate of 24.5% (2000: 25.5%) to the profit before tax because of the utilisation of capital allowances of \$6,572,000 (2000: \$5,802,000).

The tax charge for the Group is higher than that derived by applying the income tax rate of 24.5% (2000: 25.5%) to the profit before tax because profits of certain subsidiary and associated companies, which for tax purposes, cannot be offset against losses of other subsidiary and associated companies. Certain expenses are also not deductible for tax purposes.

Tax losses of \$6,827,000 (2000: \$5,336,000) for the Group have been utilised during the year. There are unabsorbed tax losses estimated at \$41,535,000 for the Group (2000: \$51,907,000). These losses and unutilised capital allowances of \$5,149,000 (2000: \$4,309,000) for the Group are available for set-off against future assessable income subject to agreement with the tax authorities on the relevant tax regulations. No credit has been recognised in the financial statements for these losses.

9 EARNINGS PER STOCK UNIT

Basic earnings per share (EPS) is calculated by dividing group profit attributable to ordinary stockholders of \$14,066,000 (2000: \$13,634,000) by the share capital of 205,724,912 (2000: 205,724,912) ordinary stock units in issue at 31 December 2001.

Diluted EPS is calculated by dividing the net profit attributable to ordinary shareholders by the number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

	2001	2000
Existing number of ordinary shares applicable to basic earnings per share	205,724,912	205,724,912
Effect of dilutive securities:		
Share options	942,472	758,692
Adjusted number of ordinary shares applicable to diluted earnings per share	206,667,384	206,483,604

As detailed in Note 23, the Group changed its accounting policy with respect to accounting for intangible assets in accordance with SAS 34 (2000) and adopted SAS 17 (2001) on accounting of employee benefits. For comparative purposes, the EPS and diluted EPS at 31 December 2000, both previously reported at 7.3 cents have been adjusted, for the prior year adjustments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

10 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
(A) LONG LEASEHOLD LAND AND BUILDINGS				
At 1 January	600,000	590,000	600,000	590,000
Cost adjustments	4,455	—	4,455	—
Revaluation (deficit)/surplus	(84,455)	10,000	(84,455)	10,000
At 31 December	520,000	600,000	520,000	600,000
(B) LEASEHOLD LAND AND BUILDINGS				
At 1 January	150,000	138,000	—	—
Additions	2,170	143	—	—
Transfers from fixed assets/work-in-progress	24,476	—	—	—
Revaluation (deficit)/surplus*	(14,646)	11,857	—	—
At 31 December	162,000	150,000	—	—
At directors' valuation	682,000	750,000	520,000	600,000
* Minority interest's share of revaluation deficit/(surplus)	1,519	(1,185)	—	—

Investment properties were stated at directors' valuation at their open market values as at the end of the year based on independent professional valuations carried out by DTZ Debenham Tie Leung (SEA) Pte Ltd and Knight Frank Pte Ltd for the long leasehold land and buildings and the leasehold land and buildings respectively at 31 December 2001.

The investment properties in (B) have been mortgaged to secure certain term loan facilities obtained to partially finance their developments (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

11 FIXED ASSETS

	FREEHOLD/ LONG LEASEHOLD LAND \$000	FREEHOLD/ LONG LEASEHOLD BUILDINGS \$000	LEASEHOLD LAND AND BUILDINGS \$000	CAPITAL WORK-IN- PROGRESS \$000	PLANT AND MACHINERY \$000	MOTOR VEHICLES AND OTHER ASSETS \$000	TOTAL \$000
GROUP							
COST AND VALUATION							
At 31 December 2000							
Cost	7,219	4,144	18,861	17,193	20,276	34,632	102,325
Valuation, 1981*	2,466	—	—	—	—	—	2,466
	9,685	4,144	18,861	17,193	20,276	34,632	104,791
Currency realignment	(6)	(9)	265	—	815	335	1,400
Transfer to investment properties	(5,413)	(1,870)	—	(17,193)	—	—	(24,476)
Additions	—	—	322	10	217	5,490	6,039
Disposals	—	—	—	—	(732)	(2,552)	(3,284)
At 31 December 2001	4,266	2,265	19,448	10	20,576	37,905	84,470
Representing:							
Cost	1,800	2,265	19,448	10	20,576	37,905	82,004
Valuation, 1981*	2,466	—	—	—	—	—	2,466
At 31 December 2001	4,266	2,265	19,448	10	20,576	37,905	84,470
ACCUMULATED DEPRECIATION							
At 31 December 2000	—	431	6,144	—	12,705	22,764	42,044
Currency realignment	—	—	94	—	517	217	828
Charge for the year	—	63	829	—	1,455	5,432	7,779
Disposals	—	—	—	—	(621)	(2,220)	(2,841)
At 31 December 2001	—	494	7,067	—	14,056	26,193	47,810
Charge for 2000	—	62	704	—	1,280	5,653	7,699
NET BOOK VALUE							
At 31 December 2001	4,266	1,771	12,381	10	6,520	11,712	36,660
At 31 December 2000	9,685	3,713	12,717	17,193	7,571	11,868	62,747

* This property was revalued by directors based on professional appraisals by independent valuers.

Certain fixed assets with a total book value of \$3,788,000 (2000: \$9,768,000) have been mortgaged to secure the Group's bank borrowings and term loan facilities of certain subsidiary companies (Notes 18 and 20).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

11 FIXED ASSETS (continued)

	LEASEHOLD LAND AND BUILDINGS \$000	MOTOR VEHICLES AND OTHER ASSETS \$000	TOTAL \$000	
COMPANY				
COST				
At 31 December 2000	8,419	5,568	13,987	
Additions	—	450	450	
Disposals	—	(507)	(507)	
At 31 December 2001	8,419	5,511	13,930	
ACCUMULATED DEPRECIATION				
At 31 December 2000	4,440	3,388	7,828	
Charge for the year	448	709	1,157	
Disposals	—	(303)	(303)	
At 31 December 2001	4,888	3,794	8,682	
Charge for 2000	448	742	1,190	
NET BOOK VALUE				
At 31 December 2001	3,531	1,717	5,248	
At 31 December 2000	3,979	2,180	6,159	
	GROUP		COMPANY	
	2001	2000	2001	2000
	\$000	\$000	\$000	\$000
Net interest expense capitalised in fixed assets during the year	95	403	—	—
Interest and property tax capitalised in fixed assets as at end of year	—	1,129	—	—
The depreciation charge for the year in profit and loss accounts is as follows:				
Depreciation for the year	7,779	7,699	1,157	1,190
Current year's depreciation included in fixed assets/work-in-progress/deferred expenditure	(40)	(71)	—	—
Charged to profit and loss accounts	7,739	7,628	1,157	1,190

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES

	COMPANY	
	2001 \$000	2000 \$000
		(Restated)
Unquoted shares at cost	192,341	192,155
Loans receivable	27,606	20,455
Amounts receivable	83,407	79,738
Amounts payable	(13,704)	(8,144)
	289,650	284,204
Revaluation adjustment to restate cost to Company's share of attributable net assets	(27,934)	(28,578)
	261,716	255,626

Amounts receivable and payable are mainly non-trade in nature, interest-free and are not expected to be repayable within the next twelve months.

The subsidiary companies as at 31 December 2001 are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN SINGAPORE					
Apex Pharmacy International Pte Ltd	Pharmaceutical and healthcare products	2,890	2,890	51	51
Asia Travel Service Private Limited	Dormant	445	445	100	100
Bu-Land Pte Ltd	Renovation contractors	133	133	85	85
Delichem Pte Ltd	Specialty chemical products	3,993	3,993	100	100
Goldearth Construction Pte Ltd	Dormant	309	309	85	85
Grafton Laboratories Private Limited	Dormant	410	410	100	100
Grafton Pharmasia Pte Ltd	Distribution of pharmaceutical products	564	564	56.7	56.7
Greatearth Construction Pte Ltd	Building contractors	3,850	3,850	85	85
Greatearth Developments Pte Ltd	Property development	— [#]	— [#]	92.5	92.5

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES (continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN SINGAPORE (continued)					
Greatearth Holding Pte Ltd	Investment holding	3,038	3,038	85	85
KM Systems Pte Ltd	Dormant	1,590	1,590	74	74
Maxdin Pte Ltd	Property investment	3	3	85	85
McAlister and Company, Limited	Steel fabrication (Singapore, Malaysia and Hong Kong)	29,023	29,023	100*	100*
Medical Hall (1996) Pte Ltd	Dormant	764	764	100	100
MPL Pte Ltd	Broadcasting and telecommunication facilities	762	762	70	70
MPL Communications Pte Ltd	Dormant	156	156	49	49
UE Trade Corporation Pte Ltd	General traders	1,660	1,660	100	100
UE Support Services Pte Ltd	Management services	41	41	100*	100*
UE Ville Developments Pte Ltd	Property development	1,000	1,000	100	100
UE-Tradetec (Singapore) Pte Ltd	Supply of machinery, equipment and metal products	1,770	1,770	100*	100*
UMC ServiceMaster Pte Ltd	Support management facilities	800	800	100	100
United Engineers Developments Pte Ltd	Property facilities management	25,000	25,000	100*	100*
United Engineers (Singapore) Private Limited	Mechanical, electrical and environmental engineering (Singapore and Brunei)	70,000	70,000	100*	100*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES (continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN SINGAPORE (continued)					
United Highway Corporation Pte Ltd	Dormant	450	450	100	100
United Infrastructure Pte Ltd	Investment holding	44,578	44,392	62*	62*
United MediCorp Pte Ltd	Investment holding	18,064	18,064	100*	100*
United Power Corporation (Singapore) Pte Ltd	Investment holding	71,690	71,422	42	42
United Tech Park Pte Ltd	Warehouse complex	42,266	42,266	90	90
UWB Pte Ltd [formerly known as UE Waagner-Biro Pte Ltd]	Engineering services	1,084	611	100	55
INCORPORATED IN MALAYSIA					
² Applied Construction & Engineering (M) Sdn Bhd	Civil, electrical, mechanical engineers and contractors (Malaysia)	348	2	100	100
² Delichem Sdn Bhd	Provision of turnkey cleaning services (Malaysia)	— [#]	— [#]	100	100
² Design Entice (M) Sdn Bhd	Fabrication of engineering design works (Malaysia)	— [#]	— [#]	100	100
² GE Construction Sdn Bhd	Building contractors (Malaysia)	162	162	85	85
² McAlister Engineering Sdn Bhd	Freight tank containers and other steel products (Malaysia)	6,939	6,939	66	66

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES (continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN MALAYSIA (continued)					
² McAlister Holdings (Malaysia) Sdn Bhd	Dormant	60	60	100	100
² McAlister Trading (Malaysia) Sdn Bhd	Dormant	100	100	100	100
² MHL ServiceMaster Sdn Bhd	Investment holding (Malaysia)	89	89	100	100
² UMC ServiceMaster Sdn Bhd	Support management facilities (Malaysia)	1,669	1,669	100	100
INCORPORATED IN BRUNEI					
KMS (B) Sdn Bhd	Members' voluntary winding-up	90	90	67	67
² United Engineers (B) Sdn Bhd	Civil, electrical, mechanical engineers and contractors (Brunei)	4,500	4,500	90	90
INCORPORATED IN HONG KONG					
² Goodman Medical Supplies Limited	Medical equipment (Hong Kong)	7,954	7,954	100	100
² Huge Right Industries Limited	Investment holding (Hong Kong)	646	646	100	100
² ServiceMaster Hong Kong Limited	Support management facilities (Hong Kong)	640	640	100	100
² Uniteers (Hong Kong) Limited	Investment holding (Hong Kong)	— [#]	— [#]	100*	100*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES (continued)

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN INDONESIA					
² PT. United Engineers Indonesia	Fabrication of steel structures (Indonesia)	1,968	1,968	60*	51*
² PT. UE Sentosa	Engineering and construction projects (Indonesia)	499	499	60	60
INCORPORATED IN TAIWAN					
² UMC ServiceMaster Taiwan Limited	Support management facilities (Taiwan)	1,668	1,668	100	100
INCORPORATED IN MYANMAR					
³ UE Myanmar Limited	General traders (Myanmar)	143	143	100	100
³ MPL International Limited	Telecommunication and broadcasting industries (Myanmar)	128	128	70	70
INCORPORATED IN BANGLADESH					
⁴ UE Bangladesh Pte Ltd	General traders (Bangladesh)	106	106	100	100
INCORPORATED IN THAILAND					
² Delichem (Thailand) Company Limited	Specialty chemical products (Thailand)	114	114	100	100
INCORPORATED IN CAMBODIA					
⁵ United Media Limited	Dormant	620	—	70	—
⁴ Media Services Limited	Provision of management services to broadcasters (Cambodia)	9	—	70	—

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

12 SUBSIDIARY COMPANIES *(continued)*

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA					
⁵ Anhui Anxin Energy Co. Ltd	Engineering services (The People's Republic of China)	1,207	1,207	100	100
⁵ Dalian Xinwei Metalform Products Co Limited	Dormant	2,739	2,739	60	60

* Direct subsidiary companies of United Engineers Limited

The cost of unquoted equity shares is less than \$1,000

¹ Place of business in Singapore unless otherwise stated

² Audited by associated firms of Ernst & Young, Singapore

³ Audited by technical assistance firm of Ernst & Young

⁴ Audited by other auditors

⁵ Not statutorily required to be audited

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

13 ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
		(Restated)		
Unquoted equity shares				
At valuation based on share of attributable net assets	—	—	8,224	8,029
At cost	123,747	124,892	—	—
Goodwill on acquisition	(3,034)	(3,053)	—	—
Currency realignment	17,036	8,249	—	—
Share of net post acquisition reserves	3,844	1,712	—	—
	141,593	131,800	8,224	8,029
Provision for diminution in value (Note 13A)	(2,632)	(2,632)	—	—
	138,961	129,168	8,224	8,029
Loans receivable	8,727	8,727	—	—
Amounts receivable	5,277	4,814	86	86
	14,004	13,541	86	86
Provision for diminution in value (Note 13B)	(128)	(128)	—	—
Provision for amounts receivable (Note 13C)	(392)	(372)	(86)	(66)
	13,484	13,041	—	20
	152,445	142,209	8,224	8,049

Amounts receivable are mainly non-trade in nature.

ANALYSIS OF MOVEMENTS IN PROVISIONS:

(A) Provision for diminution in value of

investment in associated companies

Balance at 1 January	2,632	1,300	—	—
Charged to profit and loss account	—	1,332	—	—
Balance at 31 December	2,632	2,632	—	—
Charged directly to profit and loss account	—	84	—	13

(B) Provision for diminution in value of

receivables from associated companies

Balance at 1 January	128	3,454	—	—
Provision written back	—	(3,326)	—	—
Balance at 31 December	128	128	—	—

(C) Provision for receivables from associated companies

Balance at 1 January	372	372	66	66
Charged to profit and loss account	20	—	20	—
Balance at 31 December	392	372	86	66

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

13 ASSOCIATED COMPANIES *(continued)*

The associated companies as at 31 December 2001 are as follows:

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN SINGAPORE					
Didas Pte Ltd	In voluntary winding up	—	854	—	40
Lycorpipe Investment Pte Ltd	Investment holding	138	138	19	19
Pacific Medical Systems Pte Ltd	Provision of medical, surgical and pharmaceutical products and services	—	291	—	20
United Wearnes Technology Pte Ltd	Investment holding, manufacturing and marketing of plastic components, flexible and rigid circuit boards and connectors	9,200	9,200	40	40
INCORPORATED IN MALAYSIA					
Apex Pharmacy Holdings Sendirian Berhad	Investment holding (Malaysia)	5,003	5,003	30	30
Asia Travel Service (Malaysia) Sdn Bhd	Travel agents (Malaysia)	40	40	30	30
BHP Steel Building Products (Malaysia) Sdn Bhd	Steel roofings (Malaysia)	160	160	40	40
Hicom-Selangor Marine Management Sdn Bhd	In process of liquidation	28	28	29	29
Taipan Asia Travel (M) Sdn Bhd	Travel agents (Malaysia)	189	189	23	23

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

13 ASSOCIATED COMPANIES *(continued)*

NAME OF COMPANY	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS) ¹	COST		PERCENTAGE OF EQUITY HELD BY THE GROUP	
		2001 \$000	2000 \$000	2001 %	2000 %
INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA					
Anhui Hefei United Power Generation Company Limited	Development and operation of a power generation plant (The People's Republic of China)	105,106	105,106	20	20
INCORPORATED IN TAIWAN					
Hwa Tech Industrial & Development Corp.	Dormant	3,903	3,903	26	26
INCORPORATED IN CAMBODIA					
United Engineers (Cambodia) Pte Ltd	Deregistered	— [#]	— [#]	48	48

[#] The cost of unquoted equity shares is less than \$1,000

¹ Place of business in Singapore unless otherwise stated

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

14 OTHER INVESTMENTS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Quoted shares at cost less provision of \$5,815,000 (2000: \$5,815,000)	—	—	—	—
Unquoted shares at cost less provision of \$145,000 (2000: \$NIL)	5,020	5,683	2,767	2,767
	5,020	5,683	2,767	2,767
Market value of quoted shares	1	13	—	—

ANALYSIS OF PROVISION FOR DIMINUTION IN VALUE:

QUOTED SHARES

Balance at 1 January	5,815	5,136	—	—
Charged to profit and loss account	—	679	—	—
Balance at 31 December	5,815	5,815	—	—

UNQUOTED SHARES

Balance at 1 January	—	—	—	—
Charged to profit and loss account	145	—	—	—
Balance at 31 December	145	—	—	—

15 INTANGIBLES

(A) TRADEMARK

A licence fee is paid to ServiceMaster Company Limited Partnership for the use of the word and trademark "ServiceMaster" in all marketing and performance of the support management services.

	GROUP	
	2001 \$000	2000 \$000
COST		
Balance at 1 January	2,148	2,106
Currency realignment	75	42
Balance at 31 December	2,223	2,148
ACCUMULATED AMORTISATION		
Balance at 1 January	1,105	974
Currency realignment	33	16
Amortisation for the year	119	115
Balance at 31 December	1,257	1,105
UNAMORTISED AMOUNT		
Balance at 31 December	966	1,043

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

15 INTANGIBLES (continued)

	GROUP	
	2001 \$000	2000 \$000
(B) DEFERRED EXPENDITURE		
Additions	1,897	—
Amortisation for the year	(242)	—
	1,655	—
Provision for impairment	(1,655)	—
Balance as at 31 December	—	—

16 STOCKS AND WORK-IN-PROGRESS

STOCKS AT COST

Engineering supplies and raw materials	2,811	3,694
Trading stocks	14,832	17,557
Total stocks at 31 December	17,643	21,251

Stocks are stated after deducting provision for stocks obsolescence of (Note 16A)	1,803	1,495
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WORK-IN-PROGRESS

Costs incurred and attributable profits	457,767	564,680
Progress billings received and receivable	(439,835)	(551,980)
Excess of progress billings over work-in-progress transferred to trade creditors (Note 19)	4,055	4,987
Net progress billings	(435,780)	(546,993)
	21,987	17,687
Provision for project costs over-run (Note 16B)	(800)	(2,830)
Net work-in-progress	21,187	14,857

Included in progress billings are retention sums of	23,573	12,985
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Total stocks and work-in-progress	38,830	36,108
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(A) PROVISION FOR STOCKS OBSOLESCENCE

Balance at 1 January	1,495	1,984
Currency realignment	23	(31)
Additions during the year	759	93
Stocks written off	(474)	(551)
Balance at 31 December	1,803	1,495

(B) PROVISION FOR PROJECT COSTS OVER-RUN

Balance at 1 January	2,830	2,830
Amount written back to profit & loss	(2,830)	—
Additions during the year	800	—
Balance at 31 December	800	2,830

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

17 DEBTORS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Trade debtors	99,684	92,038	1,269	2,388
Other debtors (Note 17A)	14,978	21,176	730	858
Provision for doubtful debts (Note 17B)				
- trade debtors	(3,841)	(3,897)	(186)	(128)
- other debtors	(1,050)	(1,013)	(53)	(53)
	109,771	108,304	1,760	3,065

(A) OTHER DEBTORS COMPRISE:

Claims/expenses recoverable	325	1,542	—	—
Deposits	2,368	2,469	75	105
Interest receivable	455	209	1	33
Proceeds from disposal of subsidiary companies/pharmaceutical retail business	579	6,661	—	—
Prepayments	3,701	2,344	24	27
Project advance	1,844	1,529	—	—
Staff loans	224	622	—	—
Tax refundable/advance tax	1,564	2,078	556	617
Sundry debtors	3,918	3,722	74	76
	14,978	21,176	730	858

(B) ANALYSIS OF PROVISION FOR DOUBTFUL DEBTS:

TRADE DEBTORS				
Balance at 1 January	3,897	4,535	128	138
Currency realignment	30	6	—	—
Charged to profit and loss account	908	625	58	—
Provision written back	(534)	—	—	(10)
Bad debts written off	(460)	(1,274)	—	—
Disposal of a subsidiary company	—	5	—	—
Balance at 31 December	3,841	3,897	186	128
OTHER DEBTORS				
Balance at 1 January	1,013	1,013	53	53
Charged to profit and loss account	37	—	—	—
Balance at 31 December	1,050	1,013	53	53
Bad debts written off directly to profit and loss account	74	11	—	—

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

18 BANK BORROWINGS

	GROUP	
	2001 \$000	2000 \$000
Bank overdrafts:		
- secured	6,115	1,598
- unsecured	759	2,229
	6,874	3,827
Trust receipts and bills payable:		
- secured	80	145
- unsecured	16,026	20,931
	16,106	21,076
	22,980	24,903

Bank borrowings bear interest at the prevailing bank rates.

The banking facilities (which include overdrafts and trust receipts) of certain subsidiary companies are secured by mortgages on their respective properties, debentures over their other assets and corporate guarantees given by their parent companies.

19 CREDITORS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
		(Restated)		(Restated)
Trade creditors and accruals	92,816	89,737	4,798	7,538
Progress billings in excess of work-in-progress (Note 16)	4,055	4,987	—	—
Deposits	7,103	7,221	4,812	4,967
Property development/purchase of fixed assets	56	15	—	—
Sundry creditors	5,669	5,013	227	643
	109,699	106,973	9,837	13,148

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

20 TERM LOANS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Repayable within 1 year				
- secured	4,390	111,021	—	105,000
- unsecured	45,200	17,000	28,200	—
	49,590	128,021	28,200	105,000
Repayable after 1 year				
- secured				
- within 2 years	4,000	104,000	—	100,000
- within 3 to 5 years	63,782	19,000	—	—
- within 6 to 14 years	—	48,782	—	—
	67,782	171,782	—	100,000
- unsecured				
- within 3 to 5 years	185,000	—	185,000	—
	252,782	171,782	185,000	100,000
	302,372	299,803	213,200	205,000

In 2000, the Company's secured term loans from banks and financial institutions were secured by two legal mortgages on the Company's property, UE SQUARE and fixed and floating charges on all its other assets. These term loans were refinanced in 2001 on an unsecured basis.

Term loans of \$72,172,000 (2000: \$77,803,000) from banks to certain subsidiary companies are secured by mortgages on their respective properties and debentures over their assets.

Long-term loans of the Company and the Group have interest rates ranging from 1.75% to 8% (2000: 3% to 8%) per annum.

21 DEFERRED TAXATION

	GROUP	
	2001 \$000	2000 \$000
The deferred taxation relates to the following:		
Excess of net book value over the tax written down value of fixed assets	1,231	882
General provisions	(107)	(155)
Unutilised tax benefits	(420)	(226)
	704	501

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

22 SHARE CAPITAL

	GROUP AND COMPANY	
	2001 \$000	2000 \$000
(A) AUTHORISED:		
7½% cumulative preference shares of \$1.00 each	875	875
Ordinary shares of \$1.00 each	499,125	499,125
	500,000	500,000
(B) ISSUED AND FULLY PAID:		
7½% cumulative preference shares of \$1.00 each	875	875
Ordinary shares of \$1.00 each, converted into ordinary stock units of \$1.00 each	205,725	154,295
Bonus Issue	—	51,430
	205,725	205,725
Balance at 31 December	206,600	206,600

The holders of ordinary and preference shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restriction.

(C) OUTSTANDING OPTIONS

As at 31 December 2001, unissued shares of the Company under options were as follows:

UNITED ENGINEERS EXECUTIVES' SHARE OPTION SCHEME (ESOS)

DATE OF GRANT	NO. OF SHARES UNDER OPTION GRANTED	NO. OF SHARES UNDER OPTION LAPSED	NO. OF SHARES UNDER OPTION UNEXERCISED*	NO. OF SHARES UNDER OPTION (ADJUSTED)*	ADJUSTED EXERCISE PRICE*	EXERCISE PERIOD
13.5.97	1,289,000	264,000	1,025,000	1,366,652	\$1.73	13.2.00 to 12.4.02
18.11.98	2,005,250	415,750	1,589,500	2,434,600	\$1.00	18.8.01 to 17.10.03
18.10.99	2,063,910	442,800	1,621,110	2,161,479	\$1.19	18.7.02 to 17.9.04

No options were exercised since commencement of ESOS

* Adjustments arose from the Bonus issue in 2000

UNITED ENGINEERS SHARE OPTION SCHEME 2000 (SCHEME 2000)

DATE OF GRANT	NO. OF SHARES UNDER OPTION GRANTED	NO. OF SHARES UNDER OPTION LAPSED	NO. OF SHARES UNDER OPTION EXERCISED	NO. OF SHARES UNDER OPTION UNEXERCISED	EXERCISE PRICE	EXERCISE PERIOD
6.12.00	2,534,700	25,500	—	2,509,200	\$1.14	6.12.01 to 5.12.10
5.11.01	2,967,800	—	—	2,967,800	\$1.01	5.11.02 to 4.11.11

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

23 PRIOR YEAR ADJUSTMENTS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Effect of changes in accounting policies on accumulated profits:				
Retained earnings at 1 January as previously reported	38,550	30,203	79,013	55,245
Effect of adopting SAS 10	6,262	3,497	6,262	3,497
Effect of adopting SAS 17	(1,002)	—	(1,002)	—
Effect of adopting SAS 34	(1,762)	(1,368)	(1,821)	(1,368)
	3,498	2,129	3,439	2,129
Retained earnings at 1 January restated	42,048	32,332	82,452	57,374
Foreign currency translation				
– Subsidiary and associated companies reserves	(59)	—	—	—
Effect of changes in accounting policies on results for the year:				
Net profit before changes in accounting policies	14,735	15,030	7,298	30,030
Effect of adopting SAS 17	(295)	(1,002)	(295)	(1,002)
Effect of adopting SAS 34	(374)	(394)	(500)	(453)
	(669)	(1,396)	(795)	(1,455)
Net profit for the year	14,066	13,634	6,503	28,575
Foreign currency translation				
– Subsidiary and associated companies reserves	(126)	(59)	—	—

24 DIVIDENDS, PAID

	GROUP AND COMPANY	
	2001 \$000	2000 \$000
Cumulative Preference Shares:		
7½% (2000: 7½%) less Singapore income tax, paid	50	49
Ordinary Stock:		
Final proposed 4 cents (2000: 3 cents) less Singapore income tax, paid	6,212	3,448
	6,262	3,497

The directors have proposed a first and final dividend of 4 cents per \$1.00 ordinary stock, less Singapore income tax, amounting to a total \$6,212,000 and a final dividend on the 7½% cumulative preference shares of \$1.00 each, less Singapore income tax, amounting to \$50,000. Arising from the adoption of SAS 10, these financial statements do not reflect these dividends which were proposed subsequent to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

25 FUTURE CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Capital commitments not provided for in the financial statements:				
– Commitments in respect of contracts placed	—	5,275	—	—
– Other amounts approved by directors but not yet committed	342	2,191	—	—
	342	7,466	—	—

26 OPERATING LEASE COMMITMENTS

Rental expense (principally for retail outlets) was Nil (2000: \$2,535,000).

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The lease expires at various dates till 2006 and contains provisions for rental adjustments. Future minimum lease payments for all leases with initial or remaining term of one year or more are as follows:

	GROUP		COMPANY	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Within one year	258	293	55	55
After one year but not more than five years	235	432	220	275
	493	725	275	330

27 RELATED PARTY TRANSACTIONS

The significant transactions between the Company and its subsidiary companies and the effects of these transactions on terms agreed among the parties are as follows:

	COMPANY	
	2001 \$000	2000 \$000
Rental charged to subsidiary companies	(835)	(853)
Management services rendered to subsidiary companies	(635)	(568)
Interest charged to subsidiary companies	(302)	(544)
Services rendered by subsidiary companies	1,849	1,597

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and interest rate risk.

CREDIT RISK

The carrying amount of investments, trade and other receivables represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk. Cash and deposits are placed with substantial financial institutions.

FOREIGN CURRENCY RISK

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. It is the Group's policy to hedge these risks through foreign currency forward exchange contracts.

In addition to transactional exposure, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries.

At the balance sheet date, the Group's foreign currency exposure is insignificant.

INTEREST RATE RISK

The Company's and the Group's interest rate exposure relates primarily to its investment portfolio in fixed deposits and commercial papers and the Company's long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, including entering into interest rate swaps.

FAIR VALUES

The carrying amounts of trade and other debtors, cash and bank borrowings, trade and other payables and short-term loans approximate their fair values due to their short-term nature.

No disclosure of fair value is made for the balances due from/to associated & related companies as these balances are not expected to be repayable within the next 12 months and it is therefore not practicable to determine their fair values.

Except for the \$50,000,000 fixed-rate debt, the fair value of all long-term financial instruments also approximate carrying value as they are based on floating interest rates and terms that continue to be available to the Group. The fair value of the fixed-rate debt, estimated using discounted cash flow analysis, is \$48,170,000.

In the directors' opinion, it is not practicable to determine the fair values of the unquoted equity investments held as long-term investments and carried at a cost of \$5,020,000 (2000: \$5,683,000). The carrying values and fair values of the long term quoted equity investments are \$Nil (2000: \$Nil) and \$1,000 (2000: \$13,000) respectively. The expected cash flow from the unquoted investments are believed to be in excess of their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

29 SEGMENT INFORMATION

The Group is organised into six main business segments:

1. Engineering and Construction
2. Manufacturing and Equipment
3. Healthcare Services
4. Trading and Distribution
5. Information Technology
6. Property

Other operations of the Group comprise investment management and corporate activities, neither of which constitutes a separately reportable segment.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Sales revenue is based on geographical location of its customers.

The following tables present revenue and profit information regarding industry segments for the years ended 31 December 2001 and 2000 and certain asset and liability information regarding industry segments at 31 December 2001 and 2000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

29 SEGMENT INFORMATION (continued)

BUSINESS SEGMENTS

	ENGINEERING AND CONSTRUCTION \$000	MANU- FACTURING AND EQUIPMENT \$000	HEALTH- CARE SERVICES \$000	TRADING AND DISTRI- BUTION \$000	INFOR- MATION TECH- NOLOGY \$000	PROPERTY \$000	OTHERS \$000	ELIMI- NATION \$000	GROUP \$000
YEAR ENDED 31 DECEMBER 2001									
Segment Revenue									
Sales to external									
customers	180,181	20,517	82,193	116,691	1,724	40,221	142	—	441,669
Inter-segment sales	748	208	1,380	—	—	1,612	1,017	(4,965)	—
Total revenue	180,929	20,725	83,573	116,691	1,724	41,833	1,159	(4,965)	441,669
Segment result	11,667	(2,715)	2,606	3,077	(3,319)	29,000	(6,223)	—	34,093
Finance costs									(14,180)
Finance income									2,145
Share of results of associated companies									(1,643)
Profit before tax									20,415
Tax									(5,745)
Minority interest									(604)
Net profit									14,066
Segment assets	132,313	29,586	45,424	42,727	1,276	693,065	13,727	—	958,118
Investment in associated companies	—	—	—	—	—	—	152,445	—	152,445
Total assets	132,313	29,586	45,424	42,727	1,276	693,065	166,172	—	1,110,563
Segment liabilities	69,799	7,401	13,374	3,540	250	12,340	2,995	—	109,699
Unallocated liabilities									331,129
Total liabilities									440,828
OTHER SEGMENT INFORMATION									
Capital expenditure	614	2,959	1,075	60	470	2,493	538	—	8,209
Depreciation	675	3,686	1,814	206	98	876	384	—	7,739
Amortisation	—	—	119	—	242	—	—	—	361

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

29 SEGMENT INFORMATION (continued)

BUSINESS SEGMENTS (continued)

	ENGINEERING AND CONSTRUCTION \$000	MANU- FACTURING AND EQUIPMENT \$000	HEALTH- CARE SERVICES \$000	TRADING AND DISTRI- BUTION \$000	INFOR- MATION TECH- NOLOGY \$000	PROPERTY \$000	OTHERS \$000	ELIMI- NATION \$000	GROUP \$000
YEAR ENDED 31 DECEMBER 2000									
Segment Revenue									
Sales to external									
customers	124,849	20,588	96,972	118,078	530	35,896	48	—	396,961
Inter-segment sales	5,552	178	865	—	—	1,638	874	(9,107)	—
Total revenue	130,401	20,766	97,837	118,078	530	37,534	922	(9,107)	396,961
Segment result	7,076	(1,124)	3,862	1,377	(280)	24,175	1,868	—	36,954
Finance costs									(17,001)
Finance income									3,161
Share of results of									
associated companies									2,426
Profit before tax									25,540
Tax									(5,617)
Minority interest									(6,289)
Net profit									13,634
Segment assets	110,344	31,264	48,245	45,805	2,515	780,702	31,495	—	1,050,370
Investment in									
associated companies	—	—	—	—	—	—	142,209	—	142,209
Total assets	110,344	31,264	48,245	45,805	2,515	780,702	173,704	—	1,192,579
Segment liabilities	62,432	8,016	12,421	7,615	81	13,476	2,932	—	106,973
Unallocated liabilities									337,279
Total liabilities									444,252
OTHER SEGMENT INFORMATION									
Capital expenditure	274	4,606	1,303	248	3	13,299	440	—	20,173
Depreciation	584	3,535	2,003	255	14	328	909	—	7,628
Amortisation	—	—	115	—	—	—	—	—	115

29 SEGMENT INFORMATION *(continued)*

GEOGRAPHICAL SEGMENTS

The following table presents revenue and expenditure information regarding geographical segments for the years ended 31 December 2001 and 2000 and certain asset information regarding geographical segments at 31 December 2001 and 2000.

	SINGAPORE \$000	OTHER ASIAN COUNTRIES \$000	ELIMINATION \$000	GROUP \$000
YEAR ENDED 31 DECEMBER 2001				
SEGMENT REVENUE				
Sales to external customers	218,253	223,416	—	441,669
Inter-segment sales	4,965	—	(4,965)	—
Total revenue	223,218	223,416	(4,965)	441,669
OTHER GEOGRAPHICAL INFORMATION:				
Segment assets	837,550	120,568	—	958,118
Capital expenditure	7,162	1,047	—	8,209
YEAR ENDED 31 DECEMBER 2000				
SEGMENT REVENUE				
Sales to external customers	204,749	192,212	—	396,961
Inter-segment sales	9,102	5	(9,107)	—
Total revenue	213,851	192,217	(9,107)	396,961
OTHER GEOGRAPHICAL INFORMATION:				
Segment assets	991,655	58,715	—	1,050,370
Capital expenditure	19,537	636	—	20,173

30 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

In particular, some of the comparatives have been adjusted or extended to take into account the requirements of the following new or revised Singapore Statements of Accounting Standard (SAS) that came into effect in 2001:

SAS 17 (2001): Employee Benefits

SAS 22 (2000): Business Combinations

SAS 31 (2000): Provisions, Contingent Liabilities and Contingent Assets

SAS 34 (2000): Intangible Assets

INFORMATION ON PREFERENCE SHAREHOLDERS AND ORDINARY STOCKHOLDERS

AS AT 3RD APRIL 2002

AUTHORISED CAPITAL

875,000 7½ per cent Cumulative Preference Shares of \$1.00 each	\$ 875,000
499,125,000 Ordinary Shares of \$1.00 each	499,125,000

ISSUED AND FULLY PAID-UP CAPITAL

875,000 7½ per cent Cumulative Preference Shares of \$1.00 each	\$ 875,000
205,724,912 Ordinary Shares of \$1.00 each converted into Stock Units	205,724,912

VOTING RIGHTS

Preference Share - One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each share held by every member present in person or by proxy or attorney.

Ordinary Stock - One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each \$1 stock unit held by every member present in person or by proxy or attorney.

SIZE OF HOLDING	NUMBER OF HOLDERS			
	PREFERENCE		ORDINARY	
	SHARES	%	STOCK	%
1 – 1,000	19	50.00	497	8.51
1,001 – 10,000	10	26.32	4,068	69.65
10,001 – 1,000,000	9	23.68	1,260	21.57
1,000,001 and above	-	-	16	0.27
	38	100.00	5,841	100.00

SUBSTANTIAL PREFERENCE SHAREHOLDERS AND ORDINARY STOCKHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	PREFERENCE		ORDINARY	
	SHARES	%	STOCK	%
* Oversea-Chinese Banking Corporation Limited	9,500	1.08	-	-
The Great Eastern Life Assurance Company Limited	580,160	66.30	30,731,916	14.94
The Straits Trading Company Limited	-	-	26,609,240	12.93
WBL Corporation Limited	-	-	21,712,000	10.55
** Kambau Pte Ltd	69,000	7.88	-	-

* Also deemed to have an interest in :-

- (1) 615,300 preference shares, of which 580,160 preference shares were held by The Great Eastern Life Assurance Company Limited. 23,500 preference shares were held by Oversea-Chinese Bank Nominees Pte Ltd and 11,640 preference shares were held by The Overseas Assurance Corporation Limited.
- (2) 43,880,456 ordinary stocks, of which 30,731,916 ordinary stocks were held by The Great Eastern Life Assurance Company Limited, 6,935,394 ordinary stocks were held by Oversea-Chinese Bank Nominees Pte Ltd and 6,213,146 ordinary stocks were held by The Overseas Assurance Corporation Limited.

** Tecity Management Pte Ltd and The Tan Foundation are deemed to be interested in the preference shares held by Kambau Pte Ltd.

INFORMATION ON PREFERENCE SHAREHOLDERS AND ORDINARY STOCKHOLDERS

AS AT 3RD APRIL 2002

TEN LARGEST PREFERENCE SHAREHOLDERS

		NUMBER OF SHARES HELD	%
1.	The Great Eastern Life Assurance Company Limited	580,160	66.30
2.	Kambau Pte Ltd	69,000	7.89
3.	Kim Eng Ong Asia Secs Pte Ltd	45,350	5.18
4.	The Shaw Foundation Pte Ltd	40,000	4.57
5.	Oversea-Chinese Bank Nominees Pte Ltd	23,500	2.69
6.	William Tan Cheng Ju	18,420	2.10
7.	Ng Lee Kiang	13,000	1.49
8.	The Overseas Assurance Corporation Ltd – S'pore Life Insurance Fund	11,640	1.33
9.	Ng Ing Liang	11,000	1.26
10.	Hatim Fidahusein Nakhoda	9,640	1.10
		821,710	93.91

TWENTY LARGEST ORDINARY STOCKHOLDERS

		NUMBER OF STOCK UNITS HELD	%
1.	The Great Eastern Life Assurance Company Limited	30,731,916	14.94
2.	The Straits Trading Company Limited	26,609,240	12.93
3.	WBL Corporation Limited	21,712,000	10.55
4.	Oversea-Chinese Bank Nominees Pte Ltd	11,083,788	5.39
5.	DBS Nominees Pte Ltd	9,276,534	4.51
6.	United Overseas Bank Nominees Pte Ltd	8,338,705	4.05
7.	The Overseas Assurance Corporation Ltd	6,214,479	3.02
8.	First Capital Investment Ltd	4,209,000	2.05
9.	Citibank Nominees Singapore Pte Ltd	3,717,462	1.81
10.	Capital Intelligence Limited	3,103,000	1.51
11.	Singapore Investments Pte Ltd	2,656,554	1.29
12.	Kota Trading Company Sendirian Berhad	2,579,432	1.25
13.	Overseas Union Bank Nominees Pte Ltd	2,522,710	1.23
14.	Lee Foundation	2,174,597	1.06
15.	Tropical Produce Company Pte Ltd	1,713,557	0.83
16.	Selected Holdings Pte Ltd	1,237,666	0.60
17.	Cheong Soh Chin Julie	957,333	0.47
18.	OCBC Securities Private Ltd	846,332	0.41
19.	City Developments Realty Limited	673,333	0.33
20.	HSBC (Singapore) Nominees Pte Ltd	665,907	0.32
		141,023,545	68.55

INTERESTS OF THE DIRECTORS

INTERESTS OF THE DIRECTORS IN THE SHARE CAPITAL OF THE COMPANY AND ITS SUBSIDIARY COMPANIES AS AT 21 JANUARY 2002.

As at 21 January 2002, the details of the Directors' interests in the share capital of the Company and its subsidiary companies remained the same as those set out on earlier pages.

MAJOR PROPERTIES

MAJOR PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2001.

TYPE OF PROPERTY	ADDRESS	TENURE OF LAND	LAND AREA
1. Office/Commercial/Residential Development known as <i>UE Square</i>	81 & 83 Clemenceau Avenue Singapore	929 years leasehold from 1-1-1953	355,023 sq.ft (32,982 sq.m)
2. Office/Workshop/Warehouse	257 Jalan Ahmad Ibrahim Singapore	30 years leasehold from 1-2-1980	294,773 sq.ft (27,395 sq.m)
3. Warehouse Complex known as <i>UE Tech Park</i>	8 & 10 Pandan Crescent Singapore	92 years 8 months leasehold from 1-10-1975	348,497 sq.ft (32,376 sq.m)
4. Residential Studio Apartments and townhouses known as <i>Park Avenue Residences</i>	78 - 86 Kim Yam Road Singapore	99 years leasehold from 12-12-1996	12,906 sq.ft (1,199 sq.m)
5. 4 adjoining shophouses developed into an eatery-cum-commercial offices	206 - 212 South Bridge Road Singapore	999 years leasehold from 1-10-1877	5,242 sq.ft (487 sq.m)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-Eighth Annual General Meeting of the Company will be held at 81A Clemenceau Avenue, 5th Storey, Park Avenue Suites, UE Square, Singapore 239918, on Tuesday, 28 May 2002 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Reports of the Directors and of the Auditors and the Audited Accounts for the year ended 31 December 2001.
2. To declare dividends on the Preference Shares and Ordinary Stocks as recommended by the Directors.
3. To re-elect Mr Lai Teck Poh, a Director retiring under Article 99 of the Articles of Association of the Company.
4. To re-elect Dr Michael Lim Chun Leng, a Director retiring under Article 99 of the Articles of Association of the Company.
Note : Dr Lim, if re-elected, will remain as an Audit Committee member, and will be considered an independent director.
5. To consider, and if thought fit, to pass the following resolution :
"That pursuant to Section 153(6) of the Companies Act, Cap. 50 Mr Tang I-Fang be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting."
6. To approve Directors' Fees of \$159,000 (2000:\$156,500).
7. To appoint Auditors and to authorise the Directors to fix their remuneration.
8. To transact any other ordinary business of which due notice shall have been given.

SPECIAL BUSINESS

9. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions :
"That
 - (a) Pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to members of the Company does not exceed 20% of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and

NOTICE OF ANNUAL GENERAL MEETING

(b) contingent upon any of the shares in the Company being issued and being credited as fully paid, the same be and shall hereby be converted into stock units transferable in amounts and multiples of \$1.00 each.”

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the United Engineers Executives’ Share Option Scheme (“ESOS”), provided that the aggregate number of ordinary shares to be issued pursuant to the ESOS does not exceed 5% of the issued ordinary share capital of the Company from time to time; and that contingent upon any of the ordinary shares in the Company being issued and being credited as fully paid, the same be and shall thereby be converted into stock units transferable in amounts and multiples of \$1.00.”

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“That authority be and is hereby given to the Directors to offer and grant options pursuant to the United Engineers Share Option Scheme 2000 (the “Scheme 2000”) and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme 2000, provided that the aggregate number of ordinary shares to be issued pursuant to the Scheme 2000 shall not exceed 10% of the issued ordinary share capital of the Company from time to time; and that contingent upon any of the ordinary shares in the Company being issued and being credited as fully paid, the same be and shall thereby be converted into stock units transferable in amounts and multiples of \$1.00.”

By Order of the Board

Miss Eileen Lim
Group Company Secretary

Singapore
3 May 2002

Note: A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. Proxies must be lodged at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.



(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

- For investors who have used their **CPF monies** to buy **United Engineers Limited** shares, the **Annual Report** is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
- This Proxy Form is **not valid for use by CPF investors** and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, (Name) _____

of (Address) _____

being a member/members of UNITED ENGINEERS LIMITED hereby appoint:

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on 28 May 2002 at 11.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	RESOLUTION	FOR	AGAINST
1.	Adoption of Reports and Accounts		
2. (a)	Declaration of Dividends on Preference Shares		
(b)	Declaration of Dividends on Ordinary Stocks		
3.	Re-election of Mr Lai Teck Poh under Article 99 of the Articles of Association of the Company		
4.	Re-election of Dr Michael Lim Chun Leng under Article 99 of the Articles of Association of the Company		
5.	Re-appointment of Mr Tang I-Fang as a Director pursuant to Section 153(6) of the Companies Act, Cap.50		
6.	Approval of Directors' Fees		
7.	Appointment of Auditors		
8.	Any other ordinary Business		
9.	Authority to issue shares pursuant to Section 161 of the Companies Act, and to convert issued fully paid ordinary shares into stock units in the capital of the Company		
10.	Authority to issue shares under the United Engineers Executives' Share Option Scheme, and to convert the issued fully paid shares into stock units in the capital of the Company		
11.	Authority to issue shares under the United Engineers Share Option Scheme 2000, and to convert the issued fully paid shares into stock units in the capital of the Company		

Dated this _____ day of _____ 2002.

Number of Stock Units Held	
----------------------------	--

Number of Preference Shares held	
----------------------------------	--

Signature(s) of Member(s) / Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. Please insert the total number of ordinary stock units/preference shares held by you. If you have ordinary stock units/preference shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number. If you have ordinary stock units/preference shares registered in your name in the Register of Members of the Company, you should insert that number. If you have ordinary stock units/preference shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary stock units/preference shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 83 Clemenceau Avenue, #18-01 UE Square, Singapore 239920 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of ordinary stock units/preference shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have ordinary stock units/preference shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.