

CIRCULAR DATED 11 APRIL 2018

THIS CIRCULAR IS ISSUED BY UNITED ENGINEERS LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your issued ordinary stock units and/or preference shares in the capital of the Company, you should forward this Circular together with the Annual Report, Notice of Annual General Meeting and the attached Proxy Form immediately to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



UNITED ENGINEERS LIMITED

(Company Registration No. 191200018G)
(Incorporated in Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	24 April 2018 at 2.30 p.m.
Date and time of Annual General Meeting	:	26 April 2018 at 2.30 p.m.
Place of Annual General Meeting	:	UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016

CONTENTS

DEFINITIONS.....	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION.....	6
2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE.....	6
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	19
4. DIRECTORS' RECOMMENDATIONS	21
5. AGM	21
6. ACTION TO BE TAKEN BY SHAREHOLDERS.....	21
7. DIRECTORS' RESPONSIBILITY STATEMENT	21
8. DOCUMENTS AVAILABLE FOR INSPECTION	21

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “ACRA”** : The Accounting and Corporate Regulatory Authority of Singapore
- “Act” or “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
- “AGM”** : The annual general meeting of the Company
- “Annual Report”** : The annual report of the Company for the financial year ended 31 December 2017
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” or “Board of Directors”** : The board of directors of the Company, as at the date of this Circular
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 11 April 2018
- “Company”** : United Engineers Limited
- “Controlling Shareholder”** : A person who: -
- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the company; or
 - (b) in fact exercises control over a company
- “Constitution”** : The Constitution of the Company
- “Director”** : A director of the Company, as at the date of this Circular
- “EPS”** : Earnings per Share

“FY”	: Financial year ended or ending 31 December, as the case may be
“Group”	: The Company and its subsidiaries
“Latest Practicable Date”	: 28 March 2018, being the latest practicable date prior to the printing of this Circular
“Listing Rules”	: The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Notice of AGM”	: The notice of the AGM which is enclosed with the Annual Report
“NTA”	: Net tangible assets
“Preference Shares”	: Issued and paid-up preference shares in the capital of the Company
“Proxy Form”	: The proxy form in respect of the AGM which is enclosed with the Annual Report
“Securities Account”	: Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Buyback Mandate”	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Rules
“Shareholder(s)”	: Registered holder(s) of Shares and Preference Shares, except that where the registered holder is CDP, the term “Shareholder(s)” in relation to Shares and Preference Shares held by CDP shall mean the person(s) named as Depositors in the Depository Register maintained by CDP and to whose Securities Account(s) such Shares and Preference Shares are credited
“Shares”	: Ordinary stock units in the capital of the Company
“SIC”	: Securities Industry Council of Singapore
“subsidiary holdings”	: Has the meaning ascribed to it in the Act
“Substantial Shareholder”	: A person who has an interest in the voting shares (excluding Treasury Shares and subsidiary holdings) in the Company, and the total votes attached to that share, or those shares, represent not less than 5% of all the voting shares
“Take-over Code”	: The Singapore Code on Take-overs and Mergers

“Treasury Shares”	:	Has the meaning ascribed to it in Section 4 of the Companies Act
“S\$”, “SGD” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository”**, **“Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

UNITED ENGINEERS LIMITED

(Company Registration No. 191200018G)
(Incorporated in Singapore)

Directors :

Mr Zhong Sheng Jian (Executive Chairman and Non-Independent and Executive Director)
Mr Teo Ser Luck (Lead Independent and Non-Executive Director)
Mr Lee Suan Hiang (Independent and Non-Executive Director)
Mr David Wong Cheong Fook (Independent and Non-Executive Director)
Mr Pua Seck Guan (Non-Independent and Non-Executive Director)
Mr Tan Chee Keong Roy (Group Managing Director and Non-Independent and Executive Director)

Registered Office :

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

11 April 2018

To: The Shareholders of United Engineers Limited

Dear Sir / Madam,

THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1 AGM.** The Directors intend to seek Shareholders' approval for the proposed adoption of the Share Buyback Mandate at the AGM to be held on 26 April 2018. The proposed adoption of the Share Buyback Mandate is set out as an ordinary resolution in the Notice of AGM accompanying the Annual Report.
- 1.2 Circular to Shareholders.** The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the abovementioned proposed adoption of the Share Buyback Mandate at the AGM.

2. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

- 2.1 Introduction.** The Board is proposing to seek Shareholders' approval at the AGM for the proposed adoption of the Share Buyback Mandate.

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Rules, the Constitution and such other laws and regulations as may for the time being be applicable.

It is a requirement under the Listing Rules and the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. Accordingly, approval is being sought from Shareholders at the AGM for the Share Buyback Mandate.

- 2.2 Rationale for the Share Buyback Mandate.** The approval of the Share Buyback Mandate will give the Company flexibility to undertake purchases or acquisitions of its own Shares subject to the terms and limits described in Section 2.3 of this Circular.

The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. Shares purchased pursuant to the Share Buyback Mandate will either be cancelled or held as Treasury Shares as may be determined by the Directors. This will provide the Directors with greater flexibility over the Company's share capital structure, *inter alia*, with a view to enhancing the earnings and/or NTA value per Share or to maintain a pool of Shares to be deployed for future purposes as deemed appropriate by the Directors.

The Directors further believe that share buybacks by the Company will help to mitigate short term share price volatility or trading trends which, in the reasonable opinion of the Company, are not otherwise caused by general market factors or sentiments and/or the fundamentals of the Company and offset the effects of short-term speculation (as and when they may occur), and bolster Shareholder confidence.

If and when circumstances permit, the Directors will decide whether to effect the share buybacks via Market Purchases (as defined in Section 2.3.3(a) below) or Off-Market Purchases (as defined in Section 2.3.3(b) below), after taking into account, *inter alia*, the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach.

As at the Latest Practicable Date, the Company does not have the intention to undertake share buybacks of Preference Shares.

2.3 Terms of the Share Buyback Mandate. The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buyback Mandate is limited to the number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the approval of the Share Buyback Mandate (the "**Approval Date**"). Any Shares which are held as Treasury Shares or subsidiary holdings as at the Approval Date will be excluded for the purposes of computing the aforementioned 10% limit.

For illustrative purposes only, on the basis of 615,808,399 Shares in issue (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the Approval Date, the purchase by the Company of up to the maximum limit of 10% of its issued Shares (excluding subsidiary holdings and nil Treasury Shares) will result in the purchase of 61,580,839 Shares.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earliest of:

- (a) the date on which the next AGM is held or required by law to be held, whichever is the earlier;
- (b) the date on which the purchases or acquisition of Shares pursuant to the Share Buyback Mandate are carried out to the full extent authorised under the Share Buyback Mandate; or
- (c) the effective date on which the authority conferred in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed by Shareholders in the next AGM or other general meetings of the Company.

When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.3.3 Manner of purchase or acquisition

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (“**Off-Market Purchase**”), otherwise than on a securities exchange, in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed share buyback;
- (d) the consequences, if any, of share buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the share buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;

- (f) details of any share buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Source of Funds for Share Buyback. In purchasing Shares pursuant to the Share Buyback Mandate, the Company may only apply funds legally available for such purchases as is provided in the Constitution and in accordance with the applicable laws in Singapore.

The Companies Act permits the Company to purchase or acquire its Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act). For this purpose, pursuant to the Section 76F(4) of the Companies Act, a company is solvent if:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if:
 - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

- (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due within the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds to finance any purchase or acquisition of its Shares under the Share Buyback Mandate. To effect the purchase of Shares pursuant to the Share Buyback Mandate, the Directors will consider, *inter alia*, the availability of internal resources and the rationale for the purchase or acquisition of Shares.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company. The purchase or acquisition of Shares pursuant to the Share Buyback Mandate will only be undertaken if, in the reasonable opinion of the Directors, it can benefit the Company, the Group and Shareholders.

2.5 Status of purchased Shares under the Share Buyback Mandate. A Share purchased or acquired by the Company, unless held as a Treasury Share in accordance with the Companies Act, is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation). Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

2.6 Treasury Shares. A company incorporated in Singapore may also hold any share which is purchased by such company as a Treasury Share.

2.6.1 Maximum Holdings

Under the Companies Act, the numbers of shares of a company held as Treasury Shares cannot at any time exceed 10% of the total number of its issued shares.

2.6.2 Voting and other rights

If a company holds shares as Treasury Shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. Further, a subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller number is allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

2.6.3 Disposal and cancellation

A public company that acquires its own shares to be held as Treasury Shares may:

- (a) hold all or any of the Treasury Shares;
- (b) sell all or any of the Treasury Shares for cash;
- (c) cancel all or any of the Treasury Shares;
- (d) transfer the Treasury Shares for the purposes of or pursuant to any share scheme, whether it's for employees, directors or any other persons; or
- (e) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person.

In accordance with the requirements in the Listing Rules, the Company shall make periodic announcements containing the following information in the event of any sale, transfer, cancellation and/or use of Treasury Shares:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) the number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) the percentage of the number of Treasury Shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) the value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.7 Financial Effects. The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, the number of Shares purchased or acquired and the price paid for such Shares and the manner in which the purchase is funded.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profit so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including expenses (such as brokerage or commission) incurred directly in such purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Group, based on the audited consolidated financial statements of the Group for FY2017, are based on the assumptions set out below:

2.7.1 Number of Shares purchased or acquired

Based on the issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of 10% of the total number of its issued Shares (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) will result in the purchase or acquisition of 61,580,839 Shares.

2.7.2 Maximum price paid for Shares purchased or acquired

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 61,580,839 Shares at the Maximum Price of S\$2.74 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 61,580,839 Shares is approximately S\$168.7 million.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 61,580,839 Shares at the Maximum Price of S\$2.87 for one (1) Share (being the price equivalent to 10% above the average of the closing market prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 61,580,839 Shares is approximately S\$176.7 million.

On the basis of the assumptions set out above and the following:

- (a) purchases of Shares are made to the extent as aforesaid;
- (b) there were no expenses incurred directly in such purchases of Shares; and
- (c) the purchases of Shares took place on 1 January 2017,

the financial effects on the audited consolidated financial statements of the Group for FY2017 pursuant to the Share Buyback Mandate:

- (i) by way of purchases made entirely out of capital and held as Treasury Shares; and
- (ii) by way of purchases made entirely out of capital and cancelled,

would have been as follows:

Scenario 1 - Purchases made entirely out of capital and held as Treasury Shares

	Group			
	In the case of a Market Purchase		In the case of an Off-Market Purchase	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
As at 31 December 2017				
Share capital	808,030	808,030	808,030	808,030
Treasury Shares and subsidiary holdings	(62,313)	(231,045)	(62,313)	(239,050)
Retained earnings	1,190,312	1,190,312	1,190,312	1,190,312
Other reserves	(34,595)	(34,595)	(34,595)	(34,595)
Shareholders' equity	1,901,434	1,732,702	1,901,434	1,724,697
NTA	1,901,434	1,732,702	1,901,434	1,724,697
Current assets	1,069,334	900,602	1,069,334	892,597
Current liabilities	287,698	287,698	287,698	287,698
Total borrowings	831,021	831,021	831,021	831,021
Cash & cash equivalents	384,711	215,979	384,711	207,974
Profit attributable to Shareholders	89,573	89,573	89,573	89,573
Treasury Shares ('000)	—	61,581	—	61,581
Subsidiary holdings ('000)	21,712	21,712	21,712	21,712
Number of issued Shares (excluding subsidiary holdings and Treasury Shares) ('000)	615,808	554,227	615,808	554,227
Financial Ratios				
NTA per share (cents) ⁽¹⁾	3.09	3.13	3.09	3.11
Gearing (%) ⁽²⁾	44%	48%	44%	48%
Current ratio (times) ⁽³⁾	3.72	3.13	3.72	3.10
Basic EPS (cents) ⁽⁴⁾	14.0	15.5	14.0	15.5

Notes:

- (1) NTA per Share equals NTA divided by the number of issued Shares (excluding subsidiary holdings and Treasury Shares) outstanding as at 31 December 2017.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

Scenario 2 - Purchases made entirely out of capital and cancelled

As at 31 December 2017	Group			
	In the case of a Market Purchase		In the case of an Off-Market Purchase	
	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)	Before Share Purchase (S\$'000)	After Share Purchase (S\$'000)
Share capital	808,030	639,298	808,030	631,293
Treasury Shares and subsidiary holdings	(62,313)	(62,313)	(62,313)	(62,313)
Retained earnings	1,190,312	1,190,312	1,190,312	1,190,312
Other reserves	(34,595)	(34,595)	(34,595)	(34,595)
Shareholders' equity	1,901,434	1,732,702	1,901,434	1,724,697
NTA	1,901,434	1,732,702	1,901,434	1,724,697
Current assets	1,069,334	900,602	1,069,334	892,597
Current liabilities	287,698	287,698	287,698	287,698
Total borrowings	831,021	831,021	831,021	831,021
Cash & cash equivalents	384,711	215,979	384,711	207,974
Profit attributable to Shareholders	89,573	89,573	89,573	89,573
Treasury Shares ('000)	—	—	—	—
Subsidiary holdings ('000)	21,712	21,712	21,712	21,712
Number of issued Shares (excluding subsidiary holdings and Treasury Shares) ('000)	615,808	554,227	615,808	554,227
Financial Ratios				
NTA per share (cents) ⁽¹⁾	3.09	3.13	3.09	3.11
Gearing (%) ⁽²⁾	44%	48%	44%	48%
Current ratio (times) ⁽³⁾	3.72	3.13	3.72	3.10
Basic EPS (cents) ⁽⁴⁾	14.0	15.5	14.0	15.5

Notes:

- (1) NTA per Share equals NTA divided by the number of issued Shares (excluding subsidiary holdings and Treasury Shares) outstanding as at 31 December 2017.
- (2) Gearing equal total borrowings divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) EPS is computed based on profit attributable to Shareholders divided by the weighted average number of Shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements for FY2017 and is not necessarily representative of future financial performance.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, market conditions and the performance of the Shares) in assessing the relative impact of a share buyback before execution.

Purchases of Shares by the Company pursuant to the Share Buyback Mandate will only be made in circumstances where it is considered to be in the best interests of the Company and the Group. It should be noted that purchases pursuant to the Share Buyback Mandate may not be carried out to the full 10% as mandated. Further, the Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the financial condition or working capital requirements of the Company and the Group or the gearing levels which, in the opinion of the Directors, are, from time to time, appropriate for the Company and the Group.

2.8 Listing Rules. The Listing Rules specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 of the Listing Rules) must include the details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as Treasury Shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding Treasury Shares and subsidiary holdings after the purchase, the number of Treasury Shares held after the purchase and the number of subsidiary holdings after the purchase.

While the Listing Rules does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company’s interim results and the annual (full-year) results respectively.

The Listing Rules requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. The “public”, as defined under the Listing Rules, are persons other than (a) the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company or its Subsidiaries, and (b) the Associates of such persons named in (a).

As at the Latest Practicable Date, approximately 47.44% of the issued Shares (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) are held by public Shareholders. The Company will not carry out any share buyback unless at least 10% of its listed securities can be maintained in the hands of public Shareholders and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Take-over obligations under the Take-over Code. An increase of a Shareholder’s proportionate interest in the voting rights of the Company resulting from a share buyback by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together hold between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by its directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser (including a stockbroker), with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, with his close relatives, his related trusts, and any person who is accustomed to act in accordance with his instructions, companies controlled by any of the aforesaid persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such directors and their concert parties, being in aggregate less than 30% before such purchase or acquisition, would increase to 30% or more, or if the voting rights of such directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than 1% in any period of six (6) months; and
- (b) a shareholder who is not acting in concert with directors will not be required to make a take-over offer under Rule 14 if, as a result of the company purchasing or acquiring its shares, the voting rights of such shareholder in the company would increase to 30% or more, or if the voting rights of such directors and their concert parties fall between 30% and 50% of the company's voting rights, the voting rights of such shareholder would increase by more than 1% in any period of six (6) months. Such shareholder need not abstain from voting in respect of the resolution authorising a share buyback mandate.

2.10 Application of the Take-over Code. The shareholdings of the Directors and Substantial Shareholders as extracted from the Register of Directors' Shareholdings and the Register of Substantial Shareholders, at the Latest Practicable Date and after purchase by the Company of the maximum of 10% of the total number of its issued Shares (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) pursuant to the Share Buyback Mandate as the case may be, are as follows:

Name of Directors	Before Share Buyback				After Share Buyback				Before Share Buyback				After Share Buyback			
	Shares		Deemed Interest		Shares		Deemed Interest		Preference Shares		Deemed Interest		Preference Shares		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	Direct Interest	No. of Preference Shares	% ⁽¹⁾	No. of Preference Shares	% ⁽¹⁾	Direct Interest	No. of Preference Shares	% ⁽²⁾
Zhong Sheng Jian ⁽³⁾	-	-	214,972,906	34.91	-	-	214,972,906	38.79	-	-	-	854,993	97.71	-	854,993	97.71
David Wong Cheong Fook	10,000	n.m. ⁽⁴⁾	-	-	10,000	n.m. ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-

Notes:

- (1) The figures are based on the issued share capital of 615,808,399 Shares in issue (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares), and 875,000 Preference Shares in issue as at the Latest Practicable Date.
- (2) The figures are based on the issued share capital of the Company assuming the purchase by the Company of the maximum of 10% of the total number of its issued Shares (excluding subsidiary holdings of 21,712,000 Shares and Treasury Shares).
- (3) Mr Zhong effectively holds all the shares in Yanlord Holdings Pte. Ltd., which in turn has a controlling interest in Yanlord Land Group Limited. Yanlord Land Group Limited is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Mr Zhong is deemed to be interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (4) Not meaningful.

Name of Substantial Shareholders	Before Share Buyback				After Share Buyback				Before Share Buyback				After Share Buyback			
	Shares		Deemed Interest		Shares		Deemed Interest		Preference Shares		Deemed Interest		Preference Shares		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	Direct Interest	No. of Preference Shares	% ⁽¹⁾	Direct Interest	No. of Preference Shares	% ⁽¹⁾	Direct Interest	No. of Preference Shares
Yanlord Perennial Investment (Singapore) Pte. Ltd.	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	854,993	97.71	–	–	–
Yanlord Commercial Property Investments Pte. Ltd. ⁽³⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Yanlord Land Group Limited ⁽⁴⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Yanlord Holdings Pte. Ltd. ⁽⁵⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Perennial UW Pte. Ltd. ⁽⁶⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Perennial Singapore Investment Holdings Pte. Ltd. ⁽⁷⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Perennial Real Estate Holdings Limited ⁽⁸⁾	–	–	214,972,906	34.91	–	–	214,972,906	38.79	–	–	854,993	97.71	–	–	854,993	97.71
Oxley Holdings Limited	102,003,100	16.56	–	–	102,003,100	18.40	–	–	–	–	–	–	–	–	–	–
Ching Chiat Kwong ⁽⁹⁾	–	–	102,003,100	16.56	–	–	102,003,100	18.40	–	–	–	–	–	–	–	–
Low See Ching (Liu Shijin) ⁽¹⁰⁾	6,528,800	1.06	102,003,100	16.56	6,528,800	1.18	102,003,100	18.40	–	–	–	–	–	–	–	–

Notes:

- (1) The figures are based on the issued share capital of 615,808,399 Shares in issue (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares), and 875,000 Preference Shares in issue as at the Latest Practicable Date.
- (2) The figures are based on the issued share capital of the Company assuming the purchase by the Company of the maximum of 10% of the total number of its issued Shares (excluding subsidiary holdings of 21,712,000 Shares and Treasury Shares).
- (3) Yanlord Commercial Property Investments Pte. Ltd. has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. and pursuant to Section 4 of the SFA, is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (4) Yanlord Land Group Limited is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Yanlord Land Group Limited is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (5) Yanlord Holdings Pte. Ltd. has a controlling interest in Yanlord Land Group Limited, which is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Yanlord Holdings Pte. Ltd. is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (6) Perennial UW Pte. Ltd. has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. and pursuant to Section 4 of the SFA, is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (7) Perennial Singapore Investment Holdings Pte. Ltd. has a controlling interest in Perennial UW Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Perennial Singapore Investment Holdings Pte. Ltd. is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (8) Perennial Real Estate Holdings Limited is the holding company of Perennial Singapore Investment Holdings Pte. Ltd. Perennial Singapore Investment Holdings Pte. Ltd. has a controlling interest in Perennial UW Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Perennial Real Estate Holdings Limited is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (9) Mr Ching Chiat Kwong has a controlling interest in Oxley Holdings Limited (“OHL”) and pursuant to Section 4 of the SFA, is deemed interested in the Shares held by OHL.
- (10) Mr Low See Ching (Liu Shijin) has a controlling interest in OHL and pursuant to Section 4 of the SFA, is deemed interested in the Shares held by OHL.

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 3 of this Circular.

In the event that the Company undertakes any purchase or acquisition of Shares that causes the aggregate shareholdings and voting rights of Yanlord Perennial Investment (Singapore) Pte. Ltd. and persons presumed to be acting in concert with it under the Take-over Code (the “**Relevant Parties**”) in the Company to increase by more than 1% over any 6-month period, the Relevant Parties would be required to make a general offer for the Shares held by the other Shareholders pursuant to Rule 14.1(b) of the Take-over Code.

Shareholders should note that the Relevant Parties had made a general offer on 1 August 2017 in respect of the Shares, which lapsed on 19 September 2017. Pursuant to Rule 33.1 of the Take-over Code, except with SIC’s consent, neither the offeror, any persons who acted in concert with it in the course of the original offer nor any person who is subsequently acting concert with any of them may within 12 months from 19 September 2017 (being the date on which the original offer had lapsed):

- (a) announce an offer or possible offer for the Company; or
- (b) acquire any voting rights in the Company if the offeror or persons acting in concert with it would thereby become obliged under Rule 14 of the Take-over Code to make an offer.

Save as disclosed above, the Directors have confirmed that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholders are, or may be regarded as parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a share buyback pursuant to the Share Buyback Mandate.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

Further to the above and to the best of the Directors' knowledge, there are no persons who may incur an obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate. Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate as the case may be.

2.11 Reporting Requirements under the Companies Act. Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase of Shares on the Official List of SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including *inter alia*, the date of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

2.12 Share Purchases in the Previous 12 Months. The Company does not currently have in force a Share Buyback Mandate and accordingly has not made any share buyback in the 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors in the Shares and Preference Shares of the Company as extracted from the Register of Directors' Shareholdings are as follows:

Name of Directors	Shares				Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Preference Shares	% ⁽²⁾	No. of Preference Shares	% ⁽²⁾
Zhong Sheng Jian ⁽³⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
David Wong Cheong Fook	10,000	n.m. ⁽⁴⁾	–	–	–	–	–	–

Notes:

- (1) The figures are based on the issued share capital of 615,808,399 Shares in issue (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) as at the Latest Practicable Date.
- (2) The figures are based on the issued share capital of 875,000 Preference Shares in issue as at the Latest Practicable Date.
- (3) Mr Zhong effectively holds all the shares in Yanlord Holdings Pte. Ltd., which in turn has a controlling interest in Yanlord Land Group Limited. Yanlord Land Group Limited is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Mr Zhong is deemed to be interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (4) Not meaningful.

The interests of Substantial Shareholders in the Shares and Preference Shares of the Company as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date, are as follows:

Name of Substantial Shareholders	Shares				Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Preference Shares	% ⁽²⁾	No. of Preference Shares	% ⁽²⁾
Yanlord Perennial Investment (Singapore) Pte. Ltd.	214,972,906	34.91	–	–	854,993	97.71	–	–
Yanlord Commercial Property Investments Pte. Ltd. ⁽³⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Yanlord Land Group Limited ⁽⁴⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Yanlord Holdings Pte. Ltd. ⁽⁵⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Perennial UW Pte. Ltd. ⁽⁶⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Perennial Singapore Investment Holdings Pte. Ltd. ⁽⁷⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Perennial Real Estate Holdings Limited ⁽⁸⁾	–	–	214,972,906	34.91	–	–	854,993	97.71
Oxley Holdings Limited	102,003,100	16.56	–	–	–	–	–	–
Ching Chiat Kwong ⁽⁹⁾	–	–	102,003,100	16.56	–	–	–	–
Low See Ching (Liu Shijin) ⁽¹⁰⁾	6,528,800	1.06	102,003,100	16.56	–	–	–	–

Notes:

- (1) The figures are based on the issued share capital of 615,808,399 Shares in issue (excluding subsidiary holdings of 21,712,000 Shares and nil Treasury Shares) as at the Latest Practicable Date.
- (2) The figures are based on the issued share capital of 875,000 Preference Shares in issue as at the Latest Practicable Date.
- (3) Yanlord Commercial Property Investments Pte. Ltd. has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. and pursuant to Section 4 of the SFA, is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (4) Yanlord Land Group Limited is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Yanlord Land Group Limited is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (5) Yanlord Holdings Pte. Ltd. has a controlling interest in Yanlord Land Group Limited, which is the holding company of Yanlord Commercial Property Investments Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Yanlord Holdings Pte. Ltd. is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (6) Perennial UW Pte. Ltd. has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. and pursuant to Section 4 of the SFA, is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (7) Perennial Singapore Investment Holdings Pte. Ltd. has a controlling interest in Perennial UW Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Perennial Singapore Investment Holdings Pte. Ltd. is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (8) Perennial Real Estate Holdings Limited is the holding company of Perennial Singapore Investment Holdings Pte. Ltd. Perennial Singapore Investment Holdings Pte. Ltd. has a controlling interest in Perennial UW Pte. Ltd., which in turn has a controlling interest in Yanlord Perennial Investment (Singapore) Pte. Ltd. Therefore, pursuant to Section 4 of the SFA, Perennial Real Estate Holdings Limited is deemed interested in the Shares and the Preference Shares held by Yanlord Perennial Investment (Singapore) Pte. Ltd.
- (9) Mr Ching Chiat Kwong has a controlling interest in Oxley Holdings Limited (“OHL”) and pursuant to Section 4 of the SFA, is deemed interested in the Shares held by OHL.
- (10) Mr Low See Ching (Liu Shijin) has a controlling interest in OHL and pursuant to Section 4 of the SFA, is deemed interested in the Shares held by OHL.

4. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale and benefits of the proposed adoption of the Share Buyback Mandate as set out in this Circular, are of the opinion that the proposed adoption of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Buyback Mandate.

5. AGM

The AGM, notice of which is set out on pages 148 to 152 of the Annual Report, will be held at UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on 26 April 2018 at 2.30 p.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the notice of AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to the Annual Report a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #11-02, Singapore 068898, not later than 48 hours before the time fixed for holding the AGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed adoption of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 during normal business hours from the date of this Circular up to and including the time and date of the AGM:

- (a) the FY2017 Annual Report of the Company; and
- (b) the Constitution of the Company.

Yours faithfully
for and on behalf of
the Board of Directors of
United Engineers Limited

Zhong Sheng Jian
Executive Chairman