

VOLUNTARY CONDITIONAL OFFER

by



DMG & Partners Securities Pte Ltd
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198701140E)

for and on behalf of

UNIVERSAL EC INVESTMENTS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201428273R)

to acquire all the issued and paid-up ordinary shares in the capital of

UE E&C LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201005048D)

other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees

OFFER ANNOUNCEMENT

1. INTRODUCTION

On 3 October 2014 (the "**Possible Offer Announcement Date**"), DMG & Partners Securities Pte Ltd ("**DMG**") announced, for and on behalf of Universal EC Investments Pte. Ltd. (the "**Offeror**") that, subject to the fulfilment or waiver of the Pre-Conditions (as defined in paragraph 2.1 below), the Offeror will make a voluntary conditional offer (the "**Offer**") for all the issued and paid-up ordinary shares ("**Shares**") in the capital of UE E&C Ltd. (the "**Company**"), other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the "**Offer Shares**") in accordance with Rule 15 of the Singapore Code on Takeovers and Mergers (the "**Code**") (the "**Possible Offer Announcement**").

2. PRE-CONDITIONS TO THE MAKING OF THE OFFER

2.1 The Pre-Conditions

As stated in the Possible Offer Announcement, the making of the Offer is subject to the fulfilment or waiver (at the sole discretion of the Offeror acting reasonably and in good faith) of the following conditions (the "**Pre-Conditions**"):

- (a) confirmation by the Offeror of the matters set out in Schedule 1 of the Possible Offer Announcement pursuant to the financial, legal and tax due diligence ("**Due**

Diligence") conducted by the Offeror on the Company (the "**Due Diligence Pre-Condition**"); and

- (b) the approval of the shareholders of United Engineers Limited ("**UEL**") in accordance with Chapter 10 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the proposed disposal (the "**Proposed Disposal**") of the Relevant Shares (as defined in paragraph 6.1 below) held by UEL and UES Holdings Pte. Ltd. (collectively, the "**UE Undertaking Shareholders**") to the Offeror (the "**UEL Resolution**").

2.2 Satisfaction of the Pre-Conditions

On 15 October 2014, DMG announced, for and on behalf of the Offeror, that the Due Diligence Pre-Condition has been satisfied. UEL announced today that it has obtained the approval of the shareholders of UEL for the UEL Resolution. Accordingly, the Pre-Conditions have been fulfilled as at the date of this Announcement.

Further to the satisfaction of the Pre-Conditions, DMG wishes to announce, for and on behalf of the Offeror, the Offeror's firm intention to make the Offer.

3. THE OFFER

3.1 Offer Terms

The Offeror will make the Offer subject to and upon the following principal terms and conditions:

- (a) The Offer will be made for the Offer Shares in accordance with Rule 15 of the Code and subject to the terms and conditions set out in this Announcement and the formal offer document setting out the definitive terms of the Offer (the "**Offer Document**") to be issued by DMG, for and on behalf of the Offeror, in connection with the Offer.
- (b) The Offer will be made on the following basis:

For each Offer Share: S\$1.25 in cash (the "Offer Price**").**

- (c) Pursuant to the Offer, the Offer Shares will be acquired (i) fully paid-up, (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and (iii) together with all rights, benefits and entitlements attached thereto as at the Possible Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any which may be announced, declared, paid or made thereon by the Company) on or after the Possible Offer Announcement Date.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the Possible Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by an amount equivalent to such dividend, right, other distribution or return of capital.

3.2 Conditional Offer

The Offer will be conditional upon the Offeror having received, by the closing date of the Offer (the "**Closing Date**"), valid acceptances in respect of such number of Shares which, together with the Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the Closing Date ("**Minimum Acceptance Condition**").

- 3.3 Further information on the Offer and the terms and conditions upon which the Offer will be made, shall be set out in the Offer Document to be issued by DMG for and on behalf of the Offeror.

4. INFORMATION ON THE OFFEROR, SOUTHERN CAPITAL GROUP AND THE COMPANY

4.1 The Offeror

The Offeror is an investment holding company incorporated in Singapore on 23 September 2014. As at the date of this Announcement:

- (a) the Offeror has an issued and paid-up share capital of S\$1.00, consisting of one (1) ordinary share, which is held by Union EC Investments (Cayman) Limited, an indirect wholly-owned subsidiary of Southern Capital Master Fund Limited ("**SCMF**"); and
- (b) the directors of the Offeror are Eugene Lai ("**EL**") and Jeremy Foo ("**JF**"). EL is a Managing Director and Co-Managing Partner and JF is a Vice President of the Southern Capital Group.

4.2 Southern Capital Group and SCMF

The Southern Capital Group is a private equity firm that focuses on buyouts of middle market businesses in Southeast Asia. In respect of Singapore, the Southern Capital Group has acquired various businesses, including Qualitas Medical Group Limited in 2011 and was part of the consortium which acquired Mentor Media Ltd in 2006.

SCMF is an investment fund affiliated with and advised by the Southern Capital Group.

4.3 The Company

Based on publicly available information, the Company was incorporated in Singapore on 9 March 2010 and was listed on the Mainboard of the SGX-ST on 25 February 2011. The Company is a subsidiary of UEL, which is also a company listed on the Mainboard of the SGX-ST.

According to publicly available information, the Company, its subsidiaries and associated companies (the "**UE E&C Group**") are involved in the business of providing integrated building solutions. The UE E&C Group provides integrated M&E engineering services that include high and low-voltage electrical power distribution, air-conditioning and mechanical ventilation, and fire protection, alarm and sanitary systems. For its construction business, the UE E&C Group provides a comprehensive range of services, from design and build, civil works to general construction for residential, industrial, commercial and institutional buildings as well as infrastructural works. The UE E&C Group also provides total power solutions, load testing services, rental and supply of metal forms, supply of flooring tiles, and rental and distribution of industrial equipment. In addition, the UE E&C Group also engages in public

housing through Executive Condominium (EC) projects, as well as private residential property development, through taking up minority stakes in joint ventures. The Company is headquartered in Singapore, and has overseas operations in Brunei, China, Vietnam, Indonesia and Malaysia.

5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

5.1 Rationale

- (a) **Intention to Delist and Privatisise the Company.** As set out in paragraph 8.3 below, the Offer shall be made by the Offeror with a view to delisting the Company from the Mainboard of the SGX-ST and depending on the outcome of the Offer, the Offeror intends to exercise its rights of compulsory acquisition under the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") if it is entitled to do so.
- (b) **Greater Management Flexibility.** The Offeror believes that privatisation of the Company from the Mainboard of the SGX-ST will give more flexibility in managing the business of the UE E&C Group and optimise the use of the UE E&C Group's management and capital resources.

5.2 Offeror's Intentions in relation to the Company

The Offeror currently has no intention to introduce any major changes to the existing business of the Company, employment of the employees of the Company, or to re-deploy any of the fixed assets of the Company, other than in the ordinary course of business.

6. THE UNDERTAKINGS

6.1 Irrevocable Undertakings

As stated in the Possible Offer Announcement and in the announcement issued by DMG, for and on behalf of the Offeror, on 20 November 2014, each of the UE Undertaking Shareholders and Mr. Chua Hock Tong (an Executive Director and the Chief Executive Officer of the Company) (collectively, the "**Undertaking Shareholders**") has provided an Irrevocable Undertaking (collectively, the "**Irrevocable Undertakings**") to the Offeror on, *inter alia*, the following terms:

- (a) the Undertaking Shareholder shall accept the Offer (including any revised or improved offer by or on behalf of the Offeror) in respect of (i) the Shares held by such Undertaking Shareholder as at the date of its or his Irrevocable Undertaking and (ii) any additional Shares that such Undertaking Shareholder may acquire, or which may be issued to such Undertaking Shareholder, after the date of its or his Irrevocable Undertaking (collectively, the "**Relevant Shares**");
- (b) during the period commencing on the date of the Irrevocable Undertaking and ending on the Closing Date (or such other date as may be mutually agreed by the parties to the Irrevocable Undertaking):
 - (i) the Undertaking Shareholder shall not accept any other offer from any party other than the Offeror or a party approved in writing by the Offeror for all or any of the Relevant Shares held by such Undertaking Shareholder, whether or not such offer is at a higher price than the Offer Price and/or on more favourable terms than under the Offer;

- (ii) the Undertaking Shareholder shall not, and shall not authorise any person to, directly or indirectly, participate in, initiate, solicit, entertain, assist or encourage any negotiations or discussions, or negotiate, discuss, entertain, assist, recommend, vote or agree to vote for (where applicable) or participate in (including, without limitation, accepting any tender offer), any proposal with any person or entity (other than the Offeror and its advisers), relating to or concerning any competing proposal or any transaction similar to, or having the same effect as, the Offer; and
- (iii) the Undertaking Shareholder shall notify the Offeror immediately should it or he (as the case may be) become aware of any negotiations or discussions or of any approach or attempt to initiate any negotiations or discussions, or of any intention to make such an approach or attempt to initiate any negotiations or discussions, in respect of any competing proposal.

As at the date of this Announcement, the Undertaking Shareholders hold in aggregate 200,000,000 Shares, representing approximately 74.1% of the total issued Shares¹. Upon receipt by the Offeror of the acceptances from all the Undertaking Shareholders in respect of their Relevant Shares pursuant to the terms of their respective Irrevocable Undertakings, the Minimum Acceptance Condition as described in paragraph 3.2 above will be satisfied.

6.2 Duration of the Irrevocable Undertakings

According to the terms of the Irrevocable Undertakings provided by the Undertaking Shareholders, the Irrevocable Undertakings shall lapse if, *inter alia*:

- (a) the Offer is withdrawn or lapses; or
- (b) the Offeror fails to despatch the Offer Document on or before the date falling 21 days after the date of this Announcement, or such other date as may be mutually agreed in writing by the Offeror and the Undertaking Shareholders, subject to the consent of the SIC and the requirements of the Code.

6.3 Save for the Irrevocable Undertakings, as at the date of this Announcement, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertakings from any other party to accept or reject the Offer.

6.4 As stated in the Possible Offer Announcement, the Offeror has undertaken to each UE Undertaking Shareholder that the Offeror will not sell or transfer the Relevant Shares obtained from the UE Undertaking Shareholders (or any interest therein) at a price above the Offer Price for each Relevant Share before the date falling 12 months after the date of this Announcement, save for the creation of security interest over the Relevant Shares in connection with financing arrangements.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premium over / discount to the historical transacted prices of the Shares on the SGX-ST:

¹ Based on the results of the instant information search of the Company conducted with the Accounting and Corporate Regulatory Authority as at the date of this Announcement, the total number of issued Shares is 270,000,000.

Description	Share Price (S\$) ⁽¹⁾	Premium over / (Discount to) Share Price (%)
Last transacted price per Share on 30 September 2014 (being the last day of trading in the Shares on the SGX-ST immediately prior to the date of the Possible Offer Announcement (" Last Trading Day "))	1.28	(2.3)
Volume weighted average price (" VWAP ") per Share for the one (1)-month period up to and including the Last Trading Day	1.22	2.7
VWAP per Share for the six (6)-month period up to and including the Last Trading Day	1.29	(2.9)
VWAP per Share for the twelve (12)-month period up to and including the Last Trading Day	1.17	6.9
VWAP per Share for the eighteen (18)-month period up to and including the Last Trading Day	0.97	28.5

Note:

(1) Source: Bloomberg L.P.

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares), thus causing the percentage of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the Closing Date.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer at a price equal to the Offer Price.

8.3 Offeror's Intentions

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. **Accordingly, the Offeror if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares) are held in public hands.** In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the Mainboard of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

9. CONFIRMATION OF FINANCIAL RESOURCES

DMG, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price.

10. OFFER DOCUMENT

Full details of the Offer will be contained in the Offer Document (containing the terms and conditions of the Offer and enclosing the relevant acceptance forms) to be despatched to the Shareholders not earlier than 14 days and not later than 21 days from the date of this Announcement.

In the meantime, Shareholders are advised to exercise caution when trading in their Shares, pending receipt of the Offer Document.

11. DISCLOSURES

11.1 As at the date of this Announcement, none of the Offeror, DMG and any of the parties acting or deemed to be acting in concert with the Offeror:

- (a) owns, controls or has agreed (other than pursuant to the Irrevocable Undertakings) to acquire any:
 - (i) Shares;
 - (ii) securities which carry voting rights in the Company; or
 - (iii) convertible securities, warrants, options and derivatives in respect of the Shares or securities which carry voting rights in the Company,(collectively, the "**Relevant Securities**");
- (b) has received any irrevocable undertaking to accept or reject the Offer, save for the Irrevocable Undertakings;
- (c) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Offer, save for the Irrevocable Undertakings; and

(d) has, in respect of any Relevant Securities:

- (i) granted any security interest to another person, whether through a charge, pledge or otherwise;
- (ii) borrowed from another person (excluding borrowed securities which have been on-lent or sold); or
- (iii) lent to another person.

All references to "derivative" shall mean any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities which causes the holder to have a long economic exposure to the underlying securities.

11.2 Disclosure of Dealings

All associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company and the Offeror in accordance with Rule 12 of the Code.

12. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. **For the avoidance of doubt, the Offer shall be open to all Shareholders holding Shares, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.**

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of the Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Offeror (including any director who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to the Company and UEL) are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company or UEL, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The directors of the Offeror jointly and severally accept responsibility accordingly.

Issued by
DMG & Partners Securities Pte Ltd

For and on behalf of
Universal EC Investments Pte. Ltd.
28 November 2014

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "shall", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor DMG undertakes any obligation to update publicly or revise any forward-looking statements.

Any enquiries relating to this Announcement or the Offer should be directed during office hours to:

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