UNITED INDUSTRIAL CORPORATION LIMITED
(REG. NO. 196300181E)

AWARD OF TENDER FOR RESIDENTIAL SITE (WITH COMMERCIAL USE) AT SILAT AVENUE BY THE URBAN REDEVELOPMENT AUTHORITY

The Board of Directors of United Industrial Corporation Limited (the "Company" or "UIC") wishes to announce that UIC Homes Pte. Ltd. ("UIC Homes"), a wholly-owned subsidiary of the Company, UOL Venture Investments Pte. Ltd. ("UOL Venture"), a wholly-owned subsidiary of UOL Group Limited ("UOL"), and Kheng Leong Company (Private) Limited ("Kheng Leong"), (collectively, the "Parties"), have entered into a Consortium Agreement in connection with a joint tender submitted on 26 April 2018 to the Urban Redevelopment Authority ("URA") to acquire and develop a residential site (with commercial use) located at Silat Avenue ("Site") for a total consideration of S$1,035,300,000 ("Tender Price") subject to the conditions of tender as set out in the tender documents. URA has awarded the tender to the Parties on 17 May 2018.

Rationale

The joint tender bid is in the ordinary course of the Company's business and would enable the Company to replenish its land bank for residential development in Singapore. The Parties intend to develop the Site into a condominium, subject to all necessary approvals from relevant authorities being obtained.

Description of Site

Brief details of the Site are as follows:

(1)	Location	:	Silat Avenue
(2)	Tenure of Land	:	99 years
(3)	Total Site Area	:	245,972 sf (22,851.6 sm)
(4)	Allowable Development	:	Residential with commercial use and with conservation of 5 existing buildings
(5)	Estimated GFA	:	910,099 sf (84,551.0 sm)

Tender Price

Under the terms of the tender, the Parties have submitted a deposit of approximately 5% of the Tender Price on 26 April 2018 to URA. A sum equivalent to 25% of the Tender Price (in which the tender deposit is included) will be paid within 28 days of the award of the tender, and the remaining 75% will be paid within 90 days of the award of the tender. The Tender Price shall be financed principally from bank

borrowings and internal funds.

Joint Venture

Pursuant to the terms of the Consortium Agreement, UIC Homes, UOL Venture and Kheng Leong will enter into a joint venture agreement to incorporate a joint venture company ("JVCo") on a 30:50:20 basis to complete the acquisition and undertake the proposed development of the Site. Such agreement shall include the following:

(1) The number of directors representing each shareholder on the JVCo board, shall be in proportion to their respective shareholding;
(2) All major decisions to be approved at the JVCo's board meetings will require at least one vote from each shareholder's appointed director. Similarly, all major decisions to be approved at the JVCo's shareholder meetings will require at least one vote from each shareholder; and
(3) In addition to any external funding which may be taken up by the JVCo, each shareholder has also undertaken to provide sufficient funds on a 30:50:20 basis to or on behalf of the JVCo from time to time and on a timely basis, to enable the JVCo to complete the acquisition and develop the Site.

The joint venture with UOL Venture and Kheng Leong will enable UIC to (i) mitigate its risks and take on more projects to diversify its property portfolio; and (ii) tap on the expertise and network of its joint venture partners.

Interested Person Transactions

As UOL is a controlling shareholder of the Company and Kheng Leong is an associate of UIC's directors, Dr Wee Cho Yaw and Mr Wee Ee Lim, the joint venture is an interested person transaction within the meaning set out in the Listing Manual.

Dr Wee Cho Yaw is the Chairman of UIC and UOL, a controlling shareholder of UOL and a director of Kheng Leong. Mr Gwee Lian Kheng is a director of UIC and UOL, and the Group Chief Executive of UOL. Mr Wee Ee Lim is a director of UIC, UOL and Kheng Leong.

Saved as disclosed above, none of the directors or controlling shareholders of UIC have any interest, direct or indirect, in the above transaction.

For the current financial year, the aggregate value of all current transactions entered into and estimated value of all future transactions anticipated to be entered into with UOL including this transaction is approximately $344.4 million representing approximately 5.3% of the Company's latest audited net tangible assets as at 31 December 2017 of $6.5 billion. Details of these transactions are as follows:

Transaction	Amount (S$' million)	Percentage of Company's latest audited net tangible asset (%)
Acquisition of the Site by JVCo (UIC's 30% share)	310.6	4.8
Interest income arising from shareholder's loan to United Venture Development (Clementi) Pte. Ltd. ("UVDC") for the development of The Clement Canopy	2.0	<0.1
Receipt of project management fee income from UVDC	0.2	<0.1
Receipt of marketing fee income from UVDC	0.4	<0.1
Contribution of shareholder's loan (including interest income) in UVD (Projects) Pte. Ltd. for the development of the former "Raintree Gardens"	26.1	0.4
Interest income arising from shareholder's loan to United Venture Investments (HI) Pte. Ltd. for the acquisition of Holborn Island	0.6	<0.1
Payment of management fee and incentive fee by Hotel Marina City Private Limited ("HMC") to Pan Pacific Hotels and Resorts Pte. Ltd. for provision of hotel management services	2.5	<0.1
Payment of license fee by HMC to Pan Pacific International Pte Ltd for provision of hotel management services	1.0	<0.1
Payment of marketing services fee, reservation fee and system fee by HMC to Pan Pacific Marketing Services Pte. Ltd. for provision of hotel management services	1.0	<0.1
Total	344.4	5.3

For the current financial year, the aggregate value of all current transactions entered into and estimated value of all future transactions anticipated to be entered into with Kheng Leong including this transaction is approximately $311.2 million representing approximately 4.8% of the Company's latest audited net tangible assets as at 31 December 2017 of $6.5 billion. Details of these transactions are as follows:

Transaction	Amount (S$' million)	Percentage of Company's latest audited net tangible asset (%)
Acquisition of the Site by JVCo (UIC's 30% share)	310.6	4.8
Payment of shared payroll costs of project management team by Shanghai JinPeng Realty Co., Ltd to Jin Qing (Shanghai) Investment Consultancy Co., in the development of Park Eleven	0.6	<0.1
Total	311.2	4.8

UIC's Audit Committee has reviewed the joint venture and is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders. Neither UOL nor UOL Venture nor Kheng Leong had an existing equity interest in the JVCo prior to the Group entering into the joint venture.

Therefore, although the aggregate value of all transactions entered into with UOL, including this transaction, is more than 5% of the Group's latest audited net tangible assets, the conditions of the exception under Rule 916(2) of the Listing Manual have been met. Accordingly, the Group is exempted from the requirement of seeking shareholders' approval for the interested person transaction.

Financial effects

The above transaction is not expected to have any material financial impact on the net tangible assets per share and earnings per share of UIC for the current financial year.

Submitted by Teo Hwee Ping, Acting Company Secretary, United Industrial Corporation Limited on 17 May 2018 to the SGX.