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

EN BLOC PURCHASE OF RAINTREE GARDENS

The Board of Directors of United Industrial Corporation Limited ("**UIC**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the tender submitted by UVD (Projects) Pte Ltd ("**UVDP**"), a 50:50 joint venture company formed by the Company's subsidiary, Singland Homes Pte. Ltd. ("**Singland Homes**") together with UOL Venture Investments Pte. Ltd ("**UOL Venture**"), a wholly-owned subsidiary of UOL Group Limited ("**UOL**"), for the collective purchase of all the units and the common property in the development known as "Raintree Gardens" ("**Development**") comprised in Lot 6521X of MK 17 ("**Property**"), at the purchase price of S$334.2 million (the "**Tender Price**"), has been duly accepted in writing on 6 October 2016 by the members of the Sale Committee acting on behalf of the consenting subsidiary proprietors of the units of the Development (the "**Acquisition**")

Rationale for Acquisition

The Acquisition is in the ordinary course of the Group's business and would enable the Group to replenish its land bank for residential development in Singapore. UVDP intends to redevelop the Property, subject to all necessary approvals from relevant authorities being obtained.

Description of Property

Details of the Property are as follows:

Tenure	Leasehold of 99 years, 8 months and 1 day commencing 1 April 1987 (i.e. expiring 1 December 2086)
Site Area	18,711.2 sq m
Gross Plot Ratio	2.8 (based on 2014 Master Plan)
Allowable Development	Residential

Tender Price

The Tender Price, which is subject to post-completion adjustments, was agreed upon on a willing buyer and willing seller basis. The Tender Price shall be paid in the following manner:

Amount	**Payment Schedule**
5% of the Tender Price (including the tender fee of S$750,000 paid upon the submission of the tender offer by UVDP)	Within seven business days from the award of the tender

5% of the Tender Price	Approvals having been obtained from the Strata Title Board or High Court (as the case may be) for the collective sale of the Property by all the registered subsidiary proprietors of the units of the Development; and in-principle approval from Singapore Land Authority for the lease top-up in relation to the Property for another 99 years.
90% of the Tender Price	Upon legal completion

The Acquisition and redevelopment of the Property will be financed from internal resources and bank borrowings.

Key Terms of the Acquisition

The Acquisition is conditional upon, *inter alia*, the following:

(a) An order of sale in respect of the Property being obtained from the Strata Titles Board constituted under the Land Titles (Strata) Act (Cap. 158, Singapore Statutes) or the High Court (as the case may be) for the collective sale of the Property by all the registered subsidiary proprietors of the units of the Development.

(b) UVDP obtaining a qualifying certificate from the Controller of Residential Property for the acquisition of the Property;

(c) UVDP obtaining the requisite provisional permission from the competent authority to develop, on the Property, a residential development with *inter alia* a plot ratio of no less than 2.8 and building height control of 64-75m Above Mean Sea Level; and

(d) UVDP obtaining in-principle approval from Singapore Land Authority for the lease top-up in relation to the Property for another 99 years.

Subject to all terms and conditions set out in the tender documents being satisfied, the legal completion of the Acquisition is expected to take place around February 2018.

Joint Venture with UOL Venture

Reference is made to the announcement released by the Company on 5 October 2016. UVDP is a 50:50 joint venture company newly incorporated in Singapore by Singland Homes and UOL Venture (each, a "**JV Shareholder**" and collectively, "**JV Shareholders**").

In connection with the Acquisition, the JV Shareholders intend to enter into an agreement to formalise the terms of the joint venture between them. Such agreement shall include the following:

(a) UVDP's board of directors will comprise an equal number of directors representing each JV Shareholder at all times;

(b) All major decisions to be approved at UVDP's board meetings will require at least one vote from each JV Shareholder's appointed director. Similarly, all major decisions to be approved at UVDP's shareholder meetings will require at least one vote from each JV Shareholder;

(c) In addition to any external funding which may be taken up by UVDP, the JV Shareholders have also undertaken to provide sufficient funds on a 50:50 basis to or on behalf of UVDP, from time to time and on a timely basis, to enable UVDP to complete the Acquisition.

Interested Person Transaction

Under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), UOL is controlling shareholder of the Company. Hence, the Acquisition is an interested person transaction within the meaning set out in the Listing Manual.

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

The Acquisition is a transaction carried out in the ordinary course of the Group's business. The Company believes that the joint venture is beneficial as it will enable the Company to (i) mitigate its risks and take on more projects to expand and diversify its investment and development property portfolio; and (ii) tap on the expertise and network of its joint venture partner.

For the current financial year, the aggregate value of all transactions entered into with UOL, including this transaction, is approximately S$424.7 million, representing approximately 7.1% of the Group's latest audited net tangible assets as at 31 December 2015 of S$5.96 billion. Details of these transactions are as follows:

Transaction	**Amount (S$' million)**	**Percentage of Group's latest audited net tangible asset (%)**
Acquisition of the Property by UVDP	167.1	2.8
Acquisition of Holborn Island, A Freehold 9-Storey Mixed Use Building Located at 120 Holborn, Midtown, London Ec1 N2td, United Kingdom by United Venture Investments (HI) Pte. Ltd.	203.0[1]	3.4
Contribution of shareholder's loan (including interest income) and equity in United Venture Development (Clementi) Pte. Ltd. for the development of The Clement Canopy	51.3	0.9
Contribution of shareholder's loan (including interest income) in United Venture Development (Thomson) Pte. Ltd. for the development of Thomson Three	3.1	0.1

[1] Based on the currency exchange rate of £1: S$1.768 as at 30 September 2016.

Project management fee and marketing fee income from United Venture Development (Thomson) Pte. Ltd.	0.1	0.0
Project management fee income from United Venture Development (Bedok) Pte. Ltd.	0.1	0.0
Total	**424.7**	**7.1**

There are no other interested person transactions entered into with any other party.

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

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 exception under Rule 916(2) of the Listing Manual has been met. Accordingly, the company is exempted from the requirement of seeking shareholders' approval for the Acquisition.

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect in the above transaction.

Financial Effects

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

Submitted by Susie Koh, Company Secretary on 6 October 2016 to the SGX.