



UE E&C LTD.

(Company Registration No.: 201005048D)
(Incorporated in the Republic of Singapore)

**ANNOUNCEMENT IN RELATION TO THE POSSIBLE VOLUNTARY CONDITIONAL OFFER BY
DMG & PARTNERS SECURITIES PTE LTD FOR AND ON BEHALF OF UNIVERSAL EC
INVESTMENTS PTE. LTD. FOR UE E&C LTD.**

Unless otherwise defined, all capitalised terms and references used in this Announcement shall have the meanings ascribed to them in the UEL Announcement (as defined below) and the Possible Offer Announcement (as defined below).

1. Introduction

1.1 The board of directors (the “**Board**” or the “**Directors**”) of UE E&C Ltd. (“**Company**”) refers to:

1.1.1 the announcement dated 3 October 2014 (the “**UEL Announcement**”) issued by the board of directors of United Engineers Limited (“**UEL**”) in relation to UEL’s proposed disposal of their stake in the Company whereby UEL, together with its wholly owned subsidiary, UES Holdings Pte. Ltd. (“**UES**”), have today entered into a binding term sheet with Universal EC Investments Pte. Ltd. (“**Offeror**”) relating to the voluntary conditional offer (the “**Offer**”) for all the issued and paid-up ordinary shares (“**Shares**”) in the capital of 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 Take-overs and Mergers (the “**Code**”); and

1.1.2 the announcement dated 3 October 2014 (the “**Possible Offer Announcement**”) issued by DMG & Partners Securities Pte Ltd (“**DMG**”), for and on behalf of the Offeror relating to the Offer for the Offer Shares in accordance with Rule 15 of the Code, as further particularised below.

1.2 As set out in the UEL Announcement and 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**”):

1.2.1 confirmation by the Offeror of the matters set out in Schedule 1 of the UEL Announcement and Schedule 1 of the Possible Offer Announcement pursuant to the financial, legal and tax due diligence to be conducted by the Offeror on the Company; and

1.2.2 approval of the shareholders of UEL in accordance with Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for

the proposed disposal of the relevant Shares held by each of UEL and UES to the Offeror.

- 1.3** Subject to the satisfaction or waiver of the Pre-Conditions, the Offeror will make the Offer subject to and upon the following principal terms and conditions:

1.3.1 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 the Formal Offer Announcement to be issued 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.

1.3.2 The Offer, if and when made, will be on the following basis:

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

1.3.3 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, and (iii) together with all rights, benefits and entitlements attached thereto as at the date of the UEL Announcement and the Possible Offer Announcement 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 date of the UEL Announcement and the Possible Offer Announcement.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the date of the UEL Announcement and the Possible Offer Announcement, 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.

- 1.4** The foregoing is extracted from the UEL Announcement and the Possible Offer Announcement and further details on the terms and conditions of the Offer are set out in the UEL Announcement and the Possible Offer Announcement, copies of which are available on the website of the SGX-ST at www.sgx.com. Shareholders are advised to refer to the full text of the UEL Announcement and the Possible Offer Announcement for, *inter alia*, the principal terms of the Offer. The Board does not take responsibility for the contents of the UEL Announcement or the Possible Offer Announcement.

- 1.5** As stated in the UEL Announcement and the Possible Offer Announcement, the Offer will not be made unless and until the Pre-Conditions are fulfilled or waived. Accordingly, all references to the Offer in this Announcement refer to the possible Offer which will only be made if and when the Pre-Conditions are fulfilled or waived.

2. Independent Financial Adviser

- 2.1** As stated in the UEL Announcement and the Possible Offer Announcement, the Offer will not be made unless and until the Pre-Conditions are fulfilled or waived. If and when the Offer is made, the Board will appoint an independent financial adviser to advise the independent directors of the Company in connection with the Offer, if and when it is made. An announcement relating to the same will be made by the Company in due course. If and when the Offer is made, a circular containing the advice of the independent financial adviser and the recommendation of the independent directors of the Company in respect of the Offer will be sent to Shareholders within 14 days from the date of the despatch of the Offer Document to be issued by the Offeror.
- 2.2** **In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the independent directors of the Company as well as the advice of the independent financial adviser which will be set out in the circular to be issued by the Company in due course, if and when an Offer is made.**

3. Responsibility Statement

The Directors of the Company (including those who have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the UEL Announcement or the Possible Offer Announcement), the sole responsibility of the Directors of the Company 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.

BY ORDER OF THE BOARD

Tan Ching Chek
Company Secretary
Singapore, 3 October 2014