

POSSIBLE 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

POSSIBLE OFFER ANNOUNCEMENT

1. INTRODUCTION

DMG & Partners Securities Pte Ltd ("**DMG**") wishes to announce, 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 2.2 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 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 such Pre-Conditions are fulfilled or waived.

Shareholders of the Company ("Shareholders**") should exercise caution and seek appropriate independent advice when dealing in the Shares.**

2. PRE-CONDITIONS TO THE MAKING OF THE OFFER

2.1 A binding term sheet (the "**Term Sheet**") was entered into on 3 October 2014 between (a) Southern Capital Group Private Limited ("**SCG**"), (b) the Offeror, (c) United Engineers Limited ("**UEL**") and (d) UES Holdings Pte. Ltd. ("**UES**" together with UEL, the "**Undertaking Shareholders**"), pursuant to which, *inter alia*:

- (a) it was agreed that, subject to the fulfilment or waiver of the Pre-Conditions, the Offeror shall make the Offer;
- (b) the Undertaking Shareholders have entered into the deeds of undertaking in favour of the Offeror (collectively, the "**Irrevocable Undertakings**"), pursuant to which each Undertaking Shareholder has undertaken to, *inter alia*, accept the Offer (if and when made) in respect of the Shares (i) held by such Undertaking Shareholder as at the date of such Irrevocable Undertakings and (ii) any additional Shares that such Undertaking Shareholder may acquire, or which may be issued to such Undertaking Shareholder, after the date of the Irrevocable Undertaking (collectively, the "**Relevant Shares**"). As at the date of this Announcement, the Undertaking Shareholders hold in aggregate 184,139,126 Shares, representing approximately 68.2% of the total issued Shares. For further details, please refer to paragraph 6.1 below;
- (c) the Undertaking Shareholders have agreed to procure that: (i) certain shareholders of UEL, namely, Oversea-Chinese Banking Corporation Limited, Great Eastern Holdings Limited, Lee Foundation States of Malaya and Singapore Investments (Pte) Ltd (collectively, the "**Relevant UEL Shareholders**"), holding, directly or indirectly, in aggregate, 190,774,642 ordinary shares carrying voting rights in UEL and 612,300 preference shares carrying voting rights in UEL (respectively, representing approximately 30.0% of the ordinary shares in UEL and approximately 70.0% of the preference shares in UEL), each enters into and delivers to UEL a letter of undertaking or a deed of undertaking providing, *inter alia*, that it will vote in favour of the UEL Resolution (as defined in paragraph 2.2(b) below) and (ii) each Relevant UEL Shareholder complies with the terms of its letter of undertaking or deed of undertaking (as the case may be). In connection therewith, UEL has received written undertakings ("**UEL Shareholders' Undertakings**") from each Relevant UEL Shareholder that it will, *inter alia*, vote in favour of the Proposed Disposal;
- (d) the Undertaking Shareholders have agreed to not, *inter alia*, participate in, initiate, solicit, entertain or encourage any negotiations or discussions, or negotiate, discuss, or participate in (including accepting any tender offer), any proposal with any person or entity (other than SCG, the Offeror and their respective advisers), relating to or concerning the sale of the Shares held by such Undertaking Shareholders or any part thereof or any transaction similar to, or having the same effect as, the Offer;
- (e) subject to the fulfilment or waiver of the Pre-Conditions, the Offeror has undertaken to each Undertaking Shareholder that the Offeror will not sell or transfer the Relevant Shares (or any interest therein) at a price above the Offer Price for each Relevant Share before the date falling 12 months after the date that the Offeror announces its firm intention to make the Offer (if and when made), save for the creation of security interest over the Relevant Shares in connection with financing arrangements; and
- (f) SCG has agreed to procure that the Offeror complies with its obligations under the Term Sheet.

2.2 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 this Announcement pursuant to the financial, legal and tax due diligence ("**Due Diligence**") to be conducted by the Offeror on the Company (the "**Due Diligence Pre-Condition**"); and
- (b) approval of the UEL Shareholders 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 held by the Undertaking Shareholders to the Offeror (the "**UEL Resolution**").

2.3 **Due Diligence Pre-Condition**

Pursuant to the Term Sheet, the Offeror shall have one (1) month (or such longer period as may be mutually agreed by the parties to the Term Sheet in writing), commencing from the date that the Company provides the Offeror and its representatives with access to all documents and information as the Offeror may reasonably request, to conduct and complete the Due Diligence. Thereafter, the Offeror shall within two (2) business days notify the Undertaking Shareholders whether or not the Due Diligence Pre-Condition has been satisfied (or waived), and in the event that the Due Diligence Pre-Condition has been satisfied or waived, confirm that the Offeror shall make the Offer subject to fulfilment of the remaining Pre-Condition.

Further announcements will be made in due course by DMG, for and on behalf of the Offeror, as to whether or not the Due Diligence Pre-Condition has been satisfied or waived.

2.4 **UEL Resolution**

In the event that Due Diligence Pre-Condition is fulfilled or waived, the Offeror understands that UEL will, in accordance with Chapter 10 of the Listing Manual of the SGX-ST, seek the approval of the UEL Shareholders at an extraordinary general meeting of the UEL Shareholders to consider, *inter alia*, the Proposed Disposal.

2.5 If and when all the Pre-Conditions have been fulfilled or waived (as the case may be), DMG, for and on behalf of the Offeror, will announce the Offeror's firm intention to make the Offer (the "**Formal Offer Announcement**"). However, in the event that either Pre-Condition is not fulfilled or waived (as the case may be), the Offer will not be made and DMG will issue an announcement, for and on behalf of the Offeror, confirming that fact.

3. **THE OFFER**

3.1 **Offer Terms**

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:

- (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 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.

- (b) The Offer, if and when made, will be 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 date of this 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 this 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 this 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.

3.2 Conditional Offer

The Offer, if and when made, 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, if and when made, and the terms and conditions upon which the Offer will be made, shall be set out in the Offer Document to be issued.

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, respectively, of the Southern Capital Group.

4.2 Southern Capital Group, SCG 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) and was part of the consortium which acquired Mentor Media Ltd in 2006. SCG is a part of the Southern Capital Group.

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 and its subsidiaries (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 POSSIBLE 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 (if and when made) 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**").
- (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 Company and its subsidiaries and associated companies (the "**Group**") and optimise the use of the Group's management and capital resources.

5.2 Offeror's Intentions in relation to the Company

The Offeror currently has no intentions 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

Each of the Undertaking Shareholders has provided an Irrevocable Undertaking 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 the Relevant Shares held by such Undertaking Shareholder;
- (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;
 - (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;
 - (iii) the Undertaking Shareholder shall notify the Offeror immediately should it 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; and

The undertaking set out in paragraph 6.1(a) is conditional upon, and subject to, the approval of the UEL Resolution.

As mentioned in paragraph 2.1(b), the Undertaking Shareholders hold in aggregate 184,139,126 Shares, representing approximately 68.2% of the total issued Shares. If the Offer is made, the Offeror will receive acceptances from the Undertaking Shareholders in respect of their Shares pursuant to the terms of their respective Irrevocable Undertakings, and in such event, the Minimum Acceptance Condition will be satisfied.

6.2 Duration of the Irrevocable Undertakings

According to the terms of the Irrevocable Undertakings, the Irrevocable Undertakings shall lapse if, *inter alia*:

- (a) the UEL Resolution is not approved (other than due to a default under the UEL Shareholders' Undertakings);
- (b) the Offer (if and when made) is withdrawn or lapses;
- (c) subject to the fulfilment or waiver of the Pre-Conditions, the Offeror, or DMG (for and on behalf of the Offeror) fails to release the Formal Offer Announcement on or before the date falling one (1) market day after the UEL Resolution has been approved, or such other date as may be mutually agreed in writing by the Offeror and the Undertaking Shareholders, subject to the consent of the Securities Industry Council ("**SIC**") and the requirements of the Code; or
- (d) the Offeror fails to despatch the Offer Document on or before the date falling 21 days after the date of the Formal Offer 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.

7. FINANCIAL EVALUATION OF THE POSSIBLE OFFER

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

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 this Announcement) (" <u>Last Trading Day</u> ")	1.28	(2.3)
Volume weighted average price (" <u>VWAP</u> ") 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. FINANCIAL ADVISER

The Offeror has appointed DMG as its financial adviser in respect of the Offer.

10. OFFER DOCUMENT

Full details of the Offer (if and when made) 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 the Formal Offer Announcement.

In the meantime, Shareholders are advised to exercise caution when trading in their Shares.

11. DISCLOSURES

11.1 As at the date of this Announcement, none of the Offeror, the directors of the Offeror and DMG:

- (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 Further Enquiries

In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer. Similarly, DMG has not made enquiries in respect of certain parties who are or may be presumed to be acting in concert with DMG in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures will be made in due course and in the Offer Document.

11.3 Disclosure of Dealings

In accordance with the Code, the 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 under 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 (if and when made) 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 (if and when made) 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 (if and when made) 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 (if and when made) (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 (if and when made) 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.
3 October 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:

Ng Boon Eng

Director
Head, Corporate Finance

Telephone: +65 6232 3699

Wong Kee Seong

Senior Vice President
Corporate Finance

Telephone: +65 6232 3695

Foong Chong Hung

Senior Vice President
Corporate Finance

Telephone: +65 6232 3689

SCHEDULE 1

DUE DILIGENCE PRE-CONDITION

For the purposes of this Schedule 1, "**UE E&C Group**" means the Company, together with its subsidiaries and associated companies and "**Group Company**" means any one of them.

The fulfilment of the Due Diligence Pre-Condition shall be subject to the Offeror being satisfied with the following:

1. **Regulatory.** All statutory licences, consents, authorisations, orders and approvals ("**Licences**") necessary for the carrying on of the businesses and operations of each Group Company shall have been obtained by such Group Company and such Licences shall be in full force and effect;
2. **Litigation/Investigation.** No Group Company is or will be the subject of or has been threatened in writing with (a) any litigation, arbitration, claim, dispute, penalty or sanction which in aggregate is in excess of S\$5 million or (b) any administrative, governmental, quasi-governmental, criminal, regulatory, or stock exchange investigation and/or proceeding;
3. **Net Asset Value.** The net asset value of the UE E&C Group as at 30 June 2014 shall be no less than S\$249 million;
4. **Cash and Bank Balances.** The cash and bank balances of the UE E&C Group as at 30 June 2014 shall be no less than S\$155 million;
5. **Revenue.** The revenue of the UE E&C Group shall (a) for the financial year ended 31 December 2013 ("**FY2013**"), be no less than S\$400.2 million and (b) for the six-month period ended 30 June 2014, be no less than S\$182.6 million;
6. **Profit After Tax.** The profit after tax of the UE E&C Group shall (a) for FY2013 be no less than S\$60.1 million and (b) for the six-month period ended 30 June 2014, be no less than S\$23.2 million;
7. **Aggregate Borrowings.** The aggregate amount of the UE E&C Group's borrowings, debt securities and finance leases as at 30 June 2014 shall not be in excess of S\$26.8 million; and
8. **Order Book.** The order books of the UE E&C Group as at 13 February 2014, as supplemented by the new sub-contract announced by the Company on 20 June 2014, shall be no less than S\$750 million.