

For immediate release

YANLORD BECOMES SINGLE LARGEST SHAREHOLDER IN UNITED ENGINEERS LIMITED AND LAUNCHES MANDATORY OFFERS

Offer Overview

- Yanlord has acquired the stakes of Perennial and Heng Yue in the Offeror which holds approximately 35.27% of UEL Ordinary Shares.
- Yanlord, via the Offeror, is therefore required to make an offer for all UEL Ordinary Shares (the "**Ordinary Share Offer**") and a comparable offer for UEL Preference Shares in compliance with the Singapore Code on Take-Overs and Mergers (the "**Code**").
- The Acquisitions are in line with Yanlord's objective of consolidating its interest in UEL and WBL to enhance portfolio alignment, leverage synergies and strengthen its position in its existing markets in Singapore and the People's Republic of China (the "**PRC**").
- Shareholders of UEL ("**Shareholders**") are welcome to remain invested in UEL if they believe in its long-term prospects or accept the UEL Offers if they wish to recalibrate their portfolio at a favourable valuation amidst low trading liquidity and heightened economic uncertainty.
- Yanlord currently does not intend to delist or privatise UEL.
- The Ordinary Share Offer is conditional upon the Minimum Acceptance Condition (as defined below) being met.
- The Offeror and its concert parties will not be able to make another offer for UEL Ordinary Shares for 12 months if this Minimum Acceptance Condition is not met by the close of the Ordinary Share Offer.
- DBS Bank Ltd. is the sole financial adviser in connection with the UEL Offers.

Financial Highlights of the UEL Offers

- Ordinary Share Offer Price of S\$2.60 in cash per UEL Ordinary Share represents a favourable valuation:
 - It is **in line** with the previous 2017 Offer for UEL Ordinary Shares that followed a comprehensive formal sale process. The 2017 Offer Price represented a **7.9% - 21.7%** premium to historical market prices prior to the 2016 Joint Announcement¹.
 - The implied P/NAV multiple of 0.9x is **in line** with precedent transactions involving Singapore-listed property developers.

¹ As stated in the offer announcement dated 13 July 2017 in respect of the 2017 Offer, the 2017 Offer Price represented a 7.9% premium to the last transacted price of UEL Ordinary Shares on 26 September 2016, being the last full Market Day prior to the 2016 Joint Announcement. The 2017 Offer Price represented a 21.7% premium to the 12-month volume weighted average price prior to and including the last full Market Day prior to the 2016 Joint Announcement.

Singapore, 25 October 2019 – Singapore-listed Yanlord Land Group Limited ("**Yanlord**"), through its indirect wholly-owned subsidiary, Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.) (the "**Offeror**") has today launched a mandatory conditional cash offer for the issued and paid-up ordinary stock units ("**UEL Ordinary Shares**") in the capital of Singapore-listed United Engineers Limited ("**UEL**"), and a comparable offer for the preference shares in the capital of UEL ("**UEL Preference Shares**" and together with the UEL Ordinary Shares, the "**UEL Shares**"), in each case, other than those already owned, controlled or agreed to be acquired by the Offeror and its concert parties (collectively, the "**UEL Offers**").

Acquisitions

The UEL Offers were triggered as a result of one of Yanlord's wholly-owned subsidiaries acquiring the collective 51% stake held by Perennial UW Pte. Ltd. ("**Perennial**") and Heng Yue Holdings Limited ("**Heng Yue**") in the Offeror (the "**Acquisitions**")². Following the Acquisitions, Yanlord indirectly holds 100% of the Offeror, which in turn holds approximately 35.27% of the total number of the UEL Ordinary Shares, approximately 97.71% of the total number of the UEL Preference Shares, and approximately 29.9% of the total number of the ordinary shares ("**WBL Shares**") in the capital of WBL Corporation Limited ("**WBL**").

The total cash amount paid pursuant to the Acquisitions totalled approximately S\$229.7 million, valuing the Offeror's UEL Shares and WBL Shares at S\$2.60 per UEL Share and S\$2.5947 per WBL Share respectively and took into account, *inter alia*, the capital funding (equity and debt) contributed by Perennial and Heng Yue to the Offeror, and the Offeror's cash and cash equivalents, outstanding bank debt and other liabilities as at 30 September 2019.

UEL Offers

The consideration for each UEL Ordinary Share is S\$2.60 in cash (the "**Ordinary Share Offer Price**"). The Ordinary Share Offer is conditional upon the Offeror receiving acceptances in respect of UEL Ordinary Shares which, when taken together with the UEL Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties, result in the Offeror and its concert parties holding more than 50% of the total voting rights attributable to the UEL Ordinary Shares at the close of the Ordinary Share Offer (the "**Minimum Acceptance Condition**"). If the Ordinary Share Offer becomes unconditional as to acceptances or the Offeror acquires statutory control of UEL, whether pursuant to the Ordinary Share Offer or otherwise, the Offeror will also be required to make a mandatory unconditional cash offer for all the WBL Shares, other than those owned, controlled or agreed to be acquired by the Offeror and its concert parties.

Pursuant to the Code, if the Ordinary Share Offer fails to become unconditional in all respects and lapses, the Offeror and its concert parties will not be able to make another offer for the UEL Ordinary Shares within 12 months from the date the Ordinary Share Offer lapses.

Yanlord does not currently intend to delist or privatise UEL. Shareholders are welcome to remain invested in UEL if they believe in its long-term prospects. Shareholders who wish to recalibrate their portfolio at a favourable valuation amidst low trading liquidity and heightened economic uncertainty can do so by accepting the UEL Offers.

² As a result of the Acquisitions, Yanlord Commercial Property Investments Pte. Ltd. ("**Yanlord Commercial**") is required to make the UEL Offers in compliance with the requirements of the Code, and the UEL Offers will be made by the Offeror, which is now a wholly-owned subsidiary of Yanlord Commercial.

Rationale for the Acquisitions

Perennial and Heng Yue had both expressed an intention to dispose of their respective stakes in the Offeror in order to focus on investments with direct value creation opportunities. The Acquisitions provide both parties with an avenue to exit their investments in the Offeror.

Mr Zhong Sheng Jian, Yanlord's Chairman and Chief Executive Officer, said, "We are happy to increase our stake in United Engineers as we are patient investors and believe in the long-term prospects of the businesses."

Mr Zhong Ming, an Executive Director of Yanlord, added, "Through the UEL Offers, UEL shareholders have the option to either remain invested or recalibrate their investments at a favourable valuation given the low trading liquidity and global economic uncertainty."

Rationale for the UEL Offers

Compliance with the Code

As a result of the Acquisitions, the Offeror is required to make the UEL Offers in compliance with the requirements of the Code³.

Opportunity for Shareholders to realise all or part of their investments at a favourable valuation without incurring brokerage fees

- The Ordinary Share Offer Price is in line with the price of the 2017 Offer announced in July 2017 that followed a lengthy competitive sale process

On 26 September 2016, Oversea-Chinese Banking Corporation Limited ("**OCBC**") and Great Eastern Holdings Limited ("**GEH**") jointly announced that they were reviewing strategic options with respect to their combined stakes in UEL and WBL ("**2016 Joint Announcement**").

Following the 2016 Joint Announcement, OCBC, certain subsidiaries of GEH and other vendors conducted a comprehensive formal sale process in relation to their combined stakes in UEL and WBL. In July 2017, the Offeror emerged as the successful bidder, acquiring approximately 33.4% of the total number of UEL Ordinary Shares and approximately 70.2% of the total number of UEL Preference Shares (the "**2017 UEL Acquisition**") at a price of S\$2.60 per UEL Share (the "**2017 Offer Price**"). As a consequence of the 2017 UEL Acquisition, the Offeror was required to make a mandatory general offer for all the UEL Ordinary Shares and UEL Preference Shares that the Offeror and its concert parties did not already own at the 2017 Offer Price (the "**2017 Offer**").

The 2017 Offer Price represented a **7.9% - 21.7%** premium to historical market prices prior to the 2016 Joint Announcement¹.

As the Ordinary Share Offer Price is in line with the 2017 Offer Price, Shareholders will have the opportunity to realise their investment at a price that materialised as a result of a comprehensive formal sale process that saw competition from several bidders.

³ See footnote 2.

- The net asset value multiple implied by the Ordinary Share Offer Price is in line with precedent transactions involving Singapore-listed property developers

The Ordinary Share Offer Price as a multiple of UEL's net asset value per share ("**P/NAV**") is in line with implied P/NAV multiples of selected transactions involving Singapore-listed property developers.

The P/NAV implied by the Ordinary Share Offer Price is $0.9x^4$, which is in line with the average P/NAV of $0.9x^5$ for selected transactions involving Singapore-listed property developers.

Opportunity for Shareholders to realise all or part of their investments amidst heightened economic uncertainty

Intensifying trade conflicts and geopolitical tensions such as the US-China trade war, Brexit, an escalating trade dispute between Japan and South Korea and rising tensions in the Middle East have resulted in uncertainty in the global economic outlook.

The challenging macroeconomic backdrop has impacted Singapore's growth outlook, with the Ministry of Trade and Industry announcing on 13 August 2019 that "the GDP growth forecast for 2019 is downgraded to "0.0 to 1.0 per cent", from "1.5 to 2.5 per cent", with growth expected to come in at around the mid-point of the forecast range."

As such, the UEL Offers represent an opportunity for Shareholders to recalibrate their portfolios at a favourable valuation.

Opportunity for Shareholders who may find it difficult to exit their investment in UEL due to low trading liquidity

The historical trading liquidity of the UEL Ordinary Shares on the SGX-ST has been low. The average daily trading volume⁶ of the UEL Ordinary Shares over the last (12)-months amounts to 0.07%⁷ of the total number of UEL Ordinary Shares.

All capitalised terms which are used in this press release but are not otherwise defined herein shall have the meanings ascribed to them in the Offer Announcement dated 25 October 2019. This press release should be read in conjunction with the full text of the Offer Announcement which is available on www.sgx.com.

Financial Adviser

DBS Bank Ltd. is the sole financial adviser in connection with the UEL Offers.

⁴ Based on UEL's reported net asset value as at 30 June 2019 and total number of issued UEL Ordinary Shares of 637,520,399.

⁵ The average P/NAV multiple is calculated as the simple average of the implied P/NAV multiple as disclosed in each offeree circular for the following successful transactions involving Singapore-listed property developers: (a) United SM Holdings Pte. Ltd. offer for Guthrie GTS Ltd. in 2013, (b) Keppel Corporation Limited offer for Keppel Land Limited in 2015, (c) Coronation 3G Pte. Ltd. offer for Sim Lian Group Limited in 2016, and (d) Star Attraction Limited offer for Wheelock Properties (Singapore) Limited in 2018.

⁶ The average daily trading volume is computed based on the total trading volume of the UEL Ordinary Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including 21 October 2019, being the last full Market Day on which UEL Ordinary Shares were traded on the SGX-ST.

⁷ Calculated using the average daily trading volume of UEL Ordinary Shares traded divided by the total number of issued UEL Ordinary Shares of 637,520,399, and rounded to the nearest two (2) decimal places.

Directors' Responsibility Statement

The directors of the Offeror (including those who may have delegated detailed supervision of this press release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this press release are fair and accurate and that there are no other material facts not contained in this press release, the omission of which would make any statement in this press release misleading. Where any information in this press release has been extracted or reproduced from published or publicly available sources or obtained from UEL, WBL and their respective subsidiaries, 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 press release.

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

Forward-looking Statements

All statements other than statements of historical facts included in this press release are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "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 or outcomes 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 none of the Offeror, Yanlord Commercial Property Investments Pte. Ltd., Yanlord and DBS Bank Ltd. undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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