



UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)
(Incorporated in Singapore)

PROPOSED RENOUNCEABLE UNDERWRITTEN 1-FOR-1 RIGHTS ISSUE OF UP TO 326,620,154 NEW ORDINARY SHARES IN THE CAPITAL OF UNITED ENGINEERS LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Directors**”) of United Engineers Limited (the “**Company**”) wishes to announce that the Company proposes to undertake a renounceable underwritten rights issue (the “**Rights Issue**”) of up to 326,620,154 new ordinary shares in the capital of the Company (the “**Rights Shares**”) to raise gross proceeds of up to approximately S\$489.9 million.
- 1.2 The Company has appointed Oversea-Chinese Banking Corporation Limited (“**OCBC**”) as manager of the Rights Issue (the “**Manager**”), and OCBC, United Overseas Bank Limited and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as joint underwriters of the Rights Issue (collectively, the “**Underwriters**”).

2. PROPOSED PRINCIPAL TERMS OF THE RIGHTS ISSUE

2.1 Basis and Issue Price

The Rights Shares will be offered at an issue price of S\$1.50 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary stock unit in the capital of the Company (the “**Stock Unit**”) held by ordinary stockholders of the Company (the “**Stockholders**”) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”), fractional entitlements, if any, to be disregarded.

The Issue Price represents a discount of approximately 47.6% to the last transacted price of S\$2.86 per Stock Unit on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 10 June 2013, being the last trading day immediately prior to the date of this Announcement (the “**UEL Last Traded Price**”), and a discount of approximately 31.2% to the theoretical ex-rights price of S\$2.18 per Stock Unit (the “**TERP**”)¹.

2.2 Number of Rights Shares

As at 7 June 2013, (i) the total number of issued Stock Units is 309,025,506 (the “**Existing Capital**”); (ii) there are outstanding convertible bonds in the aggregate principal amount of S\$19,305,110 which, if converted, will give rise to an aggregate of 14,406,798 new Stock Units (the “**Convertible Bonds**”); and (iii) there are 3,187,850 outstanding share options granted to employees of the Company and/or its subsidiaries which, if exercised, will give rise to an aggregate of 3,187,850 new Stock Units (the “**Share Options**”).

¹The TERP is the theoretical market price of each Stock Unit assuming the completion of the Rights Issue, no conversion of the Convertible Bonds and no exercise of the Share Options, and is calculated based on the following formula:

$$\text{TERP} = \frac{\text{Market capitalisation of the Company based on the UEL Last Traded Price} + \text{Gross proceeds from the Rights Issue}}{\text{Number of Stock Units after completion of Rights Issue}}$$

Based on the Existing Capital and assuming that (i) none of the Convertible Bonds are converted and (ii) none of the Share Options are exercised, on or prior to the Books Closure Date, 309,025,506 Rights Shares will be issued pursuant to the Rights Issue (the “**Minimum Issue Size**”). Assuming that all of the Convertible Bonds are converted and all of the Share Options are exercised, on or prior to the Books Closure Date, the total number of issued Stock Units will amount to 326,620,154 and 326,620,154 Rights Shares will be issued pursuant to the Rights Issue (the “**Maximum Issue Size**”).

2.3 Status of Rights Shares

The Rights Shares will be payable in full upon acceptance and/or application and, upon allotment and issue, will be immediately converted into Stock Units and shall rank *pari passu* in all respects with the then existing Stock Units for any dividends, rights, allotments or other distributions, the record date for which falls on or after (and for the avoidance of doubt, not before) the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Stockholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

2.4 Eligibility of Stockholders to Participate in the Rights Issue

Entitled Stockholders

The Rights Issue is proposed to be offered on a renounceable basis to Stockholders who are eligible to participate in the Rights Issue (the “**Entitled Stockholders**”), namely, Entitled Depositors and Entitled Scripholders (each as defined below).

“**Entitled Depositors**” means Stockholders with Stock Units standing to the credit of their securities accounts with The Central Depository (Pte) Limited (“**CDP**”) as at 5.00 p.m. (Singapore time) on the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have provided CDP with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Books Closure Date.

“**Entitled Scripholders**” means Stockholders with Stock Units registered in their own names as at 5.00 p.m. (Singapore time) on the Books Closure Date or persons who have tendered to the Company’s share registrar, Tricor Barbinder Share Registration Services (the “**Share Registrar**”) duly completed and stamped transfers (in respect of Stock Units not registered in the name of CDP), together with all relevant documents of title for registration up to 5.00 p.m. (Singapore time) on the Books Closure Date and, in each case, whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have provided the Share Registrar with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Books Closure Date.

Entitled Stockholders will be at liberty to accept, decline or renounce or trade on the SGX-ST their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements, if any, to the Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may in their absolute discretion deem fit.

Foreign Stockholders

For practical reasons and in order to avoid any violation of the legislation applicable in countries other than Singapore, the Rights Shares may not be offered to Stockholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign**

Stockholders”), and the offer information statement and its accompanying documents (the “**Offer Information Statement**”) to be issued by the Company in connection with the Rights Issue may not be despatched to Foreign Stockholders. In that event, no provisional allotments of the Rights Shares will be made to Foreign Stockholders and no purported acceptance thereof and application therefor by Foreign Stockholders will be valid.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Stockholders to be sold “nil paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales (after deducting any applicable brokerage, commissions and expenses, including goods and services tax) will be aggregated and distributed to Foreign Stockholders in proportion to their respective stockholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to any single Foreign Stockholder, and such amount shall be retained for the sole benefit of the Company or otherwise dealt with as the Directors in their absolute discretion deem fit.

2.5 CPF Investment Scheme

Investors who purchased Stock Units pursuant to the Central Provident Fund (“**CPF**”) Investment Scheme may use their CPF Ordinary Account savings (“**CPF Funds**”), subject to applicable CPF rules and regulations, for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares and (if applicable) to apply for excess Rights Shares, if they previously purchased Stock Units using CPF Funds.

Such persons who wish to accept provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares using their CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of Right Shares and (if applicable) apply for excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of provisional allotments of Rights Shares directly from the market.

2.6 Terms and Conditions of the Rights Issue

The terms and conditions of the Rights Issue are subject to such changes as the Directors may, in their absolute discretion, deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the Monetary Authority of Singapore (“**MAS**”) and despatched by the Company to the Entitled Stockholders in due course.

3. STOCKHOLDERS’ UNDERTAKINGS AND UNDERWRITING

3.1 Stockholders’ Irrevocable Undertakings

As at the date of this Announcement, certain Stockholders, namely, OCBC, Great Eastern Holdings Limited (a subsidiary of OCBC) (“**GEH**”) and the Lee Group² (collectively, the “**Undertaking Stockholders**”) have an aggregate interest, direct and/or indirect, in 105,399,761 Stock Units representing approximately 34.1% of the Existing Capital (the “**Existing Stock Units**”). In addition, OCBC and certain subsidiaries of GEH hold an aggregate principal amount of S\$16,900,586 of Convertible Bonds which, if converted, will give rise to an aggregate of 12,612,373 Stock Units (the “**Conversion Stock Units**”).

Each of the Undertaking Stockholders has, *inter alia*, irrevocably undertaken to subscribe and pay in full for and/or procure subscription and payment for the full entitlement of Rights Shares in respect of the respective Existing Stock Units, and OCBC and GEH have also undertaken (a) not to, or to procure that their relevant subsidiaries shall not, sell, transfer or

² In this Announcement, “Lee Group” means Lee Seng Wee and certain of his immediate family members and Island Investment Company (Private) Limited, Kota Trading Company Sendirian Berhad, Lee Foundation, Lee Foundation States of Malaya, Lee Latex (Pte) Limited, Lee Plantations (Pte) Ltd, Lee Rubber Company (Pte) Limited, Singapore Investments (Pte) Limited and Tropical Produce Company (Pte) Ltd.

otherwise dispose of their respective Convertible Bonds; and (b) to subscribe and pay in full for and/or procure subscription and payment for the full entitlement of Rights Shares in respect of any Conversion Stock Units arising from the conversion of the Convertible Bonds and which are entitled to be provisionally allotted with Rights Shares (collectively, the “**Rights Issue Undertakings**”).

3.2 Underwriting Arrangement

The Underwriters have agreed, on and subject to the terms and conditions of an underwriting agreement dated 11 June 2013 entered into between the Company and the Underwriters (the “**Underwriting Agreement**”), to underwrite the Maximum Issue Size of 326,620,154 Rights Shares (the “**Underwritten Rights Shares**”), of which OCBC has agreed to underwrite the Rights Shares which are the subject of the Rights Issue Undertakings which would amount to a maximum of 118,012,134 Rights Shares, and the balance of the Underwritten Rights Shares (the “**Underwritten Balance Rights Shares**”) has been agreed to be underwritten by the Underwriters in the amounts and proportion specified in the Underwriting Agreement.

A total underwriting commission of 2.25% of the aggregate Issue Price of the Underwritten Balance Rights Shares is payable by the Company to the Underwriters on and subject to the terms of the Underwriting Agreement.

The obligations of the Underwriters to underwrite the Underwritten Rights Shares are conditional upon, *inter alia*, the following:

- (a) the approval of the shareholders of the Company having been obtained for the Rights Issue at the extraordinary general meeting (“**EGM**”) to be convened;
- (b) the Offer Information Statement having been lodged with the MAS; and
- (c) the in-principle approval of the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST (the “**Listing Approval**”) having been obtained on terms reasonably acceptable to the Company and the Underwriters and such approval remaining in full force and effect, and there shall not have occurred any adverse modification of the Listing Approval, and if such approval is subject to any conditions which are required to be fulfilled on or prior to the latest time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue (the “**Closing Date**”), such conditions are so fulfilled on or before the Closing Date to the satisfaction of the SGX-ST or waived by it.

4. RATIONALE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Rights Issue has been proposed to further strengthen the Company’s balance sheet and enhance the financial flexibility of the Company and its subsidiaries (collectively, the “**Group**”), which following the successful completion of the Group’s takeover offer for WBL Corporation Limited (“**WBL**”), now includes WBL and its subsidiaries.

In the event that the Minimum Issue Size applies, gross proceeds of approximately S\$463.5 million will be raised. After deducting estimated costs and expenses of approximately S\$9.4 million relating to the Rights Issue, the estimated net proceeds of the Rights Issue will be approximately S\$454.1 million.

In the event that the Maximum Issue Size applies, gross proceeds of approximately S\$489.9 million will be raised. After deducting estimated costs and expenses of approximately S\$9.6 million relating to the Rights Issue, the estimated net proceeds of the Rights Issue will be approximately S\$480.3 million.

The entire net proceeds from the Rights Issue are intended to be used to reduce the Group’s borrowings from financial institutions.

Pending the deployment of the proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities or used for any other purpose as the Directors may in

their absolute discretion deem fit. The Company will make announcement(s) on the utilisation of the net proceeds of the Rights Issue as and when they are materially disbursed and provide a status report on the use of the net proceeds in the Company's annual report (and subsequent annual reports, if applicable) until such time the proceeds from the Rights Issue have been fully utilised.

5. CONDITIONS FOR THE RIGHTS ISSUE

The Rights Issue is subject to, *inter alia*, the following:

- (a) the approval of the shareholders of the Company having been obtained for the Rights Issue at the EGM to be convened;
- (b) the Listing Approval having been granted by the SGX-ST; and
- (c) the lodgement of the Offer Information Statement with the MAS.

The Company will be applying to the SGX-ST to seek its approval in-principle for the listing of, and quotation for, the Rights Shares on the SGX-ST.

6. CIRCULAR

The Company will be convening an EGM to seek shareholders' approval for the Rights Issue and a circular for this purpose will be despatched by the Company to its shareholders in due course.

7. ADJUSTMENTS TO CONVERTIBLE BONDS AND SHARE OPTIONS

Appropriate adjustments, if any, will be made to the Convertible Bonds and the Share Options to take into account the Rights Issue. Information on such adjustments, if any, to the Share Options will be notified to the holders of the Share Options, and the Company will separately notify any adjustments to the Convertible Bonds, pursuant to their respective terms and conditions, in due course.

BY ORDER OF THE BOARD

UNITED ENGINEERS LIMITED

Heng Fook Pyng, Jeslyn
Company Secretary
11 June 2013
Singapore

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