



(Company Registration No. 191200018G)  
(Incorporated in Singapore)

## **UNITED ENGINEERS LIMITED SECURES CONTRACT FOR REDEVELOPMENT OF THE FORMER SPECIALISTS' CENTRE AND HOTEL PHOENIX SITE**

Further to the announcement on 8 March 2010, the Board of Directors of United Engineers Limited (the "Company") wishes to announce that the Company has been awarded a turnkey arrangement by Oversea-Chinese Banking Corporation Limited ("OCBC Bank") to undertake the redevelopment of the former Specialists' Centre and Hotel Phoenix site (the "Project").

The Project comprises two phases of redevelopment works, Phase 1 being the development and construction of a hotel cum retail mall and a pedestrian bridge, and Phase 2 being the construction of an underpass. The pedestrian bridge and underpass will link the new development to the former Orchard Emerald site, which is owned by the Great Eastern Life group.

The development cost of the Project is estimated to be in the region of \$550 million. Construction of the Project is slated to commence in July 2010 and the Temporary Occupation Permits ("TOPs") for both phases are expected to be obtained by the second half of 2013. The Project will be funded by the Company's internal resources and bank borrowings.

Under the turnkey arrangement, the Company has entered into a Licence and Development Agreement with OCBC Bank, pursuant to which, the Company has incorporated two wholly-owned special purpose vehicles ("SPVs"), namely, UE Orchard Pte Ltd ("UE Orchard") and UE Somerset Pte Ltd ("UE Somerset") to undertake Phase 1 and Phase 2 of the redevelopment works respectively. UE Orchard will have an issued share capital of \$500,000 and UE Somerset will have an issued share capital of \$200,000.

Upon the Project's completion at TOP, the SPVs will be sold to OCBC Bank and cease to be UE subsidiaries, and there will be a handover of the development to OCBC Bank. For this purpose, the Company has entered into a Sale and Purchase Agreement with OCBC Bank for OCBC Bank to purchase the issued shares and outstanding shareholders' loans in both SPVs upon completion of the Project. The consideration for the sale will be based on the respective SPVs' net tangible asset ("NTA") and the consideration for the shareholders' loans is the amount of outstanding loans.

The development fees from the Project are expected to contribute positively to the earnings of the Group in the future.

As at 7 June 2010, OCBC Bank was interested in approximately 17.14% of the total issued voting shares of the Company (comprising issued ordinary and preference shares in the capital of the Company), and is regarded as a controlling shareholder (as that term is defined in the Listing Manual). The award of the Project to the Company is an interested person transaction (as that term is defined in the Listing Manual) and is within the Company's mandate for interested person transactions last renewed at the Company's Annual General Meeting held on 28 April 2010 ("IPT Mandate"). Mr Lai Teck Poh, a non-executive Director of the Company, is a Director of OCBC Bank. The Audit Committee of the Company has reviewed the terms of the Project (as required by the review procedures under the IPT Mandate) and is of the view that the transaction is on

normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed in the above, none of the Directors of the Company has any direct or indirect interest in the above transaction (other than their shareholdings in the Company).

BY ORDER OF THE BOARD

Heng Fook Pyng, Jeslyn  
Company Secretary

Date: 7 June 2010