



HAW PAR CORPORATION LIMITED

(Company Registration Number: 196900437M)

(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF SHARES IN THE CAPITAL OF UNITED INDUSTRIAL CORPORATION LIMITED IN EXCHANGE FOR THE SHARES IN THE CAPITAL OF UOL GROUP LIMITED

A. INFORMATION ON THE PROPOSED TRANSACTION

1. INTRODUCTION

The Board of Directors of Haw Par Corporation Limited (the “**Company**”) wishes to announce that it has today entered into an option agreement (the “**Option Agreement**”) with UOL Group Limited (“**UOL**”), pursuant to which (i) the Company has granted UOL a call option (the “**Call Option**”) over such number of ordinary shares in the capital of United Industrial Corporation Limited (“**UIC**” and such ordinary shares, the “**UIC Shares**”) as set out at section 2.2 below (the “**UIC Sale Shares**”) held by Straits Maritime Leasing Private Limited (“**Straits Maritime**”), a wholly-owned subsidiary of the Company; and (ii) UOL has granted the Company a put option (the “**Put Option**”) over the UIC Sale Shares.

2. PRINCIPAL TERMS OF THE OPTION AGREEMENT

2.1 Call Option and Put Option

Under the terms of the Option Agreement:

- (i) pursuant to the Call Option, UOL has the right to require the Company to procure Straits Maritime to sell to UOL (or its wholly-owned nominee) all (and not some only) of the UIC Sale Shares on the terms and subject to the conditions in the Option Agreement; and
- (ii) pursuant to the Put Option, the Company has the right to require UOL (or its wholly-owned nominee) to purchase from Straits Maritime all (and not some only) of the UIC Sale Shares on the terms and subject to the conditions in the Option Agreement,

(the sale and purchase of the UIC Sale Shares, being the “**Proposed Transaction**”).

2.2 UIC Sale Shares

The number of UIC Sale Shares shall be 60,000,000 UIC Shares held by Straits Maritime.

2.3 Consideration Shares

In consideration of the sale and purchase of the UIC Sale Shares, UOL shall allot and issue 27,272,727 new ordinary shares in the capital of UOL (the “**Consideration Shares**”) to the Company (or its wholly-owned nominee) based on an exchange ratio of 2.20 UIC Sale Shares per Consideration Share, rounded down to the nearest Consideration Share (the “**Exchange Ratio**”), which Consideration Shares shall be allotted and issued on the date of Completion.

2.4 Conditions to Exercise

The exercise of the Call Option by UOL and the exercise of the Put Option by the Company shall be conditional upon the satisfaction of the following conditions (collectively, the “**Conditions**”):

- (i) the approval of the Company’s Shareholders (excluding UOL and its associates) for the sale of the UIC Sale Shares to UOL upon the terms and subject to the conditions set out in the Option Agreement being obtained by the Company at an extraordinary general meeting of its Shareholders, in accordance with the requirements of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);
- (ii) the approval of the independent shareholders of UOL being obtained by UOL at an extraordinary general meeting of its shareholders for the waiver granted by the Securities Industry Council of Singapore (the “**SIC**”) to UOL waiving the obligation under Rule 14 of the Singapore Code on Take-overs and Mergers for the Company (or its nominee) to make a general offer for UOL by reason of the issuance of the Consideration Shares; and
- (iii) the approval of the SGX-ST for the listing, quotation and trading of the Consideration Shares on the Main Board of the SGX-ST (the “**Listing Approval**”) being obtained on terms reasonably satisfactory to both UOL and the Company, and the Listing Approval remaining in full force and effect at Completion and, if the Listing Approval is subject to any conditions which are required to be fulfilled on or prior to Completion, such conditions being so fulfilled.

The Conditions are not capable of being waived by either or both UOL and the Company. The Conditions shall be satisfied by 31 October 2017 (or such other date as UOL and the Company may agree in writing) (the “**Long-Stop Date**”). If the Conditions are not satisfied by the Long-Stop Date, the Option Agreement will *ipso facto* cease and determine and neither party will have any claim against the other party for costs, damages, compensation or otherwise.

3. INFORMATION ON UIC AND UOL

3.1 Information on UIC

UIC was incorporated in Singapore in 1963 as a private company and was listed as a public company in 1969.

UIC’s core business is property development and investment. With its acquisition of the majority equity of Singapore Land Limited, a well-established property company in 1990, the UIC group became a major real estate developer with a portfolio of 2.5 million square feet of office space and 1 million square feet of retail premise in Singapore.

The UIC group’s property portfolio includes some of Singapore’s best known commercial and retail landmarks as well as residential projects in prime and suburban areas. Overseas investments include properties in Shanghai, Beijing and Tianjin, China and London, the United Kingdom.

As at the date of this Announcement:

- (i) UOL and its subsidiaries (the “**UOL Group**”) has an interest in 634,680,500 UIC Shares, representing approximately 44.71¹ per cent. of the total number of UIC Shares; and
- (ii) the Company has an interest in 69,571,883 UIC Shares, representing approximately 4.90 per cent. of the total number of UIC Shares.

3.2 Information on UOL

UOL was incorporated in Singapore in 1963 as a private company and was listed as a public company in 1964.

UOL is one of Singapore’s leading public-listed property companies. It has an extensive portfolio of development and investment properties, hotels and serviced suites.

As at the date of this Announcement, the Company has a deemed interest in 44,772,041 ordinary shares of UOL, representing approximately 5.51 per cent. of the total number of issued ordinary shares of UOL.

4. RATIONALE FOR THE TRANSACTION

The Board is of the view that the Proposed Transaction will provide the Company with an opportunity to realise the value of a substantial portion of its investment in UIC. It will also allow the Company to exchange its interest in UIC for a higher yielding and more liquid asset in UOL, while retaining an economic interest in UIC through UOL.

Based on UOL’s consultation with the SIC in connection with the Proposed Transaction, the SIC has waived the UOL Group’s obligation to make a mandatory general offer for UIC as a result of the acquisition of the UIC Sale Shares pursuant to the Proposed Transaction.

In addition, the SIC had indicated during such consultation that if the UOL Group increases its shareholding in UIC to more than 49 per cent. as a result of the UOL Group acquiring UIC Shares from its concert parties (which concert parties would include the Company and its subsidiaries (the “**Haw Par Group**”)) and not from third parties, the UOL Group would be required to make a mandatory general offer for UIC. Accordingly, the Option Agreement relates only to the sale and purchase of 60,000,000 UIC Shares which is expected to result in the UOL Group holding in aggregate less than 49 per cent of the total number of UIC Shares, and does not relate to all of the UIC Shares held by Straits Maritime in which the Company has an interest, as UOL does not intend to trigger a mandatory general offer for UIC.

¹ Unless otherwise stated in this Announcement, all references in this Announcement to the percentage shareholding in the issued share capital of UIC are based on a total of 1,419,404,412 UIC Shares (excluding treasury shares) as at the date of this Announcement.

As at the date of this Announcement, the Company has an interest in 69,571,883 UIC Shares, representing approximately 4.90 per cent. of the total number of UIC Shares, of which 63,171,615 UIC Shares are held by Straits Maritime and 6,400,268 UIC Shares are held by Haw Par Capital Pte Ltd, a wholly-owned subsidiary of the Company. Following the Completion, not all UIC Shares in which the Company has an interest will be disposed of. Following the transfer of the UIC Sale Shares, the Company will thereafter have an interest in the balance of 9,571,883 UIC Shares, comprising approximately 0.67 per cent. of the issued share capital of UIC.

5. EXCHANGE RATIO

The Exchange Ratio was arrived on a willing-buyer-willing-seller basis and determined by taking into consideration, *inter alia*:

- (i) the volume-weighted average prices of UIC Shares and shares in the capital of UOL (the “**UOL Shares**”) on 20 June 2017, being the last market day on which the UIC Sale Shares and UOL Shares were traded before the date of the Option Agreement and over various periods ranging from 12 months to 5 market days up till 20 June 2017; and
- (ii) the unaudited consolidated net asset value of UOL and UIC as at 31 March 2017.

B. THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION

6. INTERESTED PERSON TRANSACTION

6.1 Chapter 9 of the Listing Manual

Under Rule 904(4)(a) of the Listing Manual, in the case of a company, an “interested person” includes a director, chief executive officer or controlling shareholder of the Company, or an associate of any such director, chief executive officer, or controlling shareholder. Under the Listing Manual, an “associate”, in the case of a company, in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means, *inter alia*, any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more.

The shareholding interests of the Company’s Directors in UOL are set out at section 9 below.

For the purposes of Chapter 9 of the Listing Manual, UOL is considered to be an associate of Dr. Wee Cho Yaw, Mr Wee Ee-chao and Mr Wee Ee Lim, each of whom is a director of UOL, as Dr Wee Cho Yaw, Mr Wee Ee-chao and Mr Wee Ee Lim are immediate family members and they together (directly or indirectly) have an interest of 30 per cent. or more of the issued share capital of UOL. Accordingly, UOL is an “interested person” vis-à-vis the Company, and the Proposed Transaction constitutes an “interested person transaction” under Chapter 9 of the Listing Manual (the “**Interested Person Transaction**”).

6.2 Net tangible assets of the Haw Par Group

As at 31 December 2016, 5 per cent. of the latest audited consolidated net tangible assets (“**NTA**”) of the Haw Par Group is approximately S\$123,222,000.

6.3 Shareholders' Approval under Chapter 9 of Listing Manual

Based on the volume-weighted average price of the UIC Shares on 20 June 2017, being the last market day on which the UIC Sale Shares were traded before the date of the Option Agreement, the value of the UIC Sale Shares is approximately S\$196,800,000.

As the value of the UIC Sale Shares is more than 5 per cent. of the latest audited NTA of the Haw Par Group, the Proposed Transaction is therefore subject to the approval of the Shareholders of the Company, pursuant to Chapter 9 of the Listing Manual.

6.4 Total Value of Interested Person Transactions

For the period commencing on the beginning of the current financial year, being 1 January 2017, up to the date immediately preceding this Announcement, being 22 June 2017:

- (i) there were no interested person transactions with the UOL Group (excluding transactions less than S\$100,000 and interested person transactions falling within Rule 908(2) of the Listing Manual, if any); and
- (ii) there were no interested person transactions (excluding transactions less than S\$100,000 and interested person transactions falling within Rule 908(2) of the Listing Manual, if any).

6.5 View of Audit Committee

The Company's Audit Committee (comprising Dr Chew Kia Ngee, Mr Peter Sim Swee Yam and Mr Gn Hiang Meng) is obtaining an opinion from Ernst and Young Corporate Finance Pte Ltd as the independent financial adviser (the "IFA"), as described in section 7 below, before forming its views as to whether the Proposed Transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders. Such views of the Audit Committee will be set out in the Company's circular to be despatched to Shareholders of the Company (the "Circular").

7. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Ernst and Young Corporate Finance Pte Ltd as the IFA to advise such Directors who are considered independent for the purposes of making the recommendation to the Shareholders of the Company in relation to the Interested Person Transaction (collectively, the "IFA Advice and Opinion").

The IFA Advice and Opinion will be set out in the Circular.

8. EGM AND CIRCULAR TO SHAREHOLDERS OF THE COMPANY

The Directors of the Company will be convening an extraordinary general meeting ("EGM") to seek the approval of the Shareholders of the Company for the Proposed Transaction, which is also an Interested Person Transaction. The Circular setting out information on the Proposed Transaction and the Interested Person Transaction, together with a notice of the EGM to be convened, will be despatched to the Shareholders of the Company in due course.

As Dr. Wee Cho Yaw, Mr Wee Ee-chao and Mr Wee Ee Lim are considered "interested persons" in the Interested Person Transaction, they will abstain from voting on the same at the EGM.

In the meantime, the Shareholders of the Company are advised to refrain from taking any action in relation to their shares of the Company which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, Dr Wee Cho Yaw, Mr Wee Ee-chao and Mr Wee Ee Lim, being Directors of the Company, have shareholding interests in UOL, the details of which are set out in the annual report for the financial year ended 31 December 2016 of UOL².

As at the date of this Announcement, the following Directors of the Company are also directors of UOL:

- (i) Dr Wee Cho Yaw is a non-executive director and non-independent and chairman of UOL;
- (ii) Mr Wee Ee-chao is a non-executive and non-independent director of UOL; and
- (iii) Mr Wee Ee Lim is a non-executive and non-independent director and deputy chairman of UOL.

As at the date of this Announcement, Dr Wee Cho Yaw and Mr Hwang Soo Jin, being Directors of the Company, have shareholding interests in UIC, the details of which are set out in the annual report for the financial year ended 31 December 2016 of UIC³:

As at the date of this Announcement, the following Directors of the Company are also directors of UIC:

- (i) Dr Wee Cho Yaw is a director and chairman of UIC.
- (ii) Mr Wee Ee Lim is a director of UIC; and
- (iii) Mr Hwang Soo Jin is a director of UIC.

Save as disclosed in this Announcement and save for any shares in the capital of the Company which they may hold and any shares in the capital of UOL or UIC which are less than 1,000 shares which they may hold, none of the directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

² The shareholding interests will be subject to any adjustments following the results of the scrip dividend scheme applied by UOL, and the percentages of the shareholding will be subject to any adjustments for any changes to the total number of issued shares of UOL.

³ The shareholding interests will be subject to any adjustments following the results of the scrip dividend scheme applied by UIC, and the percentages of the shareholding will be subject to any adjustments for any changes to the total number of issued shares of UIC.

C. ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 10 OF THE LISTING MANUAL

10. VALUE OF THE UIC SALE SHARES

As at the date of this announcement, the open market value (based on the volume-weighted average price of the UIC Shares on 20 June 2017, being the last market day on which the UIC Sale Shares were traded before the date of the Option Agreement) of the UIC Sale Shares is approximately S\$196,800,000. The book value of UIC Sale Shares is approximately \$196,200,000 and the NTA value of UIC Sale Shares (based on UIC's 31 March 2017 unaudited consolidated NTA value) is approximately S\$265,800,000. The excess of the value of the Consideration Shares (based on the volume-weighted average price of the Consideration Shares on 20 June 2017, and being approximately S\$210,273,000) from the Proposed Transaction over the book value of the UIC Sale Shares is approximately S\$14,073,000.

There is no net profit of the Haw Par Group attributable to the UIC Sale Shares based on the latest announced consolidated accounts as of 31 March 2017. The net profit of the Haw Par Group attributable to the UIC Sale Shares is approximately S\$1,800,000 based on the dividend rate for the financial year ended 31 December 2016. There is no gain or loss on disposal to be recognised in the net profit of the Haw Par Group as a result of the Proposed Transaction as any gain or loss would be recorded in other comprehensive income.

11. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

11.1 NTA

Based on the audited consolidated financial results of the Company for the financial year ended 31 December 2016, and assuming that the Proposed Transaction had been completed on 31 December 2016, being the end of the most recently completed financial year, the Proposed Transaction is not expected to have any material impact on the NTA per share.

11.2 Earnings per share

Based on the audited consolidated financial results of the Company for the financial year ended 31 December 2016, and assuming that the Proposed Transaction had been completed on 1 January 2016, being the beginning of the most recently completed financial year, the Proposed Transaction is not expected to have any material impact on the earnings per share.

12. RELEVANT FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

Chapter 10 of the Listing Manual governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. The relative figures of the Proposed Transaction, which constitutes a disposal by the Company, computed on the bases as set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases⁴	Relative figures
(a)	Net asset value of the assets to be disposed of, compared with the net asset value of the Haw Par Group	6.9%
(b)	Net profits attributable to the assets to be disposed of, compared with the net profits of the Haw Par Group	0%
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares of the Company, excluding treasury shares	8.5% ⁵
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to disposal of assets
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to any acquisition of such assets.	Not applicable

⁴ Under Rule 1002(3c) of the Listing Manual, the bases of net asset value and net profit figures used are taken from the latest announced consolidated accounts as of 31 March 2017.

⁵ The figure was computed based on the volume-weighted average price of the Consideration Shares on 20 June 2017. Under Rule 1003(3) of the Listing Manual, based on the net asset value represented by the Consideration Shares, the resulting figure would be 11.3 per cent.

Based on the above, the relative figures for the Proposed Transaction, computed on the bases set out in Rule 1006(a) and (c) of the Listing Manual, exceed 5 per cent. but does not exceed 20 per cent.. As such, the Proposed Transaction constitutes a “discloseable transaction” as defined in Chapter 10 of the Listing Manual.

13. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

14. DOCUMENTS FOR INSPECTION

A copy of the Option Agreement is available for inspection during normal business hours at the registered office of the Company at 401 Commonwealth Drive, #03-03 Haw Par Technocentre, Singapore 149598, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Zann Lim
Company Secretary
22 June 2017