

UNITED INDUSTRIAL CORPORATION LIMITED
(REG. NO. 196300181E)

ACQUISITION OF ACTIVE BUILDING & CIVIL CONSTRUCTION (1985) PTE.LTD.

Background prior to Acquisition

United Industrial Corporation Limited ("the Company") together with China International Trust and Investment Corporation ("CITIC") are joint venture partners of CITIC-UIC Investment Pte Ltd ("Citic-UIC"), each holding 50% interests.

Active Building & Civil Construction (1985) Pte. Ltd. ("Active"), is a wholly-owned subsidiary of Citic-UIC. Active owns 40% of Tianjin Yan Yuan International Hotel Ltd ("Tianjin Yan Yuan"), a joint venture company formed together with Tianjin Travel and Tourism Corporation ("Tianjin Travel") which holds 44% and Networld Pte Ltd ("Networld"), a wholly owned subsidiary of the Company which holds 16% in Tianjin Yan Yuan. Tianjin Yan Yuan owns Sheraton Tianjin Hotel. Through Active, CITIC and the Company each had a 20% deemed interest in Tianjin Yan Yuan and the Company's aggregate interest in Tianjin Yan Yuan, inclusive of Networld's 16% interest is 36%.

As CITIC wishes to dispose of its 20% deemed interest in Tianjin Yan Yuan to Tianjin Travel, the Company had carried the under-mentioned restructuring exercise ("Restructuring Exercise")

Restructuring Exercise

Active disposed of its 20% shareholding in Tianjin Yan Yuan to Tianjin Travel. UIC will retain its 36% aggregate interest in Tianjin Yan Yuan by acquiring all the shares of Active as part of the exercise without further payment. Upon completion of the Acquisition on 22 November 2011, Active becomes a wholly-owned subsidiary of the Company.

For information, the net book value of the Company's 36% stake in Tianjin Yan Yuan remains unchanged at S\$3.9 million and no impairment is required.

Non-Discloseable Transaction

As the relative figures computed on the applicable bases as set out in Rule 1006 of the Listing Manual in relation to the Acquisition does not exceed 5.0%, the Acquisition is regarded as a "Non-Discloseable Transaction" under Rule 1008 of the Listing Manual.

Conclusion of Restructuring Exercise

Following the completion of the Restructuring Exercise, the Company's aggregate deemed interests in Tianjin Yan Yuan remain at 36%.

CITIC and the Company would then proceed to appoint a liquidator to dissolve Citic-UIC by a members' voluntary liquidation.

The Restructuring Exercise will not have any material financial impact on the consolidated net tangible assets and consolidated earnings of the Company and its subsidiaries for the current financial year.

Submitted by Mrs Susie Koh, Company Secretary, on 23 November 2011 to the SGX.