

Associated British Engineering Plc

(registered in England no. 1100663)

9 High Street, Little Eversden, Cambridge, CB23 1HE

14th July 2020

Dear Shareholder

Extraordinary General Meeting of Associated British Engineering Plc. to be held on the 3rd August 2020.

On the 8th June this year the company made the following public announcement to the Stock Exchange

“The Board of Associated British Engineering Plc (ABE) announces that they have signed two interconnected agreements one for the reorganisation of the group's "assets for resale" and the other for the disposal of all its remaining interest in the principal operating subsidiary British Polar Engines Ltd (BPE). The disposal of BPE is subject to shareholder approval at a General Meeting unless the Financial Conduct Authority allows an exemption. The reorganisation is not subject to shareholder consent and resulted in 60% of the "assets held for resale" being transferred to the Pension Fund in settlement of its debt and the remaining 40% the subject of an intragroup transfer to ABE at cost.

The British Polar Engines Ltd on-going trading business in marine diesels, together with the fixed assets held by BPE and all its liabilities, will be sold as part of the arrangements. This specifically excludes the shares held by BPE for resale as mentioned above and as shown in the last published unaudited interim accounts.

The gross assets of BPE being disposed of amount to GBP1,553,000 as in the last published accounts for the six months ended 30 September 2019 and BPE reported a loss before taxation of GBP234,000 for that period. The value of the assets being transferred to MEWA Industrial Holdings Limited under the deal amounts to the shares in BPE valued at GBP1 and the value of the loans to BPE from ABE being transferred to Mr Marks amount with a nominal value of cGBP1.3m for a cash payment of GBP100,000. The liability for the British Polar Engines Ltd section of the pension fund in the March 2019 audited Interim Accounts amounted to GBP3,471,000.

The purchaser is MEWA Industrial Holdings Ltd (MEWA) and Nicholas Marks both of the UK; MEWA Industrial Holdings Ltd is an English company controlled by Nicholas Marks and part of his South African industrial holding group.

The material terms of the transactions are as follows.

GBP100,000 cash for the intercompany loans between ABE and BPE and GBP1 for 100% of the ordinary shares of BPE.

The Pension Fund is a commitment of BPE only and the Trustees of the Associated British Engineering pension fund, having taken advice, have approved these transactions and have agreed through a Declaration of Trust that ABE will be responsible for the disposal for all the shares subject to the reorganisation mentioned above. This Declaration requires that any disposal of the shares to be agreed by ABE and distributed 40% to Associated British Engineering Plc. and 60% to the Pension Fund.

If the disposal of BPE is not approved by shareholders (or the requirement waived) then the Declaration of Trust will not happen and the Trustees of the Pension Fund may put the Pension Fund into wind up.

As stated in the last reported accounts the disposal of British Polar Engines Ltd either by sale or liquidation was essential for the continuation of Associated British Engineering Plc. If shareholders approve this sale, then Associated British Engineering Plc. will no longer have any commitments to the Pension Fund.

The Directors have agreed to support and vote in favour of such arrangements in respect of the shares that they own amounting to 431,465 shares representing over 21 per cent. of the Company's issued share capital. Upon completion of the transactions ABE will have positive assets and no borrowings; your directors will consider the use of the cash and the investments in ABE. They will also continue to actively consider the possible acquisition of a new business.

An announcement will be made and, as required, a circular will be sent to shareholders in the near future together with any further information, following discussions with the listing authorities.

* The freehold of the BPE operating site at Helen Street is charged to the BPE pension fund.”

As stated in that announcement the agreements are subject to shareholder consent. The Board of Associated British Engineering Plc. have therefore called an Extraordinary General Meeting of shareholders to approve the transactions. It is essential that shareholders vote in favour of these transaction to ensure the future of your company.

In the last week it has become apparent *inter alia* that restoration of trading in the company's shares on the London Stock Exchange given the company's listing status as "Premium" will be difficult since the company may not be suitable in its post transaction form for such a listing and be unable to produce a class one circular. The directors are of the opinion the cost of a class one circular does not provide value for shareholders and therefore shareholders should have an opportunity to discuss and vote on whether the Company should seek a listing on an alternative regulated market. Therefore we are asking you to vote on a second ordinary resolution granting the Board the power and the necessary authorities to take whatever action it deems appropriate regarding the listing of its shares including inter alia delisting, relisting or transferring to be listed on another securities market.

The Board of Associated British Engineering Plc. are unanimously recommending that shareholders vote in favour of both resolutions and they will be casting their votes over 431465 ordinary shares (21 per cent of the votes) accordingly.

Signed

Rupert Pearce Gould & Colin Weinberg
Chairmen

ASSOCIATED BRITISH ENGINEERING PLC - NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of Associated British Engineering plc will be held at 63 Church Street, Harston, Cambridge, CB22 7NP on 3rd August 2020 at 11.00 am for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Agree to the proposed sale of British Polar Engines Ltd to MEWA Industrial Holdings Limited on the terms set out in this letter. (Resolution 1).
2. Grant the Board of Associated British Engineering Plc. the authority to take the required action to change the listing status from the present Premium Listing to an alternative listing regulated in the UK. (Resolution 2).

Impact of COVID-19

Due to the current restrictions imposed due to the COVID-19 pandemic, the Extraordinary General Meeting will not be open for shareholders to attend in person. To ensure that your vote counts, please submit your proxy form appointing the Chairman as your proxy. Questions can be submitted in advance to admin@abepc.co.uk and these will be answered during the meeting. Full voting details and answers to questions will be posted on the Investor Page at www.abepc.co.uk

On behalf of the Board

C Weinberg
Director
Associated British Engineering plc
9 High Street, Little Eversden
Cambridge, CB23 1HE

Date 14th July 2020

This document is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an appropriate independent financial adviser. If you have recently sold or transferred your shares in the Company you should forward this document to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NOTICE OF MEETING - Notes:

IMPACT of COVID-19

Due to the current restrictions imposed due to the COVID-19 pandemic, the Extraordinary General Meeting will not be open for shareholders to attend in person. To ensure that your vote counts, please submit your proxy form appointing the Chairman as your proxy. Questions can be submitted in advance to admin@abepc.co.uk and these will be answered during the meeting. Full voting details and answers to questions will be posted on the Investor Page at www.abepc.co.uk

1. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see reverse). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as your proxy. If returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes (or if this proxy form has been issued in respect of a designated account for a shareholder, the proxy will exercise his discretion as to whether, and if so how, he votes).
2. To be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes cast) shareholders must be entered on the register of members of the company at 11.00 am on 30th July 2020 (or, if the meeting is adjourned, at 11.00 am. on the date which is two days before the day of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.
3. As at 14th July 2020 (being the latest practicable date prior to the publication of this notice), the company's issued share capital and voting rights are as follows:-

Ordinary Shares

2,048,990 shares of £0.025 each.

Each holder of ordinary shares is entitled to vote on a resolution, on a show of hands or poll, if present in person or by proxy, and has one vote for every ordinary share held by him.

Deferred Shares

1,313,427 shares of £1.975 each.

The deferred shares carry no right to vote at a general meeting of the shareholders of the Company.

4. A member of the company entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote at a meeting. Where more than one proxy is appointed, each proxy must be appointed for different shares. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company.
5. Proxy forms to be effective at the meeting must be deposited at the offices of the Company's registrars: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; not later than 48 hours before the time fixed for the meeting. Appointment of a proxy will not preclude a member from attending and voting in person at the annual general meeting.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by the Company's registrars: Computershare Investor Services PLC CREST ID: 3RA50 by no later than 48 hours before the time appointed for holding the meeting. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to a person who receives this notice of general meeting as a person nominated to enjoy "information rights" under section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person the following statements apply: (i) you may have a right under an agreement between you and the registered shareholder by whom you were nominated to be appointed (or to have someone else appointed) as a proxy for this general meeting and (ii) if you have no such a right, or do not wish to exercise it, you may have a right under such an agreement to give instructions to that registered shareholder as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
9. A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
10. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure.
11. The following documents are available for inspection by members at the registered office of the Company during normal business hours (except Bank Holidays) and at the place of the meeting not less than 15 minutes prior to and during the meeting:
 - (a) The register of directors' interests, showing any transactions of directors and of their families in the securities of the company;
 - (b) Copies of the Director's service agreements and letters of appointment.
12. A copy of this notice and the other information required by section 311A of the Companies Act 2006 can be found at www.abepc.co.uk