



**United Overseas Bank Limited**  
(Incorporated in the Republic of Singapore)

**RENOUNCEABLE PREFERENTIAL OFFER OF UP TO APPROXIMATELY 259.7 MILLION ORDINARY SHARES IN THE CAPITAL OF UNITED OVERSEAS LAND LIMITED TO SHAREHOLDERS OF UNITED OVERSEAS BANK LIMITED AND EXTENSION OF TIME FOR DIVESTMENT OF NON-FINANCIAL BUSINESSES**

**1. INTRODUCTION**

- 1.1 Renounceable Preferential Offer.** The Board of Directors of United Overseas Bank Limited (“**UOB**”) wishes to announce the proposed divestment of a substantial part of UOB’s interest in United Overseas Land Limited (“**UOL**”) by way of a renounceable preferential offer (the “**Preferential Offer**”) to the shareholders of UOB, of up to approximately 259.7 million ordinary shares of S\$1.00 each in the capital of UOL (“**UOL Sale Shares**”), representing approximately 36.9 per cent. of the issued share capital of UOL.<sup>1</sup>
- 1.2 UOL.** UOL is a public limited company which is listed on the main board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The principal activities of UOL and its subsidiaries (the “**UOL Group**”) include property investments, property development and the provision of property management services. Through its listed subsidiary, Hotel Plaza Limited, the principal activities of UOL also include hotel development, hotel management and provision of food and beverage and other hotel services. As at 23 April 2004, UOL has an issued share capital comprising 703,580,204 ordinary shares of S\$1.00 each (“**UOL Shares**”) and 88,371,275 outstanding warrants which entitle holders thereof to subscribe for new UOL Shares at any time on or before 11 June 2004 (“**UOL Warrants**”).
- 1.3 Divestment of non-financial businesses.** All Singapore-incorporated banks are required to comply with the pronouncements of the Monetary Authority of Singapore (“**MAS**”) and the relevant provisions of the Banking Act, Chapter 19 of Singapore (the “**Banking Act**”) on the segregation of financial and non-financial businesses. UOB wishes to announce that MAS has granted approval for UOB to divest its non-financial businesses (including any property or investment forming part of its non-financial businesses) by 17 July 2006.

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<sup>1</sup> Unless otherwise stated, all references in this Announcement to the “issued share capital of UOL” are based on 703,580,204 ordinary shares of S\$1.00 each in the capital of UOL as at 23 April 2004.

## 2. RATIONALE FOR THE DIVESTMENT AND THE PREFERENTIAL OFFER

**2.1 Rationale for the divestment.** UOL is a non-financial business and the divestment is proposed to be undertaken with a view towards complying with the applicable regulatory requirements on the segregation of financial and non-financial businesses.

**2.2 Rationale for the Preferential Offer.** The Board of Directors of UOB having considered and taken into account, among other factors, the advice of its financial adviser, ABN AMRO Rothschild<sup>2</sup>, believes that the Preferential Offer represents the most attractive divestment option for both UOB and its shareholders for the following reasons:

- (1) **Preferential treatment of all UOB shareholders.** The Preferential Offer is made only to UOB shareholders who have the choice to participate in the Preferential Offer and/or trade their entitlements if they do not wish to participate in the Preferential Offer;
- (2) **Equitable treatment of all UOB shareholders.** The Preferential Offer treats all UOB shareholders fairly and equitably in that the provisional allocation of UOL Sale Shares to UOB shareholders will be *pro rata* to their shareholding in UOB and in the event that the total number of excess UOL Sale Shares applied for exceeds the number of UOL Sale Shares available to satisfy the excess applications, the allocation of excess UOL Sale Shares will be made in proportion to the shareholdings in UOB of such UOB shareholders who apply for excess UOL Sale Shares, subject to the rounding of odd lots;
- (3) **Orderly disposal.** The Preferential Offer allows UOB to divest a substantial part of its interest in UOL in an orderly manner;
- (4) **Cash proceeds for UOB.** The Preferential Offer will result in UOB realising the value of a substantial part of its shareholding in UOL in cash; and
- (5) **Direct ownership in property group.** The Preferential Offer will enable UOB shareholders, if they wish to do so, to participate in direct ownership of a property company.

## 3. DESCRIPTION OF THE PREFERENTIAL OFFER

**3.1 Eligibility to participate in the Preferential Offer.** The Preferential Offer is being made to Entitled Depositors (as defined below) and Entitled Scripholders (as defined below) (collectively, the “**Entitled Shareholders**”).

“**Entitled Depositors**” are Depositors who have UOB shares entered against their names in the Depository Register as at 5.00 p.m. on 10 May 2004 (the “**Books Closure Date**”) and (a) whose registered addresses with The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date are in Singapore or (b) who have, by 5.00 p.m. on 3 May 2004, being five market days prior to the Books Closure Date, provided CDP with addresses in Singapore for service of notices and documents.

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<sup>2</sup> “ABN AMRO Rothschild” refers to ABN AMRO Bank N.V., Singapore branch and N.M. Rothschild & Sons (Singapore) Limited, each trading as ABN AMRO Rothschild.

**“Entitled Scripholders”** are persons who are registered as holders of UOB shares in the Register of Members of UOB as at 5.00 p.m. on the Books Closure Date and (a) whose registered addresses with UOB as at the Books Closure Date are in Singapore or (b) who have, by 5.00 p.m. on 3 May 2004, being five market days prior to the Books Closure Date, provided UOB with addresses in Singapore for service of notices and documents.

Duly completed and stamped transfers (in respect of UOB shares not registered in the name of CDP) together with all relevant documents of title received up to 5.00 p.m. on the Books Closure Date by UOB’s share registrar, Lim Associates (Pte) Ltd, at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, will be registered to determine the provisional allocations of the UOL Sale Shares to such Entitled Shareholders.

- 3.2 Entitlements. Under the Preferential Offer, the UOL Sale Shares will be provisionally allocated to Entitled Shareholders *pro rata* to their respective shareholdings in UOB as at the Books Closure Date, fractional entitlements to be disregarded.**

**Under the Preferential Offer, the entitlements of Entitled Shareholders will be as follows:**

**for every 1,000 UOB shares: 165 UOL Sale Shares**

For illustrative purposes, an Entitled Shareholder who holds 10,000 UOB shares will be provisionally allotted 1,650 UOL Sale Shares.

- 3.3 Size of the Preferential Offer.** The size of the Preferential Offer will be based on the total number of issued UOB shares as at the Books Closure Date. As at 23 April 2004, there are 1,571,741,625 UOB issued shares and 2,225,000 outstanding options (**“Options”**) to subscribe for new UOB shares granted under the UOB 1999 Share Option Scheme that are exercisable on or prior to the Books Closure Date. Based on this, the size of the Preferential Offer will be approximately 259.3 million UOL Sale Shares if none of the Options is exercised, and approximately 259.7 million UOL Sale Shares if all the Options are exercised, in each case on or prior to the Books Closure Date.
- 3.4 Offer Price. The offer price (“Offer Price”) will be S\$1.58 in cash for each UOL Sale Share payable in full on application.**
- 3.5 Rights attached to UOL Sale Shares.** Under the Preferential Offer, the UOL Sale Shares are sold (a) fully paid, (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and (c) together with all rights attaching thereto as of the last date for the acceptance, application and payment of the UOL Sale Shares pursuant to the Preferential Offer (**“Relevant Date”**) and thereafter attaching thereto (including the right to any dividends or other distributions declared, made or paid by UOL on or after the Relevant Date), but excluding the right to the first and final dividend (“UOL Dividend”) of S\$0.075 less 20 per cent. tax per UOL Sale Share that was announced by UOL on 18 February 2004 and 6 March 2004. The UOL Dividend has been excluded as the books closure date for the UOL Dividend falls on 5.00 p.m. on 4 May 2004 which is prior to the commencement of the Preferential Offer.

- 3.6 Excess applications.** Under the Preferential Offer, Entitled Shareholders may also apply to purchase UOL Sale Shares in excess of their entitlements.

In the event that the total number of UOL Sale Shares applied for exceeds the number of UOL Sale Shares available to satisfy all excess applications, **the allocation of excess UOL Sale Shares will be made in proportion to the shareholdings in UOB as at the Books Closure Date of such Entitled Shareholders who have applied for excess UOL Sale Shares, subject to the rounding of odd lots.** To the extent that it is practicable, in allocating the excess UOL Sale Shares, UOB will seek to round the odd lots (if any) of Entitled Shareholders who have applied for excess UOL Sale Shares into lots of 100 UOL Sale Shares. Persons who have purchased the entitlements from Entitled Shareholders but who are not themselves Entitled Shareholders, are not eligible to apply to purchase UOL Sale Shares in excess of such entitlements.

- 3.7 Nil-paid trading.** The Preferential Offer is made on a renounceable basis and the nil-paid entitlements under the Preferential Offer may be traded on the SGX-ST.

#### **4. VALUE COMPARISONS**

The Offer Price represents:

- (a) a discount of approximately 15.1 per cent. to the adjusted<sup>3</sup> closing price of S\$1.86 for each UOL Share on the SGX-ST on 23 April 2004, being the last trading day prior to the date of this Announcement;
- (b) a discount of approximately 15.3 per cent. to the average of the adjusted<sup>3</sup> daily closing prices of approximately S\$1.865 per UOL Share on the SGX-ST over one month from 24 March 2004 to 23 April 2004;
- (c) a discount of approximately 15.7 per cent. to the average of the adjusted<sup>3</sup> daily closing prices of approximately S\$1.875 per UOL Share on the SGX-ST from 8 March 2004 (being the first trading day after the date of announcement by UOL relating to the reduction in its corporate tax rate from 22 per cent. to 20 per cent. in respect of the UOL Dividend on 6 March 2004) to 23 April 2004; and
- (d) a discount of approximately 39.5 per cent. to the net tangible asset backing per UOL Share of S\$2.61<sup>4</sup> as at 31 December 2003.

#### **5. UOB'S REMAINING STAKE IN UOL AND USE OF PROCEEDS**

- 5.1 Holdings.** As at 23 April 2004, UOB owns 339,063,719 UOL Shares and 15,631,704 UOL Warrants. UOB currently intends to exercise the UOL Warrants into new UOL Shares prior to their expiry. Based on 339,063,719 UOL Shares held by UOB at the 23 April 2004 and assuming the sale of 259.7 million UOL Sale Shares and the exercise of all outstanding UOL Warrants (including the exercise by UOB of UOL

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<sup>3</sup> The share prices of UOL Shares are shown on an ex-UOL Dividend basis. In other words, the share prices of UOL Shares have been adjusted by deducting the UOL Dividend of S\$0.075 less 20 per cent. tax.

<sup>4</sup> After accounting for surplus on revaluation of hotel properties as disclosed in the UOL Annual Report 2003.

Warrants currently held by UOB), UOB will hold approximately 12.0 per cent. of the issued share capital of UOL. In the event that not all the UOL Sale Shares are sold pursuant to the Preferential Offer, UOB will retain the balance of the UOL Sale Shares, together with the remaining holdings of UOL Shares as an investment, to the extent allowed by the Banking Act and the applicable regulations. If there are to be future disposals of any UOL Shares, UOB will conduct such disposals in an orderly manner.

- 5.2 Use of Proceeds.** UOB intends to use the proceeds from the sale (the “Sale”) of the UOL Sale Shares for general corporate purposes.

## 6. INDICATIVE TIME-TABLE

An indicative time-table of the Preferential Offer is set out below. All dates shown in italics are indicative only and are subject to confirmation. Definitive dates will be announced in due course.

<b>Date</b>	<b>Event</b>
6 May 2004 from 9.00 a.m.	: UOB shares trade on an “ex” basis
10 May 2004 at 5.00 p.m.	: Books Closure Date
<i>13 May 2004</i>	: <i>Despatch of Offer Document and forms to Entitled Shareholders</i>
<i>13 May 2004 from 9.00 a.m.</i>	: <i>Commencement of Preferential Offer and trading of “nil-paid” entitlements</i>
<i>21 May 2004 at 5.00 p.m.</i>	: <i>Trading of “nil-paid” entitlements ceases</i>
<i>27 May 2004 at 4.45 p.m.</i> <i>(9.30 p.m. for Electronic Application)</i>	: <i>Last date and time for acceptance of, application and payment for the UOL Sale Shares</i>

## 7. FINANCIAL EFFECTS OF THE SALE

- 7.1 Financial statements.** The actual amount of the loss arising from the Sale that will be recorded in the consolidated financial statements of UOB and its subsidiaries (the “UOB Group”) is the difference between the aggregate net proceeds from the Preferential Offer (after deducting transaction expenses associated with the Sale) and the book value of such UOL Sale Shares.

**For illustrative purposes**, assuming that the Sale had been completed as of 31 December 2003 and 259,704,493 UOL Sale Shares (being the maximum potential size of the Preferential Offer) are sold, an exceptional net loss of approximately S\$150 million<sup>5</sup> will be recorded in the consolidated financial statements of the UOB Group for the financial year ended 31 December 2003 as a result of the Sale.

**7.2 Financial effects of the Sale.** For illustrative purposes, the financial effects of the Sale on the UOB Group in relation to UOB's earnings per UOB share, net tangible assets ("**NTA**") per UOB share, and capital adequacy ratio ("**CAR**") of the UOB Group, both Tier 1 and Total CAR, are set out below, and have been prepared on the following bases and assumptions:

- (a) for the purposes of computing earnings per UOB share, NTA per UOB share, and Tier 1 and Total CAR, the Preferential Offer is assumed to have been completed as of 31 December 2003, the most recently completed financial year of UOB; and
- (b) 259,704,493 UOL Sale Shares (being the maximum potential size of the Preferential Offer) are sold.

For illustrative purposes only and on the bases and assumptions set out above, the financial effects of the Sale on the UOB Group in relation to earnings per UOB share, NTA per UOB share, and Tier 1 CAR and Total CAR are set out below. However, the illustrations are based on historical numbers for the financial year ended 31 December 2003 and are not necessarily representative of future financial performance.

	<b>For the financial year ended 31 December 2003</b>	<b>After the Sale</b>
Issued UOB shares (in million)	1,571.66	1,571.66
Earnings (S\$ million)	1,202.09	1,052.02
<b>Earnings per UOB share (S\$)</b>	<b>0.76</b>	<b>0.67</b>
<b>NTA per UOB share (S\$)</b>	<b>6.23</b>	<b>6.14</b>
Tier 1 CAR (%)	12.8	12.7
Total CAR (%)	18.2	18.2

## **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

**8.1 Directors.** As at 23 April 2004, the interests of the Directors of UOB in the shares of UOB as extracted from the Register of Directors are as follows:

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<sup>5</sup> Computed based on the book value of the UOL Sale Shares, adjusted for the UOL Dividend of S\$0.075 less 20 per cent. tax.

Director	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest		Number of new UOB shares comprised in outstanding options granted pursuant to the UOB 1999 Share Option Scheme
	No. of UOB shares	% <sup>1</sup>	No. of UOB shares	% <sup>1</sup>	No. of UOB shares
Wee Cho Yaw	16,390,248	1.04	211,708,142	13.47	-
Wee Ee Cheong	2,794,899	0.18	146,085,251	9.29	-
Koh Beng Seng	-	-	-	-	50,000
Ngiam Tong Dow	-	-	8,600	NM <sup>2</sup>	-
Prof Cham Tao Soon	-	-	6,520	NM <sup>2</sup>	-
Ernest Wong Yuen Weng	50,000	NM <sup>2</sup>	-	-	-
Wong Meng Meng	-	-	-	-	-
Sim Wong Hoo	-	-	-	-	-
Philip Yeo Liat Kok	-	-	-	-	-
Tan Kok Quan	-	-	100,038	NM <sup>2</sup>	-
Prof Lim Pin	-	-	-	-	-
Mrs Margaret Lien Wen Hsien	99,783	NM <sup>2</sup>	84,605,287	5.38	-
Ng Boon Yew	-	-	5,280	NM <sup>2</sup>	-

<sup>1</sup> Based on the issued share capital of UOB of S\$1,571,741,625 comprising 1,571,741,625 UOB shares as at 23 April 2004.

<sup>2</sup> Not Meaningful.

Save as disclosed, no Director has any interest, direct or indirect, in the Preferential Offer, other than by reason only of being a Director or a holder of UOB shares.

**8.2 Substantial Shareholders.** As at 23 April 2004, the interests of the substantial shareholders of UOB in the shares of UOB, as extracted from the Register of Substantial Shareholders are as follows:

Substantial Shareholder	Shareholdings registered in the name of substantial shareholders		Other shareholdings in which substantial shareholders are deemed to have an interest		Total Interest	
	No. of UOB shares	%	No. of UOB shares	%	No. of UOB shares	%
Lien Ying Chow	316,516	0.02	84,388,554 <sup>1</sup>	5.37	84,705,070	5.39
Lien Ying Chow (Pte) Ltd	-	-	84,288,771 <sup>1</sup>	5.36	84,288,771	5.36
Wah Hin & Company Pte Ltd	81,221,771	5.17	3,067,000 <sup>2</sup>	0.19	84,288,771	5.36
Sandstone Capital Pte Ltd	-	-	84,288,771 <sup>3</sup>	5.36	84,288,771	5.36
Wee Cho Yaw	16,390,248	1.04	208,959,557 <sup>4</sup>	13.29	225,349,805	14.34
Wee Ee Cheong	2,794,899	0.18	146,051,011 <sup>4</sup>	9.29	148,845,910	9.47
Wee Ee Chao	141,164	0.01	115,802,696 <sup>4</sup>	7.37	115,943,860	7.38
Wee Ee Lim	1,606,834	0.10	146,033,758 <sup>4</sup>	9.29	147,640,592	9.39
Wee Investments Private Ltd	110,909,021	7.06	2,071,021	0.13	112,980,042	7.19

<sup>1</sup> Lien Ying Chow and Lien Ying Chow (Pte) Ltd are each deemed to have an interest in 84,288,771 UOB shares in which Wah Hin & Company Pte Ltd has an interest.

- <sup>2</sup> This deemed interest in 3,067,000 UOB shares arises through Sandstone Capital Pte Ltd (as referred to in note 3(a) below).
- <sup>3</sup> This deemed interest in 84,288,771 UOB shares comprises:
- (a) deemed interest in 3,067,000 UOB shares registered in the name of Citibank Nominees Singapore Pte Ltd, of which Sandstone Capital Pte Ltd is the beneficiary; and
  - (b) deemed interest in 81,221,771 UOB shares held by Wah Hin & Company Pte Ltd.
- <sup>4</sup> Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are each deemed to have an interest in Wee Investments Private Ltd's total direct and deemed interests of 112,980,042 UOB shares.

As at 23 April 2004, Mr Wee Cho Yaw is a substantial shareholder of UOL. Mr Wee Cho Yaw and his immediate family members have in aggregate direct and deemed interests in approximately 8.76 per cent. of the issued share capital of UOL.

Save as disclosed, no substantial shareholder of UOB has any interest in the Preferential Offer (other than in his capacity as a shareholder of UOB).

## **9. NOTICE OF BOOKS CLOSURE**

Notice is hereby given that the Transfer Books and the Register of Members of UOB will be closed from 5.00 p.m. (Singapore time) on the Books Closure Date (10 May 2004), up to and including 5.00 p.m. (Singapore time) on 12 May 2004, for the purpose of determining the entitlements of UOB shareholders under the Preferential Offer. For the avoidance of doubt, the entitlements of UOB shareholders will be determined as at 5.00 p.m. (Singapore time) on 10 May 2004.

## **10. OVERSEAS SHAREHOLDERS**

The UOL Sale Shares will not be offered to shareholders ("**Overseas Shareholders**") with registered addresses outside Singapore and who have not, by 5.00 p.m. on 3 May 2004, being five market days prior to the Books Closure Date, provided to CDP or UOB, as the case may be, with addresses in Singapore. The provisional allocations of UOL Sale Shares, which would otherwise have been made to such shareholders, will if practicable, at UOB's discretion, be sold "nil-paid" on SGX-ST. The net proceeds from such sales, after deduction of all expenses therefrom, will be distributed to such Overseas Shareholders, provided that where the amount to be distributed to any Overseas Shareholder is less than S\$10.00, it will be retained for the benefit of UOB. Save for the net proceeds of such sales, no Overseas Shareholder shall have any claim whatsoever against UOB, CDP, ABN AMRO Rothschild or UOB's share registrar in connection with such sales. Further details will be set out in the offer document.

## **11. FINANCIAL ADVISER**

UOB has appointed ABN AMRO Rothschild as its financial adviser in relation to the Sale.

**12. DESPATCH OF DOCUMENTS**

UOB will issue and despatch an offer document and application forms for the Preferential Offer to Entitled Shareholders after the Books Closure Date. Any Entitled Shareholder who wishes to participate in the Preferential Offer must do so in the manner set out in the offer document and its accompanying forms.

**13. RIGHT TO WITHDRAW**

UOB reserves the right to withdraw the Preferential Offer at any time prior to the date the UOB shares are traded on an "ex" basis if the Directors of UOB are of the view that it would not be in the interests of UOB or its shareholders to proceed with the Preferential Offer.

**14. FURTHER INFORMATION**

For further information, please contact the following persons:

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**By Order of the Board**

Vivien Chan  
Company Secretary  
United Overseas Bank Limited

26 April 2004