



UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 193500026Z

- I. **DIVESTMENT OF 55.04% SHAREHOLDING IN OVERSEAS UNION ENTERPRISE LIMITED**
 - II. **PROPOSED DIVESTMENT OF 16.67% SHAREHOLDING IN OUB CENTRE LIMITED**
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1. **INTRODUCTION**

- 1.1 **The OUE Divestment.** The Board of Directors of United Overseas Bank Limited ("**UOB**" or the "**Bank**") wishes to announce that the Bank, together with Overseas Union Insurance Limited ("**OUI**"), Overseas Union Facilities (Pte.) Limited ("**OUF**") and Overseas Union Holdings Private Limited ("**OUH**") (collectively, the "**Vendors**") have on 26 May 2006 entered into a sale and purchase agreement (the "**OUE Sale Agreement**") with Lippo Property Investment Pte. Limited (the "**Purchaser**") pursuant to which the Vendors have agreed to sell to the Purchaser 97,044,933 ordinary shares (the "**OUE Sale Shares**") in the capital of Overseas Union Enterprise Limited ("**OUE**"), representing approximately 55.04% of the total number of issued shares in OUE for a total cash consideration (the "**Purchase Consideration**") of S\$989,858,316.60 (equivalent to S\$10.20 per OUE Sale Share (the "**Sale Price**")) (the "**OUE Divestment**"). The OUE Divestment was completed on 26 May 2006.
- 1.2 **The proposed OUB Centre Divestment.** UOB and OUF (collectively, the "**Option Vendors**") have also on 26 May 2006 entered into a conditional put option deed (the "**Put Option Deed**") with the Purchaser whereby the Purchaser granted to the Option Vendors a put option (the "**Put Option**") to require the Purchaser and/or its nominee(s) to purchase their respective shares in OUB Centre Limited ("**OUB Centre**"), amounting to an aggregate of 40,000,000 ordinary shares in the capital of OUB Centre representing approximately 16.67% of the total number of issued shares in OUB Centre (the "**Option Shares**"). The consideration for the sale and purchase of the Option Shares is S\$1.7052625 per Option Share (the "**Exercise Price**") and the aggregate consideration in respect of all the Option Shares is S\$68,210,500 (the "**OUB Centre Divestment**").
- 1.3 **Rationale.** Both the OUE Divestment and the OUB Centre Divestment have been undertaken with a view towards compliance 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**") and the Banking Regulations 2001, as amended or modified from time to time (the "**Banking Regulations**") on the segregation of financial and non-financial businesses. Singapore-incorporated banks

are required to divest their interests in non-financial businesses to reduce the aggregate interests held by them and their affiliated entities (as defined in the Banking Regulations) ("**Affiliated Entities**") to not more than 10% or such other percentage as MAS may specify (the "**Banking Act Requirement**"). UOB has obtained the approval of the MAS to comply with the Banking Act Requirement by 17 July 2006.

- 1.4 **OUE.** OUE is a property investment, hotels and resorts management and investment holding company which is listed on the main board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and is considered a non-financial business to which the Banking Act Requirement would apply. Accordingly, UOB is required to divest such part of its shareholding interest in OUE which, when aggregated with the shareholding interests of its Affiliated Entities, exceeds 10% of the total number of issued shares in OUE. Before the completion of the OUE Divestment, UOB owned 57,436,565 ordinary shares in the capital of OUE ("**OUE Shares**"), representing approximately 32.58% of the total number of issued shares in OUE, and together with its Affiliated Entities, owned 98,033,933 OUE Shares, representing approximately 55.60% of the total number of issued shares in OUE.

Following the completion of the OUE Divestment, the Banking Act Requirement is complied with in respect of the shareholding interests in OUE held by UOB and its Affiliated Entities.

- 1.5 **OUB Centre.** OUB Centre is an investment holding company primarily engaged in the ownership, leasing and management of the OUB Centre, and is also considered a non-financial business to which the Banking Act Requirement would apply. As at the date of this Announcement, UOB owned 38,400,000 ordinary shares in the capital of OUB Centre ("**OUB Centre Shares**"), representing 16.00% of the total number of issued shares in OUB Centre, and together with OUF (its Affiliated Entity), owned 40,000,000 OUB Centre Shares, representing approximately 16.67% of the total number of issued shares in OUB Centre.

Following the completion of the OUB Centre Divestment, the Banking Act Requirement will be complied with in respect of the shareholding interests in OUB Centre held by UOB and its Affiliated Entities.

2. THE OUE DIVESTMENT

- 2.1 **Number of OUE Sale Shares.** Pursuant to the OUE Sale Agreement, the Vendors sold to the Purchaser the number of OUE Sale Shares set out below:-

	<u>No. of OUE Sale Shares</u>	<u>%</u>	<u>Purchase Consideration (S\$)</u>
UOB	57,436,565	32.58	585,852,963.00
OUEH	21,324,219	12.09	217,507,033.80
OUEF	8,207,899	4.66	83,720,569.80
OUEI	10,076,250	5.71	102,777,750.00
Total	97,044,933	55.04	989,858,316.60

- 2.2 **General offer by Purchaser.** Upon the acquisition of OUE Shares which carry 30% or more of the voting rights of OUE, the Purchaser is required to make a general offer (the "**General Offer**") for the OUE Shares not owned, controlled or agreed to be acquired by it or persons acting in concert with it.
- 2.3 **The Sale Price.** The Board of Directors of UOB, in consultation with its financial adviser, Credit Suisse (Singapore) Limited, having considered and explored options available to UOB to meet the Banking Act Requirement in respect of its OUE Shares, decided that the divestment of the OUE Sale Shares by way of a sale to the Purchaser represents the appropriate divestment option. The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account, inter alia, the OUE share price and the adjusted net tangible asset value of OUE as at 31 March 2006 (adjusted for the S\$3.248 net cash special and ordinary dividend paid by OUE in May 2006 (the "**OUE Dividend**")).

The Sale Price of S\$10.20 per OUE Sale Share implies a 7.94% premium over OUE's last transacted share price of S\$9.45 as at 25 May 2006, a 9.99% premium over OUE's 30-day volume weighted average share price of S\$9.2737 from 26 April 2006 to 25 May 2006, and a 45.26% premium over the net tangible asset value per OUE Sale Share of S\$7.022 as at 31 March 2006 (adjusted for the OUE Dividend).

The consolidated net tangible asset value per OUE Sale Share as at 31 December 2005 (audited) and 31 March 2006 (unaudited) was S\$9.89 and S\$10.27 respectively, and if adjusted for the OUE Dividend, S\$6.642 and S\$7.022 respectively. The net book value per OUE Sale Share on the consolidated balance sheet of UOB and its subsidiaries ("**UOB Group**") is S\$6.403. The last transacted price of OUE Shares on the SGX-ST as at 25 May 2006 was S\$9.45. The net profits attributable to the OUE Sale Shares based on OUE's audited accounts for the financial year ended 31 December 2005 was approximately S\$44.0 million.

- 2.4 **Terms of payment.** The Purchase Consideration was paid in cash to the Vendors on 26 May 2006, on completion of the OUE Divestment.
- 2.5 **Use of proceeds.** The UOB Group will realise a consolidated gain of approximately S\$353.5 million arising from the OUE Divestment, in the second quarter of the financial year ending 31 December 2006. The UOB Board of Directors has not decided on the intended use of the proceeds from the OUE Divestment.
- 2.6 **Financial adviser.** Credit Suisse (Singapore) Limited is the financial adviser to UOB in relation to the OUE Divestment.

3. THE OUB CENTRE DIVESTMENT

- 3.1 The Put Option Deed is in respect of the entire shareholding of UOB and its Affiliated Entities in OUB Centre.
- 3.2 **Exercise Price.** The Exercise Price in respect of the Option Shares was arrived at on a willing-buyer and willing-seller basis taking into account, inter alia, the audited net tangible assets of OUB Centre for the financial year ended 31 December 2005. The net book value per Option Share on the consolidated balance sheet of the UOB Group is S\$1.670. The audited consolidated net tangible asset value per Option Share as at 31 December 2005 was S\$1.705. The net profits attributable to the Option Shares based on OUB Centre's audited accounts for the financial year ended

31 December 2005 was approximately S\$3.2 million. The UOB Group will realize a gain of approximately S\$1.9 million arising from the OUB Centre Divestment.

- 3.3 **Put Option Period.** The Put Option is exercisable by the Option Vendors at any time between 26 May 2006 and 15 August 2006 (or such later date as the Option Vendors and the Purchaser may agree in writing) (both dates inclusive).
- 3.4 **Conditions precedent.** The exercise of the Put Option is conditional upon the Securities Industry Council ("**SIC**") ruling that the Put Option is not considered a "special deal" within the meaning of Rule 10 of The Singapore Code on Take-overs and Mergers, entered into by the Purchaser with selected shareholders of OUE in connection with the General Offer (the "**SIC Ruling Condition**") and provided that any conditions that may be imposed by the SIC in connection with the SIC ruling are acceptable to the parties thereto .

Subject to the exercise of the Put Option, completion of the sale and purchase of the relevant number of Option Shares is conditional upon the written consent and waiver of pre-emption rights by the remaining shareholders of OUB Centre for the transfer of the relevant Option Shares by the Option Vendors to the Purchaser and/or its nominee(s) (if required under the Articles of Association of OUB Centre (the "**OUB Centre Articles**")) or completion of the pre-emption procedure under the OUB Centre Articles which will allow the relevant Option Vendors to sell their Option Shares to any third party (the "**Pre-emption Condition**").

The SIC Ruling Condition and the Pre-emption Condition (if required to be fulfilled) have to be obtained on or before 15 August 2006 (or such other date as the Option Vendors and the Purchaser may agree in writing).

- 3.5 **Option Completion.** Completion of the sale and purchase of the relevant Option Shares (the "**Option Completion**") is to take place on the fifth business day after the exercise of the Put Option or the satisfaction or waiver of the Pre-emption Condition (if required to be fulfilled), whichever is the later, but shall be:-
- (a) no earlier than the first closing date of the General Offer; and
 - (b) in any event, not later than (i) the deadline imposed by the MAS for UOB to comply with the Banking Act Requirement (including any extended deadline approved by the MAS), and (ii) 15 August 2006, whichever of (i) and (ii) is the earlier.

The Exercise Price in respect of the relevant Option Shares is payable in cash on Option Completion.

4. **FINANCIAL EFFECTS OF THE OUE DIVESTMENT AND THE OUB CENTRE DIVESTMENT**

For illustrative purposes only, certain estimated financial effects of the OUE Divestment and the OUB Centre Divestment (collectively, the "**Divestments**") on the share capital of UOB, the net tangible assets ("**NTA**") per UOB share, earnings per UOB share ("**EPS**") and capital adequacy ratio ("**CAR**") of the UOB Group, based on the audited consolidated financial statements of the UOB Group for the financial year ended 31 December 2005, are set out below:-

(a) Share Capital

The Purchase Consideration was satisfied entirely in cash and the Exercise Price in respect of the Option Shares will be satisfied entirely in cash. There will accordingly be no effect on the issued and paid-up share capital of UOB.

(b) NTA

Assuming that both the Divestments had been completed on 31 December 2005, the effect of the Divestments on the consolidated NTA of the UOB Group would be as follows:

	Pre-OUE and OUB Centre Divestment	Post-OUE Divestment	Post-OUE and OUB Centre Divestment
Consolidated NTA (S\$m)	10,646.9	10,942.0	10,943.3
No. of UOB shares as at 31 December 2005 (million)	1,537.8	1,537.8	1,537.8
NTA per UOB share as at 31 December 2005 (S\$)	6.92	7.12	7.12

(c) EPS

Assuming that both the Divestments had been completed on 1 January 2005, the effect of the Divestments on the EPS of the UOB Group would be as follows:-

	Pre-OUE and OUB Centre Divestment	Post-OUE Divestment	Post-OUE and OUB Centre Divestment
Profit after income tax and minority interests(S\$m)	1,709.2	2,062.7	2,064.6
Weighted average number of UOB shares for the 12 months ended 31 December 2005 (million)	1,537.3	1,537.3	1,537.3
Basic EPS for the 12 months ended 31 December 2005 (S\$)	1.11	1.34	1.34

(d) CAR

Assuming that both the Divestments had been completed on 31 December 2005, the effect of the Divestments on the CAR of the UOB Group would be as follows:-

	Pre-OUE and OUB Centre Divestment	Post-OUE Divestment	Post-OUE and OUB Centre Divestment
Tier 1 CAR (%)	11.0	11.3	11.4

Total CAR (%)	16.1	16.9	16.9
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5. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The computation of the size of the relative figures on the bases set out in Rule 1006 of the SGX-ST Listing Manual in respect of both the Divestments, based on the audited financial statements of OUE, OUB Centre and of the UOB Group for the financial year ended 31 December 2005, is as follows:-

Rule 1006(a)	As at 31 December 2005
Net asset value of OUE and OUB Centre (S\$m)	2,153.4
Net asset value of the OUE Sale Shares and the Option Shares (S\$m)	844.5
Net asset value of the UOB Group (S\$m)	15,219.7
Size of relative figure	5.5%
Rule 1006(b)	For financial year ended 31 December 2005
Net profits of OUE and OUB Centre (S\$m)	99.0
Net profits of OUE and OUB Centre attributable to the OUE Sale Shares and the Option Shares (S\$m)	38.8
Net profits of the UOB Group (S\$m)	2,203.7
Size of relative figure	1.8%
Rule 1006(c)	For both the OUE Sale Shares and the Option Shares
Amount of consideration (S\$m)	868.8
Market capitalisation of UOB as at 25 May 2006 (S\$m)	23,007.7
Size of relative figure	3.8%

The computation of the size of the relative figures set out above does not include the sale by OUI and OUF of their respective OUE Sale Shares and/or their Option Shares, as the case may be, as they are not subsidiaries of UOB.

6. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors of UOB has any interest, direct or indirect, in the OUE Divestment or the OUB Centre Divestment and the Bank has not received any notification from any of its controlling shareholders that they have any interest, direct or indirect, in the OUE Divestment or the OUB Centre Divestment.

7. DOCUMENTS FOR INSPECTION

A copy of each of the OUE Sale Agreement and the Put Option Deed is available for inspection by the Bank's shareholders during normal business hours from 9.00 a.m. to 6.00 p.m. at the registered office of the Bank at 80 Raffles Place, UOB Plaza, Singapore 048624, for a period of three (3) months from the date of this Announcement.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of UOB (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted from published or otherwise publicly available sources (including, without limitation, information relating to OUE, OUB Centre and the Purchaser), the sole responsibility of the directors of UOB has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Vivien Chan
Company Secretary

Dated this 27th day of May 2006