



UNITED OVERSEAS BANK LIMITED

OVERSEAS UNION TRUST LIMITED



(Incorporated in the Republic of Singapore)

(Incorporated in the Republic of Singapore)

JOINT ANNOUNCEMENT

PROPOSED SCHEME OF ARRANGEMENT TO REORGANISE THE SHARE CAPITAL OF OVERSEAS UNION TRUST LIMITED FOR THE PURPOSE OF PRIVATISING OVERSEAS UNION TRUST LIMITED

1. Introduction

- (a) The respective Boards of Directors of United Overseas Bank Limited ("UOB") and Overseas Union Trust Limited ("OUT") wish to announce (the "Announcement") a proposed scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50 (the "Act") to reorganise the share capital of OUT for the purpose of privatising OUT.
- (b) The present issued and paid-up share capital of OUT is S\$69,327,100 comprising 69,327,100 ordinary shares of S\$1.00 each ("OUT Shares"), of which 12,828,153 OUT Shares are designated as "foreign shareholdings" as defined in the Articles of Association of OUT (the "Foreign Tranche OUT Shares"), representing approximately 18.50 per cent. of the issued and paid-up share capital of OUT.

2. The Scheme

- (a) The Scheme will be proposed in accordance with Section 210 of the Act and the Singapore Code on Take-overs and Mergers as revised with effect from 1 January 2002 (the "Code").
- (b) The Scheme is proposed to:-
 - (i) all the shareholders of OUT, other than UOB, who hold a total of 32,682,226 OUT Shares, as at the date of this Announcement; and
 - (ii) all new shareholders of OUT who will hold new OUT Shares issued or to be issued pursuant to the valid exercise, prior to the relevant date for the purposes of determining the entitlements of Scheme Shareholders (as defined below) under the Scheme, of any options granted under the OUT Share Option Scheme (the "Employee Options").
- (c) The Scheme will involve, *inter alia*, the following:-

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- (i) a capital reduction exercise of OUT to be effected by the cancellation of all the OUT Shares other than the OUT Shares held by UOB (the "Scheme Shares"), in exchange for a cash consideration of S\$4.60 for each Scheme Share held to be paid by UOB to the shareholders of OUT, other than UOB (the "Scheme Shareholders"); and
 - (ii) the issue of new OUT Shares, equal in number to such cancelled Scheme Shares, to UOB and/or its nominees.

(d) The Scheme Shares will be treated similarly under the Scheme regardless of whether or not they form part of the Foreign Tranche OUT Shares.

(e) As stated in paragraph 2(c)(i) above, the Scheme, when proposed, will be on the following basis:-

For each Scheme Share: S\$4.60 in cash (the "Scheme Price").

(f) On the date the Scheme becomes effective and binding, the Scheme Shares will be cancelled and all rights attaching thereto, including rights to dividend or other distribution will cease.

(g) The Scheme Price represents:-

- (i) a premium of approximately 13.9 per cent. to the last transacted price per OUT Share (other than the Foreign Tranche OUT Shares) on the Singapore Exchange Securities Trading Limited ("SGX-ST") of S\$4.04 as of 14 March 2002, the last trading day of the OUT Shares and the Foreign Tranche OUT Shares on the SGX-ST prior to the date of this Announcement (the "Last Pre-Announcement Trading Day");
- (ii) a premium of approximately 16.8 per cent. to the average of the last transacted prices per OUT Share (other than the Foreign Tranche OUT Shares) on the SGX-ST of S\$3.94 over the 30 market day period from 30 January 2002 to 14 March 2002, the Last Pre-Announcement Trading Day;
- (iii) a premium of approximately 18.5 per cent. to the average of the last transacted prices per OUT Share (other than the Foreign Tranche OUT Shares) on the SGX-ST of S\$3.88 over the 60 market day period from 14 December 2001 to 14 March 2002, the Last Pre-Announcement Trading Day;
- (iv) a premium of approximately 19.7 per cent. to the average of the last transacted prices per OUT Share (other than the Foreign Tranche OUT Shares) on the SGX-ST of S\$3.84 over the 90 market day period from 1 November 2001 to 14 March 2002, the Last Pre-Announcement Trading Day;

- (v) a premium of approximately 13.3 per cent. to the last transacted price per Foreign Tranche OUT Share on the Singapore Exchange Securities Trading Limited ("SGX-ST") of S\$4.06 as of 14 March 2002, the Last Pre-Announcement Trading Day;
- (vi) a premium of approximately 16.7 per cent. to the average of the last transacted prices per Foreign Tranche OUT Share on the SGX-ST of S\$3.94 over the 30 market day period from 30 January 2002 to 14 March 2002, the Last Pre-Announcement Trading Day;
- (vii) a premium of approximately 18.0 per cent. to the average of the last transacted prices per Foreign Tranche OUT Share on the SGX-ST of S\$3.90 over the 60 market day period from 14 December 2001 to 14 March 2002, the Last Pre-Announcement Trading Day;
- (viii) a premium of approximately 18.5 per cent. to the average of the last transacted prices per Foreign Tranche OUT Share on the SGX-ST of S\$3.88 over the 90 market day period from 1 November 2001 to 14 March 2002, the Last Pre-Announcement Trading Day; and
- (ix) a premium of approximately 4.1 per cent. to the audited net tangible asset value per OUT Share as of 31 December 2001.

3. **Approvals**

- (a) The Monetary Authority of Singapore has granted its approval in principle to the Scheme.
- (b) The Securities Industry Council has confirmed that rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and note 1(b) to rule 19 of the Code do not apply to the Scheme, subject to the following conditions:-
 - (i) the common substantial shareholders (the "Common Substantial Shareholders") of UOB and OUT (ie. those holding 5 per cent. or more interests in UOB and OUT) abstain from voting on the Scheme;
 - (ii) UOB and its concert parties abstain from voting at the meeting of OUT to approve the Scheme. The Scheme Document (as defined below) must disclose the names of UOB and its concert parties, their current voting rights in OUT and their voting rights in OUT after the Scheme;
 - (iii) the directors of OUT who are also directors of UOB and its concert parties abstain from making a recommendation on the Scheme to the Scheme Shareholders; and

- (iv) OUT appoints an independent financial adviser to advise its shareholders on the Scheme.

4. **Conditions of the Scheme**

- (a) As the Scheme is proposed to be effected by way of a scheme of arrangement under Section 210 of the Act, involving, *inter alia*, a capital reduction of OUT, the Scheme is subject to the approval of the Scheme Shareholders at a meeting to be convened at the direction of the High Court of Singapore (the "Court Meeting") and, separately, at an extraordinary general meeting of OUT (the "EGM"). The Scheme will become effective and binding if-
 - (i) the Scheme is approved by a majority in number, representing not less than 75 per cent. in nominal value of the OUT Shares held by, the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
 - (ii) a special resolution to approve the Scheme, authorising the reduction of the share capital of OUT by way of the cancellation of the OUT Shares held by the Scheme Shareholders and the issue of new OUT Shares to UOB and/or its nominees, is approved at the EGM; and
 - (iii) the Scheme is sanctioned and the reduction of the share capital of OUT is confirmed by the High Court of Singapore, and an office copy of the order of the High Court of Singapore is lodged with the Registrar of Companies and Businesses.
- (b) The Scheme will not be applicable to the OUT Shares held by UOB.
- (c) As at the date of this Announcement, UOB holds 36,644,874 OUT Shares, representing approximately 52.86 per cent. of the issued share capital of OUT.
- (d) Save as disclosed in this Announcement, as at the date of this Announcement, UOB does not control, nor has it agreed to acquire, any OUT Shares.

5. **Employee Options**

- (a) Under the rules of the OUT Share Option Scheme, the Employee Options are not transferable by the holders thereof. In view of this restriction, the Scheme will not be proposed to the holders of the Employee Options (although, for the avoidance of doubt, the Scheme will be proposed to all the new shareholders of OUT who hold OUT Shares issued or to be issued pursuant to the valid exercise, prior to the relevant date for the purposes of determining the entitlements of Scheme Shareholders under the Scheme, of any options granted under the OUT Share Option Scheme). UOB will instead propose (the "Employee Options Proposal") that, subject to:-

- (i) the Scheme becoming effective and binding; and
- (ii) the relevant Employee Options continuing to be exercisable into new OUT Shares,

to pay holders of such Employee Options a cash amount (determined as provided below) (the "Employee Option Price") in consideration of such holders agreeing:-

- (iii) not to exercise all or any of such Employee Options into new OUT Shares; and
- (iv) not to exercise all or any of their other rights as holders of such Employee Options,

in each such case from the date of their acceptance of the Employee Options Proposal to the respective dates of expiry of such Employee Options. Further, if the Scheme becomes effective and binding, holders of the Employee Options who have accepted the Employee Options Proposal will also be required to surrender all of their Employee Options for cancellation. If the Scheme does not become effective and binding, or if the relevant Employee Options cease to be exercisable into new OUT Shares, the Employee Options Proposal will lapse accordingly.

- (b) The Employee Option Price will be computed on a "see-through" basis. In other words, the Employee Option Price in relation to any Employee Option will be the amount by which the Scheme Price exceeds the exercise price of that Employee Option.

6. **Delisting**

It is the intention of UOB to make OUT its wholly-owned subsidiary. It is therefore not the intention of UOB to preserve the listing status of OUT. If the Scheme becomes effective and binding, UOB will then proceed to delist OUT from the SGX-ST.

7. **UOB**

UOB was incorporated in Singapore in 1935 under the name The United Chinese Bank Limited pursuant to Ordinance No. 155 (Companies). It adopted its present name in 1965. The principal activities of UOB and its subsidiaries are commercial banking and related financial services, merchant banking, venture capital, investment management, hire-purchase financing, gold and futures dealing, general and life insurance, nominee services and trustee and management services. Through its associate companies, the UOB group of companies is also involved in leasing, stockbroking, property development/management, hotel ownership and manufacturing and trading activities.

8. **OUT**

OUT was incorporated in Singapore in 1962. The principal activities of OUT are to receive deposits and to make loans as a finance company licensed under the Finance Companies Act, Chapter 108. The principal activity of OUT's wholly-owned subsidiary company, Overseas Union Trust (Nominees) Pte Ltd is to provide nominee services to the customers of OUT.

9. **Rationale for the Scheme**

- (a) The Scheme is being proposed in order to enable UOB to privatise OUT. The Scheme is part of the ongoing exercise of UOB to consolidate its finance subsidiaries. The privatisation of OUT will allow UOB to better integrate similar businesses between OUT and other members of the UOB group of companies. It will also allow UOB to rationalise the management, resources and cost structure of the finance/banking business for greater efficiency and competitiveness.
- (b) The Scheme will give the Scheme Shareholders the opportunity to realise their investment in OUT for a cash consideration at a premium to the recent trading price of the OUT Shares (other than the Foreign Tranche OUT Shares) and the Foreign Tranche OUT Shares. The trading liquidity of both the OUT Shares (other than the Foreign Tranche OUT Shares) and the Foreign Tranche OUT Shares has been low. The average daily trading volume of the OUT Shares (other than the Foreign Tranche OUT Shares) is approximately 15,135 OUT Shares over the past 12 months, representing approximately 0.02 per cent. of the total issued share capital of OUT. The average daily trading volume of the Foreign Tranche OUT Shares is approximately 7,032 Foreign Tranche OUT Shares over the past 12 months, representing approximately 0.01 per cent. of the total issued share capital of OUT. Scheme Shareholders would therefore find it difficult to realise the same cash consideration for their investment in OUT through an on-market sale.
- (c) In the context of the above, UOB has decided to propose the Scheme with a view to making OUT its wholly-owned subsidiary.

10. **Disclosures**

- (a) As of the date of this Announcement, (i) UOB, (ii) its Directors and (iii) its wholly-owned subsidiaries (each, a "Relevant Person") own, control or have agreed to acquire an aggregate of 36,909,374 OUT Shares, representing approximately 53.24 per cent. of the issued share capital of OUT (based on the latest information available to UOB) details of which are set out in the Appendix to this Announcement.
- (b) Save as disclosed in this Announcement, none of the Relevant Persons (i) owns, controls or has agreed to acquire any OUT Shares as of the date of this Announcement, (ii) has dealt for value in any OUT Shares during the six-month period immediately preceding the date of this Announcement or (iii) has received any

irrevocable undertaking from any party to vote in favour of the Scheme at the Court Meeting and/or at the EGM as of the date of this Announcement.

- (c) In the interests of confidentiality, UOB has not made enquiries in respect of those of its subsidiaries which are not wholly-owned or of certain other parties who are or may be deemed to be acting in concert with UOB in connection with the Scheme. Further enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the formal document, *inter alia*, setting out the terms of the Scheme (the "Scheme Document").

11. **Confirmation of Financial Resources**

Merrill Lynch (Singapore) Pte. Ltd. confirms that sufficient financial resources are available to UOB to satisfy in full the cash consideration to be paid to the Scheme Shareholders pursuant to the Scheme.

12. **Scheme Document**

The Scheme Document, setting out the terms and conditions of the Scheme will be despatched to holders of OUT Shares in due course.

13. **Financial Adviser and Independent Financial Adviser**

The Board of OUT has appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to OUT in connection with the Scheme.

The Board of OUT will, in consultation with the Directors considered to be independent for the purposes of the Scheme (the "Independent Directors"), appoint a financial adviser to advise the Independent Directors on the Scheme shortly.

14. **Overseas Shareholders**

The applicability of the Scheme to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. OUT shareholders who are not resident in Singapore should inform themselves about, and observe, any applicable requirements. Further details in relation to overseas shareholders will be contained in the Scheme Document.

15. **Responsibility Statements**

- (a) The Directors of UOB (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to OUT) 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 publicly available sources, the sole responsibility of the Directors of UOB has been to ensure through

reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

- (b) The Directors of OUT (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to UOB) 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 publicly available sources, the sole responsibility of the Directors of OUT has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD OF
United Overseas Bank Limited

Vivien Chan
Company Secretary

BY ORDER OF THE BOARD OF
Overseas Union Trust Limited

Jeannie Tng
Company Secretary

Dated this 15th day of March 2002
Singapore

Any inquiries relating to this Announcement or the Scheme should be directed to the following individual:-

Tracey Woon
Managing Director
Merrill Lynch (Singapore) Pte. Ltd.
Telephone: 6330 7888
Fax: 6330 7130

APPENDIX

Details of Holdings in OUT Shares

The details of the number of OUT Shares held by the Relevant Persons as at the date of this Announcement are as follows:-

Name of Relevant Person	Direct Interest	Deemed Interest
United Overseas Bank Limited	36,453,082	191,792
Mr Lee Hee Seng	74,000	-
Mrs Margaret Lien Wen Hsien	56,600	133,900