



UNITED INTERNATIONAL SECURITIES LIMITED

PROPOSED MERGER OF UNITED INTERNATIONAL SECURITIES LIMITED AND OVERSEAS UNION SECURITIES LIMITED BY WAY OF A SCHEME OF ARRANGEMENT

1. THE INTRODUCTION

The Board of Directors of United International Securities Limited ("**UIS**") has made a joint announcement (the "**Joint Announcement**") with Overseas Union Securities Limited ("**OUS**") today in respect of their entry into an implementation agreement ("**Implementation Agreement**") with OUS for the purposes of a proposed merger (the "**Proposed Merger**") by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act, Chapter 50 (the "**Act**"). A copy of the said Joint Announcement is annexed hereto. As the Proposed Merger constitutes an interested person transaction and a major transaction under Chapters 9 and 10 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual, the Board of Directors of UIS wishes to announce the following additional details pursuant to the requirements of the SGX-ST Listing Manual. All defined terms used in the Joint Announcement shall (unless the context otherwise requires) have the same meaning when used in this announcement.

2. SOURCE OF FUNDS

UIS proposes to finance all cash payments (if any, due to Rounding Down (as defined in the Joint Announcement)) to be made to OUS Shareholders pursuant to the terms of the Scheme using internal resources.

3. LISTING MANUAL OF THE SGX-ST

Interested Person Transaction

As the Proposed Merger involves the acquisition by UIS of OUS Shares from UOB, a controlling shareholder of UIS, and its associates (as defined in the Listing Manual of the SGX-ST) and, in consideration, the issue of New UIS Shares (the "**Proposed Issue**") and payment of cash (if any, due to Rounding Down) by UIS to the same persons in accordance with the terms of the Scheme, the Proposed Merger and the Proposed Issue constitute interested person transactions for UIS under Chapter 9 of the Listing Manual of the SGX-ST.

The value of the interested person transactions as described above is expected to exceed 5% of the latest audited consolidated net tangible assets ("**NTA**") of UIS as at 31 December 2002.

Major Transaction

The Proposed Merger is also expected to be a "Major Transaction" under Rule 1013 of the SGX-ST Listing Manual for the following reasons:

- (a) Based on the unaudited consolidated financial statements of each of UIS and OUS for the nine months ended 30 September 2003, the net profits of OUS Group of S\$3,245,000 comprises approximately 30.4% of the net profits of the UIS Group of S\$10,670,000;
- (b) Based on the revalued net asset value of OUS Group as at 30 September 2003 which amounts to S\$96,673,000, the aggregate value of the consideration comprises 57.5% of UIS' market capitalisation of S\$168,240,663 based on its last traded price on 21 October 2003, being the market day immediately preceding the date of the Implementation Agreement; and

- (c) Based on the illustrated Exchange Ratio of 1.666884 UIS Share to 1 OUS Share as set out in the Joint Announcement, the number of New UIS Shares to be issued as consideration for the Proposed Merger (assuming no Rounding Down) is approximately 46.8% of the existing issued share capital of UIS.

UIS will convene an extraordinary general meeting ("**EGM**") to seek the approval of independent shareholders of UIS for the Proposed Merger and the Proposed Issue. UIS will also seek the approval of shareholders of UIS for the proposed increase in the authorised share capital of UIS to accommodate the issue of New UIS Shares pursuant to the Proposed Merger (including interested persons within the meaning of Chapter 9 of the SGX-ST Listing Manual) and all other matters necessary to effect the Proposed Merger by the shareholders of UIS at the EGM.

4. INTERESTED PERSON TRANSACTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 ("FY2003**")**

Except for the Proposed Merger and the Proposed Issue, there are no discloseable interested person transactions in FY 2003 either with UOB and its associates or with other interested persons as at the date of this Announcement.

5. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, UOB and its subsidiaries hold an aggregate interest of 51.9% (including the holdings of discretionary funds of UOB Asset Management Ltd ("**UOBAM**") in the share capital of OUS. Overseas Union Holdings Private Limited ("**OUIH**") is a subsidiary of UOB and holds 36.0% of the share capital of OUS. UOBAM is a subsidiary of UOB and as at the date of this announcement, UOBAM's discretionary funds hold 17,000 shares in OUS representing 0.04% of the share capital of OUS. Overseas Union Insurance Limited ("**OUI**"), Overseas Union Enterprise Limited ("**OUE**") and Overseas Union Garden Sdn Bhd ("**OUG**") are associated companies of UOB and hold 4.4%, 4.2% and 0.1% of the share capital of OUS respectively.

As at the date of this announcement, UOB holds 39.7% of the issued and paid-up share capital of UIS. The subsidiaries of UOB, United Overseas Insurance Limited ("**UOI**") and UOB Life Assurance Limited (Singapore Insurance Fund), hold 3.9% and 0.6% respectively of the share capital of UIS. An associated company of UOB, Hotel Plaza Limited ("**Hotel Plaza**"), holds 8.9% of the share capital of UIS.

As the Proposed Merger and the Proposed Issue are interested person transactions, UOB will abstain and procure that UOI, UOB Life Assurance Limited (Singapore Insurance Fund) and Hotel Plaza abstain from voting on the relevant resolution at the EGM to approve the Proposed Merger and the Proposed Issue.

Save as disclosed above, none of the substantial shareholders of UIS has any interest, direct or indirect, in the Proposed Merger and the Proposed Issue.

6. INTERESTS OF DIRECTORS

Mr Yang Soo Suan, Dr Lee Soo Ann and Mr Francis Yeo Teng Yang are directors of both UIS and OUS. Mr Yang Soo Suan does not hold any share in the issued and paid-up share capital of OUS or of UIS. Dr Lee Soo Ann does not hold any share in the issued and paid-up share capital of OUS but holds 3,520 shares in the issued and paid-up share capital of UIS. Mr Francis Yeo Teng Yang does not hold any share in the issued and paid-up share capital of OUS but holds 10,560 shares in the issued and paid-up share capital of UIS. Mr Francis Yeo Teng Yang and his spouse each holds 10,000 shares in the issued and paid-up share capital of UOB.

Mr Wee Cho Yaw is the Chairman and Chief Executive Officer of UOB and Chairman of each of UIS and OUE. Mr Wee Cho Yaw holds 27,676 shares in the issued and paid up capital of UIS. Mr Wee Ee Cheong is the Deputy Chairman and President of UOB and a director of UIS. Mr Wee Cho Yaw

and Mr Wee Ee Cheong are substantial shareholders of UOB and have interests of approximately 14.2% and 9.3% of its issued and paid-up share capital respectively.

Accordingly, each of Messrs Wee Cho Yaw, Wee Ee Cheong, Yang Soo Suan, Francis Yeo Teng Yang and Dr Lee Soo Ann will abstain from making any recommendation to the shareholders of UIS on the Proposed Merger and the Proposed Issue at the EGM.

Save as disclosed above, none of the Directors of UIS has any interest, direct or indirect, in the Proposed Merger and the Proposed Issue.

7. FINANCIAL ADVISER

UIS has appointed UOB Asia Limited ("**UOB Asia**") to advise them in connection with the Proposed Merger and the Proposed Issue.

8. INDEPENDENT FINANCIAL ADVISER

As the Proposed Merger and the Proposed Issue constitute interested person transactions for UIS under Chapter 9 of the Listing Manual of the SGX-ST, the Board of UIS will be appointing an independent financial adviser ("**IFA**") to advise the sole independent director of UIS, Mr Alan Howard Smith, on the Proposed Merger and the Proposed Issue. The IFA will issue its formal opinion in the Circular ("**Circular**") to be issued to shareholders of UIS in due course.

9. AUDIT COMMITTEE'S STATEMENT

The audit committee of UIS comprises Messrs Yang Soo Suan, Alan Howard Smith, Boon Yoon Chiang (Alternate to Mr Alan Howard Smith) and Dr Lee Soo Ann.

The audit committee of UIS (save for Mr Yang Soo Suan and Dr Lee Soo Ann, who will abstain from making any recommendation on the Proposed Acquisition and the Proposed Issue) will form its view on whether the Proposed Merger and the Proposed Issue are on normal commercial terms and not prejudicial to the interests of UIS and its minority shareholders after considering the opinion of the IFA. The view of the audit committee of UIS will be set out in the Circular.

10. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

UIS also proposes to take this opportunity to amend its Articles of Association ("**Articles**") so as to generally reflect the current requirements of the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, and to update certain other provisions of the Articles, details of which will be set out in the Circular.

11. CIRCULAR TO SHAREHOLDERS

The Circular containing, *inter alia*, details of the Proposed Merger, the Proposed Issue and the proposed amendments to the Articles, the formal opinion of the IFA and a notice convening the EGM of UIS will be despatched to the shareholders of UIS in due course.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of UIS (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 OUS) 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, the sole responsibility of the Directors of UIS 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.

13. DOCUMENTS FOR INSPECTION

A copy of the Implementation Agreement will be available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, UOB Plaza, Singapore 048624, for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD OF
United International Securities Limited

Vivien Chan
Company Secretary

Dated this 22nd day of October 2003
Singapore

Any inquiries relating to this announcement or the Proposed Merger should be directed to either of the following individuals:-

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