

RECOMMENDED VOLUNTARY CONDITIONAL CASH OFFER

by

UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 193500026Z)

to acquire all the issued and paid-up ordinary shares in the capital of

FAR EASTERN BANK LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 195800116D)

other than those already held by

United Overseas Bank Limited

Independent Financial Adviser

to the Independent Shareholders of Far Eastern Bank Limited

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200309056E)

OFFER ANNOUNCEMENT

1. INTRODUCTION

- 1.1 **The Offer.** United Overseas Bank Limited (the “**Offeror**”) and Far Eastern Bank Limited (“**FEB**” or the “**Company**”) wish to jointly announce that the respective boards of directors of the Offeror and the Company have agreed to the terms of a recommended voluntary conditional cash offer (the “**Offer**”) to be made by the Offeror to acquire all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company other than those already held by the Offeror. The Offer is recommended by Provenance Capital Pte. Ltd. (“**Provenance**”), the independent financial adviser (“**IFA**”) appointed by the directors of FEB to advise shareholders of FEB (the “**Shareholders**”) other than the Offeror and its concert parties (the “**Independent Shareholders**”) on the Offer, as set out in Section 3.2 below.
- 1.2 **Holdings of the Offeror.** As at the date of this Announcement (the “**Announcement Date**”), the Offeror owns 78,884,677 Shares, representing approximately 78.88% of the total number of issued Shares¹.

¹ Unless otherwise stated, references in this Announcement to the total number of issued Shares are based on 100,010,566 Shares as at 11 March 2015. As at the Announcement Date, the Company does not hold any Shares in treasury.

2. THE RECOMMENDED OFFER

Subject to the terms and conditions of the Offer to be set out in the document described as the "**Composite Document**" in Section 4 below, the Offeror will make the Offer for the Offer Shares (as defined below) in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**") on the following basis:

- (a) **Offer Price.** The consideration for each Offer Share will be as follows:

For each Offer Share: S\$3.51 in cash (the "Offer Price")

- (b) **Offer Shares.** The Offer will be extended to all the Shares other than those already held by the Offeror (the "**Offer Shares**"). For the avoidance of doubt, Offer Shares shall include any Shares owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Offeror.

- (c) **No Encumbrances.** The Offer Shares are to be acquired (i) fully paid, (ii) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Announcement Date, and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company (collectively, the "**Distributions**") (if any) which may be announced, declared, paid or made by the Company on or after the Announcement Date, but excluding the FY2014 Dividend (as defined below).

- (d) **Adjustment for Distributions.** In the event any Distribution (other than the FY2014 Dividend (as defined below)) is announced, declared, paid or made by the Company on or after the Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer (an "**Accepting Shareholder**"), the Offeror reserves the right to reduce the Offer Price payable to such Accepting Shareholder by the amount of such Distribution.

- (e) **No Adjustment for FY2014 Dividend.** As stated in FEB's summary of financial statements for the financial year ended 31 December 2014 ("**FY2014**") which was published in The Business Times on 23 February 2015, the directors of FEB have proposed that a final one-tier tax-exempt dividend of S\$0.02 per Share (the "**FY2014 Dividend**") be paid to Shareholders for FY2014. The proposed FY2014 Dividend is subject to the approval of Shareholders to be sought at the forthcoming annual general meeting of FEB (the "**AGM**") to be held on 23 April 2015. If approved by Shareholders, it is expected that the FY2014 Dividend will be paid to Shareholders whose names appear on the Register of Members of FEB as at 5.00 p.m. on 6 April 2015 (the "**FY2014 Dividend Record Date**") or transferees whose registrable transfers have been received by the Company Secretary by the FY2014 Dividend Record Date (the "**Entitled Shareholders**"). If approved by Shareholders at the AGM, the FY2014 Dividend will be paid on 28 April 2015.

As the Offer Shares to be acquired by the Offeror under the Offer exclude the right to receive the FY2014 Dividend, Accepting Shareholders will retain the benefit of the FY2014 Dividend (if approved by Shareholders) to be paid by FEB to Entitled Shareholders and there will be no reduction in the Offer Price in respect of the FY2014 Dividend pursuant to Section 2(d) above. Accordingly:

- (i) in the event the Offeror becomes entitled to receive, and receives, the FY2014 Dividend in respect of any Offer Shares validly tendered by an Accepting Shareholder in acceptance of the Offer, the Offeror will pay an amount equal to the FY2014 Dividend in respect of such Offer Shares to such Accepting Shareholder within 14 days of the receipt by the Offeror of the FY2014 Dividend from FEB; and
 - (ii) Entitled Shareholders will receive the FY2014 Dividend from FEB and therefore will not be entitled to receive any additional amount from the Offeror under the Offer or otherwise in respect of any Offer Shares tendered by them in acceptance of the Offer.
- (f) **Minimum Acceptance Condition.** The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which represents **not less than 90% of the Offer Shares** as at the close of the Offer (the “**Acceptance Condition**”).

The Offeror reserves the right to waive the Acceptance Condition or reduce such condition to a lower level (but which in any event will result in the Offeror holding more than 50% of the total voting rights attributable to the issued Shares), subject to the approval of the Securities Industry Council (the “**SIC**”).

The Offer will be unconditional in all other respects.

- (g) **Further Details.** Further details of the Offer will be set out in the Composite Document.

3. ADVICE AND RECOMMENDATION OF THE INDEPENDENT FINANCIAL ADVISER

- 3.1 **Exemption relating to FEB Directors’ Recommendation.** The SIC has ruled that all of the directors of FEB, namely, Messrs Wee Cho Yaw, Hsieh Fu Hua, Wee Ee Cheong, Wong Meng Meng and Franklin Leo Lavin (collectively, the “**FEB Directors**”), are exempted from the requirement to make a recommendation on the Offer to Shareholders in view of the fact that all the FEB Directors are also directors on the board of the Offeror. Further, Messrs Wee Cho Yaw, Hsieh Fu Hua and Wee Ee Cheong are the Chairman Emeritus and Adviser, Chairman, and Deputy Chairman and Chief Executive Officer of the Offeror, respectively. The FEB Directors will accept responsibility for the accuracy of the facts stated and opinions expressed in documents issued by, or on behalf of, FEB in connection with the Offer.

As there is no FEB Director to assume the responsibility of making a recommendation on the Offer to Shareholders, the SIC has ruled that such responsibility shall reside with the IFA appointed by the FEB Directors to advise Shareholders on the Offer.

- 3.2 **Advice and Recommendation of the IFA.** Provenance has been appointed by the FEB Directors as the IFA to advise Independent Shareholders on the Offer. Provenance is of the opinion that the financial terms of the Offer are fair and reasonable and recommends that Independent Shareholders accept the Offer. The detailed opinion and recommendation of Provenance to Independent Shareholders on the Offer (the “**IFA’s Advice**”) will be included in the Composite Document which will be despatched in due course.

No immediate action is required of Shareholders in respect of the Offer. They will be advised on the procedures for accepting the Offer in the Composite Document.

4. COMPOSITE DOCUMENT

The Composite Document to be issued jointly by the Offeror and the Company will contain, amongst other things, the following:

- (a) the offer document to be issued by the Offeror, which will set out the terms and conditions of the Offer and enclose a Form of Acceptance and Transfer for the Offer Shares (the “**FAT**”); and
- (b) the letter of the FEB Directors to Shareholders in relation to the Offer, together with the IFA Advice.

The Composite Document will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Announcement Date. The Offer will remain open for acceptance by Shareholders for a period of at least 28 days from the date of despatch of the Composite Document.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the IFA Advice to be included in the Composite Document.

5. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Singapore on 6 August 1935 and is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Its principal activities include personal financial services, private banking, business banking, commercial and corporate banking, transaction banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management and insurance.

As at the Announcement Date, the Offeror has an issued and paid-up share capital of S\$3,944,232,570.94 comprising 1,614,543,954 issued ordinary shares (including 11,708,697 ordinary shares held in treasury) and a market capitalisation of approximately S\$36.3 billion.

As at the Announcement Date, the directors of the Offeror are Messrs Wee Cho Yaw, Hsieh Fu Hua, Wee Ee Cheong, Wong Meng Meng, Franklin Leo Lavin, Willie Cheng Jue Hiang, James Koh Cher Siang and Ong Yew Huat, and Mrs Lim Hwee Hua (collectively, the “**UOB Directors**”).

6. INFORMATION ON FEB

FEB is a public unlisted company incorporated in Singapore on 21 August 1958. It is a banking subsidiary of the Offeror and offers commercial banking and financial services.

As at the Announcement Date, the Company has an issued and paid-up share capital of S\$100,010,566.00 comprising 100,010,566 issued Shares. As at the Announcement Date, the Company does not hold any Shares in treasury.

7. RATIONALE FOR THE OFFER

- 7.1 **Intention to Privatisise FEB.** As at the Announcement Date, the Offeror owns approximately 78.88% of the total number of issued Shares and is the majority shareholder of the Company. The Offeror intends to make the Offer with a view to privatising the Company and making the Company its wholly-owned subsidiary.
- 7.2 **Greater Management Flexibility.** The Offeror is of the view that privatising the Company will provide the Offeror with greater control and management flexibility to integrate the Company's operations into the Offeror resulting in increased efficiencies. In addition, the customers of FEB will benefit from being part of a larger bank.
- 7.3 **Opportunity for Minority Shareholders to Realise Their Investment.** The Offer will provide Shareholders with the opportunity to realise their entire investment in the Shares and to unlock value in their unlisted and illiquid Shares.

8. COMPULSORY ACQUISITION

If the Acceptance Condition is met, the Offeror would be entitled to and intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer.

Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), if the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of issued Shares, the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**"), at a price equal to the Offer Price. For the purpose of determining the 90% threshold under Section 215(1) of the Companies Act, Shares held by the Offeror, its related corporations and their respective nominees as at the date of the Offer shall not be taken into account.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror or its nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude Shares held by the Offeror, its related corporations or their respective nominees.

9. CERTAIN FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premia over the net asset value ("**NAV**") per Share as at 31 December 2014 and 31 December 2013 respectively, as set out below:

Description	NAV per Share (S\$)	Premium of Offer Price over NAV per Share (%)
(a) Audited NAV per Share as at 31 December 2014	1.95	80.0
(b) Audited NAV per Share as at 31 December 2013	1.95	80.0

10. DISCLOSURE BY THE OFFEROR PURSUANT TO RULE 704(17) OF THE LISTING MANUAL

- 10.1 **Offer Consideration.** The maximum consideration payable by the Offeror for the Offer Shares under the Offer is approximately S\$74.15 million based on the Offer Price and assuming the Offeror receives, by the close of the Offer, valid acceptances for all of the Offer Shares.
- 10.2 **Basis for the Offer Price.** The Offer Price was determined after taking into consideration, amongst other things, the NAV attributable to the Offer Shares as at 31 December 2014 and the valuation of the Far Eastern Bank Building (the “**Property**”) which was commissioned by FEB and conducted by Colliers International Consultancy and Valuation (Singapore) Pte Ltd (the “**Valuation**”). Based on the Valuation dated 13 January 2015, the market value of the Property on an “as is” basis was determined to be S\$167.00 million as at 13 January 2015. Based on the audited consolidated financial statements of FEB and its subsidiary (the “**FEB Group**”) for FY2014 (the “**FEB FY2014 Accounts**”), the net book value of the Property was S\$3.72 million as at 31 December 2014.
- 10.3 **Funding for the Offer.** The acquisition of the Offer Shares will be funded by way of internal cash resources of the Offeror.
- 10.4 **Financial Information on FEB.** Based on the FEB FY2014 Accounts, both the book value of the Offer Shares and the NAV attributable to the Offer Shares was S\$41.16 million as at 31 December 2014.
- 10.5 **Financial Impact on the Offeror.** The Offer is not expected to have a material impact on the earnings per share or the net asset value per share of the Offeror for the current financial year ending 31 December 2015.

11. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

- 11.1 **Holdings of Company Securities.** As at the Announcement Date, UOB owns an aggregate of 78,884,677 Shares, representing approximately 78.88% of the total number of issued Shares.
- 11.2 **No Other Holdings and Dealings.** Save as disclosed in paragraph 11.1 above, as at the Announcement Date and based on the latest information available to the Offeror, none of (i) the Offeror and its directors, and (ii) the wholly-owned subsidiaries of the Offeror (collectively, the “**Relevant Persons**”):
- (a) owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company or (iii) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”); or
 - (b) has dealt for value in any Company Securities during the three (3)-month period immediately preceding the Announcement Date.

11.3 **Other Arrangements.** As at the Announcement Date and based on the latest information available to the Offeror, none of the Relevant Persons has:

- (a) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;
- (b) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or
- (c) lent any Company Securities to another person.

11.4 **Irrevocable Undertakings.** As at the Announcement Date, certain Shareholders (the "Undertaking Shareholders") have each given irrevocable undertakings to the Offeror (the "Irrevocable Undertakings") whereby each of the Undertaking Shareholders has undertaken, *inter alia*, to accept the Offer in respect of the Shares owned by each of them respectively prior to and up to the close of the Offer.

The names of the Undertaking Shareholders and the number of Shares owned by them as at the Announcement Date are as follows:

Name	Number of Shares	Percentage of total issued Shares (%)
Aik Siew Tong Limited	2,315,279	2.31
Lee Chin Chuan	679,384	0.68
Melodies Limited	2,000,212	2.00
Ng Chwee Hwei	65,648	0.07
Ong Chu Meng	336,779	0.34
Total	5,397,302	5.39*

* The discrepancy between the amounts listed and the total shown thereof is due to rounding. Accordingly, the figure shown as total is not an arithmetic aggregation of the figures that precede it.

Each of the Undertaking Shareholders has also granted to the Offeror during the period of 100 days commencing from the date of the Irrevocable Undertakings, a call option (the "Call Option") for the Offeror to purchase from each Undertaking Shareholder all of the Shares owned by each of them respectively at the Offer Price. The Shares are to be acquired free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights, benefits, entitlements and advantages attached thereto on terms similar to that under the Offer as set out in Sections 2(c), (d) and (e) of this Announcement, which terms shall apply *mutatis mutandis* to the Call Option. The Call Option may be exercised by the Offeror in the event that the Shares owned by the Undertaking Shareholders are not acquired by the Offeror pursuant to the Offer for any reason.

Each of the Irrevocable Undertakings shall terminate on (a) the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by the relevant Undertaking Shareholder, (b) the date on which the Call Option lapses, or (c) the date of settlement of the Shares acquired by the Offeror under the Call Option, whichever is the earliest.

As at the Announcement Date and based on the latest information available to the Offeror, save as disclosed above, none of the Relevant Persons has received any irrevocable undertaking from any party to accept or reject the Offer.

- 11.5 **Further Enquiries.** In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with the Offeror in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures will be made in due course and in the Composite Document.

12. CONFIRMATION OF FINANCIAL RESOURCES

Ernst & Young LLP confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer by the holders of the Offer Shares.

13. ANNOUNCEMENTS

All announcements by or on behalf of the Offeror and/or the Company relating to or in connection with the Offer subsequent to this Announcement will be posted on the Offeror's counter at SGXNET at www.sgx.com and the Offeror's website at www.uobgroup.com.

14. OVERSEAS SHAREHOLDERS

- 14.1 **Overseas Jurisdictions.** The Offer will be made solely by the Composite Document (including the FAT), which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**") and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities within any Restricted Jurisdiction.

- 14.2 **Overseas Shareholders.** The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register of Members of FEB (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Composite Document (including the FAT) may not be sent. Further details in relation to Overseas Shareholders will be contained in the Composite Document.

- 14.3 **Copies of the Composite Document.** Where there are potential restrictions on sending the Composite Document (including the FAT) to any overseas jurisdictions, the Offeror reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of the Composite Document (including the FAT) from the office of the Company's Share Registrar at 80 Raffles Place, UOB Plaza 2, #04-20 Singapore 048624. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Company's Share Registrar at the above-stated address to request for the Composite Document (including the FAT) to be sent to an address in Singapore by ordinary post at his own risk, up to the five (5) business days prior to the close of the Offer.

15. RESPONSIBILITY STATEMENT

- 15.1 **UOB Directors.** The UOB Directors (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 (other than (i) those relating to FEB, and (ii) the IFA's advice and recommendation set out in Section 3.2 for which Provenance has taken responsibility) 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 in this Announcement has been extracted or reproduced from published or publicly available sources or obtained from FEB, the sole responsibility of the UOB Directors 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.
- 15.2 **FEB Directors.** The FEB Directors (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 (other than (i) those relating to the Offeror, the Relevant Persons, the Undertaking Shareholders, and (ii) the IFA's advice and recommendation set out in Section 3.2 for which Provenance has taken responsibility) 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 in this Announcement has been extracted or reproduced from published or publicly available sources or obtained from the Offeror, the Relevant Persons or the Undertaking Shareholders, the sole responsibility of the FEB Directors 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.

BY ORDER OF THE BOARD

UNITED OVERSEAS BANK LIMITED

Mrs Vivien Chan
Secretary

11 March 2015

BY ORDER OF THE BOARD

FAR EASTERN BANK LIMITED

Ms Theresa Sim
Assistant Secretary

IMPORTANT NOTICE

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.