



## INTERESTED PERSON TRANSACTION PURSUANT TO CHAPTER 9 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of United Overseas Insurance Limited (“**UOI**”) wishes to announce that UOI has today entered into a property sale agreement (the “**Property Sale Agreement**”) with United Overseas Bank Limited (“**UOB**”) pursuant to which UOB has agreed to sell, and UOI has agreed to purchase, the property located at 146 Robinson Road, Singapore 068909 (the “**Property**”), subject to the terms and conditions set out in the Property Sale Agreement (the “**Proposed Acquisition**”).

### 2. INFORMATION ON THE PROPERTY

The Property is a 12-storey office building with a basement level of gross floor area of approximately 4,631.49 square meters (sm), situated at Land Lot 99752A, Town Subdivision 2 of land area 422.1 sm or thereabouts, and has a leasehold estate of 99 years from 3 June 1992.

### 3. PROPOSED ACQUISITION

3.1 **Proposed Acquisition.** The Property is sold on an “as is where is” basis and condition, with the benefit of and subject to the existing tenancy agreements and free from encumbrances on the completion of the Proposed Acquisition (the “**Completion**”), in accordance with the terms of the Property Sale Agreement.

3.2 **Conditions Precedent.** The Proposed Acquisition is subject to and conditional upon the approval by the shareholders of UOI (the “**Shareholders**”) at an extraordinary general meeting to be convened (“**EGM**”) for the Proposed Acquisition.

3.3 **Consideration.** The total consideration for the Proposed Acquisition is S\$52 million (the “**Consideration**”) and is to be satisfied in cash as follows:

3.3.1 a deposit equivalent to S\$2,600,000 (the “**Deposit**”) by way of a cashier’s order drawn in favour of UOB upon signing of the Property Sale Agreement; and

3.3.2 the balance of the Consideration by way of cashier’s order drawn in favour of UOB on Completion.

The Consideration was arrived at after arm’s length negotiations, on a willing-seller and willing-buyer basis, and was determined after taking into account the prevailing market price and an independent valuation of the Property (see paragraph 5). The Consideration will be satisfied by UOI in cash from internal sources. The Deposit has been paid by UOI to UOB as at the date of this Announcement.

3.4 **Completion.** Completion is expected to take place by 28 February 2020 (or such other date as UOB and UOI may agree in writing).

- 3.5 **Termination.** In the event that the conditions precedent under the Property Sale Agreement are not satisfied or waived by 18 February 2020, the Property Sale Agreement shall be deemed to be null and void with immediate effect (unless otherwise agreed between the parties in writing), whereupon UOB shall, *inter alia*, refund to UOI the Deposit paid by UOI but without any interest compensation or deductions whatsoever within seven business days.

#### 4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Directors believe that the Proposed Acquisition is beneficial to UOI. The Property will be UOI's first real estate investment and is intended to be held as a long term investment to enhance the fixed asset base of UOI. The Property would provide a hedge against rental increases in the property market. Rental income from leasing out excess space would diversify UOI's income stream and lessen profit volatility. The Property has street level frontage and visibility in a busy area of the financial district. The Directors are of the view that upon acquisition and relocation to the Property, UOI will receive an immediate boost to its corporate image and branding.

#### 5. **INDEPENDENT VALUATION OF THE PROPERTY**

Colliers International Consultancy & Valuation (Singapore) Pte Ltd, the Independent Valuer, was jointly commissioned by UOI and UOB to provide an independent valuation of the Property. Based on the valuation of the Property by the Independent Valuer as at 10 June 2019, the value of the Property is S\$52 million. The said valuation was made using the comparison method and income capitalisation methods. In arriving at its opinion, the Independent Valuer had adopted sales comparable of similar properties in the vicinity and comparable localities and made the necessary comparison and adjustments before arriving at the market value.

#### 6. **INTERESTED PERSON TRANSACTION**

- 6.1 **Interested Person.** UOI is a subsidiary of UOB, and both companies are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). As at the date of this Announcement (the "**Announcement Date**"), UOB is deemed to have an interest in 35,707,500 ordinary shares in the capital of UOI representing 58.39 per cent.<sup>1</sup> of the total issued share capital of UOI, through Tye Hua Nominees Private Limited (a subsidiary of UOB). Accordingly, UOB is an "interested person" of UOI for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

- 6.2 **Shareholders' Approval.** The Consideration of S\$52 million represents approximately 13.74 per cent. of the latest audited net tangible assets of UOI as at 31 December 2018 of approximately S\$378,374,000. Therefore, the Proposed Acquisition is subject to the approval of the Shareholders under Rule 906(1) of the Listing Manual. As required under the Listing Manual, UOB and its associates (as defined under the Listing Manual) will abstain from voting on the resolution to be tabled at the EGM to approve the Proposed Acquisition.

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<sup>1</sup> In this Announcement, unless otherwise stated, all percentages calculated with reference to the aggregate number of the Shares are computed based on the aggregate number of ordinary shares of UOI in issue of 61,155,000 Shares as at the Announcement Date (the "**Shares**") based on a business profile search on the website of the Accounting and Corporate Regulatory Authority of Singapore and is rounded to the nearest two decimal places.

6.3 **Current and On-going Interested Person Transactions.** The table below sets out for the current financial year commencing 1 January 2019 up to the Announcement Date:

6.3.1 the aggregate value of all transactions between UOI and UOB, its subsidiaries and its associates (other than UOI) (the “**UOB Group**”); and

6.3.2 the aggregate value of all interested person transactions entered into by UOI.

Transaction	Amount (S\$ million)	Percentage of UOI's NTA (%)
Interested person transactions with the UOB Group	54.1	14.30
All interested person transactions	55.4	14.64

**Notes:**

(1) The figures above include the Consideration.

(2) The figures above exclude transactions which are less than S\$100,000.

6.4 **Audit Committee Statement.**

6.4.1 The Audit Committee comprises Mr. Yang Soo Suan, Mr. Hwang Soo Jin (up to 7 October 2019), Mr. N Ganesan, Mr. Chng Hwee Hong and Professor Ho Yew Kee (from 7 October 2019). The Chairman of the Audit Committee is Mr. Yang Soo Suan.

6.4.2 Having considered:

- (i) the terms of and rationale for the Proposed Acquisition;
- (ii) that the Independent Valuer has estimated that the market value of the Property is S\$52 million; and
- (iii) the approach used by the Independent Valuer in arriving at its opinion is consistent with market standards;

the Audit Committee is of the view that the Proposed Acquisition is on normal commercial terms, and is not prejudicial to the interests of UOI and its minority Shareholders.

7. **FINANCIAL EFFECTS**

7.1 **Financial effects.** The pro forma financial effects of the Proposed Acquisition on the number of issued and outstanding Shares and the fully-diluted earnings per Share for the financial year ended 31 December 2018 (“**FY2018**”) are set out below.

7.2 **Bases and Assumptions.** The pro forma financial effects for the Proposed Acquisition have been prepared based on the audited financial statements of UOI for FY2018 and are purely for illustration purposes only and may not reflect the future actual financial position of UOI following completion of the Proposed Acquisition. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Acquisition had been effected on 31 December 2018, being the end of the most recently completed financial year of UOI, for illustrating the financial effects on the NTA of UOI; and
- (ii) the Proposed Acquisition had been effected on 1 January 2018, being the beginning of the most recently completed financial year of UOI, for illustrating the financial effects on the earnings of UOI.

7.3 **NTA.** For illustrative purposes only and assuming the Proposed Acquisition had been completed on 31 December 2018, the pro forma financial effects on the NTA of UOI for FY2018 are set out below. The NTA is determined by the total equity attributable to equity holders of UOI.

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$)	378,374,000	377,893,000
No. of issued Shares	61,155,000	61,155,000
NTA per Share (S\$)	6.19	6.18

7.4 **Earnings per Share (“EPS”).** For illustrative purposes only and assuming the Proposed Acquisition had been completed on 1 January 2018, the pro forma financial effects on the earnings of UOI for FY2018 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to Shareholders (S\$)	23,831,000	23,350,000
No. of issued Shares	61,155,000	61,155,000
Basic EPS (Singapore cents)	38.97	38.18

## 8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

8.1 **Rule 1006.** The relative figures in relation to the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the Listing Manual and based on UOI’s latest announced unaudited third quarter financial statements for the financial period ended 30 September 2019 (the “**UOI3Q2019 Results**”) are as follows:

Rule 1006 Bases	Proposed Acquisition (S\$)	UOI (S\$)	Relative Figure (%)
(b) Net profits attributable to the Property compared with the UOI’s net profits <sup>(1)</sup>	787,500	31,086,000	2.53
(c) Consideration compared with UOI’s market capitalisation <sup>(2)</sup>	52,000,000	432,977,400	12.01

### Notes:

- (1) Pursuant to Rule 1002(3) of the Listing Manual, the term “net profits” means profit or loss before income tax, minority interests and extraordinary items.

- (2) Market capitalisation has been calculated on the basis of 61,155,000 Shares in issue (excluding treasury shares) as at the Announcement Date multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on the latest trading day prior to the Announcement Date, being S\$7.08.

8.2 **Discloseable transaction.** As the relative figure under Rule 1006 (the “**Rule 1006 Figure**”) exceeds five per cent. but is less than 20 per cent., the Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

## 9. FURTHER INFORMATION

9.1 **Shareholding.** The interests of the directors of UOI as recorded in the register of Directors’ shareholdings of UOI and interests of the substantial shareholders of UOI as at 18 December 2019 are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Director</b>				
Wee Cho Yaw	38,100	0.06	-	-
David Chan Mun Wai	21,000	0.03	-	-
Wee Ee Cheong	-	-	-	-
Hwang Soo Jin	100,000	0.16	-	-
Yang Soo Suan	-	-	-	-
N Ganesan	-	-	-	-
Ho Yew Kee	-	-	-	-
Chng Hwee Hong	-	-	-	-
<b>Substantial Shareholder</b>				
United Overseas Bank Limited <sup>(2)</sup>	-	-	35,707,500	58.39

### Notes:

- (1) Rounded to the nearest two decimal places.
- (2) UOB is deemed to have an interest in the 35,707,500 Shares held by Tye Hua Nominees Private Limited.

9.2 **Interests of Directors and Substantial Shareholders.** Dr. Wee Cho Yaw, the Chairman of the Board of Directors of UOI, is also the Chairman Emeritus and Honorary Advisor of UOB.

Mr. Wee Ee Cheong, the Non-Independent and Non-Executive Director of UOI, is also the Deputy Chairman and Chief Executive Officer of UOB.

Dr. Wee Cho Yaw and Mr. Wee Ee Cheong are substantial shareholders of UOB and have interests (direct and indirect) of approximately 18.54% and 10.52% of its issued and paid-up share capital respectively.

Mr. David Chan Mun Wai and Professor Ho Yew Kee are both shareholders of UOB, but their respective interests in the issued and paid-up share capital of UOB are negligible.

Save as disclosed in this Announcement and save for their shareholdings in UOI, none of the directors or substantial shareholders of UOI has any interest, direct or indirect, in the Proposed Acquisition.

- 9.3 **Directors' Service Contracts.** No person is proposed to be appointed as a director of UOI in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between UOI and any such person.
- 9.4 **Circular.** The circular to Shareholders containing further details on the Proposed Acquisition will be despatched to Shareholders in due course.
- 9.5 **Documents for Inspection.** The following documents are available for inspection during normal business hours at the registered office of UOI at 80 Raffles Place, UOB Plaza, Singapore 048624, for a period of three months commencing from the Announcement Date:
- 9.5.1 the Property Sale Agreement; and
- 9.5.2 the valuation report of Colliers International Consultancy & Valuation (Singapore) Pte Ltd in relation to the independent valuation of the Property.

By Order of the Board of  
**United Overseas Insurance Limited**

Vivien Chan  
Company Secretary  
18 December 2019