1. INTRODUCTION

1.1 The HNL Divestment. 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 24 June 2006 entered into a sale and purchase agreement (the "HNL Sale Agreement") with UOL Group Limited (the "Purchaser") pursuant to which the Vendors have agreed to sell to the Purchaser 11,369,260 ordinary shares (the "HNL Sale Shares") in the capital of Hotel Negara Limited ("HNL"), representing approximately 54.5% of the total number of issued shares in HNL for a total cash consideration (the "Purchase Consideration") of S$73,331,727 (equivalent to S$6.45 per HNL Sale Share (the "Sale Price")) (the "HNL Divestment"). The HNL Divestment was completed on 24 June 2006.

1.2 Compliance with statutory requirements. The HNL Divestment has 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.

1.3 HNL. HNL is a hotelier 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 HNL which, when aggregated with the shareholding interests of its Affiliated Entities, exceeds 10% of the total number of issued shares in HNL. Before the completion of the HNL Divestment, UOB owned 1,148,257 ordinary shares in the capital of HNL ("HNL Shares"), representing approximately 5.5% of the total number of issued shares in HNL, and together with its Affiliated Entities, owned 11,369,260 HNL Shares, representing approximately 54.5% of the total number of issued shares in HNL.

Following the completion of the HNL Divestment, the Banking Act Requirement is complied with in respect of the shareholding interests in HNL held by UOB and its Affiliated Entities and HNL has ceased to be an Affiliated Entity of UOB. As such, HNL’s approximately 0.1% shareholding in UOL Group Limited ("UOL") will no longer be aggregated with UOB’s shareholding in UOL. As the aggregate shareholding of UOB and its Affiliated Entities in UOL is now less than 10%, UOB is also in compliance with the Banking Act Requirement in respect of its shareholding interests in UOL.
2. **THE HNL DIVESTMENT**

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

<table>
<thead>
<tr>
<th>No. of HNL Sale Shares</th>
<th>%</th>
<th>Purchase Consideration (S$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UOB</td>
<td>1,148,257</td>
<td>5.5</td>
</tr>
<tr>
<td>OUH</td>
<td>7,757,878</td>
<td>37.2</td>
</tr>
<tr>
<td>OUF</td>
<td>1,558,039</td>
<td>7.5</td>
</tr>
<tr>
<td>OUI</td>
<td>905,086</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,369,260</strong></td>
<td><strong>54.5</strong></td>
</tr>
</tbody>
</table>

2.2 **General offer by Purchaser.** Upon the acquisition of HNL Shares which carry 30% or more of the voting rights of HNL, the Purchaser is required to make a general offer (the "General Offer") for the HNL 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, having considered and explored the options available to UOB, decided that the divestment of the HNL 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 HNL share price, the audited consolidated net tangible asset value per HNL Sale Share as at 31 December 2005, and the valuation of HNL’s hotel property.

The Sale Price of S$6.45 per HNL Sale Share implies a 20.6% premium over HNL’s last transacted share price of S$5.35 as at 23 June 2006. The net book value per HNL Sale Share on the consolidated balance sheet of UOB and its subsidiaries ("UOB Group") as at 31 December 2005 was S$3.06. The audited consolidated net tangible asset value per HNL Sale Share as at 31 December 2005 was S$2.66.

2.4 **Terms of payment.** The Purchase Consideration was paid in cash to the Vendors on 24 June 2006, on completion of the HNL Divestment.

3. **FINANCIAL EFFECTS OF THE HNL DIVESTMENT**

The UOB Group will realise a consolidated gain of approximately S$34.5 million arising from the HNL Divestment, in the second quarter of the financial year ending 31 December 2006. The HNL Divestment is not expected to have a significant impact on the financial position of the UOB Group for the financial year ending 31 December 2006.

4. **DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS**

Mr Wee Cho Yaw, a Director and controlling shareholder of the Bank, is a director and controlling shareholder of UOL. Mr Wee Ee Cheong, a Director of the Bank, is a controlling shareholder of UOL. Mr Michael Lien Jown Leam, a Director of UOB, is an executive director of Wah Hin & Company Pte Ltd, a shareholder of Lien Ying Chow Pte Ltd and a beneficiary of the Estate of Dr Lien Ying Chow, deceased, which directly and indirectly are deemed to be interested in 16.68% of HNL’s issued shares. Messrs Wee Cho Yaw, Wee Ee Cheong and Michael Lien Jown Leam have accordingly abstained from Board decisions in respect of the HNL Divestment.

Save as disclosed above, none of the other Directors of UOB has any substantial shareholding interest, direct or indirect, in the HNL Divestment and UOB does not have any other controlling shareholder.
5. 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 HNL 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 24th June 2006