



OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

(Company Registration Number: 193200032W)

PROPOSED BONUS CASH DIVIDEND AND RIGHTS ISSUE

1. INTRODUCTION

1.1 **Bonus Dividend and Rights Issue.** Oversea-Chinese Banking Corporation Limited (“**OCBC Bank**” or the “**Bank**”) wishes to announce the following exercises (the “**Exercises**”) to be undertaken by OCBC Bank:

- (a) a proposed bonus cash dividend (“**Bonus Dividend**”) of S\$1.25 less tax of 20% (or S\$1.00 net) per Stock Unit (as defined below) in respect of Stock Units held as at a books closure date to be announced by OCBC Bank (“**Books Closure Date**”); and
- (b) a proposed renounceable non-underwritten rights issue (“**Rights Issue**”) of new ordinary shares of par value S\$1.00 each in the capital of OCBC Bank (“**Rights Shares**”), at an issue price (“**Issue Price**”) of S\$5.00 for each Rights Share, on the basis of one Rights Share for every five Stock Units held as at the Books Closure Date, fractional entitlements to be disregarded.

1.2 **Sub-Division.** On 30 March 2005, the stockholders of OCBC Bank (“**Stockholders**”) approved the proposed sub-division (“**Sub-Division**”) of each ordinary share of par value S\$1.00 in the capital of OCBC Bank into two ordinary shares of par value S\$0.50 each in the capital of OCBC Bank. OCBC Bank intends to effect the Sub-Division only after the close of the Rights Issue.

1.3 **Definitions.** Unless otherwise stated, all references in this Announcement to the “issued ordinary share capital of OCBC Bank” are based on the issued ordinary share capital of OCBC Bank of S\$1,313,707,338, comprising 1,313,707,338 ordinary shares of par value S\$1.00 each (“**Ordinary Shares**”), as at 9 May 2005, which had on issue been converted into ordinary stock units of S\$1.00 each in the capital of OCBC Bank (the “**Stock Units**”), and the expression “**New Ordinary Shares**” means new ordinary shares of OCBC Bank of par value S\$1.00 each in the capital of OCBC Bank, which on issue will be converted into Stock Units.

2. RATIONALE FOR THE EXERCISES

- 2.1 **Bonus Dividend.** The purpose of the Bonus Dividend is to reward Stockholders with a special cash dividend and at the same time, provide Stockholders with an option to re-invest their Bonus Dividend by subscribing for the Rights Shares. The Bonus Dividend will also allow OCBC Bank to pass on its Section 44 tax credits to Stockholders.
- 2.2 **Rights Issue.** The Rights Issue has been proposed to strengthen the capital base of OCBC Bank following the payment of the Bonus Dividend. Together with the Bonus Dividend, the Rights Issue will in effect transform a substantial amount of OCBC Bank's retained earnings into permanent paid-up capital. OCBC Bank expects the Rights Issue to be fully subscribed, which will translate to approximately a similar amount being raised, such that the total shareholders' equity of OCBC Bank will remain largely unaffected by the Exercises.
- 2.3 **Affordability and Liquidity.** The price of the Stock Units is expected to adjust lower on the date that the Stock Units trade ex-entitlements to the Bonus Dividend and the Rights Shares. In combination with the Sub-Division, the Exercises will further enhance the affordability of investing in each board lot of Stock Units, and enhance the liquidity of the Stock Units over time.

3. BONUS DIVIDEND AND RIGHTS ISSUE

Bonus Dividend and Election Option

- 3.1 **Terms.** Under the terms of the Bonus Dividend, all holders of Stock Units as at the Books Closure Date will receive a special cash dividend of S\$1.25 less tax of 20% (or S\$1.00 net) per Stock Unit. The proposed Bonus Dividend is an interim dividend payable to the Stockholders for the financial year ending 31 December 2005.
- 3.2 **Election Option.** Stockholders (who are not Foreign Stockholders (as defined below)) will have an option to elect to apply all or part of the Bonus Dividend to subscribe for the Rights Shares. For such Stockholders who elect to use all of their Bonus Dividends to subscribe for the Rights Shares that are provisionally allotted to them, no cash outlay is required. Further details are set out in Section 3.4 below. For Stockholders who do not wish to participate in the Rights Issue or who do not elect to apply the Bonus Dividend towards the subscription of the Rights Shares, they will receive the Bonus Dividend in cash. For the avoidance of doubt, Foreign Stockholders (as defined below) will not be offered the Rights Shares but will qualify for the Bonus Dividend, based on the number of Stock Units held by them as at the Books Closure Date.

Rights Issue

- 3.3 **Terms.** OCBC Bank is proposing the Rights Issue to be offered to Stockholders at an Issue Price of S\$5.00 for each Rights Share on the basis of one Rights Share for every five Stock Units held in the capital of OCBC Bank as at the Books Closure Date, fractional entitlements to be disregarded.

Only Stockholders whose registered addresses with OCBC Bank or The Central Depository (Pte) Limited ("CDP"), as the case may be, are in Singapore as at the Books Closure Date

or who have, at least, five market days prior to the Books Closure Date, provided to OCBC Bank's Share Registrar (as defined below) or CDP, as the case may be, addresses in Singapore for the service of notices and documents, are eligible to participate in the Rights Issue or elect to apply the Bonus Dividends towards the subscription of the Rights Shares.

The Issue Price represents a discount of approximately 63 per cent. to the closing price of S\$13.50 per Stock Unit on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 10 May 2005, being the last trading day of the Stock Units on SGX-ST prior to the date of this Announcement.

- 3.4 **Availability of Election Option.** Stockholders (who are not Foreign Stockholders as defined below) may elect to subscribe for the Rights Shares using all or part of their Bonus Dividend. There is no cash outlay from Stockholders if they elect to use the Bonus Dividend to which they are entitled in subscribing for the Rights Shares.

For illustrative purposes only, a Stockholder who holds 1,000 Stock Units as at the Books Closure Date will be entitled:

- (a) to accept his provisional allotment of 200 Rights Shares at S\$5.00 each, which amounts to S\$1,000 that is payable by such Stockholder; and
- (b) to the Bonus Dividend of S\$1.00 (net) in respect of each Stock Unit, which amounts to S\$1,000 that is receivable by such Stockholder.

Such Stockholder may elect to apply the whole of S\$1,000 to subscribe for his provisional allotment of Rights Shares, in which event he will receive 200 Rights Shares. No cash outlay is required from him if he has elected to subscribe for all the Rights Shares that he is provisionally allotted.

For the avoidance of doubt, the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme, which was approved by the Stockholders at the extraordinary general meeting on 8 June 1996, will not be applicable to the Bonus Dividend.

- 3.5 **Size of Bonus Dividend and Rights Issue.** For illustrative purposes only, based on the issued ordinary share capital of OCBC Bank as at 9 May 2005 and assuming that there is no change in the issued ordinary share capital of OCBC Bank as at the Books Closure Date:

- (a) the aggregate amount of the Bonus Dividend is approximately S\$1.3 billion; and
- (b) (assuming all Stockholders elect to subscribe for the Rights Shares) approximately 262.7 million Rights Shares will be issued.

However, the exact amount of the Bonus Dividend and the number of Rights Shares determined as at the Books Closure Date may be higher, in the event New Ordinary Shares are issued pursuant to the exercise of share options granted pursuant to the OCBC Executives' Share Option Scheme 1994 and the OCBC Share Option Scheme 2001 (collectively, the "**Option Plans**") and the right to subscribe for New Ordinary Shares granted pursuant to the OCBC Employee Share Purchase Plan ("**ESPP**").

Based on the issued ordinary share capital of OCBC Bank as at 9 May 2005, and assuming all exercisable share options granted under the Option Plans and purchase rights under the ESPP are exercised prior to Books Closure Date and the Rights Issue is fully subscribed, OCBC Bank will issue approximately 267.7 million Rights Shares.

- 3.6 **Eligibility of Stockholders to Participate in the Rights Issue.** OCBC Bank proposes to provisionally allot Rights Shares to all Stockholders who are eligible to participate ("**Entitled Stockholders**"), which comprise Entitled Depositors and Entitled Scripholders (both as defined below).
- 3.7 **Entitled Depositors.** Stockholders whose Stock Units are registered in the name of CDP and whose securities accounts with CDP are credited with Stock Units as at the Books Closure Date ("**Depositors**") will be provisionally allotted Rights Shares entitlements on the basis of the number of Stock Units standing to the credit of their securities accounts with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or who have, at least five market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.
- 3.8 **Entitled Scripholders.** Duly completed and stamped transfers (in respect of Stock Units not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by OCBC Bank's Share Registrar, M & C Services Private Limited ("**OCBC Bank's Share Registrar**") at 138, Robinson Road, #17-00, The Corporate Office, Singapore 068906, will be registered to determine the provisional Rights Shares entitlements of the transferee (a "**Scripholder**", which term shall include a person who is registered as a holder of Stock Units and whose share certificates are not deposited with CDP) under the Rights Issue. To be "**Entitled Scripholders**", Scripholders must have registered addresses in Singapore as at the Books Closure Date or who have, at least five market days prior to the Books Closure Date, provided OCBC Bank's Share Registrar with addresses in Singapore for the service of notices and documents.
- 3.9 **Foreign Stockholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Stockholders with registered addresses outside Singapore and who have not, at least five market days prior to the Books Closure Date, provided CDP or OCBC Bank's Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Stockholders**"). The offer information statement ("**Offer Information Statement**") to be used for the Rights Issue and accompanying documents will not be mailed outside Singapore. Entitlements to Rights Shares which would otherwise accrue to Foreign Stockholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares commence.

Such sales may, however, only be effected if OCBC Bank, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Stockholders in proportion to their respective stockholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Stockholder is less than S\$10.00, OCBC Bank shall be entitled to retain or deal with such net proceeds as the Directors may, in their

absolute discretion, deem fit in the interests of OCBC Bank and no Foreign Stockholder shall have any claim whatsoever against OCBC Bank or CDP in connection therewith.

- 3.10 **Provisional Allotments.** Entitled Stockholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of OCBC Bank.
- 3.11 **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue (including the ability to elect to use the Bonus Dividend to subscribe for the Rights Issue) will be contained in the Offer Information Statement to be despatched by OCBC Bank to Entitled Stockholders in due course.
- 3.12 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Stock Units.
- 3.13 **Non-Underwritten Rights Issue.** The Rights Issue will not be underwritten as OCBC Bank expects the Rights Issue to be fully subscribed because the Issue Price is at an attractive discount to the current trading price of the Stock Units.
- 3.14 **Odd Lots.** Stockholders should note that they are able to trade odd lots of Stock Units in board lots of one Stock Unit on the Unit Share Market of the SGX-ST.

4. APPROVALS

- 4.1 **SGX-ST Approval for Rights Issue.** The Rights Issue is subject to the in-principle approval from SGX-ST for the listing and quotation of the Rights Shares on the Official List of the SGX-ST and the lodgment of the Offer Information Statement with the Monetary Authority of Singapore. An application has been made by OCBC Bank to obtain the SGX-ST's approval for the listing and quotation of the Rights Shares.
- 4.2 **Sub-Division.** OCBC Bank has also made an application for the ordinary shares of par value S\$0.50 each arising from the Sub-Division to be listed on the SGX-ST. OCBC Bank proposes to effect the Sub-Division after the close of the Rights Issue and information relating to the procedures for the Sub-Division will be given to Stockholders in due course.

5. ADDITIONAL INFORMATION

- 5.1 **Announcement of Books Closure Date.** OCBC Bank will announce the Books Closure Date in due course. The current expectation is that the Books Closure Date is likely to be in early June, with the Rights subscription period taking place during June 2005. The Rights Shares are expected to commence trading and the Bonus Dividend to be paid in early July 2005.
- 5.2 **Offer Information Statement.** An Offer Information Statement containing further details of the Rights Issue and the election option to elect for payment for the Rights Issue using the Bonus Dividend will be despatched to Stockholders in due course.

Issued by
OVERSEA-CHINESE BANKING CORPORATION LIMITED

Peter Yeoh
Secretary
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