



## MEDIA RELEASE

### **PROPOSED DIVESTMENT OF 8.6% SHAREHOLDING IN THE STRAITS TRADING COMPANY BY WAY OF SELECTIVE CAPITAL REDUCTION**

***Expected Net Gain of S\$78 million to be booked in First Half 2006***

Singapore, 30 December 2005 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank” or the “Bank”) announces today that the Bank and its subsidiary, The Overseas Assurance Corporation Limited (“OAC”), will be divesting a combined 8.6% shareholding in The Straits Trading Company Limited (“STC”) by way of a selective capital reduction proposed by STC (“Selective Capital Reduction”). Following the completion of this transaction, OCBC Bank would have complied with the regulatory requirement on the divestment of its interests in non-financial businesses with respect to STC. It is also expected to realise a net gain of approximately S\$78 million, to be booked in the first half of 2006.

Under the proposed Selective Capital Reduction, STC will cancel 30,503,000 ordinary shares of S\$1 each in the capital of STC, comprising 27,003,000 shares held by OCBC Bank and 3,500,000 shares held by OAC, and representing 8.6% of STC’s current share capital. STC will make an aggregate cash distribution of approximately S\$90.5 million to OCBC Bank and OAC, or S\$2.966 for each STC share cancelled, which was determined based on the volume-weighted average market price of STC shares for the ten market trading days from 15 December to 29 December 2005 (both dates inclusive).

The Selective Capital Reduction is subject to approvals by STC’s shareholders at an extraordinary general meeting to be convened, the High Court of Singapore, and other relevant regulatory authorities.

Under the applicable regulatory guidelines for the divestment of non-core assets by Singapore banks, OCBC Group and its associated companies currently have a shareholding (under the guidelines) of approximately 17.7% in STC<sup>1</sup>, which is required to be reduced to the maximum permissible shareholding of 10% by July 2006. OCBC Bank has for some time been exploring various possible divestment options including a private placement or market sale, but given the relatively low liquidity of STC Shares, such options are likely to depress STC’s market price. OCBC Bank believes that the proposed Selective Capital Reduction provides a better option as it is likely to have less impact on STC’s market

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<sup>1</sup> OCBC Bank’s aggregate interest (direct and deemed) in the issued share capital of STC is approximately 32.4%, of which 19.2% interest is held through Great Eastern Holdings Limited’s group of companies (including OAC).

price, and at the same time it allows STC to enhance value for its shareholders by improving its earnings per share, net asset value per share, and return on equity.

Upon completion of the transaction, OCBC Bank's shareholding in STC under the regulatory guidelines will fall from 17.7% to approximately 10%. The Bank has no present plan to divest additional STC Shares after the completion of the proposed transaction.

More details of the proposals are provided in separate announcements by OCBC Bank and STC.

***This media release should be read in conjunction with the full text of the announcement by OCBC Bank filed with SGX-ST on 30 December 2005.***

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## **About OCBC Bank**

Singapore's longest established local bank, OCBC Bank currently has assets of S\$134 billion and a network of 292 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes 185 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management Ltd. is the largest private investment management firm in Southeast Asia.

In 2005, OCBC Bank was named *Global Finance* magazine's Best Trade Finance Bank and *FinanceAsia*'s Best Bond House. Additional information may be found at [www.ocbc.com](http://www.ocbc.com).

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