

Directors' Report

For the financial year ended 31 December 2002

The directors present their report to the members together with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 2002.

DIRECTORS

The directors holding office at the date of this report are:

Mr Wee Cho Yaw
Mr Wee Ee Cheong
Mr Koh Beng Seng
Mr Lee Chin Chuan
Mr Ong Chu Meng
Mr Wong Meng Meng
Mr Sim Wong Hoo
Mr Philip Yeo Liat Kok
Dr Cham Tao Soon

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its subsidiaries are disclosed in Note 27 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no acquisition or disposal of subsidiaries during the financial year.

RESULTS FOR THE FINANCIAL YEAR

	The Group \$'000	The Bank \$'000
Net profit attributable to members	7,566	7,567

MATERIAL TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Material movements in reserves and provisions are set out in the notes to the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued ordinary share capital of the Bank or any corporation in the Group during the financial year.

There were no issues of debentures by the Bank or any corporation in the Group during the financial year.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object was to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Directors' Report

For the financial year ended 31 December 2002

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

- (a) The interests of the directors holding office at the end of the financial year in the share capital of the Bank and related corporations according to the register of directors' shareholdings were as follows:

	Number of Ordinary Shares of \$1 each			
	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2002	At 1.1.2002	At 31.12.2002	At 1.1.2002
The Bank				
Mr Lee Chin Chuan	538,178	538,178	4,455,443	4,399,441
Mr Ong Chu Meng	302,185	302,185	1,969,850	1,969,850
United Overseas Bank Limited				
Mr Wee Cho Yaw	16,390,248	16,390,248	209,258,142	146,375,326
Mr Wee Ee Cheong	2,794,899	2,794,899	143,985,251	143,985,251
Mr Lee Chin Chuan	—	—	73,727	73,727
Dr Cham Tao Soon	—	—	4,520	4,520
United Overseas Insurance Limited				
Mr Wee Cho Yaw	25,400	25,400	—	—
Overseas Union Securities Limited				
Mr Ong Chu Meng	3,125	3,125	—	—
Industrial & Commercial Bank Limited				
Mr Wee Ee Cheong	—	—	—	356,000
Overseas Union Trust Limited				
Mr Ong Chu Meng	—	9,750	—	—

- (b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share options of related corporations.

DIVIDENDS

Dividends paid, declared and recommended since the end of the Bank's previous financial year were as follows:

	\$'000
A final dividend of 2 cents per share net of tax at 22% was paid on 13 May 2002 in respect of the financial year ended 31 December 2001 as proposed in the Directors' Report for that financial year	1,560
A proposed final dividend of 2 cents per share recommended by the directors, net of tax at 22%, in respect of the financial year ended 31 December 2002	1,560

Directors' Report

For the financial year ended 31 December 2002

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that proper action has been taken in relation to the writing off of bad debts and providing for doubtful debts of the Bank and have satisfied themselves that all known bad debts of the Bank have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the consolidated financial statements of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that current assets of the Bank which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements of the Group misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Bank or any other corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Bank or any other corporation in the Group other than those normally undertaken in the course of the activities of the Bank and the Group.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Bank or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank and of the Group to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Bank and the consolidated financial statements of the Group misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Bank and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

UNUSUAL ITEMS AFTER THE YEAR-END DATE

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Bank and of the Group for the financial year in which this report is made.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements and in this report) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors received remuneration from related corporations in their capacity as directors and/or executives of those corporations.

Directors' Report

For the financial year ended 31 December 2002

SHARE OPTIONS

- (a) There were no options granted by the Bank or any of its subsidiaries during the financial year to subscribe for unissued shares of the Bank or its subsidiaries.
- (b) No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Bank or its subsidiaries.
- (c) There were no unissued shares under option in respect of the Bank or its subsidiaries as at 31 December 2002.

On behalf of the directors

Wee Cho Yaw

Chairman

Wee Ee Cheong

Deputy Chairman

28 February 2003