


By the numbers

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Good corporate governance dictates the way we maintain ongoing effectiveness in all aspects of DBSH' operations – including the way we measure and report our financial results to shareholders.

The same high standards that guide all of our business endeavours also determine the way we disclose information about our business. DBS is committed to providing shareholders, irrespective of the size of their holdings, with full and open disclosure. We seek transparency in our financial reporting and comprehensive communication about our performance measures, growth strategies and results. Our primary focus is building value over time for customers who have entrusted their assets to us, or those who have invested in DBS through the world's securities markets.

DBS GROUP HOLDINGS LTD

Consolidated Profit and Loss Account

for the year ended 31 December 1999

	Note	1999 (\$'000)	DBSH Group 1998 (\$'000)
Interest income		4,607,872	4,931,259
Less: Interest expense		2,573,197	3,501,256
Net interest income	5	2,034,675	1,430,003
Fee and commission income	6	423,053	274,130
Dividends	7	31,297	37,032
Rental income	8	30,747	37,660
Other income	9	509,152	97,012
Income before operating expenses	43	3,028,924	1,875,837
Less: Staff costs	10	529,258	333,588
Other operating expenses	11	535,423	420,779
Total operating expenses		1,064,681	754,367
Operating profit		1,964,243	1,121,470
Less: Provision for possible loan losses and diminution in value of other assets	12	1,063,224	996,428
		901,019	125,042
Add: Share of profits less losses of associated companies		140,372	(80,931)
Net profit before tax		1,041,391	44,111
Less: Taxation	13	345,150	64,390
Share of taxation of associated companies		34,313	7,314
Net profit after tax		661,928	(27,593)
Less: Minority interests		(409,855)	(139,557)
Net profit attributable to members	19.4, 43	1,071,783	111,964
Earnings per ordinary share of S\$1/- each	16		
- Basic		Cents 97	Cents 10
- Fully diluted		Cents 87	Cents 10
US/\$ exchange rate 31 December		1.67	1.65

(see notes on pages 62 to 108, which form part of these financial statements)

DBS GROUP HOLDINGS LTD

Consolidated Balance Sheet

as at 31 December 1999

	Note	1999 (S\$'000)	DBSH Group 1998 (S\$'000)
SHARE CAPITAL AND RESERVES			
Share capital	18	1,324,828	1,564,977
RESERVES			
Share premium account	19.1	4,967	–
Other reserve	19.1	4,273,129	3,914,158
Capital reserve	19.2	170,984	125,841
General reserve	19.3	1,634,921	1,377,290
Revenue reserve	19.4	3,466,969	2,829,256
	19	<u>9,550,970</u>	<u>8,246,545</u>
SHAREHOLDERS' FUNDS		10,875,798	9,811,522
MINORITY INTERESTS		(250,652)	(71,212)
SUBORDINATED TERM DEBTS		1,648,620	126,100
LIABILITIES			
Deposits and balances of banks	42	7,490,609	12,618,271
Deposits and other accounts of non-bank customers	23,42	82,268,309	73,858,292
Other debt securities in issue	22,42	536,329	349,028
Other borrowings	42	632,916	648,100
Bills payable		571,734	366,010
Other liabilities	24	2,008,721	2,130,113
Current taxation		509,879	108,144
Deferred taxation	25	14,763	11,666
Proposed dividends	14-15	157,919	81,358
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>106,464,945</u>	<u>100,037,392</u>
MEMORANDUM ITEMS			
Contingent liabilities	36	8,553,957	8,684,790
Commitments	37	35,303,754	35,600,398
		<u>43,857,711</u>	<u>44,285,188</u>
Financial derivatives	38	43,527,328	36,056,167
US\$/S\$ exchange rate as at 31 December		1.67	1.65

(see notes on pages 62 to 108, which form part of these financial statements)

	Note	1999 (S\$'000)	DBSH Group 1998 (S\$'000)
ASSETS			
Cash, and balances and placements with central banks		6,943,841	8,720,463
Singapore Government securities and treasury bills	26,30,42	8,813,799	6,949,915
Trading securities	27,30,42	3,334,545	2,733,092
Balances, placements with, and loans and advances to banks	42	26,493,664	20,751,947
Bills receivable from non-bank customers	28-29,42	1,201,881	2,056,912
Loans and advances to non-bank customers	28-29,42	53,167,650	54,158,482
Investment securities	31	964,640	315,559
Other assets	32	2,244,914	1,644,613
Associated companies	34	1,479,546	1,087,531
Fixed assets	35	1,820,465	1,618,878
TOTAL ASSETS	43	106,464,945	100,037,392

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Cash Flow Statement

for the year ended 31 December 1999

	1999 (S\$'000)	DBSH Group 1998 (S\$'000)
Cash flows from operating activities		
Profit before taxation and minority interests	1,041,391	44,111
Adjustments for non-cash items:-		
Provision for possible loan losses and diminution in value of assets	1,063,224	996,428
Depreciation of fixed assets	116,701	88,018
Share of associated companies' (profits)/losses	(140,372)	80,931
Profit on sale of fixed assets	(58,564)	(200)
Profit on sale of investment securities	(143,468)	(1,118)
Operating profit before changes in operating assets & liabilities	1,878,912	1,208,170
Increase/(Decrease) in:		
Deposits and other accounts of customers	3,113,118	9,987,582
Deposits and balances of banks and agents	(5,219,114)	(8,534,105)
Other liabilities including bills payable	(36,568)	(275,225)
(Increase)/Decrease in:		
Government securities and trading securities	(2,340,028)	(481,461)
Accounts receivable and other assets	(610,817)	674,767
Balances, placements with, and loans and advances, to other banks	(3,498,088)	3,504,657
Loans and advances to customers including bills receivable	4,707,512	(782,690)
Tax paid	60,830	(76,942)
Net cash (used in)/ provided by operating activities (1)	(1,944,243)	5,224,753
Cash flows from investing activities		
Acquisition of new subsidiaries (Note 33.8)	(615,145)	(266,469)
Acquisition of business undertaking	-	1,578,842
Dividends from associated companies	12,896	22,515
Purchase of fixed assets	(223,826)	(99,818)
Purchase of investment securities	(872,368)	(80,728)
Proceeds from sale of fixed assets	151,282	6,747
Proceeds from sale of investment securities	173,492	15,680
Net cash (used in)/ provided by investing activities (2)	(1,373,669)	1,176,769
Cash flows from financing activities		
Increase/(Decrease) in:		
Share capital and share premium	123,789	994,269
Debt securities and borrowings	1,444,465	(81,584)
Funds from minority interests	132,956	1,959
Dividends paid	(161,340)	(114,093)
Net cash provided by financing activities (3)	1,539,870	800,551
Exchange translation adjustments (4)	1,420	(14,798)
Net change in cash, and balances and placements with central banks (1)+(2)+(3)+(4)	(1,776,622)	7,187,275
Cash, and balances and placements with central banks as at 1 January	8,720,463	1,533,188
Cash, and balances and placements with central banks as at 31 December	6,943,841	8,720,463

(see notes on pages 62 to 108, which form part of these financial statements)

DBS GROUP HOLDINGS LTD – HOLDING COMPANY

Profit and Loss Account

for the period from 9 March 1999 (Date of Incorporation) to 31 December 1999

	Note	1999 (S\$'000)
INCOME		
Dividends	7	993,108
Interest income from DBS Bank		71
TOTAL INCOME		993,179
LESS: EXPENSES		
Other operating expenses	11	253
NET PROFIT BEFORE TAXATION		992,926
Less: Taxation	13	128,196
NET PROFIT AFTER TAXATION		864,730
Less: Proposed final dividend on non-voting convertible preference shares 16% less income tax	14	17,520
Proposed final dividend on ordinary shares 16% less income tax	15	140,399
REVENUE RESERVE CARRIED FORWARD		706,811

DBSH - BALANCE SHEET

DBS GROUP HOLDINGS LTD – HOLDING COMPANY

Balance Sheet

as at 31 December 1999

	Note	1999 (S\$'000)
NON-CURRENT ASSET		
Subsidiary company – DBS Bank	33.1	2,194,766
CURRENT ASSETS		
Other assets		128,208
TOTAL ASSETS		2,322,974
CURRENT LIABILITIES		
Other liabilities		271
Current taxation		128,178
Proposed dividends		157,919
TOTAL LIABILITIES		286,368
NET ASSETS		2,036,606
SHARE CAPITAL AND RESERVES		
Share capital	18.1	1,324,828
Share premium account	19.1	4,967
Revenue reserve		706,811
TOTAL SHAREHOLDERS' FUNDS		2,036,606

(see related notes on pages 62 to 108, which form part of these consolidated financial statements)

DBSH was incorporated on 9 March 1999. This is the first set of the financial statements prepared since its incorporation and accordingly, there are no comparatives prepared.

DBS GROUP HOLDINGS LTD

Notes to the Consolidated Financial Statements

These notes form an integral part of and should be read in conjunction with the consolidated financial statements

1 GENERAL

The consolidated financial statements are expressed in Singapore dollars. DBS Group Holdings Ltd (DBSH) was incorporated on 9 March 1999 and is principally an investment holding company. The principal activities of the subsidiary companies in DBSH Group are disclosed in Notes 33.2 and 33.3.

On 26 June 1999, DBS Bank announced its proposal to restructure the Bank under a financial services holding company, DBS Group Holdings Ltd (DBSH), pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act (the "Restructuring Scheme"). The restructuring was effected through an exchange of all the issued shares in the capital of DBS Bank in consideration for the issue of new shares in the capital of DBSH. Upon the restructuring, DBSH became a holding company of DBS Bank. The Restructuring Scheme, which took effect on 18 September 1999, was approved by the relevant authorities (including the sanction of the Court) and the shareholders of DBS Bank at an Extraordinary General Meeting on 28 July 1999.

Pursuant to the Restructuring Scheme, DBSH issued 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, credited as fully paid-up to the then existing shareholders of DBS Bank in exchange for all the ordinary shares and non-voting convertible preference shares of DBS Bank.

The consolidated financial statements of DBSH and its subsidiary companies have been prepared using the pooling of interest method of accounting by adopting the merger relief provisions allowed under Sections 69A to 69F of the Singapore Companies Act. Accordingly, the results and balance sheet of DBSH Group for the year ended 31 December 1999 and the comparatives for 1998, have been presented as if the Group has been in existence prior to 1 January 1998 and assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts. Consequently, there was no goodwill or discount arising from the restructuring.

From the perspective of financial statement presentation, there is no distinction between DBSH Group and DBS Bank Group.

Key details of DBS Bank's financial statements are included as supplementary information in these financial statements.

There are no comparatives for DBSH as this is its first set of financial statements since its incorporation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies applied by DBSH and its subsidiary companies (DBSH Group) and, except where noted, are consistent with those applied in the previous financial year.

2.1 BASIS OF ACCOUNTING

The consolidated financial statements of DBSH and its subsidiary companies are prepared in accordance with the historical cost convention, modified by the revaluation of certain treasury instruments to market value, and in accordance with the provisions of the Companies Act and Statements of Accounting Standard.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of DBSH and its subsidiary companies. These subsidiary companies are companies in which DBSH has an interest of over 50% in the issued share capital at balance sheet date. The results of subsidiary companies acquired or disposed of during the year, apart from those subsidiaries acquired as part of the group restructuring exercise as stated in the above Note 1, are included from the date of acquisition to the date of disposal.

2.3 GOODWILL

Goodwill may arise on the acquisition of subsidiary companies and business undertakings. It represents the excess of cost over fair value of the share of net tangible assets acquired. Goodwill is taken directly to reserves in the year of acquisition. Any excess of the value of net tangible assets acquired over the cost of acquisition is credited to reserves as reserve arising on consolidation.

2.4 SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

Investments in subsidiary companies and associated companies are stated at cost less provisions in the accounts of the parent company, DBSH. Provision is made for an individual investment when there has been a diminution in value, except where such diminution is temporary.

Associated companies are companies in which the DBSH Group has a long-term equity interest of between 20% and 50% and over whose financial decisions and operating policies the DBSH Group exercises significant influence.

With effect from 1999, the DBSH Group has adopted equity accounting for its investments in associated companies (Note 3). DBSH Group's share of the results of its associated companies is included in the consolidated profit and loss account. DBSH Group's share of the post acquisition reserves of its associated companies is included in the net book values of its investments in associated companies in the consolidated balance sheet. Equity accounting is applied based on the latest audited accounts or management accounts of the associated companies concerned, made up to the respective companies' financial year-end. Where the accounting policies of the associated companies do not conform to those of DBSH Group, the appropriate adjustments are made in the consolidated financial statements if the amounts involved are material to the DBSH Group.

2.5 FOREIGN CURRENCIES

Amounts receivable and payable in foreign currencies are translated into Singapore dollars at the exchange rates ruling at balance sheet date and transactions during the year are translated at the exchange rates ruling at the transaction dates. The financial statements of foreign subsidiary companies and branch operations are translated into Singapore dollars at the exchange rates ruling at balance sheet date. All exchange differences are taken up in the profit and loss account except for translation differences on opening net investments in foreign subsidiary companies and branches regarded as foreign entities (as defined in Statement of Accounting Standard 20), and the related foreign currency borrowings designated as a hedge, which are taken directly to reserves.

2.6 TREASURY RELATED OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The accounting treatment applied to treasury related off-balance sheet financial instruments, including forwards, swaps, futures and options, is based upon the intention for entering into the transactions as elaborated below.

2.6.1 NON-TRADING TRANSACTIONS

Derivatives may be used to hedge interest rate, exchange rate or price exposures which are inherent in the assets and liabilities of DBSH Group.

The criteria required for a derivative instrument to be classified as a designated hedge are that:

- i) the transaction must be reasonably expected to match or eliminate a significant proportion of the risk inherent in the assets, liabilities, other positions or cashflows being hedged and which results from potential movements in interest rates, exchange rates and market values; and
- ii) adequate evidence of the intention to hedge and linkage with the underlying risk inherent in the assets, liabilities, other positions or cashflows being hedged, must be established at the outset of the transaction

Profits and losses on derivatives entered into for specifically designated hedging purposes against assets, liabilities, other positions or cashflows measured on an accrual accounting basis are included in the related category of income or expense in accordance with the accounting treatment of the underlying transaction.

2.6.2 TRADING TRANSACTIONS

Derivative transactions which do not meet the criteria to be designated as a hedge are deemed to be trading transactions. Derivatives entered into for trading purposes include swaps, forward rate agreements, futures, options and combinations of these instruments.

Derivatives entered into as trading transactions are measured at fair value and the resultant profits and losses are taken up in the profit and loss account. Valuation gains or losses, are included in "Other Assets" or "Other Liabilities" respectively.

2.7 BASIS OF VALUATION OF ASSETS

2.7.1 LOANS AND ADVANCES

Loans and advances are stated after deduction of provisions for possible losses. These provisions comprise specific provisions against certain loans and advances and a general provision on total loans and advances. Specific provision is based on the borrower's debt servicing ability and adequacy of security. Known bad debts are written off.

2.7.2 DEBT SECURITIES AND EQUITIES

(1) SINGAPORE GOVERNMENT SECURITIES AND TREASURY BILLS

Singapore Government securities and treasury bills are stated at cost (adjusted for amortisation of premium or discount) less provision. Provision is made based on the shortfall between cost and market value determined on an aggregate portfolio basis.

(2) TRADING SECURITIES

Other government securities and treasury bills, equities and debt securities held for trading purposes are stated at cost (adjusted for amortisation of premium or discount) less provision. Provision is made based on the shortfall between cost and market value determined on an aggregate portfolio basis.

Prior to financial year 1998, specific provisions for debt securities and equities covered under Notes 2.7.2 (1) and 2.7.2 (2) were made based on the shortfall between cost and market value determined on an individual investment basis. The impact of the change in method of accounting is disclosed in Notes 12 and 30.

(3) INVESTMENT SECURITIES

Investments in other equities held for investment purposes are stated at cost less provision. Provision is made for an individual investment when there has been a diminution in value, except where such diminution is temporary.

2.7.3 PROVISION FOR DIMINUTION IN VALUE OF OTHER ASSETS AND BANKING RISKS

Specific provisions are made against other assets and banking risks not covered by Notes 2.7.1 and 2.7.2 above so as to reduce them to their estimated realisable values. In addition, a general provision is made for other assets and banking risks.

2.7.4 FORECLOSED PROPERTIES

Foreclosed properties acquired in full or partial satisfaction of debts, are accounted for at the lower of cost or market value on an individual asset basis. The shortfall between the prevailing market value of the foreclosed asset and the related loan outstanding is recognised as a provision for possible loan losses in the profit and loss account in the period of taking over the foreclosed assets in satisfaction of the debts. Subsequent gains or losses on the disposal of the foreclosed assets are treated as provisions written back or additional provisions, respectively. The gains in excess of provisions made previously, if any, are reflected as other income in the profit and loss account.

2.8 REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements) are treated as collateralised lending and borrowing transactions and reflected in the relevant asset and liability categories in the balance sheet. Interest income on reverse repurchase agreements and interest expenses on repurchase agreements are accrued and brought into the profit and loss account over the respective periods of the agreements.

2.9 RECOGNITION OF INCOME**2.9.1 INTEREST INCOME**

Interest income is recognised on an accrual basis. Interest on hire purchase and lease finance is brought into the profit and loss account by apportioning interest charges over the periods of agreements, using the sum of digits method (The Rule of 78) for fixed interest rate financing quoted on a flat basis. For Local Enterprise Finance, Regionalisation Finance and Resource Productivity Scheme loans and other hire purchase loans, interest is computed based on the annuity method.

Interest earned but not received on non-performing loans is not recognised as income in the profit and loss account until receipt. All interest accrued previously and recognised in the profit and loss account are reversed from interest income once a loan is classified as non-performing.

2.9.2 FEE AND COMMISSION INCOME

Fee income relating to loans and guarantees is recognised over the period during which the related service is provided or credit risk is undertaken. Where a fee is charged in lieu of interest, such fee is amortised over the same period as the related interest income is recognised.

2.9.3 DIVIDENDS

Dividends from trading equities are recognised when received. Dividends from investment equities are recognised when declared payable.

2.9.4 PREMIUMS AND DISCOUNTS

Amortisation of premiums and accretion of discounts are generally recognised as interest expense or interest income over the life of the asset or liability.

2.10 DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation. The basis of depreciation is as follows: -

- 2.10.1** Leasehold land where the balance of the leasehold period is 100 years or less, is amortised over the remaining period of the lease. No amortisation is made on freehold land and on leasehold land where the unexpired lease period is more than 100 years.
- 2.10.2** Buildings, excluding plant and machinery installed therein, are depreciated on a straight-line basis over their useful lives estimated at 50 years or over the period of the respective leases, whichever is shorter.
- 2.10.3** Other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows: -

Plant and machinery	5 - 15 years
Computer and office equipment	1 - 10 years
Furniture and fittings	1 - 10 years

2.11 PROVISION FOR LOAN LOSSES

Specific provisions are made against loans and other credit exposures when recovery is doubtful or diminution in value has occurred. In addition, general provisions are made based on an evaluation of loans and other credit exposures, in respect of losses, which although not specifically identifiable, are known from experience to be present in any such portfolio. The aggregate provisions that are made during the year, less amounts released, are taken to the profit and loss account.

2.12 TAXATION

The taxation charged to the profit and loss account represents tax at the current rate based on taxable profits earned during the financial year. Deferred taxation in the balance sheet, computed based on the liability method, represents tax at current rates on the timing differences between accounting income and taxable income. Timing differences are principally in respect of depreciation.

3 CHANGE IN ACCOUNTING POLICY

The accounting policy in respect of associated companies was changed with effect from 1 January 1999 in accordance with the recommendations by the "Committee on Banking Disclosure". In prior years, DBSH Group's share of the results of associated companies was not included in the consolidated profit and loss account. DBSH Group's share of the post-acquisition reserves of associated companies was also not included in the balance sheet.

The new policy on accounting for investments in associated companies (Note 2.4) complies with the Statement of Accounting Standard 27 - "Accounting for Investments in Associates".

The effect of the change on the 1999 results was an increase of S\$ 123,109,000 (1998: a decrease of S\$111,164,000) in DBSH Group net profit before tax, and an increase of S\$93,163,000 (1998: a decrease of S\$110,784,000) in DBSH Group net profit attributable to members.

The comparative figures for 1998 have been restated accordingly to conform with the new accounting policy.

3.1 PRIOR YEAR ADJUSTMENT

The effect of the new policy on accounting for investments in associated companies on prior years' results and reserves is as follows:

In S\$'000	DBSH Group
Gross dividends from associated companies	(30,209)
Tax relating to dividends	7,694
Share of 1998's pre-tax net losses of associated companies	(80,955)
Share of 1998's taxation of associated companies	(7,314)
Impact on 1998's profit and loss account	<u>(110,784)</u>
Share of revenue reserves of associated companies as at 31 December 1998 (Note 19.4)	631,084
Prior year adjustment to revenue reserve (Note 19.4)	<u>520,300</u>
Share of capital reserves of associated companies as at 31 December 1998 (Note 19.2)	<u>125,841</u>
Share of general reserves of associated companies as at 31 December 1998 (Note 19.3)	<u>36,556</u>

4 ACCOUNTING PRESENTATION

4.1 ANALYSES BY GEOGRAPHICAL AREA

The analyses by geographical area are generally based on the office recording the transaction, except for special general provisions for regional exposures and additional specific provisions for DBS Thai Danu Bank Public Company Limited's loans which are booked in Singapore. The geographical areas are as follows:

- Singapore
- "Other ASEAN", which includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Thailand and Vietnam
- "Other Asia-Pacific", which includes Australia, Bangladesh, China, Hong Kong, India, Japan, Korea, New Zealand, Pakistan, Papua New Guinea, Russia, Sri Lanka and Taiwan
- Rest of the World

The total assets, income before operating expenses and net profit attributable to members are stated after elimination of inter-group assets and revenues.

5 NET INTEREST INCOME AND MARGIN

Interest income comprises interest arising from various types of lending activities and includes interest on securities.

Interest expense comprises interest incurred on deposits and debt securities, and borrowings from financial institutions and other sources.

In S\$ million	1999			1998		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
Interest bearing assets	100,827	4,608	4.57	80,660	4,931	6.11
Non-interest bearing assets	5,792	-	-	4,525	-	-
Total assets	106,619			85,185		
Interest bearing liabilities	94,203	2,573	2.73	73,985	3,501	4.73
Non-interest bearing liabilities	2,315	-	-	2,288	-	-
Total liabilities	96,518			76,273		
Net interest income		2,035			1,430	
Net interest income as a % of average interest bearing assets			2.02			1.77

Average balances are calculated on a monthly average basis.

Interest bearing assets comprise cash, balances and placements with central banks; balances, placements with, and loans and advances to banks; loan and advances to non-bank customers including bills receivable, and debt securities held. Non-interest bearing assets comprise equity investments, fixed assets, accrued interest receivable, sundry debtors, revaluation of financial instruments and sundry deposits and prepayments.

Interest bearing liabilities comprise deposits and balances of banks, deposits and other accounts of non-bank customers, debt securities issued and other borrowings. Non-interest bearing liabilities comprise accrued operating expenses, sundry creditors, balances arising from revaluation of financial instruments and interest and other income received in advance.

6 FEE AND COMMISSION INCOME

Fee and commission income comprises the following:

In S\$'000	DBSH Group	
	1999	1998
Stockbroking	102,453	49,145
Investment banking	84,747	42,271
Trade related	63,044	50,620
Loan-related	38,223	29,477
Service charges	32,494	20,399
Guarantees	27,907	26,839
Credit card	25,043	21,802
Fund management	19,959	10,380
Others	29,183	23,197
Total	423,053	274,130

7 DIVIDENDS

Dividends in DBSH Group represent gross dividend income from other investments.

Dividends in DBSH relate to dividend income from DBS Bank.

8 RENTAL INCOME

Rental income represents income on the tenanted areas of the buildings owned by DBSH's subsidiary companies.

9 OTHER INCOME

Other income comprises the following:

In S\$'000	DBSH Group	
	1999	1998
Net gains on trading in foreign exchange	90,132	93,568
Net gains on sale of trading securities and derivatives trading	185,534	(5,964)
Net gains on disposal of investment securities		
- Sale of Singapore Petroleum Company shares	117,090	-
- Others	26,378	1,118
Net gains arising from divestment of DBS Tampines Centre	57,455	-
Net gains on disposal of fixed assets	1,109	200
Other income	31,454	8,090
Total	509,152	97,012

Included in net gains on sale of trading securities and derivatives trading is accretion of premium relating to call options on covered warrants amounting to S\$27,860,000 (1998: S\$Nil), calculated on a straight-line basis over the life of the options, as well as premium realised of S\$5,359,000 upon exercise of the covered warrants by the warrant holders during the year. The unamortised premium at 31 December 1999 amounted to S\$11,361,000.

10 STAFF COSTS

Staff costs include salaries, bonuses, contributions to the Central Provident Fund, and all other staff-related expenses.

11 OTHER OPERATING EXPENSES

Other operating expenses include amounts incurred in the maintenance and service of buildings owned by DBSH's subsidiary companies, general administration and other expenses.

Other operating expenses include the following:

In S\$'000	DBSH 1999 [#]	1999	DBSH Group 1998
(1) Directors' fees and remuneration	242	13,532	11,338
Remuneration of DBSH's /DBS Bank's directors (a)	-	8,105	4,808
Remuneration of other directors	-	4,206	5,768
Fees of DBSH's/DBS Bank's directors (a)	242	668	211
Fees of other directors	-	553	551
(2) Auditors' remuneration	11	5,170	3,022
Audit work			
- PwC@ Singapore	11	1,268	1,121
- Associated firms of PwC Singapore	-	1,406	655
Non-audit work			
- PwC Singapore	-	1,120	773
- Associated firms of PwC Singapore	-	1,253	333
Other auditors for audit work	-	123	140
(3) Depreciation of fixed assets (Note 35)	-	116,701	88,018
Premises and other properties	-	42,612	31,090
Computer and office equipment, furniture and fittings and other fixed assets	-	74,089	56,928
(4) Provision for diminution in value of fixed assets (Note 35)	-	39,529	-
(5) Maintenance and hire of fixed assets including buildings	-	61,971	36,983
(6) Rental of premises	-	53,810	38,470
(7) Restructuring costs (b)	-	26,177	73,925

For the period from 9 March 1999 (date of incorporation) to 31 December 1999.
 Saved as disclosed for DBSH, there are no other operating expenses incurred by the Company.
 @ PricewaterhouseCoopers

(a) The number of directors of DBSH, including those appointed and resigned/retired during the year, in each of the remuneration bands is as follows:

	1999*	1998*
S\$500,000 and above	2	3
S\$250,000 to S\$499,999	-	-
Below S\$250,000	9	10
Total	11	13

* Includes remuneration paid to DBSH directors in their capacity as DBS Bank directors and/or employees.

(b) The restructuring costs in 1999 referred to the restructuring of DBS Thai Danu Bank Public Company Limited of S\$26.2 million (1998: S\$11.3 million). The restructuring costs in 1998 also included those relating to POSBank (S\$60.0 million) and DBS Asset Management Ltd (S\$2.6 million).

12 PROVISION FOR POSSIBLE LOAN LOSSES AND DIMINUTION IN VALUE OF OTHER ASSETS

The charge to the profit and loss account is analysed as follows:

In S\$'000	1999	DBSH Group 1998
Specific provision for loans (Note 29)	1,046,509	897,087
Specific provision for diminution in value of investments and other assets (Note 30)	4,788	1,164
Release of specific provision for diminution in value of investments during the year arising from the change in method of accounting (Note 2.7.2 & 30)	-	(83,884)
Release of general provision for loans (Note 29)	(57,275)	176,148
Provision/(write-back) of general provision for diminution in value of investments and other assets (Note 30)	390	(909)
Provision for contingencies and other banking risks (Note 30)	68,812	6,822
Total	1,063,224	996,428

13 TAXATION

In S\$'000	1999	DBSH Group 1998
Taxation charge in respect of profit for the financial year:		
Current taxation	342,053	73,274
Deferred taxation (Note 25)	3,097	(24,598)
Contribution to Consolidated Fund	-	15,714
Total	345,150	64,390

The taxation charge on the profit for the year is higher than that derived by applying the statutory income tax rate of 26% (1998: 26%) to the profit before taxation due to certain expenses not being deductible for income tax purposes, including provisions made in respect of DBS Thai Danu Bank Public Company Limited's non-performing loans. This is partially offset by profit arising from the Asian Currency Unit offshore transactions which is subject to tax at a concessionary rate of 10%.

Contribution to Consolidated Fund in 1998 was calculated based on 20% of the net surplus of POSBank for the period from 1 July 1998 to 15 November 1998. This is in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Charter 319A).

The taxation charge of DBSH relates mainly to tax deducted at source for dividend income from DBS Bank.

14 NON-VOTING CONVERTIBLE PREFERENTIAL DIVIDEND

The proposed non-voting convertible preferential dividend is based on the paid-up preference share capital in the accounts of DBSH at balance sheet date. Non-voting Convertible Preference Shares (DBSH Non-voting CPS) which are converted to ordinary shares subsequent to the balance sheet date and up to the date of closure of the Share Transfer Books and Register of Members will not be entitled to the preferential dividend and any excess provision will be written back in the profit and loss account in the subsequent year.

15 ORDINARY DIVIDEND

The proposed ordinary dividend is based on the issued and paid-up ordinary share capital at balance sheet date. Dividends payable on ordinary shares issued pursuant to the DBSH Share Option Scheme and Plan, the DBSH Performance Share Plan, the DBSH Employee Share Plan and on conversion of the DBSH Non-voting CPS subsequent to balance sheet date and up to the date of closure of the Share Transfer Books and Register of Members are included in the profit and loss account when paid.

16 EARNINGS PER ORDINARY SHARE

Effective from the 1999 financial year, DBSH Group adopted the Statement of Accounting Standard 6 on "Earnings Per Share" which specifies the computation and presentation for earnings per share (EPS).

The Basic EPS is based on the DBSH Group's net profit attributable to members and after preference dividends amounting to S\$1,039,294,000 (1998: S\$92,421,000) divided by the weighted average number of ordinary shares in issue of 1,076,465,334 shares (1998: 970,907,244 shares after adjusting for shares arising from the bonus issue).

The effect of the exercise of DBSH share options and conversion of DBSH Non-voting CPS on the weighted average number of ordinary shares in issue is as follows:

	1999	DBSH Group 1998
Weighted average number of shares in issue	1,076,465,334	970,907,244
Exercise of share options	5,779,759	*
Full conversion of DBS Non-redeemable CPS	-	*
Full conversion of DBSH Non-voting CPS	146,982,861	*
Weighted average number of shares in issue assuming dilution	1,229,227,954	970,907,244

The effect of the exercise of DBSH share options and conversion of DBS Non-redeemable CPS and DBSH Non-voting CPS on DBSH Group's net profit attributable to members is as follows:

In S\$'000	1999	DBSH Group 1998
Net profit attributable to members (Note 19.4)	1,071,783	111,964
Less: Preference dividends	32,489	19,543
Net profit attributable to members after adjustment of preference dividends	1,039,294	92,421
Adjustment to net profit arising from:		
(a) Exercise of share options	765	-
(b) Full conversion of DBS Non-redeemable CPS	-	-
(c) Full conversion of DBSH Non-voting CPS	32,489	-
Adjusted net profit attributable to members	1,072,548	92,421

* Not included as the effect is anti-dilutive.

17 SHARE OPTIONS AND SHARE PLANS

17.1 DBSH SHARE OPTION SCHEME

The DBSH Share Option Scheme (the "Option Scheme") was adopted by the shareholders of DBSH at an Extraordinary General Meeting held on 18 September 1999, to replace the DBS Bank Share Option Scheme (the "DBS Bank Option Scheme") implemented by The Development Bank of Singapore Ltd ("DBS Bank"), a wholly-owned subsidiary of DBSH.

In accordance with the provisions of the DBS Bank Option Scheme, the number of unissued ordinary shares of DBS Bank of par value S\$1.00 each and the subscription price for each such ordinary share comprised in unexercised options granted under the DBS Bank Option Scheme (the "DBS Options") was adjusted with effect from 3 September 1999, as a result of the merger of the local and foreign shares of DBS Bank, as follows:

	Number of unissued ordinary shares (before adjustment)	Number of unissued ordinary shares (after adjustment)	Subscription price per ordinary share (before adjustment)	Subscription price per ordinary share (after adjustment)
1995 DBS Options	838,502	880,404	S\$8.95	S\$8.53
1996 DBS Options	1,890,360	1,984,850	S\$8.42	S\$8.02
1997 DBS Options	1,815,967	1,906,736	S\$7.65	S\$7.29
1998 DBS Options	1,622,000	1,703,100	S\$8.07	S\$7.69
	<u>6,166,829</u>	<u>6,475,090</u>		

On 18 September 1999, pursuant to the "Restructuring Scheme", holders of the unexercised DBS Options received from DBSH, in exchange and in consideration for the cancellation of such unexercised DBS Options, comparable options ("DBSH Options") to subscribe for an aggregate of 6,475,090 new DBSH ordinary shares at the same subscription prices as were applicable to the respective DBS Options which they respectively replaced under the Option Scheme.

The Option Scheme was terminated on 18 October 1999, and the outstanding existing DBSH Options will continue to remain valid until the date of expiration of the relevant DBS Options which they respectively replaced.

At the end of the financial year, unissued ordinary shares of DBSH of par value S\$1.00 each comprised in outstanding DBSH Options granted under the Option Scheme are as follows:

	Number of unissued ordinary shares	Subscription price per ordinary share	Date of expiration
1995 DBSH Options	522,280	S\$8.53	10 May 2000
1996 DBSH Options	1,799,018	S\$8.02	8 May 2001
1997 DBSH Options	1,831,412	S\$7.29	5 May 2002
1998 DBSH Options	1,627,049	S\$7.69	7 April 2003
	<u>5,779,759</u>		

17.2 DBSH SHARE OPTION PLAN

The DBSH Share Option Plan (the "Option Plan") was adopted by the shareholders of DBSH at an Extraordinary General Meeting held on 18 September 1999, to replace the DBS Bank Share Option Plan (the "DBS Bank Option Plan") implemented by DBS Bank. The DBS Bank Option Plan had, in turn, been adopted by the shareholders of DBS Bank at an Extraordinary General Meeting of DBS Bank held on 19 June 1999 to replace the DBS Bank Option Scheme.

On 28 July 1999, in consideration of the payment of S\$1.00 for each option granted, options in respect of 4,593,000 unissued ordinary shares of par value of S\$1.00 each in DBS Bank ("1999 DBS options") were granted pursuant to the DBS Bank Option Plan to 193 executives of DBS Bank of the rank of Vice President (or equivalent) and above, and selected employees of DBS Bank of a rank below the rank of Vice President (or equivalent), including two options totalling 300,000 unissued ordinary shares granted to executive directors Mr John T. Olds and Mr Ng Kee Choe.

In accordance with the provisions of the DBS Bank Option Plan, the number of unissued ordinary shares of DBS Bank of par value S\$1.00 each and the subscription price for each such ordinary share comprised in unexercised options granted under the DBS Bank Option Plan was adjusted with effect from 3 September 1999, as a result of the merger of the local and foreign shares of DBS Bank, as follows:

	Number of unissued ordinary shares (before adjustment)	Number of unissued ordinary shares (after adjustment)	Subscription price per ordinary share (before adjustment)	Subscription price per ordinary share (after adjustment)	Date of expiration
1999 DBS Options	4,593,000	5,029,335	S\$16.75	S\$15.30	27 July 2009

On 18 September 1999, pursuant to the "Restructuring Scheme", holders of the unexercised 1999 DBS Options received from DBSH, in exchange and in consideration for the cancellation of such unexercised 1999 DBS Options, comparable options ("1999 DBSH Options") to subscribe for an aggregate of 5,029,335 new DBSH ordinary shares at the same subscription price as was applicable to the 1999 DBS Options which they replaced, under the Option Plan.

At the end of the financial year, unissued ordinary shares of DBSH of par value S\$1.00 each comprised in outstanding 1999 DBSH Options granted under the Option Plan were as follows:

	Number of unissued ordinary shares	Subscription price per ordinary share	Date of expiration
1999 DBSH Options	5,029,335	S\$15.30	27 July 2009

18 SHARE CAPITAL

18.1 As described in Note 1, DBSH became the holding company of DBS Bank pursuant to the Restructuring Scheme. The share capital of DBSH at 31 December 1999 is as follows:

In S\$'000	DBSH 1999
Authorised	
2,000,000,000 ordinary shares of S\$1 each (Note 18.3 (1))	2,000,000
500,000,000 non-voting convertible preference shares of S\$1 each (Note 18.3 (1))	500,000
	500,000
Issued and paid-up	
18.1.1 Ordinary shares	
Ordinary shares issued pursuant to the "Restructuring Scheme" (Note 18.3(2))	1,077,970
Subsequent to the "Restructuring Scheme":	
- Conversion of DBSH Non-voting CPS to ordinary shares (Notes 18.3(4))	99,180
- Issued under the DBSH Share Option Scheme (Note 18.3(5))	695
Balance at 31 December	1,177,845
Number of ordinary shares of S\$1 each	1,177,845,260[©]
18.1.2 Non-voting convertible preference shares (DBSH Non-voting CPS)	
Issued pursuant to the "Restructuring Scheme" (Note 18.3(2))	246,163
Conversion of DBSH Non-voting CPS to ordinary shares subsequent to the "Restructuring Scheme" (Note 18.3(4))	(99,180)
Balance at 31 December	146,983
Number of non-voting convertible preference shares of S\$1 each	146,982,861
Total Share Capital of DBSH	1,324,828

[©] Including 2 subscriber shares issued upon incorporation of DBSH.

18.2 The 1998 comparatives relate to the share capital of DBS Bank prior to the "Restructuring Scheme" (Note 1). The composition of the 1998 share capital is as follows:

In S\$'000	1998
Authorised	
2,000,000,000 ordinary shares of S\$1 each (Note 18.3 (1))	2,000,000
600,000,000 non-redeemable convertible preference shares of S\$2 each	1,200,000
500,000,000 (1998: 300,000,000) non-voting convertible preference shares of S\$1 each (Note 18.3 (1))	300,000
	<u>1,500,000</u>
Issued and paid-up	
928,147,152 ordinary shares of S\$1 each	928,147
206,032,421 non-redeemable convertible preference shares of S\$2 each	412,065
224,764,875 non-voting convertible preference shares of S\$1 each	224,765
Total Share Capital	<u>1,564,977</u>

18.3 As explained in Note 1, pursuant to the "Restructuring Scheme", DBSH became the holding company of DBS Bank through a 1-for-1 exchange of DBS Bank shares for DBSH shares.

- (1) At incorporation date, DBSH has an authorised ordinary and preference share capital of 2,000,000,000 ordinary shares of par value S\$1.00 each and 500,000,000 non-voting convertible preference shares of par value S\$1.00 each.
- (2) On 18 September 1999, 1,077,970,304 ordinary shares of par value S\$1.00 each ("DBSH Ordinary Shares") and 246,162,491 non-voting convertible preference shares ("DBSH Non-Voting CPS") of par value S\$1.00 each in the capital of DBSH were allotted and credited as fully paid, on the basis as set out in the "Restructuring Scheme", to entitled ordinary shareholders and non-voting preference shareholders respectively.
- (3) Pursuant to the "Restructuring Scheme", holders of the unexercised options granted under the DBS Bank Share Option Scheme (Note 17) have received from DBSH, in exchange and in consideration for the cancellation of unexercised options, comparable options to subscribe for new DBSH ordinary shares under the DBSH Share Option Scheme.
- (4) During the financial year, DBSH issued 99,179,630 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of the DBSH Non-voting CPS.
- (5) During the financial year, DBSH issued 695,324 ordinary shares of par value S\$1.00 each, fully paid in cash upon the exercise of options by full-time executives of DBS Bank of the rank of Vice-President (or equivalent rank) and above, pursuant to the DBSH Share Option Scheme.

18.4 Prior to the "Restructuring Scheme", DBS Bank issued the following shares in 1999:

- (1) 29,098,392 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of DBS CPS to ordinary shares.
- (2) 16,505,978 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of all outstanding DBS CPS to ordinary shares pursuant to Article 5A(iii)(c) of the Articles of Association of DBS Bank on 29 June 1999.
- (3) 4,401,149 ordinary shares of par value S\$1.00 each, fully paid in cash upon the subscription for additional ordinary shares by converting DBS CPS holders.
- (4) 6,727,144 ordinary shares of par value S\$1.00 each, fully paid in cash upon the exercise of options by full-time executives of DBS Bank of the rank of Vice-President (or equivalent rank) and above, pursuant to the DBS Share Option Scheme.

- (5) 93,090,489 ordinary shares of par value S\$1.00 each, fully paid in cash by way of a special bonus issue of fifty new ordinary shares for every one thousand existing ordinary shares held by the 'local' shareholders of DBS Bank registered on 2 September 1999 and one hundred and sixty three new ordinary shares for every one thousand existing ordinary shares held by persons whose shareholdings fell within the meaning of "foreign shareholdings", as defined in Article 22(c)(iii) of the Articles of Association of DBS Bank registered on 2 September 1999. The purpose of the special bonus issue was for the merger of the local and foreign DBS Bank shares.
- (6) 21,397,616 new DBS Non-voting CPS of par value S\$1.00 each, fully paid in cash by way of a special bonus issue to the Minister for Finance as if the DBS Non-voting CPS had been converted into 'local' ordinary shares and 'foreign' ordinary shares in the proportion of 60 per cent 'local' ordinary shares and 40 per cent 'foreign' ordinary shares.

19 RESERVES

The composition of reserves is as follows:

In S\$'000	DBSH Group	
	1999	1998
Share premium account (Note 19.1)	4,967	–
Other reserve (Note 19.1)	4,273,129	3,914,158
Capital reserve (Note 19.2)	170,984	125,841
General reserve (Note 19.3)	1,634,921	1,377,290
Revenue reserve (Note 19.4)	3,466,969	2,829,256
Balance at 31 December	9,550,970	8,246,545

19.1 SHARE PREMIUM ACCOUNT

In S\$'000	DBSH 1999
Exercise of share options pursuant to the DBSH Share Option Scheme	4,967
Other Reserve of S\$4,273,129,000 (1998: S\$3,914,158,000) relates to the share premium of DBS Bank prior to the "Restructuring Scheme". This reserve is capital in nature.	

The movement of Other Reserve prior to the "Restructuring Scheme" which took effect on 18 September 1999 is as follows:

In S\$'000	DBSH Group	
	1999	1998
Balance at 1 January	3,914,158	1,646,051
Rights issue of shares	–	857,192
Bonus issue of shares (Notes 18.4 (5) and (6))	(114,488)	(70,811)
Expenses arising from bonus issue and rights issue of shares	(141)	(5,186)
Conversion of DBS CPS to ordinary shares and additional ordinary shares subscribed by converting DBS CPS holders (Notes 18.4 (1),(2) and (3))	422,326	111,677
Exercise of share options pursuant to the DBS Bank Share Option Scheme (Note 18.4 (4))	51,274	–
Non-voting convertible preference shares	–	1,375,235
Balance at 18 September 1999/ 31 December 1998	4,273,129	3,914,158

19.2 CAPITAL RESERVE

Capital Reserve comprises net exchange translation adjustments arising from translation differences on opening net investments in foreign subsidiaries and branches, and the related foreign currency borrowings designated as a hedge, and any goodwill or reserve arising on acquisition of subsidiary companies, associated companies and business undertakings.

In S\$'000	1999	DBSH Group 1998
Balance at 1 January	125,841	215,204
Net exchange translation adjustments during the year	1,420	(12,691)
Goodwill arising from acquisitions of subsidiary companies and business undertakings	-	(202,513)
Capital reserve arising from equity accounting	43,723	125,841
Balance at 31 December	170,984	125,841

19.3 GENERAL RESERVE

Movement in General Reserve relates to the amounts transferred to the Reserve Fund to comply with the Banking Act, the Finance Companies Act, the Insurance Act, the Securities Industry Regulations, and Singapore International Monetary Exchange Limited Rule 901A under Singapore regulations, and the statutory regulations in Indonesia and Thailand.

In S\$'000	1999	DBSH Group 1998
RESERVE FUND		
Balance at 1 January	1,377,290	1,274,750
General reserve arising from equity accounting	(844)	36,556
Appropriation from profit and loss account (Note 19.4)	258,475	65,984
Balance at 31 December	1,634,921	1,377,290

19.4 REVENUE RESERVE

In S\$'000	DBSH Group	
	1999	1998
Balance at 1 January		
As previously reported	2,308,956	2,822,295
Prior year adjustment (Note 3.1)	520,300	631,084
	2,829,256	3,453,379
Net profit attributable to members	1,071,783	111,964
Writeback of excess provision for preference dividend in previous year (Note 14)	2,917	696
Discount/(goodwill) arising from acquisitions of subsidiary and associated companies and business undertakings adjusted against revenue reserve	62,306	(527,399)
Dividend on ordinary shares paid less income tax (Note 15)	(2,337)	(412)
Transfer to General Reserve	(258,475)	(65,984)
	(195,589)	(593,099)
Amount available for distribution	3,705,450	2,972,244
Less: Interim dividend on ordinary shares paid 9% (1998: 9%) less income tax (Note 15)	65,593	61,630
	14,969	-
Interim dividend on non-voting CPS paid 9% (1998: Nil) less income tax (Note 14)	14,969	-
Proposed preference dividend on non-redeemable convertible preference shares in 1998 1.5% less income tax	-	4,574
Proposed final dividend on non-voting CPS 16% (1998: 9%) less income tax (Note 14)	17,520	14,969
Proposed final dividend on ordinary shares 16% (1998: 9%) less income tax (Note 15)	140,399	61,815
Balance at 31 December	3,466,969	2,829,256
Total reserves	9,550,970	8,246,545

In 1998, goodwill arising from the acquisition of subsidiary companies and business undertakings are taken to both Capital and Revenue Reserves. Total goodwill taken to reserves in 1998 amounted to S\$729,912,000 for DBSH Group. Discount arising from acquisition during the year relates to the excess of net tangible assets acquired over the cost of investment in an increase in interest in an associated company.

20 MINORITY INTERESTS

Minority interests represent the share of other shareholders' interests in subsidiaries' net assets or liabilities. The debit balance represents the net loss which is attributable to minority interests according to their holdings in loss-making subsidiaries in which DBSH Group does not have a commercial or legal obligation to provide finance in respect of the accumulated losses attributable to the minority interests.

21 SUBORDINATED TERM DEBTS

Subordinated term debts relate to junior or secondary long-term debts that have a lower priority claim on the Group's assets in the case of a default or liquidation. These debts are treated as Tier-2 capital for the purposes of capital adequacy ratios computation in their respective countries. For the calculation of DBSH Group's capital adequacy ratio, only the S\$1,249,500,000 US\$ 7 7/8% subordinated notes qualify as Tier-2 capital.

21.1 The following is a summary of the subordinated term debts outstanding at 31 December:

In S\$'000	DBSH Group	
	1999	1998
THB Floating Rate Subordinated term debt 2001 of subsidiary (DBS Thai Danu Bank Public Company Limited) due after 12 months (Note 21.2)	22,184	22,710
US\$ Floating Rate Subordinated term debt 2004 of subsidiary (DBS Thai Danu Bank Public Company Limited) due after 12 months (Note 21.3)	-	20,073
US\$ Floating Rate Subordinated term debt 2005 of subsidiary (DBS Thai Danu Bank Public Company Limited) due after 12 months (Note 21.4)	78,239	83,317
THB Fixed Rate Perpetual Subordinated Debentures No.1 of subsidiary (DBS Thai Danu Bank Public Company Limited) due after 12 months (Note 21.5)	221,787	-
THB Subordinated Debentures No.2 of subsidiary (DBS Thai Danu Bank Public Company Limited)		
- due within 12 months	26,231	-
- due after 12 months (Note 21.6)	50,679	-
US\$ 7 7/8% Subordinated Notes 2009 of subsidiary (DBS Bank) due after 12 months (Note 21.7)	1,249,500	-
Total	1,648,620	126,100

21.2 The THB500 million Floating Rate Subordinated term debt was issued on 29 January 1993 and matures on 29 January 2001. Interest is payable semi-annually at DBS Thai Danu Bank Public Company Limited's six month average minimum overdraft rate.

21.3 The US\$17 million Floating Rate Subordinated term debt was issued on 27 December 1994, and was redeemed on 30 December 1999, prior to its maturity on 27 December 2004.

21.4 The US\$50 million Floating Rate Subordinated term debt was issued on 6 August 1995 and US\$3 million was redeemed in July 1999 prior to its maturity on 6 August 2005. Interest is payable semi-annually at the six-month London Interbank Offered Rate plus a mark-up of 1.25% from 6 August 1995 to 6 August 2000 and the six-month London Interbank Offered Rate plus a mark-up of 3% from 7 August 2000 to 6 August 2005.

- 21.5** On 3 June 1999, DTDB issued 50,000 Class A Preference Shares at a par value of Baht 10 each together with non-detachable 50,000 Perpetual Subordinated Debentures ("Subordinated Debentures No. 1") at par value of Baht 100,000 each. The Subordinated Debentures No. 1 carries a coupon rate of 15% per annum. Interest is payable semi-annually subject to dividends being paid on the Class A Preference Shares. DTDB has an option to pay the full or part of the interest. Interest not paid in any year shall not be accrued for the succeeding year. The Subordinated Debenture No. 1 is perpetual and will be due upon liquidation of DTDB.
- 21.6** On 3 June 1999, DTDB also issued Subordinated Debenture No 2/1 to 2/29 ("Subordinated Debenture No. 2") at a par value of Baht 100,000 each with varying maturity dates. A series of Subordinated Debenture No.2 will mature every 3 months on the respective dates stated in the prospectus until 28 May 2006.
- 21.7** The US\$750 million 7 7/8% Subordinated Notes was issued on 10 August 1999 and matures on 10 August 2009. Interest is payable semi-annually on 10 February and 10 August commencing 10 February 2000. The fixed rate funding has been converted to floating rate at a margin above the six-month London Interbank Offered Rate via interest rate swaps.

22 OTHER DEBT SECURITIES IN ISSUE

Other debt securities comprise mainly negotiable fixed and floating rate certificate of deposits issued.

22.1 The following is a summary of the other debt securities in issue at 31 December:

In S\$'000	1999	DBSH Group 1998
HK\$ 7% Negotiable Fixed Rate Certificates of Deposits 1999 of subsidiary (DBS Bank) due within 12 months (Note 22.2)	-	42,620
HK\$ 10.125% Negotiable Fixed Rate Certificates of Deposits 1999 of subsidiary (DBS Bank) due within 12 months (Note 22.3)	-	10,655
HK\$ 10.48% Negotiable Fixed Rate Certificates of Deposits 2000 of subsidiary (DBS Bank)		
- due within 12 months	42,861	-
- due after 12 months (Note 22.4)	-	42,619
HK\$ 6.31% Negotiable Fixed Rate Certificates of Deposits 2000 of subsidiary (DBS Bank) due within 12 months (Note 22.5)	64,291	-
HK\$ 8.60% Negotiable Fixed Rate Certificates of Deposits 2000 of subsidiary (DBS Bank)		
- due within 12 months	21,431	-
- due after 12 months (Note 22.6)	-	21,310
HK\$ Negotiable Floating Rate Certificates of Deposits 2000 of subsidiary (DBS Bank)		
- due within 12 months	96,437	-
- due after 12 months (Note 22.7)	-	95,894
HK\$ 10.255% Negotiable Fixed Rate Certificates of Deposits 2001 of subsidiary (DBS Bank) due after 12 months (Note 22.8)	21,431	21,310

In S\$'000	1999	DBSH Group 1998
HK\$ 8.75% Negotiable Fixed Rate Certificates of Deposits 2001 of subsidiary (DBS Bank) due after 12 months (Note 22.9)	21,431	21,310
HK\$ 7.565% Negotiable Fixed Rate Certificates of Deposits 2001 of subsidiary (DBS Bank) due after 12 months (Note 22.10)	21,430	-
HK\$ 10.10% Negotiable Fixed Rate Certificates of Deposits 2001 of subsidiary (DBS Bank) due after 12 months (Note 22.11)	21,430	21,310
HK\$ Negotiable Floating Rate Certificates of Deposits 2002 of subsidiary (DBS Bank) due after 12 months (Note 22.12)	21,430	-
HK\$ Negotiable Floating Rate Certificates of Deposits 2002 of subsidiary (DBS Bank) due after 12 months (Note 22.13)	21,430	-
HK\$ Negotiable Floating Rate Certificates of Deposits 2002 of subsidiary (DBS Bank) due after 12 months (Note 22.14)	21,430	-
HK\$ Negotiable Floating Rate Certificates of Deposits 2002 of subsidiary (DBS Bank) due after 12 months (Note 22.15)	10,715	-
S\$ Floating Rate Notes 2001 of subsidiary (DBS China Square Ltd) due after 12 months (Note 22.16)	22,000	72,000
HK\$ Negotiable Floating Rate Certificates of Deposits 2000 of subsidiary (Kwong On Bank) due within 12 months (Note 22.17)	128,582	-
Total	536,329	349,028

- 22.2** The HK\$200 million Negotiable Fixed Rate Certificates of Deposit were issued on 16 September 1997 and were redeemed at par on 19 August 1999. Interest was payable quarterly at a fixed rate of 7%.
- 22.3** The HK\$50 million Negotiable Fixed Rate Certificates of Deposit were issued on 16 December 1997 and were redeemed at par on 16 December 1999. Interest was payable quarterly at a fixed rate of 10.125%.
- 22.4** The HK\$200 million Negotiable Fixed Rate Certificates of Deposit were issued on 5 January 1998 and are redeemable on 5 January 2000. Interest is payable quarterly at a fixed rate of 10.48%.

- 22.5** The HK\$300 million Negotiable Fixed Rate Certificates of Deposit were issued on 21 April 1999 and are redeemable on 25 April 2000. Interest is payable quarterly at a fixed rate of 6.31%.
- 22.6** The HK\$100 million Negotiable Fixed Rate Certificates of Deposit were issued on 6 May 1998 and are redeemable on 12 May 2000. Interest is payable quarterly at a fixed rate of 8.60%.
- 22.7** The HK\$450 million Negotiable Floating Rate Certificates of Deposit were issued on 15 August 1997 and are redeemable on 15 August 2000. Interest is payable quarterly and determined at the three-month interbank offered rate for Hong Kong dollar deposits plus 0.22%.
- 22.8** The HK\$100 million Negotiable Fixed Rate Certificates of Deposit were issued on 5 January 1998 and are redeemable on 5 January 2001. Interest is payable quarterly at a fixed rate of 10.255%.
- 22.9** The HK\$100 million Negotiable Fixed Rate Certificates of Deposit were issued on 6 May 1998 and are redeemable on 12 February 2001. Interest is payable quarterly at a fixed rate of 8.75%.
- 22.10** The HK\$100 million Negotiable Fixed Rate Certificates of Deposit were issued on 25 June 1999 and are redeemable on 25 June 2001. Interest is payable quarterly at a fixed rate of 7.565%.
- 22.11** The HK\$100 million Negotiable Fixed Rate Certificates of Deposit were issued on 5 January 1998 and are redeemable on 5 July 2001. Interest is payable quarterly at a fixed rate of 10.10%.
- 22.12** The HK\$100 million Negotiable Floating Rate Certificates of Deposit were issued on 19 March 1999 and are redeemable on 19 March 2002. Interest is payable quarterly and determined at the three-month interbank offered rate for Hong Kong dollar deposits plus 0.30%.
- 22.13** The HK\$100 million Negotiable Floating Rate Certificates of Deposit were issued on 22 March 1999 and are redeemable on 22 March 2002. Interest is payable monthly and determined at the one-month interbank offered rate for Hong Kong dollar deposits plus 0.40%.
- 22.14** The HK\$100 million Negotiable Floating Rate Certificates of Deposit were issued on 26 March 1999 and are redeemable on 26 March 2002. Interest is payable monthly and determined at the one-month interbank offered rate for Hong Kong dollar deposits plus 0.40%.
- 22.15** The HK\$50 million Negotiable Floating Rate Certificates of Deposit were issued on 26 March 1999 and are redeemable on 26 March 2002. Interest is payable monthly and determined at the one-month interbank offered rate for Hong Kong dollar deposits plus 0.30%.
- 22.16** The S\$100 million Floating Rate Notes by DBS China Square Ltd were issued on 15 November 1996. Of the S\$100 million issued, S\$20 million (1998: S\$20 million) was subscribed by a related company and S\$58 million (1998: S\$8 million) was repurchased by DBS China Square Ltd upon the exercise of the option by the noteholders as at 31 December 1999. Interest is payable quarterly and determined at the three-month interbank offered rate for Singapore dollar deposits plus a variable margin. Unless redeemed upon the exercise of the option by the noteholders or repurchased by the issuer, DBS China Square Ltd, in accordance with the terms and conditions of the Floating Rate Notes issue, the notes are redeemable at par on 15 November 2001.
- 22.17** The HK\$600 million Negotiable Floating Rate Certificates of Deposit were issued on 28 July 1999 and are redeemable on 26 July 2000. Interest is payable quarterly and determined at the three-month Hong Kong Interbank Offered Rate plus a mark-up of 0.30%.

23 DEPOSITS AND OTHER ACCOUNTS OF NON-BANK CUSTOMERS

In S\$'000	1999	DBSH Group 1998
Analysed by Currency		
Singapore dollar	58,665,023	55,252,668
US dollar	12,363,509	11,025,487
Thai Baht	4,007,200	4,984,646
Japanese Yen	357,097	281,400
Hong Kong dollar	3,922,694	157,261
Others	2,952,786	2,156,830
Total	82,268,309	73,858,292
Analysed by Product		
Savings account (include S\$ autosave)	40,593,427	36,875,788
Current account	6,268,776	4,617,039
Fixed deposits	34,991,827	31,830,758
Other deposits	414,279	534,707
Total	82,268,309	73,858,292

24 OTHER LIABILITIES

In S\$'000	1999	DBSH Group 1998
Interest payable	741,815	658,271
Accrued operating expenses	266,880	162,750
Balances arising from revaluation of financial instruments (Note 38)	115,387	391,388
Other foreign exchange revaluation	-	269,475
Interest and other income received in advance	109,842	103,856
Clients' monies payable in respect of securities business	221,035	60,411
Sundry creditors	553,762@	483,962
Total	2,008,721	2,130,113

@ Included in Sundry Creditors is deferred gain of S\$39.1 million relating to the derecognition of DBS Tampines Centre (Note 35.4).

25 DEFERRED TAXATION

Deferred taxation is computed based on the liability method. Provision for deferred tax is made for material timing differences in the recognition of certain income and expenses for accounting and for taxation purposes to the extent that it is probable that the liability will materialise. The movement in deferred tax, which substantially relates to timing differences between tax and accounting depreciation of fixed assets, is as follows:

In S\$'000	1999	DBSH Group 1998
Balance at 1 January	11,666	36,264
Provision/ (write-back) during the year (Note 13)	3,097	(24,598)
Balance at 31 December	14,763	11,666

26 SINGAPORE GOVERNMENT SECURITIES AND TREASURY BILLS

In S\$'000	DBSH Group	
	1999	1998
Cost, adjusted for unamortised premium and discount	8,813,815	6,949,915
Less : Provision for diminution in value (Note 30)	16	-
Net book value	8,813,799	6,949,915
Market value	8,848,134	7,028,075

27 TRADING SECURITIES

Trading securities include cash instruments, such as government and corporate debt and equity securities acquired and held principally for the purpose of selling them in the near term with the objective of generating gains on short-term differences in price. The cost less provision and market value of these investments at 31 December are as follows:

In S\$'000	DBSH Group	
	1999	1998
Quoted		
Non-Singapore government securities and treasury bills	1,178,660	1,055,497
Corporate debt securities	1,568,934	1,074,908
Equity shares	662,511	702,403
Total	3,410,105	2,832,808
Less: Provision for diminution in value (Note 30)	75,560	99,716
Net book value	3,334,545	2,733,092
Market value	3,636,738	2,856,024

Included in equities are quoted shares amounting to S\$176.3 million (1998: S\$176.8 million) designated for covered warrants issued by a subsidiary, DBS Bank, which give warrant holders the right to purchase these shares in accordance with the terms and conditions of the warrants.

The following tables provide an analysis of outstanding period to contractual maturities and weighted average yields of Singapore government securities, Non-Singapore government securities and corporate debt securities as at 31 December:

In S\$'000	DBSH Group							
	Less than 1 year		Over 1 year and less than 5 years		Over 5 years and less than 10 years		Over 10 years	
	Cost	Yield %	Cost	Yield %	Cost	Yield %	Cost	Yield %
1999								
Singapore government securities and treasury bills	4,308,581	1.77	4,022,931	3.01	482,303	4.61	-	-
Non-Singapore government securities and treasury bills	549,484	5.07	315,271	6.25	270,055	6.77	43,850	6.49
Corporate debt securities	489,493	5.50	616,946	6.85	462,495	6.38	-	-

In S\$'000	DBSH Group								
	Less than 1 year		Over 1 year and less than 5 years		Over 5 years and less than 10 years		Over 10 years		
	Cost	Yield %	Cost	Yield %	Cost	Yield %	Cost	Yield %	
1998									
Singapore government securities and treasury bills	1,871,212	2.90	3,926,754	3.54	1,151,949	4.87	-	-	
Non-Singapore government securities and treasury bills	507,070	13.33	328,325	8.17	146,566	5.73	73,536	5.19	
Corporate debt securities	145,458	7.05	858,283	6.86	65,732	7.26	5,435	10.63	

28 LOANS TO, AND BILLS RECEIVABLE FROM NON-BANK CUSTOMERS

In S\$'000	DBSH Group	
	1999	1998
Gross	58,437,720	59,194,664
Less : Specific provisions (Note 29)	2,923,661	1,907,509
General provisions (Note 29)	1,144,528	1,071,761
Net total	54,369,531	56,215,394
Including :		
Bills receivable	1,201,881	2,056,912
Loans	53,167,650	54,158,482
Net total	54,369,531	56,215,394

Industry Breakdown

Manufacturing	5,881,344	6,710,527
Building and Construction	9,606,510	8,867,033
Housing Loans	16,589,007	14,518,103
General Commerce	4,122,745	3,664,277
Transportation, Storage and Communications	3,470,591	3,908,033
Financial Institutions, Investment and Holding Companies	5,042,529	7,216,630
Professionals and Private Individuals (except Housing Loans)	5,749,113	5,070,896
Others	7,975,881	9,239,165
Total (Gross)	58,437,720	59,194,664

Analysed by Currency and Fixed/ Variable Rates

Fixed rate

Singapore dollar	10,869,086	11,215,654
US dollar	6,570	73,251
Thai Baht	118,371	842,230
Japanese Yen	-	-
Hong Kong dollar	94,115	10,558
Others	63,095	24,448
Sub-total	11,151,237	12,166,141

In S\$'000	DBSH Group	
	1999	1998
Variable rate		
Singapore dollar	27,715,851	30,361,344
US dollar	8,640,032	9,003,146
Thai Baht	4,093,031	2,819,643
Japanese Yen	901,116	2,156,321
Hong Kong dollar	4,643,945	1,165,120
Others	1,292,508	1,522,949
Sub-total	47,286,483	47,028,523
Total (Gross)	58,437,720	59,194,664

Fixed rate loans refer to long-term loans where the interest rates are fixed for the initial 1 to 3 years for certain mortgage loans, and over the entire loan period for the other loans. Variable rate loans are pegged to prime, short-term cost of funds or inter-bank rates as well as fixed rate loans that have effectively been converted to variable rate loans via interest rate swaps.

Included in loans and advances of DBSH Group is a loan of S\$745.0 million (1998: S\$1,075.0 million) extended to a company which is wholly-owned by a substantial shareholder of DBS Bank.

29 PROVISION FOR POSSIBLE LOAN LOSSES AND INTEREST-IN-SUSPENSE

In S\$'000	DBSH Group			Interest-in-suspense
	Specific	General	Total	
1999				
Balance at 1 January	1,907,509	1,071,761	2,979,270	62,475
On acquisition of subsidiary companies	171,030	131,300	302,330	-
Utilisation/transfers during the year	(199,388)	(1,258)	(200,646)	(15,597)
Charge to profit and loss account (Note 12)	1,046,509	(57,275)	989,234	-
Interest suspended during the year	(1,999)	-	(1,999)	39,158
Balance at 31 December	2,923,661	1,144,528	4,068,189	86,036
1998				
Balance at 1 January	154,632	741,467	896,099	12,102
On acquisition of business undertakings and subsidiary companies	875,666	152,978	1,028,644	117
Utilisation/transfers during the year	(36,773)	1,168	(35,605)	(480)
Charge to profit and loss account (Note 12)	897,087	176,148	1,073,235	-
Interest suspended during the year	16,897	-	16,897	50,736
Balance at 31 December	1,907,509	1,071,761	2,979,270	62,475

Included in 1999 specific provision charged to the profit and loss account is S\$49.5 million (1998: S\$Nil) in respect of losses arising from the termination of loan arrangements in DTDB. Of this amount, S\$35.3 million is unrealised.

30 PROVISION FOR DIMINUTION IN VALUE OF OTHER ASSETS AND BANKING RISKS

In S\$'000	DBSH Group				Interest-in-suspense
	Specific	General	Others	Total	
1999					
Balance at 1 January	150,502	202	107,950	258,654	1,952
Utilisation/transfers during the year	(47,428)	-	(29,420)	(76,848)	236
Charge to profit and loss account (Note 12)	4,788	390	68,812@	73,990	-
Interest suspended during the year	-	-	-	-	899
Balance at 31 December	107,862	592	147,342	255,796	3,087

Specific and general provisions are in respect of the following:

Singapore Government securities and

treasury bills (Note 26)	16	-	-	16	
Trading securities (Note 27)	74,968	592	-	75,560	
Investment securities (Note 31)	32,878	-	-	32,878	
Other assets (Note 32)	-	-	66,134	66,134	
Fixed assets (Note 35)	-	-	39,529	39,529	
Other banking risks	-	-	41,679	41,679	
	107,862	592	147,342	255,796	

1998

Balance at 1 January	156,765	36,607	71,355	264,727	162
On acquisition of subsidiary companies	102,064	-	5,904	107,968	-
Utilisation/transfers during the year	(25,607)	(35,496)	23,869	(37,234)	-
Release during the year arising from the change in method of accounting (Notes 2.7.2 & 12)	(83,884)	-	-	(83,884)	-
Charge to profit and loss account (Note 12)	1,164	(909)	6,822	7,077	-
Interest suspended during the year	-	-	-	-	1,790
Balance at 31 December	150,502	202	107,950	258,654	1,952

Specific and general provisions are in respect of the following:

Trading securities (Note 27)	99,514	202	-	99,716	
Investment securities (Note 31)	50,988	-	-	50,988	
Other assets (Note 32)	-	-	67,389	67,389	
Other banking risks	-	-	40,561	40,561	
	150,502	202	107,950	258,654	

@ Included in the 1999 charge to profit and loss account are the following:

	S\$'million
Provision for diminution in value of fixed assets in	
- DBS China Square Ltd (Note 35)	26.0
- DBS Thai Danu Bank (Note 35)	13.5
Write down in carrying value of assets in NDC Merchant Bank Ltd prior to reorganisation (Note 33.4)	19.9
	59.4

31 INVESTMENT SECURITIES

In S\$'000	1999	DBSH Group 1998
Quoted equity shares	666,792	–
Unquoted equity shares	330,726	366,547
	997,518	366,547
Less: Provision for diminution in value (Note 30)	32,878	50,988
Total net book value	964,640	315,559
Market value of quoted equity shares	672,593	–

At end-December 1999, included in quoted equity shares is DBS Bank's (a wholly-owned subsidiary) investment of S\$641.6 million (1998: S\$Nil) of shares in Far East Bank and Trust Company ("FEB") and Bank of the Philippine Islands. In addition, a deposit of S\$152.6 million (1998: S\$Nil) was paid to purchase additional shares in FEB (Note 32). In a separate deposit agreement entered into on 23 December 1999, there is a further commitment to acquire an additional S\$421.7 million (1998: S\$Nil) shares in FEB (Note 37).

32 OTHER ASSETS

In S\$'000	1999	DBSH Group 1998
Accrued interest receivable ^a	1,002,251	867,427
Accrued income	31,399	13,029
Balances arising from revaluation of financial instruments (Note 38)	96,793	397,973
Other foreign exchange revaluation	159,429	–
Deposits and prepayments	202,385	25,973
Foreclosed properties	211,533	–
Clients' monies receivable from securities business	231,345	105,466
Sundry debtors	309,779	234,745
Total	2,244,914	1,644,613

^aAccrued interest receivable is net of interest-in-suspense.

Included in deposits and prepayments at end-December 1999 is an amount of S\$152.6 million (1998: S\$Nil) relating to a deposit paid to acquire additional shares in Far East Bank and Trust Company (Notes 31 and 37).

The specific provision of S\$35.3 million (1998: S\$Nil) in respect of foreclosed properties is included in Note 29.

33 SUBSIDIARY COMPANIES

33.1 At 31 December 1999, DBS Bank, a wholly-owned subsidiary, is the only directly-owned subsidiary of DBSH.

In S\$'000	DBSH 1999
Unquoted equity shares at cost	1,324,133
Amount due from subsidiary company	870,633
Total	2,194,766

33.2 The directly-owned subsidiary company of DBSH at 31 December is as follows:

SUBSIDIARY COMPANY	COUNTRY OF INCORPORATION/ BUSINESS	PRINCIPAL ACTIVITIES	INTEREST HELD BY				COST OF INVESTMENT HELD BY DBSH	
			DIRECTLY		INDIRECTLY		1999	
			1999 %	1998 %	1999 %	1998 %	1999 S\$000	1998 S\$000
Unquoted								
The Development Bank of Singapore Ltd	Singapore	Commercial banking and financial services	100	-	-	-	1,324,133	

33.3 The indirectly-owned subsidiary companies of DBSH at 31 December are as follows:

SUBSIDIARY COMPANIES	COUNTRY OF INCORPORATION/ BUSINESS	PRINCIPAL ACTIVITIES	INTEREST HELD BY				COST OF INVESTMENT HELD BY DBSH	
			DBS BANK		DBS BANK'S SUBSIDIARIES		1999	
			1999 %	1998 %	1999 %	1998 %	1999 S\$000	1998 S\$000

Held By DBS Bank and other subsidiaries

Quoted

DBS Thai Danu Bank Public Company Ltd (b) (Market value : 1999: S\$473,838,475 and 1998: S\$266,868,140)	Thailand	Commercial banking and financial services	51.78	50.27	-	-	-	-(a)
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Unquoted

Thai Danu-DBS Co Ltd (b)	Thailand	Custodial services	49	49	51	51	652	668
DBS Thai Danu Securities Ltd (b)	Thailand	Stockbroking and corporate finance services	-	-	99.99	99.99	26,749	8,323
Inter-Roof Manufacturing Co. Ltd (g)	Thailand	Roof Tile Manufacturer	-	-	76.00	70.91	9	9
DBS Bank Philippines, Inc. (b) (formerly known as Bank of Southeast Asia, Inc.)	Philippines	Commercial banking and financial services	60	60	-	-	34,091	34,778
DBS Savings Bank Philippines, Inc. (b)	Philippines	Savings and mortgage banking	-	-	100	100	11,592	11,826
DBS Forex Centre Philippines, Inc. (b)	Philippines	Dealing and brokering currencies options, futures, and forwards	100	100	-	-	345	352
PT Bank DBS Buana (b)	Indonesia	Commercial banking and financial services	85	85	-	-	-(a)	24,961
NDC Merchant Bank Ltd	Singapore	Dormant	100	100	-	-	56,459	104,849
NDC Merchant Bank Nominees Pte Ltd	Singapore	Dormant	-	-	100	100	(c)	(c)
DBS Trading Pte Ltd	Singapore	Margin trading in foreign exchange, gold and futures and trading banknotes	100	100	-	-	10,000	10,000
DBS Finance Ltd	Singapore	Finance company	100	100	-	-	242,000	242,000
DBSF Holdings Pte Ltd	Singapore	Investment holding	-	-	100	100	500	500
DBSF Investments Pte Ltd	Singapore	Property holding	-	-	100	100	16,805	16,805
DBS Finance Nominees Pte Ltd	Singapore	Trust, nominee and agency services	-	-	100	100	(c)	(c)
DBS Factors Pte Ltd	Singapore	Domestic/ international factoring and trade financing	100	100	-	-	5,000	5,000
DBS Card Centre Pte Ltd	Singapore	Credit and charge card operations	100	100	-	-	8,000	8,000
DBS Securities Holding Pte Ltd	Singapore	Investment holding	100	100	-	-	121,500	121,500

SUBSIDIARY COMPANIES	COUNTRY OF INCORPORATION/ BUSINESS	PRINCIPAL ACTIVITIES	INTEREST HELD BY				COST OF INVESTMENT HELD BY DBSH SUBSIDIARIES	
			DBS BANK		DBS BANK'S SUBSIDIARIES		1999	1998
			1999	1998	1999	1998	\$'000	\$'000
			%	%	%	%		
Unquoted								
DBS-Capital Trust Securities India Pvt Ltd (b)	India	Stockbroking	-	-	75	75	6,979	6,979
DBS Futures Hong Kong Ltd (b)	Hong Kong	Hang Seng Index Futures Options and stock futures trading	-	-	100	100	2,143	2,131
DBS Investment Research Pte Ltd	Singapore	Market research consultancy	-	-	100	100	(c)	(c)
DBS Securities Hong Kong Ltd (b)	Hong Kong	Stockbroking	-	-	100	100	41,782	41,782
DBS Securities Malaysia Pte Ltd	Singapore	Investment holding	-	-	100	100	16,500	16,500
DBS Securities Nominees Pte Ltd	Singapore	Nominee services	-	-	100	100	(c)	(c)
DBS Securities Nominees (HK) Ltd (b)	Hong Kong	Nominee services	-	-	100	100	107	107
DBS Securities Philippines, Inc (b)	Philippines	Stockbroking	-	-	100	100	11,090	11,090
DBS Securities Singapore Pte Ltd	Singapore	Stockbroking	-	-	100	100	25,000	25,000
DBS Securities UK Ltd (b)	United Kingdom	Securities services	-	-	100	100	175	175
PT DBS Securities Indonesia (b)	Indonesia	Stockbroking and underwriting	-	-	75	55	13,791	12,277
DBS Asia Ltd (b)	Hong Kong	Financial services and investment holding	100	100	-	-	(c)	(c)
DBS Asia Capital Limited (b)	Hong Kong	Corporate finance and advisory services	100	100	-	-	21,429	21,309
DBS Asset Management Ltd	Singapore	Investment management services and unit trusts	100	100	-	-	4,000	4,000
DBS Asset Management (United States) Pte Ltd	Singapore	Investment management services	-	-	100	100	250	250
Hwang-DBS Asset Management(Malaysia) Sdn Bhd (d)	Malaysia	Fund management consultancy	-	-	-	51	(d)	758
DBS Asset Management (Hong Kong) Ltd	Hong Kong	Investment management services	-	-	100	-	2,143	-
DBS Capital Investments Ltd	Singapore	Venture capital investments	100	100	-	-	17,942(e)	17,942(e)
DBS Computer Services Pte Ltd	Singapore	Computer services and IT consultancy	100	100	-	-	-(a)	-(a)
IBEXCo Pte Ltd	Singapore	Electronic commerce service provider	-	-	51	51	2,040	2,040
POSB Computer Services Pte Ltd	Singapore	Computer services and IT consultancy	100	100	-	-	9,470	39,070
DBS Group Holdings (Hong Kong) Ltd (b)	Bermuda	Investment holding	87.26	100	-	-	645,394	-

SUBSIDIARY COMPANIES	COUNTRY OF INCORPORATION/ BUSINESS	PRINCIPAL ACTIVITIES	INTEREST HELD BY				COST OF INVESTMENT HELD BY DBSH SUBSIDIARIES	
			DBS BANK		DBS BANK'S SUBSIDIARIES		1999	1998
			1999	1998	1999	1998	\$S000	\$S000
			%	%	%	%		
Unquoted								
Kwong On Bank Ltd (b)	Hong Kong	Commercial banking and financial services	-	-	100	-	734,176	-
Kwong On Finance Limited (b)	Hong Kong	Deposit-taking finance company	-	-	100	-	5,358	-
Kwong On Bank (Nominees) Ltd (b)	Hong Kong	Trust, nominee and agency services	-	-	100	-	(c)	-
Kwong On Insurance Company Ltd (b)	Hong Kong	Insurance company	-	-	100	-	536	-
Kwong On Futures Ltd (b)	Hong Kong	Dormant	-	-	100	-	21	-
Kwong On Property Agency Company Ltd (b)	Hong Kong	Agency services for buying, selling and letting of properties	-	-	100	-	2,143	-
Kwong On Securities Ltd (b)	Hong Kong	Dormant	-	-	100	-	3,215	-
DBS Nominees Pte Ltd	Singapore	Nominee services	100	100	-	-	364	364
DBS Pte Ltd	Singapore	Investment holding	100	100	-	-	69,337	69,337
DBS China Square Ltd	Singapore	Property investment holding	70	70	-	-	119,000(f)	84,000(f)
DBS Trustee Ltd	Singapore	Trustee services	20	20	80	80	150	150
Singapore Factory Development Ltd	Singapore	Group financing	100	100	-	-	5,525	5,525
Singapore Bankers Club Pte Ltd	Singapore	Has not commenced operations	100	100	-	-	-(a)	-(a)
Credit POSB Pte Ltd (under dissolution)	Singapore	Dormant	100	100	-	-	-(a)	-(a)

(a) Written down to zero value.

(b) Audited by associated firms of PricewaterhouseCoopers, Singapore.

(c) Amount under S\$500/-.

(d) Ceased to be a subsidiary with effect from 22 July 1999 (Note 33.5.3).

(e) Included cost of investment in preference shares held amounting to S\$17,932,000 (1998: S\$17,932,000).

(f) Included cost of investment in preference shares held amounting to S\$73,500,000 (1998: S\$38,500,000).

(g) The investment in this subsidiary company was acquired as a result of debt restructuring. This is not intended to be a long-term investment. Consequently, the results of this subsidiary company are not consolidated.

33.4 GROUP RESTRUCTURING

33.4.1 On 31 August 1999, NDC Merchant Bank Ltd, a wholly-owned subsidiary of DBS Bank, transferred its business undertakings to DBS Bank. With the transfer, NDC Merchant Bank Ltd is now inactive.

33.4.2 On 18 September 1999, pursuant to the "Restructuring Scheme" (Note 1) DBSH became the holding company of DBS Bank. DBSH has a 100% equity interest in DBS Bank.

33.5 ACQUISITION OR DISPOSAL OF SUBSIDIARY COMPANIES

33.5.1 On 15 July 1999, DBS Group Holdings (Hong Kong) Ltd (DBSHK) completed the acquisition of a 100% equity stake in Kwong On Bank, Limited (KOB), a bank incorporated in Hong Kong. The shareholders of KOB are offered one of the following three alternative payment structures as consideration for the acquisition:

- Cash of HK\$9.50 for each KOB share (Option A);
- Cash of HK\$9.00 and a contingent payment (Option B);
- For every six KOB shares, five cash and contingent units and one share in DBSHK (Option C). Under this combination the KOB shareholder will be entitled to receive an aggregate of HK\$45.00 in each five contingent units and one share in DBSHK;

The payment is calculated per KOB share.

The value of each contingent unit ranges from HK\$Nil to HK\$2.50 depending on the level of non-performing assets up to 30 June 2000. The relevant band of the loss ratio is from Nil to 6.0%. A loss ratio in excess of 6.0% will not result in any payment on the contingent unit.

Any potential financial effects of the contingent payments have been dealt with in these financial statements.

On completion of the acquisition, DBSHK issued 47,757,084 ordinary shares to KOB's shareholders, who have accepted Options B and C, resulting in a dilution of DBS Bank's equity interest from 100% to 87.26%. With the acquisition, the DBSH Group's effective equity interest in KOB is 87.26%.

33.5.2 On 20 July 1999, DBS Asset Management Ltd, a wholly-owned subsidiary of DBS Bank, acquired a 100% equity interest in DBS Asset Management (Hong Kong) Ltd (formerly known as Inglebert Company Limited).

33.5.3 On 22 July 1999, DBS Asset Management Ltd, a wholly-owned subsidiary of DBS Bank, sold 960,000 ordinary shares in Hwang-DBS Asset Management (Malaysia) Sdn Bhd to Hwang-DBS (M) Bhd at M\$1.00 par per share. On completion of the sale, DBSH Group's effective equity interest in Hwang-DBS Asset Management (Malaysia) Sdn Bhd was reduced from 51% to 19%.

33.6 ADDITIONAL ACQUISITION OF INTEREST IN SUBSIDIARY COMPANIES

33.6.1 During the financial year, DBS Bank subscribed for 293,091,260 rights share of par value Baht 10.00 each fully paid in cash amounting to Baht 2,930,912,600 and 13,943 Capital Augmented Preference shares of par value Baht 100,000 each fully paid in cash amounting to Baht 1,394,300,000 issued by DTDB. DBSH Group's effective equity interest in DTDB was increased from 50.27% to 51.78%.

33.6.2 During the financial year, DBS Securities Holding Pte Ltd, a wholly-owned subsidiary of DBS Bank, acquired an additional 20% equity interest in PT DBS Securities Indonesia for a consideration of IDR 6,853,233,555. On completion of the acquisition, DBSH Group's effective equity interest in PT DBS Securities Indonesia increased from 55% to 75%.

33.7 AMOUNTS OWING BY SUBSIDIARY COMPANY

These amounts comprise fixed deposits with and dividend receivable from a subsidiary company.

33.8 FAIR VALUES OF ASSETS AND LIABILITIES OF SUBSIDIARY COMPANIES ACQUIRED

The fair values of assets and liabilities of a subsidiary company acquired during the year were as follows:

In S\$'000	1999	DBSH Group 1998
Fixed assets	230,150	170,937
Government, trading and investment securities	128,205	298,770
Cash and balances, placements with, and loans to banks, loans to and bills receivable from non-bank customers (net of general provision of S\$120,891,729)	6,101,735	5,306,535
Other assets	55,091	199,112
Deposits and balances of banks, deposits and other accounts of non-bank customers, debt securities in issue and other borrowings	(5,707,119)	(5,759,059)
Other liabilities	(68,482)	(169,681)
	739,580	46,614
Less: Minority interests	94,187	23,442
Adjusted net attributable assets	645,393	23,172
Add: Goodwill on acquisition taken to reserves	-	286,945
Cash consideration (including expenses in respect of acquisition of S\$6,882,000)	645,393	310,117
Less: Cash and balances with banks	30,248	43,648
Net cash outflow for acquisition of subsidiary companies	615,145	266,469

The above analysis includes DBSH's share of the adjusted net attributable assets value of Kwong On Bank, Limited (KOB) of HK\$3,575,689,000 (S\$766,285,000) at the date of acquisition. The consideration in respect of the acquisition amounted to HK\$3,011,576,000 (S\$645,393,000). DBSH has set aside HK\$564,113,000 (S\$120,892,000) as a general provision to cater for the potential contingent payment for KOB shares or additional provision for loan losses which may arise on or prior to 30 June 2000.

34 ASSOCIATED COMPANIES

34.1 The investments in associated companies at 31 December are as follows:

In S\$'000	1999	DBSH Group 1998
Quoted equity shares at cost	583,407	389,460
Unquoted equities at cost	15,094	15,374
	598,501	404,834
Add: Share of reserves arising from equity accounting	881,045	682,697
	1,479,546	1,087,531
Market value of quoted equity shares	1,635,054	880,056

As disclosed in Note 3, the accounting policy in respect of associated companies was changed with effect from 1 January 1999 to comply with Statement of Accounting Standard 27 – "Accounting for Investments in Associates". The effect of the change in accounting policy is shown in Note 3.1.

34.2 On 30 November 1999, DBS Pte Ltd, a wholly-owned subsidiary of DBS Bank, entered into the following share swap arrangement:

34.2.1 Exchange its entire 12.87% stake in Raffles City (Private) Limited ("RCPL") to Raffles Holdings Ltd ("RHL") for 34,286,035 DBS Land Limited ("DBS Land") ordinary shares and 32,406,959 RHL ordinary shares at S\$3.436 and S\$2.1349 per share respectively; and

34.2.2 Exchange its entire 12.87% stake in RC Hotels (Pte) Ltd ("RCHL") to Emerald Holdings Pte Ltd ("EHPL"), a wholly-owned subsidiary of DBS Land, for 1,713,965 DBS Land ordinary shares at S\$3.436 per share.

After the share swap, DBS Pte Ltd received a total of 36,000,000 DBS Land ordinary shares and 32,406,959 RHL ordinary shares of par value S\$1.00 each. On completion of the share swap, DBSH Group's equity interest in DBS Land increased from 28.33% to 30.27%.

34.3 During December 1999, DBSH Group announced it had entered into agreements with existing shareholders of Bank of the Philippine Islands ("BPI") and Far East Bank ("FEB") to give the Group an effective interest of 19.7% in what will be the merged entity of BPI and FEB. Details of these arrangements are disclosed in Notes 31, 32 and 37. This merger will be formalised after the date of these financial statements. DBSH Group will name three directors to the board of directors of the merged BPI and FEB and will account for this investment in the consolidated financial statements of DBSH Group under the equity method of accounting in 2000.

34.4 At 31 December, the net tangible asset values (NTA) and market values of the quoted equity shares in associated companies of DBSH Group in which equity accounting was applied with effect from 1999 financial year are as follows:

In S\$'000	DBSH Group			
	1999		1998	
	NTA	Market Value	NTA	Market Value
<i>Held by subsidiary companies</i>				
DBS Land Limited	1,160,913	1,292,443	814,514	696,025
General Securities Investments Ltd	55,373	31,143	34,224	20,946
Hwang – DBS (Malaysia) Bhd	51,897	107,467	44,541	55,474
The Insurance Corporation of Singapore Ltd	120,597	204,001	107,056	38,312
Total	1,388,780	1,635,054	1,000,335	810,757

Equity accounting was not applied to the comparative for 1998 in respect of DBS Bank's investment in Singapore Petroleum Company Ltd as the entire stake was divested in April 1999.

34.5 The associated companies directly held by DBSH Group at 31 December are as follows:

ASSOCIATED COMPANIES	COUNTRY OF INCORPORATION/ BUSINESS	PRINCIPAL ACTIVITIES	INTEREST HELD BY DBSH GROUP	
			1999 %	1998 %
Quoted				
<i>Held by DBS Bank</i>				
General Securities Investments Ltd	Singapore	Investment holding	41.76	41.76
DBS Land Limited	Singapore	Investment holding	30.27	28.33
The Insurance Corporation of Singapore Ltd	Singapore	General and life insurance	48.26	49.40
Singapore Petroleum Company Ltd	Singapore	Petroleum refining, provision of administrative support service, marketing and trading of crude oil	-	26.02
<i>Held By Other Subsidiary Companies</i>				
Hwang – DBS (Malaysia) Bhd	Malaysia	Investment holding	23.56	23.94
Unquoted				
<i>Held by DBS Bank</i>				
Fujitec Singapore Corporation Ltd	Singapore	Manufactures elevators, escalators and related components	26.00	26.00
Investment and Capital Corporation of the Philippines	Philippines	Financial services	20.00	20.00
Orix Leasing Singapore Ltd	Singapore	Lease and hire-purchase financing of equipment	30.00	30.00
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	Electronic funds transfer	20.00	28.57
Singapore Polymer Corporation Pte Ltd	Singapore	Manufactures poly vinyl chloride resins and related compound	38.73	38.73
Spray's Shipping Pte Ltd	Singapore	Dormant	26.00	26.00
Transpac Capital Pte Ltd	Singapore	Investment manager for venture capital companies, investment advisory, consultancy and related services	32.00	32.00
Transpac Investments Ltd	Singapore	Investment holding	32.00	32.00
Venture Investment Management (S) Pte Ltd	Singapore	Investment management services	24.50	24.50
Yamaha Music (Asia) Pte Ltd	Singapore	Distributor and retailer of all kinds of musical instruments, operator and franchise of music schools	20.00	20.00
<i>Held By Other Subsidiary Companies</i>				
Transtech Venture Management Pte Ltd	Singapore	Investment manager for venture capital	40.00	40.00
Venture Investment Management II Ltd	Singapore	Investment manager for venture capital	30.00	30.00
Transtech Capital Investment I Ltd (under voluntary liquidation)	Singapore	Venture capital investment	41.54	41.54
Shenton Realty Corporation	Philippines	Real estate holding company	38.40	38.40
Shenton Corporation	Philippines	Real estate holding company	24.00	24.00
Thailand Carpet Manufacturing Public Company Limited (a)	Thailand	Carpet manufacturer	46.00	-

(a) The investment in this associated company was acquired as a result of debt restructuring. This is not intended to be a long-term investment. Consequently, equity accounting was not applied for this associated company.

35 FIXED ASSETS

35.1 Net book values at 31 December, at cost less accumulated depreciation, and movements during the year of DBSH Group's fixed assets are as follows:

In S\$'000	DBSH Group				Total
	Leasehold properties	Freehold properties	Total properties	Equipment, furniture and other assets	
Cost					
Balance at 1 January 1999	1,360,489	315,450	1,675,939	418,455	2,094,394
Additions	80,653	42,671	123,324	100,502	223,826
Disposals	(98,268)	(5,290)	(103,558)	(46,211)	(149,769)
On acquisition of subsidiary company	-	229,616	229,616	55,690	285,306
Exchange differences	(199)	(3,268)	(3,467)	(1,275)	(4,742)
Balance at 31 December 1999	1,342,675	579,179	1,921,854	527,161	2,449,015
Accumulated depreciation					
Balance at 1 January 1999	183,239	31,662	214,901	260,615	475,516
Depreciation charge (Note 11)	33,025	9,587	42,612	74,089	116,701
Disposals	(20,594)	-	(20,594)	(36,457)	(57,051)
On acquisition of subsidiary company	-	23,096	23,096	32,061	55,157
Exchange differences	(90)	(298)	(388)	(914)	(1,302)
Balance at 31 December 1999	195,580	64,047	259,627	329,394	589,021
Less: Provision for diminution in value (Note 30)					
	(26,000)	(13,529)	(39,529)	-	(39,529)
Net book value at 31 December 1999	1,121,095	501,603	1,622,698	197,767	1,820,465
Market value at 31 December 1999	1,872,471	577,522	2,449,993	-	2,449,993
Cost					
Balance at 1 January 1998	1,021,314	72,387	1,093,701	291,373	1,385,074
Additions	49,930	1,206	51,136	48,682	99,818
Disposals	(735)	(3,095)	(3,830)	(48,309)	(52,139)
On acquisition of business undertakings and subsidiary companies	290,049	244,159	534,208	127,246	661,454
Exchange differences	(69)	793	724	(537)	187
Balance at 31 December 1998	1,360,489	315,450	1,675,939	418,455	2,094,394
Accumulated depreciation					
Balance at 1 January 1998	152,917	11,074	163,991	185,773	349,764
Depreciation charge (Note 11)	26,802	4,288	31,090	56,928	88,018
Disposals	(108)	(793)	(901)	(44,691)	(45,592)
On acquisition of business undertakings and subsidiary companies	3,632	16,937	20,569	62,707	83,276
Exchange differences	(4)	156	152	(102)	50
Balance at 31 December 1998	183,239	31,662	214,901	260,615	475,516
Net book value at 31 December 1998	1,177,250	283,788	1,461,038	157,840	1,618,878
Market value at 31 December 1998	1,836,473	353,172	2,189,645	-	2,189,645

- 35.2** The net book value of DBS Building Tower Two, which is an investment property held for the purpose of generating rental income, at 31 December 1999 was S\$220.5 million (1998: S\$229.5 million) and its market value was independently appraised at S\$583.6 million (1998: S\$581.0 million).
- 35.3** Interest capitalised for the DBSH Group during the year for "PWC Building" (formerly under development in relation to the land parcel "A" at China Square) amounted to S\$7,291,902 (1998: S\$16,997,000).
- 35.4** In line with DBSH Group's intention to divest non-core assets and focus on banking and financial services, DBS Bank derecognised DBS Tampines Centre on 7 December 1999. The building was sold to a special purpose vehicle, Tampines Properties Pte Ltd, for a consideration of S\$180.0 million. Tampines Assets Ltd, the holding company of Tampines Properties Pte Ltd, also a special purpose vehicle issued S\$180 million 7-year fixed rate bonds together with 18,000 preference shares and on lend the proceeds to Tampines Properties Pte Ltd for the purchase. The Bonds were issued in 2 classes – (a) S\$108 million Senior Bonds; and (b) S\$72 million Junior Bonds. The Bonds were fully subscribed, with DBS Bank holding the entire Junior Bonds at a yield of 6% per annum. The total net gain arising from the transaction amounted to S\$96.6 million after deducting expenses relating to the transaction. Of this amount, S\$57.5 million has been recognised in the 1999 profit and loss account and the remaining S\$39.1 million has been deferred until such time the Junior Bonds are realised or redeemed by DBS Bank.

36 CONTINGENT LIABILITIES

DBSH Group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

Nature of Instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. DBSH Group expects most acceptances to be presented, but reimbursement by the customer is usually immediate. Endorsements are residual liabilities of DBSH Group in respect of bills of exchange which have been paid and subsequently rediscounted.

Guarantees and assets pledged as collateral security are generally written by a bank to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Other contingent liabilities include transactions related customs and performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

The amounts outstanding at 31 December comprise the following:

In S\$'000	DBSH Group	
	1999	1998
Acceptances on account of customers	136,390	70,504
Guarantees on account of customers	4,632,706	4,701,180
Endorsements and other obligations on account of customers		
Letters of credit	2,703,580	2,256,864
Others	189,743	205,443
Spot foreign exchange contracts	889,588	1,450,799
Other contingent items	1,950	–
Total	8,553,957	8,684,790

37 COMMITMENTS

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

The commitments, which are not reflected in the balance sheet at 31 December, comprise the following :

In S\$'000	1999	DBSH Group 1998
37.1 Loans and other facilities		
Undrawn credit facilities	34,774,381	35,453,654
Undrawn note issuance and revolving underwriting facilities	5,900	4,500
Undisbursed commitments in debt securities and equities	495,782	66,008
Underwriting commitments in debt securities and equities	-	3,804
Sub-total	<u>35,276,063</u>	<u>35,527,966</u>
37.2 Capital Commitments		
Development of land parcel at China Square	-	63,463
Others	27,691	8,969
Sub-total	<u>27,691</u>	<u>72,432</u>
Total	<u>35,303,754</u>	<u>35,600,398</u>

Included in undisbursed commitments in debt securities and equities at end-December 1999 was S\$421.7 million (1998: S\$Nil) relating to a commitment entered into to purchase additional shares in Far East Bank and Trust Company (Notes 31 and 32).

38 FINANCIAL DERIVATIVES

38.1 Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following outlines the nature and terms of the most common types of derivatives used by DBSH Group:

Exchange rate contracts

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency futures are typically exchange-traded agreements to buy or sell standard amounts of a specified currency at an agreed exchange rate on a standard future date.

Currency options give the buyer on payment of a premium the right, but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest rate contracts

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds; instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. A combination of an interest rate cap and floor is known as an interest rate collar.

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is calculated by reference to the difference between the contracted rate and the market rate prevailing on the settlement date.

- 38.2** In the normal course of business, the DBSH Group uses off-balance sheet financial instruments (derivatives) to meet the financing needs of its customers, to manage its exposure to fluctuations in market rates, and for proprietary trading. Most of the derivative transactions have been entered to hedge its interest rate positions, and proprietary trading is not a significant part of its business.

The DBSH Group has established risk policies and limits, reporting lines and control procedures, to manage and control its derivative activities. Risk control functions are independent of the trading units.

- 38.3** The tables below analyse the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and non-trading purposes. In addition, they also set out the corresponding gross positive and negative balance sheet fair values of the trading derivative financial instruments by counterparties to reflect the underlying credit risk of these counterparties. In the financial accounts, derivative financial instruments are revalued on a net position basis and the unrealised gains or losses are reflected in "other assets" or "other liabilities".

DBSH Group	1999				1998			
	Non Trading	Trading			Non Trading	Trading		
	Underlying Principal	Underlying Principal	Year-end Positive Fair Value	Year-end Negative Fair Value	Underlying Principal	Underlying Principal	Year-end Positive Fair Value	Year-end Negative Fair Value
In S\$'000								
Foreign Exchange (FX) Derivatives								
FX forwards	2,678,100	1,561,454	9,709	36,837	228,219	2,996,660	68,012	18,856
FX swaps	24,458,505	2,569,255	22,959	26,787	17,830,973	6,611,505	199,794	245,527
Currency swaps	445,601	768,761	29,435	28,646	15,858	564,128	74,962	73,388
Currency futures	-	-	-	-	13,208	-	-	-
Currency options purchased	800,740	55,153	187	54	-	281,258	2,582	19,857
Currency options written	825,273	56,017	168	-	-	289,140	22,463	2,865
Sub-total	29,208,219	5,010,640	62,458	92,324	18,088,258	10,742,691	367,813	360,493
Interest Rate Derivatives								
Forward rate agreements	-	-	-	-	523,692	-	-	-
Interest rate swaps	2,700,827	3,251,632	34,284	21,644	4,352,838	2,305,688	30,160	30,895
Financial futures purchased	-	1,165,523	35	566	-	-	-	-
Financial futures sold	-	2,132,157	16	799	-	-	-	-
Swaptions	-	8,330	-	54	-	-	-	-
Interest rate caps written	50,000	-	-	-	43,000	-	-	-
Sub-total	2,750,827	6,557,642	34,335	23,063	4,919,530	2,305,688	30,160	30,895
Total	31,959,046	11,568,282	96,793	115,387	23,007,788	13,048,379	397,973	391,388
Balances arising from off-balance sheet financial instruments (see Other liabilities/Other assets Notes 24/32)			96,793	115,387			397,973	391,388

39 ASSETS PLEDGED

The aggregate carrying amounts of assets that have been mortgaged or pledged in the normal course of business to secure the liabilities of DBSH Group at 31 December are as follows:

In \$'000	DBSH Group	
	1999	1998
Promissory notes endorsed to third parties	–	32,135
Securities sold under repurchase agreements	50,455	77,281
Other assets pledged	528,853	492,058
Total	579,308	601,474

40 EXPOSURES TO MALAYSIA, INDONESIA, THAILAND, KOREA AND THE PHILIPPINES (REGIONAL COUNTRIES), HONG KONG AND CHINA

DBSH Group has exposures to certain countries in the Asia-Pacific region which have experienced economic difficulties.

For purposes of this disclosure, exposures to Malaysia, Indonesia, Thailand, Korea and The Philippines, Hong Kong and China have been included. Of these, exposure to the first five were disclosed in the 1997 and 1998 financial statements as these were considered regional countries which were most affected by the economic difficulties. Exposures to Hong Kong and China have been included in 1999 due principally to the acquisition of Kwong On Bank, which increased the Group's exposure.

The exposures are determined based on the location of the credit risk of the customers and counterparties regardless of where the transactions are booked.

At 31 December 1999, DBSH Group had assets, both cross-border and local, in the Regional Countries, amounting to S\$9,114 million or 8.6% of DBSH Group total assets (1998: S\$9,832 million or 9.9% of DBSH Group total assets), and in Hong Kong and China amounting to S\$7,453 million (1998: S\$3,505 million). The increase in exposure in Hong Kong was due to the acquisition of Kwong On Bank in May 1999.

DBSH Group in consultation with the Monetary Authority of Singapore, made special general provisions on the performing loans to Regional Countries over and above the normal specific and general provisions. In 1999, S\$24.7 million (1998: S\$Nil) regional general provisions were released to the profit and loss account due to a decline in exposure in contrast to 1998 where S\$157.8 million additional provisions were recorded. Total cumulative specific and general provisions for regional exposure amounted to S\$2,871.1 million at 31 December 1999 (1998: S\$2,105.1 million).

In \$'million	DBSH Group				
	1999		1998		
	Assets	NPLs ^(a)	Assets	NPLs ^(a)	
Malaysia	780	412	894	284	
Indonesia	892	566	840	467	
Thailand (excluding DTDB)	592	234	895	348	
Korea	753	76	700	11	
The Philippines	1,203	77	553	129	
	4,219	1,365	3,882	1,239	
DTDB	4,895	3,207	5,950	2,874	
Total Regional	9,114	4,571	9,832	4,114	
Hong Kong	6,345	852	2,293	120	
China	1,108	124	1,212	54	
Total	16,566	5,547	13,337	4,288	

(a) NPLs include classified bank loans, contingent facilities and debt instruments.

The DBSH Group's exposures to these countries at 31 December 1999 were as follows:

In S\$'million	Loans and debt securities			Investments	Total	Less: Loans to/Investments in Financial Subsidiaries/Overseas Branches	Net Exposure	
	Bank	Central Banks & Govt. securities	Non-Bank ^(a)				Amount	As a % of Total Assets
Assets in	(a)	(b)	(c)	(d)	(e)=(a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	654	50	662	43	1,410	630	780	0.8%
Indonesia	347	122	578	12	1,059	167	892	0.9%
Thailand (excluding DTDB)	245	8	475	25	754	162	592	0.6%
Korea	410	126	438	9	983	230	753	0.7%
The Philippines	582	69	383	710	1,743	541	1,203	1.2%
SUB-TOTAL	2,238	375	2,536	799	5,948	1,729	4,219	4.1%
DTDB	82	301	4,463	59	4,906	12	4,895	4.6%
TOTAL REGIONAL COUNTRIES	2,320	676	7,000	859	10,855	1,741	9,114	8.6%
Hong Kong	1,227	292	5,485	913	7,916	1,572	6,345	6.0%
China	713	8	1,008	2	1,732	624	1,108	1.0%
TOTAL	4,260	976	13,493	1,773	20,503	3,936	16,566	15.6%

The DBSH Group's exposures to these countries at 31 December 1998 were as follows:

In S\$'million	Loans and debt securities			Investments	Total	Less: Loans to/Investments in Financial Subsidiaries/Overseas Branches	Net Exposure	
	Bank	Central Banks & Govt. securities	Non-Bank ^(a)				Amount	As a % of Total Assets
Assets in	(a)	(b)	(c)	(d)	(e)=(a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	833	8	752	46	1,639	745	894	1.0%
Indonesia	332	91	573	37	1,033	193	840	0.9%
Thailand (excluding DTDB)	362	10	674	42	1,088	193	895	1.0%
Korea	331	40	540	4	915	215	700	0.7%
The Philippines	418	8	329	78	833	280	553	0.6%
SUB-TOTAL	2,277	157	2,869	206	5,508	1,626	3,882	4.2%
DTDB	127	696	5,029	105	5,957	7	5,950	6.0%
TOTAL REGIONAL COUNTRIES	2,404	853	7,897	311	11,465	1,633	9,832	9.9%
Hong Kong	1,122	42	1,848	208	3,220	927	2,293	2.3%
China	822	8	1,042	-	1,872	660	1,212	1.2%
TOTAL	4,348	903	10,787	519	16,557	3,220	13,337	13.5%

(a) Non-bank loans include loans to government and quasi-government entities.

41 NON-PERFORMING LOANS AND PROVISIONS

41.1 At 31 December 1999, DBSH Group's total non-performing loans amounted to S\$8,149.0 million (1998: S\$7,086.0 million).

Non-performing loans (NPLs) are loans, contingent facilities and debt instruments classified as Substandard, Doubtful or Loss in accordance with MAS Notice 612.

Out of the total NPLs of S\$8,149.0 million:

- S\$4,951.5 million (61%) [1998: S\$3,799.1 million (54%)] were in the substandard category; and
- S\$4,529.8 million (56%) [1998: S\$4,021.8 million (57%)] were secured by collateral.

Total cumulative specific and general provisions at 31 December 1999 amounted to 118% (1998: 103%) of unsecured NPLs.

Details of DBSH Group's NPLs and provisions as at 31 December 1999 were as follows:

In S\$ million	Regional Countries			Other Countries	Total
	DTDB ^(a)	Others	Singapore		
1999					
Non-Performing Loans (NPLs)	3,206.6	1,364.6	2,425.0	1,152.7	8,149.0
- Substandard	1,170.7	910.1	2,088.7	781.9	4,951.5
- Doubtful	113.7	125.3	48.9	333.1	621.0
- Loss	1,922.2	329.2	287.4	37.7	2,576.4
NPLs as a % of:					
- Total loans in the respective countries	65.4%	22.9%	4.9%	4.2%	9.3%
- Group total assets	3.0%	1.3%	2.3%	1.1%	7.7%
Non-bank NPLs as a % of non-bank loans in the respective countries	70.4%	47.4%	5.4%	11.3%	13.0%
Total Cumulative Provisions	1,923.9	947.2	938.6	476.2	4,285.9
- Specific provisions	1,785.4	578.7	447.8	282.9	3,094.8
- General provisions	138.5	368.5	490.7	193.4	1,191.0
Total Cumulative Provisions as a % of:					
- Total loans in the respective countries	39.2%	15.9%	1.9%	1.7%	4.9%
- Group total assets	1.8%	0.9%	0.9%	0.4%	4.0%
- NPLs in the respective countries	60%	69%	39%	41%	53%
- Unsecured NPLs in the respective countries	133%	99%	118%	112%	118%

Details of DBSH Group's NPLs and provisions as at 31 December 1998 were as follows:

In S\$'million	Regional Countries			Other Countries	Total
	DTDB ^(a)	Others	Singapore		
1998					
Non- Performing Loans (NPLs)	2,874.3	1,239.2	2,705.3	267.2	7,086.0 ^(b)
- Substandard	338.2	865.4	2,391.1	204.4	3,799.1
- Doubtful	744.9	130.4	34.9	41.2	951.4
- Loss	1,791.2	243.4	279.3	21.6	2,335.5
NPLs as a % of:					
- Total loans in the respective countries	49.1%	22.8%	4.8%	1.4%	8.2%
- Group total assets	2.9%	1.3%	2.7%	0.3%	7.2%
Non-bank NPLs as a % of non-bank loans in the respective countries	51.7%	39.1%	6.1%	4.1%	11.8%
Total Cumulative Provisions	1,165.8	939.3	927.9	114.4	3,147.4
- Specific provisions	1,088.7	477.9	400.9	64.2	2,031.7
- General provisions	77.1	461.4	527.0	50.3	1,115.7
Total Cumulative Provisions as a % of:					
- Total loans in the respective countries	19.9%	17.3%	1.6%	0.6%	3.6%
- Group total assets	1.2%	1.0%	0.9%	0.1%	3.2%
- NPLs in the respective countries	41%	76%	34%	43%	44%
- Unsecured NPLs in the respective countries	93%	109%	112%	101%	103%

(a) Includes special general provisions for regional exposures and additional specific provisions for DBS Thai Danu Bank Public Company Limited (DTDB)'s loans which are booked in Singapore.

(b) S\$4.0 billion were secured by collateral.

41.2 Industry Analysis of Non-Performing Loans

The following table shows the industry breakdown of the non-performing loans of DBSH Group at 31 December:

In S\$'million	DBSH Group	
	1999	1998
Manufacturing	1,940.1	1,698.5
Building and Construction	1,846.1	1,739.5
Housing Loans	510.6	579.0
General Commerce	1,594.8	1,100.7
Transportation, Storage and Communications	332.1	319.0
Financial Institutions, Investment and Holding Companies	670.6	679.1
Professionals and Private Individuals (except Housing Loans)	355.4	317.1
Others	899.3	653.1
Total	8,149.0	7,086.0

42 MATURITY ANALYSIS

The following tables show the breakdown by remaining period to maturity of assets and liabilities at 31 December 1999 and 1998. The tables also analyse how funds are obtained and how they are being applied within each maturity band:

In S\$'000	DBSH Group					Total
	Repayable on demand	Less than 1 year	Over 1 year and less than 3 years	Over 3 years and less than 5 years	Over 5 years	
1999						
Cash, and balances and placements with central banks	3,626,212	3,284,826	-	32,803	-	6,943,841
Singapore Government securities and treasury bills	-	4,308,579	2,130,408	1,892,509	482,303	8,813,799
Trading securities	3,334,545	-	-	-	-	3,334,545
Balances, placements with, and loans to banks	-	26,113,375	199,830	117,545	62,914	26,493,664
Loans to, and bills receivable from non-bank customers	4,624,483	14,933,609	11,839,439	5,364,331	17,607,669	54,369,531
Deposits and balances of banks	(350,649)	(7,136,474)	(2,326)	(1,160)	-	(7,490,609)
Deposits and other accounts of non-bank customers	(46,884,582)	(35,153,821)	(229,906)	-	-	(82,268,309)
Other debt securities in issue	-	(353,601)	(182,728)	-	-	(536,329)
Other borrowings	-	(153,673)	(299,695)	(33,834)	(145,714)	(632,916)
Subordinated term debts	-	(26,231)	(48,415)	(24,448)	(1,549,526)	(1,648,620)
Total	(35,649,991)	5,816,589	13,406,607	7,347,746	16,457,646	7,378,597

In S\$'000	DBSH Group					Total
	Repayable on demand	Less than 1 year	Over 1 year and less than 3 years	Over 3 years and less than 5 years	Over 5 years	
1998						
Cash, and balances and placements with central banks	2,150,463	6,570,000	–	–	–	8,720,463
Singapore Government securities and treasury bills	–	1,871,211	2,836,908	1,089,846	1,151,950	6,949,915
Trading securities	2,733,092	–	–	–	–	2,733,092
Balances, placements with, and loans to banks	–	19,972,976	508,423	194,531	76,017	20,751,947
Loans to, and bills receivable from non-bank customers	3,687,691	19,135,132	11,020,077	9,097,055	13,275,439	56,215,394
Deposits and balances of banks	(531,837)	(11,981,859)	(104,575)	–	–	(12,618,271)
Deposits and other accounts of non-bank customers	(40,958,484)	(32,634,046)	(265,762)	–	–	(73,858,292)
Other debt securities in issue	–	(53,275)	(295,753)	–	–	(349,028)
Other borrowings	–	(153,898)	(280,569)	(59,571)	(154,062)	(648,100)
Subordinated term debts	–	–	(22,710)	–	(103,390)	(126,100)
Total	(32,919,075)	2,726,241	13,396,039	10,321,861	14,245,954	7,771,020

43 SEGMENT ANALYSIS

In S\$'million	Total assets	DBSH Group Income before operating expenses	Net profit attributable to members
1999			
Singapore	86,241	2,600	1,116
Other ASEAN	5,860	142	(106)^(a)
Other Asia-Pacific	9,333	242	63
Rest of the World	5,031	45	(1)
Total	106,465	3,029	1,072
1998			
Singapore	83,143	1,589	65
Other ASEAN	7,103	123	(17)
Other Asia-Pacific	5,512	115	39
Rest of the World	4,279	49	25
Total	100,037	1,876	112

(a) The losses were mainly in respect of DTDB, PT Bank DBS Buana and DBS Labuan Branch.

44 NET CURRENT ASSETS AND LIABILITIES

Set out below is the net current assets and liabilities of DBSH Group. This disclosure has been included to comply with Ninth Schedule of the Companies Act:

In S\$000	DBSH Group	
	1999	1998
Current Assets		
Cash, and balances and placements with central banks	6,911,038	8,720,463
Singapore Government securities and treasury bills	4,308,579	1,871,211
Trading securities	3,334,545	2,733,092
Balances, placements with, and loans and advances to banks	26,113,375	19,972,976
Bills receivable from non-bank customers	1,201,881	2,056,912
Loans and advances to non-bank customers	18,356,211	20,765,911
Other assets	2,244,914	1,644,613
Total current assets	62,470,543	57,765,178
Current Liabilities		
Deposits and balances of banks	7,487,123	12,513,696
Deposits and other accounts of non-bank customers	82,038,403	73,592,530
Other debt securities in issue	353,601	53,275
Other borrowings	153,673	153,898
Subordinated term debts	26,231	-
Bills payable	571,734	366,010
Other liabilities	2,008,721	2,130,113
Current taxation	509,879	108,144
Proposed dividends	157,919	81,358
Total current liabilities	93,307,284	88,999,024
Net current liabilities	(30,836,741)	(31,233,846)

45 RELATED PARTY TRANSACTIONS

In its ordinary course of business, DBSH has fixed deposit balances with DBS Bank at normal commercial terms. DBSH received interest income from DBS Bank during the financial period amounting to S\$71,000.

In addition to the related party information shown elsewhere in these financial statements, all other related party transactions entered into by DBSH Group are in the ordinary course of its banking business and are at arms length commercial terms.

46 SUBSEQUENT EVENTS

46.1 Subsequent to the financial year end, The Insurance Corporation of Singapore Limited (ICS) became a wholly-owned subsidiary of DBSH Group pursuant to the scheme of arrangement ("Scheme") to reorganise the share capital of ICS for the purpose of restructuring ICS as a wholly-owned subsidiary of DBSH. The Scheme became effective on 22 January 2000. As per the basis set out in the Scheme, DBSH issued 8,271,296 new ordinary shares of par value S\$1.00 each, credited as fully paid, to the entitled scheme shareholders who are registered as holders of the Scheme shares in the Register of Members of ICS as at the close of the business on 24 January 2000 and DBS Bank paid S\$357,093 in cash to the entitled shareholders which had elected for cash consideration.

46.2 On 21 February 2000, DBSH announced that an agreement has been reached with Pidemco Land to sell part of its stake in an associated company, DBS Land Limited, amounting to 324,150,000 shares for a total consideration of S\$966 million. The sale is subject to regulatory and shareholders' approvals. Following the sale, DBSH Group's effective equity interest in DBS Land Limited will be reduced from 30.3% to 5.4%.

THE DEVELOPMENT BANK OF SINGAPORE LTD

Supplementary Information - Profit and Loss Account

for the year ended 31 December

In S\$'000	Note	1999	DBS Bank 1998
Interest income		3,769,859	4,125,502
Less: Interest expense		2,041,926	2,889,041
Net interest income		1,727,933	1,236,461
Fee and commission income		239,830	175,035
Dividends	2	73,430	94,034
Rental income		33,427	40,505
Other income		437,547	82,934
Income before operating expenses		2,512,167	1,628,969
Less: Staff costs		357,283	226,742
Other operating expenses		306,324	293,199
Total operating expenses		663,607	519,941
Operating profit		1,848,560	1,109,028
Less: Provision for possible loan losses and diminution in value of other assets		579,229	808,140
Net profit before taxation		1,269,331	300,888
Less: Taxation		325,100	61,900
Net profit after taxation		944,231	238,988

(see related notes on pages 112 to 116)

THE DEVELOPMENT BANK OF SINGAPORE LTD

Supplementary Information - Balance Sheet

as at 31 December

In S\$'000	Note	DBS Bank	
		1999	1998
SHARE CAPITAL AND RESERVES			
Share capital	4	1,324,133	1,564,977
RESERVES			
Share premium account	5.1	4,273,129	3,914,158
Capital reserve	5.2	4,716	–
General reserve	5.3	1,443,690	1,207,630
Revenue reserve	5.4	1,664,038	1,900,749
	5	<u>7,385,573</u>	<u>7,022,537</u>
SHAREHOLDERS' FUNDS		8,709,706	8,587,514
SUBORDINATED TERM DEBTS		1,249,500	–
LIABILITIES			
Deposits and balances of banks		7,329,385	12,146,717
Deposits and other accounts of non-bank customers		70,475,559	65,871,176
Other debt securities in issue		385,747	277,028
Other borrowings		350,675	331,255
Due to holding company	3	870,633	–
Due to subsidiaries		670,706	167,258
Bills payable		491,908	356,805
Other liabilities		1,395,404	1,767,983
Current taxation		326,482	81,962
Deferred taxation		7,456	5,263
Proposed dividends		–	81,358
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>92,263,161</u>	<u>89,674,319</u>
MEMORANDUM ITEMS			
Contingent liabilities		7,806,084	8,188,328
Commitments		32,847,330	34,146,801
		<u>40,653,414</u>	<u>42,335,129</u>
Financial derivatives		42,731,834	34,488,395

(see related notes on pages 112 to 116)

In S\$'000	Note	1999	DBS Bank 1998
ASSETS			
Cash, and balances and placements with central banks		6,621,770	8,448,667
Singapore Government securities and treasury bills		8,564,740	6,703,713
Trading securities		2,612,356	1,935,658
Balances, placements with, and loans and advances to banks		24,268,147	19,259,580
Bills receivable from non-bank customers		838,104	1,713,894
Loans and advances to non-bank customers		43,386,797	47,265,962
Investment securities		881,150	188,883
Other assets		1,362,010	1,146,906
Subsidiary companies		2,350,444	1,691,465
Associated companies		525,429	375,777
Fixed assets		852,214	943,814
TOTAL ASSETS		92,263,161	89,674,319

THE DEVELOPMENT BANK OF SINGAPORE LTD

Notes to the Supplementary Financial Statements

The supplementary financial statements of The Development Bank of Singapore Ltd ("DBS Bank") are extracted from the Audited Statutory Accounts of DBS Bank for the year ended 1999. The statutory accounts of DBS Bank, which contained an unqualified audit report, will be delivered to the Registrar of Companies in accordance with the Singapore Companies Act.

1 PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied by DBS Bank are consistent with those applied in DBSH Group as disclosed in Note 2 of the "Notes to the consolidated financial statements" ("DBSH Notes") in DBSH Consolidated Financial Statements.

2 DIVIDENDS

Dividends from investments in shares include the following:

In S\$'000	1999	DBS Bank 1998
Dividends (gross) from subsidiary companies	37,494	33,344
Dividends (gross) from associated companies	14,023	32,405
Dividends (gross) from other investments	21,913	28,285
Total	73,430	94,034

3 ORDINARY DIVIDEND

Included in amounts due to holding company is a first and final dividend, approved by the Monetary Authority of Singapore, declared and payable to the holding company, DBS Group Holdings Ltd to provide adequate cash and franking credits. This dividend comprised of a 37.2% taxable gross dividend (net amount S\$364.9 million) and a 37.8% tax-exempt dividend of S\$500.0 million.

4 SHARE CAPITAL

In S\$'000	1999	DBS Bank 1998
Authorised		
2,000,000,000 ordinary shares of S\$1 each	2,000,000	2,000,000
600,000,000 non-redeemable convertible preference shares of S\$2 each	1,200,000	1,200,000
300,000,000 non-voting convertible preference shares of S\$1 each	300,000	300,000
	1,500,000	1,500,000
Issued and paid-up		
4.1 Ordinary shares		
Balance at 1 January	928,147	702,648
Rights issue of shares	-	141,626
Bonus issue of shares (Note 4.5 (5))	93,091	70,811
Conversion of non-redeemable convertible preference shares (DBS CPS) to ordinary shares (Notes 4.5 (1-2))	45,604	12,962
Additional ordinary shares subscribed by converting DBS CPS holders (Note 4.5 (3))	4,401	100
Ordinary shares issued to DBSH pursuant to the "Restructuring Scheme" (Note 4.4 (1))	1,324,133	-
Cancellation of existing DBS ordinary shares pursuant to the "Restructuring Scheme" (Note 4.4 (1))	(1,077,970)	-
Issued under the DBS Bank Share Option Scheme (Note 4.5 (4))	6,727	-
Balance at 31 December	1,324,133	928,147
<i>Number of ordinary shares of S\$1 each</i>	1,324,132,795	928,147,152
4.2 Non-redeemable convertible preference shares (DBS CPS)		
Balance at 1 January	412,065	536,167
Conversion of DBS CPS to ordinary shares (Notes 4.5 (1), (2) and (3))	(412,065)	(124,102)
Balance at 31 December	-	412,065
<i>Number of non-redeemable convertible preference shares of S\$2 each</i>	-	206,032,421
4.3 Non-voting convertible preference shares (DBS Non-voting CPS)		
Balance at 1 January	224,765	-
Issued as consideration for the purchase of the business undertakings of POSBank	-	224,765
Bonus issue of shares (Note 4.5 (6))	21,398	-
Cancellation of DBS Non-voting CPS pursuant to the "Restructuring Scheme" (Note 4.4 (1))	(246,163)	-
Balance at 31 December	-	224,765
<i>Number of non-voting convertible preference shares of S\$1 each</i>	-	224,764,875
Total Share Capital	1,324,133	1,564,977

4.4 As explained in Note 1 of DBSH notes, pursuant to the "Restructuring Scheme", DBS Bank became a wholly-owned subsidiary of DBSH through a 1-for-1 exchange of DBS Bank shares for DBSH shares.

- (1) On 18 September 1999, 1,077,970,304 DBSH ordinary shares of par value S\$1.00 each and 246,162,491 DBSH non-voting convertible preference shares of par value S\$1.00 each in the capital of DBSH were allotted and credited as fully paid, on the basis as set out in the "Restructuring Scheme", to entitled ordinary shareholders and the entitled non-voting shareholders respectively.

On 18 September 1999, DBS Bank cancelled 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, and issued 1,324,132,795 new ordinary shares of par value S\$1.00 each, credited as fully paid-up, to DBSH.

- (2) Pursuant to the "Restructuring Scheme" under Note 1 of DBSH notes, holders of the unexercised Options granted under DBS Bank Share Option Scheme will receive from DBSH, in exchange and in consideration for the cancellation of unexercised Options, comparable options to subscribe for new DBSH ordinary shares under the DBSH Share Option Scheme.

4.5 During the financial year, DBS Bank issued:

- (1) 29,098,392 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of DBS CPS to ordinary shares.
- (2) 16,505,978 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of all outstanding DBS CPS to ordinary shares pursuant to Article 5A(iii)(c) of the Articles of Association of DBS Bank on 29 June 1999.
- (3) 4,401,149 ordinary shares of par value S\$1.00 each, fully paid in cash upon the subscription for additional ordinary shares by converting DBS CPS holders.
- (4) 6,727,144 ordinary shares of par value S\$1.00 each, fully paid in cash upon the exercise of options by full-time executives of DBS Bank of the rank of Vice-President (or equivalent rank) and above, pursuant to the DBS Bank Share Option Scheme.
- (5) 93,090,489 ordinary shares of par value S\$1.00 each, fully paid in cash by way of a special bonus issue of fifty new ordinary shares for every one thousand existing ordinary shares held by the 'local' shareholders of DBS Bank registered on 2 September 1999 and one hundred and sixty three new ordinary shares for every one thousand existing ordinary shares held by persons whose shareholdings fell within the meaning of "foreign shareholdings", as defined in Article 22(c)(iii) of the Articles of Association of DBS Bank registered on 2 September 1999. The purpose of the special bonus issue was for the removal of the restrictions on foreign ownership of DBS Bank's ordinary shares.
- (6) 21,397,616 new DBS Non-voting CPS of par value S\$1.00 each, fully paid in cash by way of a special bonus issue to the Minister for Finance as if the DBS Non-voting CPS had been converted into 'local' ordinary shares and foreign ordinary shares in the proportion of 60 per cent 'local' ordinary shares and 40 per cent 'foreign' ordinary shares.

5 RESERVES**5.1 SHARE PREMIUM ACCOUNT**

In S\$'000	1999	DBS Bank 1998
Balance at 1 January	3,914,158	1,646,051
Rights issue of shares	-	857,192
Bonus issue of shares [Notes 4.5 (5) and (6)]	(114,488)	(70,811)
Expenses arising from bonus issue and rights issue of shares [Notes 4.5 (5) and (6)]	(141)	(5,186)
Conversion of DBS CPS to ordinary shares and additional ordinary shares subscribed by converting DBS CPS holders [Notes 4.5 (1), (2) and (3)]	422,326	111,677
Exercise of share options pursuant to the DBS Bank Share Option Scheme [Notes 4.5 (4)]	51,274	-
Non-voting convertible preference shares	-	1,375,235
Balance at 31 December	<u>4,273,129</u>	<u>3,914,158</u>

5.2 CAPITAL RESERVE

In S\$'000	1999	DBS Bank 1998
Balance at 1 January	-	224,497
Net exchange translation adjustments during the year	4,716	(9,793)
Goodwill arising from acquisitions of subsidiary companies and business undertakings	-	(214,704)
Balance at 31 December	<u>4,716</u>	<u>-</u>

5.3 GENERAL RESERVE

In S\$'000	1999	DBS Bank 1998
RESERVE FUND		
Balance at 1 January	1,207,630	1,147,880
Appropriation from profit and loss account (Note 5.4)	236,060	59,750
Balance at 31 December	<u>1,443,690</u>	<u>1,207,630</u>

Movement in General Reserve relates to the amounts transferred to the Reserve Fund to comply with the Banking Act.

5.4 REVENUE RESERVE

In S\$'000	1999	DBS Bank 1998
Balance at 1 January	1,900,749	2,370,745
Net profit attributable to members	944,231	238,988
Add: Writeback of excess provision for preference dividend in previous year	2,917	696
Less: Goodwill arising from acquisitions of subsidiary companies and business undertakings	-	506,530
Dividend on ordinary shares paid less income tax	2,337	412
Transfer to General Reserve (Note 5.3)	236,060	59,750
	(235,480)	(565,996)
Amount available for distribution	2,609,500	2,043,737
Less: Interim dividend on ordinary shares paid 9% (1998: 9%) less income tax	65,593	61,630
Interim dividend on non-voting convertible preference shares paid 9% (1998: S\$Nil) less income tax	14,969	-
Proposed preference dividend on non-redeemable convertible preference shares S\$Nil (1998: 1.5%) less income tax	-	4,574
Proposed final dividend on non-voting convertible preference shares S\$Nil (1998: 9%) less income tax	-	14,969
Proposed final dividend on ordinary shares S\$Nil (1998: 9%) (1998: 9%) less income tax	-	61,815
First and final dividend on ordinary shares 37.2% (1998: S\$Nil) less income tax (Note 3)	364,900	-
First and final tax-exempt dividend on ordinary shares 37.8% (1998: S\$Nil) (Note 3)	500,000	-
Balance at 31 December	1,664,038	1,900,749
Total reserves	7,385,573	7,022,537

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Directors' Report

The Directors herewith submit their report to the Members together with the audited consolidated financial statements of DBS Group Holdings Ltd ("DBSH") for the financial year ended 31 December 1999 which have been prepared in accordance with the provisions of the Companies Act and Statements of Accounting Standard.

DIRECTORS

The Directors in office at the date of this report are:

S Dhanabalan – Chairman
 John T. Olds
 Alan Chan Heng Loon
 Bernard Chen Tien Lap
 Fock Siew Wah
 Gail D. Fosler (Ms)
 Robert Montgomery Howe
 Tommy Koh Thong-Bee
 Moses Lee Kim Poo
 Ng Kee Choe
 Yeo Ning Hong

In accordance with Article 101 of DBSH's Articles of Association, all the directors will retire and, being eligible, will offer themselves for re-election pursuant to Article 96.

PRINCIPAL ACTIVITIES

The principal activities of DBS Group Holdings Ltd and its subsidiaries ("DBSH Group") consist of the business of investment holding, banking and financing, the provision of mortgage financing, lease and hire purchase financing, corporate advisory services, nominee and trustee services, funds management services, stockbroking, primary dealership in Singapore Government securities, merchant banking, factoring, credit card and venture capital operations, and other financial services. There have been no significant changes in the nature of these activities during the financial year.

RESTRUCTURING OF DBS GROUP

On 18 September 1999, pursuant to the "Restructuring Scheme", DBSH became the holding company of The Development Bank of Singapore Ltd ("DBS Bank") and its subsidiaries. DBSH issued 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, credited as fully paid, to the then existing shareholders of DBS Bank in exchange for all the ordinary shares and non-voting convertible preference shares of DBS Bank.

On 18 September 1999, DBS Bank cancelled 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, and issued 1,324,132,795 new ordinary shares of par value S\$1.00 each, credited as fully paid, to DBSH.

As a result, the issued and paid-up share capital of DBSH as at 18 September 1999 was 1,324,132,797 shares of par value S\$1.00 each, comprising 1,077,970,306 DBSH ordinary shares (including 2 subscriber shares issued on incorporation) and 246,162,491 non-voting convertible preference shares.

ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Kwong On Bank Limited ("KOB")

On 15 July 1999, DBS Group Holdings (Hong Kong) Ltd ("DBSHK") completed its acquisition of Kwong On Bank Limited ("KOB"), a bank incorporated in Hong Kong. KOB became a wholly-owned subsidiary of DBSHK, which is in turn, 87.26% owned by DBS Bank. The total consideration paid for the 87.26% equity stake in DBSHK was HK\$3,011,576,000. DBS Bank's share of the adjusted net attributable tangible asset value of KOB as at the date of acquisition was HK\$3,575,689,000. As a matter of prudence, the excess of the net attributable tangible asset value over the investment cost amounting to HK\$564,113,000 was set aside as a general provision reserve to provide for the potential contingent payment for KOB shares or additional provisions for loan losses which may arise on or prior to 30

June 2000. With the acquisition, the DBSH Group's effective equity interest in KOB is 87.26%.

DBS Asset Management (Hong Kong) Ltd ("DBSAMHK")

On 20 July 1999, DBS Asset Management Ltd, a wholly-owned subsidiary of DBS Bank which is in turn a wholly-owned subsidiary of DBSH, established a wholly-owned fund management and investment advisory company in Hong Kong by acquiring a shell company. The company has been renamed DBS Asset Management (Hong Kong) Ltd. The authorised and issued share capital of DBSAMHK is HK\$10,000,000 divided into 1,000,000 ordinary shares of par value HK\$10.00 each fully paid.

Hwang-DBS Asset Management (Malaysia) Sdn Bhd ("HDAM")

On 22 July 1999, DBS Asset Management Ltd entered into an agreement with Hwang-DBS (M) Bhd to sell 960,000 ordinary shares of par value M\$1.00 each fully paid in HDAM to Hwang-DBS (M) Bhd at M\$1.00 per share. On completion of the sale, DBSH Group's effective equity interest in HDAM was reduced from 51.0% to 19.0% and HDAM ceased to be a subsidiary of DBSH Group.

ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARIES

DBS Thai Danu Bank Public Company Limited ("DTDB")

During the financial year, DBS Bank subscribed for 293,091,260 rights share of par value Baht 10.00 each amounting to Baht 2,930,912,600 and 13,943 Capital Augmented Preference shares of par value Baht 100,000 each amounting to Baht 1,394,300,000 issued by DTDB. DBSH Group's effective equity interest in DTDB was therefore increased from 50.27% to 51.78%.

PT DBS Securities Indonesia

During the financial year, DBS Securities Holding Pte Ltd, a wholly-owned subsidiary of DBS Bank, acquired an additional 20.0% equity interest in PT DBS Securities Indonesia for a consideration of IDR 6,853,233,555. On completion of the acquisition, DBSH Group's effective equity interest in PT DBS Securities Indonesia increased from 55.0% to 75.0%.

The results of the newly acquired and incorporated subsidiaries have been consolidated in the financial statements of DBSH Group from the date they became subsidiaries.

Save as aforesaid, there have been no other acquisition or disposal of subsidiaries during the financial year.

OTHER MAJOR ACQUISITIONS

Bank of the Philippine Islands ("BPI") and Far East Bank and Trust Company ("FEB")

During the financial year, DBS Bank entered into agreements with existing shareholders of BPI and FEB which will give DBS Bank a 19.7% equity interest in what will be the merged entity of BPI and FEB. DBS Bank obtained the shares through direct purchases from several investors, open market purchases and through put and call option agreements. As at the end of the financial year, total purchase cost of shares already acquired amounted to Peso 15,501,500,583. In addition, a deposit of Peso 3,686,992,355 was made which would enable DBS Bank to acquire additional shares in FEB. In a separate agreement, there was a further option to acquire additional shares amounting to Peso 10,188,789,647 in FEB.

SUBSEQUENT EVENTS

The Insurance Corporation of Singapore Limited ("ICS")

Subsequent to the financial year end, ICS became a wholly-owned subsidiary of DBSH Group pursuant to the scheme of arrangement ("Scheme") to reorganise the share capital of ICS for the purpose of restructuring ICS as a wholly-owned subsidiary of DBSH. The Scheme became effective on 22 January 2000. As per the basis set out in the Scheme, DBSH issued 8,271,296 new ordinary shares of par value of S\$1.00 each, credited as fully paid, to the entitled scheme shareholders who were registered as holders of the Scheme shares in the Register of Members of ICS as at the close of the business on 24 January 2000, and DBS Bank paid S\$357,093 in cash to the entitled shareholders which had elected for cash consideration.

DBS Land Limited

On 21 February 2000, DBSH announced that an agreement had been reached with Pidemco Land to sell part of its stake in an associated company, DBS Land Limited, amounting to 324,150,000 shares for a total consideration of S\$966 million. The sale is subject to regulatory and shareholders' approvals. Following the sale, DBSH Group's effective equity interest in DBS Land Limited will be reduced from 30.3% to 5.4%.

**RESULTS FOR THE FINANCIAL YEAR 1999 AND FOR THE PERIOD FROM 9 MARCH 1999
(DATE OF INCORPORATION) TO 31 DECEMBER 1999**

	DBSH (9.3.1999 to 31.12.1999) S\$'000	DBSH GROUP (01.1.1999 to 31.12.1999) S\$'000
Net profit before taxation	992,926	1,041,391
Less: Taxation	128,196	345,150
Share of taxation of associated companies	-	34,313
Net profit after taxation	864,730	661,928
Less: Minority interests	-	(409,855)
Net profit attributable to members	864,730	1,071,783
Add: Unappropriated profit brought forward	-	2,308,956
Prior year adjustment	-	520,300
	-	2,829,256
Add: Writeback of excess provision for preferential dividend in previous year	-	2,917
Add: Discount arising from acquisition of associated companies adjusted against revenue reserve	-	62,306
Less: Dividend on ordinary shares paid		
less income tax	-	2,337
Transfer to General Reserve	-	258,475
	-	(195,589)
Amount available for distribution	864,730	3,705,450
Less: Interim dividend on ordinary shares of 9% less income tax	-	65,593
Interim dividend on non-voting convertible preference shares of 9% less income tax	-	14,969
Proposed final dividend on ordinary shares of 16% less income tax	140,399	140,399
Proposed final dividend on non-voting convertible preference shares of 16% less income tax	17,520	17,520
Unappropriated profit carried forward	706,811	3,466,969

TRANSFERS TO/(FROM) OTHER RESERVES

	DBSH S\$'000	DBSH GROUP S\$'000
Balance of Reserves at 9 March 1999/ 1 January 1999	-	5,417,289
As previously reported	-	5,254,892
Prior year adjustment for equity accounting for associated companies	-	162,397
Share Premium Account		
Amount capitalised by way of bonus issue of shares	-	(114,488)
Conversion of non-redeemable convertible preference shares ("DBS CPS") to ordinary shares and additional ordinary shares subscribed by converting DBS CPS holders	-	422,326
Exercise of share options pursuant to the DBSH & DBS Bank Share Option Schemes	4,967	56,241
Expenses arising from issue of shares	-	(141)
Capital Reserve		
Exchange translation adjustments	-	1,420
Share of capital reserve of associated companies	-	43,723
General Reserve		
Appropriation from profit and loss account	-	258,475
Share of general reserve of associated companies	-	(844)
Balance of Reserves at 31 December 1999	<u>4,967</u>	<u>6,084,001</u>

SHARE AND DEBENTURE ISSUES

During the financial year:

- (a) On 9 March 1999 (date of incorporation), DBSH was incorporated with the issue of 2 ordinary shares of par value S\$1.00 each fully paid.
- (b) On 18 September 1999, pursuant to the "Restructuring Scheme", DBSH issued 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, credited as fully paid, to the then existing shareholders of DBS Bank in exchange for all the ordinary shares and non-voting convertible preference shares of DBS Bank.
- (c) Pursuant to the DBSH Share Option Scheme (the "Option Scheme"), DBSH issued the following ordinary shares of par value S\$1.00 each, fully paid in cash upon the exercise of options granted:

	Number of ordinary shares issued	Subscription price per ordinary share
1995 Options	358,117	S\$8.53
1996 Options	185,832	S\$8.02
1997 Options	75,324	S\$7.29
1998 Options	76,051	S\$7.69
	<u>695,324</u>	

- (d) 99,179,630 ordinary shares of par value S\$1.00 each, fully paid in cash, were issued upon the conversion of the non-voting convertible preference shares.

During the financial year, the following subsidiaries issued shares and debentures as stated below:

(a) The Development Bank of Singapore Ltd ("DBS Bank")

- (i) DBS Bank issued 29,098,392 ordinary shares of par value S\$1.00 each, fully paid in cash upon the conversion of DBS CPS to ordinary shares, and 16,505,978 ordinary shares of par value S\$1.00 each, fully paid in cash upon the call conversion of all outstanding DBS CPS into ordinary shares pursuant to Article 5A(iii)(c) of the Articles of Association of DBS Bank.
- (ii) DBS Bank issued 4,401,149 ordinary shares of par value S\$1.00 each, fully paid in cash upon the subscription for additional ordinary shares by converting DBS CPS holders.
- (iii) Following shareholders' approvals at separate court meetings of the local and foreign shareholders and at an Extraordinary General Meeting, all held on 28 July 1999, DBS Bank issued 93,090,489 ordinary shares of par value S\$1.00 each, fully paid in cash by way of a special bonus issue of 50 new ordinary shares for every 1,000 existing ordinary shares held by the 'local' shareholders of DBS Bank registered on 2 September 1999 and 163 new ordinary shares for every 1,000 existing ordinary shares held by persons whose shareholdings fell within the meaning of "foreign shareholdings", as defined in Articles 22(c)(iii) of the Articles of Association of DBS Bank. The special bonus issue was given in connection with the removal of the restrictions on foreign ownership of DBS Bank's ordinary shares.

- (iv) DBS Bank issued 21,397,616 DBS non-voting convertible preference shares of par value S\$1.00 each, fully paid in cash by way of a special bonus issue to the Minister for Finance as if the preference shares had been converted into 'local' ordinary shares and 'foreign' ordinary shares in the proportion of 60 per cent 'local' ordinary shares and 40 per cent 'foreign' ordinary shares.
- (v) Pursuant to the DBS Bank Share Option Scheme (the "DBS Bank Option Scheme"), DBS Bank issued the following ordinary shares of par value S\$1.00 each, fully paid in cash upon the exercise of options granted:

	Number of ordinary shares issued	Subscription price per ordinary share
1994 Options	1,524,389	S\$9.86
1995 Options	1,673,722	S\$8.95
1996 Options	973,072	S\$8.42
1997 Options	1,972,961	S\$7.65
1998 Options	583,000	S\$8.07
	<u>6,727,144</u>	

- (vi) On 10 August 1999, DBS Bank issued US\$ 750,000,000 of 7 7/8% Subordinated Notes due on 10 August 2009 to support its operations. The proceeds from the issue qualify as Tier 2 capital for capital adequacy ratio computation.
- (vii) On 18 September 1999, DBS Bank cancelled 1,077,970,304 ordinary shares of par value S\$1.00 each and 246,162,491 non-voting convertible preference shares of par value S\$1.00 each, and issued 1,324,132,795 new ordinary shares of par value S\$1.00 each, credited as fully paid, to DBSH.
- (b) **DBS China Square Ltd ("DBSCS")**
On 24 March 1999, DBSCS increased its authorised, issued and paid-up share capital from S\$65,550,000 to S\$66,050,000 by the creation of 50,000,000 Redeemable Non-cumulative Preference Shares of par value S\$0.01 each, issued at a premium of S\$0.99 per share, fully paid in cash, to support its operations.
- (c) **DBS Thai Danu Bank Public Company Limited ("DTDB")**
- (i) On 26 April 1999, DTDB increased its authorised share capital from Baht 5,500,000,000 to Baht 15,000,000,000 by the creation of 949,800,000 ordinary shares of par value Baht 10 each, and 200,000 Class A to H preference shares of par value Baht 10 each.
- (ii) On 2 June 1999, DTDB increased its issued and paid-up share capital by 550,000,000 ordinary shares of par value Baht 10 each, fully paid in cash, through a 1-for-1 rights issue.
- (iii) On 3 June 1999, DTDB issued 50,000 Class A preference shares of par value Baht 10 each together with non-detachable 50,000 perpetual Subordinated Debentures ("Subordinated Debentures No. 1") of par value Baht 100,000 each.
- (iv) On 3 June 1999, DTDB issued Subordinated Debentures No. 2/1 to 2/29 ("Subordinated Debentures No.2") of par value Baht 100,000 each.
- (v) On 3 June 1999, DTDB issued 15,000 Class G preference shares of par value Baht 10 each together with 15,000 convertible Subordinated Debentures ("Subordinated Debentures No. 3") of par value Baht 100,000 each.

(d) DBS Thai Danu Securities Limited ("DBSTDS")

- (i) On 4 January 1999, DBSTDS issued 10,000,000 ordinary shares of par value Baht 10 each, fully paid in cash to DTDB and DBS Securities Holding Pte Ltd in the ratio of 51.0% and 49.0% respectively, to support its operations.
- (ii) On 31 March 1999, DBSTDS reduced its ordinary share capital by 16,100,000 ordinary shares of par value Baht 10 each, to offset its accumulated losses.
- (iii) On 1 April 1999, DBSTDS issued 40,000,000 ordinary shares of par value Baht 10 each, fully paid in cash to DTDB and DBS Securities Holding Pte Ltd in the ratio of 51.0% and 49.0% respectively, to support its operations.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year, was DBSH a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in or debentures of DBSH or any other body corporate save as disclosed in this report under the headings "DIRECTORS' INTEREST IN SHARES AND DEBENTURES", "SHARE OPTIONS" and "DBSH PERFORMANCE SHARE PLAN".

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings kept pursuant to Section 164 of the Companies Act, the undermentioned persons were Directors of DBSH at the end of the financial year and their interests in shares in DBS Bank/DBSH were as follows:

	Holdings in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 31.12.99@@	As at date of incorporation or date of appointment, whichever is later@	As at 31.12.99@@	As at date of incorporation or date of appointment, whichever is later@
Ordinary Shares of par value S\$1.00 each				
S Dhanabalan	–	–	30,660	29,200
Ng Kee Choe	105,238	59,457	–	–
Robert Montgomery Howe	23,260	23,260	–	–
Tommy Koh Thong-Bee	4,200	4,200	–	–
Unissued Ordinary Shares of par value S\$1.00 each under the Option Scheme				
Ng Kee Choe	339,864	438,080	–	–
Unissued Ordinary Shares of par value S\$1.00 each under the Option Plan				
John T. Olds	197,100	–	–	–
Ng Kee Choe	131,400	–	–	–

@ Shareholdings in DBS Bank.

@@ Shareholdings in DBSH. DBSH was listed on 18 September 1999 on the Singapore Exchange Securities Trading Ltd. On 18 September 1999, all existing DBS Bank ordinary shares held by the Directors were cancelled and exchanged for an equivalent number of DBSH ordinary shares and all unissued DBS Bank ordinary shares under the DBS Bank Share Option Scheme and DBS Bank Share Option Plan were cancelled and replaced by an equivalent number of unissued DBSH ordinary shares.

DIVIDENDS

Dividends proposed for the financial period from 9 March 1999 (date of incorporation) to 31 December 1999 were as follows:

	S\$
a proposed final dividend on non-voting convertible preference shares of 16% less income tax	17,520,357
a proposed final dividend on ordinary shares of 16% less income tax	140,399,155

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and balance sheet of DBSH were made out, so far as debts owing to DBSH are concerned, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of and provision for bad and doubtful debts and have satisfied themselves that all known bad debts have been written off and that, where necessary, adequate provision has been made for doubtful debts. As mentioned in the Directors' Reports of DBS Bank for the financial years 1997 and 1998, as part of prudent banking practice and in consultation with the Monetary Authority of Singapore, special general provisions, over and above the normal specific and general provisions have been made for the DBS Group's exposure to the regional countries, namely, Malaysia, Indonesia, Thailand, Korea and the Philippines. These special general provisions are of a precautionary nature and will provide a buffer against a possible further deterioration in the quality of regional loans.

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

CURRENT ASSETS

Before the profit and loss account and balance sheet of DBSH were made out, the Directors took reasonable steps to ensure that any current assets of DBSH 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 which would render the values attributed to current assets in the financial statements of DBSH and of DBSH Group misleading.

CHARGES AND CONTINGENT LIABILITIES

At the date of this report:

- (a) no charge on the assets of DBSH or of DBSH Group has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability of DBSH or of DBSH Group has arisen since the end of the financial year other than those normally undertaken in the course of the activities of DBSH or of DBSH Group.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability 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 DBSH and of DBSH 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 financial statements of DBSH and of DBSH Group which would render any amounts stated in the financial statements of DBSH and of DBSH Group misleading.

UNUSUAL ITEMS

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has:

- (a) substantially affected the results of the operations of DBSH and of DBSH Group during the financial year, and
- (b) 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 DBSH and of DBSH 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 has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act save as disclosed in this report or in the financial statements of DBSH and of DBSH Group.

SHARE OPTIONS**(a) DBSH SHARE OPTION SCHEME**

The DBSH Share Option Scheme (the "Option Scheme") was adopted by the shareholders of DBSH at an Extraordinary General Meeting held on 18 September 1999, to replace the DBS Bank Share Option Scheme (the "DBS Bank Option Scheme") implemented by DBS Bank, a wholly-owned subsidiary of DBSH.

In accordance with the provisions of the DBS Bank Option Scheme, the number of unissued ordinary shares of DBS Bank of par value S\$1.00 each and the subscription price for each such ordinary share comprised in unexercised options granted under the DBS Bank Option Scheme (the "DBS Options") was adjusted with effect from 3 September 1999, as a result of the merger of the local and foreign shares of DBS Bank, as follows:

	Number of unissued ordinary shares (before adjustment)	Number of unissued ordinary shares (after adjustment)	Subscription price per ordinary share (before adjustment)	Subscription price per ordinary share (after adjustment)
1995 DBS Options	838,502	880,404	S\$8.95	S\$8.53
1996 DBS Options	1,890,360	1,984,850	S\$8.42	S\$8.02
1997 DBS Options	1,815,967	1,906,736	S\$7.65	S\$7.29
1998 DBS Options	1,622,000	1,703,100	S\$8.07	S\$7.69
	<u>6,166,829</u>	<u>6,475,090</u>		

On 18 September 1999, pursuant to the "Restructuring Scheme", holders of the unexercised DBS Options received from DBSH, in exchange and in consideration for the cancellation of such unexercised DBS Options, comparable options ("DBSH Options") to subscribe for an aggregate of 6,475,090 new DBSH ordinary shares at the same subscription prices as were applicable to the respective DBS Options which they respectively replaced, under the Option Scheme.

The Option Scheme was terminated on 18 October 1999, and the outstanding existing DBSH Options will continue to remain valid until the date of expiration of the relevant DBS Options which they respectively replaced.

Save as disclosed in this report under the heading "Share and Debenture Issues", no shares of DBSH were issued during the financial year to which this report relates by virtue of the exercise of the DBSH Options to take up unissued ordinary shares of DBSH, whether granted before or during the financial year.

At the end of the financial year, unissued ordinary shares of DBSH of par value S\$1.00 each comprised in outstanding DBSH Options granted under the Option Scheme are as follows:

	Number of unissued ordinary shares	Subscription price per ordinary share	Date of expiration
1995 DBSH Options	522,280	S\$8.53	10 May 2000
1996 DBSH Options	1,799,018	S\$8.02	8 May 2001
1997 DBSH Options	1,831,412	S\$7.29	5 May 2002
1998 DBSH Options	1,627,049	S\$7.69	7 April 2003
	<u>5,779,759</u>		

The persons to whom the DBSH Options have been granted do not have any right to participate by virtue of the DBSH Options in any share issue of any other company.

(b) DBSH SHARE OPTION PLAN

The DBSH Share Option Plan (the "Option Plan") was adopted by the shareholders of DBSH at an Extraordinary General Meeting held on 18 September 1999, to replace the DBS Bank Share Option Plan (the "DBS Bank Option Plan") implemented by DBS Bank. The DBS Bank Option Plan had, in turn, been adopted by the shareholders of DBS Bank at an Extraordinary General Meeting of DBS Bank held on 19 June 1999 to replace the DBS Bank Option Scheme.

The Option Plan is intended to foster an ownership culture within the DBSH Group which aligns the interests of participants with the interests of shareholders, motivate participants to achieve performance targets of the DBSH Group and/or their respective business units, and make total employees' remuneration sufficiently competitive to recruit and retain employees having skills that are commensurate with the DBSH Group's ambition to become a world-class regional banking group.

On 28 July 1999, in consideration of the payment of S\$1.00 for each option granted, options in respect of 4,593,000 unissued ordinary shares of par value of S\$1.00 each in DBS Bank ("1999 DBS Options") were granted pursuant to the DBS Bank Option Plan to 193 executives of DBS Bank of the rank of Vice President (or equivalent) and above, and selected employees of DBS Bank of a rank below the rank of Vice President (or equivalent), including two options totalling 300,000 unissued ordinary shares granted to executive directors Mr John T. Olds and Mr Ng Kee Choe.

In accordance with the provisions of the DBS Bank Option Plan, the number of unissued ordinary shares of DBS Bank of par value S\$1.00 each and the subscription price for each such ordinary share comprised in unexercised options granted under the DBS Bank Option Plan was adjusted with effect from 3 September 1999, as a result of the merger of the local and foreign shares of DBS Bank, as follows:

	Number of unissued ordinary shares (before adjustment)	Number of unissued ordinary shares (after adjustment)	Subscription price per ordinary share (before adjustment)	Subscription price per ordinary share (after adjustment)
1999 DBS Options	4,593,000	5,029,335	S\$16.75	S\$15.30

On 18 September 1999, pursuant to the "Restructuring Scheme", holders of the unexercised 1999 DBS Options received from DBSH, in exchange and in consideration for the cancellation of such unexercised 1999 DBS Options, comparable options ("1999 DBSH Options") to subscribe for an aggregate of 5,029,335 new DBSH ordinary shares at the same subscription price as was applicable to the 1999 DBS Options which they replaced, under the Option Plan.

Statutory and other information regarding the Option Plan and the 1999 DBSH Options granted under the Option Plan are as follows:

- (i) Subject to prevailing legislation, the following categories of individuals are currently eligible to participate in the Option Plan:
- DBSH Group executives who hold the rank of Vice President (or equivalent or analogous rank) and above and selected employees of the DBSH Group of a rank below the rank of Vice President (or equivalent or analogous rank);
 - Executives of associated companies of the DBSH Group over which DBSH has control who hold the rank of Vice President (or equivalent or analogous rank) and above; and
 - Non-executive directors of the DBSH Group.
- The persons to whom the 1999 DBSH Options have been granted may be eligible to participate in the DBSH Performance Share Plan or other equivalent plans, but shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plan.
- (ii) The date of expiration of the 1999 DBSH Options is 27 July 2009 unless any such Option lapses prior to such date by reason of Rules 7 and 8 of the Option Plan relating to the cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or the participant, being a non-executive director, ceasing to be a director, or a takeover, winding-up or reconstruction of DBSH, after the grant of the Option.
- (iii) The subscription price for each share in respect of which an option (other than a 1999 DBSH Option) is exercisable is the average of the last dealt prices ("Market Price") for the DBSH shares, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd ("SGXST"), for the three consecutive trading days immediately preceding the date of the grant. Provided that, at the absolute discretion of the Compensation Committee, the subscription price may be fixed at the time of the grant at no less than 80% of the Market Price, subject to the subscription price being no less than the nominal value of a DBSH share.
- (iv) Options with subscription prices that are equal to the Market Price may be exercised, in whole or in part, one year after the date of the grant up to the date of expiration of the options, and in accordance with a vesting schedule to be determined by the Compensation Committee. Options with subscription prices that represent a discount to the Market Price may be exercised, in whole or in part, two years after the date of the grant up to the date of expiration of the options, and in accordance with a vesting schedule to be determined by the Compensation Committee.
- (v) The number of DBSH shares which may be acquired by a participant, or the subscription price or both, are subject to adjustment by reason of any variation in the issued ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) whilst a 1999 DBSH Option remains unexercised, upon the written confirmation of the auditors of DBSH that such adjustment is fair and reasonable.

No shares of DBSH were issued during the financial year to which this report relates by virtue of the exercise of the 1999 DBSH Options to take up unissued ordinary shares of DBSH.

At the end of the financial year, unissued ordinary shares of DBSH of par value S\$1.00 each comprised in outstanding 1999 DBSH Options granted under the Option Plan were as follows:

	Number of unissued ordinary shares	Subscription price per ordinary share	Date of expiration
1999 DBSH Options	5,029,335	S\$15.30	27 July 2009

Other than the DBSH Options granted under the Option Scheme and the 1999 DBSH Options granted under the Option Plan as disclosed herein, there were no outstanding options granted by DBSH as at the end of the financial year.

The persons to whom the 1999 DBSH Options have been granted do not have any right to participate by virtue of the 1999 DBSH Options in any share issue of any other company.

DBSH PERFORMANCE SHARE PLAN

The DBSH Performance Share Plan (the "Performance Share Plan") was adopted by the shareholders of DBSH at an Extraordinary General Meeting held on 18 September 1999, to replace the DBS Bank Performance Share Plan which was adopted by the shareholders of DBS Bank at an Extraordinary General Meeting of DBS Bank held on 19 June 1999.

The Performance Share Plan is designed to incorporate the best practices of leading financial institutions by including a significant equity component in the total compensation package to motivate selected executives of the DBSH Group (including Directors holding office in an executive capacity) and other selected participants to achieve strategic business objectives, and to reward them according to the extent to which these objectives are achieved.

No awards were granted, and no shares were issued pursuant to awards granted, under the Performance Share Plan during the financial year.

Statutory and other information regarding the Performance Share Plan are as follows:

- (i) Subject to prevailing legislation, the following categories of individuals are currently eligible to participate in the Performance Share Plan:
- DBSH Group executives who hold the rank of Vice President (or equivalent or analogous rank) and above and selected employees of the DBSH Group of a rank below the rank of Vice President (or equivalent or analogous rank);
 - Executives of associated companies of the DBSH Group over which DBSH has control who hold the rank of Vice President (or equivalent or analogous rank) and above; and
 - Non-executive directors of the DBSH Group.

The participants of the Performance Share Plan may be eligible to participate in the DBSH Share Option Plan or other equivalent plans, but shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plan.

- (ii) Participants are awarded ordinary shares of DBSH, their equivalent cash value or combinations thereof ("DBSH Awards"), when the prescribed performance targets are met. The DBSH Awards are granted at the absolute discretion of the Compensation Committee.
- (iii) The Performance Share Plan shall continue to be in force at the discretion of the Compensation Committee, subject to a maximum period of four years from 18 September 1999, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH in general meeting and of any relevant authorities which may then be required.

- (iv) DBSH Awards may be granted at any time in the course of the financial year, and may lapse by reason of cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or the participant, being a non-executive director, ceasing to be a director, or a takeover, winding-up or reconstruction of DBSH.
- (v) The aggregate nominal amount of new DBSH shares which may be delivered (pursuant to DBSH Awards granted) under the Performance Share Plan, when added to the nominal amount of new DBSH shares issued and issuable in respect of all DBSH Awards granted under the Performance Share Plan, and all options granted under the Option Plan, shall not exceed 15 per cent of the issued share capital of DBSH on the day preceding the relevant date of the DBSH Award. The number of existing DBSH shares purchased from the market which may be delivered pursuant to the DBSH Award will not be subject to any limit.
- (vi) Subject to the prevailing legislation and SGXST guidelines, DBSH will have the flexibility to deliver DBSH shares to participants upon vesting of their DBSH Awards by way of an issue of new DBSH shares and/or the purchase of existing DBSH shares.
- (vii) The nominal amount, class and/or number of DBSH shares comprised in a DBSH Award to the extent not yet vested, and/or which may be granted to participants, are subject to adjustment by reason of any variation in the issued ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution), upon the written confirmation of the auditors of DBSH that such adjustment is fair and reasonable.

DBSH EMPLOYEE SHARE PLAN

The DBSH Employee Share Plan (the "Employee Share Plan") is intended to cater to all employees of the DBSH Group and associated companies of the DBSH Group over which DBSH has control who are not eligible to participate in the DBSH Share Option Plan, the DBSH Performance Share Plan or other equivalent plans.

Participants will receive ordinary shares of DBSH ("DBSH shares") free of charge, the equivalent in cash, or combinations thereof, provided that certain prescribed performance targets are met. Participants will be allocated DBSH shares acquired from the market in accordance with guidelines established by DBSH. In respect of each financial year, DBSH will determine the performance targets applicable and the number of DBSH shares to be allocated to each participant or category of participants upon the attainment of such targets. Upon the attainment of the prescribed performance targets, the DBSH shares will be vested with the participants on terms and conditions to be determined by DBSH.

The Employee Share Plan may be altered from time to time at the absolute discretion of DBSH.

No shares, the equivalent in cash, or combinations thereof, were granted under the Employee Share Plan during the financial year.

AUDIT COMMITTEE

The Audit Committee ("Committee") as at the date of this report comprises non-executive directors Mr Bernard Chen Tien Lap, Mr Alan Chan Heng Loon and Professor Tommy Koh Thong-Bee. The Committee carried out its functions in accordance with Section 201B(5) of the Companies Act which included a review of the financial statements of DBSH and of DBSH Group for the financial year and the auditors' report thereon.

The Committee has nominated PricewaterhouseCoopers for re-appointment as auditors by shareholders for the ensuing financial year.

NOMINATING COMMITTEE

The Nominating Committee was established on 3 September 1999 pursuant to Article 80 of the Articles of Association of DBSH and as at the date of this report, comprises Professor Tommy Koh Thong-Bee, Mr S Dhanabalan, Mr John T. Olds, Mr Bernard Chen Tien Lap, Mr Robert Montgomery Howe and Dr Yeo Ning Hong.

The functions of the Nominating Committee are, inter alia, to identify candidates and review all nominations for Directorships, membership of the Executive Committee, the Compensation Committee and the Audit Committee, and senior management of DBSH.

COMPENSATION COMMITTEE

The Compensation Committee as at the date of this report comprises non-executive directors Mr S Dhanabalan, Mr Fock Siew Wah, Mr Robert Montgomery Howe and Dr Yeo Ning Hong. The Compensation Committee was established to review and approve the remuneration, including the grant of share options and performance shares to executives of the DBSH Group, including the executive directors of DBS Bank, and to oversee management development and succession planning in DBS Bank.

AUDITORS

Our auditors, Price Waterhouse, have merged their practice with Coopers & Lybrand and now practise in the name of PricewaterhouseCoopers. PricewaterhouseCoopers, being eligible, have expressed their willingness to accept re-appointment at the forthcoming Annual General Meeting on 13 May 2000.

On behalf of the Directors

S DHANABALAN**JOHN T. OLDS**

6 March 2000
Singapore

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Statement by the Directors

We, S Dhanabalan and John T. Olds, two of the Directors of DBS Group Holdings Ltd, state that, in the opinion of the Directors, the profit and loss account, balance sheet and the cash flow statement together with the notes thereon as set out on pages 57 to 108, are drawn up so as to give a true and fair view of the state of affairs of DBSH and of DBSH Group, consisting of DBSH and its Subsidiaries, at 31 December 1999, the results of the business of DBSH and of DBSH Group and the cash flows of DBSH Group for the financial year ended on that date and there are reasonable grounds to believe that DBSH and DBSH Group will be able to pay their debts as and when they fall due.

On behalf of the Directors

S DHANABALAN**JOHN T. OLDS**

6 March 2000
Singapore

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Report of the Auditors

To the Members of DBS Group Holdings Ltd (Incorporated in Singapore)

We have audited the financial statements of DBS Group Holdings Ltd and the consolidated financial statements of the Group for the financial year ended 31 December 1999 set out on pages 57 to 108. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Statements of Accounting Standard, and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 31 December 1999, the profit of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries which have been audited by our associated firms, being financial statements included in the consolidated financial statements. Details of these subsidiaries are disclosed in Note 33.3 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification which is material in relation to the DBSH Group financial statements and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

6 March 2000
Singapore

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Ten-Year Summary of Operations of DBSH Group

	1999	1998 ⁴	1997 ⁴	1996	1995	1994	1993	1992	1991	1990
Income (\$\$ million)										
Net profit before taxation	1,041.4	44.1	561.6	836.1	766.6	687.4	621.5	429.1	421.7	404.2
Net profit after taxation	1,071.8	112.0	458.2	669.5	594.6	532.9	467.9	328.4	315.3	286.3
Selected Balance Sheet Data										
Assets (\$\$ million)										
Total assets	106,464.9	100,037.4	65,983.9	55,737.6	49,186.5	45,188.6	41,607.0	38,172.6	34,046.7	33,568.5
Customer loans and advances including bills	54,369.5	56,215.4	40,134.7	31,012.7	26,171.8	22,055.3	18,257.4	15,752.6	13,167.8	11,812.8
Investment in quoted and unquoted securities and shares	14,592.5	11,086.1	5,702.1	5,276.2	4,831.4	4,097.5	4,286.0	4,282.5	3,416.0	2,785.8
Liabilities (\$\$ million)										
Deposits and other accounts of customers	82,268.3	73,858.3	33,557.0	30,599.9	28,128.5	25,574.2	24,968.0	25,221.1	23,302.2	20,555.8
Total deposits	89,758.9	86,476.6	54,037.5	45,141.5	39,825.7	36,513.6	33,712.0	31,378.7	27,060.8	27,085.8
Borrowings and debt securities	2,817.9	1,123.2	1,848.3	1,660.7	1,288.1	1,199.6	808.4	909.1	1,023.9	1,223.9
Capital and Reserves (\$\$ million)										
Paid-up non-redeemable, convertible preference share capital	-	412.1	536.2	656.0	604.5	461.6	251.6	-	-	-
Paid-up non-voting, convertible preference share capital	147.0	224.8	-	-	-	-	-	-	-	-
Issued and paid-up ordinary share capital	1,177.8	928.1	702.6	690.6	675.2	663.4	654.3	522.1	522.1	474.2
Ordinary shareholders' funds	9,920.6	7,799.5	7,493.6	6,243.1	5,510.8	4,887.8	4,348.1	3,973.5	3,713.2	2,977.1
Total (ordinary and preference) shareholders' funds	10,875.8	9,811.5	8,029.8	6,899.0	6,115.3	5,349.4	4,599.6	3,973.5	3,713.2	2,977.1
Financial Ratios										
Dividend cover for ordinary shares (number of times)	5.05	1.65	4.86	8.11	7.41	6.83	6.77	5.50	5.69	5.47
Adjusted gross dividends per ordinary share ² (\$\$)	0.26	0.16	0.15	0.13	0.13	0.13	0.12 ³	0.10	0.10	0.10
Adjusted earnings per ordinary share after tax ² (\$\$)	0.97	0.10	0.52	0.77	0.69	0.63	0.57	0.40	0.39	0.37
Net tangible asset backing per ordinary share ¹ (\$\$)	8.42	7.68	8.43	7.14	6.45	5.83	5.26	4.81	4.50	3.90
Return (after tax) on average total shareholders' funds (%)	10.35	1.29	5.72	10.30	10.36	10.71	10.89	8.54	9.43	10.01
Total shareholders' funds to total assets	0.10	0.10	0.12	0.12	0.12	0.12	0.11	0.10	0.11	0.09
US\$/\$\$ exchange rate as at 31 December	1.67	1.65	1.68	1.40	1.41	1.46	1.61	1.64	1.63	1.74

Notes :

1. Net tangible asset backing per ordinary share has been adjusted for bonus issues in 1990, 1993, 1998 and 1999, and rights issue in 1991 and 1998.
2. Gross dividends per ordinary share and earnings per ordinary share after tax have been adjusted for bonus issues in 1990, 1993, 1998 and 1999, and rights issues in 1991 and 1998.
3. Dividends exclude the special tax-exempt bonus dividend of S5 cents per share.
4. With effect from 1 January 1999, equity accounting for investments in associated companies was adopted by the DBSH Group.
The comparative figures for 1998 and 1997 have been adjusted to reflect this change.

DBS GROUP HOLDINGS LTD

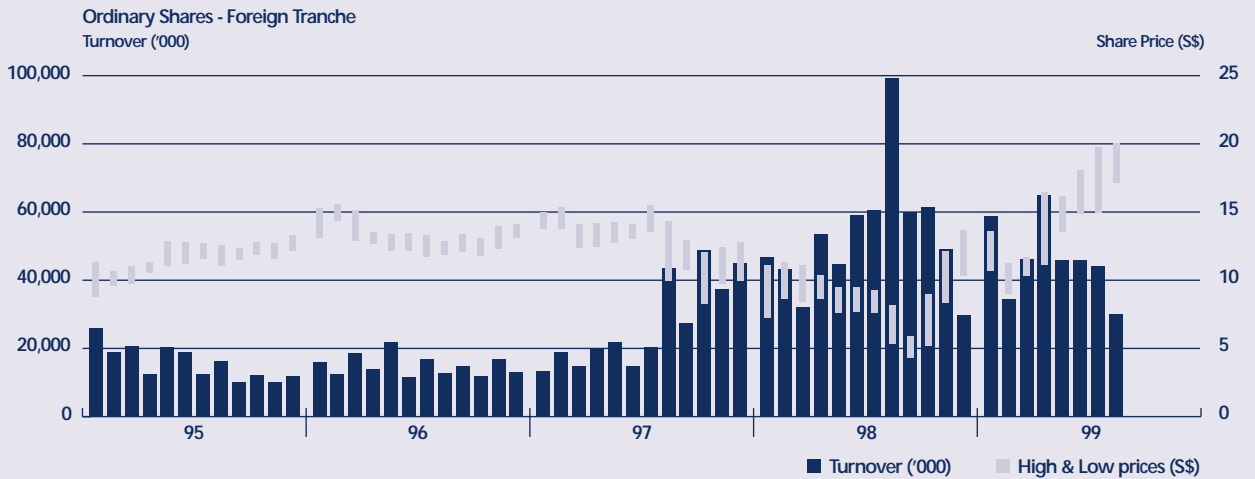
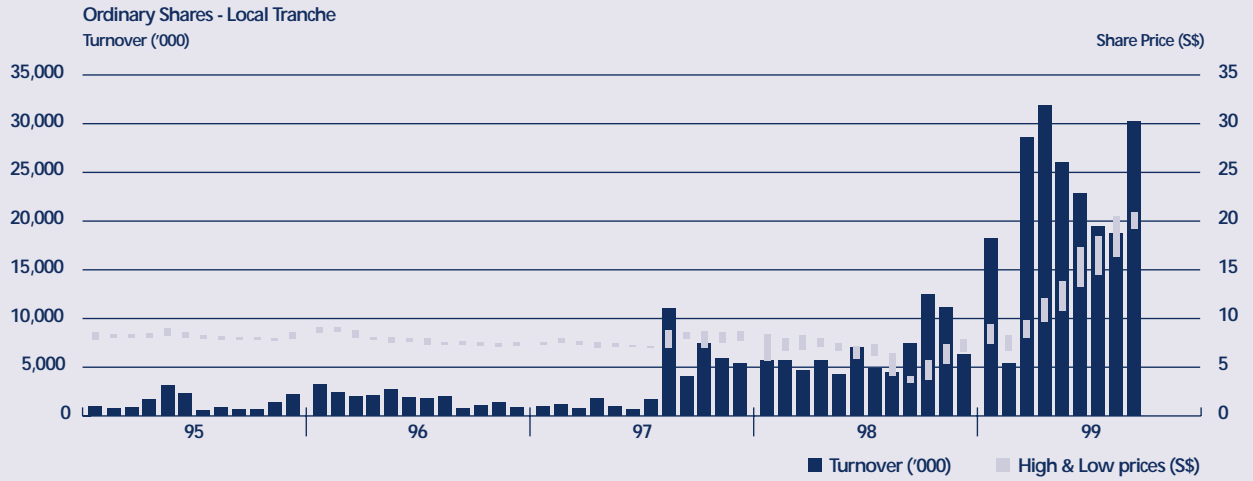
Share Prices And Monthly Turnover

	Highest	Share Prices (\$\$)		Average	Gross dividend yield (%) ⁴	Price-earning ratio ⁴
		Lowest	Last done			
Chart: DBSH Ordinary Shares¹						
1999	28.20	17.20	27.3	21.45	1.21	22.11
Chart: DBS Bank Ordinary Shares - Local Tranche²						
1999³	20.90	6.71	19.00	13.18	N.A	N.A
1998	9.71	3.37	7.62	6.62	2.48	66.20
1997	8.80	6.95	8.48	7.68	1.85	14.77
1996	9.05	7.12	7.49	7.78	1.62	10.10
1995	9.05	7.65	8.56	8.12	1.56	11.77
Chart: DBS Bank Ordinary Shares - Foreign Tranche²						
1999³	20.03	9.03	19.86	14.47	N.A	N.A
1998	13.67	4.30	12.81	8.94	1.84	89.40
1997	15.52	8.28	10.74	12.90	1.11	24.81
1996	15.59	11.71	14.10	13.15	0.96	17.08
1995	13.28	8.80	13.13	11.58	1.10	16.78

Notes:

1. Ordinary shares of DBS Bank were delisted and ordinary shares of DBS Group Holdings Ltd (DBSH) were listed on 18 September 1999 pursuant to the "Restructuring Scheme".
2. Share prices have been adjusted for the bonus issues in 1998 and 1999, and rights issue in 1998.
3. DBS Bank Ordinary Shares - Local Tranche and Foreign Tranche were merged on 2 September 1999 and delisted on 17 September 1999.
4. In calculating dividend yields and net price-earnings ratios, the daily average last done share prices have been used.

N.A - Not Applicable



DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Listing Of DBSH Group's Major Properties (as at 31 December 1999)

In S\$' million	Net Book Value	Market Value*	Approximate Lettable Floor Area (Square metre)
<i>In Singapore</i>			
Office			
DBS Building Tower One- 6 Shenton Way	65.5	332.0	30,781.6
DBS Building Tower Two- 6 Shenton Way	220.6	583.6	46,943.4
DBS Securities Building- 22 Malacca Street	20.0	88.0	5,488.8
DBS Finance Building- 112 Robinson Road	35.4	83.0	6,108.1
POSB Centre- 73 Bras Basah Road	53.8	55.0	5,891.0
Office/retail			
PWC Building- 8 Cross Street	526.1	500.0	32,561.0
<i>In Thailand</i>			
Office			
The Thai Danu Public Bank Company Limited Head Office- 393 Silom Road	57.6	57.6	24,736.0
<i>In Hong Kong</i>			
Office			
Kwong On Bank, Limited Head Office- 139 Queen's Road Central, Hong Kong	94.2	94.2	8,430.0
Other properties	549.5	656.6	
Total Properties	1,622.7	2,450.0	

* Valuations as at 31 December 1999 made by professional valuers.

DBSH - INTERESTED PERSONS TRANSACTIONS

DBS GROUP HOLDINGS LTD

Interested Person Transactions

Interested Person Transactions Under the Shareholders' Mandate

In S\$	1999 Aggregated Transactions
Transactions for the provision of Products and Services	
Temasek Holdings (Private) Limited and its Associates	3,302,396.56
MND Holdings Pte Ltd	-
Subtotal	<u>3,302,396.56</u>
Property-related Transactions	
Temasek Holdings (Private) Limited and its Associates	4,042,197
MND Holdings Pte Ltd	-
Subtotal	<u>4,042,197</u>
Total Interested Person Transactions	<u>7,344,593.56</u>

Note: All the above interested person transactions were done on normal commercial terms.

DBS GROUP HOLDINGS LTD

Shareholding Statistics (as at March 21, 2000)

I. Class of Shares - Ordinary Shares of S\$1.00 fully paid

Voting Rights - One vote per share

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 1,000	8,326	47.46	4,966,983	0.42
1,001 - 10,000	7,762	44.24	24,747,923	2.07
10,001 - 1,000,000	1,429	8.14	56,710,257	4.75
1,000,001 & above	27	0.16	1,107,755,897	92.76
Total	17,545	100.00	1,194,181,060	100.00

Location of Shareholders

Singapore	16,284	92.81	1,193,017,074	99.90
Malaysia	907	5.17	976,328	0.08
Overseas	354	2.02	187,658	0.02
Total	17,545	100.00	1,194,181,060	100.00

Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

1	DBS Nominees (Private) Limited	303,975,617	25.46
2	MND Holdings (Private) Limited	204,075,807	17.09
3	Raffles Nominees (Private) Limited	192,863,287	16.15
4	Temasek Holdings (Pte) Ltd	184,932,180	15.49
5	HSBC (Singapore) Nominees Pte Ltd	61,431,663	5.14
6	Citibank Nominees Singapore Pte Ltd	45,771,498	3.83
7	United Overseas Bank Nominees (Pte) Ltd	39,022,246	3.27
8	DB Nominees (Singapore) Pte Ltd	11,864,797	0.99
9	Oversea-Chinese Bank Nominees Private Limited	10,308,987	0.86
10	Prudential Assurance Company Singapore (Pte) Ltd - Life Fund	6,881,950	0.58
11	Tokyo-Mitsubishi International (Singapore) Ltd	6,655,494	0.56
12	NTUC Income Insurance Co-operative Limited	5,508,001	0.46
13	Prudential Assurance Co Singapore (Pte) Ltd - Prulink Fund	5,406,500	0.45
14	Keppel Bank Nominees Pte Ltd	3,821,811	0.32
15	BIL (Asia) Nominees Pte Ltd	3,331,512	0.28
16	Indosuez Singapore Nominees Pte Ltd	2,899,511	0.24
17	Brightway Property Pte Ltd	2,750,697	0.23
18	Phillip Securities Pte Ltd	2,201,222	0.18
19	Overseas Union Bank Nominees Pte Ltd	2,127,351	0.18
20	J M Sassoon & Co (Pte) Ltd	2,037,652	0.17
Total		1,097,867,783	91.94

- II. Class of Shares - Non-Voting Redeemable Convertible Preference Shares ("NVPS") of S\$1.00 fully paid.
 Voting Rights - Please see Article 6 of the Articles of Association.
 Sole Shareholder of 139,672,547 NVPS: DBS Nominees (Private) Limited.

III. Substantial Ordinary Shareholders (as shown in the Register of Substantial Shareholders as at March 21, 2000)

	No. of Shares	%
MND Holdings (Pte) Ltd ¹	204,075,807	17.09
Temasek Holdings (Pte) Ltd ²	184,932,180	15.49

Directors' Shareholdings (as shown in the Register of Directors' Shareholdings as at January 21, 2000)

Name of Director	No. of DBS Group Holdings Ltd Ordinary Shares of S\$1.00 each registered in the name of Director	No. of DBS Group Holdings Ltd Ordinary Shares of S\$1.00 each in which Director is deemed to have an interest	No. of Unissued DBS Bank Ordinary Shares of S\$1.00 each under the DBS Bank Share Option Scheme
Dhanabalan	-	30,660	-
John T. Olds	-	-	197,100 (1999 Options)
Ng Kee Choe	105,238	-	120,120 (1996 Options) 144,144 (1997 Options) 75,600 (1998 Options) 131,400 (1999 Options)
Robert Montgomery Howe	23,260	-	-
Tommy Koh Thong-Bee	4,200	-	-

Notes :

1. MND Holdings (Pte) Ltd is a company wholly-owned by Minister for Finance Incorporated.
2. Temasek Holdings (Pte) Ltd is a company wholly-owned by Minister for Finance Incorporated.

Corporate Directory (as at April 7, 2000)

CORPORATE OFFICE

Chairman
S Dhanabalan

Vice Chairman & CEO
John T. Olds

President
Ng Kee Choe

Chief Financial Officer
Jackson Peter Tai

DBS BANK

Senior Managing Directors
Lau Chan Sin
Soh Kim Soon
Tan Soo Nan

ADMINISTRATION

Vice Presidents
Lam Kwong Khiam
Yeo Seh Boo

AUDIT

Managing Directors
Albert Robert Bonar
Ng Peng Khian

Vice Presidents
Ang Khee Huat
Chia Siok Wee Nelly
Ho Tin Hon
Lim Ai Lang Daisy
Loke Poh Kuen Sandy
Tan Ham Chiang
Bay Chin Cheng

CAPITAL MARKETS & ADVISORY

Managing Directors
Ang Teik Lim Eric
Stephen Ray Finch
Kan Shik Lum
Liau Hong Kong
Ricor Fontoura da Silveira Neto

Vice Presidents
Aw Soon Beng
Chan Mun Seng
Chan Yow Phong
Choe Tse Wei
Goh Chyan Pit
Goh Lee Ying Lynn
Eng Seat Moey
Lim Kim Seng
Ling Hee Keong Jeffrey
Mahesh Prantal Rupawalla
Mok Yew Khun Charles
Ong Siow Wei
Eric Micheal Peter Pascal
Tan Kok Huan
Tan Wan That
Tay Gek Lim Irene
Tay Toh Sin
Toh Tiong San

ENTERPRISE BANKING

Managing Directors
Elizabeth Anne Case
Chua Thiam Chwee Andrew
Hong Tuck Kun
Lee Soon Kuan

Vice Presidents
Cheok Eu Ming Jennifer
Gui Kong Hwa
Ho Loon Khuan
Hong Keah Huat
Lee Swee Heng Steven
Lim Chu Chong
Soh Mee Eng Jane
Tan Boon Siang
Yeo Boon Siang
Yu Yan Sing Kenneth

FINANCE, PLANNING & CORPORATE RELATIONS

Managing Directors
Ho Siew Mee Susan
Lim Lay Hong
Charles G. Newton, Jr
Ong Siew Mooi

Vice Presidents
Chua Sui Kheng
Chuah Soo Kiang
Heng Lee Cheng
Heng Lily
Lee May Ling Jenny
Tham Foon Yong
Wong Nyuk Yin
Yeo Su Lin Julie

HUMAN RESOURCES

Managing Directors
Hing Mei Kune
Tan Tok Lan
Tong Chi Lian

Vice Presidents
Chung Chooi Ping Peggy
Goh We Chuan Eileen
Lee Hong Kit
Lim Chiow Jong
Lim Yee Chye
Seah Ee Boon
Tan Sio Hwee Lucy

INDIVIDUAL BANKING**Managing Directors**

Chan May Ping
 Elsie Foh
 Janice Goh Lin Ai
 Lam Siok Loon
 Laura Richter Jackson
 Manohar P Sabnani
 Meredith Peabody
 Sadasivan Vijayakumar
 Sherman Tan Ser Kwang

Vice Presidents

Ang Shiow Luan Rosalind
 Aw Tai Lee
 Cheong Kok Leong
 Cheong May Yoke
 Chia Beei Lian Joanne
 Chia Hock Jin
 Chong Choon Cheong Andrew
 Chua Whee Gek
 Chung Kit Hong
 Ee Ho Inn
 Eio Siok Kim Janet
 Eng Ai Leen
 Ho Hai Yian
 Ho Hock Choo Joseph
 Ho Kah Tian Kelvin
 Ho Kum Koon
 Nancy Ann Hom
 Hung Mow Seng Thomas
 Kang Kar Ling Karen
 Kragas Stephen Erik
 Koh Cheng Hwee
 Koh Liang Puay Emma
 Lau Jeng Seng David

Lee Kheng Cheong
 Leong Mun Kong Peter
 Leow Boon Sim
 Lim Beng Kuan
 Lim Chye Huat Albert
 Lim Fu-Yen Adrian
 Lim King Hwee
 Lim King Seng
 Lim Wee Lig
 Lim Wei Tong Philip
 Antonio Owen Silva Maramag
 Surendra Mohan s/o Menon
 Cecilia Ng
 Ng Yuen Mun
 Ong Hong Seng
 Pang Saw Choo Jan
 Poh Lai Meng
 Seah Moi Hiang Debbie
 Tan Chiew Song
 Tan Kim Chia Andrew
 Tan Siew Cheng Caroline
 Tan Yeow Khuan
 Tang Swee Tuan
 Tay Hock Guan
 Tham Lai Peng Agnes
 Tho Gea Hong
 Tyo Sock Kuen Monica
 Wan Mei Ling
 Wong Teck Khim
 Yap Yoke Leng Rachel

INFORMATION TECHNOLOGY**Managing Directors**

Ho Fong Lian
 Ho Twee Teng
 Lee Whye Choo
 Poh Lian Lian
 Yee Jee Hong

Vice Presidents

Chang Lok Meng
 Chen Lai Kiun
 Lee Cecilia
 Ong Chiu Fong
 Jayaprakash s/o Viswambharan

Principal IT Analysts

Bindiya Shamdasani
 Chan Peter
 Chan Kin Lun Craston
 Chan Wai Fong
 Chong Suh Kien Rose
 Heng Kim Chwee
 Ho Shew Ee Janice
 Ho Shou Kwang
 Kang King Tong
 Khoo Siew Ping
 Koh Lay Hua
 Lee Yuh Mei
 Leong Syn Yee
 Loh Boon Wah
 Loh Siok Wah
 Low Sau Fong
 Mok Sow Fun Jodie
 Ooi Peng Joo Jason
 Ong Siong Huat
 Phua Tan Hong
 Tan Hui Kheng
 Tan Lye Soon
 Tan Sai Tien
 Tan Yee Lay
 Tang Mei Kuen
 Teo Pit Koon
 Teo Yang Suan
 Tham Wai Chung Linus
 Thong Wai Chong
 Wong Ling Chai
 Wong Kin Meng
 Wong Kok Seng Augustine

Principal Operations Analyst

Chua Chee Hwee

Principal Network Engineers

Chandra

Chin Kok Soon

Fong Foong Ching

Lai Siew Chung Warren

Say Keng Hou Steven

Principal Systems Engineers

Ng Check Ern

Ng Chi Kong

Sung Shwu Yin

INSTITUTIONAL BANKING**Managing Directors**

Cheo Chai Hong

Gan Kim Kok

Koh Cheng Chua

Lim Sok Hia

Long Wil Kim

Lor Chee Leng Micheal

Mohd Nawaz Jiffry Vilcassim

Neo Poh Kiat

Ong Chee Kien Charles

Seck Wai Kwong

Tan Bee Leng

Joan Ting-Wong

Wong See Meng

Vice Presidents

Baek E-Hyun

Boey Yin Chong

Chan Mei Yee Flora

Chan Yoke Meng

Chen Ko Lin Colin

Chia Siak Leng Henry

Chia Tet Hin William

Chia Wen Lin

Chong Edward Maurice

Choo Hoon Kiong Desmond

Chua Lay San

Gan Soo Yee Monica

Goh Bak Keow

Goh Yam Hock Ronnie

Ho Chai Seng

Howe Wai Mun

Karunia Tjuradi

Keh Siong Kee

Koh Kwee Ngee

Koh Wai Lan Audrey

Leong Kah Poh Kathleen

Lew Wing Keong

Lim May Ling Vivian

Lim Tok Kiak

Lo Wai Leng

Long Yui Lee

Low Bee Hong

Ng Sock Kian

Nghoh Keh Chang

Oh Eng Lock

Ong Hean Beng

Ong Yeng Fang

Ong Yim LyePham Khac Phu

Soh Soon Ghee

Tan Boon Lian Amos

Tan Chun Lay Anita

Tan Chye Huat Michael

Tan Ee Lee

Tan Kok Leong

Tan Kok Wah

Tan Jeh Wuan

Tan Sook Han Serena

Tan Teck Leong

Tan Yew Siang

Teng Wan Chin Ivy

Tsng Boon Kiat

Wee Wun Hua

Wong Chee Fatt

Yeo Gerald

PRIVATE CLIENT GROUP**Managing Directors**

Chong Chin Cheong

John Keith Dahlberg

Sandy Eu

Greg Seow

Patrick Tan Keng Sin

Ronnie Teo Heng Hock

Tong Hai Loon

Vice Presidents

Cheong Heng Lim

Chua Bee Tin

Gan Ghim Tong Eddie

Koh Lye Meng

Lee Lee Seng

Lo Chin Chai Daniel

Soh Peng Fatt Jeffrey

Yeo Poh Chin Suzana

PROCESSING/SERVICING**Managing Directors**

Chua Bee Choo

Dileep Nair

David John Larkworthy

Eric Saw Huat Kheng

Vice Presidents

Ronald Cheng Tim Tong

Priscilla Chew Lay Hoon

Chin Lee Hoon

Choy Yin Yee Merinna

Khoo Kim How

Koh Siew Leng

Lam Kwong Chew

Lee Kiang Wah Stephen

Philip Lee Kwong Sang

Lee Soo Khiong Eric

Lee Teng Whatt
 Neo Aik Beng
 Ng Lai Lin Frances Theresa
 Ngew Seng Poh
 Lionel Matthew De Silva
 Tan Chee Keon
 Vincent Tan Cheh Soon
 Tan Chye Leng Julian
 Tan Hiang Huang
 Tan Yang Ping
 Wong Kong Khiong Adam
 Wong Ting Mei

REGIONAL INTEGRATION CENTRE

Managing Directors

Bastari Irwan
 Chng Lay Chew
 Chong Kie Cheong
 Lim Yin Kiat

RISK MANAGEMENT

Managing Directors

Chng Sok Hui
 Oon Kum Loon
 Tan Siew Kheng

Vice Presidents

Chan Chai Hong Janet
 Chewng Soon Teck
 Glinoga A Excelsa
 Philip Fernandez
 Lau Kok Hui Betty
 Liu Suyan
 Loh Zhi Jian
 Ng Siew Lien
 Roy Ernest Patterson
 Tan Shu Teng Peter

TREASURY & MARKETS

Managing Directors

Water Cheung Chung Wing
 Fong Cheng Hong
 Goh Wai Lim
 Kankipati Rajan Raju
 David Lau Cheng Huat
 Wong Kwong Shing Frank
 Wong Peck Sim

Vice Presidents

V Arivazhagan
 Chia Yu Lin Christina
 Goh Nai Min Bernard
 Ho Tiong Sang
 Kwa Woei Kyet
 Lau Tsz Pan Paul
 Lee Boon Hua Donne
 Liang Eng Hwa
 Ng Wai Hung Andrew
 Ooi Cheng Pheng Rina
 See Sau Lin Flora
 Soh Chuen Kong Peter
 Tay Kim Yam
 Wong Wing Kee
 Wu Wun-Yuen Friedrich
 Yap Tiong Hock Nicholas
 Yap Yon Ting

OVERSEAS SUBSIDIARIES (Principal Officers)

DBS BANK PHILIPPINES INC.

Chief Executive Officer
 Lim Kim Quee

President
 Pascual M. Garcia III

DBS KWONG ON BANK

Chairman
 Ronald Leung

Senior Managing Director and
 Chief Executive Officer
 Kenneth Leung

Managing Director and
 Joint Chief Executive Officer
 William Hon

Managing Directors
 Ted Ling
 Kendy Wong

DBS THAI DANU BANK PUBLIC COMPANY LTD

President
 Pornsanong Tuchinda

Deputy President
 Howard Choo

Executive Vice-Presidents
 Ninlavan Vudthivat
 Chaiwat Utaiwan
 Surakiat Wongwasin
 Seow Kheng Hee

PT BANK DBS BUANA

President Director
 Lee Meng Soon

International Banking Offices

DBS BEIJING

Units 1009-1018
Level 10 China World Tower
China World Tower Centre
No. 1 Jianguomenwai Avenue
Beijing 100004
People's Republic of China
Tel 86 10 6505 1216
Fax 86 10 6505 4831

DBS BANGKOK

INTERNATIONAL BANKING FACILITY

Diethelm Towers
Tower A, Suite 1202-3
93/1 Wireless Road
Lumpini, Pathumwan
Bangkok 10330, Thailand
Tel 66 2 252 2538
Fax 66 2 256 0259

DBS HONG KONG

27th Floor, CITIC Tower
No. 1 Tim Mei Avenue
Central, Hong Kong
Tel 852 2868 3386
Fax 852 2596 0577

DBS KUALA LUMPUR

REPRESENTATIVE OFFICE

Suite 11-2, Level 11
Menara IMC, Mail Box 23
8 Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel 03 201 5622
Fax 03 201 5623

DBS LABUAN

Level 12 (E) Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000 W.P.
Labuan, Malaysia
Tel 087 423 375
Fax 087 423 376

DBS LONDON

7th Floor, Finsbury Circus House
12-15 Finsbury Circus
London EC2M 7BT
United Kingdom
Tel 44 207 628 3288
Fax 44 207 628 8288

DBS LOS ANGELES

445 South Figueroa Street
Suite 2550, Los Angeles
CA 90071, USA
Tel 1 213 627 0222
Fax 1 213 627 0228

DBS MUMBAI

122 Maker Chambers IV
12th Floor, Nariman Point
Mumbai 400 021, India
Tel 91 22 282 6991
Fax 91 22 287 5602

DBS SEOUL

CPO Box 9896, 20th Floor
Kwanghwamoon Building 64-8
1-ka Taepyeongro Chung-ku
Seoul, Republic of Korea
Tel 822 399 2660
Fax 822 732 7953

DBS SHANGHAI

66 Lu Jia Zui Road
28th Floor, China Merchants Tower
Pudong, Shanghai 200120
People's Republic of China
Tel 86 21 5876 7698
Fax 86 21 5876 7839

DBS TAIPEI

117 Min Sheng East Road
Section 3, 5th Floor, Unit A
Walsin Financial Building
Taipei, Taiwan
Tel 886 2 2713 7711
Fax 886 2 2713 7774

DBS TOKYO

606 Yurakucho Denki Building
1-7-1 Yurakucho
Chiyoda-ku Tokyo 100
Japan
Tel 813 3213 4411
Fax 813 3213 4415

DBS YANGON

REPRESENTATIVE OFFICE

408/410 Maha Bandoola Street
Samsung Plaza, #05-01/02/03
Kyauktada Township, Yangon
Union of Myanmar
Tel 951 249 483
Fax 951 249 457

Subsidiaries and Associated Companies

SUBSIDIARIES

(% are as at April 1, 2000)

Principal Activities: Commercial Banking

DBS Bank Philippines, Inc
6/F, Enterprise Center Tower Two
6766 Ayala Avenue
corner Paseo de Roxas
Makati City, Philippines
Tel: 632 886 5888
Fax: 632 886 5026/886 5633
60% owned by DBS Bank

DBS Kwong On Group
DBS Kwong On Bank, Limited
139 Queen's Road Central
Hong Kong
Tel: 852 2815 3636
Fax: 852 2850 6129
87.27% owned by DBS Bank

Subsidiaries:

DBS Kwong On Finance Ltd
DBS Kwong On Bank (Nominees) Ltd
DBS Kwong On Insurance Company Ltd
DBS Kwong On Futures Ltd
DBS Kwong On Property
Agency Company Ltd
DBS Kwong On Bank Jubilee
Charity Fund Ltd
DBS Kwong On Securities Ltd
*100% owned by DBS Group Holdings
(Hong Kong) Ltd*

PT Bank DBS Buana
Ratu Plaza Building
25th Floor, Jalan Jenderal
Sudirman No.9
Jakarta 10270, Indonesia
Tel: 62 21 720 4533/40
Fax: 62 21 720 4527/8
99% owned by DBS Bank

**DBS Thai Danu Bank
Public Company Ltd**
393 Silom Road,
Bangrak Bangkok 10500
Thailand
Tel: 662 230 6000/233 9160 to 79
Fax: 662 236 7939
51.78% owned by DBS Bank

Principal Activities: Computer Services, IT Consultancy, IT Education and Facilities Management, E-Commerce

DBS Computer Services Pte Ltd
6 Shenton Way 43rd Floor
DBS Building Tower One
Singapore 068809
Tel: 228 2308/321 5850
Fax: 323 4662
100% owned by DBS Bank

POSB Computer Services Pte Ltd
6 Shenton Way, 43rd Floor
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 221 0403
100% owned by DBS Bank

Principal Activities: Corporate Finance & Advisory Services

DBS Asia Capital Ltd
26th Floor, CITIC Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2918 0399
Fax: 852 2868 0250
100% owned by DBS Bank

Principal Activities: Credit, Debit and Charge Card Operations

DBS Card Centre Pte Ltd
1 Kim Seng Promenade
#09-09 Great World City West Tower
Singapore 237994
Tel: 1800 835 1234
Fax: 834 1840/734 2165
100% owned by DBS Bank

Principal Activities: Venture Capital Investment Holdings

DBS Capital Investments Ltd
6 Shenton Way #20-09
DBS Building Tower Two
Singapore 068809
Tel: 220 1111/321 6446
Fax: 227 6811
100% owned by DBS Bank

**Principal Activities: Domestic/
International Factoring and
Trade Financing**

DBS Factors Pte Ltd
112 Robinson Road #09-00
DBS Finance Building
Singapore 068902
Tel: 225 6388
Fax: 225 8257
100% owned by DBS Bank

**Principal Activities:
Finance Company**

DBS Finance Ltd
112 Robinson Road
DBS Finance Building
Singapore 068902
Tel: 223 0355
Fax: 223 5066
100% owned by DBS Bank

**Principal Activities:
Financial Services**

DBS Asia Ltd
27/F, CITIC Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2868 3386
Fax: 852 2596 0577
100% owned by DBS Bank

**Principal Activities:
Provision of Housing Loans**

Credit POSB Pte Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 222 1035
100% owned by DBS Bank

**Principal Activities: Foreign
Exchange Dealership**

DBS Forex Center Philippines, Inc
6/F, Enterprise Center Tower Two
6766 Ayala Avenue
corner Paseo de Roxas
Makati City, Philippines
Tel 632 886 5888
Fax 632 886 5026/632 889 5633
100% owned by DBS Bank

**Principal Activities:
Futures Trading**

DBS Futures Hong Kong Ltd
26th Floor, CITIC Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2526 2002
Fax: 852 2877 1936
100% owned by DBS Securities Hong Kong Ltd

DBS Trading Pte Ltd
6 Shenton Way #02-00
DBS Building Tower One
Singapore 068809
Tel 223 3064
Fax: 225 2963
100% owned by DBS Bank

**Principal Activities:
Group Financing**

Singapore Factory Development Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 221 1306
100% owned by DBS Bank

**Principal Activities:
Investment Holding**

DBS Group Holdings (Hong Kong) Ltd
27th Floor, CITIC Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2868 3386
Fax: 852 2596 0577
87.26% owned by DBS Bank

DBS Pte Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 221 1306
100% owned by DBS Bank

DBS Securities Holding Pte Ltd
22 Malacca Street
DBS Securities Building
Singapore 048980
Tel: 533 9688
Fax: 534 0819
100% owned by DBS Bank

DBS Securities Malaysia Pte Ltd
22 Malacca Street
DBS Securities Building
Singapore 048980
Tel: 533 9688
Fax: 534 0819
100% owned by DBS Securities Holding Pte Ltd

DBSF Holdings Pte Ltd
112 Robinson Road
DBS Finance Building
Singapore 068902
Tel: 223 0355
Fax: 223 5066
100% owned by DBS Finance Ltd

**Principal Activities:
Investment Management
Services**

DBS Asset Management Ltd
6 Raffles Quay #13-01/07
John Hancock Tower
Singapore 048580
Tel: 221 8733
Fax: 221 7018
100% owned by DBS Bank

**DBS Asset Management
(United States) Pte Ltd**
6 Raffles Quay #13-01/07
John Hancock Tower
Singapore 048580
Tel: 221 8733
Fax: 221 7018
100% owned by DBS Asset Management Ltd

DBS Asset Management (HK) Ltd
27th Floor, Citic Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2848 3430
Fax: 852 2596 0577
100% owned by DBS Asset Management Ltd

**Hwang-DBS Asset Management
(Malaysia) Sdn Bhd**
1st Floor, Plaza MBf
Jalan Ampang
50450 Kuala Lumpur
Tel: 03 262 1886
Fax: 03 262 1723
19% owned by DBS Asset Management Ltd

**Principal Activities:
Manufacturing**

**Inter-Roof Manufacturing
Company Limited**
18/8 Srivikorn Building
11th Floor Soi Sukhumvit 21
(Asoke), Sukhumvit Road
Klong-Toey Nua, Wattana,
Bangkok 0110, Thailand
Tel: 662 260 3700 8
Fax: 662 260 3709
76% owned by The Thai Danu Bank

**Principal Activities:
Securities Services**

DBS Securities UK Ltd
7th Floor Finsbury Circus House
12-15 Finsbury Circus
London EC2M 7BT
Tel: 44 020 7847 0888
Fax: 44 020 7847 0898
100% owned by DBS Securities Holding Pte Ltd

**Principal Activities: Market
Research Consultants**

DBS Investment Research Pte Ltd
22 Malacca Street
DBS Securities Building
Singapore 048980
Tel: 533 9688
Fax: 533 7903
100% owned by DBS Securities Singapore Pte Ltd

**Principal Activities:
Merchant Banking**

NDC Merchant Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 222 1035
100% owned by DBS Bank

**Principal Activities:
Property Holding**

DBSF Investments Pte Ltd
112 Robinson Road
DBS Finance Building
Singapore 068902
Tel: 223 0355
Fax: 223 5066
100% owned by DBS Finance Ltd

DBS China Square Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809
Tel: 220 1111
Fax: 222 1035
70% owned by DBS Bank

**Principal Activities:
Stockbroking**

DBS Securities Hong Kong Ltd
26th Floor, CITIC Tower
No.1 Tim Mei Avenue
Central, Hong Kong
Tel: 852 2526 2002
Fax: 852 2877 1936
100% owned by DBS Securities Holding Pte Ltd

DBS Securities Philippines, Inc.
 11/F, Sage House, 110 Herrera Street
 Legaspi Village, Makati, Metro Manila
 Philippines
 Tel: 63 2 812 8361 to 68
 Fax: 63 2 894 2551/894 2350
100% owned by DBS Securities Holding Pte Ltd

DBS Securities Singapore Pte Ltd
 22 Malacca Street
 DBS Securities Building
 Singapore 048980
 Tel: 533 9688
 Fax: 533 8623
100% owned by DBS Securities Holding Pte Ltd

DBS Thai Danu Securities Ltd
 18th Floor, SPP Tower 3
 88 Silom Road
 Bangrak Bangkok 10500, Thailand
 Tel: 662 634 1351 to 60
 Fax: 662 634 1367
*49% owned by DBS Securities Holding Pte Ltd
 50.99% owned by The Thai Danu Bank*

Public Company Ltd
DBS-Capital Trust
Securities India Pvt Ltd
 Capital Trust House, 2nd Floor
 47 Community Center
 Friends Colony
 New Delhi 110065, India
 Tel: 91 11 631 5710/5720
 Fax: 91 11 631 8051
75% owned by DBS Securities Holding Pte Ltd

PT DBS Securities Indonesia
 Wisma Diners Club, 12th Floor
 Jalan Jenderal Sudirman 34
 Jakarta 10220, Indonesia
 Tel: 62 21 5708585
 Fax: 62 21 5708475
75% owned by DBS Securities Holding Pte Ltd

***Principal Activities: Custodian,
 Trust & Nominee Services***

DBS Finance Nominees Pte Ltd
 112 Robinson Road
 DBS Finance Building
 Singapore 068902
 Tel: 223 0355
 Fax: 223 5066
100% owned by DBS Finance Ltd

DBS Nominees Pte Ltd
 180 Clemenceau Ave
 Haw Par Centre #03-01/04
 Singapore 239922
 Tel: 220 1111
 Fax: 338 8936
100% owned by DBS Bank

DBS Trustee Limited
 180 Clemenceau Ave
 Haw Par Centre #02-02
 Singapore 239922
 Tel: 220 1111
 Fax: 338 0360
*20% owned by DBS Bank
 20% owned by DBS Finance Ltd
 20% owned by DBS Nominees Pte Ltd
 20% owned by DBS Pte Ltd
 20% owned by Singapore Factory
 Development Ltd*

DBS Securities Nominees Pte Ltd
 22 Malacca Street
 DBS Securities Building
 Singapore 048980
 Tel: 533 9688
 Fax: 536 7443
100% owned by DBS Securities Singapore Pte Ltd

DBS Securities Nominees (HK) Ltd
 26th Floor, CITIC Tower
 No.1 Tim Mei Avenue
 Central, Hong Kong
 Tel: 852 2526 2002
 Fax: 852 2877 1936
100% owned by DBS Securities Hong Kong Ltd

NDC Merchant Bank Nominees Pte Ltd
 6 Shenton Way
 DBS Building Tower One
 Singapore 068809
 Tel: 220 1111
 Fax: 222 1035
100% owned by NDC Merchant Bank Ltd

ASSOCIATED COMPANIES*(% are as at December 31, 1999 unless otherwise stated)***Principal Activities:
Electronic Funds Transfer****Network for Electronic Transfers
(Singapore) Pte Ltd**

298 Tiong Bahru Road
#04-01/06 Central Plaza
Singapore 168730

Tel: 272 0533

Fax: 272 2334

*20% owned by DBSH***Principal Activities:
Financial Services
Investment and Capital****Investment and Capital
Corporation of The Philippines**

15th Floor, Solidbank Building
777 Paseo de Roxas
Makati 1226, Metro Manila
The Philippines

Tel: 632 811 4656

Fax: 632 819 0941

*20% owned by DBSH***The Insurance Corporation
of Singapore Ltd**

137 Cecil Street, ICS Building
Singapore 069537

Tel: 221 8686

Fax: 224 7242

*52.11% owned by DBSH**47.89% owned by DBS Bank***Orix Leasing Singapore Ltd**

331 North Bridge Road
#19-01/06, Odeon Towers

Singapore 188720

Tel: 339 3622

Fax: 339 3966

*30% owned by DBSH***Principal Activities:
Industrial/Manufacturers****Fujitec Singapore Corporation Ltd**

204 Bedok South Avenue 1
Singapore 469333

Tel: 241 6222

Fax: 444 7626

*26% owned by DBSH***Singapore Polymer
Corporation (Pte) Ltd**

10 Jalan Buroh
Singapore 619471

Tel: 265 2544

Fax: 265 1821

*38.73% owned by DBSH***Yamaha Music (Asia) Pte Ltd**

11 Ubi Road 1
#06-02 Meiban Industrial Building

Singapore 408723

Tel: 747 4374

Fax: 747 2668

*20% owned by DBSH***Principal Activities:
Investment Holding****General Securities
Investments Ltd**

6 Shenton Way
DBS Building Tower One

Singapore 068809

Tel: 220 1111

*41.76% owned by DBSH***Hwang – DBS (Malaysia) Bhd**

Levels 2, 3, 4, 7 and 8

Wisma Sri Pinang

60 Green Hall

10200 Penang, Malaysia

Tel: 04 263 6996

Fax: 04 263 9597

*23.56% owned by DBSH***Transpac Investments Ltd**

Registered Address:

PO Box 957

Offshore Incorporations Centre
Road Town, Tortola

The British Virgin Islands

Mailing Address:

Suite 3322

33rd Floor, Two Pacific Place

88 Queensway, Hong Kong

Tel: 852 2525 2661

Fax: 852 2877 6612

32% owned by DBSH

Principal Activities: Property

DBS Land Ltd
 39 Robinson Road
 #18-01 Robinson Point
 Singapore 068911
 Tel: 536 1188
 Fax: 536 3788

*5.4% owned by DBSH
 (as at February 21, 2000*)*

Shenton Realty Corporation

The Enterprise Center
 Tower 2, 6th Floor
 6766 Ayala Avenue
 Makati City 1200
 Tel: 632 886 5888
 Fax: 632 8865026

38.40% owned by DBSH

Shenton Corporation

The Enterprise Center
 Tower 2, 6th Floor
 6766 Ayala Avenue
 Makati City 1200
 Tel: 632 886 5888
 Fax: 632 8865026

24% owned by DBSH

**Principal Activities:
Venture Capital Management**

Transpac Capital Pte Ltd
 6 Shenton Way #20-09
 DBS Building Tower Two
 Singapore 068809
 Tel: 224 1211
 Fax: 225 5538

32% owned by DBSH

**Venture Investment
 Management (S) Pte Ltd**
 331 North Bridge Road
 #05-04/06, Odeon Towers
 Singapore 188720
 Tel: 339 9090
 Fax: 339 8247

24.50% owned by DBSH

**Transtech Venture
Management Pte Ltd**

6 Shenton Way #20-09
 DBS Building Tower Two
 Singapore 068809
 Tel: 224 1211
 Fax: 225 5538

40% owned by DBSH

**Venture Investment
 Management II Ltd**
 331 North Bridge Road
 #05-04/06, Odeon Towers
 Singapore 188720
 Tel: 339 9090
 Fax: 339 8247

30% owned by DBSH

**Subject to regulatory and shareholders' approvals in April 2000*

DBS GROUP HOLDINGS LTD

Financial Calendar

Payment date of 1998 Final Dividend on Ordinary Shares, Preferential Dividend on Non-Redeemable Convertible Preference Shares and First & Final Dividend on Non-Voting Convertible Preference Shares	July 9, 1999
Payment date of 1999 Interim Dividend on ordinary shares	August 25, 1999
Financial year-end	December 31, 1999
Announcement of half-year results 1999	July 28, 1999
Announcement of full-year results 1999	March 6, 2000
Annual General Meeting	May 13, 2000
Proposed payment date of 1999 Final Dividend on Ordinary Shares and First & Final Dividend on Non-Voting Convertible Preference Shares	June 2, 2000
Announcement of half-year results 2000	July 2000
Announcement of full-year results 2000	March 2001

DBS GROUP HOLDINGS LTD

Notice of Annual General Meeting

To: All Shareholders

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Shareholders of the Company will be held in Meeting Room 3, 18th Storey, DBS Building Tower One, 6 Shenton Way, Singapore 068809 on Saturday, May 13, 2000 at 11.00 am to transact the following business:-

- 1 To receive and consider the Directors' Report and Audited Accounts for the financial period ended December 31, 1999 and the Auditors' Report thereon.
- 2A To declare a Final Dividend of 16 cents per ordinary share, less income tax, for the financial period ended December 31, 1999.
- 2B To declare a Dividend of 16 cents per Non-Voting Convertible Preference Share, less income tax, for the financial period ended December 31, 1999.
- 3 To sanction the amount proposed as Directors' Fees.
- 4 To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.
- 5 To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association:-
 - (a) Mr S Dhanabalan
 - (b) Mr John T. Olds
 - (c) Mr Alan Chan Heng Loon
Mr Alan Chan Heng Loon is a member of the Company's Audit Committee and is considered independent pursuant to Clause 9B02(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
 - (d) Mr Bernard Chen Tien Lap
Mr Bernard Chen Tien Lap is a member of the Company's Audit Committee and is considered independent pursuant to Clause 9B02(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
 - (e) Mr Fock Siew Wah
 - (f) Ms Gail D. Fosler
 - (g) Mr Robert Montgomery Howe
 - (h) Professor Tommy Koh Thong-Bee
Professor Tommy Koh Thong-Bee is a member of the Company's Audit Committee and is considered independent pursuant to Clause 9B02(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
 - (i) Mr Moses Lee Kim Poo
 - (j) Mr Ng Kee Choe
 - (k) Dr Yeo Ning Hong
- 6 As Special Business
To consider and, if thought fit, to pass the following Resolutions as ORDINARY RESOLUTIONS:-

ORDINARY RESOLUTIONS

- 6A That the Board of Directors of the Company be and is hereby authorised to offer and grant options in accordance with the provisions of the DBSH Share Option Plan and to allot and issue from time to time such number of ordinary shares of \$1.00 each in the capital of the Company ("DBSH Ordinary Shares") as may be required to be issued pursuant to the exercise of the options under the DBSH Share Option Plan PROVIDED ALWAYS THAT the aggregate number of new DBSH Ordinary Shares to be issued pursuant to the DBSH Share Option Plan and DBSH Performance Share Plan shall not exceed 15 per cent of the issued share capital of the Company from time to time."

- 6B** That the Board of Directors of the Company be and is hereby authorised to offer and grant awards in accordance with the provisions of the DBSH Performance Share Plan and to allot and issue from time to time such number of DBSH Ordinary Shares as may be required to be issued pursuant to the vesting of awards under the DBSH Performance Share Plan, PROVIDED ALWAYS THAT the aggregate number of new DBSH Ordinary Shares to be issued pursuant to the DBSH Performance Share Plan and DBSH Share Option Plan shall not exceed 15 per cent of the issued share capital of the Company from time to time.
- 6C** That pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue DBSH ordinary shares (whether by way of rights, bonus or other wise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of DBSH ordinary shares to be issued pursuant to this Resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of DBSH ordinary shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent of the issued share capital of the Company for the time being, and such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- 6D** That for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited:-
- (a) approval be and is hereby given for the renewal of the mandate (adopted at the Extraordinary General Meeting of the Company held on September 18, 1999) for the Company, its subsidiaries and target associated companies or any of them to enter into transactions falling within the types of Interested Person Transactions as set out in the DBSH Shareholders' Mandate for Interested Person Transactions (the "Mandate"), with any who is the class of interested persons as described in the Mandate; and
 - (b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company."

By Order of The Board

Heng Lee Cheng (Ms)
Group Secretary
DBS Group Holdings Ltd

April 20, 2000
Singapore

NOTES:

An Ordinary shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. An ordinary shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

A proxy need not be a member of the Company.

The Instrument appointing a proxy must be deposited at the Company's Registered Office at 6 Shenton Way, DBS Building Tower One, Singapore 068809, at least 48 hours before the time for holding the Meeting.

IMPORTANT:

- 1 For investors who have used their CPF monies to buy DBS Group Holdings Ltd shares, the annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2 For holders of Non-Voting Convertible Preference Shares (NVCPS), the annual report is forwarded to them solely FOR INFORMATION ONLY.
- 3 This Proxy form is not valid for use by CPF Investors and NVCPS shareholders and shall be ineffective for all intents and purposes if used or purported to be used by them.

DBS GROUP HOLDINGS LTD (Incorporated in the Republic of Singapore)

Proxy Form

I / We _____ of _____

being an Ordinary Shareholder(s) of DBS Group Holdings Ltd hereby appoint Mr/Mrs/Ms _____

Name	Address	NRIC/Passport Number	Proportion of Shareholdings(%)
and/or (delete as appropriate)			

as my/our proxy/proxies, to vote for me/us and on my/our behalf at the First Annual General Meeting of the Company, to be held on Saturday, May 13, 2000 and at any adjournment thereof in the following manner:-

RESOLUTIONS	FOR	AGAINST
Ordinary Business		
1 Adoption of Report and Accounts.		
2A Declaration of Dividend on Ordinary Shares.		
2B Declaration of Dividend on Non-Voting Convertible Preference Shares		
3 Approval of amount proposed as Directors' Fees.		
4 Re-appointment of Auditors.		
5 Re-election of the following Directors retiring under Article 101:- (a) Mr S Dhanabalan (b) Mr John T. Olds (c) Mr Alan Chan Heng Loon (d) Mr Bernard Chen Tien Lap (e) Mr Fock Siew Wah (f) Ms Gail D. Fosler (g) Mr Robert Montgomery Howe (h) Prof Tommy Koh Thong-Bee (i) Mr Moses Lee Kim Poo (j) Mr Ng Kee Choe (k) Dr Yeo Ning Hong		
Special Business		
6A Approval to grant Options in accordance with the DBSH Share Option Plan.		
6B Approval to grant awards in accordance with the DBSH Performance Share Plan.		
6C Approval to issue Shares pursuant to Section 161 of the Companies Act, Cap 50.		
6D Renewal of the Mandate for Interested Person Transactions.		

If you wish to exercise all your votes For or Against, please tick with "✓". Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

As witness my/our hand(s) this _____ day of _____ 2000.

Signature or Common Seal of Shareholder

No. of Ordinary Shares held

Important: Please Read Notes Overleaf

NOTES:

- 1 Please insert the total number of Ordinary Shares held by you. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members.
- 2 A Member entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
- 3 Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 4 The Instrument appointing a proxy must be deposited at the registered office of the Company at 6 Shenton Way, DBS Building Tower One Singapore 068809, not less than 48 hours before the time appointed for the Annual General Meeting.
- 5 The Instrument appointing the proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the Instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- 6 A corporation which is a Member may, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.
- 7 The Company shall be entitled to reject the Instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the Instrument appointing a proxy or proxies. In addition, in the case of members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any Instrument appointing a proxy or proxies lodged if such Members are not shown to have Ordinary Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.