

DBS

THE DEVELOPMENT BANK OF SINGAPORE LTD

(a company incorporated
in Singapore with limited liability)
(DBS)

DBS DIAMOND HOLDINGS LTD

(a company incorporated
in Bermuda with limited liability)
(the Offeror)



DAO HENG BANK GROUP LIMITED

(a company incorporated
in Bermuda with limited liability)
(Dao Heng Group)

GUOCO GROUP LIMITED

(a company incorporated in
Bermuda with limited liability)
(Guoco)

**POSSIBLE VOLUNTARY CONDITIONAL OFFER BY
GOLDMAN SACHS (ASIA) L.L.C.
ON BEHALF OF
THE OFFEROR
A WHOLLY-OWNED SUBSIDIARY OF DBS
TO ACQUIRE THE WHOLE OF THE ISSUED SHARE CAPITAL OF
DAO HENG BANK GROUP LIMITED**

OFFER PRICE ADJUSTMENT

INTRODUCTION

On 11 April 2001, the Offeror announced its intention, subject to the satisfaction or waiver of the Pre-conditions to the making of the Offer, to make a voluntary conditional offer for all the issued share capital of Dao Heng Group and all options over such share capital (the *Offer Announcement*).

Terms defined in the Offer Announcement have the same meaning when used in this Announcement.

CONFIRMATORY DUE DILIGENCE ADJUSTMENT

Following completion of a confirmatory due diligence exercise which was conducted after the date of the Offer Announcement, the Offeror and Guoco have agreed that the consideration payable under the Offer be adjusted downwards by HK\$0.13 per Dao Heng Group Share and shall be as follows:

1. **Cash Option**

For each Dao Heng Group Share HK\$60.01

2. **Cash and Share Option**

For each Dao Heng Group Share One New Share in the capital of
the Offeror and HK\$43.13 in cash

3. **Dao Heng Group Optionholders**

Under the Offer, Dao Heng Group Optionholders will be entitled to receive, as compensation for cancellation of their options:

For each option to subscribe for one Dao Heng Group Share HK\$38.19

Guoco confirms that its irrevocable undertaking dated 11 April 2001 to accept the Offer in respect of 496,854,664 Dao Heng Group Shares owned by it (representing approximately 71.2% of the entire issued share capital of Dao Heng Group) continues to apply in respect of the Offer price adjusted as set out above. In accepting the Offer, Guoco will elect for the Cash and Share Option.

With this adjustment, the Offeror and Guoco agree that Pre-condition (d) to the making of the Offer as set out in the Offer Announcement is satisfied. However, the making of the Offer is subject to the satisfaction or the waiver of other Pre-conditions, which have yet to be satisfied or waived.

A separate announcement will be made if and when the remaining Pre-conditions are satisfied or waived.

An offer document setting out the details of the Offer, and the acceptance and transfer forms, will be sent to Dao Heng Group Shareholders within 7 days after the Pre-Conditions are satisfied or, if applicable, waived (or such later date as the Executive may, at the request of the Offeror and Guoco, consent to). Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive has consented to the timetable referred to above.

WARNING: As the making of the Offer is subject to satisfaction or waiver of the Pre-Conditions, the Offer may or may not be made. Dao Heng Group Shareholders and investors generally should exercise caution when buying or selling Dao Heng Group Shares.

By order of the board of
The Development Bank of Singapore Ltd
Heng Lee Cheng
Group Secretary

By order of the board of
DBS Diamond Holdings Ltd
Heng Lee Cheng
Company Secretary

By order of the board of
Dao Heng Bank Group Limited
Doris W.N. Wong
Company Secretary

By order of the board of
Guoco Group Limited
Doris W.N. Wong
Company Secretary

Hong Kong, 22 May 2001

The directors of DBS and the Offeror jointly and severally accept full responsibility for the accuracy of the information (other than in respect of Guoco and Dao Heng Group) in this Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement the omission of which would make any of their statements in this Announcement misleading.

The directors of Guoco and Dao Heng Group jointly and severally accept full responsibility for the accuracy of the information relating to Guoco and Dao Heng Group respectively in this Announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement the omission of which would make any of their statements in this Announcement misleading.

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Journal.