Chairman's Statement

Report of Directors

and

Statement of Accounts

31st December 1968
THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Shareholders of the Company will be held at its Registered Office, 1st Floor, Industrial and Commercial Bank Building, No. 2, Shenton Way, Singapore 1, on Saturday, September 6, 1969 at 10.30 a.m. to transact the following business:—

1. To receive and adopt the Profit and Loss Account and Balance Sheet and the Directors' Report for the period from 16th July, 1968 to 31st December, 1968.
2. To sanction the amount proposed as Directors' Fees.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.
5. To transact any other ordinary business.

NOTICE IS ALSO HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at its Registered Office, 1st Floor, Industrial and Commercial Bank Building, No. 2, Shenton Way, Singapore 1, on Saturday, September 6, 1969 immediately after the close of the Annual General Meeting of the Company convened for 10.30 a.m. for the purpose of considering and, if thought fit, passing the following special resolution:—

That the existing Article 13 of the Articles of Association of the Company be extended by adding the following:—

"The directors may by resolution determine either generally or in any particular case, that the signature of any director, secretary or other person appointed as aforesaid may be affixed to any such certificate by some mechanical means to be specified in such resolution."

By Order of the Board,
LIM SEAN TECK
Secretary.


Note:—A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, and, on a poll, to vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office at least 48 hours before the meeting.
THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)

CAPITAL
Authorised ........................................... $200,000,000
Issued and Paid-Up .................................. $100,000,002

BOARD OF DIRECTORS
Hon Sui Sen (Chairman and President; Chairman Executive Committee)
J. Y. M. Pillay (Member Executive Committee)
Tan Boon Tek
Chua Kim Ycow
Sim Kee Boon
Lee Keng Tuan
Tan Chin Tuan
Lien Ying Chow
Wee Cho Yaw
Louis J. Mulkern
John Wilson
H. G. Frenschkowski

ALTERNATES
J. D. van Oenen (Member Executive Committee) alternate to Louis J. Mulkern
Goh Seong Pek (Member Executive Committee) alternate to Wee Cho Yaw
Maurice Chiya Lee alternate to Lien Ying Chow
Terence M. Attwood alternate to John Wilson

H. G. Frenschkowski — President
Dr. D. W. Wabnitz — Executive Vice President
S. Dhanabalan — Vice President
V. Havlicek — Counsellor
Chi Owyang — Counsellor
Lim Sean Teck — Secretary and Registrar

AUDITORS
Price Waterhouse & Co.,
Chartered Accountants,
Public Accountants, Singapore

SOLICITORS
Rodyk & Davidson
Shook Lin & Bok

REGISTERED OFFICE
1st Floor, ICB Building,
2, Shenton Way,
Singapore 1.

Cable Address: DEVBANK.
CHAIRMAN'S STATEMENT

The Report of the Directors and the Balance Sheet cover the period 16th July, 1968 to 31st December, 1968 which was concerned largely with organisational matters and the raising of funds, our total capital of S$100 million not having been paid up until November. Also, our operations only commenced on the 1st of September, 1968 and these did not, until recently, include any commercial banking.

I would like, therefore, as this is our first meeting, to take this opportunity to review briefly the objectives and structure of our new institution in addition to bringing members more up to date on the scope of our operations. The Development Bank of Singapore Ltd. (DBS) was established as part of a series of institutional reforms designed to meet the changing requirements of the Singapore economy in the stage of industrialization that we have now reached. Incorporated on July 16, 1968 as a public limited company, the DBS is also licensed to operate as a bank under the Banking Ordinance, 1958. With the commencement of our operations the Economic Development Board (EDB) which had hitherto provided development finance ceased this function. This aspect of DBS functions has therefore grown directly out of the activities of the EDB but with this important distinction, namely, that with private sector participation in DBS, more funds will be available for industries both directly and through credits from international sources to meet our ever increasing requirements.

The primary function of the DBS is to provide finance to manufacturing and processing industries, both to assist in the establishment of new industries as well as modernizing existing ones. In addition, the DBS will contribute to the general development of the economy by supporting other projects in line with the development policy of the Government including real estate development in connection with the Urban Renewal programme, tourist schemes and projects related to the conversion of the British Military Base facilities. DBS financial assistance takes the form of medium and long term loans, equity participation and guarantees of loans raised by entrepreneurs from other sources. The Bank also conducts certain commercial banking operations aimed at supplementing the services provided by existing commercial banks.

Some of the main developments of the period I am about to review relate to the raising of domestic and external capital to meet the Bank's operational requirements, the transition of development financing operations from the EDB to the DBS and the formulation of DBS financing policy and organisational structure.

Capital Structure

The DBS has an authorised capital of S$200 million, of which S$100 million has been subscribed and fully paid by November, 1968. The invitation last October/November to the private sector to participate in our operations was very well received by institutional and individual investors alike: local and foreign banks, financial institutions, manufacturing and trading companies, members of the public, both small and large investors, all responded. It is gratifying to be able to report this overwhelming support from the private sector which I think augurs well for the future of
this new institution as well as for the further strengthening of the country's industrial structure through such joint Government-private sector ventures.

The DBS shares received official quotation on the Stock Exchange of Malaysia and Singapore on November 29, 1968. The share ownership as at the end of June, 1969 was as follows:

<table>
<thead>
<tr>
<th>Ownership</th>
<th>$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Singapore</td>
<td>48.6</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>25.9</td>
</tr>
<tr>
<td>Insurance companies and other financial institutions</td>
<td>7.6</td>
</tr>
<tr>
<td>Other companies and members of the public</td>
<td>17.9</td>
</tr>
</tbody>
</table>

Transfer of EDB Development Financing Operations

With the commencement of business we took over from the EDB the evaluation of all loan applications and equity participation proposals outstanding as at September 1, 1968. We also took over, after reappraisal, all the EDB's undisbursed but irrevocable commitments to equity investment. With regard to the existing EDB loan portfolio, details pertaining to its assignment to the DBS have been agreed with the Government and formal assignment is currently being finalised. The loan portfolio to be assigned amounted to $44.6 million as at September 1, 1968. This loan portfolio is backed by a Government loan at an interest rate of 4% p.a. The EDB equity portfolio, on the other hand, would be retained by the Government.

Technical Assistance

In the initial stages of the Bank's establishment, formulation of its operations policy and organisational structure, technical assistance was requested from the Kreditanstalt fur Wiederaufbau of West Germany which sent a mission to Singapore last October. I would like to record our thanks to Kreditanstalt for their assistance and look forward to the continuation of our association in future years.

Development Financing Operations

During the period September 1, 1968 to June 30, 1969, the DBS approved 52 new project loans totalling $101 million, 83% of this being long term loans of more than five years. Actual disbursements amounted to some $11.7 million by the end of June. In addition, participation in the equity capital of 20 projects amounting to $23.6 million was approved, of which more than $14 million has been paid up by end-June. Total DBS financial commitments, therefore, amounted to $124.6 million. This represents 40% of the total costs of the projects assisted during this period. About 68% of all DBS financing has gone to manufacturing projects while projects in the services sector, mainly tourist, warehousing and storage, have taken up 30%.

In respect of guarantees for loans raised by enterprises from other sources, the DBS has provided counter-guarantees for those committed by the EDB. As at the end of June, the outstanding amount of these guarantees was $12.4 million.

As at the end of June, the DBS had another 21 projects in the pipeline with applications for financial assistance amounting to some $155 million. Of this, requests for term loans account for about $70 million, proposals for equity participation amount to another $31.6 million and the balance constituted requests for DBS to guarantee loans to be raised elsewhere. Sixteen of the outstanding applications are from manufacturing establishments.

Commercial Banking Operations

Our commercial banking operations commenced on the 16th June, 1969. Currently we have undertaken short term financing by way of overdraft facility and
we shall soon be in a position to finance foreign trade following the finalisation of agency arrangements with correspondent banks.

**Lines of Credit from Government, International and other Institutions**

The funds available for DBS operations from its capital subscriptions have been augmented by loans on concessional terms obtained from the Government of Singapore. In addition to the loan by assignment of EDB debentures which I have mentioned previously, the Government has provided a first line of credit of S$30 million repayable over a period of 12 years. This first line of credit is intended to meet commitments in respect of EDB loans as well as new loans. The DBS has also obtained a second line of credit of S$50 million repayable over a period of 8 years.

It would be apparent from my review of DBS operations that the demand for DBS financing from industrialists, especially for long term loans, and the pace of our financial commitments to date point to the immediate need to raise additional funds. Steps have, therefore, been taken to raise these from external and domestic sources. A line of credit of US$10 million has been obtained from the Asian Development Bank. Steps have also been taken to obtain from the World Bank a loan of the same amount. We are exploring the possibility of obtaining a loan of DM10 million from Kreditanstalt fur Wiederaufbau, and financial agreements are in the process of being concluded with several foreign commercial banks.

**Management, Organization and Staff**

The present Board of Directors consists of 12 members, six of whom represent the interests of banks and other financial institutions which are shareholders.

In accordance with the Bank’s Articles of Association, the Board of Directors has established an Executive Committee comprising four directors, headed by the Chairman of the Bank. Two of the members are drawn from the directors representing private sector interests.

The Bank has established the DBS Realty (Pte.) Ltd. as a wholly-owned subsidiary to be responsible for the Bank’s real estate development and to also act as real estate agents for our clients including the Government. A nominee company — DBS Nominees (Pte.) Ltd. — has also been established.

The Bank will establish subsidiaries whenever administrative and legal considerations dictate that such subsidiaries will enable the Bank to carry out its functions more effectively.

In addition to the initial staff with experience in development financing drawn from the EDB, we have also had a programme of direct recruitment and the total staff strength is now 97 of whom 40 are senior officers.

In response to our request, the Kreditanstalt fur Wiederaufbau has also provided personnel assistance by seconding one of their most senior executives with wide experience in development banking and international finance. We welcome to the DBS and to Singapore, Dr. W.D. Wabnitz who assumed the appointment of Executive Vice President in April this year.

**HON SUI SEN**

Chairman and President.

10th July, 1969
THE DEVELOPMENT BANK OF SINGAPORE LIMITED  
(Incorporated in the Republic of Singapore)  

REPORT OF THE DIRECTORS  

The directors have pleasure in submitting their annual report to the members together with the audited accounts of the Bank for the period 16th July, 1968 to 31st December, 1968.

ACCOUNTS  

Net profit for the period ended 31st December, 1968 amounted to $466,939  
Deduct —  
     Preliminary and share issue expenses written off $63,530  
     Transfers to reserve ... ... ... ... 300,000  
     Balance carried forward ... $103,409

STATUTORY INFORMATION  

In accordance with the Companies Act, 1967 the directors state that:—  

1. In their opinion the results of the operations of the Bank for the period ended 31st December, 1968 have not been materially affected by items of an abnormal character.  

2. No circumstances have arisen which render adherence to the existing method of valuation of assets and liabilities misleading or inappropriate.  

3. No contingent liabilities other than those shown in the notes to the accounts were undertaken by the Bank during the period ended 31st December, 1968. No contingent liability has become enforceable or is likely to become enforceable within the succeeding period of twelve months which will materially affect the company in its ability to meet its obligations as and when they fall due.  

4. Details of directors’ shareholdings during the period ended 31st December, 1968 were as follows:—  

<table>
<thead>
<tr>
<th>Director</th>
<th>Bought</th>
<th>Sold</th>
<th>Balance 31.12.1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hon Sui Sen</td>
<td>10,001</td>
<td>—</td>
<td>10,001</td>
</tr>
<tr>
<td>Tan Boon Teik</td>
<td>11,001</td>
<td>3,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Sim Kee Boon</td>
<td>10,001</td>
<td>—</td>
<td>10,001</td>
</tr>
<tr>
<td>J. Y. M. Pillay</td>
<td>10,001</td>
<td>—</td>
<td>10,001</td>
</tr>
<tr>
<td>Lee Keng Tuan</td>
<td>10,001</td>
<td>—</td>
<td>10,001</td>
</tr>
<tr>
<td>Chua Kim Yeow</td>
<td>10,001</td>
<td>—</td>
<td>10,001</td>
</tr>
</tbody>
</table>
DIRECTORS

In accordance with the Bank's Articles of Association the following directors retire and being eligible offer themselves for re-election:—

Hon Sui Sen
Tan Boon Teik
J. Y. M. Pillay
Chua Kim Yeow
Sim Kee Boon
Lee Keng Tuan

In addition the following directors appointed on 17th March, 1969 under Article 99 of the Bank's Articles of Association retire and being eligible offer themselves for re-election:—

H. G. Frenschowski
Lien Ying Chow
Louis J. Mulkern
Tan Chin Tuan
Wee Cho Yaw
John Wilson

AUDITORS

Messrs Price Waterhouse & Co. retire and being eligible offer themselves for re-election.

For and on behalf of the Board,
HON SUI SEN
Chairman.

# BALANCE SHEET—31st December 1968

## CURRENT ASSETS
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with bankers</td>
<td></td>
<td>8,376,864</td>
</tr>
<tr>
<td>Singapore Treasury Bills</td>
<td></td>
<td>43,359,081</td>
</tr>
<tr>
<td>Balances on deposit with bankers</td>
<td></td>
<td>40,124,000</td>
</tr>
<tr>
<td>Accounts receivable, deposits and prepayments</td>
<td></td>
<td>1,037,886</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>92,897,831</td>
</tr>
</tbody>
</table>

## LESS —

## CURRENT LIABILITIES
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry creditors, provisions and accrued charges</td>
<td></td>
<td>3,788,686</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>89,109,145</td>
</tr>
</tbody>
</table>

## INDUSTRIAL LOANS AND EQUITY INVESTMENT
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Loans at cost less amount written off</td>
<td>50,844,429</td>
<td></td>
</tr>
<tr>
<td>Singapore quoted shares at lower of cost and</td>
<td></td>
<td>1,018,715</td>
</tr>
<tr>
<td>market value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unquoted shares at cost</td>
<td>5,584,124</td>
<td>57,447,268</td>
</tr>
<tr>
<td><strong>Total industrial loans and equity investment</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## FIXED ASSETS
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles, office furniture and equipment at cost less amount written off</td>
<td></td>
<td>22,553</td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td></td>
<td>146,578,966</td>
</tr>
</tbody>
</table>

## LESS —

## LONG TERM BORROWINGS
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from the Government of Singapore including interest accrued thereon not due within twelve months</td>
<td></td>
<td>46,175,555</td>
</tr>
<tr>
<td><strong>Total long term borrowings</strong></td>
<td></td>
<td>$100,403,411</td>
</tr>
</tbody>
</table>

## SHARE CAPITAL
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised —</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200,000,000 Shares of $1 each</td>
<td>200,000,000</td>
<td></td>
</tr>
<tr>
<td>Issued and fully paid —</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000,002 Shares of $1 each</td>
<td>100,000,002</td>
<td></td>
</tr>
<tr>
<td><strong>Total share capital</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## RESERVES
<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserve</td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>103,409</td>
<td>403,409</td>
</tr>
<tr>
<td><strong>Total shareholders' funds</strong></td>
<td></td>
<td>$100,403,411</td>
</tr>
</tbody>
</table>

9
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the period after providing for diminution in the value of assets</td>
<td>$466,939</td>
</tr>
<tr>
<td>Less — Preliminary and share issue expenses written off</td>
<td>$63,530</td>
</tr>
<tr>
<td>Transfer to general reserve</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$363,530</strong></td>
</tr>
</tbody>
</table>

UNAPPROPRIATED PROFIT CARRIED FORWARD $103,409
NOTES TO THE ACCOUNTS

BALANCE SHEET

Contingent liabilities —
Contingent liabilities in respect of guarantees on behalf of customers amounted to $13,610,326 at 31st December, 1968.

Commitments —
At 31st December, 1968 there were commitments to purchase shares including calls not yet due and to grant loans to companies amounting to $59,486,702.

Foreign currencies —
Foreign currencies have been converted into Singapore dollars at approximately the rates of exchange ruling at 31st December, 1968.

PROFIT AND LOSS ACCOUNT

The profit and loss account is for the period from the bank's incorporation on 16th July, 1968 until 31st December, 1968. However the bank did not commence to trade until 1st September, 1968 and was not in possession of its full share capital until 27th November, 1968.

The profit for the period shown in the profit and loss account is after charging the following expenses —

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors' remuneration</td>
<td>2,500</td>
</tr>
<tr>
<td>Depreciation of fixed assets</td>
<td>12,033</td>
</tr>
<tr>
<td>Directors' remuneration</td>
<td>11,158</td>
</tr>
<tr>
<td>Rent of land and buildings</td>
<td>2,604</td>
</tr>
</tbody>
</table>

In addition, a sum of $925 auditors' remuneration was charged to Share Issue Expenses.
STATEMENT BY THE DIRECTORS

We, Hon Sui Sen and Tan Boon Teik, being two of the Directors of The Development Bank of Singapore Limited, state that in the opinion of the directors the accompanying balance sheet and profit and loss account together with the notes thereon are drawn up with such modifications and exceptions as have been agreed with the Commissioner of Banking, Singapore and as such give a true and fair view of the state of affairs of the Bank as at 31st December, 1968 and of the results of the business of the Bank for the period 16th July, 1968 to 31st December, 1968.

On behalf of the Board,

HON SUI SEN
TAN BOON TEIK

Directors.

Singapore, 1st August, 1969.

DECLARATION BY THE SECRETARY

I, Lim Sean Teck, Secretary of The Development Bank of Singapore Limited, do solemnly and sincerely declare that the accompanying balance sheet and profit and loss account of the Bank together with the notes thereon are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1835.

LIM SEAN TECK
Secretary.

Subscribed and solemnly declared by the abovenamed at Singapore on the 2nd of August, 1969.

Before me

TAN HOCK TEY
Commissioner for Oaths,
High Court,
Singapore.
In our opinion —

(a) the accompanying balance sheet and profit and loss account together with the annexed notes thereon are properly drawn up in accordance with the provisions of the Companies Act, 1967, with such modifications and exceptions as have been determined by the Commissioner of Banking, Singapore pursuant to sub-section (16) of Section 169 of the Act and as such give a true and fair view of the state of affairs of the Bank at 31st December, 1968, and of the results for the period 16th July, 1968 to 31st December, 1968, and

(b) the accounting and other records (including registers) of the Bank examined by us are properly kept in accordance with the provisions of the Companies Act 1967, and

(c) the accompanying directors' report made pursuant to sub-section (5) of Section 169 of the Companies Act, 1967, in so far as it is required by the Act to deal with matters dealt with in the accounting and other records examined by us, gives a true and fair view of such matters.

PRICE WATERHOUSE & CO.,
Chartered Accountants,
Public Accountants, Singapore.

Singapore, 1st August, 1969.
PROXY FORM

THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)

I/We, ________________________________,

being a Member(s) of the above-named Company, hereby appoint ____________________________

of ________________________________,
or falling him ________________________________
of ________________________________,
as my/our proxy, to vote for me/us and on my/our behalf at the First Annual General Meeting of the said Company, to be held on ________________________________,

day the ________________________________,
day of ________________________________, 19___, and at any adjournment thereof.

As witness my hand this ________________________________ day of ________________________________, 19___.

______________________________
Signature.

Note:—This Proxy must be deposited at the Registered Office of the Company, 1st Floor, Industrial and Commercial Bank Building, No. 2, Shenton Way, Singapore 1, not less than 48 hours before the time for holding the meeting.
PROXY FORM

THE DEVELOPMENT BANK OF SINGAPORE LIMITED
(Incorporated in the Republic of Singapore)

I/We, ........................................................................................................................................
of ........................................................................................................................................
being a Member(s) of the above-named Company, hereby appoint ........................................
of ........................................................................................................................................
or failing him ..............................................................................................................................
of ........................................................................................................................................
as my/our proxy, to vote for me/us and on my/our behalf at an Extraordinary General Meeting of the said Company, to be held on ..............................................................................
................................................................................................................... day the ..........................................................
day of .......................................................... 19......, and at any adjournment thereof.

As witness my hand this .......... day of .......................................................... 19......

.......................................................................................................................... Signature.

This form to be used  *in favour of the resolution.
against

Note:—This Proxy must be deposited at the Registered Office of the Company, 1st Floor, Industrial and Commercial Bank Building, No. 2, Shenton Way, Singapore 1, not less than 48 hours before the time for holding the meeting.

*Delete as necessary.