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## **OCBC BANK REVISES GENERAL OFFER FOR KEPPEL CAPITAL HOLDINGS**

### *Revised Offer recommended by KCH Board and supported by Substantial Shareholders*

Singapore, 14 July 2001 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") revised today the terms of its general offer for all the shares and listed warrants of Keppel Capital Holdings Limited ("KCH"), the listed holding company that owns Singapore's Keppel TatLee Bank and related financial services businesses.

Based on its preliminary view, the independent financial adviser to KCH, Dexia BIL, will advise the Board of Directors of KCH to recommend that KCH shareholders and warrant holders accept the revised offers. KCH shareholders and warrant holders should refrain from taking any action that may be prejudicial to their interests pending the issue of final advice from Dexia BIL to the Board of Directors of KCH in due course.

The Board of Directors of KCH is recommending that KCH shareholders and warrant holders accept the revised offers.

OCBC Bank will now offer S\$3.65 in cash for each KCH share and S\$1.28 in cash for each KCH listed warrant. The revised offer compares with the original offer prices of S\$3.38 per share and S\$1.01 per warrant announced on 12 June 2001. The share price is "cum dividend", meaning shareholders who accept the revised offer will not be entitled to receive the S\$0.04 per share interim dividend declared by KCH. This means the effective acquisition cost is S\$5.21 billion. To facilitate settlement of the offer consideration, KCH will defer the books closure date for determining entitlements to the interim dividend to 17 September 2001.

OCBC Bank advises that the substantial shareholders/warrant holders of KCH - Keppel Corporation Limited ("KCL"), Temasek Holdings (Private) Limited ("Temasek") and AIB Singapore (Holdings) Pte Ltd ("AIB"), a subsidiary of Allied Irish Banks p.l.c. - have each given irrevocable undertakings to accept the revised offer in respect of all the shares and warrants that they hold. These parties control in total 43% of KCH's current outstanding shares. The acceptance of the offer by KCL is subject to KCL shareholders giving their Directors a mandate to decide on its investment in KCH at the forthcoming extraordinary general meeting convened for 24 July 2001. Temasek has also undertaken to vote all its KCL shares in favour of the mandate at the extraordinary general meeting.

The irrevocable undertaking from each of KCL, Temasek and AIB will lapse if the Share Offer is withdrawn or lapses, or fails to become or be declared to be unconditional for any reason. In addition, the KCL irrevocable undertaking will lapse if the resolution to approve the mandate is not approved by the KCL shareholders.

The Monetary Authority of Singapore has confirmed that it has in-principle no objection to OCBC Bank's acquisition of KCH and its shareholdings in Keppel TatLee Bank and other

financial services businesses. The Singapore Exchange Securities Trading Limited ("SGX-ST") has confirmed that it has no objection to OCBC Bank acquiring control of Keppel Securities through its acquisition of KCH and also confirmed that OCBC Bank is not required to obtain the approval of its shareholders for the offer. OCBC Bank's offer remains conditional upon, among other things, OCBC Bank acquiring more than 50 per cent of KCH.

The revised offer price represents 1.86 times the KCH book value as at 31 December 2000 and 1.79 times as at 30 June 2001. The acquisition remains immediately value enhancing for OCBC Bank shareholders, both in terms of earnings per share and return on equity.

The revised offer will be formally despatched to KCH shareholders and listed warrant holders by 19 July 2001 and the new closing date for the offer will be 3 August 2001.

Commenting on the revised offer, OCBC Bank's Vice-Chairman and Chief Executive Officer, Mr Alex Au, said that since the original offer was announced, OCBC Bank has held extensive discussions with KCH and its advisors with the intention of completing the acquisition as quickly and as smoothly as possible, in the interests of shareholders, customers and staff of both banking groups.

"As a consequence, we have agreed on a revised offer price at which the KCH Directors, and the substantial shareholders and warrant holders, are fully supportive - and which remains value-enhancing to our own shareholders. We are confident that all other KCH shareholders and listed warrant holders will also recognise the benefits of our offer and will move promptly to accept."

The Acting Chief Executive Officer of KCH, Mr Walter Coakley, said: "With today's announcement, OCBC Bank's offer now has the support of the KCH Board and of our substantial shareholders. This brings certainty to the situation that can only be good news for all our stakeholders - be they shareholders, customers or employees."

Mr Au said the acquisition of KCH will represent the next step forward in OCBC Bank's mission to be a world-class financial institution in Asia Pacific. The combination of the businesses will strengthen OCBC Bank's market position in Singapore, further enhancing its ability to pursue expansion in its core markets of Singapore, Malaysia and Greater China.

The combination of OCBC Bank and KCH will create substantial opportunities for revenue enhancement and cost savings by merging the operations of the two banking groups. OCBC Bank expects pre-tax annual recurring cost and revenue synergies (less customer attrition) of between S\$70 million and S\$90 million, in 2000 terms, within three years. Opportunities for revenue enhancement and cost savings include the cross-selling of products across the combined customer base; an enhanced skill set within the combined organisation; the exchange of best practices; rationalisation of back office operations, technology and processing activities (which will have little impact on customer-facing activities); and the reconfiguration of branch networks for superior customer service.

Mr Au said OCBC Bank and KCH were now looking forward to the completion of the transaction and concentrating efforts on the successful integration of the two banking groups. Mr Au will head an integration team comprising senior management from both groups, including executives who worked on the successful merger of Keppel Bank and Tat Lee Bank.

Mr Coakley commented that both OCBC Bank and Keppel TatLee Bank have built their businesses on strong customer relationships, focus on operational excellence, and emphasis on integrity and fair dealing. "These qualities will guide us during the integration process."

"We look forward to demonstrating to our customers the benefits that will come from being part of a much larger banking group. These include a broader and deeper range of banking products, improved technologies, and access to a larger branch network for superior customer service," Mr Coakley concluded.

Mr Au said OCBC Bank has sufficient financial resources to fund the acquisition of KCH and, following the recent completion of a highly successful S\$3.9 billion global bond offer, to maintain a strong, efficient capital structure post the acquisition.

UBS Warburg, a business group of UBS AG, is acting as sole financial adviser to OCBC Bank. J.P. Morgan Chase & Co is acting as sole financial advisor to KCH.

**This summary press release should be read in conjunction with the full text of the Revised Offer Announcement issued by OCBC Bank on 14 July 2001.**

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### **About OCBC Bank**

OCBC Bank is a Singapore-based financial services group offering a broad range of financial services, including consumer, corporate and international banking, investment management, global treasury, stockbroking and eFinancial services. With total assets of S\$60 billion, OCBC Bank ranks as the second largest local bank in Singapore in terms of market capitalisation.

Established in 1932, OCBC Bank currently employs 6,400 staff globally and operates 89 branches and representative offices in 13 countries worldwide, with one of the most extensive networks among regional banks. For the financial year ended 31 December 2000, OCBC Bank achieved a profit attributable to shareholders of S\$840 million, representing a 16.4% increase over the previous year.

OCBC Bank's mission is to be a world-class financial institution in Asia Pacific. A leading eCommerce financial player, OCBC Bank is being transformed into a 'click-and-mortar' bank while its wholly-owned subsidiary Bank of Singapore Limited is positioned to pursue global innovative eCommerce initiatives in the buyer-advocate space. By leveraging on its rich heritage, innovative spirit and forward-looking management, OCBC Bank is committed to helping its customers, shareholders and staff grow from strength to strength.

### **About Keppel Capital Holdings**

Keppel Capital Holdings is a Singapore-based financial services group offering a comprehensive range of services including corporate, consumer, corporate finance, international banking, treasury, asset management, capital market activities, stockbroking, bullion/futures trading and insurance.

Its subsidiaries include Keppel TatLee Bank, Keppel TatLee Finance, Keppel Securities, Keppel Insurance, Keppel Investment Management, Keppel Bullion & Futures, Keppel American Express Foreign Exchange Services and PT Bank Keppel TatLee Buana.

As a full-licensed commercial bank, Keppel TatLee Bank has carved out a niche business in the mid/high-end consumer and SME markets. It has total assets of S\$26 billion and shareholders' funds of S\$3.0 billion. The Bank has 34 branches in Singapore, three overseas branches in Hong Kong, Labuan and Vung Tau and seven representative offices around the region. Led by a strong management team, Keppel TatLee Bank is committed to providing innovative quality products and good customer service.

*The Directors of OCBC Bank (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted from published or publicly available sources (including, without limitation, in relation to the KCH Group), the sole responsibility of the Directors of OCBC Bank has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.*

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