



SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 201201631D)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SHC INSURANCE PTE. LTD.

1. INTRODUCTION

1.1 The board of directors (the **"Board"**) of SHC Capital Asia Limited (the **"Company"**) is pleased to announce that the Company has on 20 June 2014 entered into a sale and purchase agreement (**"SPA"**) with ERGO International AG (the **"Purchaser"**), pursuant to which the Company has agreed to dispose of the entire issued and paid-up share capital of SHC Insurance Pte. Ltd. (**"SHCI"**) to the Purchaser, on the terms and subject to the conditions of the SPA (the **"Proposed Disposal"**).

1.2 Under the SPA, the consideration for the Proposed Disposal (which was arrived at based on the audited shareholders' equity of SHCI as at 31 December 2012 (**"FY2012 Shareholders' Equity"**)) shall be S\$112.0 million in cash (**"Agreed Consideration"**).

The final consideration for the Proposed Disposal (**"Final Consideration"**) shall be determined by adjusting the Agreed Consideration for the difference between the shareholders' equity of SHCI at the time of completion of the Proposed Disposal (**"Completion Date Shareholders' Equity"**) and the FY2012 Shareholders' Equity. For illustrative purposes only, assuming that the date of completion of the Proposed Disposal (**"Completion Date"**) falls on 1 January 2014 and using the audited shareholders' equity of SHCI as at 31 December 2013 (**"FY2013 Shareholders' Equity"**), the Final Consideration will be approximately S\$117.5 million (**"Assumed Consideration"**).

1.3 Upon completion of the Proposed Disposal (**"Completion"**), the Company's assets will consist substantially of cash and the Company will not have any significant business activities. The Company will become a cash company under Rule 1017 of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) Listing Manual Section B: Rules of Catalyst (the **"Catalist Rules"**) upon Completion.

1.4 CIMB Bank Berhad, Singapore Branch (**"CIMB"** or the **"Sponsor"**) has been appointed as the financial adviser to the Company in relation to the Proposed Disposal.

2. INFORMATION ON THE PURCHASER AND SHCI

2.1 The Purchaser

The Purchaser is a company incorporated in Germany with its registered office at Düsseldorf, Germany. It is wholly-owned by ERGO Versicherungsgruppe AG ("**ERGO**"), one of the major insurance groups in Germany and Europe.

ERGO is the primary insurance division of Münchener Rückversicherung AG, one of the world's leading reinsurers with a long history of more than 130 years. ERGO operates under its own name, as well as specialist brands for health (DKV), legal protection (D.A.S.) and travel insurance (ERV). ERGO ranks among the leading providers across all segments in its home market of Germany. More than 46,000 people currently work for ERGO, either as salaried employees or as full-time self-employed sales representatives. In 2013, ERGO generated a premium volume of €18 billion.

The Purchaser is the holding entity for the international businesses of ERGO. ERGO is widely represented internationally, with a presence in more than 30 countries worldwide, concentrating on the regions of Europe and Asia.

Through the Proposed Disposal, ERGO is entering into the direct general insurance market in Singapore.

2.2 SHCI

SHCI is a private company limited by shares incorporated in Singapore on 11 August 1993 and is the sole operating and wholly-owned subsidiary of the Company. As at the date of this Announcement, SHCI has an issued and paid-up share capital of approximately S\$45,352,014.31 comprising 303,982,583 shares (the "**Sale Shares**").

SHCI is a licensed insurer under the Insurance Act (Cap. 142) and carries on general insurance business in Singapore (the "**Business**").

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration Amount

The Agreed Consideration was arrived at after arm's length negotiation and on a willing-buyer willing-seller basis. The Agreed Consideration was negotiated by the Company based on the FY2012 Shareholders' Equity and after taking into account, *inter alia*, SHCI's historical profitability and competitive position.

The Final Consideration shall be determined by adjusting the Agreed Consideration for the difference between the Completion Date Shareholders' Equity and the FY2012 Shareholders' Equity.

The Completion Date Shareholders' Equity shall be mutually agreed between the Company and the Purchaser, based on the balance sheet of SHCI as of the last day of the month immediately preceding the Completion Date ("**Company-Prepared Closing Balance Sheet**").

to be prepared by SHCI within 75 days after the Completion Date. In the event the Company and the Purchaser are unable to mutually agree on any adjustments to the Company-Prepared Closing Balance Sheet, either party shall be entitled to refer the disagreement to an independent accounting firm (the “**Experts**”) who shall act as experts and not arbitrators in determining what alterations should be made to the Company-Prepared Closing Balance Sheet (if any). Such determination by the Experts will be final and binding on the Company and the Purchaser for all purposes.

3.2 Payment of Consideration

3.2.1 Payment on Completion

On the Completion Date, the Purchaser shall pay the Company part of the Final Consideration (the “**Completion Tranche Consideration Amount**”), being an amount comprising (a) the Agreed Consideration and (b) the difference between the FY2012 Shareholders’ Equity and the FY2013 Shareholders’ Equity and after deducting the total aggregate amount of any final dividends declared by SHCI prior to the Completion Date for the financial year ended 31 December 2013 (“**FY2013**”).

The Purchaser shall be entitled to deduct an amount of S\$1.025 million (“**Transfer Amount**”) from the Completion Tranche Consideration Amount, representing the amount owing by the Company to SHCI pursuant to the agreement dated 13 September 2013 entered into between the Company and SHCI (as supplemented by the letter dated 31 December 2013), whereby the Company assumed all the rights and obligations of SHCI under the agreements entered into by SHCI with PT Asuransi Parolamas and its founders in 2011, including *inter alia*, a call option agreement whereby SHCI was given the option to purchase up to 55% of the issued and paid-up share capital in PT Asuransi Parolamas.

3.2.2 Adjustment after Completion

Within 10 business days of the date the Company-Prepared Closing Balance Sheet is mutually agreed between the Company and the Purchaser or upon the determination of the Experts (as the case may be):

- (a) where the Final Consideration exceeds the Completion Tranche Consideration Amount, the Purchaser shall pay the Company in cash an amount equivalent to the difference between the Final Consideration and the Completion Tranche Consideration Amount, provided that the Purchaser shall be entitled to deduct from such payment an amount of S\$948,000 (“**Management Retention Amount**”) that the Company has agreed to contribute towards the management retention bonuses payable to certain key management of SHCI in accordance with the terms of their respective Service Agreements (as defined in sub-paragraph 3.3.4 of this Announcement); or
- (b) where the Final Consideration is less than the Completion Tranche Consideration Amount, the Company shall pay the Purchaser in cash an amount equivalent to the difference between the Final Consideration and the Completion Tranche Consideration Amount plus the Management Retention Amount.

For the avoidance of doubt, the deduction of the Transfer Amount will not be taken into account for the purposes of calculating the difference between the Final Consideration and the Completion Tranche Consideration Amount.

3.3 Conditions Precedent and Certain Salient Terms of the SPA

- 3.3.1 Pursuant to Section 28 and Section 29 of the Insurance Act (Cap. 142), the Monetary Authority of Singapore (“**MAS**”) has granted its approval in respect of the Proposed Disposal (the “**MAS Approval**”).
- 3.3.2 SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd (the “**Major Shareholders**”), which in aggregate hold approximately 81.59 per cent. of the total issued and paid-up shares of the Company (the “**Shares**”), have provided an undertaking (“**Major Shareholders’ Undertaking**”) to the Purchaser *inter alia* that they shall vote their entire shareholding in the Company in favour of the Proposed Disposal at the Company’s extraordinary general meeting to be convened (“**EGM**”).
- 3.3.3 See Hoy Chan Sdn. Berhad (“**Malaysian HoldCo**”), the parent company of the Major Shareholders, has also provided an undertaking (“**Non-Compete Undertaking**”) to the Purchaser pursuant to which, *inter alia*, it shall be bound by similar non-compete obligations as those undertaken by the Company in the SPA.
- 3.3.4 Each of certain key management of SHCI has entered into respective service agreements with SHCI in relation to their continued employment with SHCI (“**Service Agreements**”).
- 3.3.5 Completion shall be subject to and conditional upon, *inter alia*, the fulfilment and satisfaction of the following conditions (“**Conditions**”):
- (i) the approval of shareholders of the Company (“**Shareholders**”) for the Proposed Disposal being obtained by way of an ordinary resolution at the EGM, and such resolution remaining in full force and effect as at Completion and not having been withdrawn, suspended, amended or revoked, and if such approval obtained is subject to conditions, all such conditions being satisfactory to the Purchaser and satisfied/fulfilled as at Completion;
 - (ii) other than the MAS Approval, all other approvals and consents as may be necessary from any governmental or regulatory body or relevant competent authority (including but not limited to the SGX-ST and the Sponsor (where required)) or third party (including but not limited to the lenders, landlords, insurers and re-insurers of SHCI (where applicable)) for the entry into, completion and performance of the agreements and documents entered into or in connection with the SPA by the Company and/or SHCI, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to the Purchaser in its reasonable discretion and having been fulfilled or waived by the governmental or regulatory body or relevant competent authority or third party (as the case may be) as at Completion;
 - (iii) no Material Adverse Change (as defined in the SPA) occurring on or after the date of the SPA and prior to Completion;

- (iv) all representations, warranties and undertakings of the Company being complied with, true, accurate and correct in all material respects as at the date of the SPA and as at the Completion Date;
- (v) the MAS Approval continuing to remain in full force and effect, and not having been withdrawn, suspended, amended or revoked, as at Completion and if the MAS Approval is granted or obtained subject to any conditions, such conditions having been fulfilled or waived by the MAS as at Completion;
- (vi) the Major Shareholders' Undertaking and the Non-Compete Undertaking continuing to remain in full force and effect;
- (vii) the Service Agreements continuing to remain in full force and effect up to, and as at Completion;
- (viii) all representations, warranties and undertakings of the Purchaser being complied with, true, accurate and correct in all material respects as at the date of the SPA and as at the Completion Date;
- (ix) the execution and delivery of the following for the purpose of any claim by the Purchaser for any breach of representations and warranties on the part of the Company under the SPA:
 - (aa) standby letters of credit issued by a bank for the amounts and in respect of the periods stipulated under the SPA ("**SBLC/Demand Guarantee**");
 - (bb) a deed of guarantee ("**Guarantee**") by See Hoy Chan Holdings Pte Ltd (the "**Guarantor**"); and
 - (cc) a letter of financial support by the Malaysian HoldCo pursuant to which the Malaysian HoldCo shall ensure that the financial obligations of the Guarantor under the Guarantee are fulfilled,

each in favour of the Purchaser on or prior to the Completion Date and each continuing to remain in full force and effect;
- (x) the value of the shareholders' equity of SHCI computed as at two (2) days prior to Completion Date, or such other date as the Parties may agree in writing is not less than 80% of FY2013 Shareholders' Equity; and
- (xi) the Purchaser obtaining the approval of the MAS, on or prior to the Completion Date, for the appointment of the directors to be nominated by the Purchaser to the board of directors of SHCI in accordance with applicable laws or regulations.

3.3.6 For the avoidance of doubt, in the event the Condition in sub-paragraph 3.3.5(x) above is not fulfilled or met, both the Purchaser and the Company must waive such Condition before the Company and the Purchaser are obliged to complete the sale and purchase of the Sale Shares.

- 3.3.7 If the Conditions are not satisfied or waived by the Company or the Purchaser (where applicable) on or before the date falling six (6) months from the date of the SPA (or such later date as the Company and the Purchaser may agree in writing), the SPA (other than certain clauses in the SPA) shall *ipso facto* cease and determine, and the Company and the Purchaser shall not have any claim against the other party under it, save for any claim arising from antecedent breaches of the SPA.

3.4 Completion

Subject to the fulfilment or waiver of the Conditions, Completion shall take place on (i) the first business day of the next calendar month immediately following the calendar month in which the last Condition is fulfilled or waived, or (ii) such other date as may be agreed between the Company and the Purchaser in writing.

3.5 Other Salient Terms

The other salient terms of the SPA are set out in the Appendix to this Announcement.

4. RATIONALE

The landscape of the direct general insurance business in Singapore is changing, both on the business and regulatory front. There is increased market competition, with new insurers entering the market and the growing size and capacity of incumbent players.

The Company had received unsolicited indications of interest from certain potential purchasers of the Business. Having evaluated the proposals received, the Board considers the terms of the Proposed Disposal most favourable.

The Assumed Consideration represents a significant premium of approximately 47.6% over the market capitalisation of the Company as at 18 June 2014, being the last market day preceding the date of the SPA on which the Shares were traded¹. Based on the Assumed Consideration, the Proposed Disposal will generate cash of approximately S\$111.4 million and realise a gain of approximately S\$77.5 million for the Company.

In FY2013, SHCI recorded a profit net of taxation of approximately S\$8.5 million and as at 31 December 2013, both the net asset value (“NAV”) and net tangible asset value (“NTA”) of SHCI was approximately S\$53.0 million. The Assumed Consideration represents an excess of S\$64.5 million over the NTA of SHCI as at 31 December 2013.

The Board is of the view that the Proposed Disposal is in the best interest of the Company and its Shareholders. The Proposed Disposal presents the Company an opportunity to exit the increasingly challenging direct general insurance industry and immediately realise its investment in the Business.

¹ Trading in the Shares was halted from 1601 hours on 18 June 2014.

5. NET PROCEEDS

The estimated net proceeds from the Proposed Disposal ("**Net Proceeds**"), based on the Assumed Consideration and after deducting for (i) the Transfer Amount, (ii) the Management Retention Amount, and (iii) estimated costs and expenses to be incurred in connection with the Proposed Disposal, is approximately S\$111.4 million.

It is the present intention of the Board to distribute to Shareholders, by way of a special dividend, at least 30 per cent. of the final Net Proceeds. The remaining Net Proceeds shall be used for working capital purposes of the Company and for any new business opportunities and investments that may present themselves, from time to time, and which the Board regards to be in the interests of the Company and the Shareholders. Nonetheless, the Board retains the flexibility, at any time, to determine the final cash distribution amount to be paid to Shareholders.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

The financial effects of the Proposed Disposal on the Company and its subsidiary ("**Group**") as set out below are based on the audited consolidated financial statements of the Group for FY2013 and the following assumptions:

- (i) the financial effects are purely for illustrative purposes only and do not represent any projection of the actual future financial performance or financial position of the Group after the Proposed Disposal;
- (ii) in relation to balance sheet items, the Proposed Disposal had been completed on 31 December 2013;
- (iii) in relation to profit and loss items, the Proposed Disposal had been completed on 1 January 2013;
- (iv) the Final Consideration is equivalent to the Assumed Consideration and the Net Proceeds is estimated to be approximately S\$111.4 million; and
- (v) the issued share capital of the Company comprises 303,982,583 Shares as at 31 December 2013 and no adjustment has been made to take into account the 2,000,000 Shares issued by the Company on 1 March 2014 pursuant to the exercise of options granted under the SHC Capital Employee Share Option Scheme.

6.2 NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA as at 31 December 2013 (S\$'000)	52,889	113,282
Number of issued Shares	303,982,583	303,982,583
NTA per Share as at 31 December 2013 (cents)	17.40	37.27

6.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to Shareholders for FY2013 (S\$'000)	7,371	73,874
Number of issued Shares	303,982,583	303,982,583
EPS for FY2013 (cents)	2.42	24.30

7. RELATIVE PERCENTAGES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures in relation to the Proposed Disposal computed on the bases set out under Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the Sale Shares, compared with the Group's NAV ⁽¹⁾	100.2
(b)	The net profits attributable to the Sale Shares, compared with the Group's net profits ⁽²⁾	113.2
(c)	The Assumed Consideration, compared to the Company's market capitalisation ⁽³⁾	147.6
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) The audited NAV of SHCI and the Group as at 31 December 2013 was approximately S\$53.0 million and S\$52.9 million respectively.

- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items.

The audited consolidated profit before tax and minority interest of SHCI and the Group for FY2013 was approximately S\$10.0 million and S\$8.8 million respectively.

- (3) The Assumed Consideration is approximately S\$117.5 million.

The Company's market capitalisation of approximately S\$79.6 million was determined by multiplying 305,982,583 Shares in issue as at the Announcement Date by the volume weighted average price of the Shares on 18 June 2014 (being the last market day preceding the date of the SPA on which the Shares were traded) of S\$0.260².

- (4) This basis is not applicable as the Company will not be issuing any Shares in connection with the Proposed Disposal.

- (5) This basis is not applicable as the Proposed Disposal does not relate to a disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

As the relative figures computed under Rules 1006(a), (b) and (c) of the Catalist Rules exceed 50 per cent., the Proposed Disposal constitutes a major transaction under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to the approval of Shareholders at the EGM.

8. CASH COMPANY UNDER RULE 1017 OF THE CATALIST RULES

- 8.1 The Company will cease to have any operating business upon Completion and will be deemed a cash company under Rule 1017 of the Catalist Rules.

- 8.2 Pursuant to Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules, the Shares would normally be suspended from trade until the Company has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. Upon Completion, the Company will be required to:

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the Proposed Disposal) in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS. The amount that is placed in the escrow account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by Shareholders and *pro-rata* distributions to Shareholders, and
- (b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market *via* SGXNET.

² Trading in the Shares was halted from 1601 hours on 18 June 2014.

- 8.3 Taking into account compliance with Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules and pursuant to Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules, the SGX-ST may allow the continued trading in the Shares on a case-by-case basis, subject to:
- (a) contractual undertakings from the Directors, controlling Shareholders, Chief Executive Officer and their associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the Shares, and
 - (b) the period of the moratorium commencing from date of the EGM, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing.
- 8.4 The SGX-ST will remove the Company from the Catalist if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may, through the Sponsor, apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the Company providing information to Shareholders on its progress in meeting key milestones in the transaction. In the event that the Company is unable to meet its milestones or complete the relevant acquisition despite the extension granted, no further extension shall be granted and the Company will be required to delist and a cash exit offer shall be made to Shareholders within 6 months.
- 8.5 As it is the present intention of the Company to maintain its listing status and to continue the trading of the Shares on the Catalist following the Completion, an application will be made by the Company, through the Sponsor, to the SGX-ST to allow the continued trading of the Shares on Catalist, subject to compliance with Rule 1017 of the Catalist Rules.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. EGM AND CIRCULAR TO SHAREHOLDERS

A circular to Shareholders containing, *inter alia*, details in relation to the Proposed Disposal, together with the notice of EGM, will be despatched by the Company to Shareholders in due course.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 302 Orchard Road, #10-01, Singapore 238862 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Claire Choy Sock Yu
Group Financial Controller / Joint Company Secretary

20 June 2014

This Announcement has been reviewed by the Sponsor for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this Announcement. This Announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Announcement, including the correctness of any of the statements or opinions made or reports contained in this Announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

OTHER SALIENT TERMS OF THE SPA

The other salient terms of the SPA are set out below.

1. OTHER TRANSACTION DOCUMENTS

1.1 SBLC/Demand Guarantee

The Company shall furnish the Purchaser with the following SBLC/Demand Guarantee:

- (i) a first standby letter of credit for S\$11,200,000 ("**First Standby Letter of Credit**") for the period from the Completion Date up to and including the date falling 18 months after the Completion Date (the "**Initial Expiry Date**"); and
- (ii) a second standby letter of credit for S\$1,300,000 ("**Second Standby Letter of Credit**") for the period from the day after the Initial Expiry Date up to and including the date falling six (6) years after the Completion Date (the "**Subsequent Expiry Date**").

In the event there is a Relevant Claim (as defined below) for which (i) the Purchaser has obtained an arbitral award which is not the subject of any appeal or further contest ("**Awarded Claim**") or (ii) where the Company and the Purchaser have agreed on the amount of the liability in respect of the Relevant Claim ("**Agreed Claim**"), the Purchaser shall be entitled to make a claim on the SBLC/Demand Guarantee for an amount:

- (i) which is not more than the amount of the Awarded Claim and/or the Agreed Claim (as the case may be) relating to the Relevant Claim; and
- (ii) which, when aggregated with all previous amounts claimed under the SBLC/Demand Guarantee by the Purchaser, shall not in any event exceed the relevant aggregate SBLC/Demand Guarantee Amount (as defined below) which is then applicable,

by written demand to the issuing bank.

"**SBLC/Demand Guarantee Amount**" means:

- (i) in relation to the period commencing from the Completion Date up to and including the Initial Expiry Date, S\$11,200,000; and
- (ii) in relation to the period commencing from the day after the Initial Expiry Date up to and including the Subsequent Expiry Date, S\$1,300,000.

“Relevant Claim” means any or all of a claim for breach of the representations and warranties on the part of the Company under the SPA (the **“Vendor’s Warranties”**), a claim under the indemnities given by the Vendor under the SPA (the **“Vendor’s Indemnities”**) and a claim for breach of any other term of the SPA.

1.2 Guarantee

In the event of a Relevant Claim, for which (i) the Purchaser has obtained an Awarded Claim or (ii) there is an Agreed Claim and which is not the subject of any appeal or further contest by the Company, the Purchaser shall be entitled to make a claim on the Guarantee for an amount:

- (i) which is not more than the Awarded Claim and/or the Agreed Claim as the case may be, relating to the Relevant Claim; and
- (ii) which is after deduction of or net of any amount claimed and received by the Purchaser (if any) under the SBLC/Demand Guarantee in relation to such Awarded Claim and/or Agreed Claim (as the case may be),

by written demand to the Guarantor.

2. LIMITATION OF LIABILITY

- 2.1 The limitation period for all the Vendor’s Warranties is 18 months from the Completion Date, save for the warranty relating to title to the Sale Shares (**“Vendor’s Warranty on Title”**), the Vendor’s warranties on tax (the **“Vendor’s Tax Warranties”**) and the Vendor’s Indemnities, all of which have a limitation period of six (6) years from Completion Date.
- 2.2 The Company will not be liable for breach of any Vendor’s Warranty in respect of any individual claim where the liability of any such claim does not exceed S\$300,000, and in respect of any claim unless the aggregate amount of such claim together with all claims for which the Company would otherwise be liable exceeds S\$900,000. However, such limitation will not apply to any claim in respect of the Vendor’s Indemnities, a breach of the Vendor’s Tax Warranties and of the Vendor’s Warranty on Title.
- 2.3 All Vendor’s Warranties shall not in aggregate, exceed an amount equal to 25% of the Final Consideration, save for claims in respect of the Vendor’s Indemnities, breaches of the Vendor’s Tax Warranties and the Vendor’s Warranty on Title, which shall not in aggregate exceed an amount equal to the Final Consideration.

3. ORDER OF CLAIM

- 3.1 In the event that the Purchaser obtains an Awarded Claim or Agreed Claim in relation to a Relevant Claim, the Purchaser may choose to enforce payment of such Awarded Claim or Agreed Claim against (i) the issuing bank under the SBLC/Demand Guarantee, (ii) the Guarantor under the Guarantee or (iii) the Company under the SPA, subject to the terms and conditions of the Guarantee and the SPA.

- 3.2 Under the terms of the Guarantee, the Purchaser shall not be entitled to enforce payment in respect of an Awarded Claim or an Agreed Claim under the Guarantee unless and until it has (i) fully utilised the SBLC/Demand Guarantee, or (ii) the SBLC/Demand Guarantee has expired, or (iii) (subject to paragraph 3.3 of this Appendix) the issuing bank fails or refuses to perform its obligations to make payment to the Purchaser under the SBLC/Demand Guarantee for any reason within seven (7) days of any demand made by the Purchaser, or (iv) where the Purchaser is otherwise not able to obtain payment under the SBLC/Demand Guarantee for any reason, whether due to unenforceability, illegality or invalidity of the SBLC/Demand Guarantee or otherwise (each, an **"Issuing Bank Default"**).
- 3.3 In the event of the occurrence of an Issuing Bank Default, enforcement of payments in respect of any Awarded Claims and/or Agreed Claims up to a maximum aggregate amount equal to the SBLC/ Demand Guarantee Amount shall be made firstly against the Company. Only (i) in the event of the Company's failure to make payment for such Awarded Claims and/or Agreed Claims within seven (7) days of any demand made by the Purchaser, or (ii) in the event any obligation or liability of the Company ceases to be valid and enforceable against the Company (in whole or in part), or (iii) if the Purchaser is not able to seek an Awarded Claim or an Agreed Claim against the Company, shall the Purchaser be entitled to enforce payment for such Awarded Claims and/or Agreed Claims against the Guarantor under the Guarantee.
- 3.4 In the event the SBLC/Demand Guarantee Amount has been fully received by the Purchaser or otherwise fully utilised, any and all enforcement of payments in respect of any Awarded Claims and/or Agreed Claims shall be made firstly against the Guarantor pursuant to the Guarantee and only in the event of the Guarantor's failure to perform its obligations under the Guarantee to make payment for such Awarded Claims and/or Agreed Claims shall the Purchaser be entitled to enforce payments of such Awarded Claims and/or Agreed Claims against the Company.