

CIRCULAR DATED 20 APRIL 2021

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Singapore Reinsurance Corporation Limited. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your SRCL Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your SRCL Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



SINGAPORE REINSURANCE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300016C)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401542N)

for and on behalf of

FAIRFAX ASIA LIMITED

(Incorporated in Barbados)
(Company Registration No. 23105)

to acquire all the Offer Shares (as defined herein)



Independent Financial Adviser to the Independent Directors

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5:30 P.M. (SINGAPORE TIME) ON 4 MAY 2021 (OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN)).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

GENERAL

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| “Acceptance Forms” | : | The FAA and the FAT collectively or any one of them, as the case may be |
| “Business Day” | : | A day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Singapore |
| “Circular” | : | This circular to Shareholders enclosing, <i>inter alia</i> , the IFA Letter |
| “Closing Date” | : | 5.30 p.m. (Singapore time) on 4 May 2021, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer |
| “Code” | : | The Singapore Code on Take-overs and Mergers |
| “Companies Act” | : | The Companies Act (Chapter 50 of Singapore) |
| “Company Securities” | : | (a) SRCL Shares; (b) other securities which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of the SRCL Shares or other securities which carry voting rights in the Company |
| “Concert Group” | : | Shall have the meaning ascribed to it in section 5.2 of the Letter to Shareholders in the Offer Document, as reproduced in section 7 of this Circular |
| “Concert Parties” | : | Parties acting or presumed to be acting in concert with the Offeror in connection with the Offer |
| “Constitution” | : | The constitution of the Company |
| “CPF Agent Banks” | : | Agent banks included under the CPFIS |
| “CPFIS” | : | Central Provident Fund Investment Scheme |
| “CPFIS Investors” | : | Investors who have purchased SRCL Shares using their CPF contributions pursuant to the CPFIS |
| “Despatch Date” | : | 6 April 2021, being the date of despatch of the Offer Document |

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| “Directors” | : | The directors of the Company as at the Latest Practicable Date |
| “Distributions” | : | Shall have the meaning ascribed to it in section 2.3 of this Circular |
| “Encumbrance” | : | Any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever |
| “FAA” | : | Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP |
| “FAT” | : | Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP |
| “Final Day Rule” | : | Shall have the meaning ascribed to it in section 4.1(e) of this Circular |
| “FY” | : | Financial year ended or ending (as the case may be) 31 December of a particular year as stated |
| “FY2020 Dividend” | : | Shall have the meaning ascribed to it in section 2.3 of this Circular |
| “IFA Letter” | : | The letter dated 20 April 2021 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular |
| “Independent Directors” | : | The Directors who are considered independent for the purposes of the Offer, namely Mr David Chan Mun Wai, Mr Dileep Nair, Mr Peter Sim Swee Yam and Mr Ong Eng Yaw |
| “Interested Person” | : | As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; |

- (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

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| “Irrevocable Undertaking” | : | The irrevocable undertaking provided by Dalton Investments LLC to the Offeror to, <i>inter alia</i> , accept the Offer, as more particularly described in section 6 of this Circular |
| “Latest Practicable Date” | : | 12 April 2021, being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time |
| “Minimum Acceptance Condition” | : | Shall have the meaning ascribed to it in section 2.4 of this Circular |
| “Offer” | : | The voluntary conditional cash offer made by SAC Capital, for and on behalf of the Offeror, for all of the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror |
| “Offer Announcement” | : | The announcement of the Offer released by SAC Capital, for and on behalf of the Offeror, on the Offer Announcement Date |
| “Offer Announcement Date” | : | 19 March 2021, being the date of the Offer Announcement |
| “Offer Document” | : | The offer document dated 6 April 2021 and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update such document from time to time |
| “Offer Price” | : | Shall have the meaning ascribed to it in section 2.2 of this Circular |
| “Offer Shares” | : | Shall have the meaning ascribed to it in section 1.1 of this Circular |

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|------------------------------------|---|---|
| “Offeror Securities” | : | (a) Offeror Shares; |
| | | (b) other securities which carry voting rights in the Offeror; and |
| | | (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or other securities which carry voting rights in the Offeror |
| “Offeror Shares” | : | Issued shares in the capital of the Offeror |
| “Overseas Shareholder” | : | A Shareholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be) |
| “Record Date” | : | In relation to any Distributions, the date on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such Distributions |
| “Register” | : | The register of holders of the Shares, as maintained by M & C Services Private Limited, the share registrar of the Company |
| “Rule 22.6 Period” | : | Shall have the meaning ascribed to it in section 4.1(d) of this Circular |
| “S\$” and “cents” | : | Singapore dollars and cents respectively, being the lawful currency of Singapore |
| “SFA” | : | The Securities and Futures Act (Chapter 289 of Singapore) |
| “Shareholders” | : | Holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST |
| “Shut-Off Notice” | : | Shall have the meaning ascribed to it in section 4.1(d) of this Circular |
| “SRS” | : | The Supplementary Retirement Scheme |
| “SRS Agent Banks” | : | Agent banks included under the SRS |
| “SRS Investors” | : | Investors who have purchased Shares pursuant to the SRS |
| “SRCL Shares” or “Shares” | : | Issued ordinary shares in the capital of SRCL |
| “Supplemental Announcement” | : | The supplemental announcement dated 2 April 2021 released by SAC Capital, for and on behalf of the Offeror |
| “%” or “per cent.” | : | Percentage or per centum |

COMPANIES/ORGANISATIONS/PERSONS

| | | |
|-------------------------|---|---|
| “CDP” | : | The Central Depository (Pte) Limited |
| “CPF” | : | The Central Provident Fund |
| “IFA” | : | PrimePartners Corporate Finance Pte. Ltd., being the independent financial adviser to the Independent Directors in respect of the Offer |
| “Offeror” | : | Fairfax Asia Limited |
| “SAC Capital” | : | SAC Capital Private Limited |
| “SGX-ST” | : | The Singapore Exchange Securities Trading Limited |
| “SIC” | : | The Securities Industry Council |
| “SRCL” or the “Company” | : | Singapore Reinsurance Corporation Limited |
| “SRCL Group” | : | SRCL and its subsidiaries |

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised

terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, the total number of SRCL Shares as at the Latest Practicable Date is 596,316,185 SRCL Shares (excluding treasury shares). Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 596,316,185 SRCL Shares (excluding treasury shares) in the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the Company does not hold any Shares as treasury shares.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and other investors of the Company should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

INDICATIVE TIMETABLE

| | | |
|---|---|---|
| Despatch Date of the Offer Document | : | 6 April 2021 |
| Closing Date in respect of the Offer ⁽¹⁾⁽²⁾⁽³⁾ | : | 5.30 p.m. (Singapore time) on 4 May 2021 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror), such date being the last day for the lodgement of acceptances of the Offer |
| Date of settlement in respect of the Offer ⁽¹⁾ | : | <p>In respect of valid and complete acceptances received on or before the date the Offer has become or is declared unconditional, within seven (7) Business Days after the date the Offer has become or is declared unconditional</p> <p>In respect of valid and complete acceptances received after the date the Offer has become or is declared unconditional but on or before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance</p> |
| Final date of settlement of consideration in respect of the Offer | : | Within seven (7) Business Days after the Closing Date |

Notes:

- (1) Please also refer to Appendix 1 to the Offer Document for further details.
- (2) The Offer must initially be open for 28 days from the Despatch Date.
- (3) CPFIS Investors, SRS Investors and other investors who hold SRCL Shares through finance companies or depository agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and/or depository agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and depository agents in order to accept the Offer.

SINGAPORE REINSURANCE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197300016C)

LETTER FROM THE BOARD OF DIRECTORS

Board of Directors:

Mr Ramaswamy Athappan (Non-Executive and Non-Independent Director/Chairman)
Mr David Chan Mun Wai (Non-Executive and Non-Independent Director/Deputy Chairman)
Mr Dileep Nair (Non-Executive and Independent Director)
Mr Peter Sim Swee Yam (Non-Executive and Independent Director)
Mr Ong Eng Yaw (Non-Executive and Independent Director)

Registered Office:

85 Amoy Street,
Singapore 069904

20 April 2021

To : The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY SAC CAPITAL FOR AND ON BEHALF OF THE OFFEROR

1. INTRODUCTION

1.1 Offer Announcement

On 19 March 2021, SAC Capital announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer for all the SRCL Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the “**Offer Shares**”).

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in sections 2 to 3 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether to accept the Offer.

2. TERMS OF THE OFFER

2.1 Offer Shares

Section 2.1 of the Letter to Shareholders in the Offer Document states that SAC Capital, for and on behalf of the Offeror, is making the Offer to acquire all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms.

For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties (other than the Offeror's related corporations and their respective nominees). For the purpose of the Offer, the expression "**Offer Shares**" shall include such Shares.

2.2 Offer Price

Section 2.2 of the Letter to Shareholders in the Offer Document states that the consideration for each Offer Share (the "**Offer Price**") will be as follows:

For each Offer Share: S\$0.3535 in cash.

2.3 No Encumbrances

Section 2.3 of the Letter to Shareholders in the Offer Document states that the Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (collectively, "**Distributions**") (if any) declared, paid or made by the Company, on the Record Date which falls on or after the Offer Announcement Date.

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, paid or made by the Company on or after the Offer Announcement Date (including the final one-tier tax exempt dividend of S\$0.0035 per Share for the financial year ended 31 December 2020 proposed by the directors of the Company ("**FY2020 Dividend**"). **In the event that any dividend is paid by the Company to a Shareholder on or after the Offer Announcement Date and such Shareholder accepts the Offer or if the Offer Shares held by such Shareholder are compulsorily acquired by the Offeror, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend paid by the Company to such accepting Shareholder.**

Accordingly, the following will apply if any dividend (including the FY2020 Dividend) is declared, paid or made by the Company on or after the Offer Announcement Date:

- (i) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$0.3535 in cash for each Offer Share, as the Offeror will receive the dividend in respect of those Offer Shares from the Company; and

- (ii) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls after the Record Date, the amount of the dividend in respect of such Offer Shares will be deducted from the Offer Price of S\$0.3535 in cash for each Offer Share payable for such Offer Shares, as the Offeror will not receive the dividend in respect of those Offer Shares from the Company.

In respect of the FY2020 Dividend, the Record Date has been announced by the Company to be 7 May 2021. The Record Date is subject to change, as may be announced from time to time by the Company.

2.4 Minimum Acceptance Condition

Section 2.4 of the Letter to Shareholders in the Offer Document states that the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer ("**Minimum Acceptance Condition**").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances unless the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

2.5 Revision of the Terms of the Offer

Section 2.5 of the Letter to Shareholders in the Offer Document states that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code.

3. WARRANTY

Section 2.6 of the Letter to Shareholders in the Offer Document states that a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, paid or made by the Company, on the Record Date which falls on or after the Offer Announcement Date.

4. DETAILS OF THE OFFER

4.1 Closing Date

As set out in paragraph 1 of Appendix 1 to the Offer Document:

- (a) **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 4 May 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**
- (b) **Subsequent Closing Date(s).** If the Offer is extended and:
 - (i) the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
 - (ii) the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.
- (c) **No Obligation to Extend the Offer.** The Offeror is not obliged to extend the Offer if the condition of the Offer as set out in section 2.4 (Minimum Acceptance Condition) of the Letter to Shareholders in the Offer Document is not fulfilled by the Closing Date.
- (d) **Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances.** Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period ("**Rule 22.6 Period**") of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (ii) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, the SIC would normally regard a "competitive situation" to have arisen if a competing offer for the Company has been announced.

If a declaration that the Offer is unconditional is confirmed in accordance with paragraph 4.2(a) of Appendix 1 to the Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

- (e) **Final Day Rule.** The Offer (whether revised or not) will not be capable:
- (i) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or
 - (ii) of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**"). The SIC will normally grant such permission if a competing offer has been announced.

- (f) **Revision.** The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.

4.2 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on: (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

5. PROCEDURES FOR ACCEPTANCE

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

6. IRREVOCABLE UNDERTAKING

Details on the Irrevocable Undertaking are set out in paragraph 2 of the Supplemental Announcement, which is reproduced in italics below:

"2. DALTON IRREVOCABLE UNDERTAKING

*SAC Capital wishes to announce, for and on behalf of the Offeror, that Dalton Investments LLC ("**Dalton**") has provided an irrevocable undertaking dated 2 April 2021 ("**Dalton Irrevocable Undertaking**") in favour of the Offeror to accept and/or procure the acceptance of the Offer in respect of all its Shares and not withdraw such acceptance once it has been given.*

Dalton is an investment manager based in California, United States of America, which manages various client portfolios and as investment manager, has discretion and authority over the sale of an aggregate of 30,339,700 Shares, representing approximately 5.09% of the total number of issued Shares¹ as at the date hereof.

¹ Based on the total number of 596,316,185 Shares in issue as at the date hereof.

Save as disclosed in this announcement, Dalton (a) does not own or control and has not agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, "**Company Securities**") and (b) has not dealt for value in any Company Securities during the 3-month period prior to the date of the Offer Announcement.

A copy of the Dalton Irrevocable Undertaking is available for inspection at the office of the Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 during normal business hours upon prior appointment with the Share Registrar at +65 6227 6660, while the Offer remains open for acceptance.

As at the date hereof, save for the Dalton Irrevocable Undertaking, none of the Offeror or its concert parties has received any other irrevocable undertaking from any party to accept or reject the Offer."

7. INFORMATION ON THE OFFEROR AND THE CONCERT GROUP

Details of the Offeror and the Concert Group are set out in section 5 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

"5. INFORMATION ON THE OFFEROR AND THE CONCERT GROUP

5.1 *The Offeror.* *The Offeror is a company incorporated in Barbados on 24 November 2003. The Offeror is a subsidiary of Fairfax Holdings. The Offeror and its subsidiaries comprise the Asian insurance holdings and operations of Fairfax Holdings, being property and casualty insurance conducted on a direct and reinsurance basis across nine countries in Asia.*

As at the Latest Practicable Date, the Offeror has an authorised and issued share capital of US\$679,067,439 comprising 679,067,439 shares. The Offeror is 100% held by Fairfax (Barbados) International Corp. and its ultimate beneficial owner is Fairfax Holdings. Fairfax Holdings is a Canadian publicly-listed holding company headquartered in Toronto, Canada, which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax Holdings was founded in 1985 by the present Chairman and Chief Executive Officer, Mr. V. Prem Watsa. The common shares of Fairfax Holdings are listed on the Toronto Stock Exchange under the symbol "FFH".

As at the Latest Practicable Date, the Directors are:

- (a) Mr. Ramaswamy Athappan;*
- (b) Mr. Ronald Schokking;*
- (c) Mr. William P.A. Douglas;*
- (d) Mr. Lisl B. Lewis;*
- (e) Mr. Gobinath Arvind Athappan; and*
- (f) Mr. Alistair B. Dent.*

5.2 **Concert Group.** *As at the Latest Practicable Date, the following individuals and companies are deemed to be acting in concert with the Offeror (collectively, the “Concert Group”):*

- (a) *the Directors of the Offeror;*
- (b) *Fairfax (Barbados) International Corp. (parent company of the Offeror);*
- (c) *FFHL Group Limited (parent company of Fairfax (Barbados) International Corp.);*
- (d) *Fairfax Holdings (ultimate beneficial owner of the Offeror and parent company of FFHL Group Limited);*
- (e) *Newline Corporate Name Limited (wholly-owned indirect subsidiary of Fairfax Holdings);*
- (f) *Newline Holdings UK Limited (parent company of Newline Corporate Name Limited);*
- (g) *Odyssey Reinsurance Company (parent company of Newline Holdings UK Limited);*
- (h) *Odyssey Group Holdings, Inc. (parent company of Odyssey Reinsurance Company);*
- (i) *Odyssey US Holdings Inc. (parent company of Odyssey Group Holdings, Inc.); and*
- (j) *Fairfax (US) Inc. (parent company of Odyssey US Holdings Inc. and wholly-owned by Fairfax Holdings and FFHL Group Limited, collectively).*

5.3 **Aggregate Holding in the Company.** *As at the Latest Practicable Date, based on the latest information available to the Offeror, the Offeror and the Concert Group collectively hold an aggregate of 168,035,957 Shares, representing approximately 28.18% of the total number of issued Shares of the Company, a breakdown of which is as follows:*

- (a) *the Offeror holds directly 115,370,835 Shares, representing approximately 19.35% of the Shares; and*
- (b) *Newline Corporate Name Limited holds directly 52,665,122 Shares, representing approximately 8.83% of the Shares.*

Newline Corporate Name Limited is a related corporation of the Offeror. As the Shares already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees are excluded from the Offer, Shares which are owned, controlled or agreed to be acquired by the Offeror and Newline Corporate Name Limited are excluded from the Offer.”

Appendix 3 to the Offer Document sets out additional information on the Offeror.

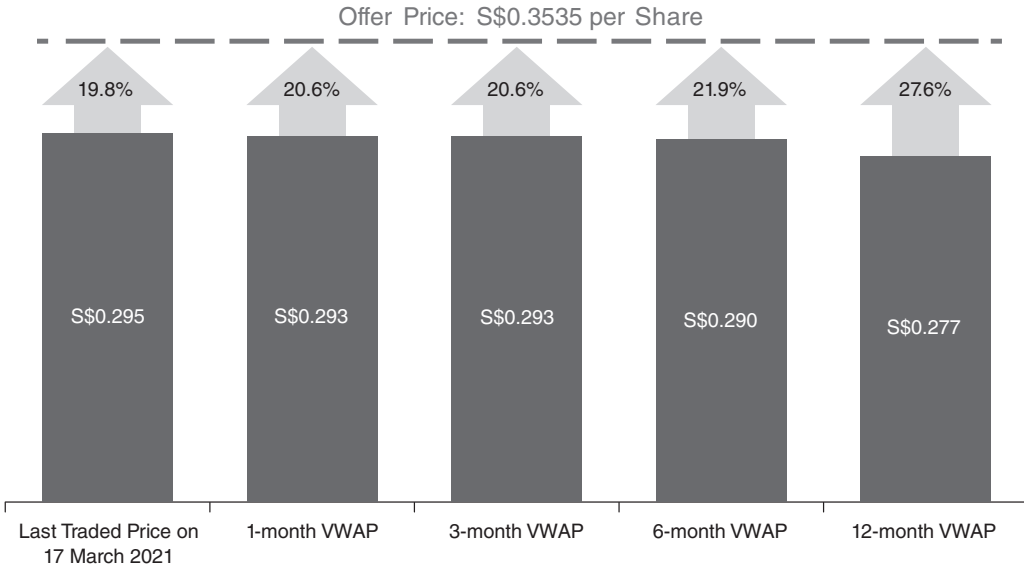
8. OFFEROR’S RATIONALE FOR THE OFFER

The Offeror’s rationale for the Offer is set out in section 7 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

“7. RATIONALE FOR THE OFFER

7.1 Opportunity for Shareholders to realise their investment in the Shares at a premium

(a) The Offer Price is at a premium to the historical and prevailing share prices

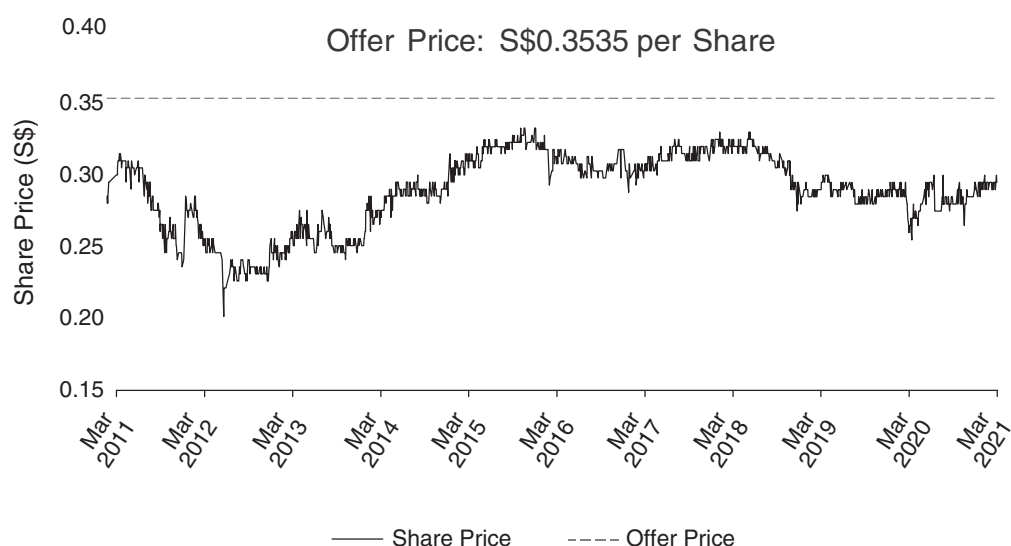


Source: Bloomberg L.P.

Note:

Percentages and the volume-weighted average price (“VWAP”) per Share in the graph above are calculated based on data extracted from Bloomberg L.P. as at the Last Trading Day.

As set out in Section 10 (Financial Aspects of the Offer) below, the Offer Price of S\$0.3535 per Offer Share represents a premium of approximately 20.6%, 20.6%, 21.9% and 27.6% over the VWAP per Share for the 1-month, 3-month, 6-month and 12-month periods respectively up to and including the Last Trading Day. The Offer Price also represents a premium of 19.8% over the last transacted price per Share on 17 March 2021 (being the last full Market Day on which there were trades in the Shares immediately preceding the Last Trading Day as no Shares were traded on the Last Trading Day).

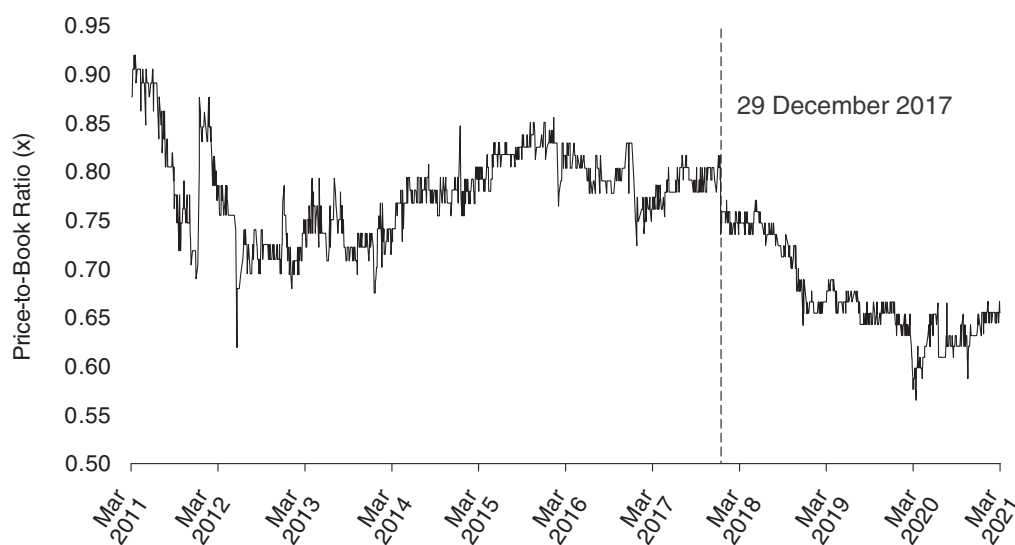


Source: Bloomberg L.P.

As illustrated in the price chart above, the Shares have traded below the Offer Price for the preceding 10-year period up to and including the Last Trading Day. In addition, the Offer Price represents a premium of 17.8%, 7.1%, 7.1% and 6.2%, over the highest daily closing price per Share of S\$0.3000, S\$0.3300, S\$0.3300 and S\$0.3328 for the 1-year, 3-year, 5-year and 10-year periods up to and including the Last Trading Day respectively¹.

Against the backdrop of a challenging macroeconomic environment which may pose concerns to the underwriting and investment activities of the Offeree Group, the Offer Price under the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

(b) The Company's price-to-book ratio as implied by the Offer Price exceeds its historical averages



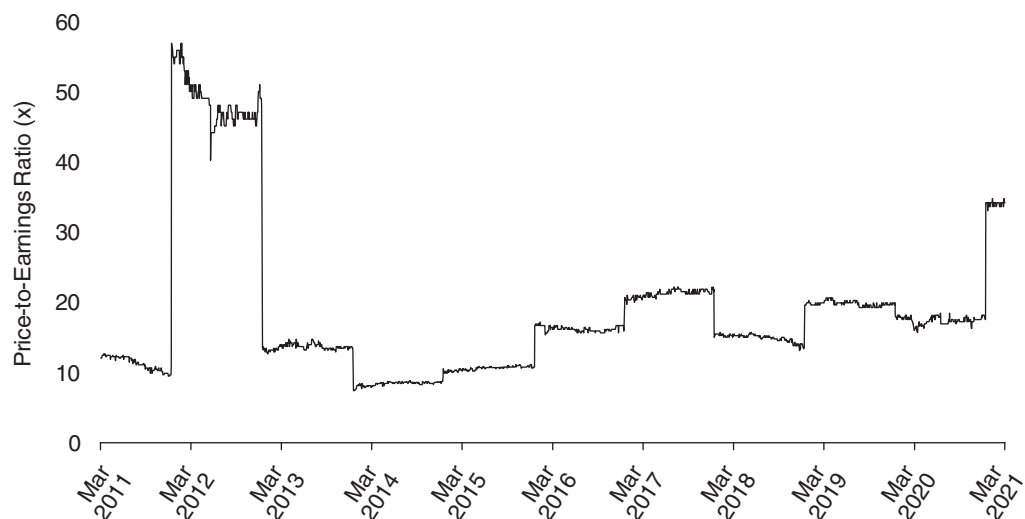
Source: Bloomberg L.P.

¹ The highest historical daily closing prices of the Shares (rounded to the nearest four decimal places) and the corresponding premia are computed based on data extracted from Bloomberg L.P.

The price-to-book ratio (“**P/B Ratio**”) as implied by the Offer Price is 0.79x. This represents a premium of 25.4%, 17.9%, 11.3% and 5.3%, over the average P/B Ratio of 0.63x, 0.67x, 0.71x and 0.75x for the 1-year, 3-year, 5-year and 10-year periods up to and including the Last Trading Day respectively².

Based on the chart above, the Shares have been trading at a P/B Ratio below 0.79x since 29 December 2017. In addition, the P/B Ratio as implied by the Offer Price of 0.79x is at a premium of 17.9% over the average P/B Ratio of 0.67x for the period from 29 December 2017 up to and including the Last Trading Day².

(c) The Company’s price-to-earnings ratio implied by the Offer Price exceeds its historical averages



Source: Bloomberg L.P.

The above chart represents the historical price-to-earnings ratio (“**P/E Ratio**”) based on the daily closing price of the Shares for the past 10 years, up to and including the Last Trading Day.

The P/E Ratio as implied by the Offer Price is 41.3x, which represents a premium of 97.6%, 119.7%, 120.9% and 119.7%, over the average P/E Ratio of 20.9x, 18.8x, 18.7x and 18.8x for the 1-year, 3-year, 5-year and 10-year periods up to and including the Last Trading Day respectively³.

7.2 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity

Historically, the trading volume of the Shares has been low, with an average daily trading volume⁴ of approximately 49,095 Shares, 38,805 Shares, 36,211 Shares and 51,707 Shares during the 1-month, 3-month, 6-month and 12-month periods respectively up to and including the Last Trading Day. Each of these trading

² The historical P/B Ratios and the average P/B Ratios for the respective periods are computed based on data extracted from Bloomberg L.P..

³ The historical P/E Ratios and the average P/E Ratios for the respective periods are computed based on data extracted from Bloomberg L.P..

⁴ The average daily trading volumes are calculated as the total volume of the Shares traded divided by the number of Market Days during the 1-month, 3-month, 6-month and 12-month periods up to and including the Last Trading Day.

volumes represents less than 0.01% of the total number of issued Shares as at the end of the aforementioned relevant periods.

The Offer therefore provides Shareholders who might otherwise find it difficult to exit their investment in the Company as a result of the low trading volume in the Shares with an opportunity to realise their entire investment in the Shares at a premium over the prevailing market prices.

7.3 Statutory control of the Company

The Offer will allow the Offeror to obtain statutory control of the Company, which will enable the Offeror and its Concert Parties to control the business and the future plans of the Company more effectively. Support to the Company's management can be provided in the form of:

- (a) *managing the Company's operations in the short and medium term with a view to stabilising the volatile reinsurance business for the long term;*
- (b) *advising on business prospects together with a more disciplined approach to risk and underwriting for the long term;*
- (c) *supporting the Company's expansion into new markets and businesses;*
- (d) *competing effectively to overcome the challenging macroeconomic environment in Singapore and across Asia;*
- (e) *facilitating the implementation of strategic and operational changes;*
- (f) *optimising the use of its management and capital resources; and*
- (g) *cooperation and exploration of business synergies with the Offeror's related companies across Asia."*

9. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror's intentions in relation to the Company are set out in sections 8 to 9 of the Letter to Shareholders in the Offer Document, which are reproduced in italics below:

"8. OFFEROR'S INTENTIONS FOR THE COMPANY

The Company's annual returns on Shareholders' equity averaged approximately 4.7%, 3.5% and 1.9% for the past 10, 5 and 1 financial year(s) respectively. The Offeror believes that this decline reflects steep competition, lack of scale of the Company, increasing volatility of underwriting performance and increasing exposure to natural catastrophes, all of which reflect difficult operating conditions in the market. Furthermore, in November 2020, the rating agency, AM Best, had revised its outlook for the Company to "Negative", which may adversely affect the business prospects of the Offeree Group.

By obtaining statutory control, the Offeror may be able to enhance its already strong presence in the Asian regional insurance and reinsurance market by creating complementary business operations with the Offeree Group through sharing customer and cedant relationships, best practices and industry know-how.

It is the intention of the Offeror to continue to develop and grow the businesses of the Offeree Group and pursue opportunities on a long-term sustainable basis, particularly in the areas of underwriting, risk management, claims management and services. The Offeror also intends to explore opportunities for cost synergies such as shared services, where appropriate. Save for the foregoing, the Offeror currently has no intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Offeree Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

9. LISTING STATUS AND COMPULSORY ACQUISITION

- 9.1 Listing Status.** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public ("**Free Float Requirement**"). Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

The Offeror's intention is to gain majority control of the Company. However, in the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.

If eligible, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, as further described in Section 9.2 of the Letter to Shareholders in this Offer Document below. Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise its right of compulsory acquisition if it does not achieve the threshold for compulsory acquisition.

If the Offeror decides not to maintain the listing status of the Company on the SGX-ST should it no longer meet the Free Float Requirement, the SGX-ST will generally consider waiving compliance imposed on a voluntary delisting⁵ if (a) the Offer is fair and reasonable (and the independent financial adviser to the Company has opined that the Offer is fair and reasonable), and (b) the Offeror has received acceptances from independent Shareholders⁶ at the close of the Offer that represent a majority of least 75% of the total number of issued Shares held by independent Shareholders. The Offeror will make an announcement if it receives acceptances of the Offer in respect of 75% of the total number of issued Shares held by independent Shareholders. If the waiver conditions are not met and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private placement or otherwise). Shareholders and investors should note there is the risk that the Company may be subject to prolonged suspension should it no longer meet the Free Float Requirement but the requisite conditions for a delisting are not met.

9.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**"), at a price equal to the Offer Price. For the avoidance of doubt, Shares which are held by the Offeror and Newline Corporate Name Limited (being a related corporation of the Offeror) will not count towards the compulsory acquisition threshold.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice."

⁵ Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application to delist from the SGX-ST if:

- (1) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and
- (2) the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Offeror and parties acting in concert with it must abstain from voting on the resolution.

⁶ Independent Shareholders are Shareholders other than the Offeror and parties acting in concert with it.

10. DIRECTORS' INTERESTS

Details of the Directors, including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Appendix II to this Circular.

11. ADVICE IN RELATION TO THE OFFER

11.1 Appointment of Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer.

Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept the Offer.

The advice of the IFA to the Independent Directors in respect of the Offer is set out in the IFA Letter annexed as Appendix I to this Circular.

11.2 The IFA's Advice to the Independent Directors

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions as set out in the IFA Letter, the IFA has given its advice (an extract of which is reproduced in italics below) in respect of the Offer.

Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix I to this Circular.

"10 OPINION

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (i) The Offer Price of S\$0.3535 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.2500 and a high of S\$0.3000;*
- (ii) The Offer Price represents premia of approximately 25.9%, 27.4%, 21.8%, 20.8% and 20.6% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;*
- (iii) The Offer Price represents a premium of approximately 17.8% over the closing price of the Shares of S\$0.3000 on the Last Trading Day;*
- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded at or around the Offer Price and were last transacted at S\$0.3550 on the Latest Practicable Date;*

- (v) *During the 2-year period up to and including the Last Trading Day, the Shares were traded on slightly over half of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.02%, 0.02%, 0.01%, 0.01% and 0.02% of the free float of Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares;*
- (vi) *Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 449,000 Shares, representing approximately 0.16% of the Company's free float;*
- (vii) *Save for the period from March 2020 to July 2020 where the Shares outperformed the rebased FSSTI and rebased BAPI, the Shares had generally performed in line with the rebased FSSTI and rebased BAPI from March 2019 up to February 2020 and between the period from July 2020 up to and including the Last Trading Day, the Shares had either performed in line or underperformed as compared to the rebased BAPI, but outperformed the rebased FSSTI;*
- (viii) *Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI and the rebased BAPI. It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. The Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;*
- (ix) *We note that for the 1-month, 3-month, 6-month and 1-year period prior to and including the Last Trading Day, the implied P/NAV of 0.79 times is above the average historical trailing P/NAV of the Shares of 0.66 times, 0.66 times, 0.65 times and 0.64 times respectively;*
- (x) *In respect of the Comparable Companies:*
- *the implied P/E ratio of the Company of 41.1 times is above the range of the LTM P/E ratios of the Comparable Companies, and is higher than both the mean and median LTM P/E ratios of the Comparable Companies of 18.1 and 10.3 times respectively;*
 - *the implied P/NAV ratio of the Company of 0.79 times is within the range of the P/NAV ratios of the Comparable Companies and higher than the mean and median P/NAV ratios of 0.78 times and 0.72 times respectively;*
- (xi) *In respect of the Precedent Acquisition Transactions, the Company's implied P/E ratio of 41.1 times is higher than the range of the Precedent Acquisition Transactions;*
- (xii) *We note that the STI ETF, being an alternative equity instrument provides a better dividend yield, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF;*

- (xiii) We note that the Group is in a highly difficult and challenging operating environment arising from the COVID-19 pandemic as commented by the Group in its results announcement. The rating agency, AM Best, had also in November 2020 revised its outlook for the Company from "Stable" to "Negative";
- (xiv) The Offeror intends to gain majority control of the Company and in the event that, inter alia, the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition;
- (xv) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company; and
- (xvi) The Offeror and the Concert Party Group has received an Irrevocable Undertaking for the Undertaking Shareholder to accept the Offer in respect of their Shares amounting to 5.09% of the total Shares in the Company.

Factors against the Offer Price:

- (i) The Offer Price represents a discount of 21.4% to the NAV per Share and the P/NAV ratio of the Group as implied by the Offer Price is 0.79 times;
- (ii) Based on the Group's Ex-cash NAV per Share, the Offer Price as adjusted for cash and cash equivalents of S\$0.2558 per Share, is S\$0.0977 per Share and represents a discount of 49.7% to the Ex-cash NAV per Share;
- (iii) In respect of the Precedent Privatisation Transactions:
- the premium implied by the Offer Price over the last transacted price of 17.8% is within the range but lower than the mean and median premia of 37.9% and 28.1% respectively;
 - the premium implied by the Offer Price over the VWAP for the 1-month period of 20.6% is within the range but lower than the mean and median premia of 46.8% and 37.9% respectively;
 - the premium implied by the Offer Price over the VWAP for the 3-month period of 20.8% is within the range but lower than the mean and median premia of 49.0% and 38.2% respectively;
 - the premium implied by the Offer Price over the VWAP for the 6-month period of 21.8% is within the range but lower than the mean and median premia of 50.4% and 43.1% respectively;
 - the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Privatisations but lower than the mean and median P/NAV ratios of 1.05 times and 0.90 times respectively; and
- (iv) In respect of the Precedent Acquisition Transactions, the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Acquisition Transactions but lower than the mean and median P/NAV ratios of 1.08 times.

For the purposes of evaluating the Offer, we have adopted the approach that the terms “fair” and “reasonable” are regarded as two different concepts. The term “fair” relates to an opinion on the value of the offer price compared against the value of the securities subject to the offer (the “**Securities**”), and an offer is “fair” if the price offered is equal to or greater than the value of the Securities.

In considering whether an offer is “reasonable”, other matters as well as the value of the Securities are considered. Such matters include, but are not limited to, existing voting rights in the company held by the offeror and its concert parties and the market liquidity of the Securities.

Having considered the foregoing factors, we are of the view that the Offer is not fair, taking into consideration the following:

- (i) Based on the NAV approach, which provides an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the value of the Group’s assets as represented by NAV per Share of S\$0.4499 is significantly higher than the Offer Price of S\$0.3535;**
- (ii) After adjusting for cash and cash equivalents of S\$0.2558 per Share, the value of the Group’s assets that is not cash and cash equivalents amounted to S\$0.1941 per Share, which is significantly higher than the adjusted Offer Price (after adjusting for cash and cash equivalents) of S\$0.0977; and**
- (iii) The premia implied by the Offer Price over the historical transacted price and VWAP are lower than the mean and median premia of the Precedent Privatisation Transactions.**

However, we are of the view that the Offer is reasonable, taking into consideration the following:

- (i) The Shares are illiquid, having only been traded on slightly over half of the days that the Company was open for trading on the SGX-ST and the average trading volume as a percentage of free float for the past 2 years prior to the Offer Announcement Date was 0.02%;**
- (ii) The Offer Price of S\$0.3535 is at a premium to the historical traded prices of the Shares over a 2-year period and it appears likely that the recent market price is supported by the Offer. Accordingly, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;**
- (iii) The P/E ratio and P/NAV ratio of the Company as implied by the Offer Price generally compared favourably to the ratios of the Comparable Companies;**
- (iv) The Group is now in a highly difficult and challenging operating environment and the global economic malaise arising from the COVID-19 pandemic continues to exert adverse pressure on the Company. The rating agency, AM Best, had also revised its outlook for the Company from “Stable” to “Negative” which may signify increasing challenges ahead; and**
- (v) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.**

In conclusion, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all transaction costs in connection with open market transactions.”

12. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

12.1 Exempted Directors

An application was made to the SIC to seek certain rulings in relation to the Offer. The SIC has given rulings on 4 March 2021 that Mr Ramaswamy Athappan, who is concurrently a director of the Offeror and the Non-Executive and Non-Independent Director/Chairman of the Company and faces a conflict of interest in relation to the Offer, is exempted from the requirement to make a recommendation to the Shareholders on the Offer.

Save for the above, Mr Ramaswamy Athappan must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by or on behalf of the Company in connection with the Offer.

12.2 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Independent Directors concur with the IFA's assessment of the Offer and its advice thereon, as set out in section 11.2 of this Circular and in the IFA Letter. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

Shareholders should note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

In making the above recommendation, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Shareholders should read and consider carefully this Circular, including the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept the Offer. Shareholders are also urged to read the Offer Document carefully.

13. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to section 13 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

“13. OVERSEAS SHAREHOLDERS

13.1 **Overseas Jurisdictions.** *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document and the Acceptance Forms in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this Offer Document and the Acceptance Forms are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer will violate the laws of that jurisdiction (“**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

13.2 **Overseas Shareholders.** *The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.*

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and the relevant Acceptance Forms may not be sent.

It is the responsibility of Overseas Shareholders who wish to accept the Offer to (a) request for this Offer Document, the Acceptance Forms and/or any related documents, or (b) satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, SAC Capital,

CDP, the Receiving Agent and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, SAC Capital, CDP, the Receiving Agent and/or any person acting on their behalf may be required to pay. In (a) requesting for this Offer Document, the Acceptance Forms, and/or any related documents, or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and SAC Capital that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

- 13.3 **Copies of the Offer Document and the relevant Acceptance Forms.** Where there are potential restrictions on sending this Offer Document and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and SAC Capital each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, obtain a copy of this Offer Document, the relevant Acceptance Forms and/or any related documents during normal business hours and up to the Closing Date, from (a) CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents; or (b) the office of the Share Registrar, M & C Services Private Limited (if he is a scrip holder) at 112 Robinson Road #05-01, Singapore 068902 or contacting them at +65 6227 6660. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror: (i) Fairfax Asia Limited c/o The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or (ii) Fairfax Asia Limited c/o M & C Services Private Limited (if he is a scripholder) at 112 Robinson Road #05-01, Singapore 068902 to request for the Offer Document, the relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.

- 13.4 **Notice.** The Offeror and SAC Capital each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement."

14. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

14.1 CPFIS Investors

As stated in section 14.6 of the Letter to Shareholders in the Offer Document, CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they

should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks, which may be earlier than the Closing Date.

As set out in the same section 14.6, subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

14.2 SRS Investors

As stated in section 14.7 of the Letter to Shareholders in the Offer Document, SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date.

As set out in the same section 14.7, subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their SRS investment accounts.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5:30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix 2 to the Offer Document, which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than the information in the Offer Document, the IFA Letter and any information relating to or opinions expressed by the Offeror and the IFA) are fair and accurate and that there are no material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept responsibility accordingly.

Where any information in this Circular has been extracted or reproduced from published or publicly available sources or obtained from a named source (including the Offeror and/or the IFA), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the SRCL Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

The recommendation of the Independent Directors to the Shareholders set out in section 12.2 of this Circular is the sole responsibility of the Independent Directors.

17. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors

David Chan Mun Wai

Non-Executive and Non-Independent Director/Deputy Chairman

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APPENDIX I

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

20 April 2021

To: The Independent Directors of **Singapore Reinsurance Corporation Limited**
(deemed to be independent in respect of the Offer)

Mr. David Chan Mun Wai (Non-Executive and Non-Independent Director/Deputy Chairman)
Mr. Dileep Nair (Non-Executive and Independent Director)
Mr. Peter Sim Swee Yam (Non-Executive and Independent Director)
Mr. Ong Eng Yaw (Non-Executive and Independent Director)

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE DIRECTORS DEEMED INDEPENDENT IN RESPECT OF THE VOLUNTARY CONDITIONAL CASH OFFER BY SAC CAPITAL PRIVATE LIMITED (“SAC CAPITAL”), FOR AND ON BEHALF OF FAIRFAX ASIA LIMITED (THE “OFFEROR”), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SINGAPORE REINSURANCE CORPORATION LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR, ITS RELATED CORPORATIONS AND THEIR RESPECTIVE NOMINEES

Unless otherwise defined or the context otherwise requires, all terms defined in the circular issued by the Company dated 20 April 2021 (the “Circular”) shall have the same meaning herein.

1. INTRODUCTION

On 19 March 2021 (the “**Offer Announcement Date**”), SAC Capital announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) to acquire all the issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees (the “**Offer Shares**”) at a price of S\$0.3535 (the “**Offer Price**”) in cash for each Offer Share.

The Offeror is a company incorporated in Barbados on 24 November 2003. The Offeror is a subsidiary of Fairfax Financial Holdings Limited (“**Fairfax Holdings**”). The Offeror and its subsidiaries comprise the Asian insurance holdings and operations of Fairfax Holdings, being property and casualty insurance conducted on a direct and reinsurance basis across nine countries in Asia.

As at the Offer Announcement Date, the Offeror has an issued share capital of US\$679,067,439 comprising 679,067,439 shares. The Offeror is 100% held by Fairfax (Barbados) International Corp. and its ultimate beneficial owner is Fairfax Holdings. Fairfax Holdings is a Canadian publicly-listed holding company headquartered in Toronto, Canada. The directors of the Offeror are Mr. Ramaswamy Athappan, Mr. Ronald Schokking, Mr. William P.A. Douglas, Mr. Lisl B. Lewis, Mr. Gobinath Arvind Athappan, and Mr. Alistair B. Dent. As Mr. Ramaswamy Athappan is also concurrently serving as the Non-Executive and Non-Independent Director/Chairman of the Company, the Securities Industry Council (“**SIC**”) had ruled that he faces a conflict of interest in relation to the Offer and is exempted from the requirement to make a recommendation to the shareholders of the Company (“**Shareholders**”) on the Offer.

The related individuals and companies of the Offeror have been deemed to be acting in concert with the Offeror (collectively, the “**Concert Party Group**”) and are set out below:

- (a) the directors of the Offeror;
- (b) Fairfax (Barbados) International Corp. (parent company of the Offeror);
- (c) FFHL Group Limited (parent company of Fairfax (Barbados) International Corp.);
- (d) Fairfax Holdings (ultimate beneficial owner of the Offeror and parent company of FFHL Group Limited);
- (e) Newline Corporate Name Limited (wholly-owned indirect subsidiary of Fairfax Holdings);
- (f) Newline Holdings UK Limited (parent company of Newline Corporate Name Limited);
- (g) Odyssey Reinsurance Company (parent company of Newline Holdings UK Limited);
- (h) Odyssey Group Holdings, Inc. (parent company of Odyssey Reinsurance Company);
- (i) Odyssey US Holdings Inc. (parent company of Odyssey Group Holdings, Inc.); and
- (j) Fairfax (US) Inc. (parent company of Odyssey US Holdings Inc. and wholly-owned by Fairfax Holdings and FFHL Group Limited, collectively).

As at the Offer Announcement Date, the Offeror directly held 115,370,835 Shares, representing approximately 19.35% of shareholding interest in the Company, and Newline Corporate Name Limited directly held 52,665,122 Shares, representing approximately 8.83% of shareholding interest in the Company. In aggregate, the Offeror and the Concert Party Group held 168,035,957 Shares, representing approximately 28.18% of shareholding interest in the Company. For the avoidance of doubt, the Offer Shares represent the remaining 71.82% of the total issued Shares in the Company not held by the Offeror and the Concert Party Group.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting or deemed to be acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the parties acting or deemed to be acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer ("**Minimum Acceptance Condition**").

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

On 2 April 2021, SAC Capital announced (the "**Supplemental Announcement**"), for and on behalf of the Offeror, that a shareholder, being Dalton Investments LLC ("**Dalton**" or "**Undertaking Shareholder**") has provided an irrevocable undertaking dated 2 April 2021 in favour of the Offeror to accept and/or procure the acceptance of the Offer in respect of all its Shares, amounting to 30,339,700 Shares, representing approximately 5.09% of the total Shares in the Company, and not withdraw such acceptance once it has been given (the "**Irrevocable Undertaking**"). Further details of the Irrevocable Undertaking are set out in Section 6 of this letter.

The Offeror's intention is to gain majority control of the Company. In the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. If eligible, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"). Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise its right of compulsory acquisition if it does not achieve the threshold for compulsory acquisition.

In connection with the Offer, PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company to advise the directors of the Company who are deemed independent in respect of the Offer (the "**Independent Directors**") for the purpose of making their recommendation to the Shareholders in relation to the Offer. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries (the “**Group**”) or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied to a considerable extent on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (the “**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment, investment properties, insurance contract provisions and financial assets) of the Company or the Group and have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 12 April 2021 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect

our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in respect of the Offer, as set out in paragraph 10 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE OFFER

Shareholders should by now have received a copy of the offer document despatched on 6 April 2021 (the “**Offer Document**”), setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

3.1 Offer Shares

The Offer is extended to all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees. The Offer Shares represent approximately 71.82% of the total issued Shares of the Company.

3.2 Offer Price

As stated in paragraph 2.2 of the Offer Document, the consideration for each Offer Share is as follows:

FOR EACH OFFER SHARE: S\$0.3535 in cash.

3.3 No Encumbrances

The Offer Shares are to be acquired (i) fully paid, (ii) free from any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (collectively, “**Distributions**”) (if any) declared, paid or made by the Company, on the Record Date which falls on or after the Offer Announcement Date. The “**Record Date**” means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such Distributions.

3.4 Adjustment for Distributions

The Company had on 24 February 2021 announced a final one-tier tax exempt dividend of S\$0.0035 per Share (“**FY2020 Dividend**”) for the financial year ended 31 December 2020

("FY2020") as proposed by the Directors with an indicative books closure date of 7 May 2021, which is subject to change, as may be announced from time to time by the Company.

As stated in paragraph 2.3 of the Offer Document, without prejudice to the generality of the foregoing in paragraph 2.3 of the Offer Document, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, paid or made by the Company on or after the Offer Announcement Date (including the FY2020 Dividend).

In the event that any dividend is paid by the Company to a Shareholder on or after the Offer Announcement Date and such Shareholder accepts the Offer or if the Offer Shares held by such Shareholder are compulsorily acquired by the Offeror, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend paid by the Company to such accepting Shareholder.

Accordingly, the following will apply if any dividend (including the FY2020 Dividend) is declared, paid or made by the Company on or after the Offer Announcement Date:

- (i) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the Offer Price of S\$0.3535 in cash for each Offer Share, as the Offeror will receive the dividend in respect of those Offer Shares from the Company; and
- (ii) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls after the Record Date, the amount of the dividend in respect of such Offer Shares will be deducted from the Offer Price of S\$0.3535 in cash for each Offer Share payable for such Offer Shares, as the Offeror will not receive the dividend in respect of those Offer Shares from the Company.

3.5 Conditional Offer

As stated in paragraph 2.4 of the Offer Document, the Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Party Group (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the Concert Party Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer, being the Minimum Acceptance Condition.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the Concert Party Group (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the Concert Party Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares as at the close of the Offer.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

3.6 Revision of terms of the Offer

The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.

3.7 Warranty

As stated in paragraph 2.6 of the Offer Document, a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial

owner(s) thereof, (a) fully paid, (b) free from any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, paid or made by the Company, on the Record Date which falls on or after the Offer Announcement Date.

3.8 No options proposal

As stated in paragraph 2.7 of the Offer Document, based on the latest information available to the Offeror, there are no outstanding instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company (collectively, “Options”) as at the latest practicable date of the Offer Document. In view of the foregoing, the Offeror will not make an offer to acquire any Options.

3.9 Closing date

The Offer is open for acceptance by Shareholders for a period of at least 28 days from the date on which the Offer Document is despatched, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 4 May 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.10 Further details of the Offer

Further details of the Offer are set out in Appendix 1 to the Offer Document, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

4. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 3 January 1973 and was listed on the Mainboard of the SGX-ST on 26 October 1987. The Company is principally engaged in the business of underwriting general reinsurance.

As at the Latest Practicable Date, the Company has 596,316,185 Shares and does not hold any treasury shares, and does not have any outstanding instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

The Directors of the Company are set out below:

- (a) Mr. Ramaswamy Athappan (Non-Executive and Non-Independent Director/Chairman);
- (b) Mr. David Chan Mun Wai (Non-Executive and Non-Independent Director/Deputy Chairman);
- (c) Mr. Dileep Nair (Non-Executive and Independent Director);
- (d) Mr. Peter Sim Swee Yam (Non-Executive and Independent Director); and
- (e) Mr. Ong Eng Yaw (Non-Executive and Independent Director).

Further information on the Company can be found in Appendix 4 to the Offer Document and Appendix II to the Circular.

5. INFORMATION ON THE OFFEROR AND THE CONCERT PARTY GROUP

The information on the Offeror and the Concert Party Group as set out below in italics has been extracted from paragraph 5 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“5. INFORMATION ON THE OFFEROR AND THE CONCERT GROUP

5.1 **The Offeror.** *The Offeror is a company incorporated in Barbados on 24 November 2003. The Offeror is a subsidiary of Fairfax Holdings. The Offeror and its subsidiaries comprise the Asian insurance holdings and operations of Fairfax Holdings, being property and casualty insurance conducted on a direct and reinsurance basis across nine countries in Asia.*

As at the Latest Practicable Date, the Offeror has an authorised and issued share capital of US\$679,067,439 comprising 679,067,439 shares. The Offeror is 100% held by Fairfax (Barbados) International Corp. and its ultimate beneficial owner is Fairfax Holdings. Fairfax Holdings is a Canadian publicly-listed holding company headquartered in Toronto, Canada, which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. Fairfax Holdings was founded in 1985 by the present Chairman and Chief Executive Officer, Mr. V. Prem Watsa. The common shares of Fairfax Holdings are listed on the Toronto Stock Exchange under the symbol “FFH”.

As at the Latest Practicable Date, the Directors are:

- (a) Mr. Ramaswamy Athappan;*
- (b) Mr. Ronald Schokking;*
- (c) Mr. William P.A. Douglas;*
- (d) Mr. Lisl B. Lewis;*
- (e) Mr. Gobinath Arvind Athappan; and*
- (f) Mr. Alistair B. Dent.*

5.2 **Concert Group.** *As at the Latest Practicable Date, the following individuals and companies are deemed to be acting in concert with the Offeror (collectively, the “Concert Group”):*

- (a) the Directors of the Offeror;*
- (b) Fairfax (Barbados) International Corp. (parent company of the Offeror);*
- (c) FFHL Group Limited (parent company of Fairfax (Barbados) International Corp.);*
- (d) Fairfax Holdings (ultimate beneficial owner of the Offeror and parent company of FFHL Group Limited);*
- (e) Newline Corporate Name Limited (wholly-owned indirect subsidiary of Fairfax Holdings);*
- (f) Newline Holdings UK Limited (parent company of Newline Corporate Name Limited);*
- (g) Odyssey Reinsurance Company (parent company of Newline Holdings UK Limited);*
- (h) Odyssey Group Holdings, Inc. (parent company of Odyssey Reinsurance Company);*

- (i) *Odyssey US Holdings Inc. (parent company of Odyssey Group Holdings, Inc.); and*
- (j) *Fairfax (US) Inc. (parent company of Odyssey US Holdings Inc. and wholly-owned by Fairfax Holdings and FFHL Group Limited, collectively).*

5.3 Aggregate Holding in the Company. *As at the Latest Practicable Date, based on the latest information available to the Offeror, the Offeror and the Concert Group collectively hold an aggregate of 168,035,957 Shares, representing approximately 28.18% of the total number of issued Shares of the Company, a breakdown of which is as follows:*

- (a) *the Offeror holds directly 115,370,835 Shares, representing approximately 19.35% of the Shares; and*
- (b) *Newline Corporate Name Limited holds directly 52,665,122 Shares, representing approximately 8.83% of the Shares.*

Newline Corporate Name Limited is a related corporation of the Offeror. As the Shares already owned, controlled or agreed to be acquired by the Offeror, its related corporations and their respective nominees are excluded from the Offer, Shares which are owned, controlled or agreed to be acquired by the Offeror and Newline Corporate Name Limited are excluded from the Offer.”

The information on the relevant regulatory approvals obtained by the Offeror and the Concert Party Group as set out below in italics has been extracted from paragraph 4 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“4. REGULATORY APPROVALS

4.1 SIC Rulings. *An application was made to the SIC to seek certain rulings in relation to the Offer. The SIC has given rulings that:*

- (a) *Mr. Ramaswamy Athappan, who is concurrently a director of the Offeror and the Non-Executive and Non-Independent Director/Chairman of the Company, and faces a conflict of interest in relation to the Offer, is exempted from the requirement to make a recommendation to the Shareholders on the Offer. He must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by or on behalf of the Company in connection with the Offer;*
- (b) *it has no objections to limiting the disclosure of holdings in the Offer Announcement, subject to the following:*
 - (i) *subsequent to the making of the Offer Announcement, the Offeror promptly making enquiries of all other parties acting or deemed to be acting in concert with the Offeror in connection with the Offer on the number of Company Securities which they own, control or have agreed to acquire; and*
 - (ii) *if the aggregate number of Company Securities owned, controlled or agreed to be acquired by such other parties acting or deemed to be acting in concert with the Offeror referred to in Section 4.1(b)(i) of the Letter to Shareholders in this Offer Document represents 0.5% or more of the total issued capital of the Company, the Offeror must promptly announce such holdings to the public;*
- (c) *only the Directors would be required to provide responsibility statements in respect of any announcements and/or documents issued in connection with the Offer; and*
- (d) *only the Offeror would be required to disclose the information prescribed in Rule 23.4 of the Code.*

4.2 **MAS Approval.** *The Company is licensed as a general reinsurer under the Insurance Act, Chapter 142 of Singapore (“Insurance Act”). Pursuant to Section 28(1) read with Section 28(7) of the Insurance Act, no person shall obtain effective control of a licensed insurer incorporated in Singapore without the prior written approval of the Monetary Authority of Singapore (“MAS”), and a person is to be regarded as obtaining “effective control” of a licensed insurer if, inter alia, the person holds 20% or more of the total number of issued shares in the insurer.*

As the Offer, in the event that it becomes or is declared unconditional in all respects, will result in the Offeror directly holding 20% or more of the total number of issued Shares in the Company and thereby acquiring effective control of the Company, the Offeror has consulted with the MAS on whether prior written approval of the MAS will be required for the Offeror to undertake the Offer to obtain effective control of the Company. The MAS has informed the Offeror that based on the terms of a previous MAS approval dated 19 December 2017 (in respect of an application by Fairfax Holdings for various named entities including the Offeror to obtain effective control of the Company), no further approval from the MAS is required.”

6. IRREVOCABLE UNDERTAKING

The information on the Irrevocable Undertaking as set out below in italics has been extracted from paragraph 2 of the Supplemental Announcement.

“2. DALTON IRREVOCABLE UNDERTAKING

SAC Capital wishes to announce, for and on behalf of the Offeror, that Dalton Investments LLC (“Dalton”) has provided an irrevocable undertaking dated 2 April 2021 (“Dalton Irrevocable Undertaking”) in favour of the Offeror to accept and/or procure the acceptance of the Offer in respect of all its Shares and not withdraw such acceptance once it has been given.

Dalton is an investment manager based in California, United States of America, which manages various client portfolios and as investment manager, has discretion and authority over the sale of an aggregate of 30,339,700 Shares, representing approximately 5.09% of the total number of issued Shares⁽¹⁾ as at the date hereof.

Save as disclosed in this announcement, Dalton (a) does not own or control and has not agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, “Company Securities”) and (b) has not dealt for value in any Company Securities during the 3-month period prior to the date of the Offer Announcement.

A copy of the Dalton Irrevocable Undertaking is available for inspection at the office of the Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 during normal business hours upon prior appointment with the Share Registrar at +65 6227 6660, while the Offer remains open for acceptance.

As at the date hereof, save for the Dalton Irrevocable Undertaking, none of the Offeror or its concert parties has received any other irrevocable undertaking from any party to accept or reject the Offer.

Note:

(1) *Based on the total number of 596,316,185 Shares in issue as at the date hereof.”*

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY AND ITS LISTING STATUS

7.1 Rationale for the Offer and intention for the Company

The full text of the rationale for the Offer and the Offeror's intentions for the Company are set out in paragraphs 7 and 8 of the Offer Document respectively.

In summary, the rationale for the Offer is as follows:

- (a) The Offer Price is at a premium to the Company's historical and prevailing share prices and presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over prevailing trading prices of the Shares without incurring brokerage and other trading costs against the backdrop of a challenging macroeconomic environment which may pose concerns to the underwriting and investment activities of the Group;
- (b) The Company's price-to-book ratio as implied by the Offer Price exceeds its historical averages;
- (c) The Company's price-to-earnings ratio implied by the Offer Price exceeds its historical averages;
- (d) The Offer provides Shareholders who might otherwise find it difficult to exit their investment in the Company as a result of the low trading volume in the Shares with an opportunity to realise their entire investment in the Shares at a premium over the prevailing market prices; and
- (e) The Offer will allow the Offeror to obtain statutory control of the Company, which will enable the Offeror and the Concert Party Group to control the business and the future plans of the Company more effectively. The Offeror is able to provide support to the Management by:
 - (i) managing the Company's operations in the short and medium term with a view to stabilising the volatile reinsurance business for the long term;
 - (ii) advising on business prospects together with a more disciplined approach to risk and underwriting for the long term;
 - (iii) supporting the Company's expansion into new markets and businesses;
 - (iv) competing effectively to overcome the challenging macroeconomic environment in Singapore and across Asia;
 - (v) facilitating the implementation of strategic and operational changes;
 - (vi) optimising the use of its management and capital resources; and
 - (vii) cooperation and exploration of business synergies with the Offeror's related companies across Asia.

The Offeror noted that the Company's annual returns on Shareholders' equity has declined over the years and the Offeror believes that this decline reflects steep competition, lack of scale of the Company, increasing volatility of underwriting performance and increasing exposure to natural catastrophes, all of which reflect difficult operating conditions in the market. Furthermore, in November 2020, the rating agency, AM Best, had revised its outlook for the Company to "Negative", which may adversely affect the business prospects of the Group. The Offeror believes that by obtaining statutory control, it may be able to enhance the Company's already strong presence in the Asian regional insurance and reinsurance market by creating complementary business operations with the Group through sharing customer and cedant relationships, best practices and industry know-how.

It is the intention of the Offeror to continue to develop and grow the businesses of the Group and pursue opportunities on a long-term sustainable basis, particularly in the areas of underwriting, risk management, claims management and services. The Offeror also intends to explore opportunities for cost synergies such as shared services, where appropriate.

Save for the foregoing, the Offeror currently has no intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

7.2 Listing status and compulsory acquisition

The information on the listing status and compulsory acquisition as set out below in italics has been extracted from paragraph 9 of the Offer Document.

“9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 **Listing Status.** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public (“**Free Float Requirement**”). Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

The Offeror's intention is to gain majority control of the Company. However, in the event that the Free Float Requirement is not met and/or trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.

If eligible, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, as further described in Section 9.2 of the Letter to Shareholders in this Offer Document below. Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise its right of compulsory acquisition if it does not achieve the threshold for compulsory acquisition.

If the Offeror decides not to maintain the listing status of the Company on the SGX-ST should it no longer meet the Free Float Requirement, the SGX-ST will generally consider waiving compliance imposed on a voluntary delisting⁽⁵⁾ if (a) the Offer is fair and reasonable (and the independent financial adviser to the Company has opined that the Offer is fair and reasonable), and (b) the Offeror has received acceptances from independent Shareholders⁽⁶⁾ at the close of the Offer that represent a majority of least 75% of the total number of issued Shares held by independent Shareholders. The Offeror will make an announcement if it receives acceptances of the Offer in respect of 75% of the total number of issued Shares held by independent Shareholders. If the waiver conditions are not met and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private

placement or otherwise). Shareholders and investors should note there is the risk that the Company may be subject to prolonged suspension should it no longer meet the Free Float Requirement but the requisite conditions for a delisting are not met.

9.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”), at a price equal to the Offer Price. For the avoidance of doubt, Shares which are held by the Offeror and Newline Corporate Name Limited (being a related corporation of the Offeror) will not count towards the compulsory acquisition threshold.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

Notes:

- (5) Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application to delist from the SGX-ST if:
- i) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and
 - ii) the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Offeror and parties acting in concert with it must abstain from voting on the resolution.
- (6) Independent Shareholders are Shareholders other than the Offeror and parties acting in concert with it.”

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the fairness and reasonableness of the financial terms of the Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) Historical market price performance and trading activity of the Shares;
- (ii) Share price performance relative to market indices;
- (iii) Financial information of the Group;
- (iv) Net asset value (“**NAV**”) per Share and Ex-Cash NAV per Share;
- (v) Historical trailing price-to-NAV (“**P/NAV**”) ratio of the Shares;
- (vi) Valuation ratios of selected listed companies broadly comparable to the Group;
- (vii) Precedent privatisation and delisting transactions in Singapore;
- (viii) Precedent Acquisition Transactions of companies broadly comparable to the Group; and
- (ix) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 9 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

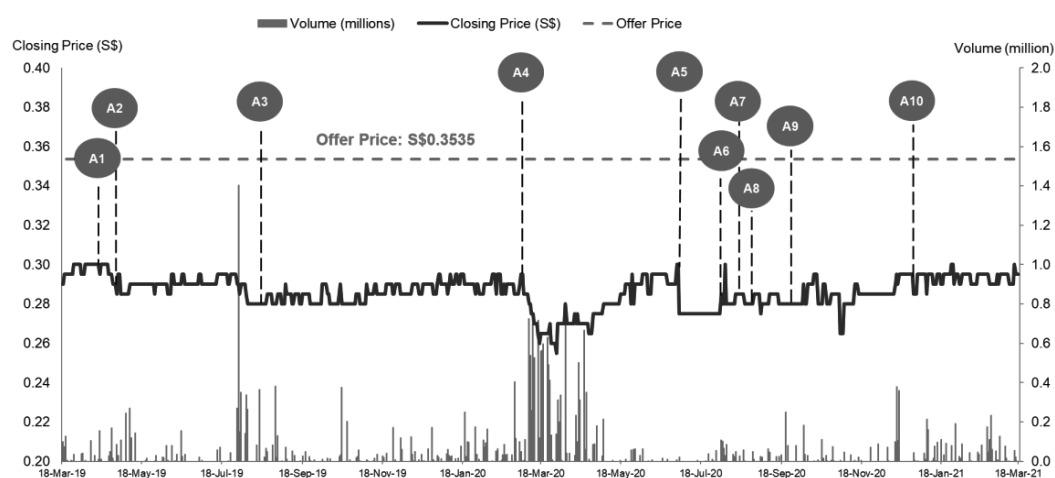
8.1 Historical market price performance and trading activity of the Shares

The Shares were last transacted on 19 March 2021 (“**Last Trading Day**”) prior to the release of the Offer Announcement after trading hours on that date, being the Offer Announcement Date.

We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 20 March 2019 to 19 March 2021, being the 2-year period prior to the release of the Offer Announcement, and after the Offer Announcement Date up to and including the Latest Practicable Date.

We set out below the daily closing price and daily trading volume of the Shares for the 2-year period up to and including the Last Trading Day. We have also marked certain dates in the above-mentioned period where significant events have occurred.

Daily closing price and daily trading volume of the Shares for the 2-year period up to and including the Last Trading Day



Source: Bloomberg L.P., Company announcements and news articles

Significant events or announcements:

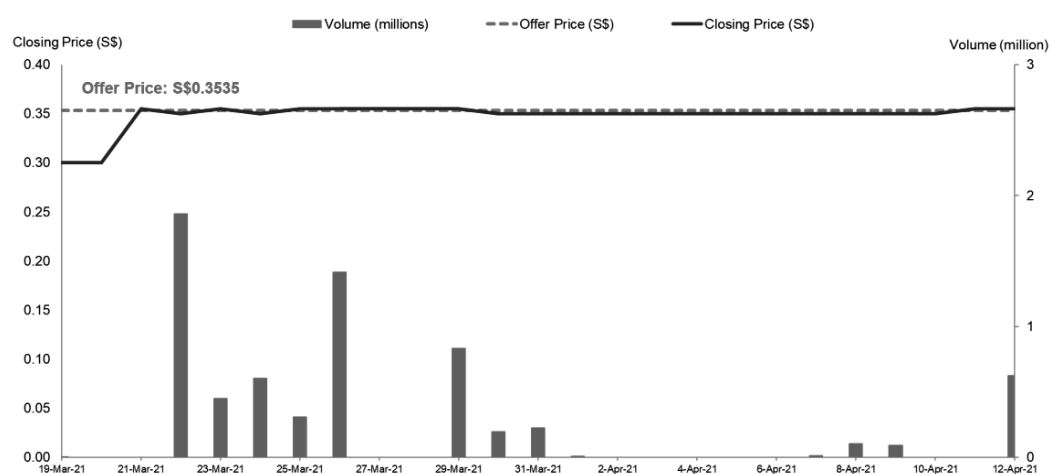
- A1. **17 April 2019.** The Company announced the retirement of Non-Executive and Non-Independent Director, Mr. Hwang Soo Jin and the results of the resolutions passed at its annual general meeting which included the approval of the renewal of a share buy-back mandate.
- A2. **29 April 2019.** Shares trade ex-dividend that was announced for FY2018.
- A3. **19 August 2019.** Shares trade ex-dividend for interim dividend that was announced for FY2019.

- A4. **3 March 2020.** Equity markets plunged globally during the month of March, as investors fled to safe assets such as bonds to hedge the economic shock of the COVID-19 pandemic. The Company had also periodically announced Share buy-backs throughout March and April 2020 amounting to 7,748,600 Shares, representing approximately 1.28% of the Company's issued Shares as at 17 April 2019, being the approval date of the share buy-back mandate.
- A5. **1 July 2020.** Shares trade ex-dividend that was announced for FY2019.
- A6. **4 August 2020.** The Company announced the appointment of Mr. Francis Sandiango Savari as Deputy Chief Executive of the Company.
- A7. **17 August 2020.** The Company announced that it had on 14 August 2020 entered into a sale and purchase agreement to dispose its 85%-owned subsidiary INS Communications Private Limited, which is principally engaged in the business of publication of magazines, books and other publications and organisation of conferences ("**Disposal of INS**") to a third-party acquirer.
- A8. **26 August 2020.** The Company announced the completion of the Disposal of INS.
- A9. **25 September 2020.** The Company announced that the reserve fund of INS Communications Private Limited that the Company was entitled to has been received by the Company.
- A10. **29 December 2020.** The Company announced the cancellation of 8,903,600 treasury shares, representing 1.4931% of total number of Shares (excluding treasury shares) before cancellation.

Based on the chart above, we note that over the 2-year period up to and including the Last Trading Day, the Shares have traded consistently below the Offer Price.

We set out below the daily closing price and daily trading volume of the Shares for the period after the Offer Announcement Date up to and including the Latest Practicable Date.

Daily closing price and daily trading volume of the Shares for period after the Offer Announcement Date up to and including the Latest Practicable Date



Source: Bloomberg L.P.

The Offer Price represents a premium of 17.8% over the last transacted Share price of S\$0.300 on the Last Trading Day. Subsequent to the Offer Announcement up to and including the Latest Practicable Date, the Shares had traded in the range of S\$0.35 to S\$0.36, representing a premium of up to 1.8% over the Offer Price.

We have also set out below the premium and discount implied by the Offer Price over/to the historical volume weighted average price ("**VWAP**") and historical trading volume of the Shares from 20 March 2019 (being the 2-year period up to and including the Last Trading Day) up to and including the Latest Practicable Date.

Premium/(Discount) implied by the Offer Price over/(to) VWAP⁽¹⁾

| | VWAP (S\$) | Premium/ (Discount) of Offer Price over /(to) VWAP (%) | Highest traded price (S\$) | Lowest traded price (S\$) | No. of Traded Days ⁽²⁾ | Average daily traded volume ⁽³⁾ (‘000) | Average daily traded volume ⁽³⁾ as a percentage of free float ⁽⁴⁾ (%) |
|---|-----------------------|--|-------------------------------------|------------------------------------|---|---|--|
| Periods up to and including the Last Trading Day prior to the Offer Announcement | | | | | | | |
| 2-year | 0.2807 | 25.9 | 0.3000 | 0.2500 | 295 | 58 | 0.02 |
| 1-year | 0.2775 | 27.4 | 0.3000 | 0.2500 | 140 | 52 | 0.02 |
| 6-month | 0.2902 | 21.8 | 0.3000 | 0.2650 | 71 | 37 | 0.01 |
| 3-month | 0.2927 | 20.8 | 0.3000 | 0.2850 | 42 | 40 | 0.01 |
| 1-month | 0.2930 | 20.6 | 0.3000 | 0.2900 | 16 | 49 | 0.02 |
| 19 March 2021, being the Last Trading Day prior to the release of the Offer Announcement | 0.3000 ⁽⁵⁾ | 17.8 | 0.3000 | 0.3000 | 1 | 3 | n.m. |
| Periods after the Offer Announcement Date up to and including the Latest Practicable Date | | | | | | | |
| Period between 22 March 2021 and the Latest Practicable Date | 0.3534 | n.m. | 0.3600 | 0.3500 | 13 | 449 | 0.16 |
| Latest Practicable Date | 0.3550 ⁽⁵⁾ | (0.4) | 0.3550 | 0.3500 | 1 | 625 | 0.22 |

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated based on the aggregate daily turnover value of the Shares and aggregate daily traded volume of the Shares for the relevant trading days for each relevant period as obtained from Bloomberg L.P., excluding off-market transactions;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during that relevant period;
- (3) The average daily traded volume of the Shares is calculated based on the total volume of Shares traded during the relevant periods, divided by the number of market days (excluding days with full day trading halts on the Shares) during that relevant period;
- (4) Free float refers to approximately 279,970,449 Shares based on the free float of approximately 46.95% as disclosed in the annual report of the Company for FY2020; and
- (5) The price shown refers to the closing price.

Based on the above, we note the following:

- (i) The Offer Price of S\$0.3535 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.2500 and a high of S\$0.3000;
- (ii) The Offer Price represents premia of approximately 25.9%, 27.4%, 21.8%, 20.8% and 20.6% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;
- (iii) The Offer Price represents a premium of approximately 17.8% over the closing price of the Shares of S\$0.3000 on the Last Trading Day;

- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded at or around the Offer Price and were last transacted at S\$0.3550 on the Latest Practicable Date;
- (v) During the 2-year period up to and including the Last Trading Day, the Shares were traded on slightly over half of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.02%, 0.02%, 0.01%, 0.01% and 0.02% of the free float of Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares; and
- (vi) Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 449,000 Shares, representing approximately 0.16% of the Company's free float.

Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

Shareholders are advised that the historical trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

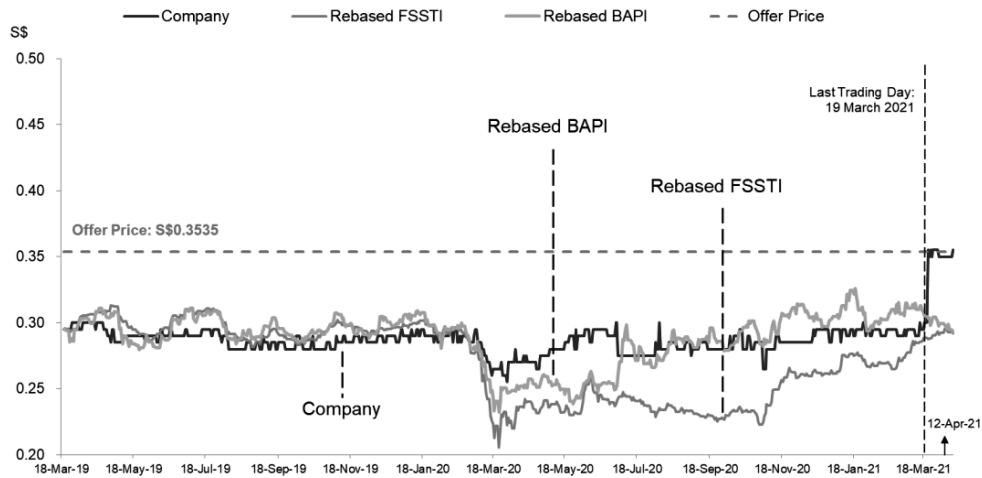
8.2 Share price performance relative to market indices

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market and of regional insurance providers listed in the Asia Pacific region, we have compared the market price movement of the Shares against the following indices:

- (i) The FTSE Straits Times Index (the "**FSSTI**"), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST; and
- (ii) The Bloomberg Asia Pacific Insurance Index (the "**BAPI**"), which is a capitalisation-weighted index of the leading insurance stocks in Asia Pacific region and is based on the underlying Bloomberg Asia Pacific World Index.

Both the FSSTI and BAPI have been rebased to the closing price of the Company as at the beginning of the 2-year period (being 20 March 2019) prior to the release of the Offer Announcement. The market price performance of the Shares relative to the rebased FSSTI and the rebased BAPI for the period from 20 March 2019 up to and including the Latest Practicable Date, is illustrated below.

Share price performance against the market indices (rebased)



Source: Bloomberg L.P.

We have also set out in the table below the movements in the last transacted prices of the Shares, the rebased FSSTI and the rebased BAPI between the Last Trading Day and the Latest Practicable Date:

| | As at Last Trading Day (S\$) | As at the Latest Practicable Date (S\$) | Percentage Change (%) |
|---------------|---------------------------------|---|-----------------------------|
| Shares | 0.300 | 0.355 | 18.3 |
| Rebased FSSTI | 0.288 | 0.292 | 1.4 |
| Rebased BAPI | 0.305 | 0.293 | (3.9) |

Source: Bloomberg L.P.

Based on the above, we note the following:

- (i) Save for the period from March 2020 to July 2020 where the Shares outperformed the rebased FSSTI and rebased BAPI, the Shares had generally performed in line with the rebased FSSTI and rebased BAPI from March 2019 up to February 2020 and between the period from July 2020 up to and including the Last Trading Day, the Shares had either performed in line or underperformed as compared to the rebased BAPI, but outperformed the rebased FSSTI; and
- (ii) Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI and the rebased BAPI, having increased by 18.3% as compared to the increase of 1.4% in the rebased FSSTI and the decrease of 3.9% in the rebased BAPI over the same period.

It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

8.3 Financial information of the Group

8.3.1 Financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the Group's audited financial statements for the last three financial years ("FY") ended 31 December 2018, 2019 and 2020.

A summary of the statement of profit or loss of the Group for FY2018, FY2019 and FY2020 is set out in the table below. The following summary statement of profit or loss should be read in conjunction with the full text of the annual reports of the Group in respect of the relevant financial years including the notes thereto.

| Summary Statement of Profit or Loss (S\$'000) | FY2020 (Audited) | FY2019 (Audited) | FY2018 (Audited) |
|--|-----------------------------|-----------------------------|-----------------------------|
| <u>Reinsurance operations:</u> | | | |
| Net written premiums | 69,274 | 64,668 | 50,681 |
| Net claims incurred | (49,346) | (40,791) | (35,961) |
| <i>Incurred loss ratio⁽¹⁾</i> | <i>71.2%</i> | <i>63.1%</i> | <i>71.0%</i> |
| Net commission expense | (16,576) | (14,697) | (12,003) |
| Management expenses | (7,442) | (7,647) | (7,656) |
| Underwriting results | (5,468) | (3,407) | (4,769) |
| Net investment income | 5,691 | 7,877 | 8,012 |
| Net income from reinsurance operations | 223 | 4,470 | 3,243 |
| <u>Non-reinsurance operations:</u> | | | |
| Net investment income | 5,697 | 6,190 | 8,024 |
| Other operating income | 2,147 | 5,195 | 5,915 |
| Management expenses | (2,327) | (5,569) | (5,885) |
| Net income from non-reinsurance operations | 5,517 | 5,816 | 8,054 |
| Profit before income tax | 5,740 | 10,286 | 11,297 |
| Profit for the year | 5,153 | 9,811 | 8,861 |
| Profit for the year attributable to equity holders of the Company | 5,130 | 9,817 | 8,791 |
| <i>Net profit margin⁽²⁾</i> | <i>6.8%</i> | <i>13.9%</i> | <i>15.0%</i> |

Source: The Company's annual reports for FY2019 and FY2020.

Notes:

- (1) The incurred loss ratio was calculated by dividing the net claims incurred by the net written premiums.
- (2) The net profit margin was calculated by dividing profit for the year attributable to equity holders of the Company by the sum of the net written premiums from reinsurance operations and the net investment income from non-reinsurance operations.

Review of operating results

FY2020 as compared to FY2019

The Group's net written premiums had increased by approximately S\$4.6 million or 7.1% from S\$64.7 million in FY2019 to S\$69.3 million in FY2020. Despite the backdrop of COVID-19, gross premiums grew to approximately S\$264.0 million in FY2020 due to higher premiums reported by cedants, new business and higher signed shares which contributed to the increase

in net written premiums. Fire insurance was the predominant class, which contributed 60.8% of gross premium income, followed by Accident (including Casualty) which contributed 30.8% and Marine which contributed 8.4%.

Net claims incurred increased by approximately S\$8.6 million or 21.0% from S\$40.8 million in FY2019 to S\$49.3 million in FY2020 due to higher advised outstanding losses as well as incurred but not reported and/or incurred but not enough reported (“**IBNR/IBNER**”) loss reserve provisions, including case reserves and additional case reserves set aside for COVID-19 related losses and other recent natural and man-made calamities. As such, the incurred loss ratio increased by 8.1 percentage points from 63.1% in FY2019 to 71.2% in FY2020.

Net commission expense increased by approximately S\$1.9 million or 12.8% from S\$14.7 million in FY2019 to S\$16.6 million in FY2020 partly due to higher accrual of profit commission as a result of the growth of net written premiums and the commission expense ratio of 22.7% in FY2019 increased by 1.2 percentage points to 23.9% in FY2020. The Group’s reinsurance management expense decreased by approximately S\$0.2 million or 2.7% from S\$7.6 million in FY2019 to S\$7.4 million in FY2020 due to the Singapore government’s wage subsidy under the Jobs Support Scheme.

As a result, the Group’s underwriting losses worsened by approximately S\$2.1 million or 60.5% from a loss of S\$3.4 million in FY2019 to a loss of S\$5.5 million in FY2020. The Group also recorded a decrease in total net investment income of approximately S\$2.7 million or 19.0% from S\$14.1 million in FY2019 to S\$11.4 million in FY2020 primarily due to lower interest and dividend income, as well as lower revaluation surplus for investment properties.

Overall, the Group’s profit for the year attributable to equity holders of the Company decreased by approximately S\$4.7 million or 47.7% from S\$9.8 million in FY2019 to S\$5.1 million in FY2020 and the net profit margin of the Group decreased accordingly from 13.9% in FY2019 to 6.8% in FY2020.

FY2019 as compared to FY2018

The Group’s net written premiums had increased by approximately S\$14.0 million or 27.6% from S\$50.7 million in FY2018 to S\$64.7 million in FY2019. As part of net written premiums, gross written premiums increased to approximately S\$238.1 million in FY2019 due to higher premiums reported by cedants, new business and higher signed shares.

Net claims incurred increased by approximately S\$4.8 million or 13.4% from S\$36.0 million in FY2018 to S\$40.8 million in FY2019 due to higher advised outstanding losses as well as IBNR/IBNER loss reserve provisions, including case reserves and additional case reserves set aside for natural catastrophe-related losses. As the increase in net written premiums was more than proportionate to the increase in net claims incurred, the incurred loss ratio decreased by 7.9 percentage points from 71.0% in FY2018 to 63.1% in FY2019.

Net commission expense increased by approximately S\$2.7 million or 22.4% from S\$12.0 million in FY2018 to S\$14.7 million in FY2019 and was generally in line with the increase in net written premiums. The Group’s reinsurance management expense maintained at S\$7.6 million.

As a result, the Group’s underwriting losses improved by approximately S\$1.4 million or 28.6% from a loss of S\$4.8 million in FY2018 to S\$3.4 million in FY2019. The Group also recorded a decrease in total net investment income of approximately S\$2.0 million or 12.3% from S\$16.0 million in FY2018 to S\$14.0 million in FY2019 primarily due to lower surplus on revaluation of investment properties.

Overall, the Group’s profit for the year attributable to equity holders of the Company increased by approximately S\$1.0 million or 11.7% from S\$8.8 million in FY2018 to S\$9.8 million in FY2019 and the net profit margin of the Group decreased slightly from 15.0% in FY2018 to 13.9% in FY2019.

Historical Price-to-Earnings (“P/E”) ratio as implied by the Offer Price

The P/E ratio illustrates the market price of a company’s shares relative to its earnings per share. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

Based on the profit for the year attributable to equity holders of the Company of S\$5.1 million for FY2020 and the market capitalisation of the Company as implied by the Offer Price of S\$210.8 million, the implied P/E ratio of the Company is **41.1 times**.

8.3.2 Financial position of the Group

The audited statement of financial position of the Group as at 31 December 2020 is set out in the table below. The following statement of financial position of the Group should be read in conjunction with the full text of the annual report of the Group in respect of FY2020 including the notes thereto.

| Statement of Financial Position (S\$’000) | As at 31 December 2020 (Audited) |
|---|---|
| Assets | |
| Property, plant and equipment | 57,185 |
| Investment properties | 36,658 |
| Reinsurers’ share of insurance contract provisions for: | |
| - outstanding claims | 305,870 |
| - unexpired risks | 70,427 |
| Financial assets | 217,455 |
| Insurance receivables | 110,924 |
| Other receivables | 2,480 |
| Cash and cash equivalents | 152,524 |
| Total assets | 953,523 |
| Equity attributable to equity holders of the Company | |
| Share capital | 123,300 |
| Reserves | 50,246 |
| Accumulated profits | 94,756 |
| | 268,302 |
| Non-controlling interests | 24 |
| Total equity | 268,326 |
| Liabilities | |
| Insurance contract provisions for: | |
| - outstanding claims | 478,054 |
| - unexpired risks | 95,067 |
| Deferred taxation | 2,821 |
| Insurance payables | 105,022 |
| Other payables | 3,036 |
| Current tax payable | 1,197 |
| Total liabilities | 685,197 |
| Total equity and liabilities | 953,523 |

| Statement of Financial Position (S\$'000) | As at 31 December 2020 (Audited) |
|--|--|
| NAV of the Group | 268,302 |
| No. of issued Shares as at 31 December 2020 | 596,316,185 |
| NAV per Share | S\$0.4499 |

Source: The Company's annual report for FY2020.

Assets

As at 31 December 2020, the Group has total assets of S\$953.5 million comprising mainly reinsurers' share of insurance contract provisions of S\$376.3 million, financial assets of S\$217.5 million, cash and cash equivalents of S\$152.5 million, insurance receivables of S\$110.9 million, property, plant and equipment ("PPE") of S\$57.2 million and investment properties of S\$36.7 million, representing 39.5%, 22.8%, 16.0%, 11.6%, 6.0% and 3.8% of total assets respectively.

The Group arranges reinsurance outward in the normal course of business for the purpose of limiting its net loss. The reinsurers' share of insurance contract provisions as at 31 December 2020 amounted to S\$376.3 million, representing 65.7% of the Group's gross insurance contract provisions of S\$573.1 million. The Group uses a combination of proportional and excess of loss retrocession treaties and/or facultative arrangements to limit the exposure to any one risk or loss event in accordance with pre-determined guidelines.

The financial assets of the Group mainly relate to investment in fair-valued equity securities and debt securities. Fair-valued debt securities accounted for S\$173.9 million, representing 80.0% of total financial assets and included government bonds as well as public authorities and corporate bonds. Fair-valued equity securities accounted for the remaining S\$43.6 million, representing 20.0% of total financial assets and are intended to be held for the long-term for strategic purposes.

The Group's PPE comprised mainly owner-occupied leasehold land and buildings: (i) the Group's head office located at 85 Amoy Street; and (ii) its operations office located at 68/69 Amoy Street and in aggregate amounted to S\$56.7 million. The remaining S\$0.5 million was attributed to furniture, fittings and equipment. The fair value of leasehold land and buildings of the Group are revalued annually by firms of independent professional valuers at open market value on an existing use basis. The measurement is based on the market comparison method and the revaluation surplus during the year amounted to approximately S\$2.3 million.

The Group's investment properties comprise commercial properties that are leased to external customers and contain an initial non-cancellable period of one to three years. Subsequent renewals are negotiated with the lessees. These properties are located in Singapore at 55-58 Amoy Street and 103 Amoy Street, and office and residential units in Dalian, Beijing and Shanghai, China. The fair values of the investment properties are revalued annually by firms of independent professional valuers at open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The measurement is based on market comparison.

Liabilities and equity

As at 31 December 2020, the Group has total liabilities of S\$685.2 million comprising substantially insurance contract provisions amounting to S\$573.1 million and insurance payables of S\$105.0 million, representing 83.6% and 15.3% of total liabilities respectively.

The current portion of the Group's gross insurance contract provisions amounting to S\$247.3 million, representing 43.2% of gross insurance contract provisions have been determined by using the average claim payout ratio for the past three financial years for each individual line of

business, which is calculated using the total paid losses for each financial year, divided by the total claim liabilities as at the beginning of each financial year. The remaining S\$325.8 million of insurance contract provisions representing the non-current portion have been determined with respect to the policies with a policy length of more than a year.

The Group's insurance payables comprised mainly inward insurance payables of S\$56.5 million and outward insurance payables of S\$39.3 million.

Equity attributable to equity holders of the Company as at 31 December 2020 amounted to S\$268.3 million.

8.3.3 Cash flows of the Group

A summary of the consolidated statement of cash flows of the Group for FY2018, FY2019 and FY2020 is set out in the table below. The following summary consolidated statement of cash flows should be read in conjunction with the full text of the annual reports of the Group in respect of the relevant financial years including the notes thereto.

| Summary Consolidated Statement of Cash Flows (S\$'000) | FY2020 (Audited) | FY2019 (Audited) | FY2018 (Audited) |
|---|-------------------------|-------------------------|-------------------------|
| Net cash from/(used in) operating activities | 10,875 | 3,199 | (14,391) |
| Net cash from investing activities | 47,552 | 21,209 | 8,786 |
| Net cash (used in) financing activities | (9,548) | (7,904) | (7,993) |
| Net increase/(decrease) in cash and cash equivalents | 48,879 | 16,504 | (13,598) |

Source: The Company's annual reports for FY2019 and FY2020.

FY2020

In FY2020, the net cash of approximately S\$10.9 million from operating activities was substantially generated by the Group's insurance activities.

The net cash of approximately S\$47.6 million from investing activities in FY2020 arose from the net sales of the Group's investments and interest and dividends received on the Group's investments.

The net cash of approximately S\$9.5 million used in financing activities in FY2020 was substantially due to the distribution of cash dividends to Shareholders and share buybacks.

As a result of the above cash movements, the Group's cash and cash equivalents increased by approximately S\$48.9 million in FY2020.

FY2019

The net cash of approximately S\$3.2 million from operating activities in FY2019 was mostly generated by the Group's insurance activities.

The net cash of approximately S\$21.2 million from investing activities in FY2019 arose mostly from the interest and dividends received on the Group's investments and the net sales of the Group's investments. The Group also recorded dividends received and proceeds from disposal of the investment properties.

The net cash of approximately S\$7.9 million used in financing activities in FY2019 was substantially due to the distribution of dividends to Shareholders.

As a result of the above cash movements, the Group's cash and cash equivalents increased by approximately S\$16.5 million in FY2019.

FY2018

The net cash of approximately S\$14.4 million used in operating activities was mostly used for the Group's insurance activities. As the Group's outstanding insurance receivables were substantial, it lowered the overall cash that was received from operating activities.

The net cash of approximately S\$8.8 million from investing activities arose mostly from the interest and dividends received on the Group's investments as the substantial sale of the Group's investments were almost entirely offset by the Group's purchase of investments.

The net cash of approximately S\$8.0 million used in financing activities was substantially due to the distribution of dividends to Shareholders.

As a result of the above cash movements, the Group's cash and cash equivalents decreased by approximately S\$13.6 million in FY2018.

8.4 NAV per Share and Ex-Cash NAV per Share

8.4.1 NAV per Share

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of its equity. Given the asset-intensive nature of the Group's reinsurance business including the reinsurers' share of insurance contract provisions, its investments in investment properties and financial assets, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

The P/NAV ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's shareholders' equity as indicated on its balance sheet.

Based on the Group's NAV per Share of S\$0.4499 as at 31 December 2020, the Offer Price represents a discount of 21.4% to the NAV per Share and the P/NAV ratio of the Group as implied by the Offer Price is **0.79 times**.

In our evaluation of the financial terms of the Offer, we have considered the carrying values of the assets of the Group as at 31 December 2020 to assess if any material assets should be revalued or adjusted for the purpose of our assessment of the Offer Price compared to the NAV of the Group or whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that may have a material impact on the audited NAV of the Group as at 31 December 2020.

The Independent Directors have confirmed as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 December 2020, which would result in a material impact on the NAV of the Group;
- (b) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the audited Statement of Financial Position of the Group as at 31 December 2020;
- (c) there have been no material disposals or acquisitions of assets by the Group between 31 December 2020 and the Latest Practicable Date and the Group does not have any plans for any impending material disposal or acquisition of assets, conversion of the use of the Group's material assets and/or material change in the nature of the Group's business;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events as at the Latest Practicable Date which are likely to have a material impact on the audited NAV of the Group as at 31 December 2020;
- (e) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an adverse material impact on the financial position of the Group; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the Statement of Financial Position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the audited NAV of the Group as at 31 December 2020.

Further details of our assessment on the carrying values of the Properties (as defined below), financial assets and reinsurers' share of insurance contract provisions as at 31 December 2020 are set out below.

Properties

The Group has two (2) owner-occupied leasehold land and buildings, being the Group's head office located at 85 Amoy Street and its operations office located at 68/69 Amoy Street, and two (2) Singapore investment properties located at 55-58 Amoy Street and 103 Amoy Street. The Group also has investment properties in China which are office and residential units at (i) #905 to #907 and #2003, Dalian Asia Pacific Finance Centre, 55 Renmin Road, Zhongshan District, Dalian, (ii) #710 South Office Block, Beijing New World Centre, Chong Wen Men Wai Da Jie, Chong Wen District, Beijing 100062, and (iii) #1918 The Panorama, 53 Huang Pu Road, Shanghai 200080 (collectively, the "**Properties**").

The fair values of the Properties are revalued annually at open market values on an existing use basis, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The measurement is based on the market comparison method.

Taking into account the annual revaluation that was conducted as at 31 December 2020, we concur with the Management's view that there would not be any material difference between the realisable value of the Properties as at Latest Practicable Date and the respective book value as at 31 December 2020 that would cause a material impact to the NAV of the Group.

Financial Assets

The financial assets of the Group mainly relate to investment in fair-valued equity securities and debt securities. Fair-valued debt securities accounted for S\$173.9 million, representing 80.0% of total financial assets and included government bonds as well as public authorities and corporate bonds.

We understand from Management that the Group strives to invest a portion of its funds in investment-grade bonds of good credit quality wherever possible, and are assessed using stringent investment criteria including thorough analysis of each debt security's terms and conditions, availability and quality of the guarantor, as well as financial strength of the issuer. Fair-valued equity securities accounted for the remaining S\$43.6 million, representing 20.0% of total financial assets and are intended to be held for the long-term for strategic purposes.

Taking into account the periodic mark-to-market exercise for the financial assets that was done as at 31 December 2020, we concur with the Management's view that there would not be any material difference between the value of the financial assets of the Group as at the Latest Practicable Date and their carrying book value as at 31 December 2020 that would cause a material impact to the NAV of the Group.

Insurance contract provisions and reinsurers' share of insurance contract provisions

The assets and liabilities of the Group which relate to the reinsurance business carried on in Singapore are subject to the requirements of the Insurance Act. Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 of the Insurance Act and the Group continues to be able to meet the solvency requirements of Section 18 of the Insurance Act and Insurance (Valuation and Capital) Regulations.

As the Group is a regulated entity under MAS and the Singapore Insurance Act, the Group is required to appoint an independent Certifying Actuary to verify the Group's insurance contract liabilities from an actuarial perspective and to assess the adequacy of the Group's insurance liabilities on an annual basis. Thereafter, the external auditor's actuarial specialists will assess the methodologies, assumptions and the reasonableness of the valuation performed by the independent Certifying Actuary and the findings are highlighted in the auditor's opinion of the annual report as a key audit matter.

We understand from Management that the Group's reserving methodology is intended to result in the most likely or expected outcome for the ultimate loss settlement for each type and class of business by analysing the historical claim payments to identify possible trends in order to project future claim payments. The nature of the risks underwritten, geographical location, sum insured, and previous experience are also taken into consideration to estimate expected loss ratios for each class of business and underwriting year.

We understand from Management that the Group's internal models are continually reviewed and the loss estimation process is adjusted every year to achieve minimum variation between the actual final outcome and the original projection. For the past years, the provisions prepared by the Group have been consistently higher than those assessed by the Certifying Actuary due to more prudent assumptions used by the Group. The methodology and assumptions used by the Certifying Actuary has also been opined on by the auditor in the latest annual report for FY2020 to be balanced.

The Group arranges reinsurance outwards in the normal course of business for the purpose of limiting its net loss. Amount recoverable under reinsurance outwards are recognised as reinsurers' share of insurance contract provision and are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred, that the Group may not recover all amounts due and that the event has a measurable impact on the amounts that the Group will receive from the retrocessionaires. As

at the Latest Practicable Date, the Management does not expect any of its reinsurers to fail to meet their obligations.

Accordingly, we concur with the Management’s view that there would not be any material difference between the insurance contract provisions of the Group as at the Latest Practicable Date and the carrying book value as at 31 December 2020 that would cause a material impact to the NAV of the Group.

As such, we are of the opinion that no adjustments are required to be made to the material assets of the Group for our assessment of the Offer Price as compared to the NAV of the Group as at 31 December 2020 and there are no factors which have not otherwise been disclosed in the financial statements of the Group that may have a material impact on the audited NAV of the Group as at 31 December 2020.

8.4.2 Ex-cash NAV per Share

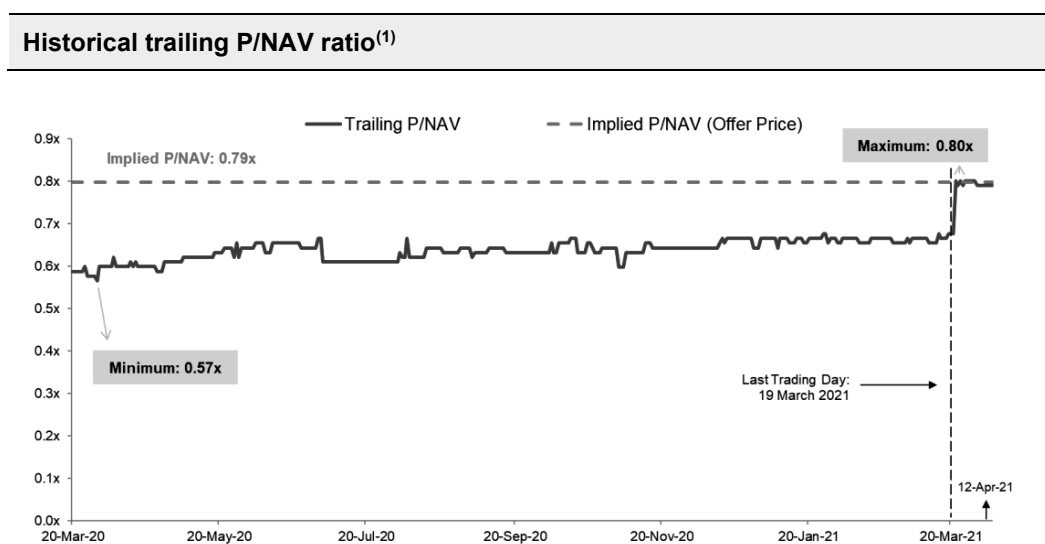
The Group recorded cash and cash equivalents of approximately S\$152.5 million as at 31 December 2020, representing S\$0.2558 per Share and accounting for 56.8% of the NAV of the Group. As it represents a significant percentage of the NAV of the Group, we have also considered the Group’s ex-cash NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

After deducting the cash and cash equivalents from the NAV, we note that the ex-cash NAV of the Group as at 31 December 2020 was approximately S\$115.8 million or S\$0.1941 per Share (the “**Ex-cash NAV per Share**”).

The Offer Price as adjusted for cash and cash equivalents of S\$0.2558 per Share, is S\$0.0977 per Share and represents a discount of 49.7% to the Ex-cash NAV per Share.

8.5 Historical trailing P/NAV ratio of the Shares

We have compared the P/NAV of the Shares as implied by the Offer Price of 0.79 times against the historical trailing P/NAV of the Shares (based on the daily closing prices of the Shares and the Group’s trailing announced NAV per Share) for the 1-year period from 20 March 2020 up to and including the Latest Practicable Date.



Source: Bloomberg L.P. and PPCF calculations

Note:

(1) P/NAV ratio of the Shares implied by the Offer Price (using the latest NAV per Share computed based on the FY2020 annual report) against the trailing P/NAV of the Shares based on the corresponding half-yearly NAV per Share as reported by the Company.

The average, minimum and maximum of the historical trailing P/NAV of the Shares from 20 March 2020 (being the beginning of the 1-year period up to and including the Last Trading Day) to the Latest Practicable Date are set out below:

| Historical trailing P/NAV ratio of the Shares | | | |
|--|--|----------------|----------------|
| | Historical trailing P/NAV (times) | | |
| | Average | Maximum | Minimum |
| Periods up to and including the Last Trading Day prior to the Offer Announcement | | | |
| 1-year | 0.64 | 0.68 | 0.57 |
| 6-month | 0.65 | 0.68 | 0.60 |
| 3-month | 0.66 | 0.68 | 0.64 |
| 1-month | 0.66 | 0.68 | 0.65 |
| Periods after the Offer Announcement Date up to and including the Latest Practicable Date | | | |
| Period between 22 March 2021 and the Latest Practicable Date | 0.79 | 0.80 | 0.79 |
| Latest Practicable Date | 0.80 | 0.80 | 0.80 |

Source: *Bloomberg L.P., financial results announcements of the Company and PPCF calculations*

Based on the above, we note that:

- (a) for the 1-month, 3-month, 6-month and 1-year period prior to and including the Last Trading Day, the implied P/NAV of 0.79 times is above the average historical trailing P/NAV of the Shares of 0.66 times, 0.66 times, 0.65 times and 0.64 times respectively; and
- (b) for the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 0.79 times is at the average historical trailing P/NAV of the Shares of 0.79 times.

8.6 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST and in the regional exchanges which we consider to be broadly comparable to the Company, to get an indication of the current market expectations with regard to the perceived valuation of the Company.

In light of the lack of direct comparable companies on the SGX-ST, we have expanded our coverage, through a search on publicly available information, to include companies which, *inter alia*, are primarily involved in the reinsurance business and are listed on the regional exchanges (“**Comparable Companies**”). We have had discussions with Management about the suitability and reasonableness in selecting the Comparable Companies for comparison with the Group.

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which the assets, premiums, cost or claims are provided for or recorded may differ from that of the Group.

In evaluating these companies, we have applied and used the following valuation ratios:

| Valuation ratios | General descriptions |
|------------------|---|
| P/NAV | “P/NAV” or “price-to-NAV” illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. |
| P/E | “P/E” or “price-to-earnings” illustrates the market price of a company’s shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. |

Brief descriptions of the Comparable Companies are set out below:

| Summary of Comparable Companies | | |
|--|-----------------------------------|---|
| Name | Exchange | Business description |
| MNRB Holdings Bhd (“MNRB”) | Bursa Malaysia | MNRB Holdings Bhd underwrites all classes of general reinsurance business. The main types of general reinsurance business are proportional and non-proportional treaty reinsurance, and facultative reinsurance. |
| Vietnam National Reinsurance Corporation (“Vinare”) | Hanoi Stock Exchange (“HNX”) | Vietnam National Reinsurance Corporation provides insurance and re-insurance consulting services. It offers loans and makes investments and serves customers in Vietnam. |
| National Reinsurance Corporation of the Philippines (“Nat Re”) | Philippine Stock Exchange (“PSE”) | National Reinsurance Corporation of the Philippines operates as a re-insurance firm. It provides life and non-life re-insurance capacity, as well as offers consultancy, technical, and advisory services to the direct insurers. It provides know-how transfer in underwriting, product development, pricing, retention setting, and reinsurance program analysis. |
| Taiping Reinsurance Co Ltd (“Taiping Reinsurance”) | Not applicable as it is unlisted | Taiping Reinsurance is a Hong Kong reinsurance services provider and underwriter for general insurance. Its head office is located in Hong Kong and also has operating platforms in the region and overseas, including subsidiaries in Beijing and London, a branch in Labuan, Malaysia, as well as a representative office in Japan and Macau. |

Source: Bloomberg L.P.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there may not be any listed company which we may consider to be identical to the Company in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

We set out below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

held by at least 500 shareholders who are members of the public (the “**Free Float Requirement**”).

The Offeror has stated that its intention to gain majority control of the Company and in the event that, *inter alia*, the Free Float Requirement is not met or the trading of the Shares is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror **does not intend to preserve** the listing status of the Company nor undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted. As such, the Offeror, if eligible, intends to exercise its rights of Compulsory Acquisition (as defined below).

Accordingly, for the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Offer Price *vis-à-vis* recent successful privatisations and delistings of companies listed on the SGX-ST where the offeror has indicated similar intentions where it does not intend to preserve the listing status of the company.

We set out below the statistics on (i) privatisation transactions of companies listed on the SGX-ST, whether by way of scheme of arrangement under Section 210 of the Companies Act (“**Scheme**”), voluntary general offers (“**VGO**”) or mandatory general offers (“**MGO**”) under the Code; and (ii) delisting offers under Rule 1307 of the Listing Manual (“**VD**”), and the offer resulted in a successful privatisation and delisting of the target company (“**Precedent Privatisation Transactions**”).

As some of the Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Precedent Privatisation Transactions where available. The details on the Precedent Privatisation Transactions announced from 1 January 2019 up to the Latest Practicable Date are set out as follow:

| Precedent Privatisation Transactions | | | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | | | | Offer Price to NTA/NAV (times) |
|---|--|--------|--|---------------------------|------------------|------------------|------------------|---------------------|--------------------------------|
| Date of announcement | Target | Type | Offer Price per Share (\$) | Last Transacted Price (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | | |
| 04 Jan 19 | PCI Limited ⁽⁴⁾ | Scheme | 1.330 | 28.9 | 44.0 | 47.2 | 50.9 | 1.97 ⁽²⁾ | |
| 07 Jan 19 | Declout Limited ⁽⁵⁾ | VGO | 0.130 | 62.5 | 66.7 | 66.7 | 58.5 | 1.28 ⁽⁶⁾ | |
| 18 Jan 19 | Courts Asia Limited | VGO | 0.205 | 34.9 | 35.8 | 34.0 | 23.5 | 0.56 ⁽⁶⁾ | |
| 04 Apr 19 | Kingboard Copper Foil Holdings Limited | VGO | 0.600 | 9.1 | 16.1 | 25.3 | 27.4 | 0.88 ⁽³⁾ | |
| 06 May 19 | 800 Super Holdings Limited | VGO | 0.900 | 16.1 | 30.8 | 31.2 | 25.3 | 2.06 ⁽³⁾ | |
| 14 May 19 | Memtech International Ltd. | VGO | 1.350 | 23.9 | 31.5 | 31.6 | 35.6 | 1.09 ⁽²⁾ | |
| 15 May 19 | Boardroom Limited | VGO | 0.880 | 14.3 | 18.9 | 16.1 | 17.6 | 2.02 ⁽⁷⁾ | |
| 28 Jun 19 | Hupsteel Limited | VGO | 1.200 | 51.9 | 58.3 | 58.6 | 58.6 | 0.58 ⁽³⁾ | |
| 05 Jul 19 | Health Management International Ltd ⁽⁸⁾ | Scheme | 0.730 ⁽⁹⁾ | 14.1 | 23.9 | 27.8 | 29.7 | 5.62 ⁽³⁾ | |
| 29 Jul 19 | Delong Holdings Limited ⁽¹⁰⁾ | VGO | 7.000 | 1.9 | 8.0 | 17.9 | 37.2 | 0.60 ⁽²⁾ | |
| 05 Aug 19 | Star Pharmaceutical Limited | MGO | 0.450 | 157.1 | 160.1 | 176.1 | 186.6 | 0.67 ⁽³⁾ | |
| 20 Aug 20 | China Jishan Holdings Limited | VGO | 0.350 | 84.2 | 101.3 | 106.4 | 116.7 | 0.78 ⁽³⁾ | |
| 20 Aug 19 | PS Group Holdings Ltd. | VGO | 0.118 | 195.0 | 266.7 | 267.5 | 267.5 | 0.62 ⁽³⁾ | |
| 27 Aug 19 | AVIC International Marine Holdings Limited | VGO | 0.150 | 37.6 | 66.7 | 62.9 | 64.9 | 1.20 ⁽²⁾ | |

Precedent Privatisation Transactions

| Date of announcement | Target | Type | Offer Price per Share (S\$) | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | | Offer Price to NTA/NAV (times) | |
|----------------------|--|------|-----------------------------|--|------------------|------------------|------------------|--------------------------------|------|
| | | | | Last Transacted Price (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | | |
| 05 Sep 19 | San Teh Ltd | VGO | 0.280 | 81.8 | 90.5 | 83.0 | 84.2 | 0.40 ⁽³⁾ | |
| 25 Oct 19 | Raffles United Holdings Ltd. ⁽¹¹⁾ | VGO | 0.065 | (1.5) | 0.0 | 10.0 | 15.9 | 0.28 ⁽²⁾ | |
| 25 Oct 19 | United Engineers Limited ⁽¹²⁾ | MGO | 2.700 | 1.5 | 5.3 | 4.5 | 5.7 | 0.82 ⁽³⁾ | |
| 04 Nov 19 | PACC Offshore Services Holdings Ltd. | VGO | 0.215 | 69.3 | 99.4 | 93.0 | 70.2 | 0.96 ⁽³⁾ | |
| 06 Nov 19 | Citic Envirotech Ltd. | VD | 0.550 | 48.6 | 61.6 | 68.5 | 65.5 | 1.15 ⁽²⁾ | |
| 24 Feb 20 | Breadtalk Group Ltd | VGO | 0.770 | 19.4 | 30.1 | 24.0 | 25.0 | 2.81 ⁽⁷⁾ | |
| 03 Apr 20 | Elec & Eltek International Company Limited | VGO | 3.360 ⁽¹³⁾ | 93.0 | 61.3 | 43.8 | 48.4 | 1.00 ⁽¹⁵⁾ | |
| 01 Jun 20 | Dynamic Colours Limited | VGO | 0.225 | 13.6 | 22.8 | 29.1 | 26.8 | 0.95 ⁽⁷⁾ | |
| 12 Jun 20 | Perennial Real Estate Holdings Limited ⁽¹⁴⁾ | VGO | 0.950 | 88.1 | 105.2 | 124.2 | 112.7 | 0.57 ⁽¹⁵⁾ | |
| 30 Jun 20 | Luzhou Bio-Chem Technology Limited | VGO | 0.030 | 100.0 | 87.5 | 130.8 | 150.0 | n.m. ⁽¹⁶⁾ | |
| 12 Aug 20 | Teckwah Industrial Corporation Limited | VGO | 0.650 | 17.8 | 23.1 | 25.0 | 32.4 | 0.81 ⁽³⁾ | |
| 02 Sep 20 | SK Jewellery Group Limited | VGO | 0.150 | 70.5 | 90.2 | 94.8 | 93.7 | 1.31 ⁽²⁾ | |
| 16 Sep 20 | LCT Holdings Limited | VGO | 0.600 | 39.5 | 60.8 | 61.7 | 61.5 | 0.91 ⁽³⁾ | |
| 20 Nov 20 | Sunvic Chemical Holdings Limited | VGO | 0.028 | 27.3 | 40.0 | (3.4) | 16.7 | 0.16 ⁽²⁾ | |
| 18 Dec 20 | Hi-P International Limited | VGO | 2.000 | 13.6 | 23.2 | 42.3 | 50.6 | 2.60 ⁽²⁾ | |
| 15 Jan 21 | GL Limited ⁽¹⁷⁾ | VGO | 0.800 | 42.9 | 46.6 | 52.4 | 45.8 | 0.84 ⁽²⁾ | |
| 28 Jan 21 | International Press Softcom Limited | VGO | 0.045 | 12.5 | 25.3 | 32.0 | 21.6 | 1.08 ⁽²⁾ | |
| 08 Mar 21 | Jardine Strategic Holdings Limited ⁽¹⁸⁾ | VD | US\$33 | 20.2 | 29.0 | 28.0 | 40.3 | 0.57 ⁽¹⁶⁾ | |
| | | | | High | 195.0 | 266.7 | 267.5 | 267.5 | 5.62 |
| | | | | Low | (1.5) | 0.0 | (3.4) | 15.9 | 0.17 |
| | | | | Mean⁽¹⁹⁾⁽²⁰⁾ | 37.9 | 46.8 | 49.0 | 50.4 | 1.05 |
| | | | | Median⁽¹⁹⁾⁽²⁰⁾ | 28.1 | 37.9 | 38.2 | 43.1 | 0.90 |
| 19 Mar 21 | Company (as implied by the Offer Price) | | 0.3535 | 17.8 | 20.6 | 20.8 | 21.8 | 0.79 | |

Source: SGX-ST announcements and the respective target companies' shareholders' circular and announcements in relation to the Precedent Privatisation Transactions.

Notes:

- (1) Market premia/(discounts) calculated relative to the closing prices of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcements;
- (2) Based on the NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (3) Based on the revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (4) On 18 September 2018, PCI Limited ("PCI") announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date;

- (5) Declout Limited had a significant stake in Procurri Corporation Limited (“**Procurri**”) and had traded and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date;
- (6) Based on the pro forma NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (7) Based on the adjusted NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (8) On 17 June 2019, the directors of Health Management International Ltd (“**HMI**”) announced that it was in discussions with a third party regarding a possible transaction involving HMI. The market premia in the table above were computed based on the cash consideration as compared to the share prices for the periods(s) up to and including 14 June 2019, being the last undisturbed trading day;
- (9) The acquisition for all the issued shares of HMI by PanAsia Health Limited (being the offeror) was effected by way of a Scheme and the scheme consideration was (i) S\$0.730 in cash; or (ii) one offeror share at an issue price of S\$0.730 per offeror share;
- (10) On 27 September 2018, the voluntary conditional cash offer for the issued shares of Delong Holdings Limited was announced. On 11 October 2018, it was announced that the offer was withdrawn in accordance with Rule 4 of the Code. On 29 July 2019, it was announced that the offeror will make a voluntary conditional cash offer on substantively the same terms and the market premia in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last unaffected trading day;
- (11) On 1 July 2019, a mandatory unconditional cash offer was made for the issued shares in Raffles United Holdings Ltd. and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premia/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of the trading of the shares on 14 August 2019 following the loss of free float;
- (12) On 25 October 2019, a mandatory unconditional cash offer was made for the issued shares of United Engineers Limited (“**UEL**”) at an offer price of S\$2.60 in cash. The stated intention of the offeror was to maintain the listing status of UEL on the SGX-ST. On 12 November 2019, it was announced that the offer price was revised from S\$2.60 to S\$2.70 per share. On 16 December 2019, it was announced that, *inter alia*, the offeror did not intend to preserve the listing status of UEL if the public float is less than 10% of its issued shares, and UEL was subsequently compulsorily acquired and delisted on 26 February 2020.
- (13) The offer price for Elec & Eltek International Limited was made at HK\$18.07 which is equivalent to S\$3.36 after applying the 3 April 2020 (being the offer announcement date) exchange rate as extracted from Bloomberg L.P.;
- (14) On 18 May 2020, Perennial Real Estate Holdings Limited (“**Perennial**”) announced that its directors had been notified that certain of its substantial shareholders were reviewing the options in relation to their shareholdings in Perennial. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last undisturbed trading date;
- (15) Based on the adjusted revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (16) Denotes “not meaningful” as Luzhou Bio-Chem Technology Limited had recorded a net tangible liability and revalued net tangible liability as at 31 December 2019;
- (17) On 15 March 2021, the offeror announced a revised offer of S\$0.80 for GL Limited. The premia of the offer price over the relevant VWAP were computed based on the share prices for the periods prior to the offer announcement date;
- (18) On 8 March 2021, Jardine Matheson Holdings Limited (“**Jardine Matheson**”) and Jardine Strategic Holdings Limited (“**Jardine Strategic**”) had announced a recommended cash offer for the remaining 15% equity interest that Jardine Matheson did not already own at the time. A special general meeting was called on 12 April 2021 to table the amalgamation resolution and Jardine Strategic was subsequently delisted from the SGX-ST on 15 April 2021. The P/NAV ratio was computed with the NAV per share as at 31 December 2020 of US\$58.22 as disclosed in the results announcement released by Jardine Strategic on 11 March 2021;
- (19) PS Group Holdings Ltd. and Star Pharmaceutical Limited were excluded as statistical outliers in the computation of the mean and median premium of the offer price over the last transacted prices, 1-month, 3-month and 6-month VWAP prior to the offer announcements; and
- (20) HMI was excluded as a statistical outlier in the computation of the mean and median offer price to NTA/NAV ratios.

Based on the above analysis, we note the following:

- (a) the premium implied by the Offer Price over the last transacted price of 17.8% is within the range but lower than the mean and median premia of 37.9% and 28.1% respectively;
- (b) the premium implied by the Offer Price over the VWAP for the 1-month period of 20.6% is within the range but lower than the mean and median premia of 46.8% and 37.9% respectively;
- (c) the premium implied by the Offer Price over the VWAP for the 3-month period of 20.8% is within the range but lower than the mean and median premia of 49.0% and 38.2% respectively;
- (d) the premium implied by the Offer Price over the VWAP for the 6-month period of 21.8% is within the range but lower than the mean and median premia of 50.4% and 43.1% respectively; and
- (e) the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Privatisations but lower than the mean and median P/NAV ratios of 1.05 times and 0.90 times respectively.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation Transaction should be judged on its own merits (or otherwise).

The list of Precedent Privatisation Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisation Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisation Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation Transaction or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisation Transactions and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisation Transactions. The list of the Precedent Privatisation Transactions is by no means exhaustive and any comparison of the Offer with the Precedent Privatisation Transactions is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

8.8 Precedent Acquisition Transactions of companies broadly comparable to the Group

For the purpose of our evaluation of the financial terms of the Offer, we have also attempted to compare the valuation statistics implied by the Offer Price *vis-à-vis* recently completed mergers and/or acquisition transactions involving acquisitions of equity interest in regional companies which are engaged in the reinsurance business (“**Precedent Acquisition Transactions**”). However, publicly available information on these Precedent Acquisition Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes.

Relevant information has been extracted from Dealogic, Bloomberg L.P. and/or public announcements of the Precedent Acquisition Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The details on the selected Precedent Acquisition Transactions are set out below:

| Completion Date | Target Company | Description and Background |
|-----------------|--|--|
| 27 Nov 2020 | Taiping Reinsurance Co Ltd (“ Taiping Reinsurance ”) | <p>Taiping Reinsurance is a Hong Kong reinsurance services provider and underwriter for general insurance. Its head office is located in Hong Kong and also has operating platforms in the region and overseas, including subsidiaries in Beijing and London, a branch in Labuan, Malaysia, as well as a representative office in Japan and Macau.</p> <p>Ageas Insurance International NV, a Belgium-listed life and non-life insurance services provider, announced on 27 August 2020 that it has subscribed for a 25% stake in the enlarged capital of Taiping Reinsurance for a consideration of HK\$3.1 billion (S\$547.2 million). The subscription was completed on 27 November 2020.</p> |
| 31 Mar 2020 | Asia Capital Reinsurance Group Pte Ltd (“ Asia Capital Reinsurance ”) | <p>Asia Capital Reinsurance is a Singapore reinsurance company providing reinsurance services across property, motor, marine, engineering, agriculture and aviation, and has offices in Singapore, Japan, South Korea, Hong Kong and Malaysia.</p> <p>Catalina Holdings (Bermuda) Ltd, a Bermuda-based insurance portfolio management company, acquired 100% of Asia Capital Reinsurance for US\$654.8 million (S\$893 million) on 31 March 2020 after receiving approvals from the Monetary Authority of Singapore and Bank Negara Malaysia.</p> |

| Valuation ratios of Precedent Acquisition Transactions | | | | |
|--|----------------------------------|---|---------------------|--------------------------------------|
| Target Company | Acquirer Company | Implied Equity Value ⁽¹⁾ (S\$'million) | Implied P/E (times) | Implied P/NAV ⁽²⁾ (times) |
| Taiping Reinsurance | Ageas Insurance International NV | 2,188.6 | 38.6 | 1.37 |
| Asia Capital Reinsurance | Catalina Holdings (Bermuda) Ltd | 892.9 | n.a. ⁽³⁾ | 0.78 |
| | | High | 38.6 ⁽⁴⁾ | 1.37 |
| | | Low | 38.6 ⁽⁴⁾ | 0.78 |
| | | Mean | 38.6 ⁽⁴⁾ | 1.08 |
| | | Median | 38.6 ⁽⁴⁾ | 1.08 |
| Company (as implied by the Offer Price) | | 210.8 | 41.1 | 0.79 |

Source: Dealogic, Bloomberg L.P. and relevant company announcements by targets and acquirers.

Notes:

- (1) Implied equity value refers to the consideration paid for the undisclosed stake in 100% of Asia Capital Reinsurance and the implied 100% equity stake of the company for Taiping Reinsurance before addition of net debt;
- (2) NAV of the target companies were extracted from the relevant acquisition and company announcements in the latest financial year prior to acquisition;
- (3) n.a. denotes that no public information was available; and
- (4) As no public information was available for the earnings of Asia Capital Reinsurance, the statistics for implied P/E of the Precedent Acquisition Transactions are identical to the implied P/E of Taiping Reinsurance.

For illustration purposes only, we note the following:

- (a) the Company's implied P/E ratio of 41.1 times is higher than the range of the Precedent Acquisition Transactions; and
- (b) the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Acquisition Transactions but lower than the mean and median P/NAV ratios of 1.08 times.

We wish to highlight to the Independent Directors that the Precedent Acquisition Transactions are not exhaustive and the target companies may not be directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of the valuation statistics for these Precedent Acquisition Transactions. Therefore, any comparison made serves only as an illustrative guide.

8.9 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend track record of the Shares for the last five (5) financial years prior to the Offer Announcement Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

The Company had declared and paid the following ordinary dividends in respect of its last five (5) financial years:

| Historical dividend track record of the Company | | | | | |
|--|---------------|---------------|---------------|---------------|----------------------|
| (S\$) | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
| Total dividend per Share | 0.013 | 0.013 | 0.013 | 0.013 | 0.007 ⁽¹⁾ |
| 1-year average Share price | 0.311 | 0.312 | 0.313 | 0.288 | 0.282 |
| Dividend yield (%) | 4.18 | 4.16 | 4.15 | 4.51 | 2.48 |

Source: *Bloomberg L.P. and the Company's filings*

Note:

- (1) The Company declared its final exempt (one-tier) dividends per Share of S\$0.0035 for FY2020 on 25 February 2021. The total dividend computed assumes that the resolution for the final dividend for FY2020 to be tabled at the Company's upcoming annual general meeting will be passed.

The Group's dividend policy is to pay dividends annually in two instalments, with a target aggregate dividend pay-out ratio of at least 50% of the Company's profit after income tax. The interim dividends will be declared and paid following the publication of the Company's financial results for the first half of each year while the final dividend will be paid after the approval by Shareholders at the annual general meeting. There can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial

conditions, general economic and business conditions, and future prospects and such other factors as the Board may deem relevant, as well as other legal and regulatory requirements.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments such as a broad Singapore market index instrument such as the STI Exchange Traded Fund (“**STI ETF**”).

For illustration purposes, the dividend yield of the STI ETF based on their ordinary dividends declared over the latest 12 months are as follows:

| Dividend yield of alternative equity investment | |
|--|---|
| | Net dividend yield⁽¹⁾ (%) |
| STI ETF | 4.35 |
| Company (based on the Offer Price) | 1.98 ⁽²⁾ |

Source: *Bloomberg L.P.*

Notes:

- (1) Net dividend yield of each selected alternative investment is computed as the dividends declared over the latest twelve months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Net dividend yield of the Company is computed as the sum of dividends declared over the latest twelve months, as represented by the interim and final exempt (one-tier) dividends per Share of S\$0.0035 and S\$0.0035 for FY2020 declared on 7 August 2020 and 25 February 2021 respectively, divided by the Offer Price. The above illustrated dividend yield of the Company assumes that the resolution for the final dividend for FY2020 to be tabled at the Company’s upcoming annual general meeting will be passed.

Based on the above dividend analysis, we note the net dividend yield of the Company as implied by the Offer Price is below that of the STI ETF at 4.35%. This suggests that a Shareholder who accepts the offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company’s future dividend policy nor that of the STI ETF. There is no assurance that the Company will continue or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

Notwithstanding the above, it is uncertain whether the Company and STI ETF can maintain its historical dividend yields at the levels set out above, hence it is uncertain whether the Shareholders will be able to achieve their desired levels of investment income by liquidating their investment in the Company and reinvesting their proceeds in the STI ETF or other alternative investments.

The Independent Directors should note that an investment in STI ETF provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

In addition, there can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board may deem relevant, as well as other legal and regulatory requirements.

9 OTHER CONSIDERATIONS

9.1 Outlook of the industry that the Group is operating in

We note that the Company had made a commentary in the FY2020 results announcement on the significant trends and competitive conditions of the industry that may affect the Group in the next reporting period and the next 12 months. The commentary has been reproduced below in italics and should be read in the context of the entire FY2020 results announcement and annual report:

“The unprecedented devastating impact of pandemic COVID-19 upon mankind in all the activities will continue into 2021 and beyond. Insurers and reinsurers being on the forefront enabling risk transfers from all human endeavours will not be spared the dire consequences with as yet uncertain magnitude. This extreme adversity combined with the worsening trend in climate change will give rise to a highly difficult and challenging operating environment. New issues and problems are emerging day by day so are new business opportunities. Every endeavour will be made by the board and management to adjust and adapt to the fast changing circumstances so as to be able to sustain a credible level of service, growth and profitability.

The global economic malaise and intermittent physical lockdowns triggered by governments arising from the COVID-19 pandemic, as well as heightened socio-political tensions between the mega economies, will continue to exert unprecedented challenges to the (re)insurance industry in underwriting, claims and investments. Vigilance in the overall management of the business to ensure long-term viability cannot be ignored.”

We also note that AM Best, a credit rating agency with a specialist focus on the insurance industry, had in November 2020 revised its outlook for the Company from “Stable” to “Negative”.

9.2 Offeror’s intention for the listing status of the Company

The Offeror has stated that its intention to gain majority control of the Company and in the event that, *inter alia*, the Free Float Requirement is not met or the trading of the Shares is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror **does not intend to preserve** the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement or for any such trading suspension by the SGX-ST to be lifted.

Under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and the Concert Party Group to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

If eligible, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, as further described in paragraph 9.3 below.

Shareholders should note that even if the Free Float Requirement is not met, the Offeror may not be able to exercise its right of compulsory acquisition if it does not achieve the threshold for compulsory acquisition.

If the Offeror decides not to maintain the listing status of the Company on the SGX-ST should it no longer meet the Free Float Requirement, the SGX-ST will generally consider waiving compliance imposed on a voluntary delisting if (a) the Offer is fair and reasonable (and the independent financial adviser to the Company has opined that the Offer is fair and reasonable), and (b) the Offeror has received acceptances from independent Shareholders at the close of the Offer that represent a majority of least 75% of the total number of issued Shares held by independent Shareholders. The Offeror will make an announcement if it receives acceptances of the Offer in respect of 75% of the total number of issued Shares held by independent Shareholders. If the waiver conditions are not met and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private placement or otherwise). Shareholders and investors should note there is the risk that the Company may be subject to prolonged suspension should it no longer meet the Free Float Requirement but the requisite conditions for a delisting are not met.

9.3 Compulsory acquisition

As stated in the Offer Document, pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire ("**Compulsory Acquisition**") all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**"), at a price equal to the Offer Price. For the avoidance of doubt, Shares which are held by the Offeror and Newline Corporate Name Limited (being a related corporation of the Offeror) will not count towards the compulsory acquisition threshold.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares.

Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

9.4 Likelihood of competing offers and Irrevocable Undertaking

The Independent Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.

In addition, the Offeror and the Concert Party Group is the largest group of Shareholders with 28.18% shareholding interest in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the Offeror has received an Irrevocable Undertaking from the Undertaking Shareholder to accept the offer in respect of its 30,339,700 Shares, representing 5.09% of the total Shares in the Company.

The Offer has not become or been declared unconditional in all respects as at the Latest Practicable Date. In the event that the Minimum Acceptance Condition is fulfilled and the Offer becomes unconditional in all respects, the Offeror and the Concert Party Group would have statutory control of the Company and be able to control the business and future plans of the Company.

9.5 Implications of delisting or suspension for Shareholders

- (i) Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension in, and/or delisting of the Shares:
- (ii) Shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (iii) It is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their Shares, they may receive a lower price than that of the Offer Price;
- (iv) Given the time taken for the Offeror to exercise its right to compulsorily acquire the remaining Shares or the time taken for Dissenting Shareholders to exercise any rights they may have to compel the Offeror to acquire their Shares under Section 215(3) of the Companies Act, the settlement date on compulsory acquisition is likely to be later than the settlement date had the Offer been accepted;
- (v) As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented; and
- (vi) There is no assurance that the Company will maintain its historical dividend payments in the future.

10 OPINION

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (i) The Offer Price of S\$0.3535 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.2500 and a high of S\$0.3000;
- (ii) The Offer Price represents premia of approximately 25.9%, 27.4%, 21.8%, 20.8% and 20.6% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;

- (iii) The Offer Price represents a premium of approximately 17.8% over the closing price of the Shares of S\$0.3000 on the Last Trading Day;
- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded at or around the Offer Price and were last transacted at S\$0.3550 on the Latest Practicable Date;
- (v) During the 2-year period up to and including the Last Trading Day, the Shares were traded on slightly over half of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.02%, 0.02%, 0.01%, 0.01% and 0.02% of the free float of Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares;
- (vi) Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 449,000 Shares, representing approximately 0.16% of the Company's free float;
- (vii) Save for the period from March 2020 to July 2020 where the Shares outperformed the rebased FSSTI and rebased BAPI, the Shares had generally performed in line with the rebased FSSTI and rebased BAPI from March 2019 up to February 2020 and between the period from July 2020 up to and including the Last Trading Day, the Shares had either performed in line or underperformed as compared to the rebased BAPI, but outperformed the rebased FSSTI;
- (viii) Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI and the rebased BAPI. It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. The Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;
- (ix) We note that for the 1-month, 3-month, 6-month and 1-year period prior to and including the Last Trading Day, the implied P/NAV of 0.79 times is above the average historical trailing P/NAV of the Shares of 0.66 times, 0.66 times, 0.65 times and 0.64 times respectively;
- (x) In respect of the Comparable Companies:
- the implied P/E ratio of the Company of 41.1 times is above the range of the LTM P/E ratios of the Comparable Companies, and is higher than both the mean and median LTM P/E ratios of the Comparable Companies of 18.1 and 10.3 times respectively;
 - the implied P/NAV ratio of the Company of 0.79 times is within the range of the P/NAV ratios of the Comparable Companies and higher than the mean and median P/NAV ratios of 0.78 times and 0.72 times respectively;
- (xi) In respect of the Precedent Acquisition Transactions, the Company's implied P/E ratio of 41.1 times is higher than the range of the Precedent Acquisition Transactions;
- (xii) We note that the STI ETF, being an alternative equity instrument provides a better dividend yield, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF;

- (xiii) We note that the Group is in a highly difficult and challenging operating environment arising from the COVID-19 pandemic as commented by the Group in its results announcement. The rating agency, AM Best, had also in November 2020 revised its outlook for the Company from “Stable” to “Negative”;
- (xiv) The Offeror intends to gain majority control of the Company and in the event that, *inter alia*, the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition;
- (xv) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company; and
- (xvi) The Offeror and the Concert Party Group has received an Irrevocable Undertaking for the Undertaking Shareholder to accept the Offer in respect of their Shares amounting to 5.09% of the total Shares in the Company.

Factors against the Offer Price:

- (i) The Offer Price represents a discount of 21.4% to the NAV per Share and the P/NAV ratio of the Group as implied by the Offer Price is 0.79 times;
- (ii) Based on the Group's Ex-cash NAV per Share, the Offer Price as adjusted for cash and cash equivalents of S\$0.2558 per Share, is S\$0.0977 per Share and represents a discount of 49.7% to the Ex-cash NAV per Share;
- (iii) In respect of the Precedent Privatisation Transactions:
 - the premium implied by the Offer Price over the last transacted price of 17.8% is within the range but lower than the mean and median premia of 37.9% and 28.1% respectively;
 - the premium implied by the Offer Price over the VWAP for the 1-month period of 20.6% is within the range but lower than the mean and median premia of 46.8% and 37.9% respectively;
 - the premium implied by the Offer Price over the VWAP for the 3-month period of 20.8% is within the range but lower than the mean and median premia of 49.0% and 38.2% respectively;
 - the premium implied by the Offer Price over the VWAP for the 6-month period of 21.8% is within the range but lower than the mean and median premia of 50.4% and 43.1% respectively;
 - the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Privatisations but lower than the mean and median P/NAV ratios of 1.05 times and 0.90 times respectively; and
- (iv) In respect of the Precedent Acquisition Transactions, the Company's implied P/NAV ratio of 0.79 times is within the range of P/NAV ratios of the Precedent Acquisition Transactions but lower than the mean and median P/NAV ratios of 1.08 times.

For the purposes of evaluating the Offer, we have adopted the approach that the terms “fair” and “reasonable” are regarded as two different concepts. The term “fair” relates to an opinion on the value of the offer price compared against the value of the securities subject to the offer (the “**Securities**”), and an offer is “fair” if the price offered is equal to or greater than the value of the Securities.

In considering whether an offer is “reasonable”, other matters as well as the value of the Securities are considered. Such matters include, but are not limited to, existing voting rights in the company held by the offeror and its concert parties and the market liquidity of the Securities.

Having considered the foregoing factors, we are of the view that the Offer is not fair, taking into consideration the following:

- (i) **Based on the NAV approach, which provides an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the value of the Group’s assets as represented by NAV per Share of S\$0.4499 is significantly higher than the Offer Price of S\$0.3535;**
- (ii) **After adjusting for cash and cash equivalents of S\$0.2558 per Share, the value of the Group’s assets that is not cash and cash equivalents amounted to S\$0.1941 per Share, which is significantly higher than the adjusted Offer Price (after adjusting for cash and cash equivalents) of S\$0.0977; and**
- (iii) **The premia implied by the Offer Price over the historical transacted price and VWAP are lower than the mean and median premia of the Precedent Privatisation Transactions.**

However, we are of the view that the Offer is reasonable, taking into consideration the following:

- (i) **The Shares are illiquid, having only been traded on slightly over half of the days that the Company was open for trading on the SGX-ST and the average trading volume as a percentage of free float for the past 2 years prior to the Offer Announcement Date was 0.02%;**
- (ii) **The Offer Price of S\$0.3535 is at a premium to the historical traded prices of the Shares over a 2-year period and it appears likely that the recent market price is supported by the Offer. Accordingly, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;**
- (iii) **The P/E ratio and P/NAV ratio of the Company as implied by the Offer Price generally compared favourably to the ratios of the Comparable Companies;**
- (iv) **The Group is now in a highly difficult and challenging operating environment and the global economic malaise arising from the COVID-19 pandemic continues to exert adverse pressure on the Company. The rating agency, AM Best, had also revised its outlook for the Company from “Stable” to “Negative” which may signify increasing challenges ahead; and**
- (v) **As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.**

In conclusion, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all transaction costs in connection with open market transactions.

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied

on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Executive Officer and Executive Director

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APPENDIX II
ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

| Name | Address | Designation |
|-----------------------|---|---|
| Mr Ramaswamy Athappan | c/o 85 Amoy Street, Singapore 069904 | Non-Executive and Non-Independent Director/ Chairman |
| Mr David Chan Mun Wai | c/o 85 Amoy Street, Singapore 069904 | Non-Executive and Non-Independent Director/ Deputy Chairman |
| Mr Dileep Nair | c/o 85 Amoy Street, Singapore 069904 | Non-Executive and Independent Director |
| Mr Peter Sim Swee Yam | c/o 85 Amoy Street, Singapore 069904 | Non-Executive and Independent Director |
| Mr Ong Eng Yaw | c/o 85 Amoy Street, Singapore 069904 | Non-Executive and Independent Director |

2. DESCRIPTION OF THE COMPANY

The Company was incorporated in Singapore on 3 January 1973, and was listed on the Main Board of the SGX-ST in 1987. The Company is principally engaged in the business of underwriting general reinsurance.

3. SHARE CAPITAL

3.1 Issued Share Capital

The issued and paid-up share capital of the Company as at the Latest Practicable Date is S\$123,300,490, comprising 596,316,185 SRCL Shares (excluding treasury shares) (based on publicly available information on SRCL as at the Latest Practicable Date). The Company does not hold any treasury shares as at the Latest Practicable Date.

3.2 Capital, Dividends and Voting Rights

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in Appendix III to this Circular. The Constitution is available for inspection at the registered address of the Company at 85 Amoy Street, Singapore 069904.

3.3 Number of SRCL Shares Issued Since the End of the Last Financial Year

As at the Latest Practicable Date, the Company has not issued any new SRCL Shares since 31 December 2020, being the end of the last financial year of the Company.

3.4 Options and Convertible Instruments

The Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, the SRCL Shares and securities which carry voting rights affecting the SRCL Shares that are outstanding as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in any Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of the Directors in Offeror Securities

None of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date.

4.4 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in any Company Securities as at the Latest Practicable Date:

| Name | Direct Interest | | Deemed Interest | |
|-----------------------|--------------------|------|------------------------|---------------------|
| | No. of SRCL Shares | % | No. of SRCL Shares | % |
| Mr Ramaswamy Athappan | 178,732 | 0.03 | – | – |
| Mr David Chan Mun Wai | 73,205 | 0.01 | – | – |
| Mr Ong Eng Yaw | – | – | 190,000 ⁽¹⁾ | 0.03 ⁽¹⁾ |

Note:

(1) Mr Ong Eng Yaw has a 40% direct interest in Ely Investments (Pte) Ltd. and is accordingly deemed interested in the 190,000 SRCL Shares held by Ely Investments (Pte) Ltd. by virtue of Section 7 of the Companies Act.

4.6 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis owns or controls any Company Securities.

4.8 Dealings in Company Securities by the IFA

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the Company Securities.

4.9 Intentions of the Directors in respect of their SRCL Shares

As at the Latest Practicable Date, the Directors who hold or have a deemed interest in SRCL Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of such SRCL Shares as follows:

- (a) Mr Ramaswamy Athappan has informed the Company that he intends to accept the Offer in respect of all the SRCL Shares held by him;
- (b) Mr David Chan Mun Wai has informed the Company that he intends to accept the Offer in respect of all the SRCL Shares held by him; and
- (c) Mr Ong Eng Yaw has informed the Company that Ely Investments (Pte) Ltd. intends to accept the Offer in respect of all the SRCL Shares held by it.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information on the SRCL Group, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the SRCL Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the SRCL Group, taken as a whole.

8. FINANCIAL INFORMATION

8.1 Consolidated Statements of Profit or Loss

Certain financial information extracted from the audited consolidated profit and loss statements of the SRCL Group, and the net dividends per Share, in each case, for the last three (3) financial years (FY2020, FY2019 and FY2018), are summarised below. The summary set out below should be read together with the annual reports, the audited consolidated profit and loss statements of the SRCL Group for the relevant financial periods and their respective accompanying notes.

| | Audited FY2020 S\$'000 | Audited FY2019 S\$'000 | Audited FY2018 S\$'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Reinsurance operations: | | | |
| Gross written premiums | 263,965 | 238,144 | 207,802 |
| Reinsurance premiums | (194,691) | (173,476) | (157,121) |
| Net written premiums | 69,274 | 64,668 | 50,681 |
| Gross transfer to provision for unexpired risks | (13,533) | (7,805) | (9,084) |
| Reinsurance transfer from provision for unexpired risks | 12,155 | 2,865 | 9,254 |
| Net earned premiums | 67,896 | 59,728 | 50,851 |
| Gross claims incurred | (175,634) | (156,954) | (122,143) |
| Reinsurers' share of claims incurred | 126,288 | 116,163 | 86,182 |
| Net claims incurred | (49,346) | (40,791) | (35,961) |
| Commission expense | (71,519) | (48,845) | (60,857) |
| Commission income | 54,943 | 34,148 | 48,854 |
| Net commission expense | (16,576) | (14,697) | (12,003) |
| Management expenses | (7,442) | (7,647) | (7,656) |
| Underwriting results | (5,468) | (3,407) | (4,769) |
| Net investment income | 5,691 | 7,877 | 8,012 |
| Net income from reinsurance operations (I) | 223 | 4,470 | 3,243 |

| | Audited FY2020 S\$'000 | Audited FY2019 S\$'000 | Audited FY2018 S\$'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Non-reinsurance operations:</u> | | | |
| Net investment income | 5,697 | 6,190 | 8,024 |
| Other operating income | 2,147 | 5,195 | 5,915 |
| Management expenses | (2,327) | (5,569) | (5,885) |
| Net income from non-reinsurance operations (II) | 5,517 | 5,816 | 8,054 |
| Profit before income tax (I) + (II) | 5,740 | 10,286 | 11,297 |
| Income tax expense | (587) | (475) | (2,436) |
| Profit for the year | 5,153 | 9,811 | 8,861 |
| <u>Attributable to:</u> | | | |
| Equity holders of the Company | 5,130 | 9,817 | 8,791 |
| Non-controlling interests | 23 | (6) | 70 |
| Profit for the year | 5,153 | 9,811 | 8,861 |
| Basic and diluted earnings per share (cents) | 0.86 | 1.62 | 1.45 |
| Dividends per Share (cents) | 0.70 | 1.30 | 1.30 |

8.2 Consolidated Statements of Financial Position

The audited consolidated statement of financial position of the SRCL Group as at 31 December 2020 is summarised below. The summary set out below should be read together with the annual report of the SRCL Group for FY2020 and its accompanying notes.

| | Audited as at 31 December 2020 S\$'000 |
|---|---|
| Assets | |
| Property, plant and equipment | 57,185 |
| Investment properties | 36,658 |
| Reinsurers' share of insurance contract provisions for: | |
| – outstanding claims | 305,870 |
| – unexpired risks | 70,427 |
| Financial assets | 217,455 |
| Insurance receivables | 110,924 |
| Other receivables | 2,480 |
| Cash and cash equivalents | 152,524 |
| Total assets | 953,523 |

| | Audited as at 31 December 2020 S\$'000 |
|---|---|
| Equity attributable to equity holders of the Company | |
| Share capital | 123,300 |
| Reserves | 50,246 |
| Accumulated profits | 94,756 |
| | 268,302 |
| Non-controlling interests | 24 |
| Total equity | 268,326 |
| Liabilities | |
| Insurance contract provisions for: | |
| – outstanding claims | 478,054 |
| – unexpired risks | 95,067 |
| Deferred taxation | 2,821 |
| Insurance payables | 105,022 |
| Other payables | 3,036 |
| Current tax payable | 1,197 |
| Total liabilities | 685,197 |
| Total equity and liabilities | 953,523 |

8.3 Significant Accounting Policies

A summary of the significant accounting policies of the SRCL Group is set out in note 3 to the audited consolidated financial statements of the SRCL Group for FY2020. Copies of the above are available for inspection at the registered address of the Company at 85 Amoy Street, Singapore 069904 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed above and in publicly available information on the SRCL Group, there are no significant accounting policies or any matter from the notes of the financial statements of the SRCL Group which are of any major relevance for the interpretation of the financial statements of the SRCL Group.

8.4 Changes in Accounting Policies

Save as disclosed in publicly available information on the SRCL Group, as at the Latest Practicable Date, there is no change in the accounting policy of the SRCL Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

Copies of the annual report of the Company for FY2020 are available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company at 85 Amoy Street, Singapore 069904 during normal office hours for the period during which the Offer remains open for acceptance.

8.5 Material Change in Financial Position

Save as disclosed in publicly available information on the SRCL Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the SRCL Group since 31 December 2020, being the date of the Company's last published audited consolidated financial statements.

9. GENERAL

9.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

9.2 Consent of IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in section 11.2 of this Circular and the IFA Letter set out in Appendix I to this Circular and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of the Company at 85 Amoy Street, Singapore 069904 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (c) the IFA Letter; and
- (d) the letter of consent referred to in paragraph 9.2 of Appendix II to this Circular.

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APPENDIX III

EXTRACTS FROM THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution of the Company and reproduced below:

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution of the Company, a copy of which is available for inspection at the registered address of the Company at 85 Amoy Street, Singapore 069904.

(a) Rights in respect of Capital

“SHARES

6. *The Company may, subject to and in accordance with the Applicable Laws, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share that is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire, and the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Where ordinary shares are purchased or otherwise acquired by the Company in accordance with the Act, the Company may hold such shares as treasury shares. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*
7. *Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto, and to Regulation 46 and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over shares or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash and with full power to give to any person the call of any shares as the Directors may determine, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*
 - (a) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 46(a) with such adaptations as are necessary shall apply; and*
 - (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
- 7A. *The Company may issue shares for which no consideration is payable to the Company.*

8. *The rights attached to shares issued upon special conditions shall be clearly defined in this Constitution. In the event of preference shares being issued, the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares and preference shareholders will be deemed to have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.*
9.
 - (a) *If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting, save as provided hereunder and unless required by the Applicable Laws, the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, Provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a Special Resolution, carried at the meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*
 - (b) *The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned, Provided always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.*
10.
 - (a) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*
 - (b) *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.*
11. *The Company may pay commissions or brokerage on any issue of shares at such rate or in such amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.*

12. *If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.*
13. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.*
15. *No person shall be recognised by the Company as having title to a fractional part of a share or otherwise than as the sole or a joint holder of the entirety of such share.*
16. *If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.*

TRANSFER OF SHARES

25. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by the Singapore Exchange Securities Trading Limited) of any such application. "Market day" shall have the meaning ascribed to it in Regulation 18. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*

ALTERATION OF CAPITAL

45. *Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.*
46. (a) *Subject to any direction to the contrary that may be given by the Company in a General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited (or any other stock exchange upon which the shares in the Company may be listed), all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted,*

will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may as they think most beneficial to the Company dispose of any new shares which by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares cannot, in the opinion of the Directors, be conveniently offered under this Regulation 46(a).

(b) Notwithstanding Regulation 46(a) above, the Company may pursuant to Section 161 of the Act, by Ordinary Resolution in General Meeting, give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(I) (i) issue shares in the capital of the Company (referred to in this Regulation as “shares”) whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “Instruments”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(II) (notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that:–

(A) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 50 per cent. (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the number of issued shares in the Company (as calculated in accordance with subparagraph (B) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 20 per cent. (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the number of issued shares in the Company (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purposes of determining the aggregate number of shares that may be issued under sub-paragraph (A) above the percentage of shares shall be based on the number of issued shares in the Company at the time that the Ordinary Resolution is passed, after adjusting for:–

(i) new shares arising upon the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the Ordinary Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

- (C) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Regulations; and*
- (D) *unless revoked or varied by the Company in General Meeting the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).*
47. *Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to Applicable Laws and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
48. (a) *The Company may by Ordinary Resolution:–*
- (i) *consolidate and divide all or any of its share capital;*
 - (ii) *cancel the number of shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled;*
 - (iii) *subject to the Applicable Laws and this Constitution, subdivide its shares or any of them so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any shares is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
 - (iv) *subject to the Applicable Laws, convert its share capital or any class of shares from one currency to another currency.*
- (b) *Subject to and in accordance with the Applicable Laws, the Company may by Special Resolution convert one class of shares into another class of shares.*
49. *The Company may reduce its share capital or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*

STOCK

50. *The Company may from time to time by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares.*
51. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the Constitution as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such number of units as the Directors may from time to time determine.*

52. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*
53. *All such of the provisions of this Constitution as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expressions herein shall include "stock" and "stockholder".*

(b) Rights in respect of Voting

“GENERAL MEETING

54. (a) *Save as otherwise permitted under the Act, the Company shall in each year hold an Annual General Meeting in the Republic of Singapore, in addition to any other meetings in that year and not more than fifteen months shall elapse between the date of one Annual General Meeting of the company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.*
- (b) *All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.*
55. *The Directors may, whenever they think fit, convene an Extraordinary General Meeting and an Extraordinary General Meeting shall also be convened on such requisition or, in default, may be convened by such requisitionists, as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.*

NOTICE OF GENERAL MEETINGS

56. *Subject to the provisions of the Act as to Special Resolutions and special notice, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen days' notice of such Meeting shall be given by advertisement in the daily press and in writing to each of the Stock Exchanges upon which the Company may be listed. Where notices contain Special Resolutions, they must be given to shareholders at least twenty-one days (or such other time as permitted and/or required under Applicable Laws) before the meeting (excluding the date of notice and the date of meeting). Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:–*
- (a) *in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.*

Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

57. (a) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.*
- (b) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*

58. *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business and contain a statement regarding the effect of any proposed resolution in respect of such business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.*
59. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–*
- (a) Declaring dividends;*
 - (b) Receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached or annexed to the financial statements;*
 - (c) Appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement by rotation or otherwise;*
 - (d) Appointing or re-appointing the Auditors;*
 - (e) Fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) Fixing the fees of the Directors proposed to be passed under Regulation 86.*

PROCEEDINGS AT GENERAL MEETINGS

60. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy.*
61. *If within half an hour from the time appointed for the General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or proxy shall be a quorum.*
62. *Subject to the provisions of the Act and provided that the shares of the Company are not listed on any stock exchange, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation or a limited liability partnership by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.*
63. *The Chairman of the Directors or, in his absence, the Deputy Chairman shall preside as Chairman at every General Meeting. If there be no such Chairman or Deputy Chairman or if at any meeting neither be present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the Chair, one of their number present, to be Chairman.*

64. *The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
- 64A. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
65. (a) *If required by the listing rules of any stock exchange upon which the shares in the Company may be listed, all resolutions at General Meetings shall be voted by poll, unless such requirement is waived by the stock exchange.*
- (b) *Subject to Regulation 65(a), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:—*
- (i) *the Chairman of the meeting; or*
- (ii) *not less than two Members present in person or by proxy and entitled to vote; or*
- (iii) *a Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the meeting; or*
- (iv) *a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid on all the shares conferring that right;*
66. *A demand for a poll made pursuant to Regulation 65(b) may be withdrawn only with the approval of chairman of the meeting and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded (and the demand be not withdrawn) a declaration by the Chairman that a resolution has been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.*
- 66A. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
67. *Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was taken. The Chairman may (and if so directed by the meeting or if required by the listing rules of any stock exchange upon which*

shares in the Company may be listed shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

68. *If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.*
69. *In the case of equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or the show of hands takes place shall not be entitled to a casting vote.*
70. *A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.*

VOTES OF MEMBERS

71. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:*
 - (a) *on a poll, have one vote for every share which he holds or represents; and*
 - (b) *on a show of hands, have one vote, Provided always that:*
 - (i) *in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
 - (ii) *in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company.

72. *Where there are joint registered holders of any share any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any meeting that one of such persons so present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. For this purpose, several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.*

73. *If a Member be mentally disordered and incapable of managing himself or his affairs, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two hours before the time appointed for holding the meeting.*
74. *Subject to the provisions of this Constitution, every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.*
75. *No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.*
76. *On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
77. (a) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve, and subject to the listing rules of any stock exchange upon which Shares of the Company may be listed, and:—*
- (i) *in the case of an individual, shall be:*
 - (I) *signed by the appointor or his attorney if the instrument is delivered personally or by post; or*
 - (II) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication;*
 - (ii) *in the case of a corporation, shall be:*
 - (I) *either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, by post; or*
 - (II) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by Electronic Communication; and*
 - (iii) *in the case of a limited liability partnership, shall be:*
 - (I) *either signed on its behalf by a partner, an attorney or a duly authorised officer of the limited liability partnership; if the instrument is delivered personally or by post, or*
 - (II) *authorised by that limited liability partnership through such method and in such manner as may be approved by the managers, if the instrument is submitted by Electronic Communication.*

The Directors may, for the purpose of Regulations 77(a)(i)(II), 77(a)(ii)(II) and 77(a)(iii)(II), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(b) The signature on, or authorisation of, such instrument need not be witnessed or authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 77, failing which the instrument may be treated as invalid.

(c) The Directors, may in their absolute discretion:-

(i) approve the method and manner for an instrument appointing a proxy to be authorised; and

(ii) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulations 77(a)(i)(II), 77(a)(ii)(II) and 77(a)(iii)(II) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulations 77(a)(i)(I), 77(a)(ii)(I) and/or 77(a)(iii)(I) (as the case may be) shall apply.

78. (a) Save as otherwise provided in the Act:-

(i) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(ii) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(b) In any case, where the Member is a Depositor, the Company shall be entitled and bound:-

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at seventy-two hours before the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(c) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*

(d) *A proxy need not be a Member of the Company.*

79. (a) *An instrument appointing a proxy or the power of attorney or other authority, if any:–*

(i) *if sent personally or by post, must be left at the Office or such other place (if any) as may be specified for that purposes in or by way of note to or in any document accompanying the notice convening the meeting; or*

(ii) *if submitted by Electronic Communication, must be received through such means as may be specified for that purposes in or by way of note to or in any document accompanying the notice convening the meeting,*

and, in either case, not less than seventy-two hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.

(b) *The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by Electronic Communications, as contemplated in Regulation 79(a)(ii). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 79(a)(i) shall apply.*

80. *An instrument appointing a proxy shall be in the following form with such variations if any, as circumstances may require or in such other form as the Directors may accept:–*

SINGAPORE REINSURANCE CORPORATION LIMITED

*“I/We,
“of
“a Member/Members of the abovenamed
“Company hereby appoint
“of
“or whom failing
“of
“to vote for me/us and on my/our behalf
“at the (Annual, Extraordinary or Adjourned,
“as the case may be) General Meeting of
“the Company to be held on the day
“of and at every adjournment
“thereof.*

*“As Witness my hands this day of
“19 .”*

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with the provisions of this Constitution for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

81. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.*
82. *Any corporation or limited liability partnership which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation or limited liability partnership, as the case may be, as the corporation or limited liability partnership, as the case may be, would exercise if it were an individual Member of the Company.*

NOTICES

155. *Notice of every General Meeting shall be given in manner hereinbefore authorised to:–*
- (a) every Member;*
 - (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting; and*
 - (c) the Auditor for the time being of the Company.”*

(c) Rights in respect of Dividends

“SHARES

14. (a) *The Company shall not be bound to register more than three persons as the holder of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.*
- (b) *If two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*
- (c) *If two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of any share, the joint holders of a share shall, subject to the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares. Such joint holders shall be deemed to be one Member.*

TRANSMISSION OF SHARES

27. (a) *In the case of the death of a Member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (b) *In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (c) *Nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability of any share held by him.*
28. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice of transfer were a transfer executed by such person.*
29. *Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Regulation 27(a) or (b) or Regulation 28 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the Member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right*

conferred by membership in relation to meetings of the Company until he shall have been registered as a Member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

30. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding \$2/-the Directors may from time to time require or prescribe.

FORFEITURE AND LIEN

36. If any Member fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of non-payment.
37. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.
38. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
39. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.
40. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.
41. The Company shall have a first and paramount lien and charge on every share, not being a fully paid share) and on the dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

42. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser thereof.*
43. *The net proceeds of sale whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid calls and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns, as he may direct.*
44. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

DIVIDENDS

123. *The Company may by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as herein before provided) no dividend shall be payable except out of the profits of the Company or in excess of the amount recommended by the Directors.*
124. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:—*
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
- (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.*
126. *No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.*
127. *The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.*
128. *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
129. *The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares herein before contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.*
130. *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.*
- 130A. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways; and the Directors shall give effect to such Resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*

131A. (a) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:–*

- (i) the basis of any such allotment shall be determined by the Directors;*
 - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;*
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded Provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;*
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 135, the Directors shall capitalise and apply the amount standing to the credit of the Company’s reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (b) (i) The ordinary shares allotted pursuant to the provisions of paragraph (a) of this Regulation shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) of this Regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).*

- (c) *The Directors may, on any occasion when they resolve as provided in paragraph (a) of this Regulation, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.*
- (d) *The Directors may, on any occasion when they resolve as provided in paragraph (a) of this Regulation, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (e) *Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (a) of this Regulation in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (a) of this Regulation.*
132. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address, appearing in the Register of Members or (as the case may be) the Depository Register, of a Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Regulation and the provisions of Regulation 133, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
133. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) entered in the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered. A transfer of shares shall not pass the right to dividend declared on such shares before the registration of the transfer.*

RESERVES

134. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such social funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.*

CAPITALISATION OF PROFITS AND RESERVES

135. *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulations 48(a) and 48(b)), capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) or (in the case of an Ordinary Resolution passed pursuant to Regulations 48(a) and 48(b)) such other date as may be determined by the Directors in proportion to their then holdings of shares and applying such sum on their behalf in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively or in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.*
136. *The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned."*

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