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SINGAPORE REINSURANCE CORPORATION LIMITED

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Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attached Summary Financial Report for the financial year ended 31 December 2018 and Letter to Shareholders dated 20 March 2019.

Additional Details**Period Ended**

31/12/2018

Attachments[Singapore%20Reinsurance%20Summary%20Financial%20Report%202018.pdf](#)

[Singapore%20Reinsurance%20Corporation%20Limited%20Letter%20to%20Shareholders%20dated%2020%20March%202019.pdf](#)

Total size = 710K MB

**SUMMARY
FINANCIAL
REPORT
2018**



**Singapore Reinsurance
Corporation Limited**



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CORPORATE PROFILE

Established in 1973 as a co-operative effort by all the insurance companies then operating in the Republic, Singapore Reinsurance Corporation Limited (**Singapore Re**) serves the domestic (re)insurance industry as well as those in the Asian region and beyond.

It leverages on the symbiotic ties with business partners to offer value-added services and products directly, and also through its subsidiaries which serve the financial services sector in the following areas:

- Publishing and conferencing services; and
- Property management service.

Listed on the main board of the Singapore stock exchange since 1987, Singapore Re has grown steadily since its formative years, with the Group's shareholders' funds and total assets amounting to S\$263 million and S\$818 million, respectively as at 31 December 2018. The Corporation's A- (Excellent) rating from A.M. Best, the world's oldest and authoritative source of insurance ratings, demonstrates Singapore Re's financial strength.

The mission of Singapore Re is to be a professional reinsurer of high repute committed to offering business partners innovative reinsurance solutions and value-added support services, while at the same time striving to generate consistent returns and enhanced value for shareholders.

CHAIRMAN'S STATEMENT

Extreme weather patterns continued to plague 2018 with the likes of the wildfires in California, hurricanes in the east coast of USA, dry spells in Europe, droughts and flooding in various parts of India and China, typhoon losses in Hong Kong, Japan and the Philippines, as well as earthquakes in Indonesia and Japan. All in all, there was close to 400 natural catastrophe events and the total insured loss of USD90 billion made 2018 the fourth costliest year ever recorded. Vis-à-vis the economic loss of USD225 billion, easily 40% of the losses was insured.

The largest single natural peril loss was the Camp Fire wildfire in northern California which would cost the insurance industry USD12.5 billion, a rather mind boggling sum. This was closely followed by Hurricane Michael which hit the Florida coast wherein the insured loss was USD10 billion.

Unfortunately, the Asian region was not spared the onslaught of natural peril losses. Typhoon Jebi hit western Japan in the month of September and the latest estimated insured loss of USD8.5 billion could climb further. Typhoon Trami also made landfall in Japan in September although luckily the insured loss of USD2 billion was relatively small by comparison. In other parts of Asia, there was extensive flooding in China and India, Typhoon Mangkhut which affected the Philippines, southern China and Hong Kong, to name but a few.

Within two years, the (re)insurance industry absorbed more than USD200 billion of losses from natural peril events so the loss impact to market players was not inconsequential yet the losses did not dent the industry's capital to any great extent. The market remained highly competitive with incessant premium rate cutting.

On the investment front, volatility of the equity markets was the order of the day as depicted by the 16.5% decline in the MSCI Asia Pacific (ex Japan) Index in 2018, in contrast to the 34.6% increase a year earlier. With global economic outlook somewhat subdued, amidst a rising interest rate environment, corporate bond failure was a concern.

Against this backdrop, the Group's gross written premium although rising 13.9% to S\$208 million in 2018, growth was largely observed in offshore higher risk markets. Gross written premium from Singapore, a relatively low risk market, continued to decline and now represented 30% of total premium revenue. The remaining 70% emanated from cedants primarily from other parts of Asia (including the Middle East). Fire was the predominant class contributing 51.2% of premium revenue, followed by Accident (including Casualty), 40.7% and Marine, 8.1%. Unfortunately, given the high natural peril losses in Asian markets during the second half of year, the Group reported S\$4.8 million underwriting loss in 2018, compared to the S\$1.3 million surplus in 2017.

CHAIRMAN'S STATEMENT

Your Group's investment profile did not materially change from the preceding year. Bonds and government securities represented 48.4% of total investment funds, followed by 19.5% in properties and 12.1% in equities. For 2018, the net investment income rose 30.3% to S\$16 million (2017: S\$12.3 million) on account of higher revaluation surplus for the Singapore properties, thereby improving net investment yield to 3.7% (on market value). In comparison, 2.8% investment yield was recorded a year ago. Overall, your Group's pre-tax profit fell 19.6% to S\$11.3 million (2017: S\$14.1 million) mainly due to the underwriting loss but partly offset by higher investment income. The Group's total assets, which comprised the sum of shareholders' and insurance funds, amounted to a credible S\$817.7 million, a 6% increase compared to a year earlier. Therefore, the NAV rose to 43.5 cents per share, up from 42.8 cents per share in 2017.

Notwithstanding the lower operating profit achieved in 2018, your Board is recommending a final dividend of 0.8 cent (2017: 0.8 cent) per share. Added to the interim dividend of 0.5 cent per share, the total dividend of 1.3 cents (2017: 1.3 cents) was equivalent to 4.6% dividend yield (2017: 4.1%) and represented a 88% pay-out ratio (as a percentage of Net Profit After Tax).

During the year under review, independent international rating agency A.M. Best once again affirmed your Company's financial strength rating of A- (Excellent) with Stable outlook.

Looking Ahead

In spite of 2017 and 2018 being the most expensive 2 consecutive years on record in terms of economic losses of USD653 billion, of which USD230 billion was insured, traditional reinsurers remained well-capitalised. Even the alternative capital segment managed to reload with fresh capital injection within a relatively short period of time. On the back of supply of (re)insurance capacity far outstripping demand, it would appear that any hope for an upturn in the market cycle in the foreseeable future is unrealistic.

The danger posed by climate change is a reality that threatens the entire mankind in general and will continue to impact your Company's sustainability of profitability in particular. This leaves us with little if no choice but to remain highly vigilant in facing up to the unknown challenges that lie ahead. Recognising that everyone has a role to play in the global efforts to save Mother Earth, your Company is strongly encouraging our employees to do what we can to save Mother Earth and some initiatives would be elaborated on in the Sustainability Report.

(Re)insurance companies are getting bigger in size via mergers and acquisitions, and even the intermediaries are pursuing this path to achieve growth. Despite our small size, we strongly believe that the way forward is to continue to plod steadily in pursuit of excellence in service and be niche focused in our effort to grow your Company amidst an operating environment that will always be challenging.

Investment returns continue to be vulnerable to the many imponderables including but not limited to geopolitical tensions regionally and globally, US-China trade war and BREXIT. Your Company has traditionally managed its investments with great prudence and we believe the defensive but judicious strategy adopted all this while is the right one to counter-balance the volatility on the underwriting side.

Keeping a tight rein on expenses is an increasingly uphill task with new compliance requirements in the areas of new accounting standards and corporate disclosure guidelines due to be implemented in the medium term. Whilst your Company continues to look at how information technology (IT) can be better leveraged to improve operational efficiency, some additional IT spend cannot be avoided in order to improve security measures especially in an era where cyber risk is mounting.

At this juncture, it is with a heavy heart that I wish to mention that Mr Hwang Soo Jin has communicated his intent to step down as a director of the Board after the Annual General Meeting for personal reasons. I have asked him to continue in his role as Senior Advisor and guide Management in the day-to-day investment-related activities and also be available from time to time to the Board for consultation as and when the need arises. I am glad to report he has agreed. Your Company has survived the ups-and-downs of many market cycles in its 45 years' history and without the wise counsel and watchful eye of our founding director Mr Hwang, it would have been quite impossible. The Board would like to seize this opportunity to record our formal thanks to Mr Hwang for his dedication and passion for the Company since its formation.

On behalf of the Board, I would like to express our gratitude to Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore and his team for their sound leadership as they pave the way forward for the financial sector as a whole. Also, we thank our stakeholders including but not limited to our shareholders, cedants, brokers, reinsurers, other business partners and our management and staff for their long-standing support.

Ramaswamy Athappan
Chairman

Singapore
1 March 2019

CORPORATE DATA

Board of Directors

Ramaswamy Athappan (Chairman) *B Eng, AFII*
David Chan Mun Wai (Deputy Chairman) *BBA, Chartered Insurer (FCII)*
Hwang Soo Jin *JP, Chartered Insurer (ACII)*
Dileep Nair *B Eng, MPA*
Peter Sim Swee Yam *LLB*
Ong Eng Yaw *LLB (2nd Class Upper Division), M Sc (Investment Management), MBA*

Audit Committee

Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

Executive Committee

Ramaswamy Athappan (Chairman)
David Chan Mun Wai (Deputy Chairman)
Hwang Soo Jin
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Remuneration Committee

Peter Sim Swee Yam (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Ong Eng Yaw

Nominating Committee

Ong Eng Yaw (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam

Investment Committee

Hwang Soo Jin (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw
Theresa Wee Sui Ling
Carlene Lim Lay Hoon

Joint Company Secretaries

Ong Beng Hong
Tan Swee Gek

Auditors

KPMG LLP
Public Accountants and Chartered Accountants
Partner: Goh Kim Chuah
(since Financial Year Ended 31 December 2016)

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Independent Scrutineers

DrewCorp Services Pte Ltd
10 Collyer Quay #10-10
Ocean Financial Centre
Singapore 049315

Bankers

Citibank, N.A.
DBS Bank Ltd
CIMB Bank Berhad, Singapore Branch

Registered Office and Correspondence Address

85 Amoy Street, Singapore 069904
Tel: (65) 6324 7388 Fax: (65) 6224 8910
Email: enquiry@singre.com.sg
Company Registration No. 197300016C

Labuan Branch

Level 11(B), Block 4 Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Labuan Federal Territory, Malaysia
Tel: (087) 412 389 Fax: (087) 422 389
Email: labuan@singre.com.sg

Subsidiaries

Singapore-Re Management Services Private Limited
INS Communications Private Limited
SR-China Advisory Services Co Ltd

Corporate Website

www.singre.com.sg

MANAGEMENT DATA

SINGAPORE REINSURANCE CORPORATION LIMITED

Theresa Wee Sui Ling *B Soc Sc (Hons), Chartered Insurer, GDFM*
Chief General Manager/Chief Executive

Carlene Lim Lay Hoon *BBA, CA*
Financial Controller
Finance, Investment, Administration and Human Resource

Mervyn Low Cheng Chwee *BA, Dip CII*
General Manager
Operations

Cheng Yiina *B Sc (Hons)*
Assistant General Manager
Systems

Ho Wing Hoong *LLB (Hons)*
Assistant General Manager
Operations

Yap Sock Cheen Dip *BA, Dip Admin Mgmt*
Assistant General Manager
Operations

Lee Fon Yin *BB (Acc), CRMA, Dip Banking & Finance*
Head, Internal Audit
Internal Audit and Compliance

Grace Loh Chit Hiang
Senior Manager
Operations Administration and Corporate Secretarial

Cheah Sooi Ping *B Sc (Comp Sc)*
Senior Manager
Systems

INS COMMUNICATIONS PRIVATE LIMITED

Mokanasivam Subramaniam *LLB (Hons)*
Managing Director

Sheela Suppiah-Raj *MA*
General Manager
Business Development

Koh Earn Chor *B Econs*
Senior Manager
Business Development

Chau Bee Pen *BA, BA (Multimedia Design)*
Manager
Publishing

Paul McNamara *BA (Hons), Politics, Philosophy, Economics*
Manager
Editor

Jennifer Chee
Manager
Administration

SR-CHINA ADVISORY SERVICES CO LTD

Chin Tsu-Kuang *MA, Marine Law (Wales)*
Director

DIRECTORS' STATEMENT

Important note

The "Summary Financial Statements" contains only a summary of the information in the directors' report and a summary of the full financial statements of Singapore Reinsurance Corporation Limited for the year ended 31 December 2018. It also includes the information provided in compliance with the requirements of Section 203A of the Companies Act, Chapter 50 (the Act) and regulations made thereunder, applicable to the Summary Financial Statements. This Summary Financial Statements do not contain sufficient information to allow for a full understanding of the financial position and performance of the Group and of the Company.

For further information, the full financial statements, the auditors' report on those financial statements and the directors' statement in the Annual Report 2018 should be consulted. Shareholders may request a copy of the Annual Report 2018 at no cost. Please use the request slip at the end of the Summary Financial Report. Alternatively, the Annual Report 2018 can also be downloaded from our website at www.singre.com.sg.

Directors

The directors in office at the date of this report are as follows:

Ramaswamy Athappan
David Chan Mun Wai
Hwang Soo Jin
Dileep Nair
Peter Sim Swee Yam
Ong Eng Yaw

Principal activities

The Company is a reinsurance company licensed to carry on the business of general reinsurance. The principal activities of the Company, including its Labuan Branch, during the year are those of a general reinsurer.

The principal activities of its subsidiaries include:

- Management, computer advisory and consultancy services;
- Publishing and conferencing services; and
- Property management service.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options of the Company are as follows:

Number of ordinary shares	Holdings in the name of the directors, spouse or infant children		Other holdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ramaswamy Athappan	178,732	178,732	—	—
David Chan Mun Wai	73,205	73,205	—	—
Hwang Soo Jin	1,360,000	1,360,000	—	—

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Except for remuneration that are disclosed in this report, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' emoluments

Directors' emoluments have been disclosed in the notes to the Summary Financial Statements.

Share options

During the financial year:

- a) there were no options granted to any person to take up unissued shares in the Company or its subsidiaries and there were no shares issued by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiaries; and

DIRECTORS' STATEMENT

- b) no options have been granted to controlling shareholders, their associates, or employees of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

Audit committee

The members of the Audit Committee during the year and at the date of this report are:

Dileep Nair (Chairman)
Ramaswamy Athappan
David Chan Mun Wai
Peter Sim Swee Yam
Ong Eng Yaw

Ability to meet obligations

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group or of the Company misleading.

Unusual items during and after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made; or render any items in the financial statements of the Group or of the Company for the current financial year misleading, and/or affect the ability of the Group or of the Company in meeting the obligations as and when they fall due.

The Summary Financial Statements on pages 15 to 25 was approved by the Board of Directors on 1 March 2019.

On behalf of the Board of Directors

Ramaswamy Athappan

Director

David Chan Mun Wai

Director

1 March 2019

INDEPENDENT AUDITORS' REPORT

ON THE SUMMARY FINANCIAL STATEMENTS

Members of the Company
Singapore Reinsurance Corporation Limited

The summary financial statements of Singapore Reinsurance Corporation Limited (the Company) and its subsidiaries (the Group), set out on pages 15 to 25, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of changes in equity of the Group, and the statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and related notes, are derived from the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements and the Directors' Statement of the Company and its subsidiaries for the year ended 31 December 2018 from which they are derived and comply with the requirements of Section 203A of the Companies Act, Chapter 50 (the Act) and the regulations made thereunder applicable to summary financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by the Financial Reporting Standards in Singapore. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 1 March 2019. The audited financial statements are included in the 2018 Annual Report. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with Section 203A of the Act. In preparing the summary financial statements, Section 203A of the Act requires that the summary financial statements be derived from the annual financial statements and the Directors' Statement for the year ended 31 December 2018 and be in such form and contain such information as may be specified by regulations made thereunder applicable to summary financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects with the audited financial statements based on our procedures, which were conducted in accordance with Singapore Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
1 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Group			Company		
	31 Dec	31 Dec	1 Jan	31 Dec	31 Dec	1 Jan
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Property, plant and equipment	51,755	42,408	38,485	51,662	42,320	38,382
Investment properties	33,767	29,405	27,329	33,767	29,405	27,329
Interest in subsidiaries	–	–	–	1,091	1,110	1,123
Reinsurers' share of insurance contract provisions for:						
– outstanding claims	232,994	220,710	198,382	232,994	220,710	198,382
– unexpired risks	55,407	46,153	40,687	55,407	46,153	40,687
Financial assets	263,392	269,061	259,127	263,392	269,061	258,579
Club membership	15	15	15	–	–	–
Insurance receivables	90,173	59,842	47,966	90,173	59,842	47,966
Other receivables	3,089	3,076	4,433	2,727	2,574	3,664
Cash and cash equivalents	87,141	100,739	86,822	84,779	97,890	84,507
Total assets	817,733	771,409	703,246	815,992	769,065	700,619
Equity attributable to equity holders of the Company						
Share capital	123,300	123,300	123,300	123,300	123,300	123,300
Reserves	47,261	43,843	30,313	47,261	43,843	30,342
Accumulated profits	92,934	92,010	87,223	92,707	91,662	86,819
	263,495	259,153	240,836	263,268	258,805	240,461
Non-controlling interests	232	252	264	–	–	–
Total equity	263,727	259,405	241,100	263,268	258,805	240,461
Liabilities						
Insurance contract provisions for:						
– outstanding claims	386,268	368,999	350,831	386,268	368,999	350,831
– unexpired risks	73,729	64,645	59,761	73,729	64,645	59,761
Deferred taxation	3,407	3,263	1,440	3,407	3,263	1,449
Insurance payables	86,396	69,611	45,423	86,396	69,611	45,423
Other payables	3,143	4,170	4,056	1,899	2,548	2,172
Current tax payable	1,063	1,316	635	1,025	1,194	522
Total liabilities	554,006	512,004	462,146	552,724	510,260	460,158
Total equity and liabilities	817,733	771,409	703,246	815,992	769,065	700,619

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Reinsurance operations:				
Gross written premiums	207,802	182,447	207,802	182,447
Reinsurance premiums	(157,121)	(131,921)	(157,121)	(131,921)
Net written premiums	50,681	50,526	50,681	50,526
Gross transfer to provision for unexpired risks	(9,084)	(4,884)	(9,084)	(4,884)
Reinsurance transfer from provision for unexpired risks	9,254	5,466	9,254	5,466
Net earned premiums	50,851	51,108	50,851	51,108
Gross claims incurred	(122,143)	(100,459)	(122,143)	(100,459)
Reinsurers' share of claims incurred	86,182	72,588	86,182	72,588
Net claims incurred	(35,961)	(27,871)	(35,961)	(27,871)
Commission expense	(60,857)	(52,754)	(60,857)	(52,754)
Commission income	48,854	38,925	48,854	38,925
Net commission expense	(12,003)	(13,829)	(12,003)	(13,829)
Management expenses	(7,656)	(8,099)	(7,656)	(8,099)
Underwriting results	(4,769)	1,309	(4,769)	1,309
Net investment income	8,012	6,874	8,012	6,874
Net income from reinsurance operations (I)	3,243	8,183	3,243	8,183
Non-reinsurance operations:				
Net investment income	8,024	5,435	8,590	6,084
Other operating income	5,915	6,332	13	50
Management expenses	(5,885)	(5,894)	(458)	(430)
Net income from non-reinsurance operations (II)	8,054	5,873	8,145	5,704
Profit before income tax (I) + (II)	11,297	14,056	11,388	13,887
Income tax expense	(2,436)	(1,284)	(2,476)	(1,177)
Profit for the year	8,861	12,772	8,912	12,710
Attributable to:				
Equity holders of the Company	8,791	12,654	8,912	12,710
Non-controlling interests	70	118	—	—
Profit for the year	8,861	12,772	8,912	12,710
Basic and diluted earnings per share (cents)	1.45	2.09		

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Profit for the year	8,861	12,772	8,912	12,710
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Revaluation of property, plant and equipment	9,618	4,118	9,618	4,118
Tax on items that will not be reclassified to profit or loss	–	–	–	–
	9,618	4,118	9,618	4,118
Items that are or may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets:				
– Reclassification of gain on sale of investments to profit or loss	(1,210)	(2,334)	(1,210)	(2,237)
– Reclassification of impairment on investments to profit or loss	1,094	2,154	1,094	2,154
– Change in fair value of investments	(7,320)	11,448	(7,320)	11,317
Tax on items that are or may be reclassified subsequently to profit or loss	1,236	(1,851)	1,236	(1,851)
	(6,200)	9,417	(6,200)	9,383
Other comprehensive income for the year, net of income tax	3,418	13,535	3,418	13,501
Total comprehensive income for the year	12,279	26,307	12,330	26,211
Attributable to:				
Equity holders of the Company	12,209	26,184	12,330	26,211
Non-controlling interests	70	123	–	–
Total comprehensive income for the year	12,279	26,307	12,330	26,211

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

Group	Share Capital \$'000	Fair value Reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2017	123,300	3,395	26,918	87,223	240,836	264	241,100
Total comprehensive income for the year							
Profit for the year	–	–	–	12,654	12,654	118	12,772
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	4,118	–	4,118	–	4,118
Available-for-sale financial assets:							
– Reclassification of gain on sale of investments to profit or loss	–	(2,319)	–	–	(2,319)	(15)	(2,334)
– Reclassification of impairment on investments to profit or loss	–	2,154	–	–	2,154	–	2,154
– Change in fair value of investments	–	11,428	–	–	11,428	20	11,448
Income tax relating to components of other comprehensive income	–	(1,851)	–	–	(1,851)	–	(1,851)
Total other comprehensive income, net of income tax	–	9,412	4,118	–	13,530	5	13,535
Total comprehensive income for the year	–	9,412	4,118	12,654	26,184	123	26,307
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend of 0.6 cent per share tax exempt (one-tier) paid in respect of year 2016	–	–	–	(3,631)	(3,631)	–	(3,631)
Special dividend of 0.2 cent per share tax exempt (one-tier) paid in respect of year 2016	–	–	–	(1,210)	(1,210)	–	(1,210)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2017	–	–	–	(3,026)	(3,026)	–	(3,026)
Dividend paid to non- controlling interests	–	–	–	–	–	(135)	(135)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)	(135)	(8,002)
31 December 2017	123,300	12,807	31,036	92,010	259,153	252	259,405

Group	Share Capital \$'000	Fair value Reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2018	123,300	12,807	31,036	92,010	259,153	252	259,405
Total comprehensive income for the year							
Profit for the year	–	–	–	8,791	8,791	70	8,861
Other comprehensive income:							
Revaluation of property, plant and equipment	–	–	9,618	–	9,618	–	9,618
Available-for-sale financial assets:							
– Reclassification of gain on sale of investments to profit or loss	–	(1,210)	–	–	(1,210)	–	(1,210)
– Reclassification of impairment on investments to profit or loss	–	1,094	–	–	1,094	–	1,094
– Change in fair value of investments	–	(7,320)	–	–	(7,320)	–	(7,320)
Income tax relating to components of other comprehensive income	–	1,236	–	–	1,236	–	1,236
Total other comprehensive income, net of income tax	–	(6,200)	9,618	–	3,418	–	3,418
Total comprehensive income for the year	–	(6,200)	9,618	8,791	12,209	70	12,279
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2017	–	–	–	(4,841)	(4,841)	–	(4,841)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2018	–	–	–	(3,026)	(3,026)	–	(3,026)
Dividend paid to non-controlling interests	–	–	–	–	–	(90)	(90)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)	(90)	(7,957)
31 December 2018	123,300	6,607	40,654	92,934	263,495	232	263,727

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

Company	Share capital \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 January 2017	123,300	3,424	26,918	86,819	240,461
Total comprehensive income for the year					
Profit for the year	–	–	–	12,710	12,710
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	4,118	–	4,118
Available-for-sale financial assets:					
– Reclassification of gain on sale of investments to profit or loss	–	(2,237)	–	–	(2,237)
– Reclassification of impairment on investments to profit or loss	–	2,154	–	–	2,154
– Change in fair value of investments	–	11,317	–	–	11,317
Income tax relating to components of other comprehensive income	–	(1,851)	–	–	(1,851)
Total other comprehensive income, net of income tax	–	9,383	4,118	–	13,501
Total comprehensive income for the year	–	9,383	4,118	12,710	26,211
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 0.6 cent per share tax exempt (one-tier) paid in respect of year 2016	–	–	–	(3,631)	(3,631)
Special dividend of 0.2 cent per share tax exempt (one-tier) paid in respect of year 2016	–	–	–	(1,210)	(1,210)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2017	–	–	–	(3,026)	(3,026)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)
At 31 December 2017	123,300	12,807	31,036	91,662	258,805

Company	Share capital \$'000	Fair value reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 January 2018	123,300	12,807	31,036	91,662	258,805
Total comprehensive income for the year					
Profit for the year	–	–	–	8,912	8,912
Other comprehensive income:					
Revaluation of property, plant and equipment	–	–	9,618	–	9,618
Available-for-sale financial assets:					
– Reclassification of gain on sale of investments to profit or loss	–	(1,210)	–	–	(1,210)
– Reclassification of impairment on investments to profit or loss	–	1,094	–	–	1,094
– Change in fair value of investments	–	(7,320)	–	–	(7,320)
Income tax relating to components of other comprehensive income	–	1,236	–	–	1,236
Total other comprehensive income, net of income tax	–	(6,200)	9,618	–	3,418
Total comprehensive income for the year	–	(6,200)	9,618	8,912	12,330
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 0.8 cent per share tax exempt (one-tier) paid in respect of year 2017	–	–	–	(4,841)	(4,841)
Interim dividend of 0.5 cent per share tax exempt (one-tier) paid in respect of year 2018	–	–	–	(3,026)	(3,026)
Total contributions by and distributions to owners	–	–	–	(7,867)	(7,867)
At 31 December 2018	123,300	6,607	40,654	92,707	263,268

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied. In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS).

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- available-for-sale financial assets are measured at fair value; and
- investment properties and owner occupied leasehold land and buildings are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

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 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. All other assets and liabilities are accounted for in the books of the "non-reinsurance funds".

All income and expenses relating to the reinsurance business are reported under the "Reinsurance operations" in profit or loss. All other income and expenses are reported as "Non-reinsurance operations" in profit or loss.

The financial statements of the Group represent the combined assets and liabilities, and income and expenses of the reinsurance funds and the non-reinsurance funds.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in applying accounting policies that could have a significant effect on the amount recognised in the financial statements relate mainly to outstanding claim provisions and estimates of premium, commission and loss estimates for bilateral cessions business.

(b) Share capital

	← Group and Company →			
	2018	2018	2017	2017
	Number of		Number of	
	shares		shares	
	'000	\$'000	'000	\$'000
Issued and fully paid ordinary shares, with no par value				
At 1 January and 31 December	605,220	123,300	605,220	123,300

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(c) Remuneration paid to directors

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
– Directors' fees	616	616	605	605
– Consultancy fees	396	396	396	396

(d) Basic and diluted earnings per share

	← Group →	
	2018	2017
	\$'000	\$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shares	8,791	12,654
Number of shares ('000)	605,220	605,220

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

(e) Dividends

The dividends paid during the financial year are disclosed in the consolidated statement of changes in equity of the Group and the statement of changes in equity of the Company.

After the reporting date, the Directors proposed the following dividends for shareholders' approval at the Annual General Meeting to be held on 17 April 2019. The dividends have not been provided for in the financial statements for the year ended 31 December 2018.

	2018 \$'000	2017 \$'000
Dividend proposed:		
Final dividend		
– 0.8 cent (2017: 0.8 cent) per share tax exempt (one-tier)	4,841	4,841

(f) Significant related party transactions

The following significant transactions between the Group and related companies have been included in the profit before income tax at terms agreed between the companies:

	Group and Company	
	2018 \$'000	2017 \$'000
<i>Transactions with related companies</i>		
<i>Income/(expense):</i>		
Gross written premiums	89,488	72,239
Reinsurance premiums	(66,329)	(91,144)
Claims paid	(32,098)	(30,862)
Claims recoveries	48,497	39,908
Commission expense	(19,398)	(16,668)
Commission income	19,348	23,646

(g) Assets and liabilities

In compliance with the requirements of Section 203A of the Act and the Companies (Summary Financial Statement) Regulations, information on the assets and liabilities are as follows:

	Group			Company		
	31 Dec 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000
Non-current assets						
Property, plant and equipment	51,755	42,408	38,485	51,662	42,320	38,382
Investment properties	33,767	29,405	27,329	33,767	29,405	27,329
Interest in subsidiaries	–	–	–	1,091	1,110	1,123
Reinsurers' share of insurance contract provisions	163,845	168,313	157,910	163,845	168,313	157,910
Financial assets	1,195	964	1,843	1,195	964	1,229
Club membership	15	15	15	–	–	–
Total non-current assets	250,577	241,105	225,582	251,560	242,112	225,973
Current assets						
Reinsurers' share of insurance contract provisions	124,556	98,550	81,159	124,556	98,550	81,159
Financial assets	262,197	268,097	257,284	262,197	268,097	257,350
Insurance receivables	90,173	59,842	47,966	90,173	59,842	47,966
Other receivables	3,089	3,076	4,433	2,727	2,574	3,664
Cash and cash equivalents	87,141	100,739	86,822	84,779	97,890	84,507
Total current assets	567,156	530,304	477,664	564,432	526,953	474,646
Total assets	817,733	771,409	703,246	815,992	769,065	700,619
Non-current liabilities						
Insurance contract provisions	281,779	282,845	277,735	281,779	282,845	277,735
Deferred taxation	3,407	3,263	1,440	3,407	3,263	1,449
Total non-current liabilities	285,186	286,108	279,175	285,186	286,108	279,184
Current liabilities						
Insurance contract provisions	178,218	150,799	132,857	178,218	150,799	132,857
Insurance payables	86,396	69,611	45,423	86,396	69,611	45,423
Other payables	3,143	4,170	4,056	1,899	2,548	2,172
Current tax payable	1,063	1,316	635	1,025	1,194	522
Total current liabilities	268,820	225,896	182,971	267,538	224,152	180,974
Total liabilities	554,006	512,004	462,146	552,724	510,260	460,158
Net current assets	298,336	304,408	294,693	298,894	302,801	293,672

PROFILE OF SHAREHOLDERS

AS AT 20 FEBRUARY 2019

Share Capital	Number of Issued Shares	Class of Shares	Voting Rights
\$123,300,490	605,219,785	Ordinary	One vote per share

Shareholdings held by the Public

Based on the information available to the Company on 20 February 2019, approximately 47.51% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 to 99	73	2.17	2,606	0.00
100 to 1,000	308	9.17	160,773	0.03
1,001 to 10,000	865	25.74	4,916,818	0.81
10,001 to 1,000,000	2,065	61.46	139,333,130	23.02
1,000,001 and above	49	1.46	460,806,458	76.14
Total	3,360	100.00	605,219,785	100.00

Twenty Largest Shareholders	No. of Shares	%
1 DBS Nominees Pte Ltd	200,631,322	33.15
2 United Overseas Insurance Limited	36,382,885	6.01
3 India International Insurance Pte Ltd	30,371,062	5.02
4 Great Eastern Life Assurance Co Ltd	28,467,478	4.70
5 Great Eastern General Insurance Ltd	21,739,465	3.59
6 Morgan Stanley Asia (Singapore) Securities Pte Ltd	17,013,200	2.81
7 Maybank Kim Eng Securities Pte Ltd	10,824,411	1.79
8 Singapore Warehouse Co Pte Ltd	9,949,974	1.64
9 Citibank Nominees Singapore Pte Ltd	9,820,176	1.62
10 DBS Vickers Securities (Singapore) Pte Ltd	8,676,905	1.43
11 Chong Chew Lim @ Chong Ah Kau	8,394,500	1.39
12 United Overseas Bank Nominees Pte Ltd	5,710,013	0.94
13 OCBC Nominees Singapore Pte Ltd	4,507,890	0.75
14 Ng Siew Cheng	3,502,613	0.58
15 Ng Poh Cheng	3,269,600	0.54
16 Tan Kay Khai	3,146,000	0.52
17 Ng Eng Chuan	3,020,460	0.50
18 Raffles Nominees (Pte) Ltd	2,971,310	0.49
19 Lai Weng Kay	2,890,700	0.48
20 Koh Susie	2,732,400	0.45
Total	414,022,364	68.40

Substantial Shareholders (as recorded in the Register of Substantial Shareholders as at 20 February 2019)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
1. Fairfax Financial Holdings Limited ¹	–	–	168,035,957	27.76
2. Fairfax Asia Limited	115,370,835	19.06	–	–
3. Newline Corporate Name Limited	52,665,122	8.70	–	–
4. Newline Holdings UK Limited ²	–	–	52,665,122	8.70
5. Oversea-Chinese Banking Corporation Limited ³	–	–	50,948,847	8.42
6. Great Eastern Holdings Limited ³	–	–	50,948,847	8.42
7. United Overseas Bank Limited ⁴	–	–	36,382,885	6.01
8. United Overseas Insurance Limited	36,382,885	6.01	–	–
9. India International Insurance Pte Ltd	30,371,062	5.02	–	–
10. Dalton Investments LLC ⁵	–	–	30,339,700	5.01
11. James B. Rosenwald III ⁶	–	–	30,339,700	5.01
12. Steven Persky ⁶	–	–	30,339,700	5.01
13. Gifford Combs ⁶	–	–	30,339,700	5.01
14. Belita Ong ⁶	–	–	30,339,700	5.01
15. Arthur Hebert ⁶	–	–	30,339,700	5.01
16. Michelle Lynd ⁶	–	–	30,339,700	5.01

- 1 Fairfax Financial Holdings Limited is deemed to have an interest in shares held by Fairfax Asia Limited, Newline Corporate Name Limited and Newline Holdings UK Limited.
- 2 Newline Holdings UK Limited is deemed to have an interest in shares held by Newline Corporate Name Limited.
- 3 Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are deemed to have an interest in shares held by Great Eastern General Insurance Limited and The Great Eastern Life Assurance Company Limited.
- 4 United Overseas Bank Limited is deemed to have an interest in shares held by United Overseas Insurance Limited.
- 5 Dalton Investments LLC and its affiliated entities (together, **Dalton**) is an investment manager based in California, United States of America. Dalton manages various client portfolios and as investment manager, Dalton has discretion and authority over the sale and purchase of the abovementioned shares. Therefore, Dalton has deemed interest in such shares.
- 6 James B. Rosenwald III, Steven Persky, Gifford Combs, Belita Ong, Arthur Hebert and Michelle Lynd are members of the management committee of Dalton, and Dalton acts in accordance with the directions and instructions of the abovementioned persons. Accordingly, each of them will be deemed to be interested in the shares which Dalton is deemed interested in.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of the Company will be held at Anson III, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908, on Wednesday, 17 April 2019 at 12.00 noon to transact the following business:

AS ORDINARY BUSINESS

1. **Resolution 1** To receive and adopt the directors' statement and audited accounts for the year ended 31 December 2018.
2. **Resolution 2** To declare a final dividend of 0.8 cent per share tax exempt (one-tier) for the year ended 31 December 2018 (2017: final dividend of 0.8 cent per share tax exempt (one-tier)).
3. **Resolution 3** To approve the payment of \$605,000 as directors' fees for the year ended 31 December 2018 (2017: \$605,000).
4. To re-elect each of the following directors retiring by rotation pursuant to Regulation 96 of the Company's Constitution:

Resolution 4 Mr Ramaswamy Athappan.

Resolution 5 Mr Ong Eng Yaw.
5. To note the retirement of Mr Hwang Soo Jin, a director retiring and who would not be seeking re-election.
6. **Resolution 6** To re-appoint Messrs KPMG LLP as auditors of the Company for the ensuing year and to authorise the directors to fix their remuneration.

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following ordinary resolutions:

- Resolution 7** To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50 (the **Act**):

"**THAT** pursuant to Section 161 of the Act and the listing rules of the Singapore Exchange Securities Trading Limited (**SGX-ST**), authority be and is hereby given to the directors of the Company to (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); (b) 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; (c) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and (d) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) to issue shares in pursuance of any Instruments made or granted by the directors while this resolution was in force, provided that:

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings), 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 this resolution) does not exceed 20% of the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings);
- (ii) for the purpose of determining the aggregate number of shares that may be issued (subject to such manner of calculation as may be prescribed by SGX-ST) under (i) above, the percentage of issued share capital shall be based on the issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent bonus-issue, consolidation or sub-division of shares;
- (iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance is waived by the SGX-ST) and the Company's Constitution; and
- (iv) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING

Resolution 8 To approve the renewal of the Share Buy-Back Mandate:

“THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the **Act**), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (**Shares**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchase(s) on the Singapore Exchange Securities Trading Limited (**SGX-ST**) through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **Share Buy-Back Mandate**);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by the Company in general meeting; and
- (iii) the date on which the share purchases pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

- (c) in this resolution:

Average Closing Price means the average of the closing market prices of the Shares over the last five Market Days on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the market purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with any rules that may be prescribed by the SGX-ST, for any corporate action that occurs after the relevant five-day period;

date of the making of the offer means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

Market Day means a day on which the SGX-ST is open for trading in securities;

Maximum Percentage means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this resolution (excluding treasury shares and subsidiary holdings as at that date);

Maximum Price in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) which shall not be more than, in the case of a market purchase of the Share and an off-market purchase of the Share, 5% above the Average Closing Price of the Shares; and

- (d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution."

To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 2 May 2019 for the preparation of the dividend warrants. Duly completed transfers received by the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 30 April 2019 will be registered before entitlements to the proposed dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the capital of the Company as at 5.00 p.m. on 30 April 2019 will be entitled to the dividend. The proposed final dividend will be paid on 27 May 2019, if approved by the shareholders at the forthcoming Annual General Meeting of the Company.

BY ORDER OF THE BOARD

ONG BENG HONG/TAN SWEE GEK
Joint Company Secretaries

Singapore
20 March 2019

Note: Except for a member who is a relevant intermediary (as defined under the Act), a member of the Company entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies shall in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under the Common Seal or signed by its attorney or a duly authorised officer on behalf of the corporation. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than 72 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By attending the Annual General Meeting (**AGM**) and/or any adjournment thereof or submitting an instrument appointing a proxy or proxies and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rule, regulation and/or guidelines (collectively, the **Purposes**), (ii) warrants that where the member discloses the personal data of the member's proxy or proxies and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy or proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy or proxies and/or representatives for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes:

- (1) The ordinary resolution 7 in item 7 above, if passed, is to enable the directors to issue further shares in the Company and to make or grant securities convertible into ordinary shares, and to issue ordinary shares pursuant to instruments, up to an amount not exceeding 50% of the issued shares in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders, does not exceed 20% of the Company's issued shares. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company shall be based on the issued shares in the capital of the Company at the time this resolution is passed, after adjusting for (1) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting when this resolution is passed; and (2) any subsequent consolidation or sub-division of shares. This authority will, unless revoked or varied at a General Meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
- (2) The ordinary resolution 8 proposed in item 7 above, if passed will renew, effective until the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, the Share Buy-Back Mandate for the Company to make purchases or acquisition of its shares up to a maximum of 10% of the total number of issued ordinary shares as at the date of the passing of the resolution at the Maximum Price computed in the manner prescribed by the resolution.

The Company will use internal sources to fund purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact of the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend, inter alia, on the number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the price at which such Shares are purchased or acquired.

Based on the existing issued and paid-up Shares of the Company as at 20 February 2019, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 60,521,978 Shares. Assuming that the Company purchases or acquires the 60,521,978 Shares at the Maximum Price of \$0.301 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five Market Days on which the Shares were traded on the SGX-ST immediately preceding 20 February 2019, the maximum amount of funds required for the purchase or acquisition of the 60,521,978 Shares is \$18,217,115.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy-Back Mandate based on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018 and certain other assumptions are set out in paragraph 6 of the Letter to Shareholders dated 20 March 2019.

NOTES TO THE PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. Except for a member who is a relevant intermediary (as defined under the Companies Act, Chapter 50 of Singapore (the **Act**)), a member entitled to attend and vote at the general meeting is entitled to appoint one or two proxies to attend and vote in his stead. A member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at the general meeting, but such proxies must be appointed to exercise the rights attached to a specified number of shares.
3. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. Where a member who is a relevant intermediary appoints two or more proxies, the appointments shall be invalid unless the number and class of shares in relation to which each proxy has been appointed is specified in the proxy form.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 not less than 72 hours before the time appointed for the Annual General Meeting (**AGM**).
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of members whose Shares are entered against their names in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF moneys to buy shares in the capital of Singapore Reinsurance Corporation Limited, this Summary Financial Report circulated to Shareholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 on page 34).

I/We ID/Registration No.

of

being a member/members of the above-mentioned Company, hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Anson III, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908 on Wednesday, 17 April 2019 at 12.00 noon or at any adjournment thereof.

With reference to the agenda set out in the Notice of Annual General Meeting, please indicate with an "X" in the space provided below how you wish your votes to be cast.

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1	To receive and adopt the directors' statement and audited accounts		
2	To declare a final dividend		
3	To approve directors' fees		
4	To re-elect director: Mr Ramaswamy Athappan		
5	To re-elect director: Mr Ong Eng Yaw		
6	To re-appoint auditors and authorise the directors to fix their remuneration		
Special Business			
7	To approve the issue of shares pursuant to Section 161 of the Companies Act, Chapter 50		
8	To approve the renewal of the Share Buy-Back Mandate		

In the absence of specific directions, the proxy/proxies will vote or abstain, as he/they may think fit.

Dated this day of 2019.

Total Number of Shares held in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

.....
Signature(s) of member(s) or Common Seal

IMPORTANT, PLEASE READ NOTES ON PAGE 34.

(1st fold)

(2nd fold)

Affix
stamp
here

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

(3rd fold to glue and seal)

REQUEST FORM

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

20 March 2019

Dear Shareholder

This is a copy of the Summary Financial Report (**SFR**) of Singapore Reinsurance Corporation Limited (**Singapore Re**) for the financial year ended 31 December 2018 (**FY2018**). The SFR contains a review of the Group for FY2018. It also contains a summary of the audited financial statements of the Group and the Company. We will be sending you a copy of the SFR for as long as you are a shareholder of Singapore Re.

The full financial statements of the Group and the Company for FY2018 are set out in a separate report called the Annual Report (**AR**). This report is available to all shareholders of Singapore Re at no cost upon request.

For shareholders receiving this SFR for the first time and for shareholders who have not responded to us previously, if you wish to receive a copy of the AR for FY2018 and for future financial years, please complete this Request Form and return it to us by 1 April 2019. **A failure to submit this Request Form has importance consequences, and by failing to submit this Request Form you would be taken to have indicated that you do not wish to receive the AR for FY2018 and for all future financial years.**

For shareholders who have responded to us previously, you may supersede your earlier request sent to us by completing this Request Form and returning it to us by 1 April 2019. If we do not receive your reply, we will take it that you do not wish to change your previous request. Your latest request will supersede all earlier requests received by us.

By completing, signing and returning the Request Form to us, you agree and acknowledge that we and/or our service provider may collect, use and disclose your personal data, as contained in your submitted Request Form or which is otherwise collected from you (or your authorised representative(s)), for the purpose of processing and effecting your request.

Yours faithfully
Singapore Reinsurance Corporation Limited

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries

REQUEST FORM

To: Singapore Reinsurance Corporation Limited (Singapore Re)

N.B. Please tick only one box. Incomplete form will not be processed.

- ☐ Please send me/us the Annual Report for the financial year ended 31 December 2018 and for all future financial years for as long as I/we am/are a shareholder of Singapore Re.
- ☐ Please do not send me/us the Annual Report for the financial year ended 31 December 2018 and for all future financial years for as long as I/we am/are a shareholder of Singapore Re.

Name of shareholder _____

NRIC/Passport number _____

Address _____

Postal Code _____

Signature _____

Date _____

Please glue and seal along this edge

Please glue and seal along this edge

(1st fold)

(2nd fold)

Postage will be
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Singapore only.

**BUSINESS REPLY SERVICE
PERMIT No. 06248**



**The Company Secretary
Singapore Reinsurance Corporation Limited
85 Amoy Street
Singapore 069904**

(3rd fold to glue and seal)

CORPORATE CALENDAR

Event	Date
Annual General Meeting	17 April 2019
Announcement of 1st Quarter 2019 Financial Results (after close of trading)	17 April 2019
Closure of Registers (for final dividend entitlement)	2 May 2019
Payment of Final Dividend for Year Ended 31 December 2018	27 May 2019
Announcement of 2nd Quarter 2019 Financial Results (after close of trading)	August 2019
Announcement of 3rd Quarter 2019 Financial Results (after close of trading)	November 2019
Financial Year-End	31 December 2019
Announcement of 4th Quarter 2019 Financial Results (after close of trading)	February 2020

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SINGAPORE REINSURANCE CORPORATION LIMITED

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

Directors:

Ramaswamy Athappan (Chairman), *Non-Executive and Non-Independent Director*
David Chan Mun Wai (Deputy Chairman), *Non-Executive and Non-Independent Director*
Hwang Soo Jin, *Non-Executive and Non-Independent Director*
Dileep Nair, *Non-Executive and Independent Director*
Peter Sim Swee Yam, *Non-Executive and Independent Director*
Ong Eng Yaw, *Non-Executive and Independent Director*

Registered Office:

85 Amoy Street
Singapore 069904

20 March 2019

To: **The Shareholders of Singapore Reinsurance Corporation Limited ("Company")**

Dear Shareholders

We refer to the Ordinary Resolution 8 in item 7 of the Notice of the 46th Annual General Meeting of the Company (the "**AGM**") in relation to the proposed renewal of the Company's Share Buy-Back Mandate which is to be proposed at the AGM which is scheduled to be held on 17 April 2019.

The purpose of this letter is to provide Shareholders with information relating to Ordinary Resolution 8.

1. RENEWAL OF SHARE BUY-BACK MANDATE

1.1 Background

At the 45th AGM of the Company held on 19 April 2018, Shareholders had approved, inter alia, the grant of a Share Buy-Back Mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire ordinary shares in the issued capital of the Company ("**Shares**") upon and subject to the terms of such mandate ("**2018 Mandate**"). The authority contained in the 2018 Mandate was expressed to continue in force until the next AGM and as such would be expiring on 17 April 2019, being the date of the forthcoming AGM. It is proposed that such authority ("**Share Buy-Back Mandate**") be renewed at the forthcoming AGM.

1.2 Rationale

The renewal of the Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares, at any time and from time to time, subject to market conditions, during the period that the Share Buy-Back Mandate is in force. The Share Buy-Back Mandate will provide the Company with:

- (1) a mechanism to facilitate the return of surplus cash over and above the Company's requirements in an expedient and cost-efficient manner; and

- (2) the opportunity to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company and/or affect the listing status of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Any purchase or acquisition by the Company of its Shares has to be made in accordance with, and in the manner prescribed by, the Companies Act, Chapter 50 of Singapore (the "**Act**"), the Listing Manual of the SGX-ST ("**Listing Manual**") and such other laws and regulations as may, for the time being, be applicable.

2. TERMS OF THE SHARE BUY-BACK MANDATE

The authority and limits of the Share Buy-Back Mandate are summarised below:

2.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the issued Shares of the Company as at the date of the AGM (excluding treasury shares and subsidiary holdings as at that date) at which the Share Buy-Back Mandate is approved ("**Approval Date**").

For illustrative purposes only, on the basis of 605,219,785 Shares (excluding treasury shares and subsidiary holdings) in issue as at 20 February 2019 (the "**Latest Practicable Date**"), and assuming that no further Shares are issued on or prior to the AGM, not more than 60,521,978 Shares (representing 10% of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

- (a) the date on which the next AGM of the Company is held or is required by law to be held;
- (b) the date on which the authority contained in the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting; or
- (c) the date on which share purchases or acquisitions pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated.

2.3 Manner of purchase

Purchases or acquisitions of Shares may be made by the Company by way of:

- (a) on-market purchases effected on the SGX-ST through the ready market through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

- (b) off-market purchases in accordance with an “equal access scheme” as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the rules of the Listing Manual (“**Off-Market Purchase**”).

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Act, an equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all offers are the same, except that there shall be disregarded, where applicable,
 - (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers may relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, inter alia:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share purchases;
- (4) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (“**Take-over Code**”) or other applicable takeover rules;
- (5) whether the share purchases or acquisitions, if made, could affect the listing of the Company’s Shares on the SGX-ST;
- (6) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchase of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

2.4 Purchase price

The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be determined by the Directors, in the case of both a Market Purchase and an Off-Market Purchase, shall not be more than 5% above the Average Closing Price of the Shares (the “**Maximum Price**”) in either case, excluding related expenses of the purchase or the acquisition.

For the purpose of determining the Maximum Price:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last 5 Market Days (each being a day on which the SGX-ST is open for trading in securities (“**Market Day**”)) on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with any rules that may be prescribed by the SGX-ST, for any corporate action that occurs after the relevant 5-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3. STATUS OF PURCHASED OR ACQUIRED SHARES

Under the Act, any Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

4. TREASURY SHARES

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions relating to treasury shares under the Act are summarised below:

4.1 Maximum holdings

- (i) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares; and
- (ii) The Company if having more than one class of shares shall not hold treasury shares of that class exceeding 10% of the total number of issued shares in that class at any time and in the event that the Company holds in its treasury more than 10% of the total number of issued shares in any class of its shares, it shall cancel the excess within six months or such further period as Registrar may allow.

4.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of the shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

4.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

As at the Latest Practicable Date, the Company does not hold any treasury shares. In accordance with Rule 704(28) of the Listing Manual, in the event the Company purchases any Shares and holds them as treasury shares, the Company will immediately announce the following if there is any sale, transfer, cancellation and/or use of the treasury shares:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

5. SOURCE OF FUNDS

The Company intends to use internal sources of funds to fund purchases or acquisitions of its Shares pursuant to the Share Buy-Back Mandate. The Company does not intend to obtain or incur borrowings to finance its purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

6. FINANCIAL EFFECTS

The financial effects on the Company and the Group arising from the purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, inter alia, whether the Shares are purchased or acquired out of profits and/or capital, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2018, are based on the assumptions set out below.

6.1 Purchase or acquisition out of capital or profits

The Act permits the Company to pay for the consideration for purchase or acquisition of its Shares out of capital or profits provided the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the amount of the share capital will be reduced.

6.2 Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued capital of the Company comprised 605,219,785 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date.

Purely for illustration purposes, on the basis of 605,219,785 Shares (excluding treasury shares and subsidiary holdings) in issue as the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 60,521,978 Shares.

Assuming that the Company purchases or acquires the 60,521,978 Shares at the Maximum Price of \$0.301 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 60,521,978 Shares is \$18,217,115.

6.3 Illustrative financial effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Buy-Back Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, and the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and on the basis of the following assumptions:

- (a) that the Company purchases or acquires the 60,521,978 Shares at the Maximum Price of \$0.301 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 60,521,978 Shares is \$18,217,115; and
- (b) the Share Buy-Back Mandate had been in force at the relevant time.

The financial effects of the:

- (a) acquisition of 60,521,978 Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and held as treasury shares;
- (b) acquisition of 60,521,978 Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of profits and cancelled; and
- (c) acquisition of 60,521,978 Shares by the Company pursuant to the Share Buy-Back Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 would be as follows:

(A) Purchases made entirely out of capital and held as treasury shares

As at 31 December 2018	Group		Company	
	Before share buy-back \$'000	After share buy-back \$'000	Before share buy-back \$'000	After share buy-back \$'000
Share Capital	123,300	123,300	123,300	123,300
Reserves	47,261	47,261	47,261	47,261
Accumulated Profits	92,934	92,934	92,707	92,707
	263,495	263,495	263,268	263,268
Treasury Shares	–	(18,217)	–	(18,217)
Total Shareholders' Equity	263,495	245,278	263,268	245,051
Net Tangible Assets	263,495	245,278	263,268	245,051
Current Assets	567,156	548,939	564,432	546,215
Current Liabilities	268,820	268,820	267,538	267,538
Cash and Cash Equivalents	87,141	68,924	84,779	66,562
Number of Shares ('000) (net of treasury shares)	605,220	544,698	605,220	544,698
<u>Financial Ratios</u>				
Net Tangible Assets per share (cents)	43.54	45.03	43.50	44.99
Basic and Diluted Earnings per share (cents)	1.45	1.61	1.47	1.64
Return on Equity (%)	3.34	3.58	3.39	3.64
Current Ratio (times)	2.11	2.04	2.11	2.04

(B) Purchases made entirely out of profits and cancelled

As at 31 December 2018

	Group		Company	
	Before share buy-back \$'000	After share buy-back \$'000	Before share buy-back \$'000	After share buy-back \$'000
Share Capital	123,300	123,300	123,300	123,300
Reserves	47,261	47,261	47,261	47,261
Accumulated Profits	92,934	74,717	92,707	74,490
Total Shareholders' Equity	263,495	245,278	263,268	245,051
Net Tangible Assets	263,495	245,278	263,268	245,051
Current Assets	567,156	548,939	564,432	546,215
Current Liabilities	268,820	268,820	267,538	267,538
Cash and Cash Equivalents	87,141	68,924	84,779	66,562
Number of Shares ('000)	605,220	544,698	605,220	544,698
<u>Financial Ratios</u>				
Net Tangible Assets per share (cents)	43.54	45.03	43.50	44.99
Basic and Diluted Earnings per share (cents)	1.45	1.61	1.47	1.64
Return on Equity (%)	3.34	3.58	3.39	3.64
Current Ratio (times)	2.11	2.04	2.11	2.04

(C) Purchases made entirely out of capital and cancelled

As at 31 December 2018

	Group		Company	
	Before share buy-back \$'000	After share buy-back \$'000	Before share buy-back \$'000	After share buy-back \$'000
Share Capital	123,300	105,083	123,300	105,083
Reserves	47,261	47,261	47,261	47,261
Accumulated Profits	92,934	92,934	92,707	92,707
Total Shareholders' Equity	263,495	245,278	263,268	245,051
Net Tangible Assets	263,495	245,278	263,268	245,051
Current Assets	567,156	548,939	564,432	546,215
Current Liabilities	268,820	268,820	267,538	267,538
Cash and Cash Equivalents	87,141	68,924	84,779	66,562
Number of Shares ('000)	605,220	544,698	605,220	544,698
<u>Financial Ratios</u>				
Net Tangible Assets per share (cents)	43.54	45.03	43.50	44.99
Basic and Diluted Earnings per share (cents)	1.45	1.61	1.47	1.64
Return on Equity (%)	3.34	3.58	3.39	3.64
Current Ratio (times)	2.11	2.04	2.11	2.04

The financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above illustration is based on historical numbers in respect of the financial year ended 31 December 2018 and is not necessarily representative of future financial performance. Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

7. TAXATION

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

8. LISTING MANUAL

Any purchase or acquisition by the Company of its issued Shares pursuant to the Share Buy-Back Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Manual restricts a listed company from purchasing shares by way of Market Purchases at a price per share which is more than 5% above the “average closing market price”, being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the share were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2.4 above conforms to this requirement.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of not more than 5% above the Average Closing Price of a Share as the Maximum Price for purchases of Shares by way of Off-Market Purchases.

The Listing Manual does not expressly prohibit any purchase by a listed company of its shares during any particular time or times. However, as a listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced.

The Company will also observe its internal guidelines on dealings in securities and will not deal in its securities during the period commencing two weeks before the announcement of its financial statements for each of the first three quarters of its financial year and one month before the announcement of its financial statements for the financial year and ending on the date of announcement of the relevant results.

The Listing Manual provides that a listed company shall ensure that at least 10% of any class of its listed securities is at all times held by public shareholders. As the percentage of issued Shares held in public hands as at the Latest Practicable Date is approximately 47.51%, the Company is of the view that there is, at the present, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buy-Back Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will

consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its issued Shares.

The share buy-back will not be carried out during the period commencing two weeks before the announcement of the financial statements for each of the first three quarters of the Company's financial year and one month before the announcement of the Company's full year financial statements.

9. TAKE-OVER IMPLICATIONS

If as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest of a Shareholder and persons acting in concert with him in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a Shareholder or group of Shareholders acting in concert obtaining or consolidating effective control of the Company (as defined in the Take-over Code), such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively could incur an obligation to make a take-over offer under the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 read together with Appendix 2 of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently invalidated), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company's voting rights, the percentage of their voting rights increases by more than 1% in any period of 6 months.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate unless required by the Act.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert:

- (i) a company with any of its Directors (together with their close relatives, related trusts as well as companies controlled by any of the Directors, their close relatives and related trusts); and

- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

As at the Latest Practicable Date, the Company's issued share capital comprises 605,219,785 Shares. Fairfax Financial Holdings Limited has a deemed interest in 168,035,957 Shares, representing 27.76% of the total voting rights of the Company. Fairfax Financial Holdings Limited is deemed to have an interest in shares held by Fairfax Asia Limited, Newline Corporate Name Limited and Newline Holdings UK Limited. Mr Ramaswamy Athappan, the Chairman of the Board and non-executive Director of the Company, is a director of Fairfax Asia Limited. (Collectively, Mr Ramaswamy Athappan, Fairfax Financial Holdings Limited, Fairfax Asia Limited, Newline Corporate Name Limited and Newline Holdings UK Limited shall hereinafter be referred to as the "**Fairfax Concert Parties**".)

For illustrative purposes only, as at the Latest Practicable Date, the Company's issued share capital would comprise 605,219,785 Shares, of which, 168,214,689 Shares representing approximately 27.79% of the total voting rights of the Company would be held by the Fairfax Concert Parties. Therefore, in the event that the Company undertakes share purchases up to a maximum of the 10% limit, the Fairfax Concert Parties would have an aggregate interest of approximately 30.88% of the total voting rights of the Company.

The total shareholding interest and voting rights of the Fairfax Concert Parties in the Company would be increased to 30% or more as a result of the aforesaid share purchases undertaken by the Company and Fairfax Concert Parties would as a consequence be required to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

However, under Appendix 2 of the Share Buy-back Guidance Note of the Take-over Code, the Fairfax Concert Parties and any other persons presumed to be parties acting in concert with them are exempted from having to make an offer under Rule 14 of the Take-over Code for the Shares by reason only of an increase in their voting rights as a result of the Company purchasing or acquiring up to the maximum of 10% of the issued share capital of the Company pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (a) this Letter contains advice to the effect that by voting for the approval of the Share Buy-Back Mandate, the Shareholders are waiving their rights to a general offer at the required price from the Fairfax Concert Parties and any other such persons presumed to be parties acting in concert with it. This Letter should also contain (i) the name of the Fairfax Concert Parties and any other persons presumed to be parties acting in concert with them; and (ii) their voting rights as at the time of the resolutions and after the share purchases;
- (b) the resolution to approve the Share Buy-Back Mandate is approved by a majority of the Shareholders present and voting at the AGM on a poll who would not become obliged to make an offer as a result of the share purchases;
- (c) the Fairfax Concert Parties and any such other persons presumed to be parties acting in concert with it, abstain from voting for, and/or recommending Shareholders to vote in favour of, the resolution on the approval of the Share Buy-Back Mandate;
- (d) within 7 days of the passing of the resolution approving the Share Buy-Back Mandate, Mr Ramaswamy Athappan to submit to the Securities Industry Council a duly signed form as prescribed by the Securities Industry Council;

(e) the Fairfax Concert Parties and any other such persons presumed to be parties acting in concert with them, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the approval of the Share Buy-Back Mandate is imminent and the earlier of:

- (i) the date on which the authority of the Share Buy-Back Mandate expires; and
- (ii) the date the Company announces it has bought back such number of Shares as authorised by the Share Buy-Back Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the share purchases, would cause their aggregate voting rights in the Company to increase to 30% or more.

If the Company ceases to buy back its Shares and the aggregate voting rights of the Fairfax Concert Parties is less than 30%, the Fairfax Concert Parties may acquire further voting rights in the Company. However, any increase in its percentage of voting rights in the Company as a result of the share purchases will be taken into account together with any voting rights of the Fairfax Concert Parties (by whatever means), in determining whether they have increased their aggregate voting rights in the Company to more than 30%.

Save for Fairfax Financial Holdings Limited, Newline Corporate Name Limited, Newline Holdings UK Limited, Fairfax Asia Limited and Mr Ramaswamy Athappan (being a director of Fairfax Asia Limited), none of the Directors or substantial shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum number of Shares which can be purchased pursuant to the Share Buy-Back Mandate as at the Latest Practicable Date.

In view of the foregoing, it should be noted that approving the Share Buy-Back Mandate will constitute a waiver by the Shareholders in respect to their right to a general offer by the Fairfax Concert Parties at the required price, if a share buy-back by the Company results in the aggregate shareholding of the Fairfax Concert Parties to increase to 30% or more. The voting rights of Fairfax Concert Parties as at the Latest Practicable Date and in the event if share purchases up to the maximum of 10% of the issued share capital of the Company as permitted by the Share Buy-Back Mandate are set out above in this Letter.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity.

10. INSURANCE ACT, CHAPTER 142

Under the Insurance Act, Chapter 142 (the “Insurance Act”):

(a) no person shall:

- (i) obtain effective control of; or**
- (ii) become a substantial shareholder of; or**
- (iii) enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition or holding of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in,**

a licensed insurer which is incorporated in Singapore, without the prior written approval of the Monetary Authority of Singapore (the “Authority”).

A person shall be regarded as obtaining effective control of a licensed insurer if:

- (a) the person, whether alone or together with his associates (as defined in the Insurance Act):
 - (i) holds (as defined in the Insurance Act) 20% or more of the total number of issued shares in the insurer; or
 - (ii) is in a position to control 20% or more of the voting power in the insurer;
- (b) the Directors of the insurer are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer); or
- (c) the person (whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in the insurer) is in a position to determine the policy of the insurer.

A person (including a corporation) shall be regarded as a substantial shareholder of a licensed insurer if the person has an interest in not less than 5% of the total issued voting shares of the insurer.

The Company is a reinsurer licensed under the Insurance Act. As the number of issued Shares and/or voting Shares will be diminished by the total number of Shares purchased or acquired and cancelled or held in treasury by the Company (as the case may be), the shareholding percentage of Shareholders in the Shares of the Company could increase immediately after each Share purchase or acquisition.

A Share purchase or acquisition by the Company may therefore inadvertently cause the percentage shareholdings of Shareholders, particularly Shareholders whose current holding of Shares in the Company is close to the above limits to reach or exceed the aforementioned shareholding limits prescribed by the Insurance Act.

Shareholders whose current shareholding is close to the aforementioned shareholding limits prescribed by the Insurance Act and whose percentage shareholding may reach or exceed either of such limits by reason of any purchase or acquisition of Shares by the Company such that they would obtain effective control or become a substantial shareholder of the Company are advised to seek the prior approval of the Authority to continue to hold, on such terms as may be imposed by the Authority, the Shares representing the number of Shares which they may hold in excess of either of such limits, as a consequence of a purchase or acquisition of Shares by the Company. Shareholders who are in doubt as to the action that they should take should consult their professional advisers at the earliest opportunity.

11. LISTING MANUAL AND COMPANIES ACT REQUIREMENTS

The Companies Act and the Listing Manual require the Company to make reports in relation to the Share Buy-Back Mandate as follows:

- (a) within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with the Accounting & Corporate Regulatory Authority ("ACRA");
- (b) the Company must notify the ACRA, within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by the ACRA shall include details of the date of the purchase, the total number of Shares purchased by the

Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase of Shares, the Company's issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required; and

- (c) in its annual report and accounts, the Company shall make disclosure of details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form prescribed by the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

12. NO PREVIOUS PURCHASES WITHIN THE LAST 12 MONTHS

The Company has not purchased any Shares pursuant to the 2018 Mandate within the 12 months preceding the Latest Practicable Date.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and deemed interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

Directors (and their spouses or infant children)	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Ramaswamy Athappan	178,732	0.03	–	–
David Chan Mun Wai	73,205	0.01	–	–
Hwang Soo Jin	1,360,000	0.225	–	–
Dileep Nair	–	–	–	–
Peter Sim Swee Yam	–	–	–	–
Ong Eng Yaw	–	–	–	–
Substantial Shareholders				
Fairfax Financial Holdings Limited ¹	–	–	168,035,957	27.76
Fairfax Asia Limited	115,370,835	19.06	–	–
Newline Corporate Name Limited	52,665,122	8.70	–	–
Newline Holdings UK Limited ²	–	–	52,665,122	8.70
Oversea-Chinese Banking Corporation Limited ³	–	–	50,948,847	8.42
Great Eastern Holdings Limited ³	–	–	50,948,847	8.42

Directors (and their spouses or infant children)	Direct Interest		Deemed Interest	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
United Overseas Bank Limited ⁴	–	–	36,382,885	6.01
United Overseas Insurance Limited	36,382,885	6.01	–	–
India International Insurance Pte Ltd	30,371,062	5.02	–	–
Dalton Investments LLC ⁵	–	–	30,339,700	5.01
James B. Rosenwald III ⁶	–	–	30,339,700	5.01
Steven Persky ⁶	–	–	30,339,700	5.01
Gifford Combs ⁶	–	–	30,339,700	5.01
Belita Ong ⁶	–	–	30,339,700	5.01
Arthur Hebert ⁶	–	–	30,339,700	5.01
Michelle Lynd ⁶	–	–	30,339,700	5.01

Notes:

- 1 Fairfax Financial Holdings Limited is deemed to have an interest in shares held by Fairfax Asia Limited (FCI), Newline Corporate Name Limited and Newline Holdings UK Limited.
- 2 Newline Holdings UK Limited is deemed to have an interest in shares held by Newline Corporate Name Limited.
- 3 Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited are deemed to have an interest in shares held by Great Eastern General Insurance Limited and The Great Eastern Life Assurance Company Limited.
- 4 United Overseas Bank Limited is deemed to have an interest in shares held by United Overseas Insurance Limited.
- 5 Dalton Investments LLC and its affiliated entities (together "**Dalton**") is an investment manager based in California, United States of America. Dalton manages various client portfolios and as investment manager, Dalton has discretion and authority over the sale and purchase of the abovementioned shares. Therefore, Dalton has deemed interest in such shares.
- 6 James B. Rosenwald III, Steven Persky, Gifford Combs, Belita Ong, Arthur Hebert and Michelle Lynd are members of the management committee of Dalton, and Dalton acts in accordance with the directions and instructions of the abovementioned persons. Accordingly, each of them will be deemed to be interested in the shares which Dalton is deemed interested in.

14. DIRECTORS' RECOMMENDATION

The Directors (excluding Mr Ramaswamy Athappan who abstains pursuant to Appendix 2 of the Take-over Code) are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company, and they accordingly recommend that Shareholders vote in favour of Resolution 8, being the Ordinary Resolution relating to the proposed renewal of the Share Buy-Back Mandate, at the AGM.

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

15. ABSTENTION FROM VOTING

Pursuant to Appendix 2 Share Buy-Back Guidance Note of the Take-over Code, the Fairfax Concert Parties and any other persons presumed to be acting in concert with them shall abstain from voting on the Ordinary Resolution relating to the Share Buy-Back Mandate. Mr Ramaswamy Athappan shall also decline to accept any appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolution relating to the Share Buy-Back Mandate unless the Shareholder concerned has given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Ordinary Resolution.

16. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in the circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the letter in its proper form and context.

17. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should immediately consult their stockbrokers or other professional advisers.

Yours faithfully
for and on behalf of
the Board of Directors of
SINGAPORE REINSURANCE CORPORATION LIMITED

Ramaswamy Athappan
Chairman