

SINGAPORE REINSURANCE CORPORATION LIMITED

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

PROPOSED DISPOSAL OF INS COMMUNICATIONS PRIVATE LIMITED

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Singapore Reinsurance Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company, Subramaniam Mokanasivam and Sheela D/O Suppiah (each a “**Vendor**” and collectively, the “**Vendors**”) had on 14 August 2020 entered into a sale and purchase agreement (the “**SPA**”) with Beacon International Group, Ltd. (the “**Purchaser**”) to dispose of an aggregate number of 1,000,000 ordinary shares (the “**Sale Shares**”) in the capital of INS Communications Private Limited (“**INS**”), representing 100% of the issued and paid-up share capital in INS, to the Purchaser (the “**Proposed Disposal**”).
- 1.2 As at the date of this announcement, the Company holds 85% of the total share capital of INS and INS is a subsidiary of the Company. Upon completion of the Proposed Disposal (“**Completion**”), the Company will cease to have any interest in INS and INS will cease to be a subsidiary of the Company.

2. INFORMATION ON INS

INS is a private company limited by shares incorporated in Singapore on 6 August 1990 and having its registered office at 85 Amoy Street, Singapore 069904. As at the date of this announcement, INS has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares, which are held by the Vendors as follows:

Vendor	Number of Sale Shares
Singapore Reinsurance Corporation Limited	850,000
Subramaniam Mokanasivam	100,000
Sheela D/O Suppiah	50,000
	1,000,000

INS is a subsidiary of the Company and is principally engaged in the business of publication of magazines, books and other publications and organisation of conferences.

3. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the Cayman Islands and having its registered address at Conyers, Dill & Pearman, Six, 2nd Floor, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands. The Purchaser, Beacon International Group, Ltd., is principally engaged in the business of insurance and finance and related publishing activities to consolidate insurance and financial services media and resources. The Purchaser’s group is the publisher of Insurance Advocate, which is believed to be the oldest continually published insurance medium in the United States of America, as well as Business Insurance, one of the oldest insurance magazines worldwide.

4. RATIONALE FOR THE PROPOSED DISPOSAL

As disclosed in the Company's annual report for the financial year ended 31 December 2019 ("FY2019"), digital and social media while providing new opportunities for INS also present huge challenges as new entrants with no legacy issues can easily foray into the field. In that regard, competition in this arena has increased. In view of the above, the Company notes that the Proposed Disposal is beneficial to the Group's continued development and will enable focus on its core operations. For the above reasons, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders (the "Shareholders").

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

5.1.1 The base consideration payable by the Purchaser to the Vendors for the Proposed Disposal is S\$1,500,000 (the "Consideration") and is payable in the following proportion:

Vendor	Percentage of Consideration
Singapore Reinsurance Corporation Limited	85%
Subramaniam Mokanasivam	10%
Sheela D/O Suppiah	5%

5.1.2 The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors, on a willing-buyer and willing-seller basis, taking into consideration, *inter alia*, the Reserve Fund Amount (as defined in Section 5.1.4 below) and the net tangible assets ("NTA") of INS.

5.1.3 The Consideration shall be paid by the Purchaser in the following manner in cash:

- (a) S\$1,000,000 shall be paid at Completion;
- (b) S\$125,000 shall be paid within one (1) year from Completion;
- (c) S\$125,000 shall be paid within two (2) years from Completion;
- (d) S\$125,000 shall be paid within three (3) years from Completion; and
- (e) S\$125,000 shall be paid within four (4) years from Completion.

The aggregate Consideration payable to the Company is S\$1,275,000.

5.1.4 The Purchaser has agreed that the Vendors shall be entitled to 75% of the reserve fund of INS (being the cash in excess of the provision accrued as unearned for future events and subscriptions, products, services and staff liabilities, including but not limited to accumulated leave and benefits provisions, to be determined based on the management accounts of INS certified by a director of INS) immediately prior to Completion, and at Completion, an amount equivalent to such reserve fund (the "Reserve Fund Amount") shall be payable by the Purchaser to the Vendors. The Reserve Fund Amount is S\$522,000. The aggregate Reserve Fund Amount payable to the Company is S\$443,700.

5.1.5 Following Completion, the Purchaser shall also pay the Vendors 25% of the net profits after taxes of INS in respect of each of the four (4) financial years of INS which commence after Completion (i.e. being the financial years ending 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024) (the "Profit Payment") based on the audited financial statements of INS (having taken into account a maximum fee of S\$350,000 per annum which

may be charged by the Purchaser to INS for any services rendered or to be rendered by them to INS following Completion).

- 5.1.6 **For the avoidance of doubt, the Consideration, Reserve Fund Amount and (if any) the Profit Payment comprise the aggregate consideration payable by the Purchaser to the Vendors in connection with the Proposed Disposal.** Whilst the Consideration and Reserve Fund Amount shall be paid to the Vendors on Completion, the Profit Payment in respect of each of the four (4) financial years of INS which commence after Completion (i.e. being the financial years ending 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024) will only be determined and payable after each such financial year.

5.2 Conditions Precedent

Completion is conditional upon, *inter alia*, the following being satisfied:

- (a) no matters having been disclosed in the results of the Purchaser's due diligence investigations in respect of the Company that have a material adverse effect on the business of the Company;
- (b) the resolutions of the board of directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;
- (c) the resolution of the board of directors of the Purchaser having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;
- (d) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPA, financial institutions or other third parties having been obtained by the Purchaser or the Vendors (including, without limitation and if necessary, the approval of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and any waiver of rights of pre-emption or first refusal referred to in the SPA), such consents, approvals and waivers not having been amended or revoked before the date of Completion (the "**Completion Date**"), and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled; and
- (e) Subramaniam Mokanasivam, as the Editor-in-Chief of Asia Insurance Review and Middle East Insurance Review, entering into a new service contract with INS for a period concluding on December 31, 2020,

(collectively, the "**Conditions Precedent**"). As at the date of this announcement, the parties have agreed to waive the Conditions Precedent set out in Sections 5.2(c) and (e).

6. **VALUE OF THE SALE SHARES DISPOSED OF BY THE COMPANY, GAIN FROM PROPOSED DISPOSAL AND USE OF PROCEEDS**

6.1 Value of the Sale Shares disposed of by the Company

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 June 2020 ("**1H2020**"), the book value and NTA attributable to the 850,000 Sale Shares disposed of by the Company as at 30 June 2020 were S\$850,000 and S\$895,698 respectively.

6.2 Excess of Proceeds over Book Value of the Sale Shares

Based on the book value of the 850,000 Sale Shares disposed of by the Company as set out in Section 6.1 above, the Consideration and Reserve Fund Amount represent an excess of

approximately S\$868,700 over the book value of the 850,000 Sale Shares disposed of by the Company.

As the Profit Payment cannot be determined as at the date of this announcement, it has not been taken into account for the purposes of this Section 6.2. If any Profit Payment is payable to the Company, the Company will make a further announcement setting out the aggregate excess or deficit of proceeds from the Proposed Disposal over the book value of the 850,000 Sale Shares disposed of by the Company.

6.3 Use of Proceeds

The Company intends to use 100% of the net cash proceeds from the Proposed Disposal for working capital.

As the Profit Payment cannot be determined as at the date of this announcement, it has not been taken into account for the purposes of this Section 6.3. If any Profit Payment is payable to the Company, the Company will make a further announcement setting out the use of proceeds of the Profit Payment.

6.4 Net Profits Attributable to the Sale Shares and Gain to the Group on Proposed Disposal

Based on the latest announced unaudited consolidated financial statements of the Group for 1H2020, the net profits* attributable to the 850,000 Sale Shares disposed of by the Company for 1H2020 were approximately S\$868,700 and there will be an estimated net gain of S\$868,700 to the Group on disposal.

* "net profits" means profit including discontinued operations that have not been disposed and before income tax and non-controlling minority interests.

As the Profit Payment cannot be determined as at the date of this announcement, it has not been taken into account for the purposes of this Section 6.4. If any Profit Payment is payable to the Company, the Company will make a further announcement setting out the aggregate net gain from the Proposed Disposal.

7. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 AND APPLICABILITY OF CHAPTER 10 OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")**

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for 1H2020 are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	0.3% ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profits	5.1% ⁽³⁾

(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	1.0% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	Not applicable, as this is not an acquisition.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the latest announced consolidated financial statements of the Group for 1H2020, the net asset value of the Group was approximately S\$268.5 million. Based on the NTA of the 850,000 Sale Shares disposed of by the Company as set out in Section 6.1 of this announcement, the net asset value attributable to the 850,000 Sale Shares disposed of by the Company is approximately S\$895,698.
- (2) **"Net profits"** means profit including discontinued operations that have not been disposed and before income tax and non-controlling minority interests.
- (3) Based on the latest announced consolidated financial statements of the Group for 1H2020, the net profits of the Group were approximately S\$4.4 million and the net profits attributable to the 850,000 Sale Shares disposed of by the Company were approximately S\$224,743.
- (4) The aggregate value of the Consideration and Reserve Fund Amount payable to the Company is approximately S\$1.7 million. The Company's market capitalisation is approximately S\$167.2 million, computed on the basis of 597,307,985 ordinary shares in issue (excluding 7,911,800 treasury shares) and the weighted average price of 28 cents per share transacted on 13 August 2020, being the last market day preceding the date of the SPA. As the Profit Payment cannot be determined as at the date of this announcement, it has not been taken into account for the purposes of computing the relative figure on the base set out in Rule 1006(c) of the Listing Manual. If any Profit Payment is payable to the Company, the Company will make a further announcement setting out the revised relative figure on the base set out in Rule 1006(c) of the Listing Manual.

Based on the figures above, the Proposed Disposal would constitute a **"discloseable transaction"** under Chapter 10 of the Listing Manual and would not be subject to the approval of Shareholders.

8. FINANCIAL EFFECTS

8.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Disposal are based on, *inter alia*, the following bases and assumptions:

- (i) the audited consolidated financial statements of the Group for FY2019;
- (ii) the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are computed based on the assumption that the Proposed Disposal was completed on 31 December 2019; and
- (iii) the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group are computed based on the assumption that the Proposed Disposal was completed on 1 January 2019.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

8.2 NTA per share

	Before the Proposed Disposal	After completion of the Proposed Disposal
NTA of the Group (S\$'000)	273,100	273,677
Number of shares ('000)	605,220	605,220
NTA per share (cents)	45.12	45.22

8.3 Earnings per Share ("EPS")

	Before the Proposed Disposal	After completion of the Proposed Disposal
Net profit attributable to the Group (S\$'000)	8,791	9,717
Weighted average number of shares ('000)	605,220	605,220
Profit per share (cents)	1.45	1.61

9. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

10. **DIRECTORS' SERVICE CONTRACTS**

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

11. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will proceed to completion, as Completion is subject to, *inter alia*, fulfillment of the conditions precedent in the SPA. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

The financial figures and effects set out in this announcement have not been audited or reviewed by the Group's auditors.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement 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 announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the documents should contact the Company at the email address: enquiry@singre.com.sg at least 3 working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

17 August 2020