

THIS INDEPENDENT ADVICE CIRCULAR ("IAC") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 19 DECEMBER 2024 ISSUED BY PUBLIC INVESTMENT BANK BERHAD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the course of action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your Offer Shares (as defined herein), you should hand this IAC immediately to the person through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia ("**SC**") has notified that it has no further comments on the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.



LPI CAPITAL BHD

196201000175 (4688-D)

(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS IN RELATION TO THE
CONDITIONAL MANDATORY TAKE-OVER OFFER**

BY

PUBLIC BANK BERHAD

(Registration No. 196501000672 (6463-H))

(Incorporated in Malaysia)

("OFFEROR")

THROUGH

PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE

**ALL THE REMAINING ORDINARY SHARES IN LPI CAPITAL BHD NOT OWNED BY THE
OFFEROR ("OFFER SHARE(S)") FOR A CASH CONSIDERATION OF RM9.80 PER OFFER
SHARE ("OFFER")**

Independent Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No. 199001003423 (194990-K))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 30 December 2024

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this IAC:-

"Acceptance Condition"	: The condition where the Offeror receives, on or before the closing of the Offer, Valid Acceptances (provided that such acceptances are not where permitted, subsequently withdrawn), in respect of the Offer Shares, which will result in the Offeror and the PACs holding, together with such LPI Shares that are already acquired, held or entitled to be acquired, in aggregate more than 50% of the voting shares of LPI
"Accepting Holder(s)"	: Holder(s) who accepts the Offer in accordance with the terms and subject to the conditions set out in the Offer Document
"Acquisition"	: Acquisition by the Offeror of 175,896,000 LPI Shares, representing approximately 44.15% equity interest in the Offeree for a total cash consideration of RM1.72 billion or RM9.80 per LPI Share pursuant to the SPA
"Act"	: Companies Act 2016
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CDS"	: Central Depository System
"Closing Date"	: (i) First Closing Date, or (ii) extended closing date in the event the Offer is revised or extended in accordance with the Rules and the terms and conditions of the Offer Document or as the Offeror may decide and as announced by PIVB, on behalf of the Offeror, at least 2 days before the Closing Date, as the case may be
"CMSA"	: Capital Markets and Services Act 2007
"ConTeh"	: Consolidated Teh Holdings Sdn Bhd (Registration No. 197701000616 (31631-U))
"Director(s)"	: Means a director and shall have the meaning given in subsection 2(1) of the CMSA
"Dissenting Shareholder(s)"	: Any Holder(s) who does not accept the Offer and/or any Holder(s) who has failed or refused to transfer the Offer Shares to the Offeror in accordance with the terms and subject to the conditions set out in the Offer Document
"Distribution(s)"	: Any form of dividend(s) and/or other distribution(s) of any nature whatsoever declared, made and/or paid by LPI to its shareholders on or after the date of the Notice but prior to the Closing Date
"EPS"	: Earnings per Share
"Estate"	: The Estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow
"EV/EBITDA"	: Enterprise value (EV) to earnings before interest, tax, depreciation and amortisation (EBITDA)

DEFINITIONS (CONT'D)

"First Closing Date"	: 5.00 p.m. (Malaysian time) on Thursday, 9 January 2025, being the date falling 21 days from the Posting Date
"Form of Acceptance and Transfer"	: Form of acceptance and transfer for the Offer Shares, as enclosed in the Offer Document
"FPE"	: Financial period ended/ ending, as the case may be
"FYE"	: Financial year ended/ ending, as the case may be
"Holder(s)"	: Holder(s) (including any custodian, nominee and trustee) of the Offer Shares
"IAC"	: This independent advice circular dated 30 December 2024 in relation to the Offer, comprising the letter from the LPI Board (as contained in Part A of this IAC), the IAL (as contained in Part B of this IAC) and the accompanying appendices
"IAL"	: The independent advice letter from the Independent Adviser to the Non-Interested Directors and Holders dated 30 December 2024, as set out in Part B of this IAC
"Interested Director"	: Mr. Lee Chin Guan (by virtue of him being a Non-Independent Non-Executive Director of PBB and also a Non-Independent Non-Executive Director and a shareholder of LPI) who is deemed interested in the Offer, and has abstained and will continue to abstain from deliberations and making any recommendation in relation to the Offer
"Lek Holdings"	: Lek Holdings Sdn Bhd (Registration No. 197801004888 (41873-P))
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities
"Lonpac"	: Lonpac Insurance Bhd (Registration No. 199401021735 (307414-T)), a wholly-owned subsidiary of LPI
"LPD"	: 23 December 2024, being the latest practicable date prior to the issuance of this IAC
"LPI" or the "Company" or the "Offeree"	: LPI Capital Bhd (Registration No. 196201000175 (4688-D))
"LPI Board" or the "Board"	: The board of directors of LPI
"LPI Group" or the "Group or the "Offeree Group"	: LPI and its subsidiary, collectively
"LPI Shares" or "Shares"	: Ordinary share(s) in LPI
"LTD 1"	: 8 October 2024, being the last full trading day of LPI Shares prior to the date of the SPA
"LTD 2"	: 27 November 2024, being the last full trading day of LPI Shares prior to the date of the Notice
"Market Day(s)"	: Any day(s) on which Bursa Securities is open for trading of securities
"MFRS"	: Malaysian Financial Reporting Standards
"NA"	: Net assets attributable to owners of the company
"NBV"	: Net book value

DEFINITIONS (CONT'D)

"Non-Interested Directors"	: Directors of LPI (excluding the Interested Director who has abstained and will continue to abstain from deliberations and making any recommendations in relation to the Offer), namely Mr. Tee Choon Yeow, Mr. Tan Kok Guan, Ms. Soo Chow Lai, Dato' Chia Lee Kee and En. Mohamed Raslan Bin Abdul Rahman
"Notice"	: Notice of the Offer dated 28 November 2024, served on the LPI Board by PIVB on behalf of the Offeror
"Offer"	: The conditional mandatory take-over offer by the Offeror, through PIVB, to acquire all the Offer Shares at the Offer Price upon the terms and subject to the conditions set out in Section 2 and Appendix I of the Offer Document
"Offer Document"	: The offer document dated 19 December 2024, which sets out the details, terms and conditions of the Offer, together with the enclosed Form of Acceptance and Transfer
"Offer Document LPD"	: 13 December 2024, being the latest practicable date prior to the Posting Date
"Offer Period"	: The period commencing from 10 October 2024, being the date of the SPA and expiring on:- (i) the Closing Date; or (ii) the date on which the Offer lapses or is withdrawn with the written consent of the SC
"Offer Price"	: Cash offer price of RM9.80 per Offer Share, subject to any adjustment, where applicable, in the manner set out in Section 2.1 of the Offer Document
"Offer Share(s)"	: All the remaining 222,486,753 LPI Shares not already owned by the Offeror, representing approximately 55.85% of the total number of issued shares in LPI, as at the Offer Document LPD
"Official List"	: A list specifying all securities listed on Bursa Securities
"PAC(s)"	: Person(s) acting in concert with the Offeror in relation to the Offer in accordance with subsections 216(2) and 216(3) of the CMA. As at the Offer Document LPD, the PACs who hold LPI Shares are Tan Sri Dato' Sri Dr. Tay Ah Lek, Puan Sri Datin Sri Pang Lik Liam @ Cecilia, Lek Holdings, Mr. Lee Chin Guan, Ms. Lee Su San, Ms. Lee Su Ching, Mr. Tham Quek Nyap, and Retirement Fund
"PAT"	: Profit after taxation
"P/B"	: Price-to-book
"P/E"	: Price to earnings
"PBB" or the "Offeror"	: Public Bank Berhad (Registration No. 196501000672 (6463-H))
"PBB Board"	: The board of directors of PBB
"PBB Group" or the "Offeror Group"	: PBB and its subsidiaries, collectively
"PBB Share(s)"	: Ordinary share(s) in PBB
"PBT"	: Profit before taxation

DEFINITIONS (CONT'D)

"PIVB" or the "Principal Adviser"	:	Public Investment Bank Berhad (Registration No. 197401002880 (20027-W)), a wholly-owned subsidiary of PBB
"Posting Date"	:	19 December 2024, being the date of posting of the Offer Document
"Proposals"	:	The Acquisition and the Offer, collectively
"Public Requirement"	Spread :	The requirement under paragraph 8.02(1) of the Listing Requirements, whereby a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
"Retirement Fund"	:	Public Bank Group Officers' Retirement Benefits Fund
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Rules"	:	The Rules on Take-Overs, Mergers and Compulsory Acquisitions as issued by the SC
"RVA"	:	Relative valuation analysis
"Sale Share(s)"	:	175,896,000 LPI Shares, representing approximately 44.15% equity interest in LPI
"SC"	:	Securities Commission Malaysia
"SPA"	:	Conditional sale and purchase agreement dated 10 October 2024 entered into between PBB and the Vendors in relation to the Acquisition
"UOBKH" or the "Independent Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K)), being the Independent Adviser appointed by the LPI Board in accordance with paragraph 3.06 of the Rules to provide comments, opinions, information and recommendation on the Offer in this IAC
"Valid Acceptance(s)"	:	Acceptance(s) of the Offer by Holder(s) in accordance with the terms and subject to the conditions of the Offer Document, which acceptance is deemed by the Offeror to be valid and complete in all respect
"Vendors"	:	Collectively, the Estate and ConTeh
"VWAP"	:	Volume weighted average market price

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any references to persons shall include corporations, unless otherwise specified.

Any references in this IAC to any enactment are references to that enactment as for the time being amended or re-enacted.

All references to "we", "us" and "our" in this IAC (*save for the Executive Summary and the letter from the LPI Board*) are to UOBKH, being the Independent Adviser for the Offer.

All references to "you" or "Holder(s)" in this IAC are to the Holder of the Offer Shares, being the person to whom the Offer is being made.

Any discrepancies in the tables included in this IAC between the amounts listed, actual figures and the totals thereof are due to rounding.

Any references to time and date in this IAC shall be references to Malaysian time and date, unless otherwise stated. Where a period specified in the Rules ends on a day which is not a Market Day, the period is extended until the next Market Day, as appearing in this IAC.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	vi
PART A: LETTER FROM THE LPI BOARD	
1. INTRODUCTION	1
2. TERMS AND CONDITIONS OF THE OFFER	4
3. DETAILS OF ACCEPTANCES	4
4. NON-INTERESTED DIRECTORS' COMMENTS	4
5. DISCLOSURE OF DIRECTORS' INTERESTS AND INTENTION IN RELATION TO THE OFFER	9
6. INDEPENDENT ADVISER'S LETTER	9
7. NON-INTERESTED DIRECTORS' RECOMMENDATION	9
8. DIRECTORS' RESPONSIBILITY STATEMENT	9
PART B: INDEPENDENT ADVICE LETTER FROM UOBKH	
1. INTRODUCTION	11
2. TERMS AND CONDITIONS OF THE OFFER	11
3. DETAILS OF ACCEPTANCES	14
4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER	14
5. EVALUATION OF THE OFFER	15
6. FAIRNESS OF THE OFFER	16
7. REASONABLENESS OF THE OFFER	26
8. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR LPI GROUP AND ITS EMPLOYEES	32
9. FURTHER INFORMATION	36
10. CONCLUSION AND RECOMMENDATION	36
APPENDICES	
I. INFORMATION ON LPI	39
II. FURTHER INFORMATION	46

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. HOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAC FOR FURTHER INFORMATION AND THE RECOMMENDATION IN RELATION TO THE OFFER FROM THE NON-INTERESTED DIRECTORS (PART A OF THIS IAC) AND FROM UOBKH, THE INDEPENDENT ADVISER (PART B OF THIS IAC). THIS IAC SHOULD ALSO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT.

1. INTRODUCTION

On 10 October 2024, PIVB had, on behalf of the PBB Board, announced that the Offeror (as the purchaser) had entered into the SPA with the Vendors for the Acquisition, which is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Details of the Acquisition are as follows:-

Name	No. of LPI Shares	%	Purchase consideration (RM)	Transaction price (RM)
The Estate	5,621,760	1.41	55,093,248	} RM9.80 per LPI Share
ConTeh	170,274,240	42.74	1,668,687,552	
Total	175,896,000	44.15	1,723,780,800	

The Offeror's non-interested shareholders had at the extraordinary general meeting of the Offeror convened on 28 November 2024, approved the Acquisition, which rendered the SPA unconditional on 28 November 2024. The Offeror was obliged to extend the Offer pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules, in view that the Offeror individually and collectively with its PACs have obtained control in LPI upon completion of the Acquisition.

Accordingly, on 28 November 2024, PIVB had, on behalf of the Offeror, served the Notice on the LPI Board informing them of the Offeror's intention to undertake a conditional mandatory take-over offer to acquire all the Offer Shares at the Offer Price. There is no ultimate offeror in relation to the Offer and the Offer will also be extended to the PACs. As at the date of the Notice, all the PACs have indicated that they intend to reject the Offer.

On 28 November 2024, the LPI Board announced the receipt of the Notice and a copy of the Notice was subsequently despatched to the Holders on 5 December 2024.

The Acquisition was completed on 4 December 2024 (2 Market Days from the direct business transaction date, which is the settlement date when the Sale Shares were credited into the Offeror's CDS account pursuant to Rule 10.03 and Schedule 3 of the Rules of Bursa Securities) in accordance with the terms of the SPA via direct business transaction on 2 December 2024. Following the completion of the Acquisition, the Offeror's direct shareholdings in LPI has increased from nil to 175,896,000 LPI Shares, representing approximately 44.15% of the total issued shares of LPI. Further, after taking into consideration the shareholdings of the PACs of 21,553,683 LPI Shares, representing approximately 5.41% of the total issued shares of LPI, the collective shareholdings of the Offeror and its PACs have increased to 197,449,683 LPI Shares, representing approximately 49.56% of the total issued shares of LPI upon completion of the Acquisition. Subsequent to the Acquisition, the Vendors do not hold any LPI Shares.

EXECUTIVE SUMMARY (CONT'D)

As at the Offer Document LPD, the following parties that hold LPI Shares are deemed to be PACs with the Offeror in accordance with subsection 216(3) of the CMSA in relation to the Offer:-

Name	Relationship with the Offeror	Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Paragraph 216(3)(b) of the CMSA</u>					
Tan Sri Dato' Sri Dr. Tay Ah Lek	Managing Director and Chief Executive Officer of the Offeror	333,849	0.08	87,552 ⁽²⁾	0.02
Puan Sri Datin Sri Pang Lik Liam @ Cecilia	Spouse of Tan Sri Dato' Sri Dr. Tay Ah Lek	86,400	0.02	-	-
Lek Holdings	A company where Tan Sri Dato' Sri Dr. Tay Ah Lek is the sole shareholder	1,152	*	-	-
Mr. Lee Chin Guan	Non-Independent Non-Executive Director of the Offeror	2,300,000	0.58	-	-
Ms. Lee Su San	Sibling of Mr. Lee Chin Guan	10,058	*	-	-
Ms. Lee Su Ching	Sibling of Mr. Lee Chin Guan	56,520	0.01	-	-
Mr. Tham Quek Nyap	Sibling of Ms. Tham Chai Phong (an Independent Non- Executive Director of the Offeror)	200	*	-	-
<u>Paragraph 216(3)(c) of the CMSA</u>					
Retirement Fund	A fully-funded defined benefit plan established by the Offeror for its eligible employees	18,765,504	4.71	-	-

Notes:-

* Negligible.

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

(2) Deemed to have interest in LPI Shares held by his spouse, Puan Sri Datin Sri Pang Lik Liam @ Cecilia and other corporation, namely Lek Holdings by virtue of Section 8(4) of the Act.

On 29 November 2024, in accordance with paragraph 3.06 of the Rules, LPI announced the appointment of UOBKH as the Independent Adviser to advise the Non-Interested Directors and the Holders as well as to provide comments, opinions, information and recommendation on the Offer.

Following thereto, UOBKH had on 29 November 2024 declared to the SC its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Offer pursuant to paragraph 3.07 of the Rules.

The Offer is conditional upon the fulfilment of the Acceptance Condition as the collective shareholding of the Offeror and its PACs as at the Offer Document LPD of approximately 49.56% is less than 50% of the voting shares of LPI.

EXECUTIVE SUMMARY (CONT'D)

As at the Offer Document LPD, the Offeror and its persons acting in concert have not received any irrevocable undertaking from any Holder to accept or reject the Offer and there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and its persons acting in concert and the Holder(s).

The Offeror intends to appoint a nominee executive Director as a representative of PBB on the LPI Board after the Posting Date. The details and terms of this appointment have yet to be finalised as at the Offer Document LPD. Nonetheless, the Offeror undertakes to ensure that such appointment after the Posting Date, will be done in accordance with the Rules and all relevant guidelines.

In addition to the IAC, you should have by now received a copy of the Offer Document, which was despatched on 19 December 2024 and sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, together with the Form of Acceptance and Transfer.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 27 December 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

THE PURPOSE OF THIS IAC IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE OFFER AND THE NON-INTERESTED DIRECTORS' AND UOBKH'S VIEWS ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF THE NON-INTERESTED DIRECTORS AND UOBKH, SUBJECT TO THE SCOPE AND LIMITATION OF OUR ROLE AND EVALUATION SPECIFIED IN THIS IAC.

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out as follows:-

Consideration for the Offer	The Offeror will pay to the Holders who accept the Offer a cash consideration of RM9.80 for each Offer Share. If the Offeree declares, makes and/or pays any Distribution on or after the date of the Notice, but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Offeror will reduce the Offer Price by the amount equivalent to the net Distribution per Offer Share which the Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after Closing Date. Holders may accept the Offer in respect of all or part of their Offer Shares. Holders may not accept the Offer in excess of their holdings of the Offer Shares. Where applicable, the Offeror will not pay fractions of a sen to the Accepting Holders. Entitlement to the cash payment will be rounded down to the nearest whole sen.
Conditions of the Offer	The Offer is conditional upon the receipt of the minimum level of Valid Acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) which would result in the Offeror and its PACs holding more than 50% of the voting shares in the Offeree. The Acceptance Condition shall be fulfilled on or before the close of the Offer which shall, in any event, be no later than 5.00 p.m. (Malaysian time) on Monday, 17 February 2025, being the 60th day from the Posting Date, failing which the Offer shall lapse and the Offer shall cease to be capable of further acceptances and all acceptances thereafter shall be returned to the Accepting Holders and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer. As at the Offer Document LPD, the Offeror and its PACs collectively hold 197,449,683 LPI Shares, representing approximately 49.56% equity interest in LPI.

EXECUTIVE SUMMARY (CONT'D)

Duration of the Offer	The Offer will remain open for acceptance until 5.00 p.m. (Malaysian time) on Thursday, 9 January 2025 being the 21st day after the Posting Date, unless extended or revised by the Offeror in accordance with the Rules and the terms and conditions of the Offer and as PIVB may announce on behalf of the Offeror, at least 2 days before the Closing Date, unless the Offeror withdraws the Offer with the SC's written consent and in such event, every person shall be released from any obligation incurred under the Offer. Notice of such extension or revision will be posted to the Holders accordingly. Please refer to Section 3, Appendix I of the Offer Document for further information on the duration of the Offer.
Method of settlement	Where there are Valid Acceptance(s), the settlement for the Offer Shares to which such acceptance(s) relate will be effected by the Offeror without regards to any lien, right to set-off, counter-claim or other analogous rights to which the Offeror may be entitled against the Accepting Holder through:- (i) remittance into the Accepting Holders' bank account, if the Accepting Holders have registered their bank account with Bursa Depository for the purposes of cash dividend/distribution; or (ii) otherwise, if the Accepting Holders have not registered such details with Bursa Depository prior to the date of the Valid Acceptances, remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agent(s), as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk, within 10 days from:- (a) the date the Offer becomes or is declared wholly unconditional, if the Valid Acceptances are received during the period when the Offer is still conditional; or (b) the date of the Valid Acceptances, if the Valid Acceptances are received during the period after the Offer is or has become or has been declared wholly unconditional.

Please refer to **Section 2 and Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for details on the procedure for accepting the Offer and method of settlement of the Offer. If you have any enquiries, you may contact the Share Registrar for the Offer for assistance, details of which can be found in **Section 1.9 of Appendix II** of the Offer Document.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and its persons acting in concert have not received any irrevocable undertaking from any Holder to accept or reject the Offer and there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and its persons acting in concert and the Holder(s). The Offer is extended to the PACs. However, as at the Offer Document LPD, the PACs have indicated that they do not intend to accept the Offer.

As at the LPD, there was no announcement made on Bursa Securities in respect of any Valid Acceptance of the Offer Shares and save for the Acquisition, there was no announcement made on Bursa Securities in respect of any change in the shareholdings of the Offeror and its PACs, individually and collectively, as well as other substantial shareholders of LPI.

4. EVALUATION OF THE OFFER

In arriving at our opinion and recommendation in respect of the Offer, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:-

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;
- (ii) the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the offeree is being acquired;
- (iii) in considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Shares; and
- (iv) generally, a take-over offer would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for the Holders to accept the Offer despite it being "not fair", if the independent adviser is of the view that there are sufficiently strong reasons to accept the Offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such take-over offer should be regarded as "not reasonable" and thus, the recommendation would be to reject the offer; and
- (v) in the event the independent adviser concludes that the Offer is "not fair but reasonable", the independent adviser must clearly explain the following:
 - (a) what is meant by "not fair but reasonable";
 - (b) how has the independent adviser reached to this conclusion; and
 - (c) the course of action that the Holders are recommended to take pursuant to the conclusion.

You should consider carefully the Offer based on all pertinent factors and other considerations as set out in the IAC and the Offer Document and any other publicly available information.

4.1 Fairness of the Offer

In assessing the fairness of the Offer, UOBKH has considered the following pertinent factors:-

Considerations	
Valuation of LPI Shares	LPI is principally engaged in investment holding activities. Through its wholly owned subsidiary, Lonpac, and 45% owned associate, Campus Lonpac Insurance Plc in Cambodia, the Group is principally engaged in the underwriting of all classes of general insurance business, broadly categorised into 4 main segments: fire, motor, MAT (marine, aviation and transit), and miscellaneous such as medical, engineering, personal accident, workman's compensation and others. UOBKH views that the RVA approach using the EV/EBITDA ratio as the most appropriate valuation methodology to estimate the value of the LPI Shares, based on the reasons set out in Section 6.1, Part B of this IAC.

EXECUTIVE SUMMARY (CONT'D)

Considerations	
	For purpose of a more meaningful comparison, UOBKH has identified and selected companies which are (a) principally involved in the general insurance business, with more than 75% revenue contribution generated from general insurance in their latest audited full financial year result, (b) listed on stock exchanges in Malaysia and/or surrounding regional markets such as Asia-Oceania, and (c) having market capitalisation of more than RM1 billion but less than RM10 billion. Based on the RVA approach using the EV/EBITDA ratio, the Offer Price is lower than and represents a discount of RM0.87 or approximately 8.15% to the implied value of LPI Shares of RM10.67 per Share based on RVA approach using EV/EBITDA ratio. As a secondary cross check, we also note that the Offer Price is lower than and represents a discount of RM2.51 or approximately 20.39% to the implied value of LPI Shares of RM12.31 per Share based on RVA approach using P/E ratio.
Historical market prices of LPI Shares	The Offer Price represents:- (i) a discount of 24.62% to the last closing price of LPI shares on LTD 1 and a discount ranging from 18.85% to 24.76% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 1; (ii) a discount of 26.20% to the last closing price of LPI Shares on LTD 2 and a discount ranging from 20.28% to 26.57% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 2; and (iii) a discount of 22.59% to the last closing price of LPI Shares on the LPD and a discount of 22.66% to the 5-day VWAP of LPI Shares up to and including the LPD.
UOBKH's view	We view that the Offer is NOT FAIR considering that the Offer Price is lower than and represents a discount to the implied fair value of LPI Shares based on RVA approach using EV/EBITDA ratio, as well as a discount to the market price of LPI Shares as at the LTD 1, LTD 2 and LPD.

Please refer to **Section 6, Part B** of this IAC for further details.

EXECUTIVE SUMMARY (CONT'D)

4.2 Reasonableness of the Offer

In assessing the reasonableness of the Offer, UOBKH has considered the following pertinent factors:-

Considerations	
Listing status of LPI	We note that the Offeror intends to maintain the listing status of LPI on the Main Market of Bursa Securities. Furthermore, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, we note that the Offeror shall work together with LPI to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement. As such, LPI Shares will remain traded on Bursa Securities and Holders will still be able to participate in the trading of the LPI Shares even after the Closing Date. In the event that LPI declares any Distributions in the future, Holders are entitled to receive the Distributions. In assessing the trading liquidity of LPI Shares, we noted that LPI Shares are illiquid as the average monthly trading volume of LPI Shares of 0.94% is lower than the average monthly trading liquidity of the Bursa Malaysia Finance Index of 5.45%. However, Holders who hold small blocks of LPI Shares may still have opportunity to dispose of their shares in the open market subsequent to the Closing Date as the Offeror intends to maintain the listing status of LPI on the Main Market of Bursa Securities.
Compulsory acquisition and rights of Dissenting Shareholders	We note that the Offeror does not intend to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.
UOBKH's view	We are of the view that the Offer is <u>NOT REASONABLE</u> as LPI Shares will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the LPI Shares even after the Closing Date, and in turn having the opportunity to realise their investment in LPI Shares in the event the market price is higher than the Offer Price, net of transaction cost.

Please refer to **Section 7, Part B** of this IAC for further details.

5. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed and evaluated the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, as disclosed in **Section 4** of this Executive Summary.

Based on our evaluation, we are of the opinion that the Offer is **NOT FAIR and NOT REASONABLE**. Accordingly, we:-

- (i) have advised the Non-Interested Directors to recommend the Holders to **REJECT** the Offer; and
- (ii) recommend that the Holders **REJECT** the Offer.

EXECUTIVE SUMMARY (CONT'D)

The Non-Interested Directors have concurred with the opinion and recommendation of UOBKH that the Offer is **NOT FAIR and NOT REASONABLE**. Accordingly, the Non-Interested Directors recommend that you **REJECT** the Offer.

Notwithstanding the Non-Interested Directors' recommendation for you to reject the Offer, the Non-Interested Directors wish to highlight to you that the Offer Price had been lower than the daily VWAPs of LPI Shares for the past 12 months before the commencement of the Offer Period and up to the LPD. Nonetheless, there can be no assurance that the market prices of the LPI Shares will continue to trade at the current price levels after the Closing Date. For your information, as at the LPD, LPI has not received any alternative proposal for the Offer or any offer to acquire assets and liabilities of the LPI Group.

However, the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of LPI Group. Holders should also be mindful that continuous fluctuation in the market prices of LPI Shares might happen prior to and after the Closing Date. Hence, Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer. If trading liquidity permits, Holders who wish to exit your investments in LPI can also consider selling the LPI Shares in the open market if you are able to obtain a price higher than the Offer Price, net of transaction cost, assuming that there will not be any revision to the Offer Price.

The advice of UOBKH as contained in this IAL is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation, risk profile and particular needs of any individual Holder or any specific group of Holders.

Taking into consideration the average monthly trading volume of LPI Shares of approximately 1,741,626 LPI Shares, representing approximately 0.94% of the free float of LPI Shares for the past 12 months up to November 2024, LPI Shares are illiquid as the average monthly trading volume of LPI Shares of 0.94% is lower than the average monthly trading liquidity of the Bursa Malaysia Finance Index of 5.45% as set out in **Section 7.1, Part B** of this IAC, the Holders (especially for those holding a significant number of LPI Shares) may not be able to realise their investment in the Offer Shares in the open market at the prevailing market prices at the relevant point in time subsequent to the close of the Offer.

Accordingly, the Offer may present an exit opportunity for the Holders to realise their investment in the Offer Shares in cash at the Offer Price if the current liquidity of LPI Shares does not permit the Holders (especially for those holding a significant number of LPI Shares) to realise their Offer Shares in the open market during the Offer Period.

In addition to UOBKH's evaluation on the fairness and reasonableness of the Offer, the Holders are advised to consider, their investment objectives, financial situation, risk profile and particular needs before making a decision on the course of action to be taken in respect of the Offer. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, financial situations, risk profiles and particular needs should consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

EXECUTIVE SUMMARY (CONT'D)

6. IMPORTANT DATES AND EVENTS

The important dates pertaining to the Offer are as set out in the table below:-

Date	Event(s)
Thursday, 28 November 2024	Notice served on the LPI Board
Thursday, 19 December 2024	Posting of the Offer Document
Monday, 30 December 2024	Issuance of this IAC ⁽¹⁾
Thursday, 9 January 2025	First Closing Date ⁽²⁾

Notes:-

- (1) *The IAC will be despatched to the Holders within 10 days from the Posting Date. As the last day to issue the IAC falls on Sunday, 29 December 2024, the said period is extended until the next Market Day, i.e. Monday, 30 December 2024 in accordance with paragraph 2.02 of the Rules.*
- (2) *The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Thursday, 9 January 2025, being the First Closing Date, unless extended or revised in accordance with the Rules and the terms and conditions of the Offer Document or as the Offeror may decide and as announced by PIVB on behalf of the Offeror, at least 2 days before the Closing Date. Notice of such extension or revision will be posted to the Holders accordingly.*

YOU SHOULD CAREFULLY CONSIDER THE TERMS AND CONDITIONS OF THE OFFER BASED ON ALL THE RELEVANT AND PERTINENT FACTORS INCLUDING THOSE WHICH ARE SET OUT ABOVE, AND OTHER INFORMATION AS SET OUT IN THIS IAC, THE OFFER DOCUMENT AND ANY OTHER PUBLICLY AVAILABLE INFORMATION.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER AND MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

To facilitate electronic delivery of documents in the future, it is important for you to register your e-mail address with Bursa Depository via:-

- (i) **https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement; or**
- (ii) **Bursa Anywhere mobile application, which can be downloaded from Google Play Store or Apple App Store.**

PART A

LETTER FROM THE LPI BOARD

**LPI CAPITAL BHD**

196201000175 (4688-D)

(Incorporated in Malaysia)

Registered Office

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur

30 December 2024

Board of Directors

Tee Choon Yeow (*Non-Independent Non-Executive Chairman*)
Tan Kok Guan (*Chief Executive Officer / Executive Director*)
Lee Chin Guan (*Non-Independent Non-Executive Director*)
Soo Chow Lai (*Independent Non-Executive Director*)
Dato' Chia Lee Kee (*Independent Non-Executive Director*)
Mohamed Raslan Bin Abdul Rahman (*Independent Non-Executive Director*)

To: The Holders

Dear Sir/ Madam,

CONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH PIVB TO ACQUIRE ALL THE OFFER SHARES FOR A CASH CONSIDERATION OF RM9.80 PER OFFER SHARE**1. INTRODUCTION**

On 10 October 2024, PIVB had, on behalf of the PBB Board, announced that the Offeror (as the purchaser) had entered into the SPA with the Vendors for the Acquisition which is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Details of the Acquisition are as follows:-

Name	No. of LPI Shares	%	Purchase consideration (RM)	Transaction price (RM)
The Estate	5,621,760	1.41	55,093,248	} RM9.80 per LPI Share
ConTeh	170,274,240	42.74	1,668,687,552	
Total	175,896,000	44.15	1,723,780,800	

The Offeror's non-interested shareholders had at the extraordinary general meeting of the Offeror convened on 28 November 2024, approved the Acquisition, which rendered the SPA unconditional on 28 November 2024. The Offeror was obliged to extend the Offer pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules, in view that the Offeror individually and collectively with its PACs have obtained control in LPI upon completion of the Acquisition.

Accordingly, on 28 November 2024, PIVB had, on behalf of the Offeror, served the Notice on the LPI Board informing them of the Offeror's intention to undertake a conditional mandatory take-over offer to acquire all the Offer Shares at the Offer Price. There is no ultimate offeror in relation to the Offer and the Offer will also be extended to the PACs. As at the date of the Notice, all the PACs have indicated that they intend to reject the Offer.

On 28 November 2024, the LPI Board announced the receipt of the Notice and a copy of the Notice was subsequently despatched to the Holders on 5 December 2024.

The Acquisition was completed on 4 December 2024 (2 Market Days from the direct business transaction date, which is the settlement date when the Sale Shares were credited into the Offeror's CDS account pursuant to Rule 10.03 and Schedule 3 of the Rules of Bursa Securities) in accordance with the terms of the SPA via direct business transaction on 2 December 2024. Following the completion of the Acquisition, the Offeror's direct shareholdings in LPI has increased from nil to 175,896,000 LPI Shares, representing approximately 44.15% of the total issued shares of LPI. Further, after taking into consideration the shareholdings of the PACs of 21,553,683 LPI Shares, representing approximately 5.41% of the total issued shares of LPI, the collective shareholdings of the Offeror and its PACs have increased to 197,449,683 LPI Shares, representing approximately 49.56% of the total issued shares of LPI upon completion of the Acquisition. Subsequent to the Acquisition, the Vendors do not hold any LPI Shares.

As at the Offer Document LPD, the following parties that hold LPI Shares are deemed to be PACs with the Offeror in accordance with subsection 216(3) of the CMSA in relation to the Offer:-

Name	Relationship with the Offeror	Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Paragraph 216(3)(b) of the CMSA</u>					
Tan Sri Dato' Sri Dr. Tay Ah Lek	Managing Director and Chief Executive Officer of the Offeror	333,849	0.08	87,552 ⁽²⁾	0.02
Puan Sri Datin Sri Pang Lik Liam @ Cecilia	Spouse of Tan Sri Dato' Sri Dr. Tay Ah Lek	86,400	0.02	-	-
Lek Holdings	A company where Tan Sri Dato' Sri Dr. Tay Ah Lek is the sole shareholder	1,152	*	-	-
Mr. Lee Chin Guan	Non-Independent Non-Executive Director of the Offeror	2,300,000	0.58	-	-
Ms. Lee Su San	Sibling of Mr. Lee Chin Guan	10,058	*	-	-
Ms. Lee Su Ching	Sibling of Mr. Lee Chin Guan	56,520	0.01	-	-
Mr. Tham Quek Nyap	Sibling of Ms. Tham Chai Phong (an Independent Non- Executive Director of the Offeror)	200	*	-	-
<u>Paragraph 216(3)(c) of the CMSA</u>					
Retirement Fund	A fully-funded defined benefit plan established by the Offeror for its eligible employees	18,765,504	4.71	-	-

Notes:-

* Negligible.

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

(2) Deemed to have interest in LPI Shares held by his spouse, Puan Sri Datin Sri Pang Lik Liam @ Cecilia and other corporation, namely Lek Holdings by virtue of Section 8(4) of the Act.

On 29 November 2024, in accordance with paragraph 3.06 of the Rules, LPI announced the appointment of UOBKH as the Independent Adviser to advise the Non-Interested Directors and the Holders as well as to provide comments, opinions, information and recommendation on the Offer.

Following thereto, UOBKH had on 29 November 2024 declared to the SC its independence from any conflict of interest or potential conflict of interest in its capacity as the Independent Adviser in relation to the Offer pursuant to paragraph 3.07 of the Rules.

The Offer is conditional upon the fulfilment of the Acceptance Condition as the collective shareholding of the Offeror and its PACs as at the Offer Document LPD of approximately 49.56% is less than 50% of the voting shares of LPI.

As at the Offer Document LPD, the Offeror and its persons acting in concert have not received any irrevocable undertaking from any Holder to accept or reject the Offer and there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and its persons acting in concert and the Holder(s).

The Offeror intends to appoint a nominee executive Director as a representative of PBB on the LPI Board after the Posting Date. The details and terms of this appointment have yet to be finalised as at the Offer Document LPD. Nonetheless, the Offeror undertakes to ensure that such appointment after the Posting Date, will be done in accordance with the Rules and all relevant guidelines.

In addition to the IAC, you should have by now received a copy of the Offer Document, which was despatched on 19 December 2024 and sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer, together with the Form of Acceptance and Transfer.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 27 December 2024 notified that it has no further comments on this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

THE PURPOSE OF THIS IAC IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE OFFER AND THE NON-INTERESTED DIRECTORS' AND UOBKH'S VIEWS ON THE OFFER TOGETHER WITH THE RECOMMENDATION OF THE NON-INTERESTED DIRECTORS AND UOBKH, SUBJECT TO THE SCOPE AND LIMITATION OF OUR ROLE AND EVALUATION SPECIFIED IN THIS IAC.

YOU ARE ADVISED TO READ THIS IAC, TOGETHER WITH THE OFFER DOCUMENT AND CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATIONS CONTAINED HEREIN BEFORE TAKING ANY ACTION.

To facilitate electronic delivery of documents in the future, it is important for you to register your e-mail address with Bursa Depository via:-

- (i) https://www.bursamalaysia.com/trade/our_products_services/central_depositor_y_system/request_for_estatement; or**
- (ii) Bursa Anywhere mobile application, which can be downloaded from Google Play Store or Apple App Store.**

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer are set out in **Section 2, Part B** of this IAC.

Please refer to **Section 2 and Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and its persons acting in concert have not received any irrevocable undertaking from any Holder to accept or reject the Offer and there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and its persons acting in concert and the Holder(s). The Offer is extended to the PACs. However, as at the Offer Document LPD, the PACs have indicated that they do not intend to accept the Offer.

As at the LPD, there was no announcement made on Bursa Securities in respect of any Valid Acceptance of the Offer Shares and save for the Acquisition, there was no announcement made on Bursa Securities in respect of any change in the shareholdings of the Offeror and its PACs, individually and collectively, as well as other substantial shareholders of LPI.

4. NON-INTERESTED DIRECTORS' COMMENTS

4.1 Rationale for the Offer

The Non-Interested Directors take note of the rationale for the Offer as set out in **Section 3** of the Offer Document, as follows:-

- (i) *The Offeror is principally engaged in all aspects of commercial banking and the provision of related financial services. Together with the Offeror's subsidiaries and associated companies, the Offeror Group is involved in banking, Islamic banking, investment banking, financing, credit card business, share broking, sale of trust units and management of unit trust funds, bancassurance and general insurance and other related financial services such as trustee and nominee services.*

Prior to the Acquisition, the Offeror Group's general insurance segment is only undertaken in Cambodia via its 55%-owned subsidiary, namely Campu Lonpac Insurance Plc.

The Offeree Group has been in operations for over 60 years and its wholly-owned subsidiary, Lonpac, currently has 21 branches that are strategically located throughout Malaysia. The Acquisition represents an opportunity for the Offeror to further expand its general insurance segment through the Offeree Group's platform to immediately gain a strong foothold and instant access to the Offeree Group's client base in Malaysia. This would enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia, which is expected to be value accretive to the enlarged Offeror Group.

The Acquisition is also in line with the Offeror Group's plans to expand its product and service offerings through strategic acquisitions besides organic growth. Further, with the inclusion of the Offeree Group, being a long-established general insurance player as part of the Offeror group of companies via the Acquisition, the Offeror Group would be able to accelerate its vision to be one of the few companies in the industry to have a "Universal Banking Model" that offers comprehensive and diverse range of financial and related services under the same group.

The Proposals are expected to deliver the following synergies between the Offeror Group and the Offeree Group, which would ultimately benefit the customers and contribute positively to the financial performance:-

- (a) The combined customer base of the Offeror Group and the Offeree Group would facilitate effective cross-selling of each other's products and services, thereby significantly increasing the respective addressable markets throughout Malaysia. This strategy also enhances customer convenience by providing access to a comprehensive range of products from a single point of contact;*
- (b) Other than cross-selling of products and services, the Offeror Group together with the Offeree Group would be able to develop integrated products and services catering to customers' financial and insurance needs, such as granting loans combined with fire or motor insurance. This approach further improves customer convenience and allows both groups to diversify their product portfolios. The integrated products and services would also provide a competitive advantage for the Offeror Group by offering greater flexibility in pricing, features and options, as the integrated products are sourced internally. Additionally, sales of integrated products and services will enable the Offeror to increase its non-interest income, thus helping to mitigate interest rate risks; and*
- (c) The Proposals enable the Offeror Group together with the Offeree Group to utilise their distribution channels effectively to market as well as sell products and services. The Offeror Group can leverage on Offeree Group's agency network to distribute its banking and investment products and services, while the Offeree Group can use the Offeror Group's network of over 260 branches located throughout Malaysia to sell its general insurance products. This collaboration maximises the potential of each group's distribution channel infrastructure, allowing for increased sales without significant additional investment in human and financial resources.*

Further to the above, the Offeror would be able to leverage on the prospects of the general insurance industry in Malaysia, which augurs well for the future growth and earnings prospect of the Offeree Group.

- (ii) The Proposals would also allow the Offeror to consolidate the Offeree Group's positive financial results from an accounting perspective in accordance with MRF 10: Consolidated Financial Statements, despite holding less than 50% of the equity interest in LPI, upon the Offeror having management control pursuant to the completion of the Acquisition. The Offeree Group recorded operating revenue and PAT of RM1.91 billion and RM313.73 million, respectively for the FYE 31 December 2023. Further, based on the unaudited financial results 9-months FPE 30 September 2024, the Offeree Group already recorded operating revenue of RM1.44 billion and PAT of RM303.23 million. Thus, the consolidation of financial results of the Offeree Group is expected to improve the overall financial performance of the Offeror Group. As such, barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings of the Offeror Group, thereby increasing the value of the Offeror Group and in turn, creating additional value to the Offeror's shareholders.*
- (iii) The Offer is undertaken by the Offeror as a mandatory obligation pursuant to subsection 218(2) of the CMA 2009 and subparagraph 4.01(a) of the Rules, as a consequence to the completion of the Acquisition, where the Offeror's shareholding in LPI will increase from nil to approximately 44.15%.*

Comments by the Non-Interested Directors

The Non-Interested Directors note that the collective shareholdings of the Offeror and its PACs in LPI have increased from approximately 5.41% to approximately 49.56% following the Acquisition, which result in the Offeror and its PACs obtaining control in LPI. The Offer is not undertaken to privatise the Company as it is the intention of the Offeror to maintain the listing status of LPI on the Main Market of Bursa Securities.

Further, the Non-Interested Directors are of the view that potential synergies may be generated between the Offeror Group and the Offeree Group pursuant to the Proposals, which include but not limited to:-

- combined customer base of both Offeror Group and Offeree Group which may enable effective cross-selling opportunities to increase their market reach in Malaysia;
- opportunities for development of integrated financial and insurance products and services, which has potential for enhancement to customer convenience and providing a competitive edge through better pricing and flexibility; and
- leverage on one another's distribution channels, whereby the Offeror Group can utilise the Offeree Group's agency network to distribute financial products, while the Offeree Group can tap into the branch network to distribute general insurance products.

Barring any unforeseen circumstance, such synergies could potentially augur well for LPI Group's financial performance and future prospect.

4.2 Future plans for LPI Group and its employees

The Non-Interested Directors take note of the following intentions of the Offeror in relation to the future plans for LPI Group and its employees, as set out in **Section 6** of the Offer Document, as follows:-

(i) Continuation of LPI Group's business

The Offeror intends to continue with LPI Group's existing businesses in the general insurance segment, which is in line with the Offeror's plans to expand its products and service offerings to enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia. Further, there are synergies between LPI Group and the Offeror Group, which would include effective cross-selling of each other's products and services, develop integrated products and services catering to customers' financial and insurance needs and effective utilisation of distribution channels.

As at the LPD, there are no strategic plans for a merger of the business operations of the Offeror and LPI Group. The Offeror intends to retain all 21 branches of Lonpac throughout Malaysia and 1 branch in Singapore. Nevertheless, the Offeror may, from time to time, undertake a review of LPI Group's business and operations to formulate future plans and strategies for LPI Group, if necessary. This is to allow the Offeror flexibility to explore opportunities and options which help streamline and improve efficiency as well as enhance shareholders' value. In this respect, other than the aforementioned strategies, the Offeror has not made any arrangements, rationalisation and/or reorganisation of the business operations of LPI Group.

(ii) Major changes to LPI Group's business

It is the intention of the Offeror to expand its general insurance segment through the integration and cross-selling of the products and services of LPI Group and the Offeror Group. The Offeror will be able to further expand its general insurance segment through the Offeree Group's platform to immediately gain a strong foothold and instant access to the Offeree Group's client base in Malaysia. This would enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia. The Offeror Group will also be able to leverage on the Offeree Group's agency network to distribute its banking and investment products and services, while the Offeree Group can use the Offeror Group's network of over 260 branches located throughout Malaysia to sell its general insurance products.

However, the Offeror presently does not have any plan to introduce any major change to the existing core businesses of LPI Group, liquidate any of the companies within LPI Group, dispose of any major assets or undertake any major redeployment of the fixed assets of LPI Group. Nevertheless, the Offeror together with the LPI management may, from time to time, review strategic options with regards to the businesses or assets of LPI Group and where appropriate, undertake changes, disposal and/or redeployment as part of the process to explore potential opportunities as the Offeror consider suitable, in accordance with the future direction of LPI Group. These may include, but are not limited to, strategic investments and acquisitions, divestment of non-core businesses or monetisation of assets, or to improve the use of resources of LPI Group, with a view that LPI Group remains competitive, sustainable or viable in the industry and to improve the prospects and growth of LPI Group.

(iii) Employees of LPI Group

As at the LPD, there is no intention to review the workforce requirement of the Offeree Group or change the size of the Offeree Group's employees base. There will also be no material change in the balance of skills and functions of the employees and management of the Offeree Group. The Offeror intends to retain the existing management team of LPI Group who will continue to perform their operational role. Nonetheless, the Offeror also intends to appoint a nominee executive Director as a representative of PBB on the LPI Board after the Posting Date. The Offeror also has no plans to dismiss or make redundant the existing employees of LPI Group. Nevertheless, as with any organisation, the Offeror may from time to time review the human resources requirements of LPI Group to improve the efficiency of its operations and businesses and/or optimise staff productivity of the Offeree Group. Any changes with regards to staff employment and/or redeployment of LPI Group's employees may take place as a result of rationalisation and/or streamlining of the business activities to further improve efficiency of the operations of LPI Group. Any such action taken involving employees will be carried out in accordance with the relevant legislation and the terms of employment of the employees concerned. As at the Offer Document LPD, the Offeror does not have any plans to undertake any human resource restructuring measures on LPI Group.

Comments by the Non-Interested Directors

*The Non-Interested Directors note that as at the Offer Document LPD, the Offeror has not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the business, assets or shareholding structure of LPI Group, as stated in **Section 6.2** of the Offer Document.*

The Non-Interested Directors note that the future plans of the Offeror are generally in line with the business direction of LPI Group. Further, the Offeror has stated its intention in the Offer Document that the future plans for LPI Group's businesses, corporate structure, assets and employees are not expected to change materially after the Closing Date.

Premised on the above and rationale for the Offer, the Non-Interested Directors are of the view that the Offeror intends to continue with the existing business of LPI Group (i.e. general insurance), management and overall direction of LPI Group. With regards to the future direction of LPI Group, the Non-Interested Directors are of the further view that the Proposals may potentially bring about complementary synergies for the Group through the leveraging on cross-selling opportunities, provision of comprehensive range of integrated financial and insurance solutions, and the utilisation of extensive distribution network of the Offeror Group.

The Non-Interested Directors are aware of the proposed appointment of a nominee executive Director by the Offeror on the LPI Board after the Posting Date, and recognizes the importance of such an appointment in fostering greater collaboration and alignment between the two companies. In view of the Offeror's intention to maintain the listing status of LPI and also to continue with LPI Group's existing businesses in the general insurance segment, the LPI Board as a whole will ensure that such appointment will continue to be aligned to the long term strategic growth and sustainability of LPI Group, in conformity with its fiduciary duties and governance framework, and in the best interests of its shareholders, employees and stakeholders.

4.3 Listing status of LPI

The Non-Interested Directors note that the Offeror **intends to maintain the listing status of LPI** on the Main Market of Bursa Securities.

Accordingly, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, the Offeror shall work together with LPI, to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement. As at the Offer Document LPD, no arrangements on the aforementioned have been made.

Please refer to **Section 7.1, Part B** of this IAC for further details.

4.4 Compulsory acquisition and rights of Dissenting Shareholders

(i) Compulsory acquisition

The Non-Interested Directors note that the Offeror **does not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received before the Closing Date even if the conditions stipulated under subsection 222(1) of the CMSA are fulfilled.

(ii) Rights of Dissenting Shareholders

The Non-Interested Directors note that subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than nine-tenths in the nominal value of all shares in LPI (including Offer Shares that are already held by the Offeror and its persons acting in concert as at the date of the Offer) on or before the Closing Date, a Dissenting Shareholder may exercise his rights under subsection 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than 3 months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his/her/its Offer Shares (as the case may be) on the same terms and conditions as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder, subject to section 224 of the CMSA.

Please refer to **Section 7.2, Part B** of this IAC for further details.

5. DISCLOSURE OF DIRECTORS' INTERESTS AND INTENTION IN RELATION TO THE OFFER

As at the LPD, save as disclosed below, the Directors of LPI do not have any interest, whether direct or indirect, in LPI Shares:-

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Tee Choon Yeow	1,152,000	0.29	-	-
Mr. Tan Kok Guan	356,400	0.09	273,600 ⁽²⁾	0.07
Mr. Lee Chin Guan	2,300,000	0.58	-	-
Ms. Soo Chow Lai	-	-	-	-
Dato' Chia Lee Kee	-	-	-	-
En. Mohamed Raslan Bin Abdul Rahman	-	-	-	-

Notes:-

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

(2) Deemed interested by virtue of the shareholdings of his spouse, Ms. Koay Gaik Meng, pursuant to section 8 of the Act.

The Interested Director (i.e. Mr. Lee Chin Guan) has abstained and will continue to abstain from deliberating, making any recommendation and voting at all relevant board meetings of LPI in relation to the Offer.

Mr. Tee Choon Yeow, Mr. Tan Kok Guan and Mr. Lee Chin Guan have confirmed their intention to **REJECT** the Offer in respect of their respective direct interests and/or indirect interests in LPI Shares, as the case may be.

6. INDEPENDENT ADVISER'S LETTER

You are advised to read and consider the views and recommendation of UOBKH, the Independent Adviser appointed to advise and provide comments, opinions, information and recommendation to the Non-Interested Directors and the Holders in relation to the Offer. The IAL is included in **Part B** of this IAC.

7. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Interested Director has abstained and will continue to abstain from deliberating and making any recommendation in relation to the Offer.

After careful examination of the Offer as contained in the Offer Document and taking into consideration the opinion and recommendation by UOBKH as set out in **Part B** of this IAC, the Non-Interested Directors have **CONCURRED** with the opinion and recommendation of UOBKH that the Offer is **NOT FAIR and NOT REASONABLE**.

Accordingly, the Non-Interested Directors recommend that you **REJECT** the Offer.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The LPI Board has seen and approved the contents of this IAC. The LPI Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC (save for the views and recommendation of UOBKH) and confirms that after making all reasonable enquiries and to the best of their knowledge and belief, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/ or information, the omission of which would make any information provided in this IAC relating to LPI Group, false or misleading or materially incomplete.

The responsibility of the LPI Board in respect of:-

- (i) the information relating to the Offeror, Acquisition and the Offer as extracted from the Offer Document and other publicly available information is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC is limited to ensuring that accurate information in relation to LPI was provided to UOBKH for its evaluation of the Offer and to ensure that all information in relation to LPI that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH and that there is no material fact, the omission of which would make any information provided to UOBKH false or misleading.

After the despatch of this IAC, the Board will immediately notify the Holders if, the Board becomes aware of the following:

- (i) significant changes affecting the information contained in this IAC;
- (ii) there is reasonable ground to believe that the statements in this IAC are misleading and/or deceptive; or
- (iii) there is a material omission in this IAC.

If circumstances require, a supplementary IAC will be sent to the Holders.

YOU ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL SITUATION OR RISK PROFILE OR PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Yours faithfully,
For and on behalf of the Board of
LPI CAPITAL BHD

TEE CHOON YEOW
Non-Independent Non-Executive Chairman

PART B

INDEPENDENT ADVICE LETTER FROM UOBKH

UOB KAY HIAN SECURITIES (M) SDN BHD

Registered Office

Suite 19-03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

30 December 2024

To: The Non-Interested Directors and Holders

Dear Sir/ Madam,

CONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH PIVB TO ACQUIRE ALL THE OFFER SHARES FOR A CASH CONSIDERATION OF RM9.80 PER OFFER SHARE

1. INTRODUCTION

Please refer to **Section 1, Part A** of this IAC for the chronological events in relation to the Offer.

Pursuant to subparagraphs 11.03(2) and 11.04(2) of the Rules, the SC had vide its letter dated 27 December 2024 notified that it has no further comments on the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendation contained herein or assumes responsibility for the correctness of any statements made or opinions expressed or reports presented in this IAC.

The purpose of this IAL is to provide our independent evaluation of the Offer together with our recommendation thereon, subject to the scope of our role and limitations specified herein.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC INCLUDING THIS IAL TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THIS IAL IS SOLELY FOR THE USE OF THE NON-INTERESTED DIRECTORS AND THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

2. TERMS AND CONDITIONS OF THE OFFER

The terms and conditions of the Offer as set out in **Section 2 and Appendix I** of the Offer Document are set out as follows:-

2.1 Consideration for the Offer

The Offeror will pay to the Holders who accept the Offer a cash consideration of **RM9.80** for each Offer Share.

If the Offeree declares, makes and/or pays any Distribution on or after the date of the Notice, but prior to the Closing Date and the Holders are entitled to retain such Distribution, the Offeror will reduce the Offer Price by the amount equivalent to the net Distribution per Offer Share which the Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after Closing Date.

As at the LPD, LPI has not announced any Distribution that is payable on or after the date of the Notice.

Holders may accept the Offer in respect of all or part of their Offer Shares. Holders may not accept the Offer in excess of their holdings of the Offer Shares. Where applicable, the Offeror will not pay fractions of a sen to the Accepting Holders. Entitlement to the cash payment will be rounded down to the nearest whole sen.

The Offer Price represents the price paid by the Offeror for each Sale Share under the Acquisition. The Offeror and its PACs have not acquired any LPI Shares above the Offer Price during the 6-month period prior to the commencement of the offer period, being 10 October 2024, the date of the announcement of the signing of the SPA, and up to the Offer Document LPD.

2.2 Conditions of the Offer

The Offer is **conditional** upon the receipt of the minimum level of Valid Acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) which would result in the Offeror and its PACs holding more than 50% of the voting shares in the Offeree.

The Acceptance Condition shall be fulfilled on or before the close of the Offer which shall, in any event, be no later than 5.00 p.m. (Malaysian time) on Monday, 17 February 2025, being the 60th day from the Posting Date, failing which the Offer shall lapse and the Offer shall cease to be capable of further acceptances and all acceptances thereafter shall be returned to the Accepting Holders and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

As at the Offer Document LPD, the Offeror and its PACs hold in aggregate 197,449,683 LPI Shares, representing approximately 49.56% equity interest in LPI and consequently, the Offeror and its PACs are required to receive Valid Acceptances of 1,741,694 Offer Shares, representing approximately 0.44% equity interest in LPI, in order to fulfil the Acceptance Condition.

2.3 Duration of the Offer

The Offer will remain open for acceptance until 5.00 p.m. (Malaysian time) on Thursday, 9 January 2025 being the 21st day after the Posting Date, unless extended or revised by the Offeror in accordance with the Rules and the terms and conditions of the Offer and as PIVB may announce on behalf of the Offeror, at least 2 days before the Closing Date, unless the Offeror withdraws the Offer with the SC's written consent and in such event, every person shall be released from any obligation incurred under the Offer. Notice of such extension or revision will be posted to the Holders accordingly.

Please refer to **Section 3 of Appendix I** of the Offer Document for further details on the duration of the Offer.

2.4 Method of settlement

Except with the consent of the SC, which would only be granted in certain circumstances in which all Holders are to be treated similarly, and save for the Offeror's right to reduce the Offer Price as set out in **Section 2.1** of the main letter of the Offer Document, the Offeror will settle the consideration in full in accordance with the terms of the Offer, without regards to any lien, right of set-off, counter claim or other analogous rights to which the Offeror may otherwise be or claim to be entitled against the Accepting Holder. This, however, is without prejudice to the Offeror's rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of any warranties set out in **Section 1 of Appendix I** of the Offer Document.

Where there are Valid Acceptance(s), the settlement for the Offer Shares to which such acceptance(s) relate will be effected by the Offeror without regards to any lien, right to set-off, counter-claim or other analogous rights to which the Offeror may be entitled against the Accepting Holder through:-

- (i) remittance into the Accepting Holders' bank account, if the Accepting Holders have registered their bank account with Bursa Depository for the purposes of cash dividend/distribution; or
- (ii) otherwise, if the Accepting Holders have not registered such details with Bursa Depository prior to the date of the Valid Acceptances, remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (or their designated agent(s), as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk,

within 10 days from:-

- (i) the date the Offer becomes or is declared wholly unconditional, if the Valid Acceptances are received during the period when the Offer is still conditional; or
- (ii) the date of the Valid Acceptances, if the Valid Acceptances are received during the period after the Offer is or has become or has been declared wholly unconditional.

Accepting Holders are encouraged to register and/or update their bank account details with Bursa Depository in order to receive the consideration for the Offer Shares in their bank accounts.

Non-resident Holders are advised that the settlement for the acceptances of the Offer will be made in Ringgit Malaysia. Non-resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by their respective financial institutions.

Please refer to **Section 2 and Appendix I** of the Offer Document for the full terms and conditions of the Offer and **Appendix II** of the Offer Document for details on the procedure for accepting the Offer and method of settlement of the Offer. If you have any enquiries, you may contact the Share Registrar for the Offer for assistance, details of which can be found in **Section 1.9 of Appendix II** of the Offer Document

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and its persons acting in concert have not received any irrevocable undertaking from any Holder to accept or reject the Offer and there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and its persons acting in concert and the Holder(s). The Offer is extended to the PACs. However, as at the Offer Document LPD, the PACs have indicated that they do not intend to accept the Offer.

As at the LPD, there was no announcement made on Bursa Securities in respect of any Valid Acceptance of the Offer Shares and save for the Acquisition, there was no announcement made on Bursa Securities in respect of any change in the shareholdings of the Offeror and its PACs, individually and collectively, as well as other substantial shareholders of LPI.

4. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE OFFER

UOBKH was not involved in the formulation and/ or deliberation of the terms and conditions of the Offer. Our role as the Independent Adviser is limited to expressing our comments, opinions, information and recommendation on the Offer, including an independent opinion on the fairness and reasonableness of the Offer based on the following:-

- (i) information contained in the Notice, Offer Document and the appendices attached thereto;
- (ii) information, supporting documents, confirmations and representation furnished to us by the LPI Board and management of LPI Group as well as discussions with the Non-Interested Directors and management of LPI;
- (iii) the audited financial statements of LPI Group for the past 3 FYEs 31 December 2021, 2022 and 2023 and the latest unaudited financial results of LPI Group for the 9-month FPE 30 September 2024; and
- (iv) publicly available information.

We have relied on the LPI Board and management of LPI to take due care in ensuring that all the information, documents and representations in respect of the Group provided to us to facilitate our evaluation are reliable, accurate, valid and complete in all material aspects. Nonetheless, we have made reasonable enquiries and we are satisfied that the information furnished or available to us is sufficient and we have no reasons to believe that the information is unreliable, incomplete, misleading or inaccurate. As such, we have relied on the information provided by the Board and the management of LPI and we are satisfied as to the accuracy of the information in this IAC.

We have evaluated the Offer and in rendering our advice, we have taken note of pertinent issues which we believe are of importance to an assessment of the implications of the Offer and therefore of general concern to the Holders.

As such:-

- (i) UOBKH's views and advice as contained in this IAC only cater for the Holders as a whole and do not cater to any individual Holder or specific group of Holders. Hence, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual Holder or specific group of Holders; and
- (ii) we recommend that such individual Holder or any specific group of Holders who may require advice in relation to the Offer in the context of their individual investment objectives, risk profiles, financial and tax situations and particular needs to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on the prevailing economic, market and other conditions, and the information and/ or documents made available to us as at the LPD or such other periods as specified herein. Such conditions may vary significantly over a short period of time. It should be noted that our evaluation and opinion expressed in this IAL do not take into account the information, events or conditions arising after the LPD.

We shall immediately notify the SC in writing and the Holders by way of press notice and announcement on Bursa Securities if, after despatching this IAC, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAC:-

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, a supplementary IAC will be sent to the Holders in accordance with subparagraph 11.07(2) of the Rules and the disclosures and announcements of such facts or statements shall be made before 9.00 a.m. on the next Market Day, pursuant to subparagraph 11.07(3) of the Rules.

5. EVALUATION OF THE OFFER

In arriving at our opinion and recommendation in respect of the Offer, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules, whereby:-

- (i) the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;
- (ii) the Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the offeree is being acquired;
- (iii) in considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Shares. This includes but not limited to, existing shareholding of the offeror and the persons acting in concert with them in the offeree and their ability to pass special resolutions or control the assets of the offeree, liquidity of the offeree's securities, expected market price if the take-over offer is unsuccessful, and/ or likelihood and value of alternative offers or competing offers before the close of the take-over offer;
- (iv) generally, a take-over offer would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for the Holders to accept the Offer despite it being "not fair", if the independent adviser is of the view that there are sufficiently strong reasons to accept the Offer in the absence of a higher bid and such reasons should be clearly explained. If there were inadequate justifications, such take-over offer should be regarded as "not reasonable" and thus, the recommendation would be to reject the offer; and

- (v) in the event the independent adviser concludes that the Offer is "not fair but reasonable", the independent adviser must clearly explain the following:
- (a) what is meant by "not fair but reasonable";
 - (b) how has the independent adviser reached to this conclusion; and
 - (c) the course of action that the Holders are recommended to take pursuant to the conclusion.

YOU SHOULD CONSIDER CAREFULLY THE OFFER BASED ON ALL PERTINENT FACTORS AND OTHER CONSIDERATIONS AS SET OUT IN THIS IAC AND THE OFFER DOCUMENT AND ANY OTHER PUBLICLY AVAILABLE INFORMATION.

We have considered the following pertinent matters in our evaluation of the Offer:-

Fairness of the Offer		Section 6
(i)	Valuation of LPI Shares	Section 6.1
(ii)	Historical market prices of LPI Shares	Section 6.2
Reasonableness of the Offer		Section 7
(i)	Listing status of LPI	Section 7.1
(ii)	Compulsory acquisition and rights of Dissenting Shareholders	Section 7.2

6. FAIRNESS OF THE OFFER

6.1 Valuation of LPI Shares

LPI is principally engaged in investment holding activities (i.e. managing investments such as equities and placement of fixed and call deposits). Through its wholly owned subsidiary, Lonpac, and 45% owned associate, Campu Lonpac Insurance Plc in Cambodia, the Group is principally engaged in the underwriting of all classes of general insurance business, broadly categorised into 4 main segments: fire, motor, MAT (marine, aviation and transit), and miscellaneous such as medical, engineering, personal accident, workman's compensation and others.

The revenue and PAT recorded by LPI Group for the past 3 financial years up to the FYE 31 December 2023 and the 9-month FPE 30 September 2024 are as follows:-

	Audited FYE 31 December				Unaudited FPE 30 September
			(Restated)		
	2021	2022	2022*	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Operating Revenue	1,717,734	1,657,590	1,634,865	1,905,416	1,438,996
- General insurance	1,672,286	1,614,531	1,591,806	1,874,059	1,394,836
- Investment holding	45,448	43,059	43,059	31,357	44,160
PBT	437,316	373,461	341,696	394,933	378,297
- General insurance	399,722	338,857	307,092	371,318	339,861
- Investment holding	37,594	34,604	34,604	23,615	38,436
PAT attributable to owners of the Company	344,679	276,607	252,220	313,726	303,231
Dividend declared	294,803	239,030	239,030	262,933	119,515
Dividend payout (%)	85.5	94.8	94.8	83.8	39.41

Note:-

* The Group has initially applied MFRS 17 from 1 January 2023, replacing MFRS 4. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. This standard has brought significant changes to the accounting for insurance contracts and reinsurance contracts held. As a result, the Group has restated certain comparative amounts.

LPI Group's revenue comprised of revenue from general insurance segment as well as investment holding segment (i.e. dividend income, interest income and rental of premises). The revenue contribution from insurance segment accounted for 97.35%, 97.37% and 98.35% of total operating revenue for the FYE 31 December 2021, FYE 31 December 2022 (restated) and FYE 31 December 2023, respectively.

In evaluating and arriving at the valuation of LPI Shares, we have considered the following valuation methods and approaches:-

- 6.1.1 Income approach**
- 6.1.2 Dividend discount model**
- 6.1.3 Asset-based valuation method using NA**
- 6.1.4 Relative valuation analysis (RVA) approach using P/B, P/E and EV/EBITDA**

Please refer to the ensuing subsections 6.1.1 – 6.1.4 for our discussion of the valuation methods and approaches.

6.1.1 Income approach

Based on our discussion with the management, we understand that the cash flow projections cannot be prepared to an extent that is reliable, predictable and stable, given the uncertainty in the long term forecast associated with the general insurance industry due to amongst others, unpredictable nature of the claims or payouts which can vary significantly over time. We further note that in the past 10 financial years up to the 31 December 2023, LPI has recorded negative cash flow from operating activities in FYE 31 December 2016 (-RM370 million) and FYE 31 December 2023 (-RM173 million). The negative cash flow from operating activities were mainly attributable to the increase in other investment due to shifting of fixed deposits (with maturity of 3 months or less) to other similar investment with longer tenure for optimisation of investment returns, as well as other changes in working capital partly contributed by decrease in insurance contract liabilities.

Accordingly, we concur with the management's view that income approach such as discounted cash flow valuation (DCF) methodology was deemed unsuitable in our valuation approach.

6.1.2 Dividend discount model

We note that in the past 10 financial years up to the 31 December 2023, LPI has consistently declared and paid dividends in excess of more than 50% payout from its PAT attributable to owners of the Company. The dividend track record of LPI for the past 3 financial years up to the FYE 31 December 2023 and the 9-month FPE 30 September 2024 are as follows:-

	Audited FYE 31 December				Unaudited FPE 30 September
			(Restated)		
	2021	2022	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of the Company	344,679	276,607	252,220	313,726	303,231
Dividend declared	294,803	239,030	239,030	262,933	119,515
Dividend payout (%)	85.5	94.8	94.8	83.8	39.41

Despite the dividend track record of LPI exhibited above, we however note that LPI does not have a fixed dividend payout policy.

Accordingly, we have not considered dividend discount model such as Gordon Growth Model in our valuation approach, which relies significantly on the assumption that a company's dividends will grow at a constant rate indefinitely. In absence of a fixed dividend payout policy, we are unable to appraise an estimate of the expected dividend payout to a predictable or reliable extent.

Holders should note that above dividend track record is for information purpose only and should not be considered a reliable indicator of future dividend payouts, or furthermore there is no assurance that LPI will declare or pay dividends in the future.

6.1.3 Asset-based valuation method using NA

LPI's business model is pre-dominantly asset-intensive, with a substantial portion of its assets consisting of reinsurance contract (19.89%) and investment portfolio held in equities, bonds, unit trusts and other financial instruments (71.99%). Furthermore, LPI is required to maintain a capital adequacy ratio of at least 130% in accordance with paragraph 24 of the Risk-Based Capital Framework for Insurers issued by the Bank Negara Malaysia, reinforcing the significance of book value as a key metric in evaluating the financial health of LPI against its peers in the general insurance industry.

Asset-based valuation approach using NA involves the valuation of the company's assets and liabilities as at the balance sheet date, assuming all assets to be recovered and all liabilities to be settled at their respective carrying amounts.

In our evaluation, we have considered the composition of the total assets of LPI Group based on its unaudited consolidated statement of financial position as at 30 September 2024.

The indicative value per LPI Share by adopting the NA valuation methodology is as follows:-

Unaudited NA of LPI Group as at 30 September 2024 (RM'000)	2,350,862
Total issued shares as at the LPD ('000)	398,383
NA per LPI Share (RM)	5.90
Premium of the Offer Price over the NA per LPI Share	RM3.90/ 66.10%

Notwithstanding the valuation approach above, we note that the market price of LPI Shares has consistently been trading above the NA per LPI Share, which indicates that the share price with higher valuation metrics reflects the earnings and financial performance of LPI over its asset base. Therefore, we did not elect to adopt the asset-based approach using NA as a suitable valuation approach, when compared to RVA approach using the P/B, P/E and EV/EBITDA ratio as elaborated in **Section 6.1.4** below.

6.1.4 Relative valuation analysis (RVA) approach using P/B, P/E and EV/EBITDA

For our evaluation on the Offer Price, we have reviewed the P/B, P/E and EV/EBITDA multiples of listed comparable companies which we consider to be broadly comparable to the business of LPI, which provides indication of the current market expectations with regard to the perceived valuation of LPI. The RVA approach uses P/B, P/E and EV/EBITDA ratio as an indication of market expectations on the valuation of companies, in order to provide an indicative valuation of LPI Shares based on the selected comparables' valuation metrics:-

P/B	P/B ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's total shareholders' common equity as indicated on its balance sheet. Comparisons of companies using their book values are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
-----	---

P/E	P/E ratio illustrates market price of a company's shares relative to its earnings per share. The P/E ratio is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
EV/EBITDA	EV/EBITDA ratio illustrates the market value of the company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's capital structure. EV is the sum of the company's market capitalisation, preferred equity, minority interests, short and long-term debt less its cash and equivalents. EBITDA stands for historical earnings before interest, tax, depreciation and amortisation expenses, including of shares of associates' and joint ventures' income and excluding exceptional items.

Nonetheless, Holders are advised that the comparable companies tabulated herein have been selected for comparison purposes only and may not be directly comparable to LPI Group due to various factors which include, amongst others, marketability and trading liquidity, composition of business activities, size of the business, target markets of product/service offerings, profit track record, financial strength, accounting policies, geographical factors, risk profile and future prospects.

For purpose of a more meaningful comparison, we have identified and selected companies which are (a) principally involved in the general insurance business, with more than 75% revenue contribution generated from general insurance in their latest audited full financial year result, (b) listed on stock exchanges in Malaysia and/or surrounding regional markets such as Asia-Oceania, and (c) having market capitalisation of more than RM1 billion but less than RM10 billion.

For information, despite Allianz Malaysia Berhad having a market capitalisation of approximately RM3.61 billion as at the LPD, we have excluded Allianz Malaysia Berhad from our selected comparables list given that its general insurance segment contributed less than 75% to its total revenue for the FYE 31 December 2023 and latest 9-month FPE 30 September 2024. Its revenue comprised of contribution from general insurance segment (56% in FYE 2023; 57% in 9-month FPE 2024) and life insurance segment (44% in FYE 2023; 43% in 9-month FPE 2024).

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The valuation statistics of the comparable companies are set out below:-

Comparable companies	Country listed	Principal activity	Latest FPE ⁽¹⁾	Market capitalisation ⁽²⁾	Adjusted P/B ratio ⁽³⁾	Adjusted P/E ratio ⁽³⁾	Adjusted EV/EBITDA ratio ⁽³⁾
United Overseas Insurance Limited ("UOIL")	Singapore	UOIL operates as an insurance company. The company underwrites general insurance and reinsurance, as well as covers fire, marine, motor, engineering, general accident and liability businesses.	30 Jun 2024	RM'000 1,438,593	1.23	17.42	11.71
Allianz Ayudhya Capital PCL ("AAC")	Thailand	AAC operates as a non-life insurance company. The company offers claims for individual, business, and package insurance coverage.	30 Sep 2024	1,598,744	1.07	15.72	12.11
Dhipaya Group Holdings PCL ("Dhipaya")	Thailand	Dhipaya is an investment holding company that provides non-life insurance products in Thailand.	30 Sep 2024	1,655,836	0.88	5.19	3.52
BKI Holdings PCL ("BKI") ⁽⁴⁾	Thailand	BKI and its subsidiaries are engaged in non-life insurance business, and its portfolio includes fire, marine, motor, property, engineering and legal liability.	30 Sep 2024	3,951,817	0.90	12.41	9.88
Tower Ltd ("Tower")	New Zealand	Tower provides insurance products and services. The company offers car, house, contents, business, travel, and other insurance products.	30 Sep 2024	1,310,167	1.12	5.69	2.68
Taiwan Fire & Marine Insurance Co Ltd ("TFMI")	Taiwan	TFMI underwrites automobile, fire, airplane, marine, cargo, as well as other property and casualty insurance.	30 Sep 2024	1,432,603	1.56	17.00	9.34
ShinKong Insurance Co Ltd ("SKIC")	Taiwan	SKIC mainly provides automobile, fire, and marine insurances.	30 Sep 2024	4,599,672	2.86	16.46	8.32
				Low	0.88	5.19	2.68
				High	2.86	17.42	12.11
				Average	1.37	12.84	8.22
LPI (as implied by Offer Price)	Malaysia	LPI Group is principally engaged in the underwriting of all classes of general insurance business, including fire, motor, MAT (marine, aviation and transit), and miscellaneous.	30 Sep 2024	3,904,151	1.66	10.23	7.52

Notes:-

- (1) P/B is computed based on the NA of comparable companies as of latest announced FPE result as at LPD.
P/E is computed based on the trailing 12-month profit of comparable companies up to the latest announced FPE result as at LPD.
EV is computed based on the sum of market capitalisation of comparable companies as at LPD, and net debt position of comparable companies as of latest announced FPE result as at LPD.

EBITDA is computed based on the trailing 12-month EBITDA of comparable companies up to the latest announced FPE results as at LPD.

- (2) The market capitalisation of the comparable companies was calculated based on the total number of issued shares multiplied with their respective last closing price extracted from Bloomberg as at LPD, and thereafter translated into RM based on the respective middle exchange rate quoted by Bank Negara Malaysia website as at LPD as follows:-

SGD1.00 : RM3.3132
THB1.00 : RM0.131426
NZD1.00 : RM2.5386
TWD1.00 : RM0.137336

- (3) As the comparable companies are listed in foreign stock exchanges (Singapore, Thailand, New Zealand and Taiwan), we have adjusted the P/B, P/E and EV/EBITDA ratio of the respective comparable companies to the Malaysian context as depicted in the book titled 'Investment Valuation: Tools and Techniques for Determining the Value of Any Asset'. In his publication, Professor Aswath Damodaran had stated in order to compare the multiples of the asset being analyzed to those of comparable assets, we must control for differences between firms that could affect the multiples. He also highlights that the multiples can be modified to incorporate differences across firms in key dimensions.

Given that the comparable companies are listed on foreign exchanges, where market risks and expected returns differ from those in Malaysia, we have adjusted the valuation multiples to normalize these differences. Specifically, we have aligned the expected market risk and return of the comparable companies with that of Malaysia's market conditions. This adjustment ensures that the valuation multiples are suitably comparable across companies in different countries, accounting for differences in market conditions and risk profiles, based on the following formula:-

$$\begin{aligned} \text{Adjusted P/B, P/E and EV/EBITDA ratio} &= \frac{\text{P/B, P/E and EV/EBITDA ratio of the respective comparable companies}}{\text{Expected rate of return of the respective comparable companies}} \times \text{Expected Malaysia's rate of return of the respective comparable companies} \\ \text{Expected rate of return of the respective comparable companies} &= \text{Local risk-free rate of the respective comparable companies} + \text{Beta of the respective comparable companies in relation to the respective local stock market indexes} \times \text{Local market risk premium} \\ \text{Expected Malaysia's rate of return of the respective comparable companies} &= \text{Malaysia's risk-free rate of the respective comparable companies} + \text{Beta of the respective comparable companies in relation to the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI)} \times \text{Malaysia's market risk premium} \end{aligned}$$

- (4) BKI was listed on 18 June 2024 on the Stock Exchange of Thailand as a holding company for Bangkok Insurance PCL which was delisted concurrently, as part of a restructuring exercise. The P/E and EV/EBITDA are computed based on the trailing 9-month profit and EBITDA of BKI up to the latest announced FPE 30 September 2024 and corresponding 3-month profit and EBITDA of Bangkok Insurance PCL up to the announced interim FPE 31 December 2023.

RVA approach using P/B ratio

Based on the average P/B ratio of the comparable companies, the implied indicative implied value of LPI Shares is as follows:-

Unaudited NA of LPI as at 30 September 2024 (RM'000)	(A)	2,350,862
Average P/B ratio of the comparable companies (times)	(B)	1.37
	(A)x(B)	3,220,681
Total issued shares in LPI as at the LPD ('000)	(C)	398,383
Indicative value of LPI Share (RM)	(A)x(B)/(C)	8.08

Based on average P/B ratio of comparable companies, we note that the implied valuation of LPI Shares is RM8.08 per Share. Accordingly, the Offer Price represents a **premium** of RM1.72 or approximately 21.29% to the implied value of LPI Shares of RM8.08 per Share.

RVA approach using P/E ratio

Based on the average P/E ratio of the comparable companies, the indicative implied value of LPI Shares is as follows:-

Trailing 12-month PAT of LPI up to 30 September 2024 (RM'000)	(A)	381,811
Average P/E ratio of the comparable companies (times)	(B)	12.84
	(A)x(B)	4,902,453
Total issued shares in LPI as at the LPD ('000)	(C)	398,383
Indicative value of LPI Share (RM)	(A)x(B)/(C)	12.31

Based on average P/E ratio of comparable companies, we note that the implied valuation of LPI Shares is RM12.31 per Share. Accordingly, the Offer Price represents a **discount** of RM2.51 or approximately 20.39% to the implied value of LPI Shares of RM12.31 per Share.

RVA approach using EV/EBITDA ratio

Based on the average EV/EBITDA ratio of the comparable companies, the indicative implied value of LPI Shares is as follows:-

Trailing 12-month EBITDA of LPI up to 30 September 2024 (RM'000)	(A)	494,081
Average EV/EBITDA ratio of the comparable companies (times)	(B)	8.22
Indicative EV of LPI Shares (RM'000)	(A)x(B)=(C)	4,061,346
Less: Debt as at 30 September 2024 (RM'000)	(X)	-
Add: Cash and cash equivalent as at 30 September 2024 (RM'000)	(Y)	190,356
Implied market value of LPI Shares (RM'000)	(C)-(X)+(Y)=(D)	4,251,702
Total issued shares in LPI as at the LPD ('000)	(E)	398,383
Indicative value of LPI Share (RM)	(D)/(E)	10.67

Based on average EV/EBITDA ratio of comparable companies, we note that the implied valuation of LPI Shares is RM10.67 per Share. Accordingly, the Offer Price represents a **discount** of RM0.87 or approximately 8.15% to the implied value of LPI Shares of RM10.67 per Share.

6.1.5 Appropriate valuation approach

Based on our valuation approaches set out in subsections 6.1.1 – 6.1.4 above, we had elected the **RVA approach using EV/EBITDA ratio** as the most appropriate valuation approach to value the LPI Shares, with the **RVA approach using P/E ratio** as a secondary cross check, based on the following justifications:-

- (i) the EV/EBITDA is a capital structure neutral, and is commonly used metric in valuation as a proxy for operating profit of a company which excludes interest and taxes, and non-cash expenses such as depreciation and amortisation;
- (ii) the P/E serves as a secondary cross-check for the EV/EBITDA valuation to align with broader market expectations and trends, and that it provides an indication to gauge the company's price relative to earnings against industry comparables, ensuring that the EV/EBITDA valuation does not deviate too far from common valuation standards;
- (iii) the market capitalisation of LPI has consistently been trading above the NA of LPI, which indicates that the market assigns higher valuation metrics to the factors associated with earnings and financial performance of LPI over its asset base. Therefore, we did not elect to adopt the asset-based approach using NA as a suitable valuation approach, when compared to RVA approach using the EV/EBITDA ratio and P/E ratio as elaborated in (i) and (ii) above; and
- (iv) since LPI has been operating profitably for the past 3 financial years up to the FYE 31 December 2023 as well as the latest interim 9-month FPE 30 September 2024, we have relied upon RVA using EV/EBITDA and P/E ratios to provide more meaningful and accurate reflection to value the business of LPI relative to its operating profits. In comparison, the RVA using P/B ratio may not accurately or fully reflect the hidden value associated with the earnings potential of LPI's business.

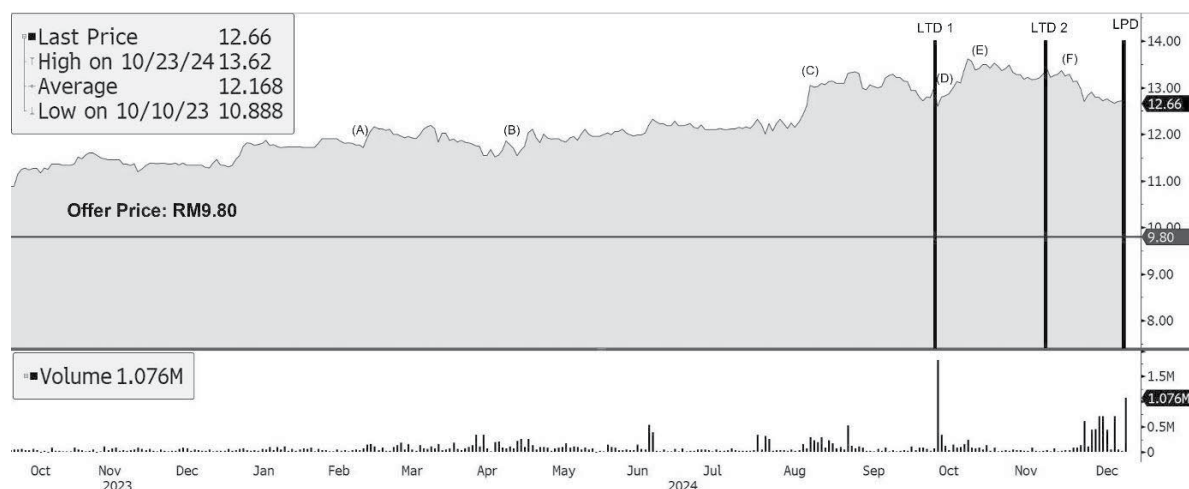
Accordingly, the Offer Price:-

- (a) is **lower** than and represents a **discount** of RM0.87 or approximately 8.15% to the implied value of LPI Shares of RM10.67 per Share based on RVA approach using EV/EBITDA ratio; and
- (b) is **lower** than and represents a **discount** of RM2.51 or approximately 20.39% to the implied value of LPI Shares of RM12.31 per Share based on RVA approach using P/E ratio as a secondary cross check.

However, prior to making any decision on the course of action to be taken in respect of the Offer, Holders are advised to consider our evaluation on the historical and prevailing market prices of LPI Shares traded on the market, as elaborated in the ensuing Section 6.2 below.

6.2 Historical market prices of LPI Shares

The graph below sets out the historical daily closing market prices of LPI Shares for the past 12 months up to the LTD 1, LTD 2 and LPD:-



(Source: Bloomberg)

Based on the above, we note that the Offer Price has been lower than the historical closing market prices of LPI Shares over the past 12 months up to the LTD 1, LTD 2 and LPD. Further, from LTD 1 to LPD, we note that the market price performance of LPI Shares remain generally unperturbed by the Acquisition announced on 10 October 2024 which entailed amongst others, the possible mandatory take-over offer on Offer Shares at the Offer Price subject to SPA becoming unconditional.

Upon announcement of the Acquisition (after LTD 1), we note that the market prices of LPI Shares trended upwards from RM13.00 to RM13.50 on 29 October 2024 which coincided with the announcement of LPI Group's unaudited quarterly results for the FPE 30 September 2024, wherein LPI recorded a quarterly PAT of RM123.94 million compared to a quarterly PAT of RM97.92 million in the preceding year corresponding quarter. Since then, we note that the market prices of LPI Shares retreated downwards from RM13.50 up to the LPD of RM12.66, which is broadly in line with the retreat in FBM KLCI index performance from 1,615.08 points (29 October 2024) to 1,596.20 points (LPD).

In addition, we observe that the closing market prices of LPI Shares have not traded below RM9.80 since 15 April 2020, which coincided with the COVID-19 pandemic outbreak resulting in movement control order imposed by the Malaysian Government in March 2020.

We note that for the past 12 months up to the LPD, there was no fundamental change to the business of LPI Group. Save as disclosed below, there were no other announcements of material development which may have affected the movement of the market prices of LPI Shares for the past 12 months up to the LPD:-

No.	Date	Announcements/ Significant Events
(A)	26 February 2024	Announcement of LPI Group's audited quarterly results for the FYE 31 December 2023, wherein LPI recorded a quarterly PAT of RM78.58 million compared to a quarterly PAT of RM54.61 million in the preceding year corresponding quarter. In the same results and on a full year basis, LPI recorded a cumulative 12-month PAT of RM313.73 million compared to the cumulative 12-month PAT of RM252.22 million in the preceding financial year. Announcement of a proposed single tier second interim dividend of 40 sen per LPI Share in respect of FYE 31 December 2023.

No.	Date	Announcements/ Significant Events
(B)	29 April 2024	Announcement of LPI Group's unaudited quarterly results for the FPE 31 March 2024, wherein LPI recorded a quarterly PAT of RM101.29 million compared to a quarterly PAT of RM73.83 million in the preceding year corresponding quarter.
(C)	21 August 2024	Announcement of LPI Group's unaudited quarterly results for the FPE 30 June 2024, wherein LPI recorded a quarterly PAT of RM78.00 million compared to a quarterly PAT of RM63.40 million in the preceding year corresponding quarter. Announcement of a proposed single tier first interim dividend of 30 sen per LPI Share in respect of FYE 31 December 2024.
(D)	10 October 2024	Announcement of the proposed Acquisition by PIVB on behalf of the Offeror.
(E)	29 October 2024	Announcement of LPI Group's unaudited quarterly results for the FPE 30 September 2024, wherein LPI recorded a quarterly PAT of RM123.94 million compared to a quarterly PAT of RM97.92 million in the preceding year corresponding quarter.
(F)	28 November 2024	Serving of the Notice to the LPI Board.

In addition, we have also compared the Offer Price against the historical closing prices and the respective VWAPs of LPI Shares as follows:-

	LPI share price	Discount	
	RM	RM	%
<u>Prior to the SPA</u>			
Last closing price of LPI Shares as at the LTD 1	13.000	3.200	24.62
5-day VWAP of LPI Shares up to the LTD 1	12.840	3.040	23.68
1-month VWAP of LPI Shares up to the LTD 1	13.025	3.225	24.76
3-month VWAP of LPI Shares up to the LTD 1	12.741	2.941	23.08
6-month VWAP of LPI Shares up to the LTD 1	12.300	2.500	20.33
1-year VWAP of LPI Shares up to the LTD 1	12.077	2.277	18.85
<u>Prior to the Notice</u>			
Last closing price of LPI Shares as at the LTD 2	13.280	3.480	26.20
5-day VWAP of LPI Shares up to the LTD 2	13.280	3.480	26.20
1-month VWAP of LPI Shares up to the LTD 2	13.346	3.546	26.57
3-month VWAP of LPI Shares up to the LTD 2	12.988	3.188	24.55
6-month VWAP of LPI Shares up to the LTD 2	12.707	2.907	22.88
1-year VWAP of LPI Shares up to the LTD 2	12.293	2.493	20.28
<u>Prior to this IAC</u>			
Last closing price of LPI Shares as at the LPD	12.660	2.860	22.59
5-day VWAP of LPI Shares up to the LPD	12.672	2.872	22.66

(Source: Bloomberg)

Based on the above, we noted that the Offer Price represents:-

- (i) a **discount** of 24.62% to the last closing price of LPI shares on LTD 1 and a **discount** ranging from 18.85% to 24.76% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 1;

- (ii) a **discount** of 26.20% to the last closing price of LPI Shares on LTD 2 and a **discount** ranging from 20.28% to 26.57% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 2; and
- (iii) a **discount** of 22.59% to the last closing price of LPI Shares on the LPD and a **discount** of 22.66% to the 5-day VWAP of LPI Shares up to and including the LPD.

Based on the above, Holders should note that LPI Shares have not traded below the Offer Price for the past 12 months up to the LTD 1, LTD 2 and LPD.

Holders should note that the historical market price analysis above may not be an indication of future market prices of LPI Shares which may be influenced, by amongst others, the performance and prospects of LPI Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiment and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical market prices of LPI Shares may not be a reliable indicator of the future price levels and should not be relied upon as an indication of the future price levels. There is also no assurance that the market price of LPI Shares will remain at the current level after the Closing Date.

Our view on the fairness of the Offer

Premised on our evaluation in **Sections 6.1 and 6.2** above, we note that the Offer Price of RM9.80:-

- (a) is **lower** than and represents a **discount** of RM0.87 or approximately 8.15% to the implied value of LPI Shares of RM10.67 per Share based on RVA approach using EV/EBITDA ratio;
- (b) is **lower** than and represents a **discount** of RM2.51 or approximately 20.39% to the implied value of LPI Shares of RM12.31 per Share based on RVA approach using P/E ratio as a secondary cross check;
- (c) represents a **discount** of 24.62% to the last closing price of LPI shares on LTD 1 and a **discount** ranging from 18.85% to 24.76% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 1;
- (d) represents a **discount** of 26.20% to the last closing price of LPI Shares on LTD 2 and a **discount** ranging from 20.28% to 26.57% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs up to the LTD 2; and
- (e) represents a **discount** of 22.59% to the last closing price of LPI Shares on the LPD and a **discount** of 22.66% to the 5-day VWAP of LPI Shares up to and including the LPD.

In this respect, we view that the Offer is **NOT FAIR** considering that the Offer Price represents a **discount** to the implied fair value of LPI Shares based on RVA approach using EV/EBITDA ratio, as well as a **discount** to the market price of LPI Shares as at the LTD 1, LTD 2 and LPD.

7. REASONABLENESS OF THE OFFER

In assessing the reasonableness of the Offer, we have taken into consideration the following:-

- (i) listing status of LPI; and
- (ii) compulsory acquisition and rights of Dissenting Shareholders.

7.1 Listing status of LPI

As set out in **Section 4.1** of the Offer Document, pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the Public Spread Requirement may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities to rectify the Public Spread Requirement, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and may, at its discretion, suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02(1) of the Listing Requirements. Notwithstanding this, the non-compliance of the Public Spread Requirement would not automatically result in the delisting of the listed issuer from the Official List of Bursa Securities.

It is the intention of the Offeror to maintain the listing status of LPI on the Main Market of Bursa Securities.

Accordingly, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, the Offeror shall work together with the Offeree to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement. As at the date of the Offer Document, no arrangements on the above have been made.

Pursuant to Paragraph 9.19(48) of the Listing Requirements, in the event that 90% or more of LPI Shares are held by the Offeror and its persons acting in concert an immediate announcement must be made by LPI. Upon such immediate announcement and where the Offeror has announced that it intends to maintain the listing status of LPI, Bursa Securities shall suspend the trading of the securities of LPI upon the expiry of 30 market days from the date of the immediate announcement pursuant to Paragraph 16.02(2) of the Listing Requirements. In this regard, the suspension will only be uplifted upon LPI's compliance with the Public Spread Requirement or as may be determined by Bursa Securities.

Any action taken to address the Public Spread Requirement may require the approvals of the relevant authorities and/or the approval of the shareholders of LPI. The actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time.

Holders should note that while the Offeror will work together with the Offeree to attempt to rectify any shortfall in the Public Spread Requirement of LPI, there can be no assurance that the Public Spread Requirement of LPI can be rectified within the stipulated time frame as allowed by Bursa Securities or that Bursa Securities will grant any extension of time in relation thereto. In the event that LPI does not meet the Public Spread Requirement within the stipulated time frame, the Offeror and/or LPI may seek an extension of time from the authorities. However, Bursa Securities reserves the absolute right to grant an extension or reject the application. In such event of non-compliance, Bursa Securities may at its discretion suspend the trading of LPI Shares.

For the avoidance of doubt, any decision to rectify the shortfall in the public shareholding spread of LPI will be subject to the Offeror achieving and subsequently retaining a collective equity interest of more than 50% in LPI.

Our comments:-

We note that the **Offeror intends to maintain the listing status of LPI on the Main Market of Bursa Securities**. Furthermore, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, we note that the Offeror shall work together with LPI to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement. As such, LPI Shares will remain traded on Bursa Securities and Holders will still be able to participate in the trading of the LPI Shares even after the Closing Date. In the event that LPI declares any Distributions in the future, Holders are entitled to receive the Distributions.

Notwithstanding the Offeror's intention to maintain the listing status of LPI, if LPI does not comply with the Public Spread Requirement pursuant to the Offer and such non-compliance is not rectified within the timeframe as allowed by Bursa Securities, the trading in LPI Shares may be suspended and/or LPI Shares may be delisted. In such circumstances, you will not be able to trade in LPI Shares on the Main Market of Bursa Securities.

You are advised to closely monitor any press releases and/or announcements made in relation to the Offer. Particularly on the level of acceptances and non-compliance with the Public Spread Requirement (if any).

In addition to the above and for information purpose, we have also analysed the liquidity of LPI Shares. Set out below the table entailing the historical trading volume of LPI Shares for the past 12 months up to November 2024 (being the last full trading month prior to the LPD):-

	Monthly volume traded ⁽¹⁾	Monthly volume traded over free float ⁽²⁾
Month	No. of Shares	%
<u>2023</u>		
December	688,806	0.37
<u>2024</u>		
January	1,130,000	0.61
February	1,080,000	0.58
March	1,640,000	0.89
April	2,800,000	1.52
May	1,790,000	0.97
June	1,830,000	0.99
July	780,527	0.42
August	3,020,000	1.64
September	1,540,000	0.83
October	3,870,000	2.10
November	730,174	0.40
Simple average	1,741,626	0.94

(Source: Bloomberg and announcements on Bursa Securities)

Notes:-

- (1) Monthly volume traded excludes LPI Shares traded in the open market by the Directors, substantial shareholders of LPI and persons connected to them who are classified as non-public shareholders.
- (2) Free float of LPI Shares refers to the number of LPI Shares held by public shareholders as defined under the Listing Requirements (excluding those LPI Shares held by the Directors, substantial shareholders of LPI and persons connected to them).

Based on the above, the average monthly trading volume of LPI Shares is approximately 1,741,626 LPI Shares, representing a liquidity turnover of 0.94% of the free float of LPI Shares. We noted no announcements of material development made by LPI which may have affected the movement of historical trading volume of LPI Shares for the past 12 months up to the LPD, other than as disclosed in **Section 6.2** of this IAL.

In assessing the trading liquidity of LPI Shares, we have also compared the trading liquidity of LPI Shares against the Bursa Malaysia Finance Index for the past 12 months up to November 2024 (being the last full trading month prior to the LPD), as follows:-

Company/ Index	Average monthly traded volume over free float ⁽¹⁾
	%
LPI Shares	0.94 ⁽²⁾
Bursa Malaysia Finance Index	5.45

(Source: Bloomberg and announcements on Bursa Securities)

Notes:-

- (1) Calculated by dividing the average monthly volume traded by the free float.
- (2) Simple average of monthly trading over free float of LPI Shares as disclosed in the table above.

Based on the tables above, the average monthly trading volume of LPI Shares was approximately 1,741,626 LPI Shares, representing approximately 0.94% of the free float of LPI Shares for the past 12 months up to November 2024. LPI Shares are illiquid as the average monthly trading volume of LPI Shares of 0.94% is lower than the average monthly trading liquidity of the Bursa Malaysia Finance Index of 5.45%. However, Holders who hold small blocks of LPI Shares may still have opportunity to dispose of their shares in the open market subsequent to the Closing Date as the Offeror intends to maintain the listing status of LPI on the Main Market of Bursa Securities.

We wish to highlight that the above evaluation is based on the historical trading volume of the LPI Shares as at the respective periods as well as the free float as at the respective periods and should not be relied upon as an indication of the future trading liquidity of the LPI Shares, which may be influenced by, amongst others, the performance and prospects of LPI Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiment and other general macroeconomic conditions as well as company specific factors. Further, there is no assurance that the market price of LPI Shares will continue to trade at current price levels after the Closing Date.

Our advice as contained in this IAL is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation, risk profile and particular needs of any individual Holder or any specific group of Holders.

Taking into consideration the average monthly trading volume of LPI Shares of approximately 1,741,626 LPI Shares, representing approximately 0.94% of the free float of LPI Shares for the past 12 months up to November 2024, LPI Shares are illiquid as the average monthly trading volume of LPI Shares of 0.94% is lower than the average monthly trading liquidity of the Bursa Malaysia Finance Index of 5.45% as set out in Section 7.1, Part B of this IAC, the Holders (especially for those holding a significant number of LPI Shares) may not be able to realise their investment in the Offer Shares in the open market at the prevailing market prices at the relevant point in time subsequent to the close of the Offer.

Accordingly, the Offer may present an exit opportunity for the Holders who wish to realise their investment in the Offer Shares in cash at the Offer Price if the current liquidity of LPI Shares does not permit the Holders (especially for those holding a significant number of LPI Shares) to realise their Offer Shares in the open market during the Offer Period.

In addition to our evaluation on the fairness and reasonableness of the Offer, the Holders are advised to consider their investment objectives, financial situation, risk profile and particular needs before making a decision on the course of action to be taken in respect of the Offer. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, financial situations, risk profiles and particular needs should consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately

7.2 Compulsory acquisition and rights of Dissenting Shareholders

Compulsory Acquisition

As set out in **Section 4.2** of the Offer Document, if the Offeror has received acceptances of not less than 9/10 in the nominal value of the offer shares (excluding shares already held at the date of the take-over offer by the Offeror or its persons acting in concert), **the Offeror does not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares from the Dissenting Shareholders for which Valid Acceptances have not been received on or before the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

Rights of Dissenting Shareholders

As set out in **Section 4.3** of the Offer Document, notwithstanding the above, subject to section 224 of the CMSA, section 223 of the CMSA provides that if the Offeror receives Valid Acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than nine-tenths in the nominal value of all shares in LPI (including Offer Shares that are already held by the Offeror and its persons acting in concert as at the date of the Offer) on or before the Closing Date, a Dissenting Shareholder may exercise his rights under subsection 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than 3 months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his/her/its Offer Shares (as the case may be) on the same terms and conditions as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder, subject to section 224 of the CMSA.

If a Dissenting Shareholder exercises his rights under the provisions of subsection 223(1) of the CMSA, the Offeror will acquire such Offer Shares in accordance with the provisions of the CMSA, subject to the provisions of section 224 of the CMSA. In accordance with subsection 224(3) of the CMSA, when a Dissenting Shareholder exercises his rights under subsection 223(1) of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

Notwithstanding the above, pursuant to subsection 224(1) of the CMSA, where a notice is given under subsection 222(1) of the CMSA (as referred to in Section 4.2 of the Offer Document), the court may, on an application made by any Dissenting Shareholder within 1 month from the date on which the notice was given by the Offeror, order that the Offeror shall not be entitled and shall not be bound to acquire Offer Shares of any Dissenting Shareholder or specify terms of acquisition that are different from the terms of the Offer.

Subsection 223(2) of the CMSA requires the Offeror to give the Dissenting Shareholders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Shareholders under subsection 223(1) of the CMSA, within 1 month of the time of the Offeror receiving Valid Acceptances from the Holders resulting in the Offeror and its persons acting in concert holding not less than nine-tenths in the value of all shares in LPI (including LPI Shares already held by the Offeror and its persons acting in concert).

A notice to the Dissenting Shareholders under subsection 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Shareholders and in any event, such period shall not be less than 3 months after the Closing Date.

Our comments:-

We note that **the Offeror does not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

We further note that notwithstanding the above and subject to section 224 of the CMSA, if the Offeror receive Valid Acceptances from the Holders resulting in the Offeror and his persons acting in concert holding not less than 9/10 in value of all shares in LPI (including LPI shares already held by the Offeror and persons acting in concert with it) on or before the Closing Date, a Dissenting Shareholder may exercise his/her/its rights under subsection 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than 3 months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his/ her or its Offer Shares on the same terms set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder, subject to section 224 of the CMSA.

If the Dissenting Shareholders do not or fail to exercise such rights within the stipulated period, they may continue to hold the LPI Shares as the Offeror does not intend to invoke section 222(1) of the CMSA.

Holders are advised to consult their professional adviser(s) should they wish to exercise their rights under subsection 223(1) of the CMSA, if applicable.

Our view on the reasonableness of the Offer

Premised on our evaluation in **Sections 7.1 and 7.2** above, we are of the view that the Offer is **NOT REASONABLE** after taking into consideration the following:-

- (a) the Offeror **intends to maintain the listing status** of LPI on the Main Market of Bursa Securities. Furthermore, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, the Offeror shall work together with LPI to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement; and
- (b) the Offeror **does not intend to invoke the provisions of subsection 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled.

In this respect, the LPI Shares will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the LPI Shares even after the Closing Date, and in turn having the opportunity to realise their investment in LPI Shares in the event the market price is higher than the Offer Price, net of transaction cost.

8. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR LPI GROUP AND ITS EMPLOYEES

We refer to the rationale for the Offer and future plans for LPI Group and its employees as set out in **Sections 3 and 6** of the Offer Document, respectively.

8.1 Rationale for the Offer

The Offeror is principally engaged in all aspects of commercial banking and the provision of related financial services. Together with the Offeror's subsidiaries and associated companies, the Offeror Group is involved in banking, Islamic banking, investment banking, financing, credit card business, share broking, sale of trust units and management of unit trust funds, bancassurance and general insurance and other related financial services such as trustee and nominee services.

Prior to the Acquisition, the Offeror Group's general insurance segment is only undertaken in Cambodia via its 55%-owned subsidiary, namely Campu Lonpac Insurance Plc.

The Offeree Group has been in operations for over 60 years and its wholly-owned subsidiary, Lonpac, currently has 21 branches that are strategically located throughout Malaysia. The Acquisition represents an opportunity for the Offeror to further expand its general insurance segment through the Offeree Group's platform to immediately gain a strong foothold and instant access to the Offeree Group's client base in Malaysia. This would enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia, which is expected to be value accretive to the enlarged Offeror Group.

The Acquisition is also in line with the Offeror Group's plans to expand its product and service offerings through strategic acquisitions besides organic growth. Further, with the inclusion of the Offeree Group, being a long-established general insurance player as part of the Offeror group of companies via the Acquisition, the Offeror Group would be able to accelerate its vision to be one of the few companies in the industry to have a "Universal Banking Model" that offers comprehensive and diverse range of financial and related services under the same group.

The Proposals are expected to deliver the following synergies between the Offeror Group and the Offeree Group, which would ultimately benefit the customers and contribute positively to the financial performance:-

- (i) the combined customer base of the Offeror Group and the Offeree Group would facilitate effective cross-selling of each other's products and services, thereby significantly increasing the respective addressable markets throughout Malaysia. This strategy also enhances customer convenience by providing access to a comprehensive range of products from a single point of contact;*
- (ii) other than cross-selling of products and services, the Offeror Group together with the Offeree Group would be able to develop integrated products and services catering to customers' financial and insurance needs, such as granting loans combined with fire or motor insurance. This approach further improves customer convenience and allows both groups to diversify their product portfolios. The integrated products and services would also provide a competitive advantage for the Offeror Group by offering greater flexibility in pricing, features and options, as the integrated products are sourced internally. Additionally, sales of integrated products and services will enable the Offeror to increase its non-interest income, thus helping to mitigate interest rate risks; and*
- (iii) the Proposals enable the Offeror Group together with the Offeree Group to utilise their distribution channels effectively to market as well as sell products and services. The Offeror Group can leverage on Offeree Group's agency network to distribute its banking and investment products and services, while the Offeree Group can use the Offeror Group's network of over 260 branches located throughout Malaysia to sell its general insurance products. This collaboration maximises the potential of each group's distribution channel infrastructure, allowing for increased sales without significant additional investment in human and financial resources.*

Further to the above, the Offeror would be able to leverage on the prospects of the general insurance industry in Malaysia, which augurs well for the future growth and earnings prospect of the Offeree Group.

The Proposals would also allow the Offeror to consolidate the Offeree Group's positive financial results from an accounting perspective in accordance with MRFSS 10: Consolidated Financial Statements, despite holding less than 50% of the equity interest in LPI, upon the Offeror having management control pursuant to the completion of the Acquisition. The Offeree Group recorded operating revenue and PAT of RM1.91 billion and RM313.73 million, respectively for the FYE 31 December 2023. Further, based on the unaudited financial results 9-months FPE 30 September 2024, the Offeree Group already recorded operating revenue of RM1.44 billion and PAT of RM303.23 million. Thus, the consolidation of financial results of the Offeree Group is expected to improve the overall financial performance of the Offeror Group. As such, barring any unforeseen circumstances, the Proposals are expected to contribute positively to the future earnings of the Offeror Group, thereby increasing the value of the Offeror Group and in turn, creating additional value to the Offeror's shareholders.

The Offer is undertaken by the Offeror as a mandatory obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules, as a consequence to the completion of the Acquisition, where the Offeror's shareholding in LPI will increase from nil to approximately 44.15%. At the same time, the Offer also provides the Holders with an opportunity to realise their investments in LPI for cash at the Offer Price.

Our comments:-

Premised on the above, we noted that the Acquisition presents a mandatory obligation consequential from the Acquisition pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules as the Offeror holds approximately 44.15% in LPI upon completion of the Acquisition. Based on the rationale, the Acquisition presents potential benefits, including the opportunity to leverage the combined customer base of both the Offeror Group and the Offeree Group, facilitating effective cross-selling of products and services. This collaboration is expected to expand LPI's market reach while enhancing its ability to offer a comprehensive range of integrated financial and insurance solutions. Furthermore, LPI could benefit from utilizing the Offeror Group's extensive distribution network of over 260 branches throughout Malaysia, enabling more effective marketing and sales of its general insurance products. By tapping into these synergies, LPI could potentially enhance its sales capabilities and improve customer access without significant additional investment in resources, which in turn may bode well for LPI Group's future prospects.

Further, we note that the collective shareholdings of the Offeror and its PACs in LPI have increased from approximately 5.41% to approximately 49.56% following the Acquisition, which result in the Offeror and its PACs obtaining control in LPI. However, the Offer is not undertaken with the intention to privatise LPI.

8.2 Future plans for LPI Group and its employees

The intention of the Offeror with respect to the future plans for LPI Group and its employees are as follows:-

(i) Continuation of LPI Group's business

The Offeror intends to continue with LPI Group's existing businesses in the general insurance segment, which is in line with the Offeror's plans to expand its products and service offerings to enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia. Further, there are synergies between LPI Group and the Offeror Group, which would include effective cross-selling of each other's products and services, develop integrated products and services catering to customers' financial and insurance needs and effective utilisation of distribution channels.

As at the LPD, there are no strategic plans for a merger of the business operations of the Offeror and LPI Group. The Offeror intends to retain all 21 branches of Lonpac throughout Malaysia and 1 branch in Singapore. Nevertheless, the Offeror may, from time to time, undertake a review of LPI Group's business and operations to formulate future plans and strategies for LPI Group, if necessary. This is to allow the Offeror flexibility to explore opportunities and options which help streamline and improve efficiency as well as enhance shareholder's value. In this respect, other than the aforementioned strategies, the Offeror has not made any arrangements, rationalisation and/or reorganisation of the business operations of LPI Group.

(ii) Major changes to LPI Group's business

It is the intention of the Offeror to expand its general insurance segment through the integration and cross-selling of the products and services of LPI Group and the Offeror Group. The Offeror will be able to further expand its general insurance segment through the Offeree Group's platform to immediately gain a strong foothold and instant access to the Offeree Group's client base in Malaysia. This would enable the Offeror to provide a comprehensive complementary service to its current financial services offerings and establish a market presence in the general insurance segment in Malaysia. The Offeror Group will also be able to leverage on the Offeree Group's agency network to distribute its banking and investment products and services, while the Offeree Group can use the Offeror Group's network of over 260 branches located throughout Malaysia to sell its general insurance products.

However, the Offeror presently does not have any plan to introduce any major change to the existing core businesses of LPI Group, liquidate any of the companies within LPI Group, dispose of any major assets or undertake any major redeployment of the fixed assets of LPI Group. Nevertheless, the Offeror together with the LPI management may, from time to time, review strategic options with regards to the businesses or assets of LPI Group and where appropriate, undertake changes, disposal and/or redeployment as part of the process to explore potential opportunities as the Offeror consider suitable, in accordance with the future direction of LPI Group. These may include, but are not limited to, strategic investments and acquisitions, divestment of non-core businesses or monetisation of assets, or to improve the use of resources of LPI Group, with a view that LPI Group remains competitive, sustainable or viable in the industry and to improve the prospects and growth of LPI Group.

As at the Offer Document LPD, the Offeror has not entered into any negotiation, arrangement or understanding with any third party with regards to any significant change in the business, assets or shareholding structure of LPI Group.

(iii) Employees of LPI Group

As at the LPD, there is no intention to review the workforce requirement of the Offeree Group or change the size of the Offeree Group's employees base. There will also be no material change in the balance of skills and functions of the employees and management of the Offeree Group. The Offeror intends to retain the existing management team of LPI Group who will continue to perform their operational role. Nonetheless, the Offeror also intends to appoint a nominee executive Director as a representative of PBB on the LPI Board after the Posting Date. The Offeror also has no plans to dismiss or make redundant the existing employees of LPI Group. Nevertheless, as with any organisation, the Offeror may from time to time review the human resources requirements of LPI Group to improve the efficiency of its operations and businesses and/or optimise staff productivity of the Offeree Group. Any changes with regards to staff employment and/or redeployment of LPI Group's employees may take place as a result of rationalisation and/or streamlining of the business activities to further improve efficiency of the operations of LPI Group. Any such action taken involving employees will be carried out in accordance with the relevant legislation and the terms of employment of the employees concerned. As at the Offer Document LPD, the Offeror does not have any plans to undertake any human resource restructuring measures on LPI Group.

Our comments:-

We noted that the Offeror:-

- (a) intend to continue with the existing business of LPI Group (i.e. general insurance) and intends to complement and enhance these operations by leveraging cross-selling opportunities, providing a comprehensive range of integrated financial and insurance solutions, and utilizing the extensive distribution network of the Offeror Group;
- (b) do not have any plans and/ or intention to liquidate any company within LPI Group, dispose any major asset or undertake any major re-deployment of the fixed assets of LPI Group or introduce or effect any major change to the existing business of LPI Group. Nevertheless, the Offeror may explore potential opportunities for expansion or collaboration, including joint ventures, acquisitions, or investments, aimed at further developing the business of LPI Group; and
- (c) do not have any immediate plans to dismiss or make redundant any of LPI Group's existing employees as a direct consequence of the Offer. Nevertheless, from time to time, human resources requirements of LPI Group will be reviewed to improve operational efficiency and optimize staff productivity. Any such changes will be carried out in full compliance with applicable legislation and the terms of employment of the affected employees.

Premised on the above, in view that the Offeror intend to continue with the existing business of LPI and do not have any immediate plans or intention to liquidate any company within LPI Group, we are of the view that the businesses and management of LPI will remain intact and continue as a going concern. The Proposals present potential synergistical benefits including the opportunity to leverage the combined customer base of both the Offeror Group and the Offeree Group, and potential expansion of LPI's market reach by utilising the Offeror Group's extensive distribution network across Malaysia. By tapping into these synergies, we are of the view that LPI Group could potentially enhance its sales capabilities and improve customer access without significant additional investment in resources, which in turn may bode well for LPI Group's future prospects.

We are of the further view that the proposed appointment of a nominee executive Director by the Offeror on the LPI Board after the Posting Date may foster greater collaboration and alignment between the two companies in pursuing their growth objectives that are central to their respective core businesses and operations.

Nonetheless, we note that the Offeror, and its PACs (through casting of their collective votes which represent 49.56% of the total voting shares in LPI as at the Offer Document LPD) are able to:-

- (a) significantly influence any ordinary resolutions (requiring approval from more than 50% of the total votes cast) sought at shareholders' general meetings of the Company;
- (b) oppose any special resolutions (requiring approval from at least 75% of the total votes cast) sought at shareholders' general meetings of the Company; and
- (c) influence the approval of any special resolutions (requiring approval from at least 75% of the total votes cast) sought at the shareholders' general meetings of the Company.

However, this is provided that the Offeror or its related parties are not interested in such resolutions and are allowed to vote at general meeting(s) of the Company.

9. FURTHER INFORMATION

You are advised to refer to the views and recommendation of the Non-Interested Directors as set out in **Section 7, Part A** of this IAC as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

10. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation for the Non-Interested Directors and Holders, we have assessed the fairness and reasonableness of the Offer in accordance with paragraphs 1 to 6 under Schedule 2: Part III of the Rules whereby the term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Offer is "fair" and whether the Offer is "reasonable", rather than as a composite term.

The Offer is considered as "fair" if the Offer Price is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price is equal to or higher than the market price but is lower than the value of the Offer Shares, the Offer is considered as "not fair". In making the assessment, the value of the Offer Shares is determined based on the assumption that 100% of the issued share capital of the Offeree is being acquired.

In considering whether the Offer is "reasonable", we have taken into consideration matters other than the valuation of the Offer Shares. Generally, the Offer would be considered "reasonable" if it is "fair".

We have assessed and evaluated the Offer based on all relevant and pertinent factors including those which are as set out in **Sections 6 and 7** of this IAL. Holders should consider carefully the merits and demerits of the Offer based on all relevant factors and considerations as set out in this IAC and the Offer Document, prior to making a decision on whether to accept or reject the Offer.

Summarised below are the pertinent factors which you should carefully consider prior to making a decision whether to accept or reject the Offer:-

Fairness	We view that the Offer is <u>NOT FAIR</u> after having taking into consideration the following:- (a) the Offer Price is lower than and represents a discount of RM0.87 or approximately 8.15% to the implied value of LPI Shares of RM10.67 per Share based on RVA approach using EV/EBITDA ratio; (b) the Offer Price is lower than and represents a discount of RM2.51 or approximately 20.39% to the implied value of LPI Shares of RM12.31 per Share based on RVA approach using P/E ratio as a secondary cross check; and (c) the Offer Price represents:- (i) a discount of 24.62% to the last closing price of LPI shares on LTD 1 and a discount ranging from 18.85% to 24.76% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of LPI Shares up to the LTD 1; (ii) a discount of 26.20% to the last closing price of LPI Shares on LTD 2 and a discount ranging from 20.28% to 26.57% to the 5-day, 1-month, 3-month, 6-month and 1-year VWAPs up to the LTD 2; and
-----------------	--

	(iii) a discount of 22.59% to the last closing price of LPI Shares on the LPD and a discount of 22.66% to the 5-day VWAP of LPI Shares up to and including the LPD.
Reasonableness	We view that the Offer is <u>NOT REASONABLE</u> after having taking into consideration the following:- (a) the Offeror intends to maintain the listing status of LPI on the Main Market of Bursa Securities. Furthermore, in the event that LPI does not comply with the Public Spread Requirement as a result of the Offer, the Offeror shall work together with LPI to explore various options or proposals to rectify the non-compliance with the Public Spread Requirement; and (b) the Offeror does not intend to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which Valid Acceptances have not been received prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled. In this respect, the LPI Shares will remain traded on the Main Market of Bursa Securities and the Holders will still be able to participate in the trading of the LPI Shares even after the Closing Date (although there is no assurance that LPI Shares will continue to trade at the current price levels and trading volumes after the Closing Date), and in turn having the opportunity to realise their investment in LPI Shares in the event the market price is higher than the Offer Price, net of transaction cost.

Based on our evaluation, we are of the opinion that the Offer is **NOT FAIR AND NOT REASONABLE**. Accordingly, we:-

- (i) have advised the Non-Interested Directors to recommend the Holders to **REJECT** the Offer; and
- (ii) recommend that the Holders **REJECT** the Offer.

Notwithstanding our recommendation for you to reject the Offer, we wish to highlight to you that the market prices of the LPI Shares have been trading above the Offer Price for the past 12 months. Nonetheless, there can be no assurance that the market prices of the LPI Shares will continue to trade at the current price levels after the Closing Date.

For your information, the Offer Price had been lower than the daily VWAPs of LPI Shares for the past 12 months before the commencement of the Offer Period and up to the LPD. In addition, as at the LPD, LPI has not received any alternative proposal for the Offer or any offer to acquire assets and liabilities of the LPI Group.

However, the decision on the course of action to be taken by the Holders in respect of the Offer will depend entirely on the Holders' risk appetite and specific preference as well as their expectation of the future performance of LPI Group. Holders should also be mindful that continuous fluctuation in the market prices of LPI Shares might happen prior to and after the Closing Date. Hence, Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer. If trading liquidity permits, Holders who wish to exit your investments in LPI can also consider selling the LPI Shares in the open market if you are able to obtain a price higher than the Offer Price, net of transaction cost, assuming that there will not be any revision to the Offer Price.

Our advice as contained in this IAL is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situations, risk profiles and particular needs of any individual Holder or any specific group of Holders.

Taking into consideration the average monthly trading volume of LPI Shares of approximately 1,741,626 LPI Shares, representing approximately 0.94% of the free float of LPI Shares for the past 12 months up to November 2024, LPI Shares are illiquid as the average monthly trading volume of LPI Shares of 0.94% is lower than the average monthly trading liquidity of the Bursa Malaysia Finance Index of 5.45% as set out in **Section 7.1, Part B** of this IAC, the Holders (especially for those holding a significant number of LPI Shares) may not be able to realise their investment in the Offer Shares in the open market at the prevailing market prices at the relevant point in time subsequent to the close of the Offer.

Accordingly, the Offer may present an exit opportunity for the Holders to realise their investment in the Offer Shares in cash at the Offer Price if the current liquidity of LPI Shares does not permit the Holders (especially for those holding a significant number of LPI Shares) to realise their Offer Shares in the open market during the Offer Period.

In addition to our evaluation on the fairness and reasonableness of the Offer, the Holders are advised to consider their investment objectives, financial situation, risk profile and particular needs before making a decision on the course of action to be taken in respect of the Offer. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, financial situations, risk profiles and particular needs should consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Yours faithfully,
For and on behalf of
UOB KAY HIAN SECURITIES (M) SDN BHD

TAN MENG KIM
Managing Director
Capital Markets

NANTHA KUMAR
Director
Co-Head of Corporate Finance

INFORMATION ON LPI

1. HISTORY AND BUSINESS

LPI was incorporated in Malaysia on 24 May 1962 as a private limited company under the name of London & Pacific Insurance Company Limited and was registered as an approved insurer on 9 April 1963 under the Malaysian Insurance Act 1963.

With effect from 15 April 1966, LPI changed its name to London & Pacific Insurance Company Sdn Berhad prior to being converted into a public company on 30 December 1972 and known as London & Pacific Insurance Company Berhad.

The LPI Shares were initially listed on the Kowloon Stock Exchange Limited in 1973 until the unification of the four stock exchanges in Hong Kong into one exchange on 2 April 1986, whereupon the LPI Shares had been listed under the HKEX.

The LPI Shares were listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 8 January 1993. LPI was delisted from the HKEX on 24 October 1995 and was subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 17 January 1997. LPI transferred its entire insurance business to its wholly-owned subsidiary, Lonpac after a rationalisation scheme on 1 May 1999 and assumed its present name on 3 May 1999.

LPI is principally engaged in investment holding activities. LPI focuses on its core business in underwriting of general insurance through its wholly-owned subsidiary, Lonpac. Lonpac currently has 21 branches throughout Malaysia and 1 branch in Singapore. LPI also operates in Cambodia through a 45%-owned associated company that is also involved in the underwriting of general insurance namely, Campu Lonpac Insurance Plc. The remaining effective equity interest of 55% in Campu Lonpac Insurance Plc is held by PBB.

2. SHARE CAPITAL**2.1 Issued share capital**

As at the LPD, the issued share capital of LPI is RM398,382,753 comprising 398,382,753 LPI Shares.

There is only one class of ordinary shares in LPI as at the LPD. All LPI Shares rank *pari passu* in terms of voting rights and entitlements to any dividends, rights, allotments and/ or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

Since the end of FYE 31 December 2023 up to the LPD, there have been no changes to LPI's issued share capital.

2.3 Convertible securities

As at the LPD, LPI does not have any convertible securities.

INFORMATION ON LPI (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholder's shareholdings in LPI are set out below:-

Name	Country of incorporation	Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
PBB	Malaysia	175,896,000	44.15	-	-
Sompo Japan Insurance Inc	Japan	34,024,320	8.54	-	-

Note:-

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

4. DIRECTORS

As at the LPD, the Directors of LPI and their shareholdings in LPI are set out below:-

Name	Nationality	Address	Direct		Indirect	
			No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Tee Choon Yeow (Non-Independent Non-Executive Chairman)	Malaysian	617, Jalan Sungei Ujong Taman Bukit Kaya 70200 Seremban Negeri Sembilan	1,152,000	0.29	-	-
Mr. Tan Kok Guan (Chief Executive Officer / Executive Director)	Malaysian	9 Jalan BU 3/3 Bandar Utama Damansara 47800 Petaling Jaya Selangor	356,400	0.09	273,600 ⁽²⁾	0.07
Mr. Lee Chin Guan (Non-Independent Non-Executive Director)	Malaysian	W-10-02, Isola West Jalan SS 16/1 47500 Subang Jaya Selangor	2,300,000	0.58	-	-
Ms. Soo Chow Lai (Independent Non-Executive Director)	Malaysian	B-4-6, Condominium Impian Selatan Bukit Antarabangsa 68000 Ampang Selangor	-	-	-	-
Dato' Chia Lee Kee (Independent Non-Executive Director)	Malaysian	No. 37, Jalan SS 22/20A Damansara Jaya 47400 Petaling Jaya Selangor	-	-	-	-
En. Mohamed Raslan Bin Abdul Rahman (Independent Non-Executive Director)	Malaysian	No. 1, Lorong Damai 11 55000 Kuala Lumpur Wilayah Persekutuan	-	-	-	-

Notes:-

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

(2) Deemed to have interest in LPI Shares held by his spouse, Ms. Koay Gaik Meng, pursuant to section 8 of the Act.

INFORMATION ON LPI (CONT'D)

5. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

As at the LPD, the subsidiary of LPI is set out below:-

Name	Place of incorporation	Effective equity interest (%)	Principal activities
Lonpac Insurance Bhd	Malaysia	100.00	Underwriting of general insurance

As at the LPD, the associated company of LPI is set out below:-

Name	Place of incorporation	Effective equity interest (%)	Principal activities
Campu Lonpac Insurance Plc	Cambodia	45.00	Underwriting of general insurance is LPI Group's strategic investment in providing access to Cambodia market

As at the LPD, LPI does not have any joint venture companies.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of LPI Group based on its audited consolidated financial statements for the past 3 financial years up to the FYE 31 December 2023 and the latest unaudited financial statements for 9-month FPE 30 September 2024 are as follows:-

	Audited FYE 31 December				Unaudited FPE 30 September	
	2021	2022	(Restated)* 2022	2023	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,717,734	1,657,590	1,634,865	1,905,416	1,424,063	1,438,996
PBT	437,316	373,461	341,696	394,933	291,741	378,297
PAT [^] attributable to owners of the Company	344,679	276,607	252,220	313,726	235,146	303,231
No. of ordinary shares in issue ('000)	398,383	398,383	398,383	398,383	398,383	398,383
Basic EPS (sen)	86.52	69.43	63.31	78.75	59.03	76.12
Shareholders' funds/ NA	2,141,022	2,182,861	2,208,596	2,283,514	2,152,839	2,350,862
NA per share (RM)	5.49	5.48	5.54	5.73	5.40	5.90
Dividend per share (RM)	0.74	0.60	0.60	0.66	0.26	0.30

Notes:-

[^] The Group does not have any non-controlling interests in its consolidated statements of profit or loss in the respective financial years and financial periods under review.

^{*} The Group has initially applied MFRS 17 from 1 January 2023, replacing MFRS 4. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. This standard has brought significant changes to the accounting for insurance contracts and reinsurance contracts held. As a result, the Group has restated certain comparative amounts.

There were no exceptional items which affected the financial performance of the Group for the past 3 financial years up to the FYE 31 December 2023 and the latest financial quarter up to the FPE 30 September 2024.

INFORMATION ON LPI (CONT'D)

Commentary on the past financial performance:-**(a) FYE 31 December 2022**

In the FYE 31 December 2022, the Group's revenue decreased by RM60.14 million or approximately 3.50% to RM1,657.59 million (FYE 31 December 2021: RM1,717.73 million). The decrease in revenue was primarily due to the higher allocation to the unearned premium reserve (UPR), as the Group adopted a more conservative approach in its calculation.

In the FYE 31 December 2022, the Group's PBT decreased by RM63.86 million or approximately 14.60% to RM373.46 million (FYE 31 December 2021: RM437.32 million). The decrease in PBT was mainly due to normalisation of claims and persistent inflationary pressure, as evidenced by the Group's net claims incurred ratio which deteriorated to 44.04% in FYE 31 December 2022 (FYE 31 December 2021: 36.53%).

(b) FYE 31 December 2023

In the FYE 31 December 2023, the Group's revenue increased by RM270.55 million or approximately 16.55% to RM1,905.42 million (FYE 31 December 2022 (restated): RM1,634.87 million). The increase in revenue was primarily due to the increase in revenue from general insurance segment, as a result of the demand for insurance increased, as evidenced by growth of total gross written premiums of the Group, which outpaced the increase in the frequency of claims.

In the FYE 31 December 2023, the Group's PBT increased by RM53.23 million or approximately 15.58% to RM394.93 million (FYE 31 December 2022 (restated): RM341.70 million). The increase in PBT was in tandem with the increase in revenue.

(c) FPE 30 September 2024

In the FPE 30 September 2024, the Group's revenue increased by RM14.94 million or approximately 1.05% to RM1,439.00 million (FPE 30 September 2023: RM1,424.06 million). The increase in revenue was primarily due to the increase in revenue from investment holding segment, as a result of the higher dividend income received.

In the FPE 30 September 2024, the Group's PBT increased by RM86.56 million or approximately 29.67% to RM378.30 million (FPE 30 September 2023: RM291.74 million). The increase in PBT was mainly contributed by higher insurance service results.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of LPI Group based on its audited statement of financial position as at 31 December 2021, 31 December 2022 and 31 December 2023 as well as its latest unaudited statement of financial position as at 30 September 2024 are set out below:-

	Audited				Unaudited
	FYE 31 December 2021	(Restated)* 1 January 2022	(Restated)* FYE 31 December 2022	FYE 31 December 2023	FPE 30 September 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Plant and equipment	4,717	4,717	6,736	5,986	5,873
Right-of-use assets	47,821	47,821	43,372	38,056	35,223
Investment properties	27,316	27,316	29,862	33,977	31,944
Intangible assets	8,401	8,401	5,440	3,542	2,574
Investment in an associated company	39,446	39,446	42,387	46,322	42,957

INFORMATION ON LPI (CONT'D)

	Audited				Unaudited
	FYE 31 December 2021	(Restated)* 1 January 2022	(Restated)* FYE 31 December 2022	FYE 31 December 2023	FPE 30 September 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Other investments	2,169,029	3,095,543	2,607,994	3,167,288	3,430,437
- Fair value through other comprehensive income	916,424	916,424	951,672	945,063	1,033,000
- Fair value through profit or loss	1,137,794	1,137,794	1,140,334	1,218,290	1,419,026
- Amortised cost	114,811	1,041,325	515,988	1,003,935	978,411
Deferred tax assets	7,061	-	-	-	-
Reinsurance contract assets	1,271,952	1,095,522	1,315,810	877,968	948,032
Loans and receivables	1,007,396	80,882	73,108	80,864	76,443
Insurance receivables	178,160	-	-	-	-
Deferred acquisition costs	45,605	-	-	-	-
Current tax assets	-	-	-	-	2,042
Cash and cash equivalents	87,900	87,900	724,911	315,015	190,356
TOTAL ASSETS	4,894,804	4,487,548	4,849,620	4,569,018	4,765,881
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	398,383	398,383	398,383	398,383	398,383
Reserves	1,742,639	1,791,326	1,810,213	1,885,131	1,952,479
Total equity	2,141,022	2,189,709	2,208,596	2,283,514	2,350,862
Liabilities					
Insurance contract liabilities	2,448,068	2,208,220	2,559,397	2,199,820	2,262,637
Deferred tax liabilities	-	7,686	8,584	25,121	37,426
Lease liabilities	49,630	49,630	45,384	40,303	37,579
Insurance payables	120,630	-	-	-	-
Other payables	110,573	7,422	7,762	8,131	41,228
Current tax payables	24,881	24,881	19,897	12,129	36,149
TOTAL LIABILITIES	2,753,782	2,297,839	2,641,024	2,285,504	2,415,019
TOTAL EQUITY AND LIABILITIES	4,894,804	4,487,548	4,849,620	4,569,018	4,765,881

Note:-

* The Group has initially applied MFRS 17 from 1 January 2023, replacing MFRS 4. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. This standard has brought significant changes to the accounting for insurance contracts and reinsurance contracts held. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

As at the LPD, save as those disclosed in the latest unaudited consolidated financial statements of LPI for the 9-months FPE 30 September 2024, there is no known material change in the financial position of LPI, subsequent to the latest audited consolidated financial statements for the FYE 31 December 2023.

8. ACCOUNTING POLICIES

The audited consolidated financial statements of LPI for the past 3 financial years up to the FYE 31 December 2023, have been prepared in accordance with the MFRS, International Financial Reporting Standards and the requirements of the Act. There was no audit qualification for LPI's financial statements for the respective years under review.

INFORMATION ON LPI (CONT'D)

Save for the adoption of MFRS 17 from 1 January 2023, which replaces MFRS 4, there is no change in the accounting standards adopted by LPI which would result in a variation in the comparable figures for the audited consolidated financial statements of LPI for the past 3 financial years up to the FYE 31 December 2023.

9. BORROWINGS

As at 30 September 2024, which is not more than 3 months preceding the LPD, LPI Group has no outstanding borrowings.

10. MATERIAL COMMITMENTS

LPI Board confirms that there are no material capital commitments incurred or known to be incurred by LPI Group as at the LPD, that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of LPI Group.

11. CONTINGENT LIABILITIES

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred by LPI Group as at 30 September 2024, which is not more than 3 months preceding the LPD, that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or business of LPI Group:-

On 22 February 2017, Lonpac received a Notice of Proposed Decision by the Malaysia Competition Commission ("**MyCC**") under Section 36 of the Competition Act 2010 ("**Competition Act**"). MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia ("**PIAM**") had infringed the prohibition under Section 4(2)(a) of the Competition Act for fixing parts trade discounts and labour rates for repair workshops and therefore liable for an infringement under Section 4(3) of the Competition Act.

Lonpac had on 25 September 2020 received a Notice of Finding of An Infringement by MyCC under Section 40 of the Competition Act. MyCC determined that Lonpac had infringed Section 4 prohibition of the Competition Act. In the view of the impact of the COVID-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers. The financial penalty imposed on Lonpac after taking into account the 25% reduction amounted to RM5,914,780.

Lonpac believes that it has always conducted its business in full compliance with all relevant laws and regulations and had filed an appeal to the Competition Appeal Tribunal ("**CAT**") on 13 October 2020. On 2 September 2022, the CAT had allowed Lonpac to appeal and set aside MyCC's decision.

MyCC has applied to the High Court for leave to apply for judicial review of CAT's decision dated 2 September 2022 and Lonpac had filed its Affidavit in Opposition in the High Court.

On 16 January 2024, the High Court dismissed MyCC's application for leave to commence judicial review against the CAT's decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court's decision. The Court of Appeal has fixed a case management session for this matter on 22 May 2025. (The above is hereinafter referred to as the "**MyCC Case**").

INFORMATION ON LPI (CONT'D)

Based on representation made to its legal counsel's opinion on 28 June 2024 and given that there is no material change in circumstance in the MyCC Case since 28 June 2024 up to the LPD, Lonpac has a good chance to oppose the aforesaid appeal by MyCC. Notwithstanding that and strictly to illustrate the potential financial impact arising from the contingent liability, in the event the said appeal succeeds in favour of MyCC and if the penalty is imposed, LPI Group may need to pay a liability sum of RM5.91 million, which represents approximately 2.0% of its PBT for the audited FYE 31 December 2023.

12. MATERIAL LITIGATION

As at the LPD, LPI Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of LPI Group and the LPI Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings, which may have a material impact on the financial position or the business of LPI Group.

For clarity, the MyCC Case set out in **Section 11** above is not disclosed in this section (Material Litigation), as the quantum of the liability exposure does not exceed the materiality threshold adopted by LPI Group per its financial reporting practice.

13. MATERIAL CONTRACTS

LPI Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) during the past 2 years before the commencement of the Offer Period and up to the LPD.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The LPI Board has seen and approved the contents of this IAC. The LPI Board, collectively and individually accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that after making all reasonable enquiries and to the best of their knowledge, opinions expressed by the Non-Interested Directors in this IAC have been arrived at, after due and careful consideration and there are no other facts and/ or information, the omission of which would make any information provided in this IAC relating to LPI Group, false or misleading or materially incomplete.

The responsibility of the LPI Board in respect of:-

- (i) the information relating to the Offeror, its PACs and the Offer as extracted from the Notice, Offer Document and other publicly available information is limited to ensuring that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by UOBKH in relation to the Offer as set out in **Part B** of this IAC are limited to ensuring that the information provided by LPI to UOBKH for its evaluation in respect of the Offer are relevant and accurate such that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading and to ensure all information in relation to LPI Group that are relevant to UOBKH's evaluation of the Offer have been completely disclosed to UOBKH is accurate and that there are no material facts, the omission of which would make any information provided to UOBKH false or misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES**2.1 By LPI****(i) Disclosure of interests in the Offeror**

Save as disclosed below, as at the LPD, LPI does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror:-

	Direct		Indirect	
	No. of PBB Shares	% ⁽¹⁾	No. of PBB Shares	% ⁽¹⁾
LPI Group	220,294,480	1.13	-	-

Note:-

(1) Computed based on 19,410,691,735 PBB Shares in issue as at the LPD.

As extracted from the Offeror's circular dated 13 November 2024 in relation to the Acquisition, in accordance with section 22(5)(b) of the Act, LPI Group will be required to dispose the 220,294,480 PBB Shares within 12 months after LPI becomes a subsidiary of the Offeror or such longer period as the Registrar of Companies, Malaysia may allow. The arrangement or structure to be undertaken to dispose the 220,294,480 PBB Shares has yet to be determined at this juncture.

LPI Board will seek appropriate guidance or professional advice on the above matter.

(ii) Dealings in the securities of the Offeror

LPI has not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period beginning 6 months prior to the Offer Period and up to the LPD.

FURTHER INFORMATION (CONT'D)

(iii) Disclosure of dealings in LPI

LPI has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

2.2 By the Directors of LPI**(i) Disclosure of interests in the Offeror**

Save as disclosed below, as at the LPD, none of the Directors of LPI have any interest, whether direct or indirect, in any voting shares or convertible securities of the Offeror as at the LPD:-

	Direct		Indirect	
	No. of PBB Shares	% ⁽¹⁾	No. of PBB Shares	% ⁽¹⁾
Mr. Tan Kok Guan	4,445	*	-	-
Mr. Lee Chin Guan	1,000,150	*	-	-
Dato' Chia Lee Kee	180	*	-	-

Notes:-

* Negligible.

(1) Computed based on 19,410,691,735 PBB Shares in issue as at the LPD.

(ii) Dealings in the securities of the Offeror

The Directors of LPI have not dealt, directly or indirectly, in any voting shares or convertible securities of the Offeror during the period beginning 6 months prior to the Offer Period and up to the LPD.

(iii) Disclosure of interest in LPI

Save as disclosed below, as at the LPD, none of the Directors of LPI have any interest, whether direct or indirect, in any voting shares or convertible securities of LPI:-

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Tee Choon Yeow	1,152,000	0.29	-	-
Mr. Tan Kok Guan	356,400	0.09	273,600	0.07
Mr. Lee Chin Guan	2,300,000	0.58	-	-

Notes:-

(1) Computed based on 398,382,753 LPI Shares in issue as at the LPD.

(2) Deemed to have interest in LPI Shares held by his spouse, Ms. Koay Gaik Meng, pursuant to section 8 of the Act.

(iv) Disclosure of dealings in LPI

None of the Directors of LPI have dealt, directly or indirectly, in any voting shares or convertible securities of LPI during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

FURTHER INFORMATION (CONT'D)

2.3 By persons with whom LPI or any persons acting in concert with it has any arrangement

As at the LPD, there is no person with whom LPI or any persons acting in concert with it who has entered into an arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to voting shares or convertible securities of LPI which may be an inducement to deal or to refrain from dealing.

2.4 By persons with whom LPI or any persons acting in concert with it has borrowed or lent

As at the LPD, there is no person whom LPI or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of LPI.

2.5 By UOBKH and funds whose investments are managed by UOB Kay Hian Holdings Limited, being the holding company of UOBKH, and its subsidiaries, on a discretionary basis ("Discretionary Funds")**(i) Disclosure of interest in LPI**

As at the LPD, UOBKH and the Discretionary Funds do not have any interest, direct or indirect, in any voting shares or convertible securities of LPI.

(ii) Disclosure of dealings in LPI

UOBKH and the Discretionary Funds have not dealt, directly or indirectly, in any voting shares or convertible securities of LPI during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

2.6 Compliance with dealings requirements under paragraph 19.05

UOBKH, being the Independent Adviser to the Offeree in respect of the Offer, confirms that:-

- (i) from the commencement of the Offer Period up to the LPD, there are no dealings in LPI Shares by LPI, Directors of LPI and the persons acting in concert with them. Therefore, there are no disclosure of dealings that need to be made pursuant to the requirements under paragraph 19.05 of the Rules; and
- (ii) UOBKH will ensure that all disclosure of dealings requirements from the LPD up to the Closing Date will be complied with in accordance with the requirements under paragraph 19.05 of the Rules.

3. ARRANGEMENT AFFECTING THE DIRECTORS

- (i) As at the LPD, no payment or other benefit will be made or given to any Director of LPI as compensation for loss of office or otherwise in connection with the Offer.
- (ii) As at the LPD, there is no agreement or arrangement between any Director of LPI and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer.
- (iii) As at the LPD, the Offeror or the persons acting in concert with them have not entered into any material contract in which any Director of LPI has a material personal interest.

FURTHER INFORMATION (CONT'D)

4. DIRECTORS' SERVICE CONTRACTS

Neither LPI nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the commencement of the Offer Period or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term "service contracts" excludes those contracts expiring or determinable by LPI or its subsidiaries without payment of compensation within 12 months from the date of this IAC.

5. CONSENTS

UOBKH and PIVB have given and have not subsequently withdrawn their written consent to the inclusion in the IAC of their names and all references thereto in the form and context in which they appear.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of LPI at 6th Floor, Bangunan Public Bank, 6, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Malaysia, during normal business hours (9.00 a.m. to 5.00 p.m.) between Mondays to Fridays (except public holidays) from the date of this IAC up to and including the Closing Date:-

- (i) the Constitution of LPI;
- (ii) the audited consolidated financial statements of LPI for the past 3 financial years up to and including the FYE 31 December 2023 and the latest unaudited consolidated financial statements of LPI for the 9-month FPE 30 September 2024;
- (iii) a copy of the Notice dated 28 November 2024;
- (iv) a copy of the letter from the SC dated 27 December 2024 notifying it has no further comments on this IAC; and
- (v) the letters of consent referred to in **Section 5, Appendix II** of this IAC.