

Mr Loo commented something about Pangolin. What he said is not painting a true picture about Pangolin.

Mr Loo's comments:

Mr Loo Leong Thye, Director of the Offeror (also Challenger's Executive Director and Chief Executive Officer), said: "I began exploring the possibility of a Delisting after receiving two unsolicited offers from minority shareholder Pangolin Investment Management to sell its stake – the first offer was received in October 2017 wherein Pangolin offered to sell its stake at S\$0.435 per Share, and the second offer was received in March 2018 and did not state the price at which Pangolin would be willing to sell its Shares. Instead of doing a transaction with a single Shareholder, I wanted to make an offer to all Shareholders and began looking for a partner to start this process."

Please see James Hay's reply below.

Back in October 2017 we were considering selling our Challenger shares and did sound out the company as to whether they might have a buyer. There was never any firm offer – in fact the communication with the company stated that we were "pondering the exit of our investment". As fund managers we are always weighing up the pros and cons of holding any investment; it is part of the day to day operation of running a fund. It is also useful to sound out major shareholders as to their intentions.

The pondering was a result of frustration, not with the operational running of the business, but the drag on shareholder returns as a result of the company holding too much cash and non-core investments. The value has always been apparent within Challenger, as was the case then and as is the case now.

At the time, as part of our internal discussion within Pangolin we decided that not only would we not sell, but that we'd prepare a presentation for all the directors of the company containing our recommendations as to what Challenger should do with its excess cash and how it should be deployed for the benefit of all the company's shareholders. We were hopeful that the directors would take our ideas on board; in fact it is surely the duty of the directors to do so.

What it seems has happened is that Mr Loo has also seen that his company is massively undervalued by the market. Whether he reached this conclusion as a result of our presentation, on his own, or with the help of Dymon Asia we don't know. All we do know is that the offer, if it goes through at such a derisory low price and in the light of our research and recommendations, will benefit him and Dymon and not the minorities who have supported Challenger over the years. Our valuation of the company's shares is \$1.15. The offer is not even 50% of this.

We have had overwhelming support from other minorities and have received emails pledging to vote against this offer amounting to 9.8% of the company's shares (including our shareholding). This is despite the company refusing to give us access to the share register in order to contact all the shareholders – and you can see why they would not want us to do that. 10% is enough to formally reject this offer and we'll easily get this. Digileap are wasting time and money proceeding at 54c.

James Hay
Director
Pangolin Investment Management