

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take, you should consult your insurance broker or other professional adviser without delay. A copy of this document has been sent to brokers identified by Lion City Run-Off Private Limited as having placed business with or on behalf of the Company or who have had dealings with the Company so as to ensure that they are able to advise their clients in relation to this proposed Scheme.

Further copies of this document can be obtained from the proposed Scheme Advisers at KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom and from the Scheme Manager at 1 George #16-03, One George Street, Singapore 049145. Copies of these documents will also be available from the Omni Whittington website at [www.omniwhittington.com](http://www.omniwhittington.com).

The defined terms used throughout this document are shown on pages 40 to 43 of the document relating to the Scheme dated 3rd June 2005 (the "Scheme Document"). This document is supplementary to, and should be read in conjunction with, the Scheme Document.

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**Proposal in relation to a  
SCHEME OF ARRANGEMENT  
pursuant to section 425 of the Companies Act 1985  
of England and Wales and section 210 of the Companies Act,  
Chapter 50 of Singapore**

**between**

**LION CITY RUN-OFF PRIVATE LIMITED**

(incorporated and registered in the Republic of Singapore with number 200407245C)

**(formerly the Offshore Insurance Fund business of The Insurance  
Corporation of Singapore Limited)**

**and its**

**SCHEME CREDITORS  
(as defined in the Scheme)**

**SUPPLEMENTAL SCHEME DOCUMENT**

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A meeting of Scheme Creditors of the Company to consider and, if thought fit, approve the Scheme will be held on 23 February 2006 commencing at 9.30am Greenwich Mean Time (5.30pm Singapore Time) at KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom. A notice of the meeting is set out on pages 15 to 17 of this document.

The action you should take is set out on pages 5 and 6 of the Scheme Document. Whether or not you intend to be present at the meeting, you are requested to complete and return the Form of Proxy and Voting Form enclosed with this document in accordance with the instructions and notes contained therein. Any previously completed and submitted Forms of Proxy and Voting Forms that have been sent to Omni Whittington Asia Pacific Pte. Ltd will remain valid unless you have instructed in writing Omni Whittington Asia Pacific Pte. Ltd to the contrary.

**27th January 2006**

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### ADVISERS TO THE COMPANY

#### **Proposed Scheme Manager**

Omni Whittington Asia Pacific Pte. Ltd, 1 George Street #16-03, One George Street, Singapore 049145

#### **Proposed Scheme Advisers**

John Mitchell Wardrop of KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom

Michael Steven Walker of KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom

#### **Legal Advisers as to English law**

Norton Rose, Kempson House, Camomile Street, London EC3A 7AN, United Kingdom

#### **Legal Advisers as to Singapore law**

Rodyk & Davidson, 80 Raffles Place #33-00, UOB Plaza 1, Singapore 048624

#### **Proposed Scheme Adjudicator**

Peter Matthews of EMB Consultancy LLP, Saddlers Court, 64-74 East Street, Epsom, Surrey KT17 1HB, United Kingdom

#### **Proposed Scheme Actuary**

Daniel Sykes of KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom

## KEY DATES AND EXPECTED TIMETABLE

Ascertainment Date	31 March 2005
Voting Forms and Forms of Proxy to be returned by	5.30 pm Singapore Time (9.30 am Greenwich Mean Time) on 21 February 2006
Meeting of Scheme Creditors	9.30 am Greenwich Mean Time (5.30 pm Singapore Time) on 23 February 2006
Court hearing (in England) of the petition to sanction the Scheme *	23 March 2006
Court hearing (in Singapore) of the petition to sanction the Scheme *	30 March 2006
Effective Date *	14 April 2006
Claims Submission Date *	30 August 2006
Earliest anticipated payment date *	2 March 2007

\* The dates of the Court hearings of the petition to sanction the Scheme have not yet been settled, although they are expected to take place on the dates indicated. If either of these dates change, the Effective Date and the other dates following the Effective Date set out above will be affected.

## IMPORTANT NOTICE TO POTENTIAL SCHEME CREDITORS

This document has been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to section 425 of the Companies Act 1985 of England and Wales and section 210 of the Companies Act, Chapter 50 of Singapore between Lion City Run-Off Private Limited and its Scheme Creditors.

The proposed Scheme Manager is duly authorised by the Company to take all and any necessary steps in connection with the promotion and implementation of the Scheme.

The information contained in this document has been prepared by the Company based upon information available to it.

The statements, opinions and information contained herein are made, held or given respectively as at the date of this document, unless some other time is specified and such statements, opinions and information are made, held or given solely by or on behalf of the Company in relation to them (unless expressly attributed to another person), and service of this document shall not give rise to any implication that there has been no change in the facts set out in it since such date.

Nothing contained herein shall constitute any admission of any fact or liability on the part of the Company or any other person in respect to any asset to which it may be entitled or any claim against it.

The summary of the principal provisions of the Scheme and related matters in the Explanatory Statement is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in pages 37 to 65 of the Scheme Document. Each Scheme Creditor is advised to read and consider carefully the text of the Explanatory Statement, the Appendices thereto and the Scheme itself, as amended and supplemented by this document. Reading individual sections in isolation may be misleading.

No person has been authorised by the Company to make any representations, whether oral or written, express or implied, concerning the Scheme, the Scheme Document and/or this document which are inconsistent with the statements contained herein and, if any such representation is or has been made, it should not be relied upon as having been so authorised.

**No estimate of the amount of any claim against the Company specified in the Voting Form, returned to the proposed Scheme Manager, or otherwise provided for voting purposes, shall be admissible against the Company or any other person, or shall be taken into account in calculating payments under the Scheme. Any such estimate shall only be used for voting purposes at the meeting of Scheme Creditors to consider the Scheme.**

**Scheme Creditors should not construe the contents of the Scheme Document or this document as legal, tax or financial advice. Scheme Creditors should consider consulting their own professional advisers as to the legal, tax, financial or other relevant matters before taking any action in connection with the Scheme.**

## SECTION I: SUPPLEMENTAL SCHEME DOCUMENT

IN THE HIGH COURT OF JUSTICE (ENGLAND AND WALES)  
CHANCERY DIVISION  
COMPANIES COURT

No. 2873 of 2005

IN THE MATTER OF LION CITY RUN-OFF PRIVATE LIMITED

and

IN THE MATTER OF THE COMPANIES ACT 1985 (ENGLAND AND WALES)

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

No. OS542 of 2005

IN THE MATTER OF LION CITY RUN-OFF PRIVATE LIMITED

and

IN THE MATTER OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

# **SCHEME OF ARRANGEMENT**

(Pursuant to section 425 of the Companies Act 1985 of England and Wales and section 210 of the  
Companies Act, Chapter 50 of Singapore)

between

**LION CITY RUN-OFF PRIVATE LIMITED**

**(formerly the Offshore Insurance Fund business of The Insurance  
Corporation of Singapore Limited)**

and its

**SCHEME CREDITORS**

(as defined in the Scheme)

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## **PART 1**

### **PRELIMINARY**

#### **1.1 Definitions**

- 1.1.1 In this Supplemental Scheme Document, unless the context otherwise requires or is otherwise expressly provided for, defined terms shall have the same meaning as set out in the Scheme Document dated 3rd June 2005.

#### **1.2 Interpretations**

- 1.2.1 In the Scheme, unless the context requires or expressly provides otherwise:
- (a) references to Parts and clauses are references to the Parts and clauses respectively of the Scheme (as amended and supplemented by the Supplemental Scheme Document);
  - (b) references to a "person" include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
  - (c) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
  - (d) the singular includes the plural and vice versa and words importing one gender shall include all genders;
  - (e) headings to Parts and clauses are for ease of reference only and shall not affect the interpretation of the Scheme (as amended and supplemented by the Supplemental Scheme Document); and
  - (f) references to a period of days shall include Saturdays, Sundays and public holidays and where the final day falls on a Saturday, Sunday or public holiday, the next Business Day after such date.

## **PART 2**

### **BACKGROUND TO THE POSTPONEMENT**

Scheme Creditors' were notified by letter dated 23 August 2005 and by notice published in the Financial Times (European, Asian, US and UK editions), Business Insurance, Insurance Day and the Straits Times of the postponement of the proposed Scheme for the Company and the Creditors' Meeting scheduled for 1 September 2005.

The Directors of the Company decided to postpone the Creditors' Meeting originally scheduled for 1 September 2005 in order to evaluate any potential implications for the Company and the Scheme arising from the recent judgement concerning The British Aviation Insurance Company Limited. Following such evaluation, the Directors of the Company decided to proceed on the same basis as set out in the Scheme Document and the Courts have directed the Creditors' Meeting be held on the same basis as was previously approved and the only changes to the Scheme that were necessary following the postponement of the Creditors' Meeting scheduled for 1 September 2005 are set out in this Supplemental Scheme Document.

With effect from Monday 17 October 2005, the US Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 added to the US Bankruptcy Code a new Chapter 15 which replaced the existing section 304 of the US Bankruptcy Code. As a result of this recent change in US law, it has been necessary to make minor amendments to the Scheme Document and the provisions of Chapter 15 are further explained in this Supplemental Scheme Document.

## PART 3

### AMENDMENTS TO THE SCHEME

The only changes to the Scheme Document following the postponement of the Creditors' Meeting scheduled for 1 September 2005 are as follows:

1. The contact details given for the Scheme Manager have changed. The new details, which are used throughout this Supplemental Scheme Document, are:

Omni Whittington Asia Pacific Pte Ltd,  
1 George Street #16-03,  
One George Street,  
Singapore 049145  
Fax: +65 6511 7040

The e-mail address for the Voting Form and Form of Proxy helpdesk remains [Lioncityrun-off@omniwhittington.com](mailto:Lioncityrun-off@omniwhittington.com).

2. In Part 1 of the Explanatory Statement the sub-section entitled "Permanent injunction order under section 304 of the United States Bankruptcy Code" is replaced with the following text:

"Provided that the Scheme is sanctioned by the Courts, the Company will apply for recognition of the Scheme and additional relief from the United States Bankruptcy Court under Chapter 15 of the United States Bankruptcy Code. The Scheme will remain in force in Singapore and in the United Kingdom irrespective of the decisions of the United States Bankruptcy Court in the Company's Chapter 15 case. The effects of this relief under Chapter 15 of the United States Bankruptcy Code are described at Part 4 of the Supplemental Scheme Document."

3. The entire text of Appendix A of the Explanatory Statement is replaced by Part 4 of the Supplemental Scheme Document.
4. The Creditors' Meeting is re-scheduled for 23 February 2006 at the offices of KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, full details of which are set out in the enclosed notice of the Creditors' Meeting (the "Notice") at Appendix 1 to this Supplemental Scheme Document.

The deadline for the completion of Voting Forms and Forms of Proxy will be extended to the date which is two days before the re-scheduled date of the Creditors' Meeting or they can be handed in to the chairman of the Creditors' Meeting at that meeting.

Creditors should note that any Voting Forms that have been sent to the Company will remain valid unless Omni Whittington Asia Pacific Pte. Ltd, the proposed Scheme Managers and current run-off managers for the Company, is instructed in writing to the contrary.

5. Paragraph 8.8 of the Scheme (Governing Law and Jurisdiction) shall be amended as follows:

“The Scheme (as amended and supplemented by the Supplemental Scheme Document) shall be governed by, and construed in accordance with, the laws of England and Wales. The Scheme Creditors and the Company hereby agree that the Court shall have exclusive jurisdiction to hear and determine any issue or any dispute arising out of or connected with any provision of the Scheme, any action taken or omitted to be taken under the Scheme, or in connection with the administration of the Scheme, and, for such purposes, the Scheme Creditors and the Company irrevocably submit to the jurisdiction of the Court.”

**PART 4**  
**NEW APPENDIX A TO THE EXPLANATORY STATEMENT**

The text of this Part 4 replaces the text of Appendix A of the Explanatory Statement set out in the Scheme Document.

**RELIEF UNDER CHAPTER 15 OF THE UNITED STATES BANKRUPTCY CODE**

**Provided that the Scheme is sanctioned by the Courts, the Company will apply for recognition of the Scheme and additional relief from the United States Bankruptcy Court under Chapter 15 of the United States Bankruptcy Code. The recently enacted Chapter 15 replaces section 304 of the United States Bankruptcy Code and applies to ancillary cases filed on or after October 17, 2005. The Scheme will remain in force in Singapore and in the United Kingdom irrespective of the decisions of the United States Bankruptcy Court in the Company's Chapter 15 Case.**

Upon recognition of the Scheme, pursuant to section 1520(a) of the United States Bankruptcy Code, several provisions of the United States Bankruptcy Code will automatically apply with respect to the Company and its property in the United States, including the automatic stay provided under section 362 of the United States Bankruptcy Code. To supplement the automatic relief provided for by section 1520(a), the Company will seek additional relief from the United States Bankruptcy Court under Chapter 15 of the United States Bankruptcy Code in the form of an order providing that:

1. the Scheme be recognized and given full force and effect and be binding on and enforceable against all Scheme Creditors in the United States;
2. all Scheme Creditors be permanently enjoined and restrained from:
  - (i) seizing, repossessing, transferring, relinquishing, or disposing of any Property of the Company in the United States, and its territories, or the proceeds of such Property, to third parties, that is not in compliance with the Scheme;
  - (ii) commencing or continuing any legal or equitable action or proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever), including by way of counterclaim, against the Company or any of its Property in the United States, and its territories, that is involved in the foreign proceeding, or the proceeds thereof, and seeking discovery of any nature against the Company, that is not in compliance with the Scheme;
  - (iii) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award and commencing or continuing any act or any other legal or

equitable action or proceeding (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) to create, perfect or enforce any lien, set off, attachment, garnishment, or other claim against the Company or any of its Property in the United States, and its territories, or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts;

- (iv) invoking, enforcing or relying on the benefits of any statute, rule or requirement of federal, state, or local law or regulation requiring the Company to establish or post security in the form of a bond, letter of credit or otherwise as a condition of prosecuting or defending any proceedings (including, without limitation, arbitration, mediation or any judicial, quasi-judicial, administrative or regulatory action, proceedings or process whatsoever) and such statute, rule or requirement will be rendered null and void for Proceedings; provided, however, that nothing in the order shall in any respect affect any Security in existence at the Effective Date or the replacements for such Security; and
  - (v) withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement or similar agreement in which the Company has an interest in excess of amounts expressly authorized by the terms of the trust, escrow, or similar agreement.
3. all persons and entities in possession, custody, or control of property of the Company in the United States, or its territories, or the proceeds thereof, are required to turn over and account for such property or proceeds to the Company;
  4. nothing in the order would prevent the continuance or commencement of proceedings against any person, entity, or other insurer other than the Company, provided, however, that if any third party shall reach a settlement with, or obtain a judgment against, any person or entity other than the Company, such settlement or judgment shall not be binding on or enforceable against the Company or its property, or any proceeds thereof;
  5. pursuant to 7065 of the Bankruptcy Rules, the security provisions of Rule 65(c) of the Federal Rules of Civil Procedure be, and the same hereby, are waived;
  6. the United States Bankruptcy Court would retain jurisdiction with respect to the enforcement, amendment, or modification of the order or requests for any additional relief in the case filed under Chapter 15 of the United States Bankruptcy Code and all adversary proceedings in connection therewith properly commenced and within the jurisdiction of the United States Bankruptcy Court;
  7. no action taken by the Company, the Scheme Advisers, their successors, agents, representatives, advisers, or counsel, or any of them, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of the Scheme, the order, the Chapter 15 case,

any further order for additional relief in the Chapter 15 case, or any adversary proceedings in connection therewith as the United States Bankruptcy Code may make, will be deemed to constitute a waiver of the immunity afforded to the Company, the Scheme Advisers, their successors, agents, representatives, advisers, or counsel pursuant to Section 1510 of the Bankruptcy Code; and

8. the order be served:

- (i) by United States mail, first class prepaid, on or before the date prescribed by the United States Bankruptcy Court upon the parties in interest; and
- (ii) by publication in The Financial Times (US Edition) and Business Insurance on or before the date prescribed by the United States Bankruptcy Court;

and that such service will be good and sufficient service and adequate notice for all purposes.

**APPENDIX 1**  
**NOTICE OF CREDITORS' MEETING**

IN THE HIGH COURT OF JUSTICE (ENGLAND AND WALES)  
CHANCERY DIVISION  
COMPANIES COURT

No. 2873 of 2005

IN THE MATTER OF LION CITY RUN-OFF PRIVATE LIMITED

and

IN THE MATTER OF THE COMPANIES ACT 1985 (ENGLAND AND WALES)

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

No. OS542 of 2005

IN THE MATTER OF LION CITY RUN-OFF PRIVATE LIMITED

and

IN THE MATTER OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

NOTICE IS HEREBY GIVEN that by an order of the High Court of Justice of England and Wales (the "English Court") dated 12 January 2006 and an order of the High Court of the Republic of Singapore (the "Singapore Court") (each a Court and together, the Courts) dated 23 January 2006 both made in the above matter, each Court has directed a meeting ("Creditors' Meeting") of certain creditors ("Scheme Creditors") (as defined in the scheme of arrangement dated 3 June 2005) of Lion City Run-Off Private Limited ("the Company") be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between the Company and the Scheme Creditors. The Courts directed the Creditors' Meeting be held on the same basis as was previously directed and no material changes to the Scheme were necessary following the postponement of the Creditors' Meeting scheduled for 1 September 2005, other than those set out in a Supplemental Scheme Document dated 27 January 2006.

AND that such Creditors' Meeting will be held at the offices of KPMG LLP UK, 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom on 23 February 2006 commencing at 9.30 am Greenwich Mean Time (5.30 pm Singapore Time) at which place and time all such Scheme Creditors are requested to attend. Registration will begin at 9.00 am Greenwich Mean Time (5.00 pm Singapore Time). A telephone dial-in facility to listen to (but not participate in) the Creditors' Meeting will be available at the offices of Norton Rose, 5 Shenton Way #33-08, UIC Building, Singapore 068808 on 23 February 2006 commencing at 5.30 pm Singapore Time. Registration will begin at 5.00 pm Singapore Time.

Scheme Creditors may vote in person at the Creditors' Meeting or they may appoint another person, whether such person is or is not a Scheme Creditor, as their proxy to attend and vote in their place.

Scheme Creditors should note that any previously completed and submitted Forms of Proxy and Voting Forms that have been sent to Omni Whittington Asia Pacific Pte. Ltd will remain valid unless the Scheme Creditor has instructed in writing Omni Whittington Asia Pacific Pte. Ltd, the proposed Scheme Manager and current run-off manager of the Company, to the contrary.

A dedicated helpdesk has been established to assist Scheme Creditors in completing Forms of Proxy and Voting Forms. The helpdesk is accessible by e-mail at [LionCityRun-Off@omniwhittington.com](mailto:LionCityRun-Off@omniwhittington.com). E-mails should be marked for the attention of Andrew Campbell. Alternatively, queries may be directed to the Scheme Advisers, who may be contacted by e-mail at [James.Anderton@KPMG.co.uk](mailto:James.Anderton@KPMG.co.uk).

Completed Forms of Proxy and Voting Forms should be returned as soon as possible, and in any event, so that they are received by 5.30 pm Singapore Time (9.30 am Greenwich Mean Time) on 21 February 2006 by Omni Whittington Asia Pacific Pte. Ltd, 1 George Street #16-03, One George Street, Singapore 049145, marked for the attention of Andrew Campbell. Scheme Creditors may also send their forms by facsimile transmission to facsimile number +65 6511 7040 by 5.30 pm Singapore Time (9.30 am Greenwich Mean Time) on 21 February 2006 provided that they are legible. If completed Forms of Proxy and Voting Forms are not received by 5.30 pm Singapore Time (9.30 am Greenwich Mean Time) on 21 February 2006, they may be handed in at the registration desk in London prior to the commencement of the Creditors' Meeting.

Each Scheme Creditor or his proxy will be required to register his attendance at the Creditors' Meeting prior to its commencement.

The Courts have each directed that Michael Steven Walker or failing him John Mitchell Wardrop be appointed to act as Chairman at the said Creditors' Meeting and has directed the Chairman to report the result of the Creditors' Meeting to the Courts.

A copy of the Scheme and a copy of the Explanatory Statement required to be furnished pursuant to section 426 of the Companies Act 1985 (England and Wales) and section 211 of the Companies Act, Chapter 50 of Singapore are incorporated or enclosed with the Scheme Document. Amendments thereto, made necessary by developments since the postponement of the Creditors' Meeting scheduled for 1 September 2005, are set out in a Supplemental Scheme Document. These documents and the Form of Proxy and Voting Form for use at the Creditors' Meeting are available from KPMG LLP UK at 1-2 Dorset Rise, London EC4Y 8EN, United Kingdom and from the Scheme Manager at 1 George Street #16-03, One George Street, Singapore 049145. Copies of these documents will also be available from the Omni Whittington website at [www.omniwhittington.com](http://www.omniwhittington.com).

The said Scheme will be subject to the subsequent sanction of the English Court and the Singapore Court.

Dated this 27th day of January 2006.

Norton Rose  
Kempson House  
Camomile Street  
London EC3A 7AN  
United Kingdom

Tel: 020 7283 6000

Fax: 020 7283 6500

Ref: RSB/AA83325

Solicitors for the Company