

**TENDER OFFER**

**OF**

**The Deves Insurance Public Company Limited**

**Amount of 1,596,194 ordinary shares**

**From August 22, 2006 to October 24, 2006  
on Business Day from 9:00 a.m. to 4:00 p.m.**

**By**

**Crown Property Bureau**

**Tender Offer Preparer and Tender Offer Agent**

**Bualuang Securities Public Company Limited**

29/F Silom Complex Office Building  
191 Silom Road, Bangrak, Bangkok 10500  
Telephone: 0-2231-3777 Fax: 0-2266-6967



ที่ IB/108/49

วันที่ 21 สิงหาคม 2549

เรื่อง นำส่งคำเสนอซื้อหลักทรัพย์ของบริษัท เทเวศประกันภัย จำกัด (มหาชน)

เรียน เลขาธิการ สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์  
กรรมการและผู้จัดการ ตลาดหลักทรัพย์แห่งประเทศไทย  
คณะกรรมการ บริษัท เทเวศประกันภัย จำกัด (มหาชน)  
ผู้ถือหุ้น บริษัท เทเวศประกันภัย จำกัด (มหาชน)

สิ่งที่ส่งมาด้วย คำเสนอซื้อหลักทรัพย์ของบริษัท เทเวศประกันภัย จำกัด (มหาชน) (แบบ 247-4)

ตามที่ สำนักงานทรัพย์สินส่วนพระมหากษัตริย์ (“ผู้ทำคำเสนอซื้อ”) มีความประสงค์จะทำคำเสนอซื้อหลักทรัพย์ทั้งหมดของบริษัท เทเวศประกันภัย จำกัด (มหาชน) (“กิจการ”) เพื่อขอเพิกถอนหลักทรัพย์ของกิจการออกจากการเป็นหลักทรัพย์จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยนั้น

บริษัทหลักทรัพย์ บัวหลวง จำกัด (มหาชน) ในฐานะที่ปรึกษาทางการเงินและผู้จัดเตรียมคำเสนอซื้อ ขอให้นำส่งคำเสนอซื้อหลักทรัพย์ของกิจการ (แบบ 247-4) ต่อสำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์ ตลาดหลักทรัพย์แห่งประเทศไทย กิจการ และผู้ถือหุ้นของกิจการเพื่อให้เป็นไปตามประกาศของคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์ที่ กจ. 53/2545 เรื่องหลักทรัพย์ เงื่อนไข และวิธีการในการเข้าถือหลักทรัพย์เพื่อครอบงำกิจการลงวันที่ 18 พฤศจิกายน 2545

จึงเรียนมาเพื่อโปรดพิจารณา

ขอแสดงความนับถือ

(นายญาณศักดิ์ มโนมัยพิบูลย์)

กรรมการผู้อำนวยการ

บริษัทหลักทรัพย์ บัวหลวง จำกัด (มหาชน)  
ที่ปรึกษาทางการเงินและผู้จัดเตรียมคำเสนอซื้อ

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## **Disclaimer**

“This English translation of the Tender Offer document has been prepared solely for the convenience of foreign shareholders of The Deves Insurance Public Company Limited and should not be relied upon as the definitive and official Tender Offer document of the Offeror. The Thai language version of the Tender Offer document is the definitive and official document for the Offeror and shall prevail in all respects in the event of any inconsistency with the English translation.”

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**Tender Offer for all Securities of  
The Deves Insurance Public Company Limited**

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To: Securities Holders of The Deves Insurance Public Company Limited

We, Crown Property Bureau (“CPB” or the “Offeror”) hereby offer to purchase all the securities of The Deves Insurance Public Company Limited (“DVS” or the “Company”) as follows:

**Part 1**  
**Significant Elements of the Tender Offer**

**1. Date of submission of the tender offer**

August 21, 2006

**2. Name of the Offeror**

Crown Property Bureau (“CPB” or the “Offeror”)

**3. Name of the tender offer preparer**

Bualuang Securities Public Company Limited (“Tender Offer Preparer” or “Tender Offer Agent”)

**4. Objectives of making the tender offer**

4.1. According to the resolution of the Extraordinary General Meeting of the Shareholders No. 1/2006 held on June 30, 2006, where the shareholders resolved the delisting of DVS’s ordinary shares from the Stock Exchange of Thailand (“SET”).

4.2. To comply with the SET regulations and procedure on security delisting, the Board of Stock Exchange of Thailand shall consider the approval of the delisting of all DVS’s ordinary shares upon CPB acting as the Offeror to acquire all ordinary shares from other shareholders. As such that all procedures must initially be approved by the Securities and Exchange Commission (“SEC”) and proceeded consistently with SET regulations. In addition, the tender offer period shall be totaled 45 business days.

**5. Type and class of the securities offered to purchase**

The Offeror will tender 1,596,194 DVS ordinary shares representing 13.30 % of total issued and paid-up share capital and 13.30% of its voting right.

**6. Offer price**

The offer price is Baht 133 (one hundred and thirty-three) per share. In this tender offer, the Offeree is subject to a brokerage fee of 0.25 % of the offer price and a value added tax of 7 % of the brokerage fee which will be charged by the Tender Offer Agent. Thus, the net proceeds to the Offerees is Baht 132.644225 (one hundred and thirty-two point six four four two two five) per share. Such offer price is:

(  ) the final offer which will not be changed (unless falling within the conditions notified in section 8 below)

(  ) not the final offer price: CPB may change the offer price

Under the provisions of the Revenue Code, the Tender Offer Agent will deduct withholding tax from a foreign juristic person, who does not carry on a business in Thailand and is not under the applicable agreement for avoidance of double taxation regarding taxable exemption on withholding tax on gain realized on any sales of shares, which will deduct withholding tax of 15 per cent of the capital gain for the offeree. Such Offeree shall

inform the Tender Offer Agent of the cost of tendered shares by using the cost confirming form attached Attachment 3 (A) for ordinary shares and Attachment 3 (B) for NVDR.

In case the Offeree fails to inform the Tender Offer Agent of the cost of tendered shares and/or does not enclose a document declaring the cost of tendered shares with the cost confirming form, the Tender Offer Agent will deduct withholding tax from the tender value of such Offeree.

**7. Offer period**

The offer period will be a total of 45 business days from August 22, 2006 to October 24, 2006, both days inclusive, and during the hours of 9:00 a.m. to 4:00 p.m. on those days. Such tender offer period is:

- the final offer period which will not be extended (unless falling within the conditions notified in section 8 below)
- not the final offer period and DVS may extend the offer period

**8. Conditions for changing in the tender offer**

- no condition
- conditions of change in the tender offer are as follows:
- CPB may reduce the offer price or extend the tender offer period if any events or actions having a material adverse effect on DVS's status or assets occurs during the offer period;
  - CPB may change the offer or extend the tender offer period to compete with another person if that person has submitted a tender offer for securities of DVS during the offer period

**9. Conditions of cancellation of the tender offer**

CPB may cancel the tender offer upon the occurrence of one or more of the following events:

- 9.1 Any events or actions occurring after the submission of the tender offer to the Office of the Securities Exchange Commission (the "SEC") but before the end of offer period, which has or may have a material adverse effect on DVS' status or assets, where such events or actions are not the result of CPB's actions or of actions for which they are responsible.
- 9.2 Actions performed by DVS after the submission of the tender offer to the SEC but before the end of the offer period, which cause a material decrease in the value of DVS' shares

**10. The offer period that the securities holders can revoke their intention to sell**

The Offerees can revoke their intention to sell DVS ordinary shares during the hours of 9:00 a.m. to 4:00 p.m. on business days during the period of August 22, 2006 to September 18, 2006, both days inclusive (20 business days from starting date of tender offer) by using "Tender Offer Revocation Form" Attachment 5 (A) for ordinary share and Attachment 5 (B) for NVDR.

**11. Allocation of the purchased amount in case where the amount tendered is more or less than the amount offered to purchase**

The Offeror will purchase all tendered DVS ordinary shares.

**12. Source of funds to finance the tender offer**

If all shareholders accept the tender offer, the Offeror will require a total amount of Baht 212,293,802 (two hundred twelve million and two hundred ninety three thousand and eight hundred and two Baht only) to complete this tender offer. CPB will use its working capital as a source of funds to finance this tender offer. Enclosed herewith as Attachment 1 is the confirmation letter confirming source of funds of CPB to complete this tender offer.

Bualuang Securities Public Company Limited, as a Tender Offer Preparer, has considered the source of funds of CPB and believed that CPB has sufficient source of funds to conduct and complete this tender offer.

**13. Name of the Tender Offer Agent**

Name:	Bualuang Securities Public Company Limited Operations Department Khun Trinop Kummerdkarn or Khun Somphorn Sithidech
Contact address for collection and Submission of the tender offer form:	29/F Silom Complex Office Building 191 Silom Road, Bangrak, Bangkok 10500
Telephone:	0-2231-3777 Ext. 3151 or 3153
Facsimile:	0-2266-6967
Payment date:	27 October 2006

**Part 2**  
**Details of the Offeror**

**1. Details of the Offeror****1.1 General Information**

Name: Crown Property Bureau (“CPB”)  
 Address: 173 Nakhonrajasima Road, Dusit, Bangkok 10300  
 Telephone: 0-2687-3447  
 Facsimile: 0-2687-3434

**1.2 Business information and other details****1.2.1 Nature of business operation**

CPB was established under Crown Property Act B.E. 2497 and was established to juristic person in 1948. According to such Act, the directors of CPB must comprise minister of finance as a chairman together with not less than four directors whom selected by the king. CPB has duty of managing two types of assets as follows:

- 1) **Investment securities:** CPB invests in three core businesses that are Siam Cement Plc., Siam Commercial Bank Plc., and DVS. CPB directly and indirectly, through its persons under Section 258, holds shares in these three companies of 31.93 per cent, 23.75 per cent, and 86.76 per cent of each company’s paid-up capital respectively.
- 2) **Real estate:** CPB has total assets leased to lessees of around 36,000 lessees countrywide; 24,000 lessees in Bangkok and metropolitan area and 12,000 lessees in upcountry. Lessees can be broken down into government and state owned enterprises, private entities, residents, and associations and charities.

**1.2.2 Registered capital and paid-up capital**

The Offeror was established under special law. There are no registered capital and paid-up capital.

**1.2.3 List of shareholders**

The Offeror was established under special law. There are no shareholders.

**1.2.4 Board of Directors as of June 9, 2006 are as follows:**

Name	Title
1. Mr. Thanong Bidaya	Chairman of the Board of Directors
2. ML. Thawisan Ladawal	Director
3. Flying officer Suli Mahasandana	Director
4. Mr. Suthee Singhasaneh	Director
5. Mr. Snoh Unakut	Director
6. Mr. Panas Simasathien	Director
7. Mr. Chirayu Isarangkun Na Ayuthaya	Director and Director-General

**1.2.5 Summary of Financial Statement of CPB in the past 3 years**

Unit: Baht thousand	2002	2003	2004
Total Assets	27,505,000	31,780,000	38,012,000
Total Liabilities	7,790,000	6,511,000	4,876,000
Fund	19,715,000	25,269,000	33,136,000
Total Revenue	2,830,000	6,169,000	10,767,000
Total Expenses	1,190,000	828,000	1,638,000
Total Revenue higher than Total Expenses	1,640,000	5,341,000	9,129,000



**1.2.6 Summary of contingent liabilities in material aspects**

- None -

**1.2.7 Criminal records**

- None -

**1.2.8 Pending legal disputes**

The Offeror has no pending legal disputes that may negatively and materially affect to financial status or performance and business of the Offeror

**2 Details of the tender offer preparer**

Name:	Bualuang Securities Public Company Limited
Address:	29/F Silom Complex Office Building 191 Silom Road, Bangrak, Bangkok 10500
Telephone:	0-2231-3777
Facsimile	0-2632-0741

**3 Details of other advisor**

- None -

**4 Relationship between CPB including related person and DVS major shareholders or directors of DVS****4.1 Summary of a contract/agreement/memorandum of understanding made by CPB prior to submission of the tender offer for the purpose of buying and selling DVS's securities in material aspects.**

- None -

**4.2 Shareholding, either direct or indirect, by CPB or its authorized persons in DVS or DVS's major shareholders**

On August 4, 2006, the Offeror has acquired 1,960 of DVS ordinary shares from Mr. Chirayu Isarangkun Na Ayuthaya, at the price of Baht 133 per share. Thus, Crown Property Bureau and its Person under Section 258 holds 10,410,606 shares, representing 86.76% of the total issued and paid-up share capital of the Company.

In addition, Mr. Chirayu Isarangkun Na Ayuthaya who is director and director-general of the Offeror and chairman of the board of directors of the Company holds 208 DVS ordinary shares representing 0.002 % of DVS' total issued and paid-up share capital.

**4.3 Shareholding, either direct or indirect, by DVS or its major shareholders or directors in CPB**

CPB was established under special law. There are no shareholders.

#### 4.4 Other forms of relationships with DVS

##### 4.4.1. Related Transactions

As of June 30, 2006, the Offeror and its related company has entered into material related transaction with DVS as follows:

Transaction	Detail	2005	For the 6 months periods ended 30 June 2006
1) CPB: lessor DVS: lessee DVS pays rent to CPB	DVS entered into 30-year building lease contract for its office building starting from December 1, 1998. The lease payment for the first fifteen year equals Baht 130,000 per month with the condition that if the economy recovers before end of the first fifteen year of lease term, the Offeror will renegotiate with DVS on lease payment. For the remaining last fifteen years, the Offeror will later consider lease payment based on the Bangkok's consumer price index.	Baht 1.56 million	Baht 0.78 million
2) CPB: Beneficiary DVS: Insurer	DVS had written premium from CPB Based on the pricing policy for major customer	Baht 2.17 million	Baht 2.17 million
3) Siam Cement Plc.: Beneficiary DVS: Insurer	DVS had written premium from Siam Cement Plc. Based on the pricing policy for major customer	Baht 0.55 million	Baht 0.00 million

##### 4.4.2 Common Directors

As of August 10, 2006, CPB and DVS have common directors and management as follows:

Name	CPB	DVS
1) Mr.Chirayu Isarangkun Na Ayuthaya	Director and Director-General	Chairman of the Board
2) M.R. Yongswasdi Kridakon	Deputy Director-General	Director
3) Mr. Aviruth Wongbuddhapitak	Assistant Director-General	Director

##### 4.4.3 The Offeror and its persons under Section 258 are the major shareholders of DVS

The Offeror and persons under Section 258	Amount hold in DVS	Percentage to the Total issued and paid-up shares of DVS	Percentage to the Total voting rights of DVS
1) The Offeror	10,403,806	86.70	86.70
2) CPB Equity Co., Ltd.	6,800	0.06	0.06
Total	10,410,606	86.76	86.76

## 5. Other relevant information for the securities holders' decision making

### 5.1 Securities held before the Tender Offer and securities to be acquired in the future (as of the tender offer submission date)

#### 5.1.1 Ordinary Shares

Name	Type of shares	No. of shares	% of the total issued share capital	% of the total voting rights
I. The Offeror: CPB	Ordinary Shares	10,403,806	86.70	86.70
II. Persons in the same group as the Offeror	-	-	-	-
III. Persons under Section 258 of the persons specified in I and II - CPB Equity Co., Ltd.	Ordinary Shares	6,800	0.06	0.06
IV. Other agreements for acquisition of additional shares of persons specified in I – III	-	-	-	-
<b>Total</b>		<b>10,410,606</b>	<b>86.76</b>	<b>86.76</b>

#### 5.1.2 Convertible Securities

- None -

#### 5.1.2 Others

- None -

### 5.2 Sources of funds for business acquisition by CPB

In case all shareholders accept the tender offer, the Offeror will require a total amount of Baht 212,293,802 (Two hundred twelve million and two hundred ninety three thousand and eight hundred and two Baht only) to complete this tender offer. CPB will use its working capital as a source of funds to finance this tender offer. Enclosed herewith as Attachment 1 is the confirmation letter confirming source of funds of CPB to complete this tender offer.

Bualuang Securities Public Company Limited, as a Tender Offer Preparer, has considered the source of funds of CPB and believed that CPB has sufficient source of funds to conduct and complete this tender offer.

### 5.3 Share disposition plan

The Offeror may sell or transfer significant amount of DVS ordinary shares that were initially held prior to the Tender Offer and acquired via the Tender Offer to any outsiders within 12 months since the last day of the offer period.

### 5.4 Other essential information

Date	Event
June 30, 2006	<ul style="list-style-type: none"> <li>DVS's Extraordinary Meeting of Shareholders No. 1/2006 on 30 December 2005 has passed resolution on the delisting of DVS's ordinary shares from the SET</li> </ul>
July 17, 2006	<ul style="list-style-type: none"> <li>SET had issued a document to DVS to announce that they shall consider the delisting of DVS's ordinary shares from the SET when only DVS has arranged Offeror, CPB to engage in the Tender Offer to acquires DVS's shares from general shareholders of DVS. Thus, such engagement must be compliance in accordance to the rules, conditions and procedure governing by SEC.</li> </ul>
July 17, 2006 to August 15, 2006	<ul style="list-style-type: none"> <li>CPB was considering the Tender Offer to be in compliance with the Notification of SEC, Gor Jor. 53/2545 (Section 5, subsection 49)</li> </ul>
August 15, 2006	<ul style="list-style-type: none"> <li>DVS has announced its operating financial results and release its second quarter of 2006 financial statement to public.</li> </ul>
August 21, 2006	<ul style="list-style-type: none"> <li>CPB has submitted the application of Tender Offer for DVS's ordinary share delisting from SET.</li> </ul>

**PART 3**  
**Details of the Company**

**1. Information on the Business**

**1.1 Nature of Business Operation**

• **Corporate Information**

The Deves Insurance Public Company Limited (“DVS”) was established and incorporated on 17 January 1947 by Crown Property Bureau (“CPB”) with an initial registered capital of Baht 4 million. The Company increased its registered capital to Baht 10 million and Baht 20 million in 1967 and 1971 respectively. In November 1990, the Company was listed on the Stock Exchange of Thailand (SET) and was later registered under the Public Company Limited Act on 11 August 1994. At present, the Company has total authorized capital of Baht 120 million, consisting of 12 million ordinary shares at par value of Baht 10 per share.

• **Nature Core Business**

The Company operates non-life insurance, which consisted of fire, marine, miscellaneous and motor insurance. The main source of income is generated from insurance premiums fee, which were further put into investment as various classes of investment assets to generate more income, in accordance with the Non-Life Insurance Act B.E. 2535, such as loans, investment in securities, promissory notes, bonds, debentures and bank deposits.

In the past 3 years and the first 3 months of 2006, the structure of the Company underwriting income that gained and recognized from 4 general insurance business types, are stated below as following:

(Unit: Baht thousand)

Type	2003		2004		2005		1H2006	
	Premium	%	Premium	%	Premium	%	Premium	%
Fire	283,168	10.65	246,733	7.85	251,020	7.68	117,369	8.93
Marine	81,848	3.08	99,514	3.16	115,246	3.52	60,362	4.59
Motor	423,992	15.95	679,106	21.60	903,703	27.64	281,016	21.38
Miscellaneous	1,869,327	70.32	2,118,459	67.39	2,000,000	61.16	855,404	65.09
<b>Total</b>	<b>2,658,335</b>	<b>100.00</b>	<b>3,143,812</b>	<b>100.00</b>	<b>3,269,970</b>	<b>100.00</b>	<b>1,314,151</b>	<b>100.00</b>

**1.2 Financial Position and Performance Summary**

The Company’s financial status and performance in the past 3 years, between 2003 till the first 6 months of 2006 are summarized in the below table.

**Summary of Financial Statements**

(Unit: Baht thousand)

	2003 (Audited)	2004 (Audited)	2005 (Audited)	1H2006 (Reviewed)
Total assets	3,307,457	3,943,859	4,462,759	4,004,871
Total liabilities	1,692,571	2,280,853	2,775,365	2,429,036
Registered capital	120,000	120,000	120,000	120,000
Shareholders’ equity	1,614,886	1,663,006	1,687,394	1,575,835
Premium written income	504,565	916,242	1,162,677	430,518
Total underwriting expense	238,998	513,258	724,776	351,981
Investment income	84,619	77,990	79,857	45,965
Gain (loss) on investment in securities	91,812	(1,136)	2,939	(64,491)
Other income	22,682	8,061	4,519	31,093
Total operating expense	217,108	260,530	313,345	168,930
Net profit (loss)	167,737	172,128	157,187	(58,740)
Earning (loss) - per share (Baht)	13.98	14.34	13.10	(4.90)
Dividends per share (Baht)	9.00	9.00	7.00	-
Book value per share (Baht)	134.57	138.58	140.62	131.32

Source: the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)). Also, Investors can view DVS’s individual financial statements and consolidated financial statements from [www.set.or.th](http://www.set.or.th).

### 1.3 Shareholder Structure

- 1) List of the top 10 shareholders as of June 9, 2006

Name of Shareholders	Number of Shares	Percentage of Shareholding
1. Crown Property Bureau	10,401,846*	86.68
2. Krungthai Panich Insurance Company Limited	1,042,200	8.69
3. Individuals group of Mr. Vasin and Mrs. Kinkarn, by Mr. Somkiat Wongrad	58,560	0.49
4. Mr. Patdith Rodloituk	52,020	0.43
5. Mr. Bhad Sriwanid	33,500	0.28
6. Mr. David John Scott	30,400	0.25
7. Thanachart Securities Public Company Limited	24,000	0.20
8. Mr. Thanawit Dusadeesuraphot	20,400	0.17
9. Mr. Charlarmchai Sukaouychai	13,000	0.11
10. Mr. Manu Kosum	11,040	0.09
<b>Total</b>	<b>11,686,966</b>	<b>97.39</b>

Source: the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th))

Note: \* On August 4, 2006, the Offeror has acquired 1,960 of DVS ordinary shares from Mr. Chirayu Isarangkun Na Ayuthaya, at the share price of 133 each. Thus, Crown Property Bureau and its Person under Section 258 is a major shareholder of the Company holding 10,403,806 shares, representing 86.70% of the total issued the Company's shares.

- 2) Expected post-shareholding structure after the completion of the Offer  
After the Tender Offer, if all the remaining shares were tendered through to the Tender Offer, the Offeror will hold all shares of the Company.

### 1.4 Board of Directors

- 1) The latest registered list of Board of Directors, as of 5 April 2006, is listed below.

Name of Board of Directors	Position
1. Mr. Chirayu Isarangkun Na Ayuthaya	Chairman of the Board of Directors
2. Mr. Aviruth Wongbuddhapitak	Director and Chairman of Executive Committee
3. Mr. Anant Keskasemsook	Director, President and Member of Executive Committee
4. M.R. Yongswasdi Kridakorn	Director
5. Mr. Arrak Soontaros	Director
6. Mr. Virasak Tokakuna	Director
7. Mr. Montri Mongkolswat	Director
8. Mr. Charnchai Musignisarkorn	Director
9. Mr. Na Bhengbhasang Krishnamra	Director and Member of Executive Committee
10. Mr. Sompoch Intranukul	Independent Director and Chairman of Audit Committee
11. Mrs. Phansopit Likithammanit	Independent Director and Audit Committee
12. Mr. Sansern Wongcha-um	Independent Director and Audit Committee

Source: The Deves Insurance Public Company Limited

- 2) List of board of directors after the completion of the Offer  
Subsequent to the completion of the Tender Offer, the Offeror may make a change to the structure of director members by reconsidering the qualification and number of member of the board of directors. However, such matters will be under the consideration of shareholders and complied with the Company's Articles of Association and the Public Company Act B.E. 2535 (including any additional amendment).

**1.5 The highest and lowest prices of DVS's shares for each quarter over the past three years and the first half in 2006.**

Year	Quarter	Price per share (Baht)	
		Lowest	Highest
2006	1	113	141
	2	128	140
2005	1	144	159
	2	138	148
	3	129	139
	4	100	133
2004	1	145	179
	2	147	164
	3	149	159
	4	149	156
2003	1	107	124
	2	108	131
	3	130	182
	4	161	178

Source: the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th))

**2. Business Plan after the Business Takeover**

**2.1 The Tender Status of the Company**

Post to this Tender Offer and SET has approved the delisting of DVS ordinary shares from the SET, DVS shall still remain its status as any other public company. In particular, the Offeror has no intention to cease a usual business operation of DVS.

**2.2 Policies and Plans of Business Operations**

The Offeror has no intention to materially change neither existing status of the core business policies that may bring about an alteration in the current operating strategies or plan to sell core assets of the Company, which included any alteration in DVS's business objectives and future investment plan in the next 12 months period after the completion of the Tender Offer Period. Nevertheless, under such an approach, the Offeror may adjust the organization structure, management scheme, financial strategy and dividend payout policy, to achieve rationalization of the business prospect, while increase efficiency in operating a business and maintain future financial benefit of the Company. Thus, if such events occur, there should be no significant impact on the existing regular operation of the Company.

**2.3 Related Connected Transactions**

At present, the Company entered into several related transactions with the Offeror (Please view the details from Part 2 Section 4.4.1). However, such related transactions were considered appropriately, given reasonable condition implication and/or business circumstances that the transactions were required to fulfill particular purpose of sustaining commercial and financial benefit of DVS. Importantly, all these transaction items were fairly disclosed in the note of the Company's financial statements, in accordance to laws and regulations imposed in the Notification articles by both SET and SEC. As, the appropriateness conducting standard in engagement with such transactions were reliance on sufficient reasonable objective and foreseeable of future financial benefit. Therefore, after the completion of the Tender Offer, if additional related transaction a raise, the Company may engage into such transactions according to the Company's Articles of Association and the Public Company Act B.E. 2535. In particular, either the Company's shareholders or board of directors meeting must consider and agree upon the resolution.

**PART 4**  
**Additional Details of the Tender Offer**

**1. Offer Acceptance Procedure**

A shareholder who has an objective of either offer their whole or partial proportion of the DVS ordinary shares for sale must accept and comply with the following procedure:

**1.1 Complete and clearly sign, both sections of the “Tender Offer Acceptance Form” that attached as Appendix 2 (A) for ordinary shares and Appendix 2 (B) for NVDR.**

**1.2 Enclose the following supporting documents:**

**1.2.1 If shares are held as certificate form,** all of share certificate(s) must be endorsed with the signature of the Offeree in the column labeled “signature of the transferor” on the back of each share certificate. Submit the endorsed share certificate(s) with two copies of the duly signed documents mentioned in no. 1.2.3 below.

**1.2.2 If shares are held as scripless form and deposited with the Thailand Securities Depository Co., Ltd. (the “TSD”),** the Offeree must contact and submit one set of the Offeree’s documents (mentioned in no. 1.2.3 below) to his/her broker to transfer tendered scripless shares into the following account of the Tender Offer Agent:

- **For a Thai shareholder (Local Securities)**  
Account Name: BLS. for Tender Offer  
Account number: 224-030003-4
- **For a foreign shareholder and NVDR holder (Foreign Shareholder)**  
Account Name: BLS. for Tender Offer  
Account number: 224-930002-3

**1.2.3 In the case if the Offeree is:**

**Thai Individual:**

A certified copy of a valid Identification Card, Civil Servant Identification Card or State Enterprise Employee Card; in case of a Civil Servant Identification Card or State Enterprise Employee Card, a certified copy of his/her house registration is also required.

**Foreign Individual:**

A certified copy of his/her Alien Certificate or Passport.

**Thai Juristic Person:**

- A copy of an affidavit issued by the Ministry of Commerce not more than one year prior to the last day of the tender offer period, certified by authorized signatory(ies) of the juristic person; and
- A certified copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized signatory(ies); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified copy of his/her house registration is also required. In case the authorized signatory(ies) is a foreigner, a certified copy of his/her Alien Certificate or passport is required.

**Foreign Juristic Person:**

- A copy of a certificate of incorporation, memorandum of association, and an affidavit, issued not more than one year prior to the last day of the tender offer period, certified by authorized signatory(ies) of the juristic person; and
- A certified copy(ies) of passport of the authorized signatory(ies).

All documents must be certified by the notary public in the country where the documents were prepared and then authenticated by an official of the Thai Embassy or Thai Consulate in the country where the documents were prepared, all of which must be within one year prior to the last day of tender offer period.

**Juristic Person not carrying on business in Thailand and not exempted by an applicable tax treaty:**

An Offeree is required to declare the cost basis of its shares for withholding tax purposes, which amounts to a 15 percent tax on the capital gain (the difference between the Offer price and the cost basis), by completing and submitting a Confirmation of Securities Cost Form attached as Appendix 3 (A) for ordinary shares and Appendix 3 (B) for NVDR and together with evidence that demonstrates the cost basis. If the Offeree fails to declare the cost basis or to submit the evidence that demonstrates the cost basis, the Tender Offer Agent will determine the amount of withholding tax based on the entire proceeds of the sale of shares.

- 1.2.4** Where the Offeree is represented by an authorized representative, the document required is a power of attorney appointing the authorized representative as stated in Appendix 4 (A) for ordinary shares and Appendix 4 (B) for NVDR affixed with Baht 30 stamp duty and a certified copy of each of document set out in no. 1.2.3 and a certified copy of the identification card of the authorized representative, as the case may be.
- 1.2.5** Other documents that the Tender Offer Agent may require. Should there be any questions regarding the Tender Offer Acceptance Procedures, please contact:

**Mr. Trinop Kummerdkarn**  
**Mr. Somphorn Sitthidech**  
 Bualuang Securities Public Company Limited  
 29/F Silom Complex Office Building  
 191 Silom Road, Bangrak  
 Bangkok 10500  
 Operations Department  
 Telephone: 0-2231-3777 ext. 3151, 3153  
 Fax: 0-2266-6967

**1.3 Submission of the Tender Offer Acceptance Form**

**1.3.1 In case of shares held as certificate form:**

The Offeree shall submit the completed Tender Offer Acceptance Form (Appendix 2 (A)) together with the above required documents on business days from 22 August 2006 till 24 October 2006; both days inclusive, during the hours of 9:00 a.m. to 4:00 p.m. at the above address.

**Therefore, the Tender Offer Agent will not accept any documents in connection with the Offer submitted by mail.**

**1.3.2 In case of shares held in scripless form (deposited with TSD):**

The Offeree's broker shall collect the Tender Offer Acceptance Form (Appendix 2 (A)) and the required documents and submit them to the Tender Offer Agent. The Offeree shall submit the Tender Offer Acceptance Form together with the required documents to his/her broker, from 22 August 2006 till 24 October 2006; both days inclusive, during the hours of 9:00 a.m. to 4:00 p.m. at the above address.

**1.3.3 In case of shares held in NVDR form:**

The Tender Agent requests for the NVDR holders' cooperation to submit their acceptance form (Appendix 2 (B)) and supporting documents by 19 October 2006 (two days prior to the final day of the Tender Offer) as the Tender Agent will need to further settle securities with the Thai NVDR Co., Ltd. on the last day of the Tender Offer period.

- 1.4 In case the tendered shares are pledged or held against any other guarantees/liabilities, the Offeree must take action to release the pledge or any other encumbrances by contacting the TSD before accepting this Tender Offer and complying with Item 1.1 to 1.3 above.**

**2. Purchase Procedure**

The Offeror expresses an interest to acquire all DVS ordinary shares, except in the instance when the Offeror cancels the Tender Offer as conditioned in Part 1 section 9.



### 3. Settlement and Payment Procedures

#### 3.1 Transferring through the Auto Transfer System of financial institutions

After the Tender Offer Agent receives the Tender Offer Acceptance Form and all required documents as stated in 1.2, including the confirmation document on the share transferring completely and correctly, the Offeree will receive payment by automatic transfer through Bangkok Bank Public Company Limited ("BBL"), Kasikorn Bank Public Company Limited ("KBANK"), The Siam Commercial Bank Public Company Limited ("SCB"), Krung Thai Bank Public Company Limited ("KTB") United Overseas Bank (Thai) Public Company Limited ("UOBT") or TMB Bank Public Company Limited ("TMB")

The account must be a savings or current account opened with BBL or KBANK or SCB or KTB or UOBT or TMB only. The name of the account holder must be the same as that of the Offeree stated in the Tender Offer Acceptance Form. The remitted amount will be available in the account after 10:30 a.m. onward of 27 October 2006.

#### 3.2 Cheque

As per request, the Tender Offer Agent shall make payment to the Offeree by a cheque issued by Bangkok Bank Public Company Limited, Head Office Branch, a clearing period of approximately 15 days will normally be required for an Offeree residing outside of Bangkok. The Offeree can select one of two methods of payment, as follows:

##### 3.2.1 Collect cheque in-person

Shareholders who sell their shares in the Tender Offer can collect their cheques made out in the name of "A/C only payee" on 27 October 2006 from 10:30 a.m. onwards during business days and the working hours of 9:00 a.m. till 4:00 p.m. only at the office of the Tender Offer Agent, as the following address:

Bualuang Securities Public Company Limited  
Contact Person: Khun Trinop Kumnerdkarn, Khun Somphorn Sitthidech  
Operations Department  
29/F Silom Complex Office Building  
191 Silom Road, Bangrak,  
Bangkok 10500  
Telephone number: 0-2231-3777 ext. 3151 or 3153  
Facsimile number: 0-2266-6967

In the case where Offerees wish to appoint another person to collect the cheque on their behalf, such person shall present a power of attorney to the Tender Offer Agent affixed with a Baht 30 stamp duty and a certified copy of each of the documents set out in clause 1.2.3 of the "appointer" and the "appointee" on the date of the collection. If the check is not collected within 14 working days following the payment date or on the 16 September 2006, the Tender Offer Agent will send the check to the Offeree via registered post to the address specified in the Tender Offer Acceptance Form within 15 working days following the payment date.

##### 3.2.2 Cheque provided to the Offeree via registered post to the address specified in the Tender Offer Acceptance Form

If an Offeree wishes to receive payment via registered post, the Tender Offer Agent shall send the cheque to the Offeree via registered post to the address specified in the Tender Offer Acceptance Form. The Offeree may receive the cheque anytime after the third business day counting from one day after the last day of the Tender Offer Period or 27 October 2006.

**Note:** In the case of tendered shares in share certificate form, the Offeror or the Tender Offer Agent will make payment to the Offeree only after such share certificates have been verified and deposited with TSD. If TSD refuses to accept the share certificates, the Offeror or the Tender Offer Agent will not make or be obliged to make any payment to the Offeree. The Offeree will then be notified to receive all submitted documents from the Tender Offer Agent at the address stated above.

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#### **4. Rights of Securities Holders Who Have Expressed Their Intention to Tender Their Securities**

Via the Tender Offer Agent, the Offeror will make payments to the Offerees for all shares tendered on the second business day after the last day of Tender Offer period, which will be on 27 October 2006.

If an event occurs, which results in changes of the Offer price as stated in Part 1 section 8, the Offeror will carry out the following procedures:

- 1) In the case that the Offer price is reduced, the Offeror will make payment at the reduced Offer price to an Offeree who has tendered his/her share on or after the date in which the Offer price has been reduced. The Offeror will make payment for the shares at the original Offer price specified, only if provided that an Offeree has irrevocably tendered such shares prior to the date that the Offeror announced the reduction of the Offer price.
- 2) In the case that the Offer price is increased, the Offeror will make payment for all shares at the increased Offer price.

#### **5. Conditions for Revocation of the Intention to Tender Shares**

**5.1 The last day for cancellation of the intention to tender is the twentieth business day of the Tender Offer period, which is on 18 September 2006 during the hours of 9:00 a.m. to 4:00 p.m.**

##### **5.2 Revocation Procedures**

5.2.1 Complete and sign the "Tender Offer Revocation Form" as attached as Appendix 5 (A) for ordinary shares and Appendix 5 (B) for NVDR, correctly and clearly; and

5.2.2 Enclose the following documents:

- 1) Evidence of the receipt of share certificate or transfer instruction in respect of the transfer of scripless share and the Tender Offer Acceptance Form.
  - 2) Where the Offeree is Individual
    - For a Thai individual, a certified copy of his/her Identification Card, Civil Servant Identification Card or State Enterprise Employee Card; in case of a Civil Servant Identification Card of State Enterprise Employee Card, a certified copy of his/her house registration is also required.
    - For a foreign individual, a certified copy of his/her Alien Certificate or passport.
  - 3) Where the Offeree is Juristic Person
    - For a Thai juristic person, a copy of an affidavit issued by the Ministry of Commerce not more than one year prior to the last day of tender offer period certified by authorized signatory(ies) of the juristic person and affixed with a company seal (if any) together with a certified copy of each of the documents set out in section 5.2.2(2) of the authorized signatory(ies).
    - For a foreign juristic person, a copy of a certificate of incorporation, memorandum of association, and an affidavit, issued not more than one year prior to the last day of the tender offer period, certified by authorized signatory(ies) of the juristic person; and a certified copy(ies) of passport of the authorized signatory(ies), as stated in section 5.2.2(2). All of such must be certified by the notary public in the country where the documents were prepared and then authenticated by an official of the Thai Embassy or of the Thai Consulate in the country where the documents were prepared, all of which must have a validity of one year prior to the last day of tender offer period.
  - 4) Where the Offeree is represented by an authorized representative, the document required is a power of attorney appointing the authorized representative as attached as Appendix 6 for ordinary shares affixed with Baht 30 stamp duty and a certified copy of each of the document set out in section 5.2.2(2) and 5.2.2(3) of the authorized person and a certified copy of identification card of the authorized representative.
-

5.2.3 Submit the completed Tender Offer Revocation Form together with the required documents specified in section 5.2.2, at the office of the Tender Offer Agent as detail mentioned in section 1.3.1.

5.2.4 After receiving and verifying a completed Tender Offer Revocation Form and the required documents set out in section 5.2.2, which are required to be submitted within the revocation period, the Tender Offer Agent will proceed as follows:

- Share certificates: The Offeree making the cancellation must complete, sign and submit the Tender Offer Revocation Form together with the required documents set out in section 5.2.2. The Tender Offer Agent will return the share certificates to the Offeree making the cancellation or its authorized representative on the business day following the submission date of the Tender Offer Revocation Form.
- Scripless shares (for transferring shares to the Offeree's broker account): There is a share transfer fee of Baht 50. The Tender Offer Agent will transfer the shares through TSD to the Offeree's broker account as specified in the Tender Offer Revocation Form on the business day following the submission date of the Tender Offer Revocation Form.

**Note:** An Offeree making cancellation shall receive shares only in the form (of share certificate/Scripless), in which such shares were tendered and cannot request for a change in the form of shares.

## 6. Determination of the Offer Price

### 6.1 Method of determining the offer price

The Offer Price of Baht 133 per share, which is equivalent to the latest DVS's shares offering price on 23 February 2006 after adjusting dividend payout at Baht 7.00 each. Such price is also the latest price that acquired by the Offeror during the 90 days period prior to submission of the tender offer application to SEC.

In addition, this offer price is in accordance with the provision of the Notification of the SEC No. Gor. Jor. 53/2545 on November 18, 2002, RE: 'The Rules, Conditions and Procedures Governing Takeovers' Thus, such notification of the SEC has affixed that the Tender Offer price shall not be lower than any of highest prices calculated by these following methods;

Methods	Price (Baht per share)
1. Highest price that Offeror or its person under Section 258 had acquired DVS's ordinary shares during the 90 days period prior to submission of the tender offer documents to the Board of Governors of the SET (During May 23, 2006 to August 20, 2006)	133.00
2. Weighted average price of DVS's shares during 5 business days period prior to the board of directors' meeting of DVS had passed resolution to recommend its shareholders' meeting on considering for voluntary delisting of its ordinary shares from the SET. (During May 4, 2006 to May 11, 2006)	130.00
3. Price bases on adjusted book value approach to reflect the recent market value of existing assets and liabilities of DVS <sup>1</sup> .	132.26
4. Fair value of DVS's ordinary shares valued by IFA <sup>2</sup>	132.26

Note: <sup>1</sup> The share price calculation by applying adjusted book value approach, is as follows;

Shareholders' equity, as of April 30, 2006	1,575.84 Baht million
<u>Adjustment Details</u>	
Add: Increase in investment valuation	5.63 Baht million
Increase in fixed assets valuation	5.66 Baht million
Net post adjusted book value	1,587.13 Baht million
Total number of issued and paid-up shares	12 Baht million
The adjusted book value share price	132.26 Baht million

<sup>2</sup> Advisory Plus Company Limited as 'the Independent Financial Advisor' rendered its opinions to the shareholders on voluntarily delisting of DVS in the opinions of independent financial advisor on delisting of securities of DVS, No. AP. 040 /2006 dated June 1, 2006 (as attached in Attachment 7), have suggested that the appropriate method to value the fair

value of DVS's shares is a price adjusted book value approach. Due to this method included into consideration of both fundamental estimation of share price and the recent market value of existing assets and liabilities of DVS, which indeed provide fairest valuation if comparing to other calculation methods. The Tender Offer Preparer illustrates detail calculation of adjusted book value approach in the table above.

**6.2 The highest price that acquired by the Offeror or juristic person under the Section 258 during the 90 days period prior to submission of the tender offer application and the offering price to SEC.**

On August 4, 2006, the Offeror has acquired 1,960 of DVS ordinary shares from Mr. Chirayu Isarangkun Na Ayuthaya, at the share price of 133 each. Thus, Crown Property Bureau and its Person under Section 258 is a major shareholder of the Company holding 10,410,606 shares, representing 86.76% of the total issued the Company's shares.

**7. Acquisition of securities prior to the Tender Offer (applicable only in case of a partial offer in accordance with Part 5 of the SEC Notification No. Kor. Jor. 53/2002)**

-None-

**PART 5**  
**Certification of Information**

I hereby certify that:

- (1) We are committed to execute this tender offer.
- (2) The offer price in this tender offer is in accordance with the provision of the Notification of the SEC No. Gor. Jor. 53/2545.
- (3) We intend to comply with the plan, which we have specified in this tender offer.
- (4) All information contained in this tender offer is correct and accurate, and there is no information herein that may lead other persons to misunderstanding in any material aspect and no concealment is made of any material information.

*Aviruth Wongbuddhapitak*

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(Mr. Aviruth Wongbuddhapitak)  
Assistant Director-General  
Crown Property Bureau  
The Offeror

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We, in our capacity as tender offer preparer, have complied with the requirements as set forth in the Notification of the SEC re: approval for financial advisors and scope of work and hereby certify that:

- (1) we have reviewed and consider that the information about the Offeror disclosed in this tender offer is correct and accurate, and there is no information herein that may lead other persons to misunderstand in any material respect and no concealment is made of any material information;
- (2) we have reviewed the financial evidence and consider that the Offeror can fulfill the obligations under the above tender offer;
- (3) we have reviewed the Offeror's business policy and plan for DVS as stated in Part 3 no. 2 regarding details of DVS and consider that:
  - (a) the Offeror can carry out the policies and plan of business operations;
  - (b) the assumptions for making the policies and plan of business operations have been prepared reasonably; and
  - (c) the effect on DVS or the securities holders are clearly and adequately explained;
- (4) we have examined evidence on the acquisition of DVS's securities by the Offeror and/or persons prescribed under Section 258 during the 90 days before the date of submission of the tender offer and the offering price, and there is nothing to cause us to believe that the offering price made is inconsistent with the SEC's Notification No. Gor. Jor. 53/2545; and
- (5) we have carefully and prudently studied and reviewed the completeness and accuracy of the information contained in this tender offer and view that the information is complete and correct, and there is no information herein that may lead other persons to misunderstand in any material respect and no concealment is made of any material information.

*Mr. Chong Toh*

*Yarnsak Manomaiphiboon*

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(Mr. Chong Toh)  
Authorized Director

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(Mr. Yarnsak Manomaiphiboon)  
Authorized Director

Bualuang Securities Public Company Limited  
Tender Offer Preparer

**APPENDIX 1**

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**CONFIRMATION OF SOURCE OF FUNDS**



**ธนาคารไทยพาณิชย์**  
**SIAM COMMERCIAL BANK**

สาขาเทเวศร์ 14 - 17 ถนนลูกหลวง เขตดุสิต กรุงเทพมหานคร 10300 โทร. 0-2282-8656-7

ที่ 020-490094

16 สิงหาคม 2549

เรื่อง ยืนยันเงินฝากคงเหลือ

เรียน เลขานุการ สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์

อ้างถึง การทำคำเสนอซื้อหุ้นสามัญของ บริษัท เทเวศรประกันภัย จำกัด (มหาชน)

ตามที่ สำนักงานทรัพย์สินส่วนพระมหากษัตริย์ (“ผู้ทำคำเสนอซื้อ”) ได้ทำคำเสนอซื้อหุ้นสามัญของบริษัท เทเวศรประกันภัย จำกัด (มหาชน) และผู้ทำคำเสนอซื้อต้องจัดหาแหล่งเงินทุนไว้เพื่อชำระค่าซื้อหุ้นจากการทำคำเสนอซื้อในครั้งนี้

ข้าพเจ้าธนาคารไทยพาณิชย์ จำกัด (มหาชน) สาขาเทเวศร์ (“ธนาคาร”) ขอยืนยันว่า ผู้ทำคำเสนอซื้อมีเงินฝากปลอดภาระผูกพันที่ธนาคารไทยพาณิชย์ จำกัด (มหาชน) สาขาเทเวศร์ ณ วันที่ 15 สิงหาคม 2549 จำนวน 483,152,958.19 บาท (สี่ร้อยแปดสิบล้านสามหมื่นหนึ่งแสนห้าหมื่นสองพันเก้าร้อยห้าสิบบาทสิบเก้าสตางค์)

จึงเรียนมาเพื่อทราบ

ขอแสดงความนับถือ

ธนาคารไทยพาณิชย์ จำกัด (มหาชน)

(นายจรณะ วนรัตน์)

ผู้จัดการ

โทรศัพท์ 0-2282-8656-7 โทรสาร 0-2282-7752



**APPENDIX 2**

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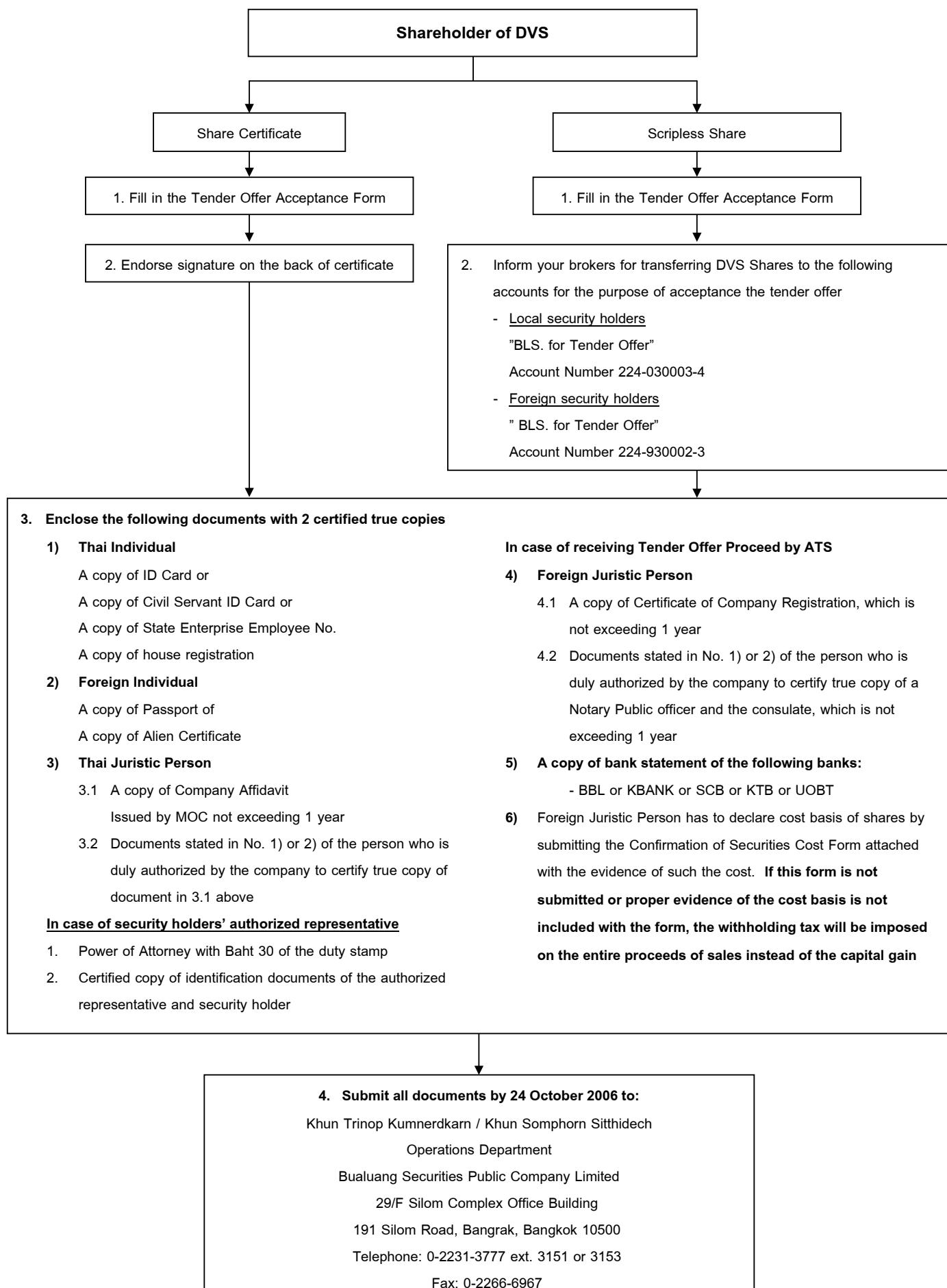
**The Deves Insurance Public Company Limited**

**TENDER OFFER ACCEPTANCE FORM**

*Appendix 2 (A) for Ordinary Shares*

*Appendix 2 (B) for NVDR*

## Tender Offer Acceptance Procedure



**Tender Offer Acceptance Form—Ordinary Shares for The Deves Insurance Public Company Limited**

To: Offeror and Bualuang Securities Public Company Limited (Tender Agent)

Acceptance Form No. ....

Mr./ Mrs./Ms./Company ..... Nationality.....  
 Contact Address (that can be reached via mail).....  
 Postal Code.....Tel. No. .... Mobile phone No. ....

Please specify type of seller:

- Natural Person of Thai Nationality ID Card No. ....  
 Natural Person of Alien Nationality Alien Card/Passport/ID No.....  
 Juristic Person of Thai Nationality Company Registration No .....  
 Juristic Person of Alien Nationality Company Registration No .....

I / We here by accept to sell.....(.....) ordinary shares of The Deves Insurance Public Company Limited at the net price (tender offer price less brokerage fee and Value Added Tax) of Baht 132.644225 (One hundred and thirty two point six four four two two five baht) a total value of Baht.....

I / We understand that this share selling is irrevocable, subject to terms and conditions stated in the Tender Offer documents.

I/ We hereby appoint Bualuang Securities Public Company Limited as my/our proxy to sell, transfer deliver shares, arrange the payment procedure and process other necessary relevant to tender offer.

<input type="checkbox"/> Share Certificate		<input type="checkbox"/> Securities Depository Center Transfer			Number of shares
Name of shareholders (Registered)	Certificate No.	From broker no.	Transfer slip no.	Transfer Date	
Total					

**Payment Condition**

- Automatic transfer payment to my account at : please select one  BBL  KBANK  SCB  KTB  UOBT  TMB  
 Branch.....Type of Account .....Account Number.....  
 (The account name has to be the same as offeree name and please attaché a certified copy of saving account book or current account statement with this form.)

- Collect Cheque  In-Person  Posted as the given address above

I / We attached the share certificate(s), and/or share depository certificate(s) and/or transfer slip through (SDC) for account of "BLS. for Tender Offer" Account number 224-030003-4 for local security and 224-930002-3 for foreign security and proof of identity in respect to the seller or proof of registered company (for juristic person). I hereby certify that all shares offered for sale have no liabilities and acknowledge that this form is completed when Thailand Securities Depository Co., Ltd. Complete the transfer all shares to the Tender Agent.

Signature.....Offeree

(.....)

Proxy.....

Date.....

(.....)

1	2	3
Receiver	Initial	Verify

**Receipt of Share Certificate(s) / Transfer Slip and Form of Acceptance (Offeree please complete this section)**

Account From No. ....

Bualuang Securities Public Company Limited has received form of Acceptance to Purchase The Deves Insurance Public Company Limited securities and Share Certificate(s) / Transfer slip for the total number of.....shares from.....Mr./Mrs./Mr./Company.....

The offeree will receive the money from 27 October 2006 from 10.30 am onward by:

- Automatic transfer to following A/C's:  KBANK  SCB  KTB  UOBT  TMB  
 Collect Cheque In-Person  Collect Cheque by posting as the given address above

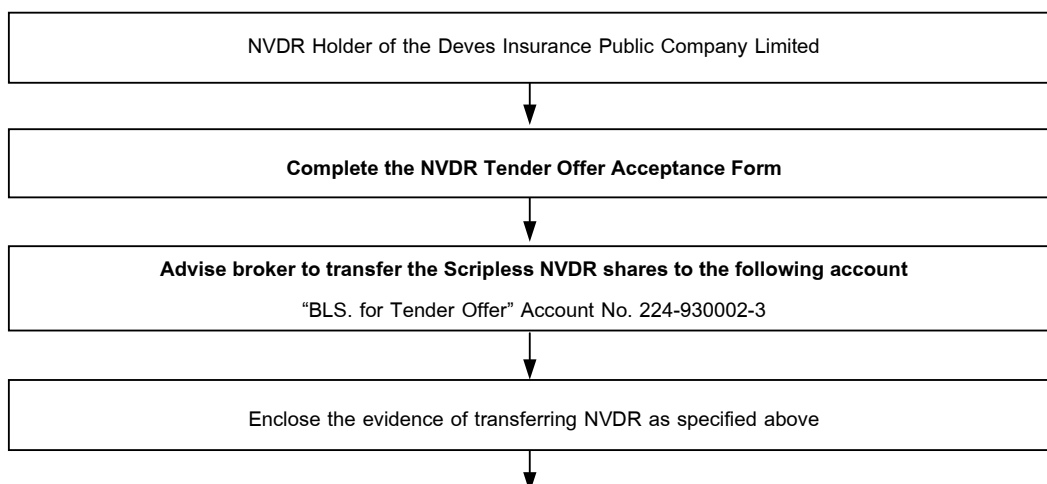
Signature.....Recipient

(.....)

(For more information please contact Khun Trinop Kumnerdkarn / Khun Somphorn Sitthidech

Telephone: 0-2231-3777 ext. 3151 or 3153, Fax: 0-2266-6967, 29/F, Operations Department, Bualuang Securities Public Company Limited)

## Tender Offer Acceptance Procedures for NVDR



**Enclose the following documents with 2 certified true copies**

**1) Thai Individual**

- A copy of ID Card or
- A copy of Civil Servant ID Card or
- A copy of State Enterprise Employee No.
- A copy of house registration

**2) Foreign Individual**

- A copy of Passport of
- A copy of Alien Certificate

**3) Thai Juristic Person**

- 3.1 A copy of Company Affidavit  
Issued by MOC not exceeding 1 year
- 3.2 Documents stated in No. 1) or 2) of the person who is  
duly authorized by the company to certify true copy of  
document in 3.1 above

**4) A copy of bank statement of the following banks:**

- BBL or KBANK or SCB or KTB or UOBT

**5) Foreign Juristic Person**

- 5.1 A copy of Certificate of Company Registration, which is  
not exceeding 1 year
- 5.2 Documents stated in No. 1) or 2) of the person who is  
duly authorized by the company to certify true copy of a  
Notary Public officer and the consulate, which is not  
exceeding 1 year

- 6) Foreign Juristic Person has to declare cost basis of shares by submitting the Confirmation of Securities Cost Form attached with the evidence of such the cost. **If this form is not submitted or proper evidence of the cost basis is not included with the form, the withholding tax will be imposed on the entire proceeds of sales instead of the capital gain****

**In case of security holders' authorized representative**

- 1. Power of Attorney with Baht 30 of the duty stamp
- 2. Certified copy of identification documents of the authorized  
representative and security holder

**Submit all documents by 19 October 2006 to:**

Khun Trinop Kumnerdkarn / Khun Somphorn Sitthidech  
Operations Department  
Bualuang Securities Public Company Limited  
29/F Silom Complex Office Building  
191 Silom Road, Bangrak, Bangkok 10500  
Telephone: 0-2231-3777 ext. 3151 or 3153  
Fax: 0-2266-6967

## Tender Offer Acceptance Form for NVDR

To Offeror and Bualuang Securities Public Company Limited ("Tender Offer Agent")

Acceptance Form No.....

Date.....

I/We (Mr./Mrs./Miss/Company).....

Address.....

Province ..... Post Code.....

Telephone No. .... Facsimile No. ....

Please specify type of Seller:

- Thai Individual ID Card/Civil Servant ID/State Enterprise Employee ID No.....
- Foreign Individual Foreign Identity/Passport No.....
- Thai Juristic Person Company Affidavit No.....
- Foreign Juristic Person Incorporate Document No.....

I/We hereby accept the Tender Offer to sell ..... NVDR of the ordinary shares of The Deves Insurance Public Company Limited at the price of Baht 133.00 (One hundred and thirty-three baht only) per share and the net price after a commission fee and VAT (7% of commission fee) will equal to Baht 132.644225 (One hundred and thirty two point six four four two two five baht) per share or total value of Baht ..... subject to terms and conditions stated in the Tender Offer document.

I / We understand that this share selling is irrevocable, subject to terms and conditions stated in the Tender Offer documents.

I/ We hereby appoint Bualuang Securities Public Company Limited as my/our proxy to sell, transfer deliver shares, arrange the payment procedure and process other necessary relevant to tender offer.

Transfer Scripless NVDR			
Transfer Date	TSD Participant No.	Transfer Slip No.	No. of NVDR
Total NVDR			

Payment Condition

- Automatic transfer payment to my account at: please select one  BBL  KBANK  SCB  KTB  UOBT  TMB  
Branch.....Type of Account .....Account Number.....

(The account name has to be the same as offeree name and please attaché a certified copy of saving account book or current account statement with this form.)

- Collect Cheque  In-Person  Posted as the given address above

I/We hereby attach the following document for selling transaction including the document to transfer NVDR shares to account "BLS. for Tender Offer" Account No 224-930002-, together with a certified copy of the identification card and/or a certified copy of company affidavit (in the case of a Juristic Person).

I/We certify that all such sold shares have no liabilities.

Signed.....Attorney Signed.....Offeree

( ) ( )

### Transfer of Scripless NVDR and Tender Offer Acceptance Form Receipt

Form No. ....

Date .....

Bualuang Securities Public Company Limited ("Tender Offer Agent") has received the Tender Offer Acceptance Form for NVDR of The Deves Insurance Public Company Limited and the Transfer of Scripless NVDR with the document to transfer NVDR amount ..... NVDR from Mr./Mrs./Miss/Company .....

The Seller will receive the money from 27 October 2006 from 10.30 am onward by:

- Automatic transfer to following A/C's:  KBANK  SCB  KTB  UOBT  TMB
- Collect Cheque In-Person  Collect Cheque by posting as the given address above

Signed.....Recipient

( )

(For more information please contact Khun Trinop Kumnerdkarn / Khun Somphorn Sitthidech

Telephone: 0-2231-3777 ext. 3151 or 3153, Fax: 0-2266-6967, 29/F, Operations Department, Bualuang Securities Public Company Limited)

**APPENDIX 3**

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**CONFIRMATION OF SECURITIES COST FORM**

*Appendix 3 (A) for Ordinary Shares*

*Appendix 3 (B) for NVDR*

## Confirmation of Securities Cost

**(For Foreign Juristic Person who is not exempted by an applicable tax treaty only)**

Date.....

To: Bualuang Securities Public Company Limited. ("Tender Offer Agent")

I / We.....Nationality.....

Tax Identification No. (if any).....would like to declare the cost of The Deves Insurance Public Company Limited which are the securities being offered hereto as follows:

Share certificate no. / Transfer slip no. (Transfer date)	Name of shareholders as appeared in the Registration	No. of shares	Cost per share (Bath)
	Total		

I / We hereby, attached.....  
totally....., as evidence(s) of cost for withholding tax calculation.

We hereby certify that the above statements are true.

.....Offeree  
(.....)

Foreign Juristic Person has to declare cost of shares by submitting the Confirmation of Securities Cost Form attached with the evidence of such the cost. If this form is submitted with proper evidence of the cost basis, only the Offeree's gain on the sale (if any) will be subject to withholding tax. If the form is not submitted or proper evidence of the cost basis is not included with the form, the withholding tax will be imposed on the entire proceeds of the sale instead of the capital gains.

**Confirmation of Securities Cost for NVDR**  
**(For Foreign Juristic Person who is not exempted by an applicable tax treaty only)**

Date.....

To: Bualuang Securities Public Company Limited. ("Tender Offer Agent")

I / We.....Nationality.....

Tax Identification No. (if any).....would like to declare the cost of The  
 Deves Insurance Public Company Limited which are NVDR being offered hereto as follows:

Transfer Date	NVDR certificate no. / Transfer slip no.	No. of NVDR shares	Cost per share (Bath)
	Total		

I / We hereby, attached.....  
 totally....., as evidence(s) of cost for withholding tax calculation.

We hereby certify that the above statements are true.

.....Offeree

(. ..)

Foreign Juristic Person has to declare cost of shares by submitting the Confirmation of Securities Cost Form attached with the evidence of such the cost. If this form is submitted with proper evidence of the cost basis, only the Offeree's gain on the sale (if any) will be subject to withholding tax. If the form is not submitted or proper evidence of the cost basis is not included with the form, the withholding tax will be imposed on the entire proceeds of the sale instead of the capital gains.



**APPENDIX 4**

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**POWER OF ATTORNEY FOR ACCEPTANCE OFFER**

*Appendix 4 (A) for Ordinary Shares*

*Appendix 4 (B) for NVDR*



POWER OF ATTORNEY

Made at.....

Date.....

I / We.....Age.....

Nationality.....Identification Card No.....

Resides at.....

.....Zip.....Country.....

hold(s).....shares of The Deves Insurance Public Company Limited

Hereby authorize.....Age.....

Nationality.....Zip.....Country.....

To act as my/our proxy to sell, transfer, deliver ordinary shares and endorse share certificate(s) of The Deves Insurance Public Company Limited through Bualuang Securities Public Company Limited and to be authorized to do and execute all such other matter in connection with the aforesaid mentioned on my behalf until its completion.

Any act taken by my/our proxy shall be deem to be taken by myself/ourselves in every respect.

..... Appointor

(.....)

..... Proxy

(.....)

..... Witness

(.....)

..... Witness

(.....)

Note: Certified true copies of ID of Certificate of Incorporation of the Appointor and authorized representative are required to be attached herewith.





POWER OF ATTORNEY

Made at.....

Date.....

I / We.....Age.....

Nationality.....Identification Card No.....

Resides at.....

.....Zip.....Country.....

hold(s).....shares of The Deves Insurance Public Company Limited

Hereby authorize.....Age.....

Nationality.....Zip.....Country.....

To act as my/our proxy to sell, transfer, deliver the NVDRs of The Deves Insurance Public Company Limited through Bualuang Securities Public Company Limited and to be authorized to do and execute all such other matter in connection with the aforesaid mentioned on my behalf until its completion.

Any act taken by my/our proxy shall be deemed to be taken by myself/ourselves in every respect.

..... Appointor

(.....)

..... Proxy

(.....)

..... Witness

(.....)

..... Witness

(.....)

Note: Certified true copies of ID of Certificate of Incorporation of the Appointor and authorized representative are required to be attached herewith.

**APPENDIX 5**

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**TENDER OFFER REVOCATION FORM**

*Appendix 5 (A) for Ordinary Shares*

*Appendix 5 (B) for NVDR*

## Tender Offer Revocation Procedure

Shareholders of DVS who cancel their intention to sell the securities

Fill in the Tender Offer Cancellation Form

**Enclose receipt of acceptance form and the following documents with certified true copies**

**1) Thai Individual**

- A copy of ID Card or
- A copy of Civil Servant ID Card or
- A copy of State Enterprise Employee No.
- A copy of house registration

**2) Foreign Individual**

- A copy of Passport or
- A copy of Alien Certificate

**3) Thai Juristic Person**

- 3.1 A copy of Company Affidavit  
Issued by MOC not exceeding 1 year  
- certified by the company's seal (if any)
- 3.2 Documents stated in No. 1 or 2 of the person who is  
duly authorized by the company to certify true  
Copy of document in 3.1 above

**4) Foreign Juristic Person**

- 5.1 A copy of Certificate of Company Incorporation,  
Memorandum of Association and Company Affidavit  
which is not exceeding 1 year.
- 5.2 Documents stated in No. 1 or 2 of the person who is  
duly authorized by the company to certify true copy of  
documents in 4.1 above.  
Documents in 4.1 and 4.2 required to certify signatures  
by a Notary Public officer and the consulate, which is not  
exceeding 1 year.

**In the case of power of attorney**

- 1. A power of attorney with Baht 30 of the duty stamp
- 2. Certified copy of the grantor and attorney's documents as specified  
in 1 or 2 above

**Submit all documents by 18 September 2006 to:**

Khun Trinop Kumnerdkarn / Khun Somphorn Sithhidech  
Operations Department  
Bualuang Securities Public Company Limited  
29/F Silom Complex Office Building  
191 Silom Road, Bangrak, Bangkok 10500  
Telephone: 0-2231-3777 ext. 3151 or 3153  
Fax: 0-2266-6967

**Tender Offer Revocation Form of The Securities of  
The Deves Insurance Public Company Limited**

Revocation Form No.....

Date.....

Attention: Bualuang Securities Public Company Limited ("Tender Offer Agent")

I / We.....

Address (that can be reached by mail):

.....Zip.....Country.....

Telephone No. (Office).....Telephone No. (Home).....

herby cancel the intention to sell the securities of The Deves Insurance Public Company Limited, subject to the terms and conditions stated in the Tender Offer documents in the amount of.....shares.

I / We submitted the Tender Offer Acceptance Form of the securities of The Deves Insurance Public Company Limited on.....Acceptance Form No.....

I / We would like to receive the returned securities in the following form:

Share certificate (share certificate will be collectible next business day at Bualuang Securities Public Company Limited only)

Through TSD Broker's Name.....

herewith I / We attached Bath 50 for stock transferring fee (transfer the next business day)

Broker's Number.....

Account Name.....

Account Number.....

I / We hereby agree to accept the terms and conditions stated above.

.....Attorney

Sign.....Offeree

(.....)

(.....)

**Receipt of Tender Offer Revocation Form**

Revocation Form No.....

Date.....

Bualuang Securities Public Company Limited has received the Tender Offer Revocation Form of The Deves Insurance Public Company Limited from.....

(Amount of cancelled securities.....shares) and the Receipt of Tender Offer Acceptance Form No.....

The securities will be return to the person who intend to cancel by

Share certificate (share certificate will be collectible at Bualuang Securities Public Company Limited only)

Through TSD Broker's Name.....

Broker's Number.....

Account Name.....

Account Number.....

Sign.....Recipient

(.....)

(For more information please contact Khun Trinop Kumnerdkarn / Khun Somphorn Sitthidech

Telephone: 0-2231-3777 ext. 3151 or 3153, Fax: 0-2266-6967, 29/F, Operations Department, Bualuang Securities Public Company Limited)

**Tender Offer Revocation Form for NDVR of  
The Deves Insurance Public Company Limited**

Revocation Form No.....  
Date.....

Attention: Bualuang Securities Public Company Limited ("Tender Offer Agent")

I / We.....

Address (that can be reached by mail):

.....Zip.....Country.....

Telephone No. (Office).....Telephone No. (Home).....

herby cancel the intention to sell the securities of The Deves Insurance Public Company Limited, subject to the terms and conditions stated in the Tender Offer documents in the amount of.....shares.

I / We submitted the Tender Offer Acceptance Form of the securities of The Deves Insurance Public Company Limited on.....Acceptance Form No.....

I / We would like to receive the returned securities by:

- Transfer the NVDR to "Thailand Securities Depository Company Limited For Depositors" and have .....TSD member no. ...., deposit the said shares at Thailand Securities Depository Company Limited for my/our securities trading account no. ....maintained with that TSD member.

I / We hereby agree to accept the terms and conditions stated above.

Sign.....Cancelator  
(.....)



**Receipt of Tender Offer Revocation Form for NDVR**

Revocation Form No.....  
Date.....

Bualuang Securities Public Company Limited has received the Tender Offer Revocation Form for NDVR of The Deves Insurance Public Company Limited from Mr/Mrs/Miss/Company.....

Sign.....Recipient  
(.....)

(For more information please contact Khun Trinop Kumnerdkarn / Khun Somphorn Sitthidech  
Telephone: 0-2231-3777 ext. 3151 or 3153, Fax: 0-2266-6967, 29/F, Operations Department, Bualuang Securities Public Company Limited)



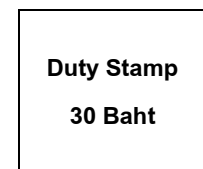
**APPENDIX 6**

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**POWER OF ATTORNEY FOR REVOCATION OF TENDER OFFER**

***For Ordinary Shares and NVDR***





POWER OF ATTORNEY

Made at.....

Date.....

I / We.....Age.....

Nationality.....

Resides at (address that can be reached by mail).....

.....Country.....

Hereby authorize.....Age.....

Nationality.....Resides at (address that can be reached by mail).....

.....Country.....

To act as my / our proxy to cancel my / our intention to accept the tender offer of securities of The Deves Insurance Public Company Limited to Crown Property Bureau and to be authorized to do and execute all such other matter in connection with the aforesaid mentioned on my behalf until its completion.

Any act taken by my / our proxy shall be deem to be taken by myself / ourselves in every respect.

..... Appointor
(.....)

..... Proxy
(.....)

..... Witness
(.....)

..... Witness
(.....)

Note: Certified true copies of ID of Certificate of Incorporation of the Appointor and authorized representative are required to be attached herewith.



**APPENDIX 7**

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**Opinions of Independent Financial Advisor on Delisting of Securities of  
The Deves Insurance Public Company Limited,  
No. AP. 040 /2006, dated June 1, 2006**

**(The opinion of independent financial advisor on this Tender Offer will be sent to  
shareholders within 15 business days after the submission of the tender offer documents)**

(Translation)

No. AP. 040 /2006

June 1, 2006

Subject: Opinions of Independent Financial Advisor on delisting of securities of The Deves Insurance Public Company Limited

To: Shareholders  
The Deves Insurance Public Company Limited

At the 3<sup>rd</sup>/2006 Board of Directors' Meeting of Deves Insurance Public Company Limited ("The Company" or "DVS") held on May 15, 2006, a resolution was passed for the Company to voluntarily delist its securities from the Stock Exchange of Thailand (SET). The Crown Property Bureau ("The Crown Property"), which is the Company's major shareholder holding 10,401,846 shares or 86.68% of the Company's total issued shares (As of Apr 5, 2006) has agreed to make a tender offer to purchase the Company's shares from other shareholders, on amount of 1,598,154 shares or 13.32% of the Company's total issued shares at the price of Bt. 133 per share, on condition that the Company must obtain approval from the shareholders and the SET for the share delisting. In this relation, the Company will arrange a shareholders' meeting to seek approval for such delisting on June 30, 2006.

To comply with the regulation of SET in Delisting rules 1999, the Board of Directors has appointed Advisory Plus Co., Ltd. as the Independent Financial Advisor ("the Financial Advisor") to give opinions to the shareholders on voluntarily delisting of the Company.

As the Financial Advisor, we have given our opinion based on the information obtained from the Company and the publicly disclosed information such as the Annual Registration Statement (Form 56-1), the auditor's report, financial statements, assumptions for the preparation of the financial statements, statistical data of listed non-life insurance companies and other documents obtained from the Company and from interview with its executives, as well as the information disclosed to the public. Our opinions expressed herein have been based on the assumptions that all the information and documents obtained from the Company and from the interview with its executives are true and correct and that our consideration is made based on the economic condition and information known at present. Any future changes in the said information or any future event may have material impacts on the Company's operations and financial projection as well as the shareholders' decision-making. Our opinions can be concluded as follows:

## 1. The Company Information

### 1.1 Type of Business

The Company was established by the Crown Property Bureau. It commenced operations on January 17, 1947 and was listed on the Stock Exchange of Thailand (SET) in November 1990. In August 1994, the Company was registered under the Public Limited Companies Act. Currently, the Company's paid-up registered capital is Bt. 120 million. It is engaged in non-life insurance business which covers fire, marine, motor and miscellaneous insurance. The Company's headquarter is located in Bangkok. It has 13 branch offices in major provinces. The main source of income is insurance premiums which are further invested in various types of investment assets to further generate income, in accordance with the Non-Life Insurance Act B.E. 2535 (1992), such as lendings and investment in securities, promissory notes, bonds, debentures, and bank deposits.

### 1.2 Industry and trend

Non-life insurance business in 2006 has continued to expand consistently in line with the economic growth and several other factors, such as the decelerating hike in oil prices, export growth, investments in government mega-projects and tourism recovery. Motor insurance has recorded the highest proportion of gross premium written but a slowing growth rate as a result of the decline in the expansion of new automobile sales and persisting high oil prices. Miscellaneous insurance business has grown from that in 2005 following the expansion in the investments in the public sector mega-projects and the continued growth in personal accident insurance.

A growth in gross premium written has been posted for marine insurance business in pace with the expanding industry and export sectors with focus more on market penetration of geological regions across the world. This has been stimulated, policy-wise and budget-wise, by the government sector and increasing imports of capital goods for use in wide-ranging investment projects of both the public and private sectors.

### 1.3 Financial position and operational performance of the Company

The financial position and operational performance of the Company in the past three years ended 31<sup>st</sup> December 2003-2005 and the first quarter ended 31<sup>st</sup> March 2006, duly audited and reviewed by the auditor, are as follows:

(Unit: Bt. '000)

	2003	2004	2005	2006 (Jan-Mar)
Total assets	3,307,457	3,943,859	4,462,759	4,135,358
Total liabilities	1,692,571	2,280,853	2,775,365	2,395,853
Registered capital	120,000	120,000	120,000	120,000
Paid-up registered capital	120,000	120,000	120,000	120,000
Shareholders' equity	1,614,886	1,663,006	1,687,394	1,739,505
Gross premium written	2,658,335	3,143,812	3,269,970	687,260
<u>Less:</u> Premium ceded	1,966,446	2,109,791	2,077,578	463,479

	2003	2004	2005	2006 (Jan-Mar)
Net premium written	691,890	1,034,021	1,192,392	223,781
Unearned premium reserves (increase)	(187,324)	(117,780)	(29,715)	89,072
Earned premium written	504,565	916,242	1,162,677	312,853
Underwriting expenses	238,998	513,258	724,776	196,813
Underwriting profit	265,568	402,984	437,901	116,040
Investment income	176,431	76,854	82,796	(11,884)
Other income	22,682	8,061	4,519	27,034
Operating expenses	217,108	260,530	317,074	86,758
Net profit	167,737	172,128	157,187	34,334
Net profit per share (Bt.)	13.98	14.34	13.10	2.86
Dividend per share (Bt.)	9	9	7	-
Book value per share (Bt.)	134.57	138.58	140.62	144.96

Source: The audited or reviewed of the financial statements of the Company which are available on the website of the Office of the Securities and Exchange Commission (SEC) ([www.sec.or.th](http://www.sec.or.th)) or the SET ([www.set.or.th](http://www.set.or.th)).

Note : <sup>1/</sup> Earned premium written is (gross premium written – premium ceded) added/(deducted) by unearned premium reserve decrease (increase) from previous year.

#### Financial position and operation performance for the year 2003-2005

During 2003-2005, the Company recorded total premium written of Bt. 2,658.34 million, Bt. 3,143.81 million and Bt. 3,269.97 million respectively, an increase by 18.26% in 2004 and 4.01% in 2005. Such increase resulted from the growth of premium income from motor insurance at the rate of 60.17% and 33.07% in 2003 and 2004 respectively. The Company during the said period had a policy to focus on small customers and expand its customer base of motor insurance to support the business expansion. Meanwhile, it adjusted its policy to maintaining higher retention (no cession). During 2003-2005, the retention rate was 26.03%, 32.89% and 36.46% respectively, leading to a growth of net premium income (premium income – premium ceded) from Bt. 691.89 million in 2003 to Bt. 1,034.02 million and Bt. 1,192.39 million or by 49.45% and 15.32% in 2004 and 2005 respectively.

During 2003-2005, the Company registered increase in unearned premium reserve of Bt. 187.32 million, Bt. 117.78 million and Bt. 29.71 million respectively in line with the growth of premium income. Underwriting expenses amounted to Bt. 239.00 million, Bt. 513.26 million and Bt.724.78 million respectively. The Company therefore had earning on underwriting of Bt. 265.57 million in 2003 which hiked up to Bt. 402.98 million and Bt. 437.90 million in 2004 and 2005 respectively.

During the same period, the investment income accounted for Bt. 176.43 million, Bt.76.85 million and Bt. 82.80 million respectively. The investment income in 2004 dropped by

56.44% from 2003 as the slow-down in domestic capital market had caused deficit on revaluation of securities. The investment income; however, slightly increased in 2005.

Net profit was recorded at Bt. 167.74 million, Bt. 172.13 million and Bt. 157.19 million during 2003-2005 respectively. The decrease in net profit in 2005 was caused mainly by increase in operating expenses on improvement of information technology system and public relations under the re-branding project to accommodate future business growth, as well as increase in underwriting expenses as resulted from increasing loss (from claims) incurred during the year in line with the underwriting expansion. This also resulted from higher loss ratio (the ratio of loss incurred during the year to the earned premium written) from 43.16% in 2004 to 48.12% in 2005. However, compared with listed non-life insurance companies of which the loss rate was averaged at 50.04% and 46.96% during 2004-2005 respectively, the Company's loss ratio was lower in 2004 and slightly higher in 2005 due to increase in loss incurred during the year at a higher rate than the increase in gross premium written.

In 2005, the Company recorded underwriting income compared with net premium written or gross profit margin of 36.72% which dropped from 38.97% in 2004 due to increase in loss (from claims) particularly on motor insurance which expanded in response to motor insurance expansion. Nonetheless, compared with the average underwriting income and premium written ratio of the listed non-life insurance companies of 30.36% and 33.29% during 2004-2005 respectively, the Company's gross profit margin was placed at a relatively higher level than the industrial average.

Moreover, in 2005, the Company recorded net profit/net premium written ratio or net profit margin of 13.18%, falling from 16.65% in 2004 due to the decline in net profit due to the above factors. Meanwhile, net premium written increased in line with the Company's policy to increase retention rate. Compared with the average net profit rate of the listed non-life insurance companies of 13.76% and 13.25% during 2004-2005 respectively, the Company's net profit margin was higher in 2004 and slightly lower in 2005 than the industrial average due to increase in operating expenses.

During 2003-2005, total assets amounted to Bt. 3,307.46 million, Bt. 3,943.86 million and Bt. 4,462.76 million respectively. Most of the assets are investment in securities, and premium due which in 2005 represented 51.06% and 27.57% of total assets respectively.

Total assets in 2004 increased by Bt. 636.40 million or 19.24% as a result of increase in financial institution debtors which are itemized as account receivables, due to 3-day securities trading (t+3) settlement, from Bt. 2.65 million in 2003 to Bt. 322.73 million, and increase in premium due and uncollected from Bt. 717.06 million in 2003 to Bt. 986.88 million in 2004 or by 37.63%. In addition, the advance payment of premium ceded for policies with over 1-year term surged from Bt. 14.10 million in 2003 to Bt. 142.92 million in 2004, which was recognized as expenses according to the insurance coverage period on a yearly basis.

Total assets in 2005 increased by Bt. 518.90 million from 2004 or by 13.16% due mainly to increase in investment in securities i.e. government bonds, treasury bills, notes and debentures from Bt. 1,873.37 million in 2004 to Bt. 2,278.67 million in 2005 in line with the upward trend of interest rates. Most of the Company's securities investment was made on debt instruments, representing 72.12% in 2005, while the remaining was made on equity shares and unit trusts.

Total liabilities during 2003-2005 were recorded at Bt. 1,692.57 million, Bt. 2,280.85 million and Bt. 2,775.36 million, up by 34.76% and 21.68% in 2004 and 2005 respectively due to increase in advance premium written from Bt. 95.30 million in 2003 to Bt. 267.94 million in 2004 and Bt. 413.86 million in 2005 in accordance with the growth of premium income. The Company has to gradually recognize such premium income according to the insurance coverage period on a yearly basis. The Company also incurred an increase of outstanding amount on ceded premium to be recognized as expense according to the period of cession contract from Bt. 509.48 million in 2003 to Bt. 676.45 million in 2004 and Bt. 843.73 million in 2005. The debt to equity ratio during 2003-2005 was 1.05 times, 1.37 times and 1.64 times respectively.

#### Financial status and operation performance for the first quarter of the year 2006

In the first quarter of 2006, the Company recorded total premium written of Bt. 687.26 million, lower than the same period in the previous year by Bt. 8.39 million or 1.21%, which came from the drop in premium income for all types of insurance except miscellaneous insurance, which expanded by 29.48% from that in the foregoing year. The retention rate for this quarter was 32.56%, a decrease from that of 42.20% a year earlier, as a result of the change in retention policy with focus on quality insurance and reduction of high potential risk insurance. With such policy, the Company's net premium income has decreased to Bt. 223.78 million, down 23.77% from Bt. 293.57 million in the same period of the foregoing year.

Over the same period, the Company registered a decrease in unearned premium reserve of Bt. 89.07 million and underwriting expenses of Bt. 196.81 million, up 26.35% from the same period a year earlier, resulting from the increase in losses from claims during the period of Bt. 48.97 million mainly on the part of motor insurance. The Company had earnings on underwriting of Bt. 116.04 million, which went up from the same period in the previous year of Bt. 15.49 million, or 15.41% up.

Moreover, the Company recorded interest and dividend income of Bt. 23.05 million, a surge from the same period of the previous year of Bt. 11.46 million and a loss from investment in securities of Bt. 34.93 million, which was a decline from Bt. 58.34 million. Other income accounted for Bt. 27.03 million.

In the first quarter of 2006, the Company recorded net profit of Bt. 34.33 million, a drop from that in the previous year by Bt.14.10 million or 29.13%. The Company posted underwriting income against net premium written or gross profit margin of 51.85%, up from that of 34.25% in 2005, as a result of the company's policy to reduce the retention, hence a decline in net premium written. It also recorded decrease in unearned premium reserve, which leveled up earning on underwriting. Its net profit margin, compared with net premium written, was 15.34%, a decline from 2005 due to the increase in losses from insurance claims.

As of the end of the first quarter of 2006, the Company's total assets accounted for Bt. 4,135.36 million, down from 2005 by Bt. 327.40 million or 7.34%, attributable to the decrease in due and uncollected premium by Bt. 285.77 million and investment in securities by Bt. 932.68 million. This resulted from partial sales of investment in securities as per the change in investment policy, hence pulling up cash and deposit in financial institutions to Bt. 802.06 million.

Total liabilities were recorded at Bt. 2,395.85 million, a decrease from 2005 by Bt. 379.51 million or 13.67%, resulting from the decrease in the dues to reinsurance and unearned premium reserves. Shareholder's equity was posted at Bt. 1,739.51 million,

increasing from 2005 by Bt. 52.11 million or 3.09%, following the net profit in the first quarter of 2006 and the decrease in deficit on revaluation of investments.

#### 1.4 Shareholder structure

Major shareholders of the Company as of April 5, 2006:

Name	No. of shares held	Shareholding Percentage
1. Crown Property Bureau	10,401,846	86.68
2. Krungthai Panich Insurance Company Limited	939,600	7.83
3. Mr Sirat Thamrongrat	100,000	0.83
4. Mr Wasin Mrs Kingkarn By Mr Somkiat Wongrat	54,560	0.45
5. Mr Pradit Rodloitook	52,020	0.43
6. Mr Pard Srivanich	33,500	0.28
7. Mr David John Scott	30,400	0.25
8. Thanachart Security PCL	24,000	0.20
9. Mr Thanavit Dussadee-Surapoj	20,400	0.17
10. Mr Chalermchai Suk-uaychai	13,000	0.11
11. Other shareholders	330,674	2.76
<b>Total</b>	<b>12,000,000</b>	<b>100.00</b>

The Board of Director as of May 15, 2006

Name	Position	Shareholding Percentage
1. Dr Chirayu Isarangkun Na Ayuthaya	Chairman	0.0187
2. MR Yongsawasdi Kridakon	Director	-
3. Mr Montri Mongkolswat	Director	-
4. Mr Aviruth Wongbuddhapitak	Director	-
5. Mr Na Bhengbhasang Krishnamra	Director	-
6. Mr Arrak Soontaros	Director	-
7. Mr Virasak Tokakuna	Director	-
8. Dr Charnchai Musignisarkorn	Director	-
9. Mr Anant Keskasemsook	Director President	-
10. Mr Sompoch Intranukul	Independent Director Chairman of the Audit Committee	-
11. Mr Sansern Wongcha-Um	Independent Director Member of the Audit Committee	-
12. Mrs Phansopit Likitthammanit	Independent Director Member of the Audit Committee	-
<b>Total</b>		<b>0.0187</b>



## **2. Opinions of the Financial Advisor on the securities delisting**

The Company's delisting of securities is in accordance with the objective of the Crown Property Bureau, as a major shareholder, as specified in tender offer form submitted to the Securities and Exchange Commission ("the SEC") and the shareholders on February 22, 2006. The reasons and the appropriateness of the delisting are as follows:

### **2.1. Reasonableness and appropriateness**

1) Throughout these many years, the trading volume has been thin. This coming delisting will give the existing shareholders an opportunity to sell their shares to the tender offeror at the tender offer price.

2) The Company has small shareholders, altogether holding less than 15%, of the total issued and paid-up shares. As such, the Company lacks the qualification of a listed company on the SET in terms of share distribution.

3) According to the SET and SEC regulations, the Company is required to disclose its financial and business information to the public, whilst the Company's competitors who are not listed do not have to do so. This puts the Company at a disadvantage position in terms of the competition. In addition, such disclosure incurs more costs and expenses to the Company.

4) The Company has all along operated and has comfortable cash flow, hence no need to rely on fund mobilization from the stock market.

### **2.2. Delisting conditions**

#### **1) Approval by the Company's shareholders**

According to the SET's regulations, the delisting of securities must first be approved by the shareholders with a majority vote of at least three-fourths of the total issued shares of the shareholders or proxies (if any) who are present at the meeting and have the right to vote of not less than three-fourths of the total issued shares of the listed company, and the shares held by the shareholders who object to the delisting shall not exceed 10 per cent of the total issued shares of the Company.

The Company will submit the Financial Advisor's opinion to the shareholders 14 days before the shareholders' meeting date and arrange the presentation session with the Financial Advisor to give details and opinions on the delisting to the investors seven days before the shareholders' meeting date. The presentation is scheduled for June 23, 2006 at 14.00 hrs. at Seminar Room, 6th Floor, Deves Insurance Building, 97-99 Ratchadamnoen Klang Avenue, Phranakhon, Bangkok.

#### **2) Approval by the SET**

After obtaining the approval from the shareholders, the Company must file the delisting application to the Board of Governors of the SET for consideration and approval.

#### **3) Tender offer**

Upon obtaining the delisting approval from the SET, The Crown Property Bureau, the Offeror, must arrange to make the tender offer for the Company's securities by the SEC Notification No. KorJor. 53/2545 in Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers with an offer period of 45 business days.

### **2.3. Effect on small shareholders**

If the delisting of the Company shares is approved by the shareholders and subsequently by the SET, there will be some negative impacts on the small shareholders who decline to sell their shares to the Offeror as follows:

#### *1) Lack of liquidity in securities trading*

After the Company becomes non-listed, there will be no secondary market and reference market price for its share trading, resulting in a lack of trading liquidity.

#### *2) Change in returns on investment*

After the Company becomes non-listed, returns on investment that the shareholders will obtain will be in form of dividend. The opportunity for the shareholders to enjoy capital gains will become slimmer due to the lack of secondary market for share trading. The Company has a dividend policy to pay not less than 50% of net income after corporate tax, although in the past three years, it has not paid dividend due to a subsidiary company has launched an expansion and used retained earning to serve it.

#### *3) Tax privileges*

The shareholders who are natural persons will not be exempt from capital gain tax. In addition, if Thailand Securities Depository Co., Ltd. does not act as the share registrar of the Company, the transferors, either natural or juristic persons, will be subject to a stamp duty at 0.1% of the share payment or the par value, whichever is greater.

#### *4) Access to the Company's information*

The small shareholders can no longer have timely access to the news or information to be disclosed by the Company as required by the SET. Besides, after completion of the tender offer for all shares from the shareholders according to the regulations of the SET regarding securities delisting, if the number of the holders of all types of securities is aggregately fewer than 100, the Company is no longer obliged to disclose information about its financial position and operational performance under the SEC's Notification No. KorJor. 40/2540 and its executives and auditor are no longer required to prepare and disclose the report on securities holding under the SEC's Notification No. SorJor. 14/2540.

However, the Company will retain its status as a public company so that the shareholders will be able to access information and news of the Company in compliance with the Public Companies Act B.E. 2535, such as disclosure at the shareholders' meeting and annual report that the Company will submit to the shareholders on a yearly basis. Nonetheless, the shareholders may make a copy of the legislation documents at the Ministry of Commerce, for example, the Memorandum of Association, the shareholders' list and financial statements.

### **2.4 Pros and cons of the securities delisting**

After the shareholders' meeting resolved for and the SET accordingly approved the delisting of the Company's securities from the SET and hence the Company no longer a listed company, we view that there will be impacts as follows:

#### Pros

1) The Company will have higher liquidity in operations. For the past years, the Company has been required to disclose business and financial information as well as policy and strategies in relation to operations and competition together with other key areas pursuant to

the SET and the SEC rules and regulations. This has put it at a disadvantage against its rivals, both listed and non-listed.

2) The Company will be able to save expenses and fees relating to keeping the listed company status and disclosure of information in accordance with the SET and the SEC criteria, which will result in decreasing administrative cost to some extent.

#### Cons

The Company will no longer be able to benefit from being a listed company, such as fund raising through the SET, public offering of shares to accommodate future operational expansion, tax privileges and retaining of good image and identity. However, at present, the Company has adequate cash flows and shoulders no long-term liabilities. Its cash flows from operations are sufficient to serve investments and for use as working capital, without any reliance on fund raising from the SET. If funds need to be raised in the future, it may request support from the Crown Property Bureau as a major shareholder.

### **3. Opinions of the shareholders' advisor on the offering price**

Pursuant to the criteria of the SET on delisting of listed securities, B.E. 2542, the Company is required to have a tender offeror make a general tender offer for the securities from other shareholders. The Crown Property Bureau, as a major shareholder, will be the tender offeror at the proposed price of Bt. 133 per share. To see whether the offering price is proper, we have conducted share valuation by several approaches for comparison with the offering price as follows:

#### **1) Book value approach**

By this method, the share price is valued based on the book value. According to the audited financial statements as of Mar 31, 2006, the Company's book value is as follows:

Shareholders' equity	Bt. 1,739.51	Million.....(1)
No. of issued and paid-up shares	Bt. 12	Million..... (2)
Book value per share	Bt. 144.96	Million.....(1)/(2)

Therefore, the share price obtained by this method may not reflect the present market value of the assets as well as the Company's profitability in the future.

By this method, the share price of the Company is appraised at Bt. 144.96 per share, which is higher than the offering price of Bt. 133 per share by Bt. 11.96 or 8.99%.

#### **2) Adjusted book value approach**

By this method, the shareholders' equity according to the financial statements as of March 31, 2006 is adjusted. The adjusted items are:

- *Investment in securities*: The book value of investment in securities as of March 31, 2006 was adjusted to the fair value as of April 30, 2006. Investment in securities in form of equity instruments was adjusted by the bidding price as of April 30, 2006, and that in debt instruments adjusted by the last yield price or the amortized cost, while investment in unit trust was adjusted by the net asset value as of April 30, 2006.
- *Land and buildings of branch offices*: The adjustment was made by the increase or decrease according to the revaluation report dated February 28, 2006 of Thai Property Appraisal Lyenn Phillips Company Limited, an

independent appraiser approved by the SEC, which evaluated the price of land and building of six branch offices using the market approach. As of the evaluation date, total value of the assets was higher than the book value by a net amount of Bt. 5.17 million.

However, the Company has not arranged to have the valuation of the leasehold right of its head office building located on Ratchdamnern Klang Avenue in the area under the development project according to the development master plan. Such plan focuses on developing both sides of Ratchdamnern Klang Avenue covering the area of 1.5 km. each to become a unique road with Thai and international cultural mix. The development plan also aims at creating a pleasant city and community to bring about sustainable tourism benefits. Consequently, it is likely that the landlord i.e. the Tender Offeror or the Crown Property Bureau, which takes part in the project, may not allow the Company to sub-lease or assign the leasehold right on the building to any outside parties.

*Dividend payment:* The Company's annual general meeting of shareholders on April 25, 2006 resolved for the allocation of dividends for the operating results during the period of January 1– December 31, 2005 at Bt. 7 per share. The payment of such dividend shall be made on May 2, 2006.

#### Details of adjustments under the adjusted book value approach

	Unit: Bt. million
Shareholders' equity as of March 31, 2006	1,739.51
<u>Adjusted items</u>	
<u>Add</u> Increase in investment value (net from tax)	7.50
Increase in fixed assets valuation	5.17
<u>Less</u> Loss on securities sales	(5.29)
Dividend payment	(84.00)
Net book value after adjustment	1,662.89
Total issued and paid-up capital (million shares)	12
Share price by the adjusted book value approach (Bt. per share)	138.57

The above method better reflects the current net asset value than the book value approach. It can also reflect the value according to the target price and the capability to create value to the existing assets. However, this method does not take into account the operational performance, competitiveness in the future and the economic and industrial trends.

By this method, the share price is Bt. 138.57 per share, which is higher than the offering price by Bt. 5.57 per share or by 4.19%.

The Company's book value as of March 31, 2006 increased from that as of December 31, 2005 to Bt. 52.11 million or Bt. 4.34 per share, which resulted from the first quarter of 2006's net profit of Bt. 34.33 million and Bt. 17.78 million decrease in deficit from revaluation of investment.

The above net profit recorded by the Company came mainly from income recognition of Bt. 89.07 million from the reversal of premium reserve or Bt. 7.42 per share in the face of the declining income from net premium written, and also from other non-operational income of Bt. 27.03 million or Bt. 2.25 per share.

Generally, the Company is required to set aside additional premium reserve when net premium written increases. This will give rise to unearned premium reserve which would be deducted from net premium written. On the contrary, in case net premium written drops, premium reserve will level down accordingly, resulting in a decline in unearned premium reserve which would then be added to net premium written. This is the practice in accordance with the Ministry of Commerce notification requiring insurance companies to set aside reserve before recording net premium written.

### 3) Price to book value approach (P/BV)

By this method, the share price is figured out by multiplying the Company's book value by the average P/BV ratio of 15 listed non-life insurance companies (excluding three companies namely Indara Insurance Plc., Nam Seng Insurance Plc. and Thaivivat Insurance Plc. due to the significant deviations from the average at the analysis period). The average P/BV ratios of this sector over the retroactive 3 months, 6 months, 9 months and 12 months counted before May 15, 2006 which was the date when the Company's board of directors' meeting approved the delisting of the Company's securities from the SET as follows:

Calculation period	Average P/BV ratio of non-life insurance sector*	Share price (Bt. per share)
Average of retroactive 3 months	1.13	163.80
Average of retroactive 6 months	1.06	153.66
Average of retroactive 9 months	1.02	147.86
Average of retroactive 12 months	0.98	142.06

Note : \*Data from [www.setsmart.com](http://www.setsmart.com)

The share price derived by this method is between Bt. 142.06 – Bt. 163.80 per share, which is higher than the offering price by Bt. 9.06 – Bt. 30.80 per share or by 6.81% - 23.16%.

### 4) Price to earning ratio Approach (P/E)

By this method, the share price is derived by multiplying the Company's net earnings per share as per the financial projection for 2006 of which the assumptions are shown in 6 by the average P/E ratios of non-life insurance companies (as detailed in 3) over the retroactive 3 months, 6 months, 9 months and 12 months counted before May 15, 2006 which was the date when the Company's board of directors' meeting approved the delisting of the Company's securities from the SET as follows:

Calculation period	P/E of non-life insurance companies*	Share price (Bt. per share)
Average of retroactive 3 months	13.60	164.70
Average of retroactive 6 months	12.60	152.59
Average of retroactive 9 months	12.58	152.34
Average of retroactive 12 months	12.28	148.71

Source : \* Information from [www.setsmart.com](http://www.setsmart.com)

The share price derived by this approach is between Bt. 148.71 – Bt. 164.70, which is higher than the offering price by Bt. 15.71 – Bt. 31.70 per share or by 11.81% - 23.83%.

### 5) Market value approach

The share price by this method is worked out based on the weighted average market prices of the Company's shares traded on the SET over the retroactive period. The Financial Advisor considered the weighted average market prices (trading value/trading volume) of the Company's shares over the retroactive one year counted before May 15, 2006 which was the date when the Company's board of directors' meeting approved the delisting of the Company's securities from the SET as follows:

Calculation period	Weighted average market price* (Bt. per share)
Average of retroactive 3 months	137.93
Average of retroactive 6 months	126.34
Average of retroactive 9 months	128.41
Average of retroactive 12 months	130.24

Note : \* Data from [www.setsmart.com](http://www.setsmart.com)

By this method, the Company's share price is in a range of Bt. 126.34 – Bt. 137.93 per share, which is lower than the offering price by Bt. 6.66 per share or by 5.01% and higher than the offering price by Bt. 4.93 per share or by 3.71%.

However, taking into account trading volume over the retroactive 1 year, it can be seen that the Company has tight liquidity with the turnover rate of 6.31%.

### 6) Discounted cash flow approach

This method mainly takes into account the profitability of the Company in the future. The share price is figured out from the present value of operating cash flow expected over the projected financial statements of five years (2006-2010) under the assumption that the Company runs on a going concern basis and there are no material changes. Most of the assumptions are based on the actual information or financial ratios in the future including the information on business operation policies obtained from the management of the Company.

The said financial projection is exclusively prepared for the purpose of figuring out a fair price of the Company's shares under the current economic condition and circumstances and for use in price comparison with the offering price of this tender offer. The derived share price may be changed had there been any material change in the economic condition and other factors which affect the Company's operations as well as the circumstances surrounding the Company. The said share price may not be used as a reference price for any purpose other than those stated above.

The assumptions used in the financial projection are as follows:

- **Gross premium**

- Fire insurance

- Gross premium written from fire insurance is projected to drop by 6% in 2006, increase by 8% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.

- Marine insurance

- Gross premium written from marine insurance is projected to fall by 5% in 2006, grow by 8% and 6% in 2007 and 2008 respectively, and grow by 5% during 2009-2010.

- Motor insurance

- Gross premium written from motor insurance is projected to decline by 20% in 2006, increase by 10% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.

- Miscellaneous insurance

- Gross premium written from miscellaneous insurance is projected to drop by 11% in 2006, increase by 10% and 6% in 2007 and 2008 respectively, and increase by 5% during 2009-2010.

All types of insurance gross premium of the Company in 2006 are projected to decrease in 2006 due to its policy to lower risk and focus more on underwriting quality. High risk insurance is thus projected to be reduced.

- **Reinsurance premium**

- Fire reinsurance

- Fire reinsurance premium is projected to be 26% in 2006 and 24% during 2007-2010 of premium written from fire insurance.

- Marine reinsurance

- Marine reinsurance premium is projected to be 70% in 2006 and 68% during 2007-2010 of premium written from marine insurance.

- Motor reinsurance

- Motor reinsurance premium is projected to be 4% of premium written from motor insurance during 2006-2010.

- Miscellaneous reinsurance

- Miscellaneous reinsurance premium is projected to be 92% in 2006 and 90% during 2007-2010 of premium written from miscellaneous insurance.

- **Unearned premium reserve**

- Unearned premium reserve is projected to be 40% of net premium written during 2006-2010.

- **Loss incurred during the year**

- Loss incurred during the year – Fire insurance

Loss incurred during the year from fire insurance is projected to be 6% in 2006 and 5% during 2007-2010 of net premium written from fire insurance.

Loss incurred during the year – Marine insurance

Loss incurred during the year from marine insurance is projected to be 25% in 2006 and 22% during 2007-2010 of net premium written from marine insurance.

Loss incurred during the year – Motor insurance

Loss incurred during the year from motor insurance is projected to be 67% and 60% during 2006-2007 respectively and 62% during 2008-2010 of net premium written from motor insurance.

Loss incurred during the year – Miscellaneous insurance

Loss incurred during the year from miscellaneous insurance is projected to be 31% in 2006 and 30% during 2007-2010 of net premium written from miscellaneous insurance.

- **Loss adjustment expense**

Loss adjustment expense during 2006-2010 is 0.6% of net premium written.

- **Commissions and brokerages**

Commission and brokerages during 2006-2010 is projected at 0.2% - 1.9% of net premium written.

- **Other expenses**

Other expenses during 2006-2010 are projected at 10%-11% of net premium written.

- **Operating expenses**

Operating expenses in 2006 are projected at 33% of net premium written, which will drop to 32% of net premium written in 2010.

- **Capital expenditure**

Capital expenditure in 2006 is projected at Bt. 39 million, consisting of building decoration of both head office and branches of approximately Bt. 16 million, computer and peripherals, license fees and computer software of approximately Bt. 16 million, vehicles of approximately Bt. 5 million, and office equipment and others of approximately Bt. 2 million. During 2007-2010, the capital expenditure in each year is projected to be approximately Bt. 15 million including investment in computer and peripherals, license fees, computer software and office equipment and tools.

- **Return on investment**

The average return on investment in 2006 is projected at 4.1% which will move up by 0.3% in 2007 and by 0.2% per year during 2008-2010.

- **Liquidity rate**

Premium due	around 380 days
Allowance for loss and loss payables	around 100 days
Reinsurance held	around 35 days



- **Terminal growth rate**

Terminal growth rate of the Company is projected to be 2% per year from 2011 onwards.

- **Discount rate**

The discount rate used in the calculation of the expected cash flow is based on the rate of return on equity (Ke) which is equivalent to 10.09%. Variables used in calculation of return on equity are as follows:

$$K_e = R_f + \beta (R_m - R_f)$$

Where Risk free rate (Rf) = 5.85% based on 14-year government bond yield as of May 17, 2006

Beta ( $\beta$ ) = 0.69 based on the average Beta for 1-year period of the Company (information from Bloomberg)

Rm = 12% average rate of return and dividend yield of the SET (Geometric Mean) over 1975-2005

According to the assumptions of the calculation of expected cash flows and the use of return on equity (Ke) of 10.09% as discount rate and terminal growth rate of 2%, the share price calculated by the discounted cash flow approach is Bt. 114.48 per share.

Besides, we have conducted a sensitivity analysis of the share valuation by this approach, using a discount rate between 9.09% and 11.09% and the terminal growth rate between 1% and 3%, the outcome of which is as follows:

Share price (Bt.)	Terminal growth rate		
	1 %	2 %	3 %
Discount rate			
9.09 %	117.44	126.87	139.39
10.09 %	107.40	114.48	123.56
11.09 %	99.40	104.88	111.72

The Company's share price will range between Bt. 99.40 and Bt. 139.39 per share, which is Bt. 33.60 per share or 25.26% lower than the offering price and Bt. 6.39 per share or 4.80% higher than the offering price.

## 7. Dividend discounted model approach

The share valuation by the dividend discounted model approach uses the current value of dividend payment based on the net profit in the 5-year financial projection (2006-2010) under the assumption that the Company's dividend payment rate projected based on the past dividend payment is 60% of the net profit. The projected net profit during 2006-2010 and the discount rate are based on the assumptions in 6.

We have worked out a sensitivity analysis of the share valuation, using a discount rate of between 9.09% - 11.09% and the terminal growth rate between 1% - 3%, the outcome of which is as follows:

Share price (Bt.)	Terminal growth rate		
	1 %	2 %	3 %
<b>Discount rate</b>			
9.09 %	97.18	107.42	121.01
10.09 %	86.31	94.00	103.86
11.09 %	77.66	83.61	91.04

The Company's share price will range between Bt. 77.66 – Bt. 121.01 per share, which is Bt. 11.99 – Bt. 55.34 per share or 9.02% - 41.61% lower than the offering price.

*Conclusion of the Financial Advisor's opinions on the offer price*

Share valuation method	Valuation price (Bt. per share)	Offering price (Bt. per share)	Above (Below) offering price	
			Bt.	%
1. Book value	144.96	133	11.96	8.99
2. Adjusted book value	138.57	133	5.57	4.19
3. Price to book value approach	142.06 - 163.80	133	9.06 – 30.80	6.81 - 23.16
4. Price to earning ratio approach	148.71 - 164.70	133	15.71 - 31.70	11.81 - 23.83
5. Market value approach	126.34 - 137.93	133	(6.66) - 4.93	(5.01) - 3.71
6. Discounted cash flow approach	99.40 – 139.39	133	(33.60) – 6.39	(25.26) – 4.80
7. Dividend discounted model approach	77.66 – 121.01	133	(55.34) – (11.99)	(41.61) – (9.02)

The above table reveals that the valuation prices derived from the book value, the adjusted book value, the price to book value and the price to earning ratio approaches are higher than the offering price. The offering price is in the range between the fair price calculated from the market value and that from the discounted cash flow approach. It is also higher than the price from the dividend discounted model approach.

The book value, the price to book value, and the market value approaches reflect the operational performance and position of the Company at a certain period of time, regardless of the actual asset value and future profitability of the Company, as well as the overall economic and industrial condition in the future. Hence, these methods cannot reflect the real value of the Company.

The price to earning ratio approach takes into account the Company's short-term profitability and thus does not reflect its real value and future profitability.

Meanwhile, the discounted cash flow approach takes into account the Company's future prospects and profitability calculated based on the overall current and future operating cash flow as well as the economic and industrial condition. Nonetheless, the Company's quality-focus policy in 2006 has caused a decline in the premium written which will gradually move up in the following years, hence impact on the future profitability. Therefore, the share price derived by this method is underestimated. In addition, the share valuation by this method depends on several variable factors. If there are material changes in the economic condition and the Company's situation from the assumptions used herein, the share price valuation by this method will change accordingly.

The dividend discounted model approach takes into account the Company's future prospects and profitability but may not reflect the actual share value because the Company usually makes dividend payment using part of its net profit while the remaining will be used for further investments, and used as working capital and cash reserve. The share price by this method takes into account only the cash dividend payment.

Considering the above-mentioned factors, we are of the opinion that the adjusted book value method is the most appropriate for share price valuation as this method, compared with other methods, can best reflect the value according to the target price and the capability to create value to the existing assets. The share price derived thereby is Bt. 138.57 per share, which is higher than the offering price of Bt. 133 per share by Bt. 5.57 per share.

In addition, considering the price appropriateness in case of tender offer for delisting of securities pursuant to Section 58(3) of the SEC notification no. KorJor. 53/2545 regarding rules, conditions and procedure in acquisition of securities for business takeovers, the offering price of Bt. 133 per share is lower than the Company's net asset value, as calculated by us by the adjusted book value method at Bt. 138.57 per share. We accordingly view that the offering price of Bt. 133 per share is not reasonable.

However, when coupled with the dividend of Bt. 7 per share earlier received by the shareholders, the offering price would be equal to Bt. 140 per share, which is the same as the former offering price.

### **Conclusion of the Financial Advisor's opinion**

We are of the opinion that the delisting of the Company's securities from the SET is appropriate and conforms with the objectives of the Tender Offeror indicated in the Company's former tender offer form. With such tender offer, the Tender Offeror would hold 86.68% stake in the Company, hence the number of its retail shareholders falling short of that set forth as criteria for listed companies. In addition, the Company has recorded good operating results with adequate cash flows. It thus has no need to rely on fund raising from the stock exchange. After the delisting, the small shareholders who still retain the Company's stocks would be affected in respect of trading liquidity, the form of returns on investment, tax privileges and access to information, etc.

For the offering price of Bt. 133 per share, we consider it an inappropriate price as it is lower than the fair price of Bt. 138.57 per share as assessed by the adjusted book value approach, which reflects the Company's fundamental value and net asset value at present. However, if the shareholders still retain their holding of the Company's shares, they may have

to get impacts from the share price drop in the future. This is attributable to the Company's policy shift to focus more on insurance underwriting quality, not quantity, hence decline in its premium written and the profitability and share value in the long run.

For the above reasons, we recommend that the shareholders approve the delisting of the Company's securities from the SET. However, the final decision should be made at the shareholders' own discretion.

We hereby certify that we have given opinion on the tender offer prudently in line with professional practices and with due regard for the interest of the shareholders.

Yours sincerely,  
Advisory Plus Co., Ltd.

- Prasert Patradhilok -

(Prasert Patradhilok)  
Director