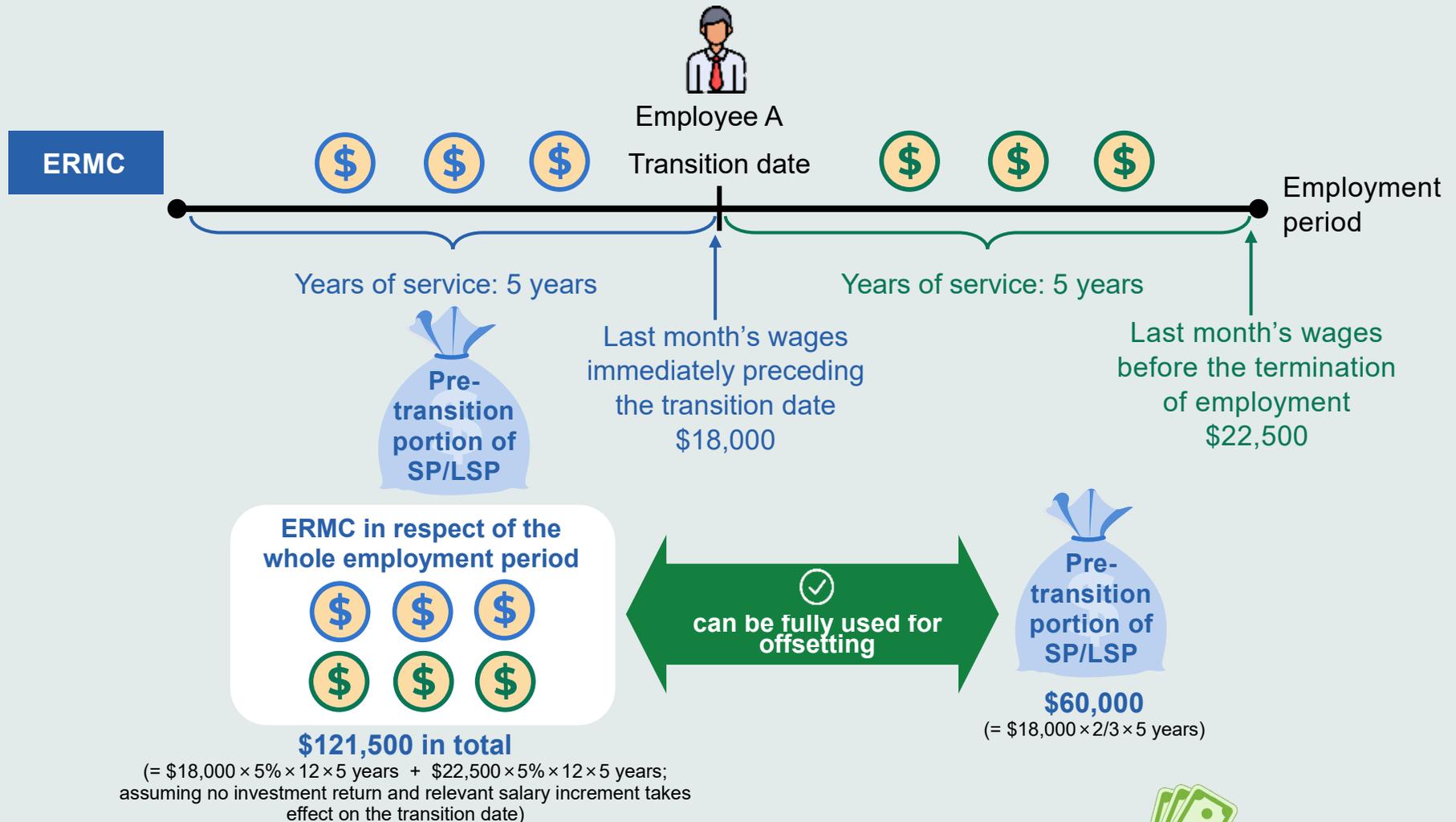


Example 1

Scenario 1: Employer continues to employ an existing employee after the transition date

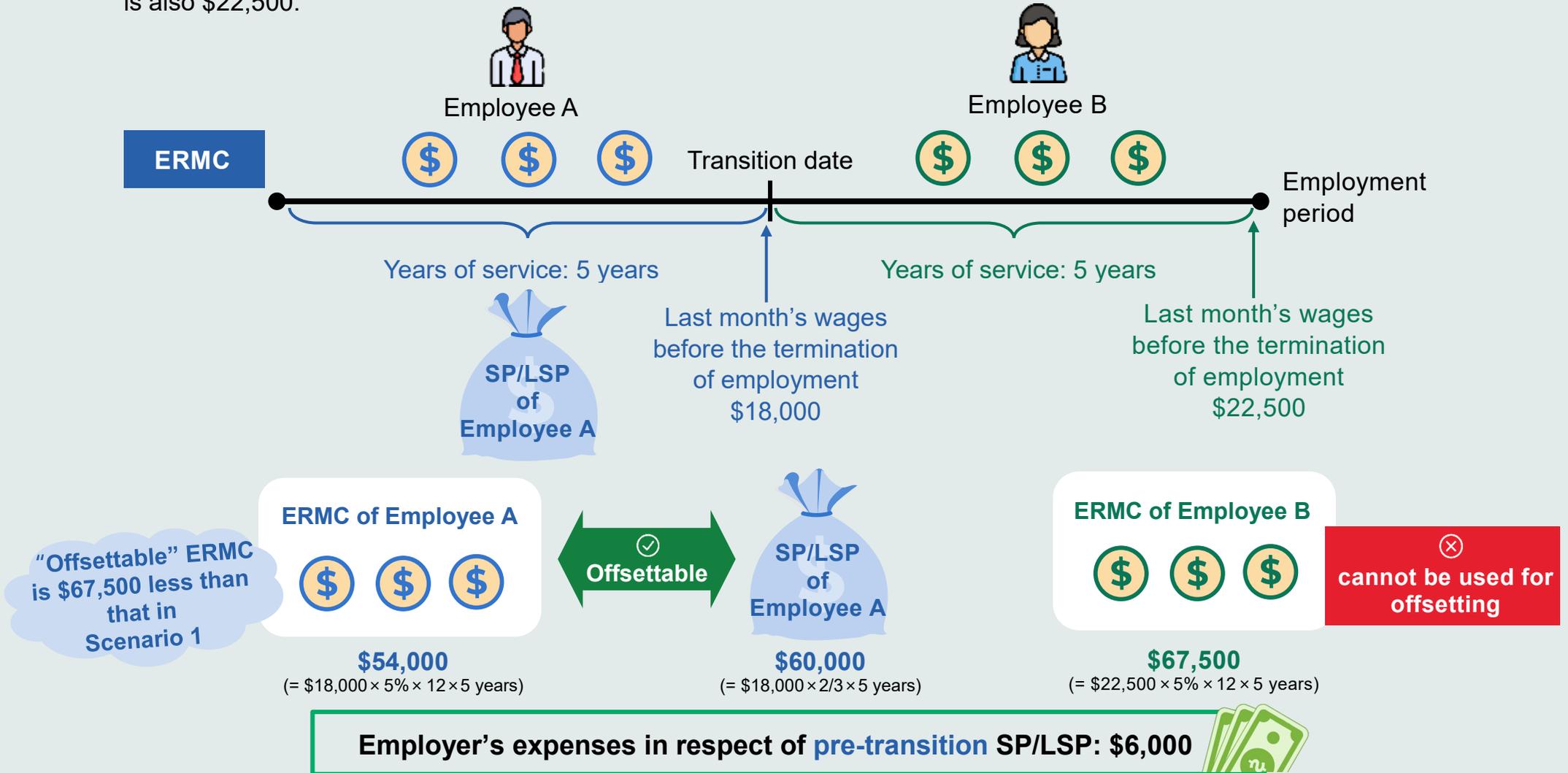
Assuming an employer employs Employee A for 5 years before the transition date and continues to employ Employee A for 5 years after the transition date. Assuming the last month's wages of Employee A immediately preceding the transition date is \$18,000 whilst the last month's wages before the termination of employment is \$22,500.



Employer's expenses in respect of pre-transition SP/LSP: \$0

Scenario 2: Employer dismisses an existing employee before the transition date and employs a new employee after the transition

Assuming the employer dismisses Employee A who has 5 years of service before the transition date and employs a new Employee B for another 5 years. Assuming the last month's wages of Employee B before the termination of employment is also \$22,500.



The above example illustrates that if the employer dismisses an existing employee before the transition date and employs a new employee afterwards, an additional amount of \$6,000 pre-transition SP/LSP is incurred. No matter the employer continues to employ Employee A or changes to employ Employee B, the amount of post-transition SP/LSP incurred are the same, which is \$75,000 and non-offsettable.