

This announcement is not a solicitation of consent with respect to any Notes (as defined below). The Consent Solicitation (as defined below) is being made solely pursuant to the Consent Solicitation Statement (as defined below) and related documents which set forth the complete terms of the Consent Solicitation.

This announcement and any materials relating to the Consent Solicitation do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law.

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COURTS ASIA LIMITED

(Incorporated in the Republic of Singapore)
(UEN/Company Registration Number: 201001347K)

**CONSENT SOLICITATION IN RELATION TO
S\$75,000,000 5.75 PER CENT. NOTES DUE 2019 COMPRISED IN SERIES 002
(ISIN: SG71D9000002) (THE “NOTES”),
ISSUED PURSUANT TO THE S\$500,000,000 MULTICURRENCY DEBT ISSUANCE
PROGRAMME (THE “PROGRAMME”) OF COURTS ASIA LIMITED**

Shareholders of the Company who are not otherwise Noteholders of the Notes will not be eligible to attend or vote at the Meeting of the Noteholders either in person or by proxy.

Courts Asia Limited (the “**Company**”) wishes to announce it has commenced a consent solicitation exercise (the “**Consent Solicitation**”) in relation to the Notes today, as more fully described in the consent solicitation statement dated 7 March 2018 (the “**Consent Solicitation Statement**”), which will be mailed to the holders of the Notes (the “**Noteholders**”) with an address in Singapore and which can also be collected from Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services) in its capacity as meeting agent (the “**Meeting Agent**”) at its address at the end of this announcement from 7 March 2018, between 9.00 a.m. to 5.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 10.00 a.m. (Singapore time) on 27 March 2018. The Consent Solicitation is being made upon the terms and subject to the conditions set forth in the Consent Solicitation Statement. Capitalised terms used and not otherwise defined in this announcement have the meanings given in the Consent Solicitation Statement. The Company has appointed DBS Bank Ltd. as the solicitation agent (the “**Solicitation Agent**”) in relation to the Consent Solicitation.

Rationale for the Proposal

Between now and 2019, three new accounting standards, FRS 115 *Revenue from Contracts with Customers* (“**FRS 115**”), FRS 109 *Financial Instruments* (“**FRS 109**”) and FRS 116 *Leases* (“**FRS 116**”), will become mandatorily effective. FRS 115 and FRS 109 are mandatorily effective for the financial year beginning on or after 1 January 2018, while FRS 116 is mandatorily effective for the financial year beginning on or after 1 January 2019. However, the Company has early adopted FRS 115 for the financial year ending 31 March 2017, so that it can ascertain the impact on the Company’s financials, as well as to avoid a substantial resource crunch involved in adopting two new accounting standards at once. The early adoption of FRS 115 by the Company has had, and the anticipated adoption of FRS 109 and FRS 116 is expected to have, a significant impact on the financial statements of the Company. **However, no cashflow impact is expected to arise from the adoption of these accounting standards.**

As a result of the early adoption of FRS 115, and in anticipation of the adoption of FRS 109 and FRS 116, the Company proposes to seek approval by an Extraordinary Resolution of the Noteholders to amend the financial covenants and, *inter alia*:

- (a) **Consolidated Tangible Net Worth $\geq$ S\$165,000,000**
decrease the threshold for the minimum Consolidated Tangible Net Worth to S\$120,000,000. The adoption of FRS 115 to the Company’s Tangible Net Worth impacts by more than S\$75 million, as evidenced by the fact that Tangible Net Worth reduced by S\$75.6 million upon restatement of the Company’s financials for year ended 31 March 2016 due to adoption of FRS 115. Also, the adoption of FRS 109 is expected to result in lower opening retained earnings due to the recognition of a higher impairment allowance on trade receivables. Accordingly, the Company is proposing to reduce the existing S\$165,000,000 threshold under the minimum Consolidated Tangible Net Worth covenant by S\$45,000,000 to S\$120,000,000;
- (b) **Consolidated Net Debt to Consolidated Total Equity $\leq$ 1.65x**
exclude additional finance leases which arise as a result of the adoption of FRS 116 from the calculation of Consolidated Total Debt (and consequently Consolidated Net Debt), as inclusion of such leases in the calculation distorts the accuracy of the ratio as an indicator of the Company’s real borrowing levels;
- (c) **Consolidated Secured Debt to Consolidated Total Assets $\leq$ 0.65x**
 - (i) exclude additional finance leases which arise as a result of the adoption of FRS 116 from the calculation of Consolidated Total Liabilities (and consequently Consolidated Secured Debt), as inclusion of such leases in the calculation distorts the accuracy of the ratio as an indicator of the Company’s real borrowing levels; and
 - (ii) exclude right-of-use assets which arise as a result of the adoption of FRS 116 from the calculation of Consolidated Total Assets, following the exclusion of additional finance leases which arise as a result of the adoption of FRS 116 from the calculation of Consolidated Total Liabilities (and consequently Consolidated Secured Debt);

- (d) **EBITDA to Interest Expense $\geq$ 1.75x (interest coverage ratio)**
- (i) reduce the minimum ratio of EBITDA to Interest Expense from 1.75 to 1 as currently stated to 1.5 to 1. Due to the early adoption of FRS 115, the restatement of the Company's financials for the year ended 31 March 2016 resulted in the ratio of EBITDA to Interest Expense being reduced by 0.82 times to 2.27:1. In addition, the adoption of FRS 109 is expected to result in lower EBITDA due to the recognition of a higher impairment allowance on trade receivables. Accordingly the Company is proposing to reduce the ratio from the existing 1.75:1 to 1.5:1; and
 - (ii) to test the interest coverage ratio for each year to date period ending on the last day of (i) each financial year, (ii) each financial half-year and (iii) if the Company is required to prepare quarterly financial statements under the listing rules of the SGX-ST, each financial quarter in order to align with the Company's continuing listing obligations relating to periodic reporting of financial statements under the listing rules of the SGX-ST; and
- (e) amend the timing for delivery by the Company of the financial statements and reports relating thereto under the Notes and the Trust Deed to align with and for consistency with the Company's continuing listing obligations relating to periodic reporting of financial statements under the listing rules of the SGX-ST.

For further details on the new accounting standards and their respective impact, please refer to the Annex to this announcement.

Consent Fees

Subject to the fulfilment of the Settlement Conditions, Noteholders who deliver, or arrange to have delivered on their behalf, valid Voting Instructions on or prior to the Early Consent Fee Deadline to the Meeting Agent to have their votes cast in favour of the Extraordinary Resolution at the Meeting (and such Voting Instructions have not been validly revoked) will be eligible to receive an early consent fee of 0.25 per cent. in principal amount of the Notes in respect of which such votes have been cast (being S\$625 per S\$250,000 in principal amount of such Notes) (less any bank charges, which shall be borne by such Noteholders) (the "**Early Consent Fee**"). Noteholders who deliver Voting Instructions after the Early Consent Fee Deadline will not be eligible to receive the Early Consent Fee.

Subject to the fulfilment of the Settlement Conditions, Noteholders who (a) vote in favour of the Extraordinary Resolution at the Meeting or (b) deliver, or arrange to have delivered on their behalf, valid Voting Instructions after the Early Consent Fee Deadline but on or prior to the Expiration Time to the Meeting Agent to have their votes cast in favour of the Extraordinary Resolution at the Meeting (and such Voting Instructions have not been validly revoked) will not be eligible for the Early Consent Fee and will instead receive a normal consent fee of 0.15 per cent. in principal amount of the Notes in respect of which such votes have been cast (being S\$375 per S\$250,000 in principal amount of such Notes) (less any bank charges, which shall be borne by such Noteholders) (the "**Normal Consent Fee**"). For the avoidance of doubt,

Noteholders who are eligible to receive the Early Consent Fee will not additionally receive the Normal Consent Fee.

Expected Timetable

Set forth below is the current expected summary timetable for the Consent Solicitation, including the expected date for the notice of the results from the Consent Solicitation. See also the section entitled "Expected Timetable" in the Consent Solicitation Statement.

Event	Date and Time
Launch	7 March 2018.
Early Consent Fee Deadline	5.00 p.m. (Singapore time) on 22 March 2018.
Expiration Time	10.00 a.m. (Singapore time) on 27 March 2018.
Time and date of the Meeting	10.00 a.m. (Singapore time) on 29 March 2018.
Notice of results of the Meeting	As soon as reasonably practicable and, in any event, no later than 14 days following the Meeting (or, if applicable, any adjourned Meeting).
(Subject to the fulfilment of the Settlement Conditions) the date(s) for the payment of the Early Consent Fee or (as the case may be) the Normal Consent Fee to the Noteholders eligible to receive such fee	On or around 4 April 2018, and in any event, by not later than five business days after the passing of the Extraordinary Resolution at the Meeting.

Provided that the Settlement Conditions are fulfilled, the Early Consent Fee or (as the case may be) the Normal Consent Fee will be credited to the account of the Noteholder eligible to receive such fee on or around 4 April 2018, and in any event, by not later than five business days after the passing of the Extraordinary Resolution at the Meeting. The Company may elect to waive any Settlement Condition at its sole and absolute discretion.

The quorum required at the Meeting for the passing of the Extraordinary Resolution shall be two or more persons present in person holding Voting Certificates or being proxies and holding or representing in the aggregate not less than a clear majority of the principal amount of the Notes for the time being outstanding and at an adjourned meeting any proportion of the Notes for the time being outstanding. No business (except choosing a chairman) shall be transacted unless the requisite quorum is present at the commencement of business.

If a quorum is not present within 15 minutes from the time initially fixed for the Meeting, it shall be adjourned until such date, not less than 14 days nor more than 42 days later, and time and

place as the chairman of the Meeting may decide. At least 10 days' notice of a Meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned Meeting. If a quorum is not present within 15 minutes from the time fixed for such Meeting, the Meeting shall be dissolved

Voting Certificates obtained and Voting Instructions given in respect of the Meeting (unless validly revoked pursuant to the terms of the Consent Solicitation) shall remain valid for such adjourned Meeting.

The Extraordinary Resolution proposed at the Meeting would need to be passed by a majority consisting of at least 75 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of at least 75 per cent. of the votes cast on such poll. The Extraordinary Resolution of the Noteholders passed at the Meeting duly convened shall be binding upon all the Noteholders whether present or not present at such Meeting and upon all Couponholders (as defined in the Trust Deed) and each of them shall be bound to give effect to it accordingly.

Subject to applicable law, the provisions of the Trust Deed and as provided in the Consent Solicitation Statement, the Company may, in its sole discretion, re-open, amend, waive any condition of or terminate the Consent Solicitation at any time prior and up to the Expiration Time. If, in the opinion of the Company (in consultation with the Solicitation Agent), any amendment to the terms of the Consent Solicitation is material, the Company may extend the Early Consent Fee Deadline and/or the Expiration Time. Notice will be given to the Noteholders by the Company if the terms of the Consent Solicitation are amended, extended or if the Consent Solicitation is terminated.

If the Company is required to make an announcement relating to an extension, re-opening, amendment, waiver of any condition of or termination of the Consent Solicitation, such announcement will be made in accordance with all applicable laws, rules and regulations via (a) the issue of a press release and/or (b) the website of the SGX-ST. The Company will make any such announcement as promptly as practicable.

In order to avoid any violation of laws applicable in countries other than Singapore, the Consent Solicitation Statement has not been and will not be mailed to Direct Participants who do not presently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of the Consent Solicitation Statement should provide in writing such address in Singapore to the Meeting Agent not later than five days before the Expiration Time.

Questions and requests for further information and assistance in relation to the Consent Solicitation or the Consent Solicitation Statement may be directed to DBS Bank Ltd., in its capacity as solicitation agent, during normal office hours at its address and email address set forth below. Questions or requests for assistance in connection with the submission or delivery of Voting Instructions and/or Voting Instruction Forms may be directed to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), in its capacity as meeting agent, between 9.00 a.m. to 5.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), at its address and telephone number set forth below.

The Company

Courts Asia Limited

50 Tampines North Drive 2
Singapore 528766
Telephone: (65) 6309 7777

The Solicitation Agent

DBS Bank Ltd.

12 Marina Boulevard, Level 42
Marina Bay Financial Centre Tower 3
Singapore 018982
Email: liabilitymanagement@db.com

The Meeting Agent

Tricor Singapore Pte. Ltd.

(trading as Tricor Barbinder Share Registration Services)

80 Robinson Road
#11-02
Singapore 068898
Telephone: (65) 6236 3550/3555
Email: is.corporateactions@sg.tricorglobal.com

By order of the Board

Dr Terence Donald O'Connor
Executive Director cum Group Chief Executive Officer
7 March 2018

ANNEX

The sections below set out a brief description of each of the new accounting standards and their respective impacts.

1 **FRS 115**

In general, FRS 115 introduces a new revenue recognition model for customer contracts that represents the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to exchange for those goods or services. In particular, FRS 115 provides clearer guidance on the accounting for revenue from customer contracts containing significant financing components and consideration payable to customers.

The main changes in the adoption of FRS 115 for the Company are in:

- (a) accounting for service charge income from credit sales; and
- (b) accounting for other services income.

Accounting for service charge income from credit sales

Accounting for significant financing component

The Company's credit sales provide its customers with a significant benefit of financing the goods and services sold, and the Company earns service charge income arising from the provision of this significant financing benefit to its customers.

Under the old accounting standard, service charge income on the Company's credit sales were recognised over the credit period at a constant periodic rate of return on the outstanding receivables after deducting the incremental costs directly attributable to the acquisition of credit sales.

Under FRS 115, when a transaction contains a significant financing component, the transaction price is required to be adjusted using a discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception. That rate would reflect the credit characteristics of the party receiving financing in the contract.

Accounting for consideration payable to customer

The Company offers promotions on its credit sales, including cashback, vouchers and gift cards. These promotions are only offered to credit customers.

Under the old accounting standard, these promotional costs were assessed to be incremental costs that were directly attributable to the acquisition of the credit sales. These costs were included as part of the effective interest calculation for service charge income on credit sales.

Under FRS 115, consideration payable to a customer, such as cashback, vouchers and gift cards, are accounted for as a reduction of the transaction price and therefore, of revenue.

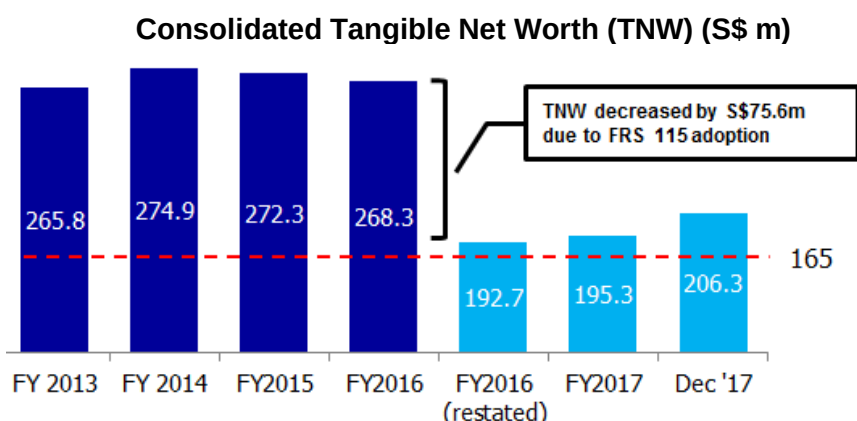
Accounting for other services income

The Company offers its customers the option of purchasing other services along with the purchase of merchandise. When such service obligations arise, the Company subcontracts these service obligations to third party service providers, thereby transferring the financial risk arising from these obligations to third parties. From time to time, the Company offers promotions in which other services are provided free to customers with the purchase of merchandise.

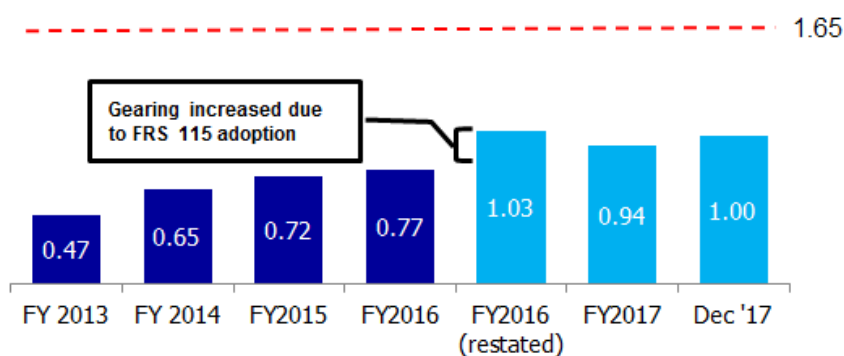
Under the old accounting standard, revenue from the sale of other services was recognised at the time of sale. The costs incurred for subcontracting these service obligations to third parties were also recognised at the time of sale.

Under FRS 115, revenue is allocated to the service obligations and is deferred and recognised over the period covered by the period of the other services. The cost of subcontracting these service obligations to third party service providers is similarly deferred and recognised over the service period. The revenue from the sale of such other services and the cost of subcontracting these service obligations are deferred and classified as deferred revenue and deferred costs respectively on the balance sheet.

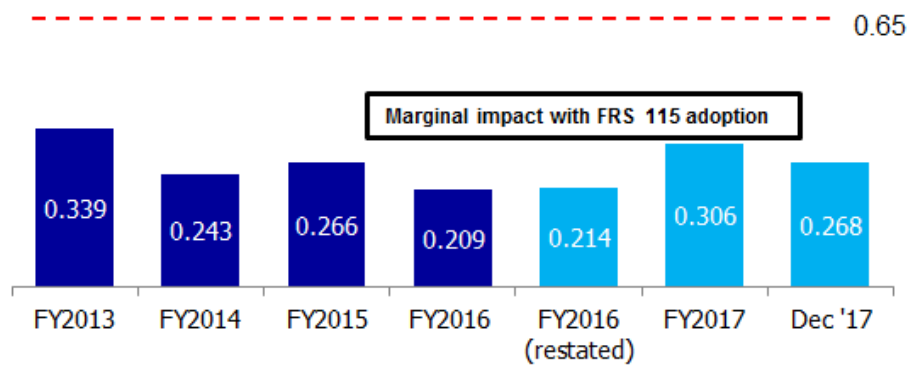
In accordance with the transition provisions in FRS 115, the new rules have been adopted retrospectively and the comparatives for the financial year ended 31 March 2016 have been restated. The graphs below show the impact of the restatement on the financial covenants under the Programme:



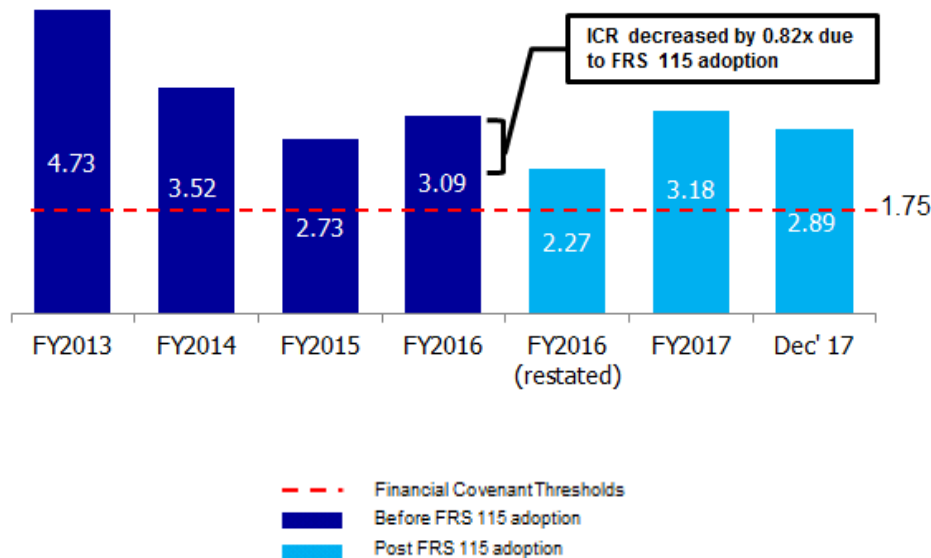
Consolidated Net Debt to Consolidated Total Equity (X)



Consolidated Secured Debt to Consolidated Total Assets (X)



EBITDA to Interest Expense (ICR) (X)



2 FRS 109

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* (“**FRS 39**”) and its relevant interpretations. Due to the significant balance of the Company’s trade receivables, which comprise mainly of receivables from individual customers from the Company’s credit sales, the most significant impact to the Company’s financials upon adoption of FRS 109 is expected to be on impairment of trade receivables. FRS 109 introduces a new ‘expected credit loss’ (“**ECL**”) impairment model that replaces the ‘incurred loss’ impairment model under FRS 39.

The main differences arising from the new impairment model are summarised as follows:

FRS 39

- Impairment losses are only recorded for receivables with objective evidence of impairment (e.g., when the receivables are past due).
- Impairment losses are calculated based on information available at that point in time, without consideration of any forward-looking information.

FRS 109

- Impairment losses are recognised for all receivables, even if no default event has occurred.
- A minimum of 12-month ECL allowance is required for all receivables, with a higher lifetime ECL required for receivables with significant increase in credit risk.
- ECL calculations are required to include forward-looking elements, such as forecasts of future economic conditions.

Under the existing ‘incurred loss’ impairment model in FRS 39, impairment losses are recorded only if an actual loss event has occurred. The impairment loss under this model is calculated based on information available at that point in time, without consideration of any forward-looking information. In determining the amount of impairment allowance under the existing model, the Company considers its accumulated historical collection and loss experience for receivables with similar credit characteristics, taking into account any observable information which may indicate that the receivables may be impaired.

Under the new ‘expected credit loss’ impairment model in FRS 109, impairment losses are required to be recorded on receivables based on an entity’s expectations of the probability of loss on the receivables in the future, even if a default event has not occurred yet. In estimating the probability of loss, the ECL calculations are required to include forward-looking elements, such as forecasts of future economic conditions. A minimum of 12-month ECL allowance is recognised for all receivables, with a higher lifetime ECL allowance required for receivables with significant increase in credit risk.

The Company will adopt FRS 109 for the financial year ending 31 March 2019. As at 31 March 2017, the Company’s trade receivables amounted to S\$480 million. An increase in provision for impairment of trade receivables and a corresponding decrease in opening retained earnings is expected to arise from the application of the new impairment model.

3 **FRS 116**

FRS 116 replaces FRS 17 *Leases* (“**FRS 17**”) and its relevant interpretations.

The main differences arising from the new lease accounting model is summarised as follows:

FRS 17

- No asset or liability recognised on the balance sheet.
- Lease expense recognised on a straight-line basis based on the average of payments made over the lease term.

FRS 116

- An asset (representing the right to use the leased item) and a corresponding financial liability to pay rentals is recognised on the balance sheet.
- Depreciation expense on the 'right-of-use' asset recognised on a straight-line basis over the lease term.
- Interest expense recognised on an effective interest rate basis over the lease term (reduces over the lease term as the financial liability is repaid).

Under the current FRS 17, the Company recognises payments made under the operating lease arrangements for its retail outlets (net of any incentives received from the lessors) as operating lease expenses in the profit or loss on a straight-line basis over the lease term.

Under FRS 116, the lessee recognises an asset (representing the right to use the leased item) and a corresponding financial liability to pay rentals. The leased asset (termed 'right-of-use' assets) would be depreciated over the lease term on a straight-line basis, while the lease liability will be accreted to reflect interest expense on an effective interest rate basis and reduced to reflect the lease payments made.

FRS 116 will result in almost all leases being recognised on the balance sheet of lessees. The only exemptions are short-term (lease term of less than 12 months) and low-value leases (generally taken to be less than US\$5,000). The straight-line operating lease expense under the old operating lease accounting model in FRS 17 will be replaced by depreciation and interest expense, resulting in a front-loaded expense profile over the lease term (as interest expense reduces over the lease term as the lease liability is repaid). The Company will adopt FRS 116 for the financial year ending 31 March 2020. As at 31 March 2017, the Company had non-cancellable operating lease commitments of S\$210 million. The majority of the Company's operating lease arrangements will not qualify under the short-term or low-value exemptions provided under FRS 116. As a result, the new lease accounting model is expected to result in:

- (a) an increase in total assets, due to the recognition of 'right-of-use' assets;
- (b) an increase in total liabilities, due to the recognition of lease liabilities;
- (c) operating lease expense replaced by depreciation and interest expense; and
- (d) front-loaded expense recognition profile, with higher total depreciation and interest expense recognised during the early part of the lease.

4 Expected Impact of FRS 109 and FRS 116 on Financial Covenants

The table below summarises the expected impact of the adoption of FRS 109 and FRS 116 by the Company on the financial covenants under the Programme:

Financial Covenants	Expected impact from adoption of FRS 109 and FRS 116
Consolidated Tangible Net Worth shall not at any time be less than S\$165,000,000.	- FRS 109 is expected to result in lower opening retained earnings due to the recognition of a higher impairment allowance on trade receivables. This will result in a lower Consolidated Tangible Net Worth. - FRS 116 is not expected to have any material impact on the Company's Consolidated Tangible Net Worth on transition. - The overall impact from the anticipated adoption of FRS 109 and FRS 116 is an expected decrease in Consolidated Tangible Net Worth.
Ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 1.65:1.	- FRS 109 is expected to result in lower opening retained earnings due to the recognition of a higher impairment allowance on trade receivables. This will result in a lower Consolidated Total Equity. - FRS 116 is expected to result in the recognition of finance lease liabilities for the obligation to pay rentals. This will result in a higher Consolidated Net Debt. - The overall impact from anticipated adoption of FRS 109 and FRS 116 is an expected increase in ratio of Consolidated Net Debt to Consolidated Total Equity.
Ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.65:1.	- FRS 109 is expected to result in lower assets due to the recognition of a higher impairment allowance on trade receivables. This will result in a lower Consolidated Total Assets. - FRS 116 is expected to result in the recognition of finance lease liabilities for the obligation to pay rentals, which are generally assessed to be secured borrowings. This will result in a higher Consolidated Secured Debt.

Financial Covenants

Expected impact from adoption of FRS 109 and FRS 116

- The overall impact from the anticipated adoption of FRS 109 and FRS 116 is an **expected increase in ratio of Consolidated Secured Debt to Consolidated Total Assets**.
- Ratio of EBITDA to Interest Expense shall not at any time be less than 1.75:1.
- FRS 109 is expected to result in **lower EBITDA** due to the recognition of a higher impairment allowance on trade receivables.
 - FRS 116 is expected to result in **higher EBITDA** as interest and depreciation expenses will be recognised instead of operating lease expenses under the new lease accounting model. A **higher interest expense** is also expected under the new lease accounting model.
 - The **ratio of EBITDA to Interest Expense** will be reduced by FRS 109. This ratio will also be impacted by FRS 116 (i.e., increase or decrease depending on the relative impact on interest and depreciation amounts).