

CIRCULAR DATED 15 FEBRUARY 2019

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF KPMG CORPORATE FINANCE PTE LTD. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Courts Asia Limited. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your CAL Shares (as defined herein), you should immediately hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



COURTS ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201001347K)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

for and on behalf of

NOJIMA ASIA PACIFIC PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201842375E)



Independent Financial Adviser to the Recommending Directors

KPMG Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company Registration No. 198500417D)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5:30 P.M. (SINGAPORE TIME) ON 15 MARCH 2019 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

GENERAL

“9M2018 Consolidated Interim Financial Statements”	:	Condensed consolidated interim financial statements for the financial period ended 31 December 2018, which forms part of Appendix IV
“9M2018 Results Announcement”	:	Unaudited consolidated financial statements of the CAL Group for the third quarter ended 31 December 2018, which were issued in the Company’s announcement released on the website of the SGX-ST at www2.sgx.com on 9 February 2019
“9M2018 Review Report”	:	Shall have the meaning ascribed to it in paragraph 9.3 of Appendix II to this Circular
“Acceptance Condition”	:	Shall have the meaning ascribed to it in section 2.5(a) of this Circular
“Accepting Shareholder”	:	Shall have the meaning ascribed to it in section 2.4 of this Circular
“Awards”	:	Shall have the meaning ascribed to it in section 2.1(b) of this Circular
“Board”	:	The board of directors of the Company
“Books Closure Date”	:	Shall have the meaning ascribed to it in section 2.4(a) of this Circular
“Business Day”	:	A day other than Saturday, Sunday or a public holiday, on which commercial banks are open for business in Singapore
“CAL Shares”	:	Ordinary shares in the capital of the Company
“Circular”	:	This circular to Shareholders enclosing, <i>inter alia</i> , the IFA Letter
“Closing Date”	:	5:30 p.m. on 15 March 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore)

“Company Securities”	:	(a) CAL Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of the CAL Shares or other securities which carry voting rights in the Company
“Constitution”	:	The memorandum and the articles of association of the Company
“Courts PSP”	:	The Courts Performance Share Plan approved by the Board and Remuneration Committee on 22 November 2012 and administered by the Remuneration Committee
“Courts SARP”	:	The Courts Share Appreciation Rights Plan approved by the Board and Remuneration Committee on 22 November 2012 and administered by the Remuneration Committee
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who purchase CAL Shares using their CPF savings pursuant to the CPFIS
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Distributions”	:	Shall have the meaning ascribed to it in section 2.3(c) of this Circular
“DSA”	:	Deferred Share Award granted under the FY15/16 DSA, the FY16/17 DSA or the FY17/18 DSA, each representing the right to receive one (1) fully-paid CAL Share for nil consideration by the participating employees
“ED Retention CAL Shares”	:	Shall have the meaning ascribed to it in paragraph 4.9(a) of Appendix II to this Circular
“Encumbrance”	:	Shall have the meaning ascribed to it in section 2.3(b) of this Circular
“Excluded Documents”	:	(a) The IFA Letter; (b) the 9M2018 Review Report; and (c) the letter from KPMG on the 9M2018 Consolidated Interim Financial Statements as set out in Appendix V to this Circular

“FAA”	:	The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose CAL Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	:	The Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose CAL Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
“FY”	:	Financial year ended or ending (as the case may be) 31 March of a particular year as stated
“FY15/16 DSA”	:	The FY15/16 Deferred Share Award which was approved by the Board and Remuneration Committee on 31 August 2016, and administered by the Remuneration Committee, in accordance with the Courts PSP
“FY16/17 DSA”	:	The FY16/17 Deferred Share Award which was approved by the Board and Remuneration Committee on 4 October 2017, and administered by the Remuneration Committee, in accordance with the Courts PSP
“FY17/18 DSA”	:	The FY17/18 Deferred Share Award which was approved by the Board and Remuneration Committee on 28 August 2018, and administered by the Remuneration Committee, in accordance with the Courts PSP
“FY16/17 PSA”	:	The FY16/17 Performance Share Award which was approved by the Board and Remuneration Committee on 24 June 2016, and administered by the Remuneration Committee, in accordance with the Courts PSP
“FY17/18 PSA”	:	The FY17/18 Performance Share Award which was approved by the Board and Remuneration Committee on 22 June 2017, and administered by the Remuneration Committee, in accordance with the Courts PSP
“FY18/19 PSA”	:	The FY18/19 Performance Share Award which was approved by the Board and Remuneration Committee on 3 July 2018, and administered by the Remuneration Committee, in accordance with the Courts PSP
“Guidelines”	:	Shall have the meaning ascribed to it in paragraph 4.9(a) of Appendix II to this Circular
“IFA Letter”	:	The letter dated 15 February 2019 from KPMG to the Recommending Directors in respect of the Offer as set out in Appendix I to this Circular

“Interested Person”	:	As defined in the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Irrevocable Undertaking”	:	The irrevocable undertaking provided by SRG to the Offeror to, <i>inter alia</i> , accept the Offer, as more particularly described in section 7 of this Circular
“Latest Practicable Date”	:	7 February 2019, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“NED Retention CAL Shares”	:	Shall have the meaning ascribed to it in paragraph 4.9(d) of Appendix II to this Circular
“Offer”	:	The voluntary conditional cash offer made by the Offeror for the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer released by the Offeror on the Offer Announcement Date

“Offer Announcement Date”	:	18 January 2019, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 1 February 2019, including the FAA and FAT, and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	Shall have the meaning ascribed to it in section 2.2 of this Circular
“Offer Shares”	:	All the CAL Shares to which the Offer relates, as more particularly defined in section 2.1 of this Circular
“Offer Unconditional Announcement”	:	Shall have the meaning ascribed to it in section 2.5 of this Circular
“Offer Unconditional Date”	:	1 February 2019, being the date on which the Offer was declared to be unconditional in all respects in accordance with its terms pursuant to the Offer Unconditional Announcement
“Offeror Securities”	:	<ul style="list-style-type: none"> (a) Offeror Shares; (b) securities which carry substantially the same rights as the Offeror Shares; and (c) convertible securities, warrants, options or derivatives in respect of any Offeror Shares or other securities which carry substantially the same rights as the Offeror Shares
“Offeror Shares”	:	Issued shares in the capital of the Offeror
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
“PSA”	:	Performance Share Award granted under the FY16/17 PSA, the FY17/18 PSA or the FY18/19 PSA, each representing the right to receive one (1) fully-paid CAL Share for nil consideration by the participating employees

“Recommending Directors”	:	The Directors who are considered independent for the purposes of the Offer, namely: (a) Mr Jack Hennessy; (b) Dr Terence Donald O’Connor; (c) Ms Kee Kim Eng; (d) Mr Adnan Abdulaziz Ahmed AlBahar; (e) Mr Chey Chor Wai; and (f) Mr Kewee Kho
“Register”	:	The register of holders of CAL Shares, as maintained by the Registrar
“Requirement”	:	Shall have the meaning ascribed to it in paragraph 4.9(d) of Appendix II to this Circular
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“SAR”	:	Share Appreciation Rights granted under the Courts SARP, which represent the right to receive CAL Shares for nil consideration by the participating employees
“SFA”	:	The Securities and Futures Act (Chapter 289 of Singapore)
“Shareholder”	:	A holder of CAL Shares (other than CDP), as indicated on the Register and a Depositor who has CAL Shares entered against its name in the Depository Register
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who purchase CAL Shares pursuant to SRS
“%” or “per cent.”	:	Percentage or per centum

COMPANIES/ORGANISATIONS/PERSONS

“CAL” or the “Company”	:	Courts Asia Limited
“CAL Group”	:	The Company and its subsidiaries
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund

“KPMG”	:	KPMG Corporate Finance Pte Ltd, being the independent financial adviser to the Recommending Directors in respect of the Offer
“Nojima”	:	Nojima Corporation
“Offeror”	:	Nojima Asia Pacific Pte. Ltd.
“PPCF”	:	PrimePartners Corporate Finance Pte. Ltd.
“PwC”	:	PricewaterhouseCoopers LLP, the auditors of the Company
“Registrar”	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), the share registrar of the Company
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SRG”	:	Singapore Retail Group Limited

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other or neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Notwithstanding the Latest Practicable Date, this Circular has taken into account the 9M2018 Results Announcement.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

In this Circular, the total number of issued CAL Shares as at the Latest Practicable Date is 517,464,469 issued CAL Shares with 42,535,531 treasury shares. Unless otherwise specified, all references to percentage shareholdings in the capital of the Company in this Circular are based on 517,464,469 CAL Shares (excluding 42,535,531 treasury shares) in the issued share capital of the Company as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders of the Company should not place undue reliance on such forward-looking statements, and neither the Company nor KPMG guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Despatch Date	:	15 February 2019
Acceptance Condition met and Offer was declared unconditional in all respects	:	1 February 2019
Closing Date ⁽¹⁾⁽³⁾	:	5:30 p.m. (Singapore time) on 15 March 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of the Offer ⁽¹⁾⁽²⁾	:	<p>In respect of valid and complete acceptances received on or before the Offer Unconditional Date, within seven (7) Business Days of the Offer Unconditional Date</p> <p>In respect of valid and complete acceptances received after the Offer Unconditional Date but on or before the Closing Date, within seven (7) Business Days after the date of receipt of each such acceptance</p>
Final date of settlement of consideration in respect of the Offer	:	Within seven (7) Business Days after the Closing Date

Notes:

- (1) Please also refer to Appendix 1 to the Offer Document for further details.
- (2) Pursuant to the Offer Unconditional Announcement, PPCF announced, for and on behalf of the Offeror, that the Offer has become unconditional in all respects on the Offer Unconditional Date and accordingly the Closing Date of the Offer was extended to 5:30 p.m. (Singapore time) on 15 March 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).
- (3) CPFIS Investors, SRS Investors and other investors who hold CAL Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

COURTS ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201001347K)

LETTER FROM THE BOARD OF DIRECTORS

Board of Directors:

Mr Jack Hennessy
(Chairman and Non-Independent and Non-Executive Director)
Dr Terence Donald O'Connor
(Executive Director and Group Chief Executive Officer)
Ms Kee Kim Eng (Executive Director and Group Chief Financial Officer)
Mr Adnan Abdulaziz Ahmed AlBahar
(Non-Independent and Non-Executive Director)
Mr Chey Chor Wai (Independent Non-Executive Director)
Mr Kewee Kho (Independent Non-Executive Director)

Registered Office:

50 Tampines North Drive 2
Singapore 528766

15 February 2019

To: The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY PPCF FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE CAL SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 18 January 2019, being the Offer Announcement Date, it was announced, *inter alia*, that the Offeror, a wholly-owned subsidiary of Nojima, intends to make a voluntary conditional cash offer for all the issued and outstanding CAL Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

A copy of the Offer Announcement is available on the website of the SGX-ST at www2.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in sections 2 to 6 of the Letter to Shareholders in the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer contained in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www2.sgx.com.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Recommending Directors and the advice of KPMG to the Recommending Directors in respect of the Offer.

Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of KPMG to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer.

2. TERMS OF THE OFFER

2.1 Offer Shares

Section 2.2 of the Letter to Shareholders in the Offer Document states that the Offer is extended to:

- (a) all issued and outstanding CAL Shares; and
- (b) all new CAL Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding share awards granted under the Courts PSP and the Courts SARP (the “**Awards**”) prior to the Closing Date,

(collectively, the “**Offer Shares**”).

2.2 Offer Consideration

Section 2.3 of the Letter to Shareholders in the Offer Document states that the consideration for Offer Shares validly tendered in acceptance of the Offer will be:

For each Offer Share: S\$0.205 in cash (the “Offer Price”)

2.3 No Encumbrances

Section 2.4 of the Letter to Shareholders in the Offer Document states that the Offer Shares will be acquired: (a) fully paid; (b) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an “**Encumbrance**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by CAL in respect of the Offer Shares (collectively, “**Distributions**”) on or after the Offer Announcement Date.

2.4 Adjustments for Distributions

Section 2.5 of the Letter to Shareholders in the Offer Document states that without prejudice to the foregoing in section 2.3 above, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CAL on or after the Offer Announcement Date.

Accordingly, as stated in the same section 2.5, in the event any Distribution is or has been declared, paid or made by CAL in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer ("**Accepting Shareholder**") shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**") and the Offeror is registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price shall not be reduced for each such Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from CAL; and
- (b) if such settlement date falls after the Books Closure Date, or if such settlement date falls on or before the Books Closure Date but the Offeror is not registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price for each such Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from CAL.

2.5 Conditions

Section 2.6 of the Letter to Shareholders in the Offer Document states that:

- (a) the Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of CAL Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50 per cent. of the CAL Shares in issue and outstanding as at the close of the Offer (including any CAL Shares which may be unconditionally issued or delivered pursuant to the valid vesting and release of the Awards prior to the close of the Offer) (the "**Acceptance Condition**"); and
- (b) accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of CAL Shares amounting to more than 50 per cent. of the maximum potential issued share capital of CAL. For this purpose, the "maximum potential issued share capital of CAL" means the total number of CAL Shares which would be in issue and be outstanding had all the CAL Shares under the Awards been issued or delivered as at the date of such declaration.

As set out in the same section 2.6, the Offer is not subject to any other condition.

On the Offer Unconditional Date, PPCF announced, for and on behalf of the Offeror, that the Offeror has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company) as at 5:00 p.m. (Singapore time) on the same date (the “**Offer Unconditional Announcement**”).

Accordingly, the Acceptance Condition has been satisfied and the Offer was declared unconditional in all respects on the Offer Unconditional Date.

3. WARRANTY

Section 3 of the Letter to Shareholders in the Offer Document states that a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof: (a) fully paid; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions on or after the Offer Announcement Date.

4. NO AWARDS OFFER

Section 4 of the Letter to Shareholders in the Offer Document states that under the terms of the Courts PSP and the Courts SARP, the Awards are not transferable by the holders thereof. In view of this restriction, the Offeror will not be making an offer to acquire the Awards. For the avoidance of doubt, the Offer will be extended to all new CAL Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding Awards prior to the Closing Date.

5. DETAILS OF THE OFFER

5.1 Closing Date

As stated in the Offer Unconditional Announcement, the Offer has become unconditional as to acceptances on the Offer Unconditional Date and pursuant to Rule 22.6 of the Code, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed.

Accordingly, Shareholders should note that the Offer will remain open for acceptance until 5:30 p.m. (Singapore time) on 15 March 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

5.2 Further Details of the Offer

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document sets out further details on: (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer.

6. PROCEDURES FOR ACCEPTANCE

Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

7. IRREVOCABLE UNDERTAKING

Details on the Irrevocable Undertaking are set out in section 7 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

- 7.1 Irrevocable Undertaking.** *As at the Offer Announcement Date, Singapore Retail Group Limited (“SRG”) has provided an irrevocable undertaking (the “Irrevocable Undertaking”) to the Offeror pursuant to which SRG has, amongst other things, unconditionally and irrevocably undertaken to the Offeror: (i) to tender all of its 382,000,000 Shares (representing approximately 73.8 per cent. of the Shares issued and paid-up as at the Latest Practicable Date) in acceptance of the Offer; and (ii) not to accept (or permit the acceptance of) any competing offer. Upon SRG’s acceptance of the Offer, the Offeror shall have received acceptances in respect of such number of Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to more than 50 per cent. of the maximum potential issued share capital of the Company and the Offer shall become unconditional as to acceptances.*
- 7.2 Cessation of Undertaking.** *The Irrevocable Undertaking shall lapse and be of no further force and effect on the date on which the Offer closes, lapses, fails to become or be declared unconditional or is withdrawn other than as a result of SRG breaching its obligations under the Irrevocable Undertaking.*
- 7.3 Available for Inspection.** *A copy of the Irrevocable Undertaking is available for inspection at the office of PPCF at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 during normal business hours from the Offer Announcement Date until the date on which the Offer closes or lapses or is withdrawn in accordance with its terms.*
- 7.4 No other Irrevocable Undertakings.** *Save for the Irrevocable Undertaking, as at the Offer Announcement Date, neither the Offeror nor any party acting in concert with the Offeror has received any undertakings from any other party to accept or reject the Offer.”*

8. INFORMATION ON THE OFFEROR AND NOJIMA

Details of the Offeror are set out in section 8 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

- 8.1 The Offeror.** *The Offeror is a private limited company incorporated in Singapore on 19 December 2018 for the purposes of making the Offer and its sole shareholder is Nojima. The Offeror has not carried on any business since its incorporation, except matters arising from or in relation to the Offer. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$112,000,000 comprising 112,000,000 issued ordinary shares, and the directors of the Offeror are Mr Yasuhiko Tanokashira, Mr Yoshiteru Okawa and Mr Wong Hee Chai.*

8.2 Nojima. *Nojima was incorporated in Japan on 28 April 1962 and was listed on the Tokyo Stock Exchange on 16 July 2013. Nojima is an electric appliance retail chain mainly dealing with the sale of consumer digital appliances, including digital AV-related equipment, consumer electrical products and IT/information-related equipment, the operation of carrier shops which sell mobile phones and provide ancillary services and the provision of Internet and Web services in Japan. Nojima also has presence in Cambodia, where it specialises in digital appliances. Nojima has adopted a business model where it looks to combine its retail business with a consulting-based sales approach. Nojima has over 8,000 employees across over 850 established stores in Japan and two stores in Cambodia, and is committed to staff development and employee well-being.*

As at the Latest Practicable Date, Nojima has a market capitalisation of approximately ¥111.2 billion (approximately S\$1.4 billion) and reported a latest audited revenue of approximately ¥500.9 billion (approximately S\$6.1 billion)."

Appendices 3 and 4 to the Offer Document set out additional information on the Offeror and Nojima respectively.

9. OFFEROR'S RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer is set out in section 10 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

"10.1 Combination of complementary business and expertise to realise potential synergies

The Offeror has been contemplating the entry into the consumer appliance retail market in Southeast Asia, where market growth is expected. With the acquisition of the Company, the Offeror expects to gain a strong foothold in Southeast Asia.

In addition, the Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiencies, as well as the sharing of knowledge such as know-how and best practices.

10.2 Opportunity for shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity

*The trading volume of the Shares has been generally low, with an average daily trading volume of approximately 112,329 Shares, 87,883 Shares, 84,585 Shares and 160,550 Shares during the one-month period, three-month period, six-month period and 12-month period respectively up to and including 16 January 2019¹, being the last Market Day on which there was trading in the Shares on SGX-ST prior to the Offer Announcement Date (the "**Last Trading Date**"). This represents only approximately 0.02%, 0.02%, 0.02% and 0.03% of the Shares respectively.*

Hence, the Offer represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

¹ There was no trading in the CAL Shares on the SGX-ST on 17 January 2019.

10.3 Opportunity for minority shareholders to realise their investment in the Shares at a premium

The closing price of the Shares [has] not been at or above the Offer Price since 27 July 2018. The Offer Price represents an approximately 34.9% premium above the closing price on the Last Trading Date, and an approximately 35.8%, 34.0% and 23.5% premium above the volume weighted average price (“VWAP”) per Share for the one-month, three-month and six-month period[s] prior to and including the Last Trading Date, respectively.

Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in CAL for a cash consideration at a significant premium above the historical market share prices, without incurring any brokerage and other trading costs.”

10. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The Offeror’s intentions in relation to the Company are set out in sections 11 and 13 of the Letter to Shareholders in the Offer Document, which are reproduced in italics below:

“11. THE OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

Save as disclosed in this Offer Document, the Offeror has no current intention to: (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. The Offeror retains its flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in its interest.

13. LISTING STATUS, COMPULSORY ACQUISITION AND SECTION 215(3) PUT RIGHT

13.1 Listing Status and Trading Suspension. *Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of CAL on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public (the “Free Float Requirement”). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.*

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10 per cent., CAL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of CAL on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow CAL a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10 per cent., failing which CAL may be removed from the Official List of the SGX-ST.

13.2 Compulsory Acquisition. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Shares held by Shareholders who have not accepted the Offer ("**Dissenting Shareholders**").

*In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of Shares. **Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.***

13.3 Offeror's Intentions. As mentioned above, the Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments. The Offeror, if so entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended."

11. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Appendix II to this Circular.

12. KPMG'S ADVICE IN RELATION TO THE OFFER

12.1 Appointment of Independent Financial Adviser

KPMG has been appointed as the independent financial adviser to advise the Recommending Directors for the purpose of making a recommendation to the Shareholders in connection with the Offer.

12.2 KPMG's Advice to the Recommending Directors

The advice of KPMG to the Recommending Directors in respect of the Offer is set out in the IFA Letter annexed as Appendix I to this Circular. The opinion and advice of KPMG to the Recommending Directors in respect of the Offer is reproduced in italics below:

"In arriving at our opinion with respect to the Offer, we have carefully considered the financial information that has been made available to us, reviewed and examined all factors which we consider to be pertinent in our assessment, and the above factors set forth in this IFA Letter including, amongst other things, the following:

- (i) The trading liquidity of CAL Shares as measured by the ADTV/free float as at the Last Trading Date ranged from 0.1% to 0.7% for the relevant periods prior to the Offer Announcement Date;*
- (ii) The (discount)/premium of the Offer Price to VWAP of CAL Shares ranged from (29.1%) to 35.8% for the relevant periods prior to the Offer Announcement Date, while that of Precedent Transactions had a median ranging from 23.2% to 34.7% and a mean ranging from 30.9% to 41.3%;*
- (iii) The EV/EBITDA implied by the Offer Price is 10.58x, which falls within the range of EV/EBITDA for the CAL CoCos and Implied EV/EBITDA for the CAL CoTrans;*
- (iv) The Price/Book Value implied by the Offer Price is 0.55x, which falls outside the range of the respective multiples for both the CAL CoCos and CAL CoTrans;*
- (v) The Offer Price is at a discount of 45.3% to the NAV per CAL Share as at 31 December 2018 and a discount of 43.8% to the Pro-forma NAV per CAL Share;*
- (vi) On the Offer Unconditional Date, the Offeror has received valid acceptances in respect of approximately 73.8% of the total issued share capital of the Company;*
- (vii) As at the Latest Practicable Date, the Recommending Directors have confirmed that they have received no other offers to acquire the CAL Shares; and*
- (viii) In the event of a delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their CAL Shares in the absence of a public market for the CAL Shares, as there is no arrangement for such Shareholders to exit their investments in the CAL Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their CAL Shares, they may receive a lower price than that of the Offer Price.*

*Having carefully considered, inter alia, our analysis set out above and the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic, and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Offer is **not fair but reasonable** from a financial point of view.*

*We have considered the following pertinent factors in determining that the Offer is **not fair**:*

- (i) The premium to VWAP implied by the Offer Price over the periods 12-month and 18-month prior to the Offer Announcement Date is significantly lower than the median and mean premia to VWAP for the Precedent Transactions, as highlighted in Section 5.3.4 of this IFA Letter;*

- (ii) *The CAL Group's cash, trade and other receivables, and inventory comprise 85.5% of total assets while the trade and other payables, deferred revenue, and borrowings comprise 98.4% of the total liabilities. This indicates that the resultant NAV is largely realisable at the value indicated by NAV per CAL Share under a going concern premise, as highlighted in Section 5.3.9 of this IFA Letter;*
- (iii) *The Offer Price is at a discount of 45.3% to the NAV per CAL Share as at 31 December 2018 and a discount of 43.8% to the Pro-forma NAV per CAL Share, as highlighted in Section 5.3.9 of this IFA Letter; and*
- (iv) *The Price/Book Value implied by the Offer Price is 0.55x, which falls outside the range of the respective multiples for both the CAL CoCos and CAL CoTrans, as highlighted in Section 5.3.7 and Section 5.3.8 of this IFA Letter.*

We have considered the following pertinent factors in determining that the Offer is reasonable:

- (i) *CAL Group's gross profit fell by 13.3% from S\$196.6 million for 9M FY17/18 to S\$170.4 million for 9M FY18/19 and 4.6% from S\$268.4 million for FY16/17 to S\$256.2 million for FY17/18, as highlighted in Section 5.3.5 of this IFA Letter;*
- (ii) *CAL Group had a net profit of S\$11.1 million for 9M FY17/18 versus a net loss of S\$5.4 million for 9M FY18/19 while net profit declined by 66.1% from S\$23.7 million for FY16/17 to S\$8.1 million for FY17/18, as highlighted in Section 5.3.5 of this IFA Letter;*
- (iii) *We note that during the period when CAL Group's financial performance declined, CAL Shares have been on a downward trend and have fallen by 64.7% over the 18-month period leading up to the Last Trading Date. The premium to VWAP implied by the Offer Price, for the periods up to and including the Last Trading Date, 1-month prior, and 3-month prior to the Offer Announcement Date, lies either higher than or within the range of median and mean premia for the Precedent Transactions for the relevant periods, as highlighted in Section 5.3.4 of this IFA Letter;*
- (iv) *The CAL Group's EV/EBITDA is well within the corresponding range of the EV/EBITDA multiples for both the CAL CoCos and CAL CoTrans, as highlighted respectively in Section 5.3.7 and Section 5.3.8 of this IFA Letter;*
- (v) *When compared to the companies constituting the STI, the ADTV of CAL Shares as a percentage of total outstanding shares and as a percentage of free float as at the Last Trading Date of 0.03% and 0.17% respectively, is lower than the median and mean, as highlighted in Section 5.3.2 of this IFA Letter;*
- (vi) *As at the Latest Practicable Date, the Recommending Directors have confirmed that they have received no other offers to acquire the CAL Shares, as highlighted in Section 5.4.2 of this IFA Letter; and*
- (vii) *On the Offer Unconditional Date, the Offeror has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company), hence satisfying the Acceptance Condition resulting in the Offer being declared unconditional in all respects, as highlighted in Section 5.4.3 of this IFA Letter; and*
- (viii) *In the event of a delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their CAL Shares in the absence of a public market for the CAL Shares, as highlighted in Section 5.4.7 of this IFA Letter.*

*Accordingly, on the balance of the above factors, we advise the Recommending Directors to recommend that Shareholders **accept** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.*

In rendering the above opinion, we have not taken into consideration any general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints of any individuals. We advise the Recommending Directors to advise any individuals who may require specific advice in relation to their investment portfolio to consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which any relevant securities may trade following close of the Offer. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer. We wish to emphasise that we have been appointed to render our opinion as at the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of CAL.

This opinion is delivered pursuant to the Code. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not apply. The recommendation made by the Recommending Directors in relation to the Offer remains the sole responsibility of the Recommending Directors.”

13. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

The Recommending Directors, having considered carefully the terms of the Offer and the advice given by KPMG to the Recommending Directors in the IFA Letter, have set out their recommendation on the Offer below:

The Recommending Directors concur with KPMG’s assessment of the Offer and its advice thereon, as set out in section 12.2 of this Circular and in the IFA Letter. **Accordingly, the Recommending Directors recommend that Shareholders ACCEPT the Offer.**

In making the above recommendation, the Recommending Directors have not had regard to the general or specific investment objectives, financial situations, risk profiles, tax positions and/or particular needs and constraints of any specific Shareholder. As different Shareholders would have different investment profiles and objectives, the Recommending Directors recommend that any specific Shareholder who may require specific advice in relation to his CAL Shares should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Shareholders should read and consider carefully this Circular, including the recommendation of the Recommending Directors and the advice of KPMG to the Recommending Directors in respect of the Offer as set out in Appendix I to this Circular in their entirety, before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.

14. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to section 16 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below:

“16. OVERSEAS SHAREHOLDERS

16.1 Overseas Shareholders. *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to any overseas jurisdictions, the Offeror and PPCF each reserves the right not to send this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. **For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document (including the Relevant Acceptance Forms) have not been, or will not be, sent.***

16.2 Copies of the Offer Document and Relevant Acceptance Forms. *Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document (including the Relevant Acceptance Forms) and/or any related documents, during normal business hours up to the Closing Date from Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at Nojima Asia Pacific Pte. Ltd. c/o Tricor Barbinder Share Registration Services (if he is a scrip holder) at 80 Robinson Road, #02-00, Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road P.O. Box 1984, Singapore 903934, to request for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

16.3 Compliance with Applicable Laws. *It is the responsibility of any Overseas Shareholder who wishes to: (i) request for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents; or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including PPCF and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to*

set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In: (i) requesting for this Offer Document (including the Relevant Acceptance Forms) and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, PPCF, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdiction.

16.4 Notice. *The Offeror and PPCF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.”*

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

As stated in section 17 of the Letter to Shareholders in the Offer Document, CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

As set out in the same section 17, CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5:30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix 2 to the Offer Document, which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document which has been sent to them.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting or deemed to be acting in concert with the Offeror, the Offer, the Offer Announcement, the Offer Document and the Excluded Documents) are fair and accurate and that there are no material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the CAL Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information in this Circular has been extracted or reproduced from published or publicly available sources (including, without limitation, the Offer Announcement, the Offer Document and the Excluded Documents), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The Directors jointly and severally accept responsibility accordingly.

Yours faithfully
For and on behalf of the Board of Directors

Dr Terence Donald O'Connor
Executive Director and Group Chief Executive Officer

LETTER FROM KPMG TO THE RECOMMENDING DIRECTORS



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The Recommending Directors

Courts Asia Limited
 50 Tampines North Drive 2
 Singapore 528766

15 February 2019

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RELATION TO THE VOLUNTARY UNCONDITIONAL CASH OFFER BY PRIMEPARTNERS CORPORATE FINANCE PTE. LTD., FOR AND ON BEHALF OF NOJIMA ASIA PACIFIC PTE. LTD., TO ACQUIRE ALL THE COURTS ASIA LIMITED SHARES

For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning given as set out in the circular dated 15 February 2019 (the “Circular”) to be sent to the shareholders of Courts Asia Limited (the “Company” or “CAL” or the “Offeree”).

1 INTRODUCTION

On 18 January 2019 (“**Offer Announcement Date**”), Nojima Asia Pacific Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Nojima Corporation (“**Nojima**”), announced its intention to make a voluntary conditional cash offer for all the issued and outstanding CAL Shares, in accordance with Section 139 of the SFA and Rule 15 of the Code.

The offer is made at a price of S\$0.205 in cash (the “**Offer Price**”) for each Offer Share (as defined below) and is extended to:

- (i) all issued and outstanding CAL Shares; and
- (ii) all new CAL Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding share awards granted under the Courts Performance Share Plan (“**PSP**”) and the Courts Share Appreciation Rights Plan (“**SARP**”) (the “**Awards**”) prior to the Closing Date,

(collectively, the “**Offer Shares**”).



The Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CAL on or after the Offer Announcement Date.

The Offer is not subject to any other condition but the following:

- (i) the Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of CAL Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50 per cent. of the CAL Shares in issue and outstanding as at the close of the Offer (including any CAL Shares which may be unconditionally issued or delivered pursuant to the valid vesting and release of the Awards prior to the close of the Offer) (the “**Acceptance Condition**”); and
- (ii) accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of CAL Shares amounting to more than 50 per cent. of the maximum potential issued share capital of CAL. For this purpose, the “maximum potential issued share capital of CAL” means the total number of CAL Shares which would be in issue and be outstanding had all the CAL Shares under the Awards been issued or delivered as at the date of such declaration.

On 1 February 2019 (“**Offer Unconditional Date**”), PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) announced, for and on behalf of the Offeror, that the Offeror has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company) as at 5.00 p.m. (Singapore time) on the same date (the “**Offer Unconditional Announcement**”).

Accordingly, the Acceptance Condition had been satisfied and the Offer was declared unconditional in all respects on the Offer Unconditional Date.

In connection with the Offer, the Company has appointed KPMG Corporate Finance Pte Ltd (“**KPMG**”) as the IFA to advise the directors of the Company who are considered independent for the purposes of the Offer (“**Recommending Directors**”).

This letter (the “**IFA Letter**”) sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, and our advice thereon.



2 TERMS OF REFERENCE

KPMG has been appointed by CAL to advise the Recommending Directors on the financial terms of the Offer, in compliance with the provisions of the Code.

We have confined our evaluation to the financial terms of the Offer and it is not within our terms of reference to evaluate or comment on the strategic, commercial merits and/or commercial risks of the Offer or the future prospects and earnings potential of CAL, or any other alternative methods by which the offers may be made. Such evaluations and comments remain the sole responsibility of the Recommending Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We have not been instructed or authorised to solicit, and we have not solicited any indications of interest from any third party with respect to the Offer. Accordingly, we do not express an opinion on the relative merits of the Offer to: (a) any alternative transactions previously considered by the Company; (b) any alternative transactions that may have been available to the Company; and/or (c) any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Company and its directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in our IFA Letter.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the Recommending Directors and the management of CAL ("**CAL Management**") and have examined information provided by CAL and other publicly available information collated by us as well as representations made, both written and verbal, by the Recommending Directors and CAL Management. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information and representations. Notwithstanding the foregoing, we have made enquiries and used our judgment as we deemed necessary or appropriate in assessing the relevant information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Recommending Directors and CAL Management that they have taken all reasonable care to ensure that the facts stated in the Circular are true, complete and accurate and no material facts have been omitted from the Circular. The CAL Management has confirmed to us that to the best of their knowledge and belief, all material information relating to the Circular have been disclosed to us, that such information is true, complete and accurate in all material respects and there are no other material information and facts the omission of which would render any statement in the Circular misleading in any material respect.

For the purposes of assessing the financial terms of the Offer, we have not relied on any financial projections or forecasts in respect of CAL and/or Nojima. We are not required to express and we do not express any view on the growth prospects and earnings potential of CAL and/or Nojima in connection with our opinion herein. In addition, we have not made an independent evaluation or appraisal of the assets and liabilities of CAL and/or Nojima.



The Company will be separately advised by its own advisers in the preparation of the Circular (other than our IFA Letter and 9M2018 Letter¹). We will not have any role or involvement and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than our IFA Letter and 9M2018 Letter) and our responsibility is set out above in relation to this IFA Letter and the 9M2018 Letter. Accordingly we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for our IFA Letter and 9M2018 Letter).

Our views as set forth in this IFA Letter are based on the prevailing market conditions, economic conditions and financial conditions, and our analysis of the information provided to us by the CAL Management, as at 7 February 2019 (the “**Latest Practicable Date**”). Such conditions may change significantly over a short period of time. Accordingly, we assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent event after the Latest Practicable Date.

Shareholders should take note of any announcement relevant to their consideration of the Offer released after the Latest Practicable Date.

In preparing this IFA Letter, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders have different investment objectives, we advise any Shareholder who may require specific advice in relation to his/her CAL Shares to consult his solicitor, accountant or other professional advisers.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. No other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner except with our prior written consent in each specific case.

Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

Statements which are reproduced in their entirety from other sections of the Circular are set out in this IFA Letter within quotes and in italics and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Circular or the Offer Document.

¹ 9M2018 Letter is the Letter from KPMG on the 9M2018 Consolidated Interim Financial Statements referenced in Appendix V of the Circular



3 INFORMATION ON THE COMPANY

This section of the IFA Letter should be reviewed in conjunction with the details of the Offeree set out in Appendix II to the Circular.

The Company was incorporated in Singapore on 18 January 2010 and listed on the Main Board of the SGX-ST on 15 October 2012.

The principal activity of the Company is that of an investment holding company and in the business of managing and developing trademarks. The principal activities of the CAL Group are those relating to the retail of household furniture, furnishings, home appliances and information technology products and services.

The issued and paid-up share capital of the Company as at the Latest Practicable Date is approximately S\$267,329,001, comprising 517,464,469 issued CAL Shares (excluding 42,535,531 treasury shares) (based on publicly available information on CAL as at the Latest Practicable Date).

4 INFORMATION ON THE OFFEROR AND NOJIMA

This section of the IFA Letter should be reviewed in conjunction with the details of the Offeror set out in Section 8 of the Letter to Shareholders in the Offer Document, also reproduced in Section 8 of the Letter from the Board of Directors in the Circular.

The Offeror is a private limited company incorporated in Singapore on 19 December 2018 for the purposes of making the Offer and its sole shareholder is Nojima. The Offeror has not carried on any business since its incorporation, except matters arising from or in relation to the Offer. As at the Latest Practicable Date, the Offeror has an issued share capital of S\$112,000,000 comprising 112,000,000 issued ordinary shares, and the directors of the Offeror are Mr Yasuhiko Tanokashira, Mr Yoshiteru Okawa and Mr Wong Hee Chai.

Nojima was incorporated in Japan on 28 April 1962 and was listed on the Tokyo Stock Exchange on 16 July 2013. Nojima is an electrical appliance retail chain mainly dealing with the sale of consumer digital appliances, including digital AV-related equipment, consumer electrical products and IT/information-related equipment, the operation of carrier shops which sell mobile phones and provide ancillary services and the provision of Internet and Web services in Japan. Nojima also has presence in Cambodia, where it specialises in digital appliances. Nojima has adopted a business model where it looks to combine its retail business with a consulting-based sales approach. Nojima has over 8,000 employees across over 850 established stores in Japan and two stores in Cambodia, and is committed to staff development and employee well-being.

As at the Latest Practicable Date, Nojima has a market capitalisation of approximately ¥111.2 billion (approximately S\$1.4 billion) and reported a latest audited revenue of approximately ¥500.9 billion (approximately S\$6.1 billion).



5 EVALUATION

In arriving at our opinion in relation to the Offer, we have taken into account, amongst other things, the following key factors:

5.1 Rationale for the Offer

The following have been extracted from Section 10 of the Letter to Shareholders in the Offer Document, also reproduced in Section 9 of the Letter from the Board of Directors in the Circular:

(i) *Combination of complementary business and expertise to realise potential synergies*

The Offeror has been contemplating the entry into the consumer appliance retail market in Southeast Asia, where market growth is expected. With the acquisition of the Company, the Offeror expects to gain a strong foothold in Southeast Asia.

In addition, the Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiencies, as well as the sharing of knowledge such as know-how and best practices.

(ii) *Opportunity for shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity*

*The trading volume of the Shares has been generally low, with an average daily trading volume of approximately 112,329 Shares, 87,883 Shares, 84,585 Shares and 160,550 Shares during the one-month period, three-month period, six-month period and 12-month period respectively up to and including 16 January 2019², being the last Market Day on which there was trading in the Shares on SGX-ST prior to the Offer Announcement Date (the "**Last Trading Date**"). This represents only approximately 0.02%, 0.02%, 0.02% and 0.03% of the Shares respectively.*

Hence, the Offer represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

(iii) *Opportunity for minority shareholders to realise their investment in the Shares at a premium*

*The closing price of the Shares [has] not been at or above the Offer Price since 27 July 2018. The Offer Price represents an approximately 34.9% premium above the closing price on the Last Trading Date, and an approximately 35.8%, 34.0% and 23.5% premium above the volume weighted average price ("**VWAP**") per Share for the one-month, three-month and six-month period[s] prior to and including the Last Trading Date, respectively.*

² There was no trading in the CAL Shares on the SGX-ST on 17 January 2019.



Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in CAL for a cash consideration at a significant premium above the historical market share prices, without incurring any brokerage and other trading costs.

5.2 Terms of the Offer

Detailed terms of the Offer are set out Section 2 and 5 of the Letter to Shareholders in the Offer Document, also reproduced in Section 2 and 5 of the Letter from the Board of Directors in the Circular. The key terms of the Offer are reproduced as follows:

The Offer is extended to:

- (i) all issued and outstanding CAL Shares; and
- (ii) all new CAL Shares or treasury shares unconditionally issued or to be issued, or delivered or to be delivered, pursuant to the valid vesting and release of any outstanding share awards granted under the Courts PSP and the Courts SARP (the “**Awards**”) prior to the Closing Date,

(collectively, the “**Offer Shares**”).

The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from any claim, charge, pledge, mortgage, encumbrance, lien, option, equity, power of sale, declaration of trust, hypothecation, retention of title, right of pre-emption, right of first refusal, moratorium or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an “**Encumbrance**”); and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by CAL in respect of the Offer Shares (collectively, “**Distributions**”) on or after the Offer Announcement Date.

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by CAL on or after the Offer Announcement Date.

In the event any Distribution is or has been declared, paid or made by CAL in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer (“**Accepting Shareholder**”) shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls, as follows:



- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”) and the Offeror is registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price shall not be reduced for each such Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from CAL; and
- (ii) if such settlement date falls after the Books Closure Date, or if such settlement date falls on or before the Books Closure Date but the Offeror is not registered as the holder of such Offer Shares as at the Books Closure Date, the Offer Price for each such Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from CAL.

The Offer will be subject to the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of CAL Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding more than 50 per cent. of the CAL Shares in issue and outstanding as at the close of the Offer (including any CAL Shares which may be unconditionally issued or delivered pursuant to the valid vesting and release of the Awards prior to the close of the Offer) (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of CAL Shares amounting to more than 50 per cent. of the maximum potential issued share capital of CAL. For this purpose, the “**maximum potential issued share capital of CAL**” means the total number of CAL Shares which would be in issue and be outstanding had all the CAL Shares under the Awards been issued or delivered as at the date of such declaration.

On the Offer Unconditional Date, PPCF announced, for and on behalf of the Offeror, that the Offeror has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company) as at 5.00 p.m. (Singapore time) on the same date.

Accordingly, the Acceptance Condition has been satisfied and the Offer was declared unconditional in all respects on the Offer Unconditional Date.

As stated in the Offer Unconditional Announcement, the Offer has become unconditional as to acceptances on the Offer Unconditional Date and pursuant to Rule 22.6 of the Code, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed.

Accordingly, Shareholders should note that the Offer will remain open for acceptance until 5.30 p.m. (Singapore time) on 15 March 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

5.3 Financial assessment of the Offer

We have confined our evaluation to the financial terms of the Offer and have performed our analysis based on publicly available information or information made available to us by the Company as at the Latest Practicable Date. The figures and underlying financial data used in our analysis, including share prices and trading volumes have been extracted from various sources as noted herein. We make no representation or warranty, expressed or implied, on the accuracy or completeness of such information.

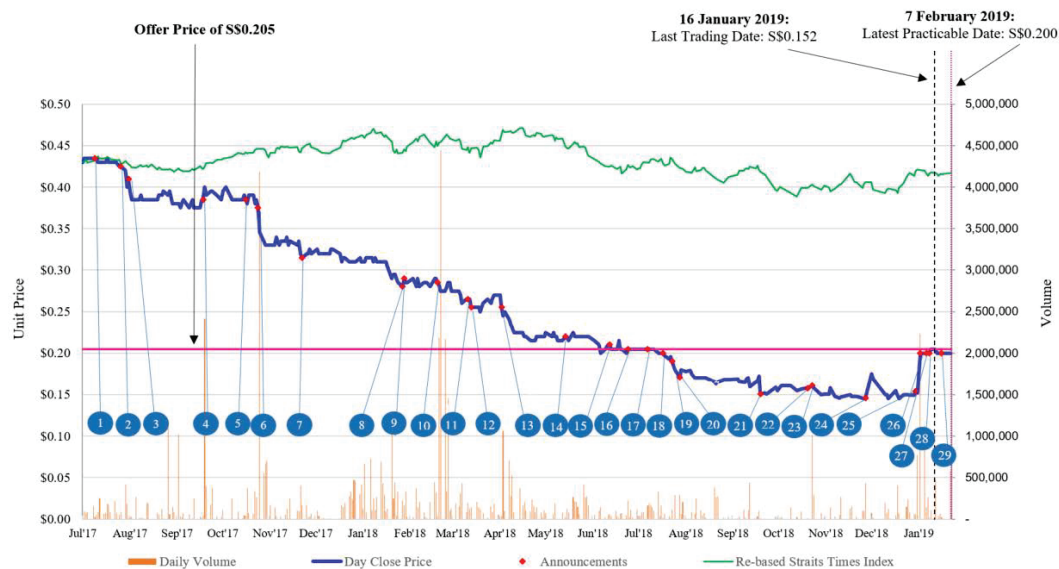
In evaluating the Offer from a financial point of view, we have evaluated whether the Offer is fair and reasonable and have considered the following factors:

5.3.1 Historical share price performance of CAL

The market valuation of the securities of an entity (traded on a recognised exchange) provides a perspective on its financial value. Accordingly, we have considered the historical price performance of the CAL Shares relative to the Offer Price.

We wish to highlight that under ordinary circumstances the market valuation of the securities of an entity (traded on a recognised exchange) may be affected by, amongst other things, the relative liquidity, the size of the free float³, the extent of applicable research coverage and investor interest, and the general market sentiment at a given point in time. Accordingly, this analysis serves as an illustrative guide only.

Exhibit 1: Price performance of CAL Shares relative to the daily last transacted prices and trading volume from 17 July 2017 up to and including the Latest Practicable Date (“LPD”)



Source: Capital IQ

³ Free float as defined in the SGX Rulebook are shares held by persons other than (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiary companies; and (b) associates of the persons in (a).



Selected Announcements:

No	Date	Announcement
1	25-Jul-17	Notice of Annual General Meeting Annual Reports and Related Documents for the period ended 31 March 2017
2	11-Aug-17	Financial Statements and Related Announcement - First Quarter Results for the period ended 30 June 2017
3	16-Aug-17	Employee Stock Option/Share Scheme - Notice of transfer of Treasury Shares
4	4-Oct-17	Grant of Awards of Ordinary Shares Pursuant to the Deferred Share Award ("DSA") Under COURTS Asia Performance Share Plan
5	1-Nov-17	Grant of Awards of Shares Pursuant to the 3rd Performance Share Award Under COURTS Asia Long Term Incentive Plans
6	9-Nov-17	Financial Statements And Related Announcement - Second Quarter And/ Or Half Yearly Results for the period ended 30 September 2017
7	8-Dec-17	Employee Stock Option/Share Scheme - Grant of Award of Shares and Notice of transfer of Treasury Shares
8	12-Feb-18	Appointment of Mr. Stan Kim as Group and Country Chief Operating Officer and Re-designation of Mr. Dolf Posthumus to take on the role as Country COO of Malaysia
9	13-Feb-18	Financial Statements and Related Announcement - Third Quarter Results for the period ended 31 December 2017
10	7-Mar-18	Consent Solicitation in Relation to S\$75,000,000 5.75 Per Cent. Notes Due 2019
11	27-Mar-18	Results of Consent Solicitation Exercise In Relation To The Notes as at Expiration Time
12	29-Mar-18	Notice of Results of Meeting in relation to the Extraordinary Resolution tabled at the meeting of the holders of the Notes on 29 March 2018 – duly passed without any amendment
13	18-Apr-18	Profit Guidance for the Fourth Quarter Ended 31 March 2018 and Financial Year Ended 31 March 2018
14	30-May-18	Financial Statements and Related Announcement - Full Yearly Results for the period ended 31 March 2018
15	28-Jun-18	Invitation 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
16	10-Jul-18	Notice of Annual General Meeting Annual Reports and Related Documents for the period ended 31 March 2018
17	21-Jul-18	Announcement of Acceptance of Offer and Notice of Results of Meeting in relation to the redemption of Notes

No	Date	Announcement
18	2-Aug-18	Announcement for Redemption and Cancellation of Notes in relation to the exercise of call option
19	8-Aug-18	Profit Guidance for the First Quarter Ended 30 June 2018
20	13-Aug-18	Financial Statements and Related Announcement - First Quarter Results for the period ended 30 June 2018
21	5-Oct-18	Change - Announcement of Appointment of Group Chief Operating Officer - Mr. Dominic Wong Ho Kang
22	5-Nov-18	Grant of Awards of Shares Pursuant to the 4th Performance Share Award Under the COURTS Performance Share Plan ("PSP")
23	8-Nov-18	Financial Statements and Related Announcement - Second Quarter and/or Half Yearly Results for the period ended 30 September 2018
24	13-Dec-18	Employee Stock Option/Share Scheme - Grant of Award of Shares and Notice of transfer of Treasury Shares
25	15-Jan-19	Acquisition of a Building in Jakarta, Indonesia by Wholly-Owned Subsidiary and Termination of Existing Leases
26	18-Jan-19	Voluntary Conditional Cash Offer – Offer Announcement by Offeror Voluntary Conditional Cash Offer for COURTS Asia Limited – Announcement by Offeree
27	22-Jan-19	Voluntary Conditional Cash Offer - Appointment of Offeror's Financial Adviser
28	24-Jan-19	Voluntary Conditional Cash Offer for COURTS Asia Limited - Appointment of the Company's Independent Financial Adviser
29	1-Feb-19	Voluntary Conditional General Offer - Despatch of Offer Document Voluntary Conditional General Offer - Offer declared Unconditional in all respects, Extension of Closing Date and Level of Acceptances of Offer

Source: The Company's website

Based on Exhibit 1 above, we note the following:

- (i) CAL Shares traded at either a premium to the Offer Price or at the Offer Price for the period between 17 July 2017 and 27 July 2018, with the exception of trading at a 2.4% discount on both 22 June 2018 and 9 July 2018;
- (ii) CAL Shares traded at a discount to the Offer Price for the period between 30 July 2018 and the Latest Practicable Date, with the exception of trading at the Offer Price on both 25 January 2019 and 28 January 2019;
- (iii) For the period under consideration, the highest traded price observed was S\$0.435 and the lowest traded price was S\$0.145;
- (iv) CAL Shares closed at S\$0.152 on the Last Trading Date implying the Offer Price was at a premium of 34.9% over the last transacted market price on the Last Trading Date;

- (v) Over the 18-month period leading up to the Last Trading Date, CAL Shares have been on a downward trend and have fallen by 64.7% over this period; and
- (vi) Over the 18-month period leading up to the Latest Practicable Date, CAL Shares have underperformed relative to the Re-based Straits Times Index in which both the price of CAL Shares and the Re-based Straits Times Index have fallen by 53.5% and 3.0% respectively.

5.3.2 Liquidity analysis of CAL Shares

Ordinarily, share prices may be affected by different factors including but not limited to relative liquidity, free float and investor interest or market sentiment at a given point in time. In considering the Offer Price relative to the Company's historical share price as at the Last Trading Date, we have considered the relative liquidity of the Company in comparison with a total of 20 companies listed on the SGX-ST Mainboard of similar market capitalisation ("Similar Market Cap Companies").

We note that as at the Last Trading Date, the Company had a market capitalisation of S\$78.7 million while those of the Similar Market Cap Companies used in our liquidity analysis ranged from S\$72.9 million to S\$92.1 million.

Exhibit 2: Liquidity analysis of CAL Shares relative to the Similar Market Cap Companies

Liquidity analysis of CAL Shares relative to the Similar Market Cap Companies			
Reference Period: 18-months prior to the Last Trading Date ("LTD")		Average daily trading volume ("ADTV") of shares as a percentage of:	
Company	Market capitalisation (S\$ in millions)	Total outstanding shares as at LTD	Free float as at LTD
Oceanus Group Limited	72.9	0.02%	0.06%
PNE Industries Ltd	73.8	0.02%	0.08%
Pacific Radiance Ltd.	74.2	0.01%	0.05%
CEI Limited	75.0	0.03%	0.05%
mDR Limited	75.8	0.01%	0.03%
Samko Timber Limited	76.1	0.00%	0.02%
TIH Limited	76.1	0.02%	0.08%
Manufacturing Integration Technology Ltd	77.2	0.12%	0.30%
Marco Polo Marine Ltd	77.4	0.24%	0.34%
Dutech Holdings Limited	78.4	0.01%	0.06%
Serial System Ltd	78.8	0.03%	0.09%
Ellipsiz Ltd	80.2	0.15%	0.39%
Top Global Limited	80.5	0.00%	0.01%
ISDN Holdings Limited	80.9	0.23%	0.42%
TEE International Limited	82.3	0.17%	0.58%
Procurri Corporation Limited	84.6	0.06%	0.17%
Goodland Group Limited	84.7	0.01%	0.04%
Baker Technology Limited	86.2	0.02%	0.05%
IFS Capital Limited	86.5	0.02%	0.06%
Sinwa Limited	92.1	0.03%	0.06%
Minimum		0.00%	0.01%
Median		0.02%	0.06%
Mean		0.06%	0.15%
Maximum		0.24%	0.58%
Courts Asia Limited	78.7	0.03%	0.17%

Source: Capital IQ



For the 18 months leading up to the Last Trading Date, we note that:

- (i) The Company had an average daily traded volume of 0.21 million shares;
- (ii) The ADTV of CAL Shares as a percentage of total shares outstanding as at the Last Trading Date was 0.03%, which lies within the range of the Similar Market Cap Companies and is higher than the median of 0.02% and lower than the mean of 0.06%; and
- (iii) The ADTV of CAL Shares as a percentage of free float as at the Last Trading Date was 0.17%, which lies within the range of the Similar Market Cap Companies and is higher than the median and mean of 0.06% and 0.15% respectively.

Additionally, we have considered the relative liquidity of the Company in comparison with the companies constituting the Straits Times Index (“STI”) as at the Last Trading Date, comprising companies with market capitalisation ranging from S\$3,012.2 million to S\$64,224.2 million.

Exhibit 3: Liquidity analysis of CAL Shares relative to the STI

Liquidity analysis of CAL Shares relative to the Straits Times Index (“STI”)			
Reference Period: 18-months prior to the Last Trading Date (“LTD”)		Average daily trading volume (“ADTV”) of the shares as a percentage of:	
Company	Market capitalisation (S\$ in millions)	Total outstanding shares as at LTD	Free float as at LTD
Hutchison Port Holdings Trust	3,012.2	0.20%	0.36%
Golden Agri-Resources Ltd	3,438.4	0.12%	0.25%
Singapore Press Holdings Limited	4,097.9	0.33%	0.35%
Venture Corporation Limited	4,403.6	0.58%	0.64%
ComfortDelGro Corporation Limited	4,612.4	0.42%	0.43%
Sembcorp Industries Ltd	4,782.3	0.21%	0.42%
Yangzijiang Shipbuilding (Holdings) Ltd.	5,090.0	0.53%	0.93%
SATS Ltd.	5,460.4	0.17%	0.29%
UOL Group Limited	5,603.8	0.18%	0.34%
CapitaLand Commercial Trust	6,852.3	0.30%	0.41%
Singapore Exchange Limited	7,940.7	0.19%	0.25%
City Developments Limited	8,026.1	0.22%	0.50%
Ascendas Real Estate Investment Trust	8,522.9	0.30%	0.36%
CapitaLand Mall Trust	8,590.5	0.31%	0.62%
Keppel Corporation Limited	11,309.7	0.22%	0.28%
Singapore Technologies Engineering Ltd	11,356.1	0.13%	0.27%
Singapore Airlines Limited	11,552.6	0.12%	0.27%
Genting Singapore Limited	13,014.0	0.25%	0.53%
CapitaLand Limited	13,781.8	0.22%	0.37%
Jardine Cycle & Carriage Limited	14,619.8	0.07%	0.30%
Dairy Farm International Holdings Limited	17,884.4	0.05%	0.21%
Thai Beverage Public Company Limited	18,205.7	0.08%	0.29%
Wilmar International Limited	20,562.6	0.08%	0.33%
Hongkong Land Holdings Limited	21,996.2	0.07%	0.15%
Jardine Strategic Holdings Limited	28,179.0	0.04%	0.14%
Jardine Matheson Holdings Limited	28,836.3	0.07%	0.08%
United Overseas Bank Limited	44,274.5	0.14%	0.21%
Singapore Telecommunications Limited	49,951.7	0.13%	0.27%
Oversea-Chinese Banking Corporation Limited	50,012.9	0.13%	0.18%
DBS Group Holdings Ltd	64,224.2	0.19%	0.26%
Minimum		0.04%	0.08%
Median		0.18%	0.29%
Mean		0.20%	0.34%
Maximum		0.58%	0.93%
Courts Asia Limited	78.7	0.03%	0.17%

Source: Capital IQ



For the 18 months leading up to the Last Trading Date, we note that:

- (i) The ADTV of CAL Shares as a percentage of total shares outstanding as at the Last Trading Date was 0.03%, which lies outside the range of the companies constituting the STI and is lower than the median and mean of 0.18% and 0.20% respectively; and
- (ii) The ADTV of CAL Shares as a percentage of free float as at the Last Trading Date was 0.17%, which lies within the range of the companies constituting the STI and is lower than the median and mean of 0.29% and 0.34% respectively.

5.3.3 Analysis of the trading performance of CAL Shares

We set out below the volume weighted average price (“VWAP”) of CAL Shares for varying time periods before and after the Offer Announcement Date compared to the (discount)/premium implied by the Offer Price over the respective VWAP periods.

Exhibit 4: VWAP of CAL Shares for the periods before and after the Offer Announcement Date up to and including the LPD

Reference period	VWAP (\$)	(Discount)/Premium of Offer Price to VWAP (%)	Lowest share price (\$)	Highest share price (\$)	Total volume traded (mm)	Average daily trading volume (mm)	Average daily trading volume (ADTV) as a percentage of free float (%)
Periods on and after the Offer Announcement Date, up to and including the LPD							
On Offer Announcement Date	0.200	2.5%	0.200	0.205	2.23	2.23	2.2%
Till LPD	0.201	2.0%	0.200	0.205	5.09	0.42	0.4%
Periods prior to the Offer Announcement Date, up to and including the Last Trading Date							
Last Trading Date	0.152	34.9%	0.150	0.155	0.77	0.77	0.7%
One-month prior	0.151	35.8%	0.143	0.175	2.36	0.16	0.2%
Three-months prior	0.153	34.0%	0.143	0.175	5.54	0.15	0.1%
Six-months prior	0.166	23.5%	0.143	0.210	10.74	0.12	0.1%
12-months prior	0.246	(16.7%)	0.143	0.325	41.66	0.21	0.2%
18-months prior	0.289	(29.1%)	0.143	0.440	64.62	0.21	0.2%

Source: Capital IQ

Note: The VWAP and (Discount) of Offer Price to VWAP for the 12-month period prior to the Offer Announcement Date up to and including the Last Trading Date is different from the values represented in the Offer Document

Based on the above, we note the following:

- (i) Prior to the Offer Announcement Date
 - The relevant VWAPs of CAL Shares ranged from S\$0.151 to S\$0.289, and the trading liquidity of CAL Shares as measured by the ADTV/free float as at the Last Trading Date ranged from 0.1% to 0.7%; and
 - The (discount)/premium of the Offer Price to the VWAP of CAL Shares ranged from (29.1%) to 35.8% for the various periods from 18-months to the Last Trading Date.



(ii) On and after the Offer Announcement Date

- The VWAP of CAL Shares increased from S\$0.152 on the Last Trading Date to S\$0.200 on the Offer Announcement Date after the trading halt was lifted;
- The relevant VWAPs of CAL Shares ranged from S\$0.200 to S\$0.201, and the trading liquidity of CAL Shares as measured by the ADTV/free float as at the Latest Practicable Date ranged from 0.4% to 2.2%; and
- The premium of the Offer Price to the VWAP of CAL Shares ranged from 2.0% to 2.5% for the period on the Offer Announcement Date up to and including the LPD.

Shareholders are advised that the past trading performance of the CAL Shares should not, in any way, be relied upon as indication or a promise of its future trading performance.

5.3.4 Comparison of implied (discount)/premium with Precedent Transactions

In assessing the reasonableness of the Offer Price, we have compared the financial terms of the Offer with those of the recently completed precedent transactions announced since February 2017 and up to the Latest Practicable Date (“**Precedent Transactions**”). It should be noted that the Precedent Transactions are all Voluntary General Offers.

We wish to highlight that the target companies as set out in the analysis below may not be directly comparable to the Company in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Moreover, the Company may not be in the same industry and may not conduct the same business as other target companies, and hence it may not be directly comparable to the target companies. Each transaction should therefore be evaluated based on its own financial and commercial merits.

This analysis serves as a general indication of the level of (discount)/premium that other offerors have paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations. We have set out below the (discount)/premium implied by the offer prices (“**Price Offered**”) compared to the respective VWAP of the respective targets for the one-day, one-month, three-month, six-month, 12-month and 18-month periods prior to the respective announcement dates (except as otherwise noted).

It should also be noted that the level of (discount)/premium that an offeror pays in any Precedent Transactions varies in different circumstances depending, amongst other things, on the attractiveness of the underlying business to be acquired, the potential synergies to be gained from integration with an existing business to be acquired, the possibility of significant revaluation of the assets to be acquired, the availability of cash reserves, the liquidity of the target company’s traded shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already had in the target company and the prevailing market expectations.



The Precedent Transactions listed below are by no means exhaustive and conclusions drawn from the comparisons may not necessarily provide a meaningful basis that reflects the perceived or implied market valuation of the Company, and conclusions drawn with respect to these transactions merely serve as an illustrative guide.

Exhibit 5: (Discount)/Premium of Price Offered to VWAP of Precedent Transactions

Company	Announcement Date	Last undisturbed trading date	Price Offered (S\$)	(Discount)/Premium of Price Offered over the:					
				Last transacted price prior to last undisturbed trading date	1-month VWAP prior to last undisturbed trading date	3-month VWAP prior to last undisturbed trading date	6-month VWAP prior to last undisturbed trading date	12-month VWAP prior to last undisturbed trading date	18-month VWAP prior to last undisturbed trading date
Healthway Medical Corporation Limited	07-Feb-2017	07-Feb-2017	\$ 0.04	1.7%	8.9%	15.0%	16.8%	19.8%	17.9%
Auric Pacific Group Limited	07-Feb-2017	03-Feb-2017	\$ 1.65	13.7%	17.8%	23.8%	36.1%	59.6%	65.4%
Global Premium Hotels Limited	23-Feb-2017	21-Feb-2017	\$ 0.37	14.1%	18.2%	21.5%	23.1%	22.6%	21.3%
Kingboard Copper Foil Holdings Limited	03-Mar-2017	27-Feb-2017	\$ 0.40	19.9%	28.4%	32.9%	39.5%	49.1%	69.2%
Top Global Limited	28-Mar-2017	24-Mar-2017	\$ 0.33	54.5%	65.1%	65.0%	66.4%	58.8%	14.6%
CWT Limited	09-Apr-2017	03-Aug-2015	\$ 2.33	5.8%	6.1%	15.4%	27.7%	31.3%	35.5%
Changtian Plastic & Chemical Limited	29-May-2017	24-May-2017	\$ 1.30	45.3%	46.5%	48.2%	49.9%	63.0%	70.5%
China Flexible Packaging Holdings Limited	19-Jun-2017	16-Jun-2017	\$ 1.25	23.2%	25.3%	28.2%	44.7%	59.2%	64.9%
Lafe Corporation Limited	01-Aug-2017	31-Jul-2017	\$ 0.90	125.0%	126.7%	104.1%	98.7%	101.9%	92.1%
Poh Tiong Choon Logistics Limited	20-Sep-2017	19-Sep-2016	\$ 1.30	6.7%	32.5%	43.2%	48.7%	58.1%	70.3%
GP Batteries International Limited	22-Sep-2017	08-Aug-2017	\$ 1.30	62.7%	62.9%	62.7%	61.1%	61.6%	61.5%
New Wave Holdings Ltd.	19-Oct-2017	19-Oct-2017	\$ 0.01	44.4%	38.0%	9.1%	18.9%	29.2%	33.5%
Cogent Holdings Limited	03-Nov-2017	02-Nov-2017	\$ 1.02	6.1%	6.1%	12.9%	20.3%	31.2%	39.5%
CWG International Ltd	28-Dec-2017	28-Dec-2017	\$ 0.20	26.9%	29.5%	29.5%	30.8%	10.4%	22.1%
TIH Limited	08-Jan-2018	17-Mar-2017	\$ 0.57	4.8%	11.8%	17.2%	20.4%	16.7%	15.2%
Tat Hong Holdings Ltd	11-Jan-2018	20-Sep-2017	\$ 0.50	31.4%	34.1%	35.6%	27.7%	31.0%	8.5%
LTC Corporation Limited	09-Feb-2018	08-Feb-2018	\$ 0.93	43.4%	46.1%	45.5%	44.2%	49.3%	56.7%
Lee Metal Group	21-Feb-2018	10-Nov-2017	\$ 0.42	10.4%	14.3%	21.7%	26.3%	33.1%	34.7%
Wheelock Properties (Singapore) Limited	19-Jul-2018	13-Jul-2018	\$ 2.10	22.6%	28.9%	22.6%	17.8%	13.3%	14.3%
M1 Limited	27-Sep-2018	21-Sep-2018	\$ 2.06	25.2%	29.9%	29.1%	21.8%	18.0%	7.9%
DeClout Limited	07-Jan-2019	06-Sep-2018	\$ 0.13	61.5%	66.0%	67.7%	58.1%	50.2%	(0.3%)
Minimum				1.7%	6.1%	9.1%	16.8%	10.4%	(0.3%)
Median				23.2%	29.5%	29.1%	30.8%	33.1%	34.7%
Mean				30.9%	35.4%	35.7%	38.0%	41.3%	38.8%
Maximum				125.0%	126.7%	104.1%	98.7%	101.9%	92.1%
Courts Asia Limited	18-Jan-2019	16-Jan-2019	\$ 0.205	34.9%	35.8%	34.0%	23.5%	(16.7%)	(29.1%)

Source: Bloomberg L.P. and companies' announcements and circulars for the Precedent Transactions, while that of Courts Asia Limited is from Capital IQ

Having benchmarked the (discount)/premium of the Offer Price over the relative VWAP periods against the Precedent Transactions, we observe as follows:

- (i) The premium of 34.9% implied by the Offer Price over the last transacted market price on the Last Trading Date is within the range of premiums, and is higher than the median and mean premiums for all Precedent Transactions;
- (ii) The premium of 35.8% implied by the Offer Price over the 1-month VWAP prior to the Last Trading Date is within the range of premiums, and is higher than the median and mean premiums for all Precedent Transactions;
- (iii) The premium of 34.0% implied by the Offer Price over the 3-month VWAP prior to the Last Trading Date is within the range of premiums, and is higher than the median but lower than the mean premiums for all Precedent Transactions;
- (iv) The premium of 23.5% implied by the Offer Price over the 6-month VWAP prior to the Last Trading Date is within the range of premiums, and is lower than the median and mean premiums for all Precedent Transactions;
- (v) The discount of 16.7% implied by the Offer Price over the 12-month VWAP prior to the Last Trading Date falls outside the range of premiums; and

- (vi) The discount of 29.1% implied by the Offer Price over the 18-month VWAP prior to the Last Trading Date falls outside the range of premiums.

5.3.5 Financial performance of the CAL Group

Certain financial information extracted from the audited consolidated income statements of the CAL group (the “CAL Group”) for the last three (3) financial years (“FY15/16”, “FY16/17” and “FY17/18”) and the unaudited consolidated income statements of the CAL Group for 9M FY18/19 are summarised below.

The summary set out below should be read together with the annual reports, the audited and unaudited consolidated income statements of the CAL Group and their respective accompanying notes, for the relevant financial periods.

Exhibit 6: CAL Group Income Statement from 1 April 2015 to 31 December 2018

Group Income Statement	Audited			Unaudited	
	FY15/16	FY16/17	FY17/18	9M FY17/18	9M FY18/19
<i>All amounts stated in S\$'000</i>					
Revenue - Sale of goods and other services	677,415	646,916	628,425	482,281	473,342
Revenue - Service charge income	74,474	93,623	84,714	67,536	46,879
Cost of sales	(497,882)	(472,090)	(456,961)	(353,225)	(349,842)
Gross profit	254,007	268,449	256,178	196,592	170,379
Other income and other gains/(losses) - net	4,412	5,628	4,644	4,131	5,052
Impairment losses on trade receivables	(18,797)	(26,332)	(39,205)	(22,294)	(19,862)
Expenses:					
Distribution and marketing	(62,109)	(56,181)	(56,477)	(43,366)	(38,106)
Administrative	(139,963)	(139,059)	(133,318)	(104,816)	(100,909)
Finance	(25,662)	(20,826)	(20,776)	(15,114)	(13,728)
Profit before income tax	11,888	31,679	11,046	15,133	2,826
Income tax expense	(5,057)	(7,936)	(2,995)	(4,062)	(8,273)
Net profit/(loss)	6,831	23,743	8,051	11,071	(5,447)
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences arising from consolidation	(9,987)	(12,175)	9,503	5,663	(3,504)
Fair value (loss)/gain on hedging reserve	(30)	340	(2)	(22)	693
Total comprehensive (loss)/income	(3,186)	11,908	17,552	16,712	(8,258)

Source: The Company's Annual Reports and financial announcements

(i) Comparing 9M FY18/19 with 9M FY17/18

- The CAL Group's total revenue decreased by 5.4% from S\$549.8 million for 9M FY17/18 to S\$520.2 million for 9M FY18/19;
- The CAL Group's gross profit fell by 13.3% from S\$196.6 million for 9M FY17/18 to S\$170.4 million for 9M FY18/19; and
- CAL Group had a net profit of S\$11.1 million for 9M FY17/18 versus a net loss of S\$5.4 million for 9M FY18/19.



(ii) Comparing FY16/17 with FY17/18

- The CAL Group's total revenue decreased by 3.7% from S\$740.5 million for FY16/17 to S\$713.1 million for FY17/18 as a result of the challenging retail landscape in Malaysia - with the introduction of the Consumer Protection (Amendment) Act 2017 and Consumer Protection (Credit Sales) Regulations 2017 on 1 January 2018, which led to interest rates being capped at 15% per annum along with new compliance processes, causing credit sales and earned service income to be lowered;
- The CAL Group's gross profit fell by 4.6% from S\$268.4 million for FY16/17 to S\$256.2 million for FY17/18; and
- The CAL Group's net profit declined by 66.1% from S\$23.7 million for FY16/17 to S\$8.1 million for FY17/18.

5.3.6 Financial position of the CAL Group

A summary of the CAL Group's balance sheets set out below should be read together with the annual reports, the audited and unaudited consolidated balance sheets of the CAL Group and their respective accompanying notes, for the relevant financial periods.



Exhibit 7: CAL Group Balance Sheet

Group Balance Sheet	Audited		Unaudited
	as at	as at	as at
<i>All amounts stated in S\$'000</i>	31 March 2017	31 March 2018	31 December 2018
ASSETS			
Current assets			
Cash and bank balances	98,728	108,596	62,047
Derivatives financial instruments	-	30	3
Trade and other receivables	181,800	186,938	176,454
Deferred costs	8,284	7,883	7,522
Inventories	78,780	82,691	85,509
Current income tax recoverable	-	3,568	8,216
	367,592	389,706	339,751
Non-current assets			
Derivative financial instruments	139	1,009	1,784
Trade and other receivables	305,246	282,043	219,697
Deferred costs	11,271	12,360	12,612
Property, plant and equipment	20,906	18,037	15,034
Intangible assets	23,231	22,768	23,257
Deferred income tax assets	20,662	23,122	24,022
	381,455	359,339	296,406
Total assets	749,047	749,045	636,157
LIABILITIES			
Current liabilities			
Derivative financial instruments	276	-	-
Trade and other payables	148,336	144,316	136,378
Deferred revenue	27,167	26,883	24,745
Current income tax liabilities	5,347	1,637	1,345
Borrowings	547	75,228	7,819
Deferred income	2,569	2,198	1,536
	184,242	250,262	171,823
Non-current liabilities			
Derivative financial instruments	100	-	-
Trade and other payables	482	588	638
Deferred revenue	37,604	40,695	41,544
Borrowings	303,468	223,085	224,238
Deferred income	1,733	1,371	1,101
Deferred income tax liabilities	2,888	2,842	2,971
	346,275	268,581	270,492
Total liabilities	530,517	518,843	442,315
NET ASSETS	218,530	230,202	193,842
EQUITY			
Share capital	265,332	265,332	265,332
Treasury shares	(19,669)	(19,065)	(18,079)
Other reserves	(44,350)	(34,692)	12,983
Retained profits/(losses)	17,217	18,627	(66,394)
Total equity	218,530	230,202	193,842

Source: The Company's Annual Reports and financial announcements



In comparison with the balance sheet as at 31 March 2018, we note the following as at 31 December 2018:

(i) Current and non-current Assets

- The CAL Group's cash and bank balances decreased by S\$46.6 million, from S\$108.6 to S\$62.0 million mainly due to the repayment of borrowings;
- The CAL Group's trade and other receivables (current and non-current) decreased by S\$72.8 million, from S\$469.0 to S\$396.2 million predominantly due to an increase in allowance for impairment of trade receivables as a result of the adoption of SFRS(I) 9, repayment of receivables and lower credit sales during the financial period; and
- The CAL Group's cash, trade and other receivables (current and non-current), and inventory comprise 85.5% of total assets as at 31 December 2018 versus 88.1% as at 31 March 2018.

(ii) Current and non-current Liabilities

- The CAL Group's borrowings (current and non-current) decreased by S\$66.2 million, from S\$298.3 to S\$232.1 million mainly due to the redemption and cancellation of the S\$75 million notes, repayment of loans in Malaysia and offset with increased borrowing in Singapore; and
- The CAL Group's trade payable, deferred revenue (current and non-current) and borrowings (current and non-current) comprise 98.4% of total liabilities as at 31 December 2018 and 31 March 2018.

(iii) Equity

- The CAL Group's retained profits decreased by S\$85.0 million from S\$18.6 million to retained losses of S\$66.4 million as at 31 December 2018, primarily as a result of the one-time impact of the adoption of SFRS(I) 9 and SFRS(I) 1 amounting to S\$28.4 million and S\$51.2 million respectively, as well as losses from the current reporting period.

5.3.7 Comparable companies analysis

For the purposes of assessing the financial terms of the Offer, we have compared the valuation ratios of the Company implied by the Offer Price, with those of selected companies that are predominately engaged in specialty retail with a focus on consumer electronics, appliances, and household furniture, particularly based in the Asia-Pacific region, which in our opinion, are broadly comparable to the Company ("CAL CoCos").

We wish to highlight that the CAL CoCos are not exhaustive and there may not be any entity that is directly comparable to CAL in terms of, *inter alia*, market capitalisation, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and

other relevant criteria. As such, any comparison made with respect to the CAL CoCos is intended to serve as an illustrative guide only.

Exhibit 8: Brief description and valuation ratios of the CAL CoCos based on their last transacted share prices and latest available financial figures as at the LPD

Comparable Companies ("CAL CoCos")							
Company	Business Description	HQ Location	Market Capitalisation (S\$ m)	Enterprise Value ("EV") (S\$ m)	EV/EBITDA	Price/Earnings	Price/Book Value
E-Life Mall Corporation	E-Life Mall Corporation engages in the retail of electronic products in Taiwan.	Taiwan	278.4	220.4	8.01x	18.24x	2.66x
Challenger Technologies Limited	Challenger Technologies Limited operates a chain of information technology retail stores under the Challenger name in Singapore.	Singapore	176.1	114.4	4.39x	11.96x	2.04x
Harvey Norman Holdings Limited	Harvey Norman Holdings Limited grants franchises to independent franchisees. Its franchisees sell various products including electrical goods, furniture, computers, etc.	Australia	3,985.8	4,708.1	9.28x	13.39x	1.34x
JB Hi-Fi Limited	JB Hi-Fi Limited, together with its subsidiaries, retails home consumer electronics products and services.	Australia	2,523.5	2,906.3	7.31x	12.56x	2.77x
LOTTE Himart Co., Ltd.	LOTTE Himart Co., Ltd. sells home appliances in South Korea, China, Vietnam, and Indonesia.	South Korea	1,448.8	1,834.7	5.93x	9.71x	0.59x
Joshin Denki Co., Ltd.	Joshin Denki Co., Ltd., together with its subsidiaries, engages in the sale, delivery, installation, maintenance, and repair of household electrical appliances, information and communications equipment, entertainment products, and housing equipment and related products.	Japan	761.3	1,229.7	6.55x	9.24x	0.74x
Yamada Denki Co., Ltd.	Yamada Denki Co., Ltd. engages in the reuse and recycling of used home appliances in Japan.	Japan	5,285.2	8,437.2	15.55x	20.15x	0.74x
Minimum					4.39x	9.24x	0.59x
Median					7.31x	12.56x	1.34x
Mean					8.15x	13.61x	1.56x
Maximum					15.55x	20.15x	2.77x
Courts Asia Limited	Courts Asia Limited, an investment holding company, engages in the retail of household furniture, furnishings, home appliances, and information technology products in Singapore, Malaysia, and Indonesia.	Singapore	106.1	276.1	10.58x	N.M.	0.55x
Nojima Corporation	Nojima Corporation sells digital home appliances in Japan.	Japan	1,202.0	1,963.2	5.16x	7.75x	1.27x

Source: Capital IQ

Notes:

- (1) The above mentioned statistics and multiples are based on the last twelve months company information as at the LPD
- (2) Enterprise Value = Market Capitalisation + Total Debt + Total Preferred Equity + Minority Interest – Cash & Short Term Investments
- (3) EV / EBITDA = Enterprise Value / EBITDA (includes equity income from affiliates)
- (4) EV / EBITDA for CAL refers to the Company's EV implied by the Offer Price relative to its EBITDA
- (5) Price / Earnings = Share price / Normalised diluted earnings per share (excludes unusual items in the calculation of earnings)
- (6) N.M. represents not meaningful
- (7) Price / Book Value = Share price / Book Value per share
- (8) Taking into account the Jakarta Building Acquisition and Termination of Leases, the adjusted Price / Book Value of CAL would be 0.56x

Based on the table above, we note that:

- (i) The EV/EBITDA multiple of CAL of 10.58x implied by the Offer Price is within the range of EV/EBITDA multiples of the CAL CoCos, and is higher than the median and mean of the CAL CoCos of 7.31x and 8.15x, respectively;
- (ii) The Price/Earnings ratio of CAL implied by the Offer Price is not meaningful as the CAL Group suffered a net loss in the trailing 12 months; and



- (iii) The Price/Book ratio of CAL of 0.55x implied by the Offer Price falls outside the range of Price/Book ratios of the CAL CoCos of between 0.59x and 2.77x.

5.3.8 Comparable transactions analysis

For the purposes of assessing the financial terms of the Offer, we have compared the valuation ratios of the Company implied by the Offer Price, with those of completed transactions involving targets that are predominately engaged in specialty retail with a focus on consumer electronics, appliances, and household furniture, particularly based in the Asia-Pacific region, which in our opinion, are broadly comparable to the Company (“CAL CoTrans”).

We wish to highlight that the CAL CoTrans are not exhaustive and there may not be any entity that is directly comparable to CAL in terms of, *inter alia*, market capitalisation, size of operations, clientele base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria.

CAL CoTrans indicated below have been selected based on the availability of financial data.

In accordance with the above, any comparison made with respect to the CAL CoTrans is intended to serve as an illustrative guide only.

Exhibit 9: Valuation ratios of the CAL CoTrans implied by their respective offer price

Comparable Transactions ("CAL CoTrans")								
Announcement Date	Target Entity	Acquiring Entity	Transaction Value (S\$ m)	Stake Acquired	Implied Enterprise Value ("EV") (S\$ m)	Implied EV/EBITDA	Implied Equity Value/Net Income	Implied Equity Value/Book Value
Majority Stake Acquisitions								
4-Jul-18	Mijia Co., Ltd.	YD Online Corp.	4.3	90.0%	4.8	n.a.	14.72x	2.94x
23-Jun-15	Beijing Dazhong Electrical Appliance Co., Ltd.	GOME Appliance Company Limited	827.0	100.0%	827.0	n.a.	24.63x	n.a.
Minority Stake Acquisitions								
12-Apr-17	Best Denki Co., Ltd.	Yamada Denki Co., Ltd.	163.0	48.0%	493.8	8.50x	6.92x	0.57x
14-Nov-16	Minami Kyushu Yamada Electric Co., Ltd.	Yamada Denki Co., Ltd.	17.1	40.0%	42.7	n.a.	n.a.	0.79x
17-Mar-15	Tran Anh Digital World Joint Stock Company	Nojima Corporation	2.8	20.8%	19.2	22.70x	52.51x	0.76x
9-Jan-15	Nguyen Kim Trading Joint Stock Company	Power Buy Company Limited	266.8	49.0%	544.5	n.a.	25.13x	n.a.
Minimum						8.50x	6.92x	0.57x
Median						15.60x	24.63x	0.77x
Mean						15.60x	24.78x	1.26x
Maximum						22.70x	52.51x	2.94x
18-Jan-19	Courts Asia Limited	Nojima Corporation	106.1	100% ¹	274.0	10.58x	N.M.	0.55x

Source: Capital IQ

(1) Based on the assumption that Nojima acquires 100.0% of the CAL Shares

Based on the table above, we note that:

- (i) The Implied EV/EBITDA multiple of 10.58x falls within the range of Implied EV/EBITDA multiples for the CAL CoTrans;
- (ii) The Implied Equity Value/Net Income multiple of CAL implied by the Offer Price is not meaningful as the CAL Group suffered a net loss in the trailing 12 months; and



- (iii) The Implied Equity Value/Book Value multiple of 0.55x falls outside the range of Implied Equity Value/Book Value multiples for the CAL CoTrans of between 0.57x and 2.94x.

5.3.9 Net asset value (“NAV”) (per CAL Share) on a going concern premise

Based on the balance sheet as at 31 December 2018, we note that:

- (i) NAV for the CAL Group was S\$193.8 million;
- (ii) Based on a total of 517,464,469 issued CAL Shares as at the LPD, the NAV per CAL Share is S\$0.375; and
- (iii) The CAL Group’s cash, trade and other receivables, and inventory comprise 85.5% of total assets while the trade and other payables, deferred revenue, and borrowings comprise 98.4% of the total liabilities. This indicates that the resultant NAV is largely realisable at the value indicated by NAV per CAL Share under a going concern premise.

On 15 January 2019, CAL announced the acquisition of a building in Jakarta, Indonesia by its wholly-owned subsidiary, PT COURTS Retail Indonesia (“**PTCRI**”) and the termination of existing leases (“**Jakarta Building Acquisition and Termination of Leases**”). Assuming no other change to the balance sheet between 31 December 2018 and 15 January 2019, we have adjusted the NAV as explained below to arrive at the pro-forma NAV (“**Pro-forma NAV**”) as at 15 January 2019:

- (i) In respect of the early termination of PTCRI’s existing lease, PTCRI paid a penalty of approximately S\$3.71 million (inclusive of Value Added Tax) in cash to PT Garwita Sentra Utama (the “**Seller**”) and forfeited a security deposit amounting to approximately S\$1.38 million, which had previously been provided to the Seller;
- (ii) As a result, the NAV would be reduced by a total of S\$5.1 million to arrive at a Pro-forma NAV of S\$188.7 million as at 15 January 2019;
- (iii) The resulting Pro-forma NAV per CAL Share (“**Pro-forma NAV per CAL Share**”) is S\$0.365;
- (iv) The Offer Price is at a discount of 45.3% to the NAV per CAL Share as at 31 December 2018 and a discount of 43.8% to the Pro-forma NAV per CAL Share; and
- (v) The Price/NAV implied by the Offer Price is 0.55x and the Price/Pro-forma NAV implied by the Offer Price is 0.56x.



5.4 Other relevant considerations

5.4.1 Impact of declaration and adjustments to distributions

Without prejudice to the foregoing in section 2.3 of the Letter from the Board of Directors in the Circular, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer (“**Accepting Shareholder**”) shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such Accepting Shareholder falls.

5.4.2 Alternative offer from third parties

As at the Latest Practicable Date, the Recommending Directors have confirmed that they have received no other offers to acquire the CAL Shares.

5.4.3 Irrevocable undertaking

As at the Offer Announcement Date, Singapore Retail Group Limited (“SRG”) has provided an irrevocable undertaking (the “Irrevocable Undertaking”) to the Offeror pursuant to which SRG has, amongst other things, unconditionally and irrevocably undertaken to the Offeror: (i) to tender all of its 382,000,000 Shares (representing approximately 73.8 per cent. of the Shares issued and paid-up as at the Latest Practicable Date) in acceptance of the Offer; and (ii) not to accept (or permit the acceptance of) any competing offer. Upon SRG’s acceptance of the Offer, the Offeror shall have received acceptances in respect of such number of Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to more than 50 per cent. of the maximum potential issued share capital of the Company and the Offer shall become unconditional as to acceptances.

The Irrevocable Undertaking shall lapse and be of no further force and effect on the date on which the Offer closes, lapses, fails to become or be declared unconditional or is withdrawn other than as a result of SRG breaching its obligations under the Irrevocable Undertaking.

On the Offer Unconditional Date, PPCF announced, for and on behalf of the Offeror, that the Offer has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company) as at 5.00 p.m. (Singapore time) on the same date (the “Offer Unconditional Announcement”).

Accordingly, the Acceptance Condition has been satisfied and the Offer was declared unconditional in all respects on the Offer Unconditional Date.

As stated in the Offer Unconditional Announcement, the Offer has become unconditional as to acceptances on the Offer Unconditional Date and pursuant to Rule 22.6 of the Code, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed.



Accordingly, Shareholders should note that the Offer will remain open for acceptance until 5.30 p.m. (Singapore time) on 15 March 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

5.4.4 Listing status and trading suspension

Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with the Offeror to above 90 per cent. of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the listed securities of CAL on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the total number of Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public (the “**Free Float Requirement**”). Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of Shares (excluding treasury shares), thus causing the percentage of the total number of Shares (excluding treasury shares) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding treasury shares) held in public hands falls below 10 per cent., CAL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of CAL on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow CAL a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the total number of Shares (excluding treasury shares) held by members of the public to be raised to at least 10 per cent., failing which CAL may be removed from the Official List of the SGX-ST.

5.4.5 Compulsory acquisition rights

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the Despatch Date otherwise than through valid acceptances of the Offer, in respect of not less than 90 per cent. of the total number of Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire, at the Offer Price, all Shares held by Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”).

As mentioned in section 13.3 of the Letter from the Board of Directors in the Circular, “the Offeror, if so entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support any action or take any steps to maintain the listing status of the Company in the event the Free Float Requirement is not met and the trading of the Shares on the SGX-ST is suspended”.

5.4.6 Dissenting Shareholders rights under Section 215(3) of the Companies Act

In addition, pursuant to Section 215(3) of the Companies Act, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective

*nominees, comprise 90 per cent. or more of the total number of Shares. **Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.***

5.4.7 Implications of delisting for Shareholders

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension in, and/or delisting of CAL Shares:

- (i) Shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (ii) It is likely to be difficult for Shareholders to sell their CAL Shares in the absence of a public market for the CAL Shares as there is no arrangement for such Shareholders to exit their investments in the CAL Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their CAL Shares, they may receive a lower price than that of the Offer Price;
- (iii) Given the time taken for the Offeror to exercise its right to compulsorily acquire the remaining CAL Shares or the time taken for Dissenting Shareholders to exercise any rights they may have to compel the Offeror to acquire their CAL Shares under Section 215(3) of the Companies Act, the settlement date on compulsory acquisition is likely to be later than the settlement date had the Offer been accepted; and
- (iv) As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act.

5.4.8 Offeror's intentions for the Company

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Company with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

Save as disclosed in the Offer Document, the Offeror has no current intention to: (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of any of the existing employees of the Group, other than in the ordinary course of business. The Offeror retains its flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in its interest.



6 OUR OPINION

In arriving at our opinion with respect to the Offer, we have carefully considered the financial information that has been made available to us, reviewed and examined all factors which we consider to be pertinent in our assessment, and the above factors set forth in this IFA Letter including, amongst other things, the following:

- (i) The trading liquidity of CAL Shares as measured by the ADTV/free float as at the Last Trading Date ranged from 0.1% to 0.7% for the relevant periods prior to the Offer Announcement Date;
- (ii) The (discount)/premium of the Offer Price to VWAP of CAL Shares ranged from (29.1%) to 35.8% for the relevant periods prior to the Offer Announcement Date, while that of Precedent Transactions had a median ranging from 23.2% to 34.7% and a mean ranging from 30.9% to 41.3%;
- (iii) The EV/EBITDA implied by the Offer Price is 10.58x, which falls within the range of EV/EBITDA for the CAL CoCos and Implied EV/EBITDA for the CAL CoTrans;
- (iv) The Price/Book Value implied by the Offer Price is 0.55x, which falls outside the range of the respective multiples for both the CAL CoCos and CAL CoTrans;
- (v) The Offer Price is at a discount of 45.3% to the NAV per CAL Share as at 31 December 2018 and a discount of 43.8% to the Pro-forma NAV per CAL Share;
- (vi) On the Offer Unconditional Date, the Offeror has received valid acceptances in respect of approximately 73.8% of the total issued share capital of the Company;
- (vii) As at the Latest Practicable Date, the Recommending Directors have confirmed that they have received no other offers to acquire the CAL Shares; and
- (viii) In the event of a delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their CAL Shares in the absence of a public market for the CAL Shares, as there is no arrangement for such Shareholders to exit their investments in the CAL Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their CAL Shares, they may receive a lower price than that of the Offer Price.

Having carefully considered, *inter alia*, our analysis set out above and the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic, and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that the Offer is **not fair but reasonable** from a financial point of view.

We have considered the following pertinent factors in determining that the Offer is **not fair**:

- (i) The premium to VWAP implied by the Offer Price over the periods 12-month and 18-month prior to the Offer Announcement Date is significantly lower than the median and mean premia to VWAP for the Precedent Transactions, as highlighted in Section 5.3.4 of this IFA Letter;
- (ii) The CAL Group's cash, trade and other receivables, and inventory comprise 85.5% of total assets while the trade and other payables, deferred revenue, and borrowings



comprise 98.4% of the total liabilities. This indicates that the resultant NAV is largely realisable at the value indicated by NAV per CAL Share under a going concern premise, as highlighted in Section 5.3.9 of this IFA Letter;

- (iii) The Offer Price is at a discount of 45.3% to the NAV per CAL Share as at 31 December 2018 and a discount of 43.8% to the Pro-forma NAV per CAL Share, as highlighted in Section 5.3.9 of this IFA Letter; and
- (iv) The Price/Book Value implied by the Offer Price is 0.55x, which falls outside the range of the respective multiples for both the CAL CoCos and CAL CoTrans, as highlighted in Section 5.3.7 and Section 5.3.8 of this IFA Letter.

We have considered the following pertinent factors in determining that the Offer is **reasonable**:

- (i) CAL Group's gross profit fell by 13.3% from S\$196.6 million for 9M FY17/18 to S\$170.4 million for 9M FY18/19 and 4.6% from S\$268.4 million for FY16/17 to S\$256.2 million for FY17/18, as highlighted in Section 5.3.5 of this IFA Letter;
- (ii) CAL Group had a net profit of S\$11.1 million for 9M FY17/18 versus a net loss of S\$5.4 million for 9M FY18/19 while net profit declined by 66.1% from S\$23.7 million for FY16/17 to S\$8.1 million for FY17/18, as highlighted in Section 5.3.5 of this IFA Letter;
- (iii) We note that during the period when CAL Group's financial performance declined, CAL Shares have been on a downward trend and have fallen by 64.7% over the 18-month period leading up to the Last Trading Date. The premium to VWAP implied by the Offer Price, for the periods up to and including the Last Trading Date, 1-month prior, and 3-month prior to the Offer Announcement Date, lies either higher than or within the range of median and mean premia for the Precedent Transactions for the relevant periods, as highlighted in Section 5.3.4 of this IFA Letter;
- (iv) The CAL Group's EV/EBITDA is well within the corresponding range of the EV/EBITDA multiples for both the CAL CoCos and CAL CoTrans, as highlighted respectively in Section 5.3.7 and Section 5.3.8 of this IFA Letter;
- (v) When compared to the companies constituting the STI, the ADTV of CAL Shares as a percentage of total outstanding shares and as a percentage of free float as at the Last Trading Date of 0.03% and 0.17% respectively, is lower than the median and mean, as highlighted in Section 5.3.2 of this IFA Letter;
- (vi) As at the Latest Practicable Date, the Recommending Directors have confirmed that they have received no other offers to acquire the CAL Shares, as highlighted in Section 5.4.2 of this IFA Letter; and
- (vii) On the Offer Unconditional Date, the Offeror has received valid acceptances in respect of 382,000,000 Offer Shares (representing approximately 73.8 per cent. of the total issued share capital of the Company), hence satisfying the Acceptance Condition resulting in the Offer being declared unconditional in all respects, as highlighted in Section 5.4.3 of this IFA Letter; and



(viii) In the event of a delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their CAL Shares in the absence of a public market for the CAL Shares, as highlighted in Section 5.4.7 of this IFA Letter.

Accordingly, on the balance of the above factors, we advise the Recommending Directors to recommend that Shareholders **accept** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.

In rendering the above opinion, we have not taken into consideration any general or specific investment objectives, financial situation, risk profile, tax position or particular needs and constraints of any individuals. We advise the Recommending Directors to advise any individuals who may require specific advice in relation to their investment portfolio to consult their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which any relevant securities may trade following close of the Offer. Such factors (including the aforesaid illustrations) are beyond the ambit of our review and do not fall within our terms of reference in connection with the Offer. We wish to emphasise that we have been appointed to render our opinion as at the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of CAL.

This opinion is delivered pursuant to the Code. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore shall not apply. The recommendation made by the Recommending Directors in relation to the Offer remains the sole responsibility of the Recommending Directors.

A copy of this IFA Letter may be reproduced in the Circular.

Yours faithfully
KPMG Corporate Finance Pte Ltd

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ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr Jack Hennessy	c/o 50 Tampines North Drive 2, Singapore 528766	Chairman, Non-Independent and Non-Executive Director
Dr Terence Donald O'Connor	c/o 50 Tampines North Drive 2, Singapore 528766	Executive Director and Group Chief Executive Officer
Ms Kee Kim Eng	c/o 50 Tampines North Drive 2, Singapore 528766	Executive Director and Group Chief Financial Officer
Mr Adnan Abdulaziz Ahmed AlBahar	c/o 50 Tampines North Drive 2, Singapore 528766	Non-Independent and Non-Executive Director
Mr Chey Chor Wai	c/o 50 Tampines North Drive 2, Singapore 528766	Independent Non-Executive Director
Mr Kewee Kho	c/o 50 Tampines North Drive 2, Singapore 528766	Independent Non-Executive Director

2. DESCRIPTION OF THE COMPANY

The Company was incorporated in Singapore on 18 January 2010 and listed on the Main Board of the SGX-ST on 15 October 2012.

The principal activity of the Company is that of an investment holding company and in the business of managing and developing trademarks. The principal activities of the CAL Group are those relating to the retail of household furniture, furnishings, home appliances and information technology products and services.

3. SHARE CAPITAL

3.1 Issued Share Capital

The issued and paid-up share capital of the Company as at the Latest Practicable Date is approximately S\$267,329,001, comprising 517,464,469 issued CAL Shares (excluding 42,535,531 treasury shares) (based on publicly available information on CAL as at the Latest Practicable Date).

3.2 Capital, Dividends and Voting Rights

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting has been reproduced in Appendix VI to this Circular. The Constitution is available for inspection at the registered address of the Company at 50 Tampines North Drive 2, Singapore 528766. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

3.3 Number of CAL Shares Issued since the End of the Last Financial Year

Since 31 March 2018, being the end of the last financial year of the Company:

- (a) no new CAL Shares have been issued; and
- (b) 2,319,490 CAL Shares have been transferred from the treasury to the Directors and employees of the CAL Group as a result of the vesting of the Awards held by such Directors and employees and payment of Directors' fees in the form of CAL Shares.

3.4 Options and Convertible Instruments

Save as disclosed below, the Company has not issued any other instruments convertible into, rights to subscribe for, and options in respect of, the CAL Shares and securities which carry voting rights affecting the CAL Shares that are outstanding as at the Latest Practicable Date.

- (a) DSA

Each of the FY15/16 DSA, the FY16/17 DSA and the FY17/18 DSA will vest in three tranches at the rate of 1/3 per annum, commencing one year from the relevant grant date. A dividend "kicker" award, to account for the dividends forgone during the vesting period, will also be awarded on the third vesting anniversary.

The total number of outstanding FY15/16 DSA as at the Latest Practicable Date is 147,600.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY15/16 DSA	
Executive Director	2	85,600	01.09.2017 – 01.09.2019
Employee	10	62,000	01.09.2017 – 01.09.2019

The total number of outstanding FY16/17 DSA as at the Latest Practicable Date is 489,000.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY16/17 DSA	
Executive Director	2	305,000	01.10.2018 – 01.10.2020
Employee	8	184,000	01.10.2018 – 01.10.2020

The total number of outstanding FY17/18 DSA as at the Latest Practicable Date is 3,737,100.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY17/18 DSA	
Executive Director	2	2,730,800	03.09.2019 – 03.09.2021
Employee	3	1,006,300	03.09.2019 – 03.09.2021

(b) PSA

The total number of outstanding FY16/17 PSA as at the Latest Practicable Date is 720,500.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY16/17 PSA	
Executive Director	2	430,000	01.11.2016 – 30.06.2019
Employee	12	290,500	01.11.2016 – 30.06.2019

The total number of outstanding FY17/18 PSA¹ as at the Latest Practicable Date is 2,821,600.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY17/18 PSA	
Executive Director	2	1,508,000	01.11.2017 – 30.06.2020
Employee	14	1,313,600	01.11.2017 – 30.06.2020

The total number of outstanding FY18/19 PSA as at the Latest Practicable Date is 4,493,700.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of FY18/19 PSA	
Executive Director	2	2,474,500	01.11.2018 – 30.06.2021
Employee	12	2,019,200	01.11.2018 – 30.06.2021

¹ The total number of PSAs is based on calculations before application of the FY17/18 adjustment relating to the adoption of SFRS(I) 9 Financial Instruments.

(c) SAR

The total outstanding SAR as at the Latest Practicable Date is 3,254,960.

Category	As at the Latest Practicable Date		Vesting period
	No. of persons	No. of SAR	
Executive Director	1	1,583,560	15.10.2013 – 15.10.2026
Employee	2	1,671,400	15.10.2013 – 15.10.2026

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, the Company does not have any direct or deemed interests in any Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, the Company has not dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of the Directors in Offeror Securities

None of the Directors has any direct or deemed interests in any Offeror Securities as at the Latest Practicable Date.

4.4 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interests in any Company Securities as at the Latest Practicable Date:

(a) CAL Shares

Name	Direct Interest		Deemed Interest	
	No. of CAL Shares	% ⁽¹⁾	No. of CAL Shares	% ⁽¹⁾
Dr Terence Donald O'Connor	–	–	18,958,500 ⁽²⁾	3.66
Ms Kee Kim Eng	2,504,900	0.48	–	–
Mr Adnan Abdulaziz Ahmed AlBahar	1,014,638 ⁽³⁾	0.20	–	–
Mr Chey Chor Wai	351,834	0.07	–	–
Mr Kewee Kho	332,497	0.06	–	–

Notes:

- (1) Based on the total number of issued shares of CAL being 517,464,469 issued CAL Shares (excluding 42,535,531 treasury shares) (based on publicly available information on CAL as at the Latest Practicable Date).
- (2) Dr Terence Donald O'Connor's deemed interest arises from CAL Shares held in a nominee account.
- (3) Mr Adnan Abdulaziz Ahmed AlBahar's CAL Shares are held in a nominee account.

(b) Awards

Dr Terence Donald O'Connor had been granted the following Awards under the Courts PSP which remain outstanding as at the Latest Practicable Date:

Type of Award	Date of Grant	Number of Awards	Vesting Date (Number of Awards)
FY15/16 DSA	01.09.2016	62,000	01.09.2019 (62,000)
FY16/17 DSA	04.10.2017	197,000	01.10.2019 (99,000) 01.10.2020 (98,000)
FY17/18 DSA	03.09.2018	1,664,000	03.09.2019 (554,700) 03.09.2020 (554,700) 03.09.2021 (554,600)
Total: 1,923,000			
FY16/17 PSA	01.11.2016	311,200	01.07.2019 (311,200)
FY17/18 PSA ²	01.11.2017	920,000	01.07.2019 (460,000) 01.07.2020 (460,000)
FY18/19 PSA	05.11.2018	1,708,000	01.07.2020 (854,000) 01.07.2021 (854,000)
Total: 2,939,200			

Ms Kee Kim Eng had been granted the following Awards under the Courts PSP and the Courts SARP which remain outstanding as at the Latest Practicable Date:

Type of Award	Date of Grant	Number of Awards	Vesting Date/Period (Number of Awards)
FY15/16 DSA	01.09.2016	23,600	01.09.2019 (23,600)
FY16/17 DSA	04.10.2017	108,000	01.10.2019 (54,000) 01.10.2020 (54,000)
FY17/18 DSA	03.09.2018	1,066,800	03.09.2019 (355,600) 03.09.2020 (355,600) 03.09.2021 (355,600)
Total: 1,198,400			
FY16/17 PSA	01.11.2016	118,800	01.07.2019 (118,800)
FY17/18 PSA ²	01.11.2017	588,000	01.07.2019 (294,000) 01.07.2020 (294,000)
FY18/19 PSA	05.11.2018	766,500	01.07.2020 (383,250) 01.07.2021 (383,250)
Total: 1,473,300			
SAR	13.12.2011	1,583,560	15.10.2013 – 15.10.2026 (1,583,560)
Total: 1,583,560			

² The total number of PSAs is based on calculations before application of the FY17/18 adjustment relating to the adoption of SFRS(I) 9 Financial Instruments.

4.6 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date. As announced by the Company on 13 December 2018, 41,580 CAL Shares and 39,289 CAL Shares, being the payment in the form of shares equivalent to approximately 20% of the total directors' fees for the second financial quarter ended 30 September 2018 as approved by Shareholders at the Company's Annual General Meeting held on 26 July 2018, had been granted to Mr Chey Chor Wai and Mr Kewee Kho respectively on the same date.

4.7 Company Securities owned or controlled by KPMG

As at the Latest Practicable Date, none of KPMG or any funds whose investments are managed by KPMG on a discretionary basis owns or controls any Company Securities.

4.8 Dealings in Company Securities by KPMG

During the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of KPMG or any funds whose investments are managed by KPMG on a discretionary basis has dealt for value in the Company Securities.

4.9 Intentions of the Directors in respect of their CAL Shares

As at the Latest Practicable Date, the Directors who hold CAL Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of their CAL Shares as follows:

- (a) Dr Terence Donald O'Connor has informed the Company that, because of the Company's share ownership guidelines (administered by the Remuneration Committee) which require Executive Directors to each hold a minimum number of CAL Shares (the "**ED Retention CAL Shares**") delivered under the Courts PSP after the relevant vesting periods for the duration of their employment with the Company (the "**Guidelines**"), he is not able to accept the Offer in respect of his ED Retention CAL Shares as at the Latest Practicable Date. Save for his ED Retention CAL Shares, he intends to accept the Offer in respect of all remaining CAL Shares held by him.

For so long as Dr O'Connor remains in the employment of the Company and unless the Remuneration Committee waives the Guidelines, he is not able to accept the Offer in respect of his ED Retention CAL Shares. In the event the Remuneration Committee waives the Guidelines, he intends to accept the Offer in respect of his ED Retention CAL Shares.

For the avoidance of doubt, if and when the Offeror exercises its right of compulsory acquisition under Section 215(1) of the Companies Act, all the CAL Shares (including the ED Retention CAL Shares) held by Dr O'Connor will be compulsorily acquired;

- (b) Ms Kee Kim Eng has informed the Company that, because of the Guidelines, she is not able to accept the Offer in respect of her ED Retention CAL Shares as at the Latest Practicable Date. Save for her ED Retention CAL Shares, she intends to accept the Offer in respect of all remaining CAL Shares held by her.

For so long as Ms Kee remains in the employment of the Company and unless the Remuneration Committee waives the Guidelines, she is not able to accept the Offer in respect of her ED Retention CAL Shares. In the event the Remuneration Committee waives the Guidelines, she intends to accept the Offer in respect of her ED Retention CAL Shares.

For the avoidance of doubt, if and when the Offeror exercises its right of compulsory acquisition under Section 215(1) of the Companies Act, all the CAL Shares (including the ED Retention CAL Shares) held by Ms Kee will be compulsorily acquired;

- (c) Mr Adnan Abdulaziz Ahmed AlBahar has informed the Company that he intends to accept the Offer in respect of all the CAL Shares held by him;
- (d) Mr Chey Chor Wai has informed the Company that, because Directors' fees (paid partially in CAL Shares) to certain Non-Executive Directors were approved by Shareholders at the Company's Annual General Meeting held on 26 July 2018 on the basis that such Non-Executive Directors would each hold a certain number of CAL Shares (the "**NED Retention CAL Shares**") during their Board tenure (the "**Requirement**"), he is not able to accept the Offer in respect of his NED Retention CAL Shares as at the Latest Practicable Date. Save for his NED Retention CAL Shares, Mr Chey intends to accept the Offer in respect of all remaining CAL Shares held by him. For so long as Mr Chey remains a Non-Executive Director, he is not able to accept the Offer in respect of his NED Retention CAL Shares.

For the avoidance of doubt, if and when the Offeror exercises its right of compulsory acquisition under Section 215(1) of the Companies Act, all the CAL Shares held by Mr Chey will be compulsorily acquired; and

- (e) Mr Kewee Kho has informed the Company that, because of the Requirement, he is not able to accept the Offer in respect of his NED Retention CAL Shares as at the Latest Practicable Date. Save for his NED Retention CAL Shares, Mr Kho intends to accept the Offer in respect of all remaining CAL Shares held by him. For so long as Mr Kho remains a Non-Executive Director, he is not able to accept the Offer in respect of his NED Retention CAL Shares.

For the avoidance of doubt, if and when the Offeror exercises its right of compulsory acquisition under Section 215(1) of the Companies Act, all the CAL Shares held by Mr Kho will be compulsorily acquired.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

- (c) none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror. As stated in the annual report of the Company for FY2018, Mr Jack Hennessy is a nominee director of SRG and Mr Adnan Abdulaziz Ahmed AlBahar is a nominee director of The International Investor.³ As mentioned in section 7 of this Circular, SRG had provided the Irrevocable Undertaking to the Offeror.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in publicly available information on the CAL Group, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the CAL Group, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the CAL Group, taken as a whole.

8. FINANCIAL INFORMATION

8.1 Consolidated Income Statements and Statements of Comprehensive Income

Certain financial information extracted from the audited consolidated income statements and statements of comprehensive income of the CAL Group for the last three (3) financial years (FY2018, FY2017 and FY2016) and the third quarter ended 31 December 2018 are summarised below. The summary set out below should be read together with the annual reports for the relevant financial periods, the 9M2018 Results Announcement and their respective accompanying notes.

	Unaudited 9M2018 \$'000	Audited FY2018 \$'000	Audited FY2017 \$'000	Audited FY2016 \$'000
Revenue – Sale of goods and other services	473,342	628,425	646,916	677,415
Revenue – Service charge income	46,879	84,714	93,623	74,474
Cost of sales	(349,842)	(456,961)	(472,090)	(497,882)
Gross profit	170,379	256,178	268,449	254,007
Other income and other gains/(losses) – net	5,052	4,644	5,628	4,412
Impairment losses on trade receivables*	(19,862)	(39,205)	(26,332)	(18,797)
Expenses				
– Distribution and marketing	(38,106)	(56,477)	(56,181)	(62,109)
– Administrative	(100,909)	(133,318)	(139,059)	(139,963)
– Finance	(13,728)	(20,776)	(20,826)	(25,662)
Profit before income tax	2,826	11,046	31,679	11,888
Income tax expense	(8,273)	(2,995)	(7,936)	(5,057)
Net (loss)/profit	(5,447)	8,051	23,743	6,831

* For the unaudited 9M2018 period, impairment losses on trade receivables were calculated based on SFRS(I) 9 *Financial Instruments*. For the audited FY2018, FY2017 and FY2016 periods, impairment losses on trade receivables were calculated based on SFRS 39 *Financial Instruments*. Please refer to the 9M2018 Consolidated Interim Financial Statements for more information.

3 The International Investor is wholly-owned by Topaz Investment Worldwide Incorporated, which in turn holds 32.8% in Asia Retail Group Limited. Asia Retail Group Limited is the sole shareholder of SRG.

	Unaudited 9M2018 \$'000	Audited FY2018 \$'000	Audited FY2017 \$'000	Audited FY2016 \$'000
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Currency translation differences arising from consolidation	(3,504)	9,503	(12,175)	(9,987)
Fair value gain/(loss) on hedging reserve	693	(2)	340	(30)
Total comprehensive (loss)/income	(8,258)	17,552	11,908	(3,186)
(Loss)/earnings per share for results attributable to the equity holders of the Company (cents per share)				
– Basic	(1.05)	1.56	4.59	1.29
– Diluted	(1.03)	1.54	4.52	1.28
Dividends per share (cents)	–	1.29	1.29	1.29

8.2 Consolidated Balance Sheet

The audited consolidated balance sheet of the CAL Group as at 31 March 2018 and the unaudited consolidated balance sheet of the CAL Group as at 31 December 2018 are summarised below. The summary set out below should be read together with the annual report of the CAL Group for FY2018, the 9M2018 Results Announcement and their respective accompanying notes.

	Unaudited as at 31.12.2018 \$'000	Audited as at 31.03.2018 \$'000
ASSETS		
Current assets		
Cash and bank balances	62,047	108,596
Derivative financial instruments	3	30
Trade and other receivables**	176,454	186,938
Deferred costs	7,522	7,883
Inventories	85,509	82,691
Income tax recoverable	8,216	3,568
	339,751	389,706

** Trade and other receivables as at 31.12.2018 were measured based on SFRS(I) 9 *Financial Instruments*. Trade and other receivables as at 31.03.2018 were measured based on SFRS 39 *Financial Instruments*. Please refer to the 9M2018 Consolidated Interim Financial Statements for more information.

	Unaudited as at 31.12.2018 \$'000	Audited as at 31.03.2018 \$'000
Non-current assets		
Derivative financial instruments	1,784	1,009
Trade and other receivables**	219,697	282,043
Deferred costs	12,612	12,360
Property, plant and equipment	15,034	18,037
Intangible assets	23,257	22,768
Deferred income tax assets	24,022	23,122
	<hr/> 296,406	<hr/> 359,339
Total assets	<hr/> <hr/> 638,157	<hr/> <hr/> 749,045
LIABILITIES		
Current liabilities		
Trade and other payables	136,378	144,316
Deferred revenue	24,745	26,883
Current income tax liabilities	1,345	1,637
Borrowings	7,819	75,228
Deferred income	1,536	2,198
	<hr/> 171,823	<hr/> 250,262
Non-current liabilities		
Trade and other payables	638	588
Deferred revenue	41,544	40,695
Borrowings	224,238	223,085
Deferred income	1,101	1,371
Deferred income tax liabilities	2,971	2,842
	<hr/> 270,492	<hr/> 268,581
Total liabilities	<hr/> <hr/> 442,315	<hr/> <hr/> 518,843
NET ASSETS	<hr/> <hr/> 193,842	<hr/> <hr/> 230,202
EQUITY		
Share capital	265,332	265,332
Treasury shares	(18,079)	(19,065)
Other reserves	12,983	(34,692)
Retained (losses)/profits	(66,394)	18,627
Total equity	<hr/> <hr/> 193,842	<hr/> <hr/> 230,202

8.3 Significant Accounting Policies

A summary of the significant accounting policies of the CAL Group is set out in note 2 to the audited consolidated financial statements of the CAL Group for FY2018 and note 3 to the 9M2018 Consolidated Interim Financial Statements. Copies of the above are available for inspection at the registered address of the Company at 50 Tampines North Drive 2, Singapore 528766 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed above and in publicly available information on the CAL Group, there are no significant accounting policies or any matter from the notes of the financial statements of the CAL Group which are of any major relevance for the interpretation of the financial statements of the CAL Group.

8.4 Changes in Accounting Policies

Save as disclosed in publicly available information on the CAL Group, as at the Latest Practicable Date, there is no change in the accounting policy of the CAL Group which will cause the figures disclosed in this Circular not to be comparable to a material extent. Please also refer to the 9M2018 Results Announcement and the 9M2018 Consolidated Interim Financial Statements for further information.

Copies of the annual report of the Company for FY2018 and the 9M2018 Results Announcement are available on the website of the SGX-ST at www2.sgx.com or for inspection at the registered address of the Company at 50 Tampines North Drive 2, Singapore 528766 during normal office hours for the period during which the Offer remains open for acceptance.

8.5 Material Change in Financial Position

Save as disclosed in publicly available information on the CAL Group, as at the Latest Practicable Date, there has been no known material change in the financial position of the CAL Group since 31 March 2018, being the date of the Company's last published audited consolidated financial statements. Please also refer to the 9M2018 Results Announcement for further information.

8.6 Material Change in Information

Save as disclosed in this Circular and save for the information relating to the CAL Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date. Please also refer to the 9M2018 Results Announcement for further information.

9. GENERAL

9.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

9.2 Consent of KPMG

KPMG has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Recommending Directors set out in section 12.2 of this Circular, the IFA Letter set out in Appendix I to this Circular, its letter

in relation to the 9M2018 Consolidated Interim Financial Statements set out in Appendix V to this Circular and all references thereto, in the form and context in which they appear in this Circular.

9.3 Consent of PwC

PwC has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its independent auditor's review report on the 9M2018 Consolidated Interim Financial Statements ("**9M2018 Review Report**") set out in Appendix IV to this Circular and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of the Company at 50 Tampines North Drive 2, Singapore 528766 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2016, FY2017 and FY2018;
- (c) the 9M2018 Results Announcement;
- (d) the 9M2018 Review Report;
- (e) the letter from KPMG on the 9M2018 Consolidated Interim Financial Statements;
- (f) the IFA Letter; and
- (g) the letters of consent referred to in paragraphs 9.2 and 9.3 of Appendix II to this Circular.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE CAL GROUP FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**



COURTS ASIA LIMITED

**UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

1(a)(i) Statement of total comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q3 FY18/19 S\$'000	Group Q3 FY17/18 S\$'000	% Change	YTD FY18/19 S\$'000	Group YTD FY17/18 S\$'000	% Change
Revenue - Sales of goods and other services	160,656	164,708	(2.5)	473,342	482,281	(1.9)
Revenue - Service charge income	14,635	22,070	(33.7)	46,879	67,536	(30.6)
Cost of sales	(119,593)	(121,982)	2.0	(349,842)	(353,225)	1.0
Gross profit	55,698	64,796	(14.0)	170,379	196,592	(13.3)
Other income and other gains/(losses) - net	1,803	1,558	15.7	5,052	4,131	22.3
Impairment losses on trade receivables	(4,702)	(7,995)	41.2	(19,862)	(22,294)	10.9
Expenses						
- Distribution and marketing	(12,068)	(13,661)	11.7	(38,106)	(43,366)	12.1
- Administrative	(33,745)	(34,571)	2.4	(100,909)	(104,816)	3.7
- Finance	(3,675)	(4,994)	26.4	(13,728)	(15,114)	9.2
Profit before income tax	3,311	5,133	(35.5)	2,826	15,133	(81.3)
Income tax expense	(3,482)	(1,622)	(114.7)	(8,273)	(4,062)	(103.7)
Net (loss)/profit	(171)	3,511	(104.9)	(5,447)	11,071	(149.2)

	Q3 FY18/19 S\$'000	Group Q3 FY17/18 S\$'000	% Change	YTD FY18/19 S\$'000	Group YTD FY17/18 S\$'000	% Change
Net (loss)/profit	(171)	3,511	(104.9)	(5,447)	11,071	(149.2)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(74)	3,431	(102.2)	(3,504)	5,663	(161.9)
Fair value (loss)/gain on hedging reserve	(44)	(6)	(633.3)	693	(22)	3,250.0
Total comprehensive (loss)/income	(289)	6,936	(104.2)	(8,258)	16,712	(149.4)

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(a)(ii) Breakdown and explanatory notes to the statement of total comprehensive income:-

	Group		Group	
	Q3 FY18/19 S\$'000	Q3 FY17/18 S\$'000	YTD FY18/19 S\$'000	YTD FY17/18 S\$'000
<u>Profit before income tax was arrived at after charging/(crediting):</u>				
Depreciation and amortisation of property, plant and equipment and intangible assets	2,468	3,310	7,484	9,150
Amortisation of deferred income	(402)	(575)	(1,403)	(1,781)
Impairment allowance on trade receivables	4,702	7,995	19,862	22,294
Other income and other (gains)/losses - net				
- Interest income	(557)	(676)	(1,790)	(1,891)
- Loss on disposal of property, plant and equipment and intangible assets (net)	64	157	175	406
- Tracing and referencing income	(515)	(304)	(1,497)	(854)
- Rental income	(576)	(444)	(1,685)	(1,222)
- Change in fair value of derivative financial instruments	32	5	135	64
- Others	(251)	(296)	(390)	(634)
	(1,803)	(1,558)	(5,052)	(4,131)
Finance costs				
- Interest expense on borrowings	3,156	4,349	10,510	13,000
- Interest expense on finance lease liabilities	-	1	-	2
- Borrowing costs	509	680	3,098	2,211
- Foreign exchange losses/(gains) - net	10	(36)	120	(99)
	3,675	4,994	13,728	15,114
Gross profit as a percentage of revenue	31.8%	34.7%	32.8%	35.8%
Net (loss)/profit as a percentage of revenue	(0.1)%	1.9%	(1.0)%	2.0%
Net (loss)/profit as a percentage of total equity	(0.1)%	1.5%	(2.8)%	4.8%

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(b)(i) Statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 18 S\$'000	31 Mar 18 S\$'000	31 Dec 18 S\$'000	31 Mar 18 S\$'000
ASSETS				
Current assets				
Cash and bank balances	62,047	108,596	12,112	25,393
Derivative financial instruments	3	30	-	-
Trade and other receivables	176,454	186,938	1,616	2,510
Deferred costs	7,522	7,883	-	-
Inventories	85,509	82,691	-	-
Current income tax recoverable	8,216	3,568	-	-
	339,751	389,706	13,728	27,903
Non-current assets				
Derivative financial instruments	1,784	1,009	-	-
Trade and other receivables	219,697	282,043	4,356	4,433
Deferred costs	12,612	12,360	-	-
Investments in subsidiaries	-	-	293,800	285,094
Property, plant and equipment	15,034	18,037	5	6
Intangible assets	23,257	22,768	20,065	20,065
Deferred income tax assets	24,022	23,122	-	-
	296,406	359,339	318,226	309,598
Total assets	636,157	749,045	331,954	337,501
LIABILITIES				
Current liabilities				
Trade and other payables	136,378	144,316	2,341	3,305
Deferred revenue	24,745	26,883	-	-
Current income tax liabilities	1,345	1,637	1,343	1,199
Borrowings	7,819	75,228	464	75,228
Deferred income	1,536	2,198	-	-
	171,823	250,262	4,148	79,732
Non-current liabilities				
Trade and other payables	638	588	56,995	-
Deferred revenue	41,544	40,695	-	-
Borrowings	224,238	223,085	1,005	1,302
Deferred income	1,101	1,371	-	-
Deferred income tax liabilities	2,971	2,842	2,967	2,842
	270,492	268,581	60,967	4,144
Total liabilities	442,315	518,843	65,115	83,876
NET ASSETS	193,842	230,202	266,839	253,625
EQUITY				
Share capital	265,332	265,332	265,332	265,332
Treasury shares	(18,079)	(19,065)	(18,079)	(19,065)
Other reserves	12,983	(34,692)	(23,549)	(22,876)
Retained (losses)/profits	(66,394)	18,627	43,135	30,234
Total equity	193,842	230,202	266,839	253,625

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.12.18 S\$'000		As at 31.03.18 S\$'000	
Secured	Unsecured	Secured	Unsecured
464	7,355	446	74,782

Amount repayable after one year

As at 31.12.18 S\$'000		As at 31.03.18 S\$'000	
Secured	Unsecured	Secured	Unsecured
204,238	20,000	195,666	27,419

Details of any collateral

The Group's borrowings of \$232.1 million (31 March 2018: \$298.3 million) consist of term loans in COURTS Asia Ltd ("CAL"), the Asset Securitisation Programme 2016 in Singapore, the Syndicated Senior Loan in Malaysia and term loans in Indonesia.

On 23 April 2013, a \$500 million Multicurrency Medium Term Note programme was established. A note issued on 2 May 2013 comprising S\$125 million three-year unsecured fixed rate notes was repaid in May 2016. A new note that was initially due in March 2019 was issued on 15 March 2016, comprising S\$75 million three-year unsecured fixed rate notes ("the Notes"). On 2 August 2018, CAL successfully redeemed and cancelled all of the Notes.

The Asset Securitisation Programme 2016 (renewed in January 2016 and extended until January 2020) is secured against the trade receivables of COURTS (Singapore) Pte Ltd ("CSPL"). CSPL has also provided a guarantee and indemnity in favour of the Senior Beneficiaries, The Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), DBS Bank Ltd ("DBS") and Oversea-Chinese Banking Corporation ("OCBC"), in respect of amounts payable under the Asset Securitisation Programme 2016. The amount drawn down as at 31 December 2018 was S\$92.9 million.

The Syndicated Senior Loan (renewed in February 2018) is secured by a fixed charge over the designated bank accounts of COURTS (Malaysia) Sdn Bhd ("CMSB") and all credit balances in respect thereof, a debenture covering a fixed and floating charge over all the assets of CMSB (both present and future), an assignment over existing and future trade receivables. The amount drawn down as at 31 December 2018 was RM343.0 million (S\$110.4 million).

The term loans in PT COURTS Retail Indonesia ("PTCRI") comprise a IDR78 billion (S\$7.4 million) three-year term loan repayable in May 2019 secured in favour of HSBC and a IDR212.1 billion (S\$20.0 million) term loan (refinanced in early January 2017) repayable from January 2020 secured in favour of DBS. The HSBC and DBS term loans are secured by corporate guarantees from CAL and CSPL respectively.

The term loan in CAL is a seven-year term loan from January 2015 with the original amount of US\$2.38 million (S\$3.2 million) to finance the Key Man Insurance for certain key management personnel. The facility is secured by way of first legal assignment of policies in favour of HSBC.

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(c) Consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	Q3 FY18/19 S\$'000	Q3 FY17/18 S\$'000	YTD FY18/19 S\$'000	YTD FY17/18 S\$'000
Cash flows from operating activities:				
Net (loss)/profit	(171)	3,511	(5,447)	11,071
Adjustments for:				
Income tax expense	3,482	1,622	8,273	4,062
Depreciation and amortisation	2,468	3,310	7,484	9,150
Amortisation of deferred income	(402)	(575)	(1,403)	(1,781)
Interest expense	3,156	4,350	10,510	13,002
Interest income	(557)	(676)	(1,790)	(1,891)
Borrowing costs	509	680	3,098	2,211
Loss on disposal of property, plant and equipment and intangible assets (net)	64	157	175	406
Share-based compensation	125	325	313	625
Changes in fair value of derivative financial instruments	32	5	135	64
Foreign currency translation differences	6	456	(167)	701
Operating cash flow before working capital changes	8,712	13,165	21,181	37,620
Changes in working capital				
- Inventories	(4,028)	(3,332)	(3,654)	(8,562)
- Trade and other receivables	11,838	3,110	31,754	(6,742)
- Deferred costs	2,118	(87)	(54)	(1,164)
- Trade and other payables	(11,185)	(10,880)	(6,113)	(3,446)
- Deferred revenue	(870)	213	(586)	2,569
Cash generated from operations	6,585	2,189	42,528	20,275
Income tax paid (net)	(2,873)	(4,940)	(7,648)	(10,535)
Net cash generated from / (used in) operating activities	3,712	(2,751)	34,880	9,740
Cash flows from investing activities				
Additions to property, plant and equipment	(2,603)	(4,534)	(3,854)	(8,169)
Additions to intangible assets	(192)	(206)	(1,522)	(731)
Interest received	554	676	1,779	1,880
Net cash used in investing activities	(2,241)	(4,064)	(3,597)	(7,020)
Cash flows from financing activities				
Repayment of bond issue	-	-	(75,000)	-
Repayment of finance lease liabilities	-	(6)	-	(68)
Repayment of term loan	(116)	(178)	(345)	(413)
Repayment of syndicated senior loan	(9,411)	(1,709)	(26,653)	(418)
Proceeds from / (repayment of) on asset securitisation loan	7,167	(1,971)	37,987	(3,863)
Increase / (decrease) in fixed deposits pledged as securities for banking facilities	(616)	(651)	499	(122)
Payment of borrowing cost	(312)	(437)	(2,479)	(1,460)
Interest paid	(3,156)	(3,263)	(10,711)	(11,726)
Dividends paid	-	-	-	(6,641)
Net cash used in financing activities	(6,444)	(8,215)	(76,702)	(24,711)
Net decrease in cash and cash equivalents	(4,973)	(15,030)	(45,419)	(21,991)
Cash and cash equivalents as at beginning of financial period	62,455	86,740	103,617	93,817
Effects of currency translation on cash and bank balances	85	145	(631)	29
Cash and cash equivalents as at end of financial period	57,567	71,855	57,567	71,855

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	31-Dec-18 S\$'000	31-Dec-17 S\$'000
Cash and bank balances	57,002	49,045
Fixed deposits	5,045	27,843
	62,047	76,888
Less: Fixed deposits pledged as securities for banking facilities	(4,480)	(5,033)
Cash and cash equivalents per consolidated statement of cash flows	57,567	71,855

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group								
	Attributable to equity holders of the Group							Retained profits/ (losses)	Total equity
	Share capital	Treasury Shares	Other reserves						
Share option reserve			Currency translation reserve	Capital reserve	Hedging reserve				
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 31 March 2018	265,332	(19,065)	1,730	(41,656)	5,862	(628)	18,627	230,202	
Adoption of SFRS(I) 9	-	-	-	-	-	-	(28,415)	(28,415)	
Adoption of SFRS(I) 1	-	-	-	51,159	-	-	(51,159)	-	
Balance at 1 April 2018	265,332	(19,065)	1,730	9,503	5,862	(628)	(60,947)	201,787	
Treasury shares reissued	-	986	(440)	-	(546)	-	-	-	
Share-based compensation	-	-	313	-	-	-	-	313	
Total comprehensive (loss)/income for the period	-	-	-	(3,504)	-	693	(5,447)	(8,258)	
Balance at 31 December 2018	265,332	(18,079)	1,603	5,999	5,316	65	(66,394)	193,842	
Balance at 1 October 2018	265,332	(18,231)	1,533	6,073	5,413	109	(66,223)	194,006	
Treasury shares reissued	-	152	(55)	-	(97)	-	-	-	
Share-based compensation	-	-	125	-	-	-	-	125	
Total comprehensive loss for the period	-	-	-	(74)	-	(44)	(171)	(289)	
Balance at 31 December 2018	265,332	(18,079)	1,603	5,999	5,316	65	(66,394)	193,842	
	Group								
	Attributable to equity holders of the Group							Retained profits/ (losses)	Total equity
	Share capital	Treasury Shares	Other reserves						
Share option reserve			Currency translation reserve	Capital reserve	Hedging reserve				
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 31 March 2017	265,332	(19,669)	1,539	(51,159)	5,896	(626)	17,217	218,530	
Adoption of SFRS(I) 1	-	-	-	51,159	-	-	(51,159)	-	
Balance at 1 April 2017	265,332	(19,669)	1,539	-	5,896	(626)	(33,942)	218,530	
Treasury shares reissued	-	587	(561)	-	(26)	-	-	-	
Share-based compensation	-	-	625	-	-	-	-	625	
Total comprehensive income/(loss) for the period	-	-	-	5,663	-	(22)	11,071	16,712	
Dividends	-	-	-	-	-	-	(6,641)	(6,641)	
Balance at 31 December 2017	265,332	(19,082)	1,603	5,663	5,870	(648)	(29,512)	229,226	
Balance at 1 October 2017	265,332	(19,103)	1,297	2,232	5,872	(642)	(33,023)	221,965	
Treasury shares reissued	-	21	(19)	-	(2)	-	-	-	
Share-based compensation	-	-	325	-	-	-	-	325	
Total comprehensive income/(loss) for the period	-	-	-	3,431	-	(6)	3,511	6,936	
Balance at 31 December 2017	265,332	(19,082)	1,603	5,663	5,870	(648)	(29,512)	229,226	

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Note: An additional adjustment of \$0.9 million to opening retained earnings as at 1 April 2018 relating to the adoption of SFRS(I) 9 was made in the current quarter. This adjustment arose due to a computational error in the impairment model.

Please see table below on the impact on relevant financial statement line items and Note 5 of Q1 FY18/19 announcement for more details.

	As at 1 April 2018 (As previously announced in Q1 FY18/19) \$'000	Increase / (decrease) \$'000	As at 1 April 2018 (Currently announced) \$'000
Impact on relevant financial statement line items			
Trade and other receivables – current and non-current	432,399	2,049	434,448
Income tax recoverable	4,685	(61)	4,624
Deferred tax assets	29,758	(1,119)	28,639
Opening retained losses	61,816	(869)	60,947

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Company						
Attributable to equity holders of the Company						
Share capital	Treasury Shares	Other reserves		Retained profits	Total equity	
		Share option reserve	Capital reserve			
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 April 2018	265,332	(19,065)	1,730	(24,606)	30,234	253,625
Treasury shares reissued	-	986	(440)	(546)	-	-
Share-based compensation	-	-	313	-	-	313
Total comprehensive income for the period	-	-	-	-	12,901	12,901
Balance at 31 December 2018	265,332	(18,079)	1,603	(25,152)	43,135	266,839
Balance at 1 October 2018	265,332	(18,231)	1,533	(25,055)	37,107	260,686
Treasury shares reissued	-	152	(55)	(97)	-	-
Share-based compensation	-	-	125	-	-	125
Total comprehensive income for the period	-	-	-	-	6,028	6,028
Balance at 31 December 2018	265,332	(18,079)	1,603	(25,152)	43,135	266,839
Attributable to equity holders of the Company						
Share capital	Treasury Shares	Other reserves		Retained profits	Total equity	
		Share option reserve	Capital reserve			
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 April 2017	265,332	(19,669)	1,539	(24,572)	31,187	253,817
Treasury shares reissued	-	587	(561)	(26)	-	-
Share-based compensation	-	-	625	-	-	625
Total comprehensive income for the period	-	-	-	-	3,392	3,392
Dividends	-	-	-	-	(6,641)	(6,641)
Balance at 31 December 2017	265,332	(19,082)	1,603	(24,598)	27,938	251,193
Balance at 1 October 2017	265,332	(19,103)	1,297	(24,596)	26,940	249,870
Treasury shares reissued	-	21	(19)	(2)	-	-
Share-based compensation	-	-	325	-	-	325
Total comprehensive income for the period	-	-	-	-	998	998
Balance at 31 December 2017	265,332	(19,082)	1,603	(24,598)	27,938	251,193

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There are no changes in the Company's share capital since the end of the previous reported period. The Company does not have any outstanding convertibles and has no subsidiary holdings as at 31 December 2018 and 31 December 2017.

Treasury shares

During the current financial period reported on, 356,569 treasury shares at fair value of \$0.05 million were awarded pursuant to Performance Share Plan and for Director Fees. The Company did not conduct any share buy-back during this period. As at 31 December 2018, there are 42,535,531 shares (31 December 2017: 44,894,340) held as treasury shares. The total number of issued shares (excluding treasury shares) is 517,464,469 (31 December 2017: 515,105,660). The treasury shares held represent 8.2% (31 December 2017: 8.7%) of the total number of issued shares (excluding treasury shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	31 Dec 2018	31 Mar 2018
Total number of issued shares excluding treasury shares	517,464,469	515,144,979

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Q3 FY18/19
Number of treasury shares reissued pursuant to the Performance Share Plan and Director Fees	356,569

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The consolidated financial information of the Group for the nine months ended 31 December 2018 as set out in Section 1(a), 1(b)(i) (excludes the Statement of financial position of the Company), 1(c) and 1(d)(i) (excludes the Statement of changes in equity of the Company) of this announcement, has been extracted from the condensed consolidated interim financial statements that was prepared in accordance with the Singapore Financial Reporting Standards (International) 1-34 Interim Financial Reporting and reviewed by the independent auditor, PricewaterhouseCoopers LLP, in accordance with the Singapore Standard on Review Engagements 2410.

The following statements have not been reviewed or audited:

- The results of the Group for the three months period ended 31 December 2018 and 31 December 2017 and the nine months ended 31 December 2017
- The statement of changes in equity of the Group for the three months period ended 31 December 2018 and 31 December 2017 and the nine months ended 31 December 2017
- The consolidated statement of cash flow for the three months period ended 31 December 2018 and 31 December 2017 and the nine months ended 31 December 2017
- The statement of financial position of the Company as at 31 December 2018

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- The statement of the changes in equity of the Company for the three months period ended 31 December 2018 and 31 December 2017 and the nine months ended 31 December 2018 and 31 December 2017

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Please refer to the independent Auditor's Review Report on the nine-month period ended 31 December 2018 ("9M2018") results dated 9 February 2019 as announced together with this announcement.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the accounting policies adopted and methods of computation applied are consistent with those used in the recently audited financial statements of the Group for the financial year ended 31 March 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Singapore Accounting Standards Council has issued a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), referred to as Singapore Financial Reporting Standards (International) ("SFRS(I)").

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 April 2019. These include SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019). The Group is assessing the impact of the relevant new or revised accounting standards and interpretations.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018 and has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*. The Group has also concurrently applied the new SFRS(I) 9 *Financial Instruments*.

Please see Note 5 of Q1 FY18/19 announcement and Note 1(d)(i) of this announcement for more details.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Q3	Q3	YTD	YTD
	FY18/19	FY17/18	FY18/19	FY17/18
(a) Basic (losses)/earnings per share (cents)	(0.03)	0.68	(1.05)	2.15
(b) Fully diluted (losses)/earnings per share (cents)	(0.03)	0.67	(1.03)	2.11

Explanatory notes

Basic earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average number of ordinary shares (excluding treasury shares) which, during the three months ended 31 December 2018 and the same period last year, are 517,759,892 and 515,132,754 respectively. The weighted average ordinary shares for the nine months ended 31 December 2018 and the same period last year, are 516,315,266 and 514,446,330 respectively.

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Diluted earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average number of ordinary shares (excluding treasury shares and adjusting for the dilutive effect of performance shares) which, during the three months ended 31 December 2018 and the same period last year, are 531,614,692 and 524,954,054 respectively. The weighted average ordinary shares for the nine months ended 31 December 2018 and the same period last year, are 530,170,066 and 524,267,630 respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 Dec 18	31 Mar 18	31 Dec 18	31 Mar 18
Net asset value per ordinary share (cents)	37.5	44.7	51.6	49.2

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group Income Statement – Q3 ended 31 December 2018

Revenue

The Group's revenue of \$175.3 million for Q3 FY18/19 was 6.2% or \$11.5 million lower than Q3 FY17/18.

Singapore revenue, which contributed to 76.2% of the Group's revenue in Q3 FY18/19, reported a decrease of 0.7% compared to Q3 FY17/18, mainly due to lower earned service charge income. Singapore maintained an increase in like-for-like sales¹ at 4.5% in Q3 FY18/19 compared to an increase of 6.0% in like-for like sales in Q3 FY17/18.

Malaysia revenue, which contributed to 20.4% of the Group's revenue, reported a 21.3% (in presentation currency) and 22.2% (in RM currency) decrease in Q3 FY18/19 as compared to Q3 FY17/18 mainly due to lower earned service charge income and lower sales of goods and other services. Earned service charge income was impacted by the introduction of the Consumer Protection (Credit Sale) Regulations 2017 ("CPAA"), which came into operation on 1 January 2018. Lower sales of goods and other services was mainly due to the closure of non-performing stores during the financial period. In RM term, like-for-like sales decreased by 14.4% in Q3 FY18/19 which is a much lower decrease compared to a decrease in like-for-like sales of 31.4% in the same quarter last year.

Indonesia revenue, which contributed to 3.4% of the Group's revenue, registered a 13.6% (in presentation currency) and 7.3% (in Rupiah currency) decrease in Q3 FY18/19 compared to Q3 FY17/18. In rupiah currency, the decrease in revenue was mainly due to lower earned service charge income and infocomm sales offset by higher furniture and electrical sales. Lower earned service charge income and infocomm sales was mainly due to the tightening of credit sanctioning to manage credit cost.

¹ Like-for-like sales growth (comprising net merchandise sales and current year service charge income generated) for a financial period is calculated based on stores which have been operating for the entire period over the preceding period.

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Gross profit

Gross profit for Q3 FY18/19 decreased by 14.0% or \$9.1 million mainly as a result of lower gross profit margins and lower revenue compared to Q3 FY17/18. Gross profit margins decreased to 31.8% in Q3 FY18/19 from 34.7% in Q3 FY17/18 mainly due to lower earned service charge across the Group.

Other income and other gains/(losses) - net

Other income and other gains/(losses) - net increased by \$0.2 million to \$1.8 million in Q3 FY18/19 from \$1.6 million in Q3 FY17/18 mainly due to higher tracing and referencing income and rental income, offset by lower bank interest income.

Impairment losses on trade receivables

Impairment losses on trade receivables decreased by \$3.3 million to \$4.7 million in Q3 FY18/19 from \$8.0 million in Q3 FY17/18. The decrease was mainly due to lower allowance for impairment of trade receivables in Malaysia, offset by higher allowance in Singapore and Indonesia.

Distribution and marketing expenses

Distribution and marketing expenses decreased by \$1.6 million to \$12.1 million in Q3 FY18/19 from \$13.7 million in Q3 FY17/18 mainly due to lower marketing expenses in Malaysia. As a percentage of revenue, distribution and marketing expenses decreased to 6.9% in Q3 FY18/19 from 7.3% in Q3 FY17/18.

Administrative expenses

Administrative expenses decreased by \$0.9 million to \$33.7 million in Q3 FY18/19 from \$34.6 million in Q3 FY17/18. The decrease was mainly due to lower branch operating costs in all countries.

Finance expenses

Finance expenses decreased by \$1.3 million to \$3.7 million in Q3 FY18/19 from \$5.0 million in Q3 FY17/18 mainly due to a lower interest expenses across the Group.

Income tax expenses

Income tax expenses increased by \$1.9 million to \$3.5 million in Q3 FY18/19. This was mainly due to net deferred income tax credits from Indonesia and Malaysia losses which were not recognised in Q3 FY18/19.

Total comprehensive income

Total comprehensive income for Q3 FY18/19 registered a loss of \$0.3 million compared to a profit of \$6.9 million in Q3 FY17/18. The decrease is due to lower profits, decrease in derivatives value compared to 30 September 2018, and higher translation loss mainly arising from Malaysia's results and the consolidation into Singapore dollar (presentation currency) as at 31 December 2018. The Malaysian ringgit has weakened against the Singapore dollar for the period ended 31 December 2018 as compared to a translation gain in the corresponding period of the immediately preceding financial year.

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Group Income Statement – nine months period ended 31 December 2018 (“9M FY18/19”)

Revenue

The Group’s revenue of \$520.2 million for 9M FY18/19 was 5.4% or \$30.0 million lower than nine-month period ended 31 December 2017 (“9M FY17/18”).

Singapore revenue, which contributed to 72.9% of the Group’s revenue in 9M FY18/19, reported a decrease of 0.6% compared to 9M FY17/18, mainly due to lower earned service charge income and offset by higher sales of goods and other services from the relaunch of its online platform and the relaunch of COURTS Megastore at Tampines in November 2017. Singapore maintained an increase in like-for-like sales at 4.1% in 9M FY18/19 compared to 9M FY17/18.

Malaysia revenue, which contributed to 23.2% of the Group’s revenue, reported a 18.2% (in presentation currency) and 21.2% (in RM currency) decrease in 9M FY18/19 compared to 9M FY17/18 mainly due to lower earned service charge income and lower sales of goods and other services. Earned service charge income was impacted by the introduction of the Consumer Protection (Credit Sale) Regulations 2017 (“CPAA”), which came into operation on 1 January 2018. Lower sales of goods and other services was mainly due to the closure of non-performing stores during the financial period. In RM term, like-for-like sales decreased by 8.6% in 9M FY18/19 which is an improvement compared to a decrease in like-for-like sales of 21.9% in the same period last year.

Indonesia revenue, which contributed to 3.9% of the Group’s revenue, registered a 3.0% (in presentation currency) decreased in 9M FY18/19 compared to 9M FY17/18. However, in rupiah currency Indonesia revenue has increased by 4.9% compared to same period last year as a result of higher sales of goods from furniture and electrical offset by lower earned service charge income and infocomm sales.

Gross profit

Gross profit for 9M FY18/19 decreased by 13.3% or \$26.2 million mainly as a result of lower gross profit margins and lower revenue compared to 9M FY17/18. Gross profit margins decreased to 32.8% in 9M FY18/19 from 35.8% in 9M FY17/18 mainly due to lower earned service charge across the Group.

Other income and other gains/(losses) - net

Other income and other gains/(losses) - net increased by \$0.9 million to \$5.0 million in 9M FY18/19 from \$4.1 million in 9M FY17/18 mainly due to higher tracing and referencing income and rental income, offset by lower bank interest income.

Impairment losses on trade receivables

Impairment losses on trade receivables decreased by \$2.4 million to \$19.9 million in 9M FY18/19 from \$22.3 million in 9M FY17/18. The decrease was mainly due to lower allowance for impairment of trade receivables in Malaysia, offset by higher allowance in Indonesia.

Distribution and marketing expenses

Distribution and marketing expenses decreased by \$5.3 million to \$38.1 million in 9M FY18/19 from \$43.4 million in 9M FY17/18 mainly due to lower marketing expenses in Malaysia. As a percentage of revenue, distribution and marketing expenses decreased to 7.3% in 9M FY18/19 from 7.9% in 9M FY17/18.

Administrative expenses

Administrative expenses decreased by \$3.9 million to \$100.9 million in 9M FY18/19 from \$104.8 million in 9M FY17/18. The decrease was mainly due to lower branch operating costs in all countries.

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Finance expenses

Finance expenses decreased by \$1.4 million to \$13.7 million in 9M FY18/19 from \$15.1 million in 9M FY17/18 mainly due to a lower interest expenses across the Group, offset by one-time borrowing cost incurred on the early redemption of the \$75 million Notes.

Income tax expenses

Income tax expenses increased by \$4.2 million to \$8.3 million in 9M FY18/19. This was mainly due to net deferred income tax credits from Indonesia and Malaysia losses which are not recognised in 9M FY18/19.

Total comprehensive income

Total comprehensive income for 9M FY18/19 registered a loss of \$8.3 million compared to a profit of \$16.7 million in 9M FY17/18. The decrease is due to lower profits, decrease in derivatives value compared to 31 March 2018, and higher translation loss mainly arising from Malaysia's results and the financial position consolidated into Singapore dollar (presentation currency) as at 31 December 2018. The Malaysian ringgit has weakened against the Singapore dollar for the period ended 31 December 2018 as compared to a translation gain in the corresponding period of the immediately preceding financial year.

Group Balance Sheet – As at 31 December 2018

Trade and other receivables

The Group's trade and other receivables (current and non-current) decreased by \$72.8 million to \$396.2 million as at 31 December 2018 from \$469.0 million as at 31 March 2018 mainly due to an increase in allowance for impairment of trade receivables as a result of the adoption of SFRS(I) 9 (refer to Q1 FY18/19 for more details), repayment of receivables and lower credit sales during the financial period. Allowance for impairment of trade receivables arising from credit sales as at 31 December 2018 was \$51.8 million (including a one-time adjustment of \$34.5 million on adoption of SFRS(I) 9 on 1 April 2018) representing 10.4% of gross trade receivables, as compared with \$64.9 million as at 1 April 2018 representing 11.2% of gross trade receivables.

Inventories

The Group's inventories increased to \$85.5 million as at 31 December 2018 from \$82.7 million as at 31 March 2018 mainly due to upcoming tradeshows in Singapore and offset by lower inventory levels in Malaysia on the back of a store network optimisation exercise.

Deferred costs

Deferred costs relate to the incremental costs incurred by the Group to obtain or fulfil other services contracts which are capitalised as assets. The balance of deferred costs would be amortised and recognised as expenses on a basis consistent with the revenue recognition of the other services to which the costs relate. Costs which are not incremental to the other services contracts are expensed as incurred.

Total deferred costs has remained relatively stable at \$20.1 million as at 31 December 2018.

Derivative financial instruments

Derivative financial instruments represent the carrying amount of interest rate cap and currency swaps that the Group has entered into to hedge its exposure to floating interest rate and exchange rate fluctuations on its bank borrowings. The Group has adopted hedge accounting in respect of the currency swaps.

The derivative financial instruments are in a net asset position with fair value gain in the first nine months of FY18/19 mainly attributed to the strengthening of the Singapore dollar against the Indonesian rupiah during the financial period.

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Borrowings

The Group's borrowings decreased to \$232.1 million as at 31 December 2018 from \$298.3 million as at 31 March 2018 with the redemption and cancellation of the \$75 million Notes, repayment of loans in Malaysia and offset with increased borrowings in Singapore. The total borrowings mainly consist of the Asset Securitisation Programme 2016 in Singapore, Syndicated Senior Loan in Malaysia, and term loans in Indonesia.

Deferred revenue

Deferred revenue relates to unearned revenue on other services contracts for which the other services have yet to be rendered. The balance of deferred revenue would be recognised as revenue as the related services are rendered.

Total deferred revenue decreased to \$66.3 million as at 31 December 2018 compared to \$67.6 million as at 31 March 2018 due to lower sales of other services during the financial period.

Deferred income tax assets / liabilities – net

The increase in net deferred income tax assets as at 31 December 2018 was mainly due to the tax impact with the increase in allowance for impairment of trade receivables on the adoption of SFRS(I) 9 (refer to Q1 FY18/19 for more details).

Cash and bank balances

Cash and bank balances decreased by \$46.6 million to \$62.0 million as at 31 December 2018 from \$108.6 million as at 31 March 2018. The decrease is mainly due to the repayment of borrowings.

Other reserves

Other reserves increased by \$47.7 million to \$13.0 million as at 31 December 2018 from losses of \$34.7 million as at 31 March 2018. The increase is mainly due to a reclassification of translation reserves to retained profits amounting to \$51.2 million on adoption of SFRS(I) 1 (refer to Q1 FY18/19 for more details) but offset by translation losses arising from consolidation through other comprehensive income.

Retained (losses) / profits

The Group's retained profits decreased by \$85.0 million to retained losses of \$66.4 million as at 31 December 2018, from profits of \$18.6 million as at 31 March 2018. The decrease is mainly due to the one-time impact of the adoption of SFRS(I) 9 and SFRS(I) 1 amounting to \$28.4 million and \$51.2 million respectively (see "Other reserves" above) as well as losses from the current reporting period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Statements / plans outlined previously (as per note 10 of Q2 FY18/19 announcement) have been completed or are on track as planned.

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10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Singapore's economy grew by 2.2 per cent year on year in the fourth quarter of 2018, against a projection of 2.5 per cent growth and compared with 2.3 per cent growth in the previous quarter². Overall, the economy grew by 3.3 per cent in 2018, down from 2017's 3.6 per cent. The November retail sales index fell by 3 per cent after two months of year-on-year growth³. The sales of computer and telecommunications equipment also fell by as much as 22.1 per cent. The fall is partly attributed to high sales in November 2017, when there were major mobile phone launches, as well as lower sales of new iPhone models this year. With the economy projected to grow at a slower pace of just under 2.5 per cent in 2019, down from around 3 per cent in 2018⁴, coupled with the possibility of a US-China trade war, the Singapore market is bracing for growth slowdown and rising inflation in 2019. To navigate well in a competitive retail environment, COURTS Singapore continues to invest in five key areas namely expansion of category solutions-selling, driving omni-channel, making off-line stores experience centres, driving furniture reinvention and leveraging credit as its unique selling proposition.

Malaysia's GDP grew at its slowest rate in two years in Q3 at 4.4 per cent, facing weak external demand and supply shocks for natural gas and palm oil⁵, in its fourth consecutive quarter of slowing growth. The World Bank has cut Malaysia's GDP growth forecast for this year from 5.1 per cent to 4.7 per cent while the International Monetary Fund (IMF) has revised Malaysia's growth rate from 5.0 per cent to 4.6 per cent⁶. Amid continued subdued consumer sentiment and the impact from the Consumer Protection (Credit Sale) Regulations 2017 implementation, the Group continues its transformation work for the business. A dedicated transformation taskforce was formed in January 2018 to look into business processes and operations and execute transformation initiatives, with the objective of driving productivity in Malaysia. Since April 2018, we have closed 12 underperforming stores, bringing the total store count down to 54 stores in Malaysia. In addition, the Group tightened credit sanctioning policies within the financial year. In December 2018, the Group transited to a new third party logistics provider to drive productivity.

Indonesia's GDP growth slowed in Q3 at 5.17 per cent, compared to the previous quarter's 5.27 per cent⁷. The slowdown was largely due to softer household consumption in the third quarter and a negative contribution from foreign trade. The government has said that it is prioritising stability over growth in 2019, amid external challenges stemming from uncertainty in the global environment⁸. The government's pro-stability stance is reflected in its growth target of 5.3 percent in 2019, lower than the 5.4 percent target in 2018. In January 2019, the Group announced the termination of its BSD Megastore Building and Land lease as it was not historically profitable, and terminated its KHI Megastore Building lease while acquiring the building, as part of a restructuring of its store formats in Indonesia. Amidst a challenging collections environment, the Group continues to manage credit costs while strengthening its risk management frameworks. This include tightening credit sanctioning and exploring fintech solutions to give an added dimension to credit scoring and improve the credit approval decision-making process. No new stores have been opened in the last nine months as the Group has taken the decision to consolidate its position in the market.

COURTS Asia remains focused on its priorities in each market, while continuing to manage cost and investing in growth areas.

² Singapore economy slows to 2.2% growth in Q4: Flash data – The Straits Times, 2 January 2019

³ Retail sales down 3% in Nov amid slow sales of cars, tech devices – The Straits Times, 12 January 2019

⁴ Brace for growth slowdown and rising inflation in 2019 – Singapore Business Review, 21 January 2019

⁵ Malaysia Q3 GDP growth slips for 4th straight quarter to 4.4% – The Business Times, 17 November 2018

⁶ M'sian economy not heading towards contraction or recession – The Star, 7 January 2019

⁷ Indonesia's GDP growth slows in Q3 amid weaker exports – The Straits Times, 6 November 2018

⁸ Outlook: Last year's economic challenges will still loom large – The Jakarta Post, 2 January 2019

COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared nor recommended for the third quarter ended 31 December 2018.

13. Subsequent Events

(a) On 15 January 2019, the Company announced that its wholly-owned Indonesian subsidiary has acquired a building where COURTS Kota Harapan Indah (KHI) Megastore is located for S\$9.36 million and terminated the KHI building lease. The Indonesian subsidiary has also terminated the land and building leases where COURTS Bumi Serpong Damai (BSD) City Megastore is located, paying a penalty of \$3.71 million in cash and forfeiting a security deposit of S\$1.38 million. The transactions are funded by the Group's internal resources.

(b) On 18 January 2019, Nojima Asia Pacific Pte. Ltd. (the "Offeror"), a wholly-owned subsidiary of Nojima Corporation, announced its intention to make a voluntary conditional cash offer (the "Offer") for all the issued and outstanding ordinary shares (the "Shares") in the capital of the Company.

Pursuant to the Offer, the Offeror has received an undertaking from Singapore Retail Group Limited ("SRG"), majority shareholder of the Company pursuant to which SRG has, amongst other things, unconditionally and irrevocably undertaken to the Offeror (i) to tender all of its 382,000,000 Shares (representing approximately 73.8 per cent. of the Shares) in acceptance of the Offer (the "SRG Shares"), and (ii) not to accept (or permit the acceptance of) any competing offer.

On 1 February 2019, the Offeror announced that it had received valid acceptances in respect of the SRG Shares as at 5.00 p.m. (Singapore time) on the same date. Accordingly, the acceptance condition to the Offer has been satisfied and the Offer was declared unconditional in all respects on 1 February 2019.

(c) The appointment of Independent Financial Adviser, KPMG Corporate Finance Pte Ltd, on 24 January 2019.

14. Interested Person Transactions

There was no interested person transactions ("IPTs") during the period ended 31 December 2018. The Company has not obtained a general mandate for IPTs from the shareholders.

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

There was no person occupying a managerial position in the Group who is a relative of a director or chief executive officer or substantial shareholder of the Group.

**COURTS ASIA LIMITED
UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

16. Confirmation pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the financial statements for the period ended 31 December 2018 to be false or misleading.

17. Confirmation that the issuer has procured undertakings from all its directors and executives officers under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

For and on behalf of the
Board of Directors of COURTS Asia Limited

Terence Donald O'Connor
Group Chief Executive Officer
9 February 2019

Kee Kim Eng
Group Chief Financial Officer

The Singapore Code on Take-overs and Mergers

The Unaudited Financial Statements for the nine-month ended 31 December 2018 have been reported in accordance with The Singapore Code on Take-overs and Mergers.

Auditor's Consent

PricewaterhouseCoopers LLP has given and has not withdrawn its consent to the release of the Condensed Consolidated Interim Financial Statements for the nine-month ended 31 December 2018 with the inclusion therein of its name and the Auditor's Review Report on the nine-month period ended 31 December 2018 ("9M2018") results dated 9 February 2019.

Independent Financial Adviser's Consent

KPMG Corporate Finance Pte Ltd, the independent financial adviser to the directors of the Company who are considered independent for the purposes of the offer by Nojima Asia Pacific Pte. Ltd. for all the issued and outstanding ordinary shares in the capital of the Company, has given and has not withdrawn its consent to the release of the Condensed Consolidated Interim Financial Statements for the nine-month ended 31 December 2018 with the inclusion therein of its name and its letter dated 9 February 2019.

**INDEPENDENT AUDITOR'S REVIEW REPORT ON
THE 9M2018 CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

(Incorporated in Singapore. Registration Number: 201001347K)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the financial period ended 31 December 2018



Report on the Review of the Unaudited Condensed Consolidated Interim Financial Statements

Introduction

In accordance with our engagement letter dated 24 January 2019, we have reviewed the accompanying condensed consolidated interim balance sheet of Courts Asia Limited (“the Company”) and its subsidiaries (“the Group”) as of 31 December 2018 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* (“SFRS(I) 1-34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

Other matter

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at 31 March 2018. The comparative information for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and other explanatory notes for the nine-month period ended 31 December 2017 has not been audited or reviewed.

Restriction of use

Our report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfill their responsibilities under Rule 25 of the Singapore Code on Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. We do not assume any responsibility or liabilities for losses occasioned to the directors of the Company or any other party as a result of the circulation, publication, reproduction or use of the report contrary to the provision of this paragraph.



PricewaterhouseCoopers LLP
Singapore, 9 February 2019

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**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2018

	Note	9 months ended	
		31 December 2018 \$'000	31 December 2017 \$'000
Revenue – Sale of goods and other services	6	473,342	482,281
Revenue – Service charge income	6	46,879	67,536
Cost of sales		<u>(349,842)</u>	<u>(353,225)</u>
Gross profit		170,379	196,592
Other income and other gains – net		5,052	4,131
Impairment losses on trade receivables	7	<u>(19,862)</u>	<u>(22,294)</u>
Expenses			
- Distribution and marketing		(38,106)	(43,366)
- Administrative		(100,909)	(104,816)
- Finance		<u>(13,728)</u>	<u>(15,114)</u>
Profit before income tax		2,826	15,133
Income tax expense	8	<u>(8,273)</u>	<u>(4,062)</u>
Net (loss)/profit		<u>(5,447)</u>	<u>11,071</u>
(Loss)/earnings per share for results attributable to the equity holders of the Company (cents per share)			
- Basic		(1.05)	2.15
- Diluted		<u>(1.03)</u>	<u>2.11</u>

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2018

	9 months ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Net (loss)/profit	(5,447)	11,071
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	(3,504)	5,663
Fair value gain/(loss) on hedging reserve	693	(22)
	<hr/>	<hr/>
Total comprehensive (loss)/income	(8,258)	16,712

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Note	31 December 2018 \$'000	31 March 2018 \$'000
ASSETS			
Current assets			
Cash and bank balances		62,047	108,596
Derivative financial instruments		3	30
Trade and other receivables		176,454	186,938
Deferred costs		7,522	7,883
Inventories		85,509	82,691
Income tax recoverable		8,216	3,568
		339,751	389,706
Non-current assets			
Derivative financial instruments		1,784	1,009
Trade and other receivables		219,697	282,043
Deferred costs		12,612	12,360
Property, plant and equipment		15,034	18,037
Intangible assets		23,257	22,768
Deferred income tax assets		24,022	23,122
		296,406	359,339
Total assets		636,157	749,045
LIABILITIES			
Current liabilities			
Trade and other payables		136,378	144,316
Deferred revenue		24,745	26,883
Current income tax liabilities		1,345	1,637
Borrowings	10	7,819	75,228
Deferred income		1,536	2,198
		171,823	250,262
Non-current liabilities			
Trade and other payables		638	588
Deferred revenue		41,544	40,695
Borrowings	10	224,238	223,085
Deferred income		1,101	1,371
Deferred income tax liabilities		2,971	2,842
		270,492	268,581
Total liabilities		442,315	518,843
NET ASSETS		193,842	230,202
EQUITY			
Share capital		265,332	265,332
Treasury shares		(18,079)	(19,065)
Other reserves		12,983	(34,692)
Retained (losses)/profits		(66,394)	18,627
Total equity		193,842	230,202

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

Note	Share capital \$'000	Treasury shares \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
At 31 March 2018	265,332	(19,065)	1,730	(41,656)	5,862	(628)	18,627	230,202
Adoption of SFRS(I) 9	-	-	-	-	-	-	(28,415)	(28,415)
Adoption of SFRS(I) 1	-	-	-	51,159	-	-	(51,159)	-
At 1 April 2018	265,332	(19,065)	1,730	9,503	5,862	(628)	(60,947)	201,787
Loss for the period	-	-	-	-	-	-	(5,447)	(5,447)
Other comprehensive (loss)/income for the period	-	-	-	(3,504)	-	693	-	(2,811)
Total comprehensive (loss)/income for the period	-	-	-	(3,504)	-	693	(5,447)	(8,258)
Treasury shares issued	-	986	(440)	-	(546)	-	-	-
Share-based compensation	-	-	313	-	-	-	-	313
Total transactions with owners, recognised directly in equity	-	986	(127)	-	(546)	-	-	313
At 31 December 2018	265,332	(18,079)	1,603	5,999	5,316	65	(66,394)	193,842
At 31 March 2017	265,332	(19,669)	1,539	(51,159)	5,896	(626)	17,217	218,530
Adoption of SFRS(I) 1	-	-	-	51,159	-	-	(51,159)	-
At 1 April 2017	265,332	(19,669)	1,539	-	5,896	(626)	(33,942)	218,530
Profit for the period	-	-	-	-	-	-	11,071	11,071
Other comprehensive income/(loss) for the period	-	-	-	5,663	-	(22)	-	5,641
Total comprehensive income/(loss) for the period	-	-	-	5,663	-	(22)	11,071	16,712
Treasury shares issued	-	587	(561)	-	(26)	-	-	-
Share-based compensation	-	-	625	-	-	-	-	625
Dividends	-	-	-	-	-	-	(6,641)	(6,641)
Total transactions with owners, recognised directly in equity	-	587	64	-	(26)	-	(6,641)	(6,016)
At 31 December 2017	265,332	(19,082)	1,603	5,663	5,870	(648)	(29,512)	229,226

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 31 December 2018

	9 months ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Cash flows from operating activities		
Net (loss)/profit	(5,447)	11,071
Adjustments for:		
- Income tax expense	8,273	4,062
- Depreciation and amortisation	7,484	9,150
- Amortisation of deferred income	(1,403)	(1,781)
- Interest expense	10,510	13,002
- Interest income	(1,790)	(1,891)
- Borrowing costs	3,098	2,211
- Loss on disposal of property, plant and equipment and intangible assets, net	175	406
- Share-based compensation	313	625
- Changes in fair value of derivative financial instruments	135	64
- Foreign currency translation differences	(167)	701
Operating cash flow before working capital changes	<u>21,181</u>	<u>37,620</u>
Changes in working capital		
- Inventories	(3,654)	(8,562)
- Trade and other receivables	31,754	(6,742)
- Deferred costs	(54)	(1,164)
- Trade and other payables	(6,113)	(3,446)
- Deferred revenue	(586)	2,569
Cash generated from operations	<u>42,528</u>	<u>20,275</u>
Income tax paid	(7,648)	(10,535)
Net cash generated from operating activities	<u>34,880</u>	<u>9,740</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(3,854)	(8,169)
Additions to intangible assets	(1,522)	(731)
Interest received	1,779	1,880
Net cash used in investing activities	<u>(3,597)</u>	<u>(7,020)</u>
Cash flows from financing activities		
Repayment of bond	(75,000)	-
Repayment of syndicated senior loan	(26,653)	(418)
Repayment of finance lease liabilities	-	(68)
Repayment of term loan	(345)	(413)
Proceeds from/(repayment of) loan received on asset securitisation	37,987	(3,863)
Decrease/(increase) in fixed deposits pledged as securities for banking facilities	499	(122)
Interest paid	(10,711)	(11,726)
Payment of borrowing cost	(2,479)	(1,460)
Dividends paid	-	(6,641)
Net cash used in financing activities	<u>(76,702)</u>	<u>(24,711)</u>
Net decrease in cash and cash equivalents	<u>(45,419)</u>	<u>(21,991)</u>
Cash and cash equivalents at beginning of financial period	103,617	93,817
Effects of currency translation on cash and bank balances	(631)	29
Cash and cash equivalents at end of financial period	<u>57,567</u>	<u>71,855</u>

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 31 December 2018

For the purpose of presenting the condensed consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	31 December 2018 \$'000	31 December 2017 \$'000
Cash and bank balances	62,047	76,888
Less: Deposits placed as security for certain bank borrowings	(4,480)	(5,033)
Cash and cash equivalents per condensed consolidated statement of cash flows	57,567	71,855

The accompanying notes form an integral part of these financial statements.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Courts Asia Limited (the “Company”), which is incorporated and domiciled in Singapore, is listed on the Singapore Exchange. The address of its registered office is 50 Tampines North Drive 2, Singapore 528766.

2. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I)”) 34 *Interim Financial Reporting* (“SFRS(I) 34”). These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Group’s annual report for the year ended 31 March 2018 and any public announcements made by the Company during the interim reporting period. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statement.

3. Changes in significant accounting policies

The accounting policies adopted are consistent with those of the previous financial period except for the adoption of new accounting standards as set out below.

3.1 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the financial period ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)* (“SFRS(I) 1”).

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.1 Adoption of SFRS(I) (continued)

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I)s effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 April 2017.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9")

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* ("SFRS 39") are applied to financial instruments up to the financial year ended 31 March 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* ("SFRS(I) 7") to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.1 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

	Note	As at 31 March 2017 Reported under SFRS \$'000	Effects of applying SFRS(I) 1 \$'000	As at 1 April 2017 Reported under SFRS(I) \$'000
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		265,332	-	265,332
Treasury shares		(19,669)	-	(19,669)
Other reserves	A1	(44,350)	51,159	6,809
Retained profits/(losses)	A1	17,217	(51,159)	(33,942)
Total equity		218,530	-	218,530

There were no adjustments to the Group's assets and liabilities arising from the transition from SFRS to SFRS(I).

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.1 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 March 2018 reported under SFRS \$'000	Effects of applying SFRS(I) 1 \$'000	As at 31 March 2018 reported under SFRS(I) \$'000	Effects of applying SFRS(I) 9 \$'000	As at 1 April 2018 reported under SFRS(I) \$'000
ASSETS						
Current assets						
Cash and bank balances		108,596	-	108,596	-	108,596
Derivative financial instruments		30	-	30	-	30
Trade and other receivables	B1	186,938	-	186,938	(16,456)	170,482
Deferred costs		7,883	-	7,883	-	7,883
Inventories		82,691	-	82,691	-	82,691
Income tax recoverable	B1	3,568	-	3,568	1,056	4,624
		<u>389,706</u>	<u>-</u>	<u>389,706</u>	<u>(15,400)</u>	<u>374,306</u>
Non-current assets						
Derivative financial instruments		1,009	-	1,009	-	1,009
Trade and other receivables	B1	282,043	-	282,043	(18,077)	263,966
Deferred costs		12,360	-	12,360	-	12,360
Property, plant and equipment		18,037	-	18,037	-	18,037
Intangible assets		22,768	-	22,768	-	22,768
Deferred income tax assets	B1	23,122	-	23,122	5,517	28,639
		<u>359,339</u>	<u>-</u>	<u>359,339</u>	<u>(12,560)</u>	<u>346,779</u>
Total assets		<u>749,045</u>	<u>-</u>	<u>749,045</u>	<u>(27,960)</u>	<u>721,085</u>
LIABILITIES						
Current liabilities						
Trade and other payables		144,316	-	144,316	-	144,316
Deferred revenue		26,883	-	26,883	-	26,883
Current income tax liabilities	B1	1,637	-	1,637	(433)	1,204
Borrowings		75,228	-	75,228	-	75,228
Deferred income		2,198	-	2,198	-	2,198
		<u>250,262</u>	<u>-</u>	<u>250,262</u>	<u>(433)</u>	<u>249,829</u>
Non-current liabilities						
Trade and other payables		588	-	588	-	588
Deferred revenue		40,695	-	40,695	-	40,695
Borrowings	B1	223,085	-	223,085	888	223,973
Deferred income		1,371	-	1,371	-	1,371
Deferred income tax liabilities		2,842	-	2,842	-	2,842
		<u>268,581</u>	<u>-</u>	<u>268,581</u>	<u>888</u>	<u>269,469</u>
Total liabilities		<u>518,843</u>	<u>-</u>	<u>518,843</u>	<u>455</u>	<u>519,298</u>
NET ASSETS		<u>230,202</u>	<u>-</u>	<u>230,202</u>	<u>(28,415)</u>	<u>201,787</u>
EQUITY						
Share capital		265,332	-	265,332	-	265,332
Treasury shares		(19,065)	-	(19,065)	-	(19,065)
Other reserves	A1	(34,692)	51,159	16,467	-	16,467
Retained profits/(losses)	A1, B1	18,627	(51,159)	(32,532)	(28,415)	(60,947)
Total equity		<u>230,202</u>	<u>-</u>	<u>230,202</u>	<u>(28,415)</u>	<u>201,787</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.1 Adoption of SFRS(I) (continued)

- (c) There are no material adjustments to the Group's total comprehensive income and statement of cash flows for the financial period ended 31 December 2017 arising from the transition from SFRS to SFRS(I).

Explanatory notes to the reconciliations:

The effects of transition to SFRS(I) mainly arise from the optional exemptions provided for under SFRS(I) 1 and adoption of SFRS(I) 9.

A1. Cumulative translation differences

As disclosed in Note 3.1(a)(i), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 April 2017. As a result, other reserves and retained profits as at 1 April 2017 and 31 March 2018 will be increased/reduced by S\$51,159,000 respectively.

B1. Adoption of SFRS(I) 9

As disclosed in Note 3.1(a)(ii), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 are applied to financial instruments up to the financial year ended 31 March 2018.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* ("SFRS(I) 7") for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.2 Adoption of SFRS(I) 9

(i) Classification and measurement

There were no changes to classification and measurement of financial assets.

(ii) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables recognised under Singapore Financial Reporting Standards (International) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15");
- Other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for these classes of financial assets is different.

Under SFRS(I) 9, the Group uses the three-stage expected credit losses impairment model to calculate its impairment loss for trade receivables with significant financing component ("credit receivables").

- **Stage 1** includes credit receivables that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month expected credit losses ("ECL") are recognised.
- **Stage 2** includes credit receivables that have had a significant increase in credit risk since initial recognition. The Group considers that significant increase in credit risk typically occurs when payments are more than 30 days past due. In addition to days past due, the Group also considers other indicators to assess if a credit receivable may have had a significant increase in credit risk, such as the number of times the credit receivable had past due payments over a specified period before the reporting date. Such credit receivables are assessed to have had a significant increase in credit risk, even if the payments are less than 30 days past due as at the reporting date. For credit receivables classified under Stage 2, lifetime ECL are recognised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.2 Adoption of SFRS(I) 9 (continued)

(ii) Impairment of financial assets (continued)

- **Stage 3** includes credit receivables that are considered credit-impaired at the reporting date. The Group considers that its credit receivables are credit-impaired when payments are more than 90 days past due. In addition to days past due, the Group also considers other indicators to assess if a credit receivable may be credit-impaired, such as significant financial difficulties of the debtor and whether the debtor is in bankruptcy. Such credit receivables are assessed to be credit-impaired, even if the payments are less than 90 days past due as at the reporting date. For credit receivables classified under Stage 3, lifetime ECL are recognised and service charge income is calculated based on the amortised cost carrying amount (net of impairment allowance).

The 12-month and lifetime ECL (the “ECLs”) are a factor of estimated expected credit loss rates and the exposures-at-default of the credit receivables.

- (a) **Estimated expected credit loss rates** - In estimating the loss rates to be applied, management considers available information relevant to the assessment, including historical loss information, current economic conditions and assessments of future economic conditions. The estimated loss rates are adjusted using probability-weighted forward-looking information to arrive at the final expected credit loss rates.
- (b) **Exposure at default** – In estimating the exposures-at-default of the trade receivables at the reporting date, management takes into consideration future expected payments and accrued interest at each reporting period and any undrawn commitments. Appropriate discounting using the original effective interest rate is applied to take into account time value of money.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and considers a range of relevant forward-looking data, including macro-economic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

**COURTS ASIA LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.2 Adoption of SFRS(I) 9 (continued)

(ii) Impairment of financial assets (continued)

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a credit receivable as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the credit receivable when a debtor fails to make contractual payments greater than 365 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the profit or loss statement.

Impairment losses for financial assets are required to be presented separately in the condensed consolidated income statement. As a result, the Group reclassified impairment losses amounting to \$22,294,000, recognised under SFRS 39, from 'administrative expenses' to 'impairment losses on trade receivables' in the condensed consolidated income statement for the nine months ended 31 December 2017.

The net impact arising from this change is as follows:

	As at 1 April 2018 Increase / (decrease) \$'000
Balance Sheet	
Trade and other receivables	(34,533)
Income tax recoverable	1,056
Deferred income tax assets	5,517
Current tax liabilities	(433)
Opening retained earnings	(27,527)

**COURTS ASIA LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

3. Changes in significant accounting policies (continued)

3.2 Adoption of SFRS(I) 9 (continued)

(iii) Debt modification

In February 2018, the Group refinanced its syndicated senior loan (“SSL”) in Malaysia. In exchange, the Group incurred transaction costs of RM 5.75 million (S\$ 1.9 million). The Group assessed that the modification of the terms of the SSL did not result in the extinguishment of the initial borrowing.

Under SFRS 39, the Group discounted the cash flows of the modified SSL at a revised effective interest rate, which meant that the impact of changes in cash flows was recognised over the remaining modified term of the SSL.

Under SFRS(I) 9, the cash flows of the modified SSL must be discounted at the original effective interest rate, resulting in the recognition of an immediate loss in the profit or loss at the date of modification of RM 2.6 million (S\$ 0.9 million).

The net impact arising from this change is as follows:

	As at 1 April 2018 Increase / (decrease) \$'000
Balance Sheet	
Non-current borrowings	888
Opening retained earnings	(888)

(iv) Hedge accounting

The Group has entered into interest rate swaps and cross currency interest rate swaps that are cash flow hedges for the Group’s exposure to floating interest rates and foreign exchange rates on its bank borrowings. The Group’s management strategies and hedge documentation are aligned with requirements of SFRS(I) 9 and thus, these cash flow hedges are treated as continuing hedges.

4. Critical accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty as set out below.

(a) Impairment of trade receivables

The measurement of the expected credit loss allowance for credit receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviours (e.g., likelihood of customers defaulting and the resulting credit losses).

A number of significant judgements were applied in applying the accounting requirements of SFRS(I) 9 in measuring ECL, such as:

(i) Determining criteria for significant increase in credit risk

The Group determines that a credit receivable has significant increase in credit risk if it meets one of the following criteria:

- Payments in arrears more than 30 days; and
- Number of previous arrears within the last nine months.

(ii) Establishing groupings of similar credit receivables for purposes of measuring ECL;

The Group measures its expected credit losses on a collective basis, which requires it to group its credit exposures based on shared credit risk characteristics, such that the credit exposures within each group are homogeneous.

The Group analyses various grouping criteria to establish the grouping with the highest statistical correlation based on historical loss patterns. The Group segregates its credit receivables portfolio by country and initial internal credit scores attributed to each customer. The appropriateness of this segregation is monitored and reviewed by management on a periodic basis.

4. Critical accounting estimates, assumptions and judgements (continued)

(b) *Deferred tax assets arising from tax losses carried forward*

The Group recognises deferred income tax assets on tax losses carried forward to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and amount of future taxable profits and/or taxable temporary differences.

As at 31 December 2018, the Group recognised deferred tax assets of S\$9.1 million which arose from the tax losses carried forward arising from the Group's subsidiaries in Malaysia and Indonesia. Tax losses have an expiry of five to seven years from the year originally incurred.

In forming its judgement, management considered the assumptions used in arriving at the subsidiaries' projected performance over the next five to seven years. These assumptions include the implementation of management's turnaround plans, the relevant future economic growth rate of the countries and achieving the projected profit targets.

As described in Note 15(b), the Group is the subject of a take-over offer by Nojima Asia Pacific Pte Ltd, which has resulted in a change of control of the Group. The achievement of the projected profit targets assumes that the existing turnaround plan would be endorsed by the new controlling shareholder. Any deviations from the existing plans may impact the achievement of the projected results of the subsidiaries and consequently impact the Group's ability to recover the deferred tax assets within the expiry period of the tax losses.

**COURTS ASIA LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

5. Significant events and transactions

The financial position and performance of the Group are particularly affected by the following events and transactions during the nine months to 31 December 2018:

- (a) The adoption of SFRS(I) 9 (see Note 3.2); and
- (b) The early redemption and cancellation of its S\$75 million 3-year unsecured fixed rate notes listed on the SGX-ST (see Note 10).

**COURTS ASIA LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

6. Revenue from contracts with customers	9 months ended
	31 December 2018
	31 December 2017
	\$'000
Revenue from contracts with customers	520,221
Disaggregation of revenue from contracts with customers	549,817

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The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product / service lines and geographical regions:

	Reportable segments						Consolidated	
	Singapore		Malaysia		Indonesia			
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
For the nine-months period ending	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major product / service lines								
Sales of goods	349,444	347,972	77,194	93,215	18,027	18,000	444,665	459,187
Service charge income	17,367	22,683	27,451	41,973	2,061	2,880	46,879	67,536
Other services contracts	12,383	10,664	16,133	12,427	161	3	28,677	23,094
	379,194	381,319	120,778	147,615	20,249	20,883	520,221	549,817
Timing of revenue recognition								
At a point in time	349,444	347,972	77,194	93,215	18,027	18,000	444,665	459,187
Over time	29,750	33,347	43,584	54,400	2,222	2,883	75,556	90,630
	379,194	381,319	120,778	147,615	20,249	20,883	520,221	549,817

**COURTS ASIA LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended 31 December 2018

7. Impairment losses on trade receivables

	9 months ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Allowance for impairment		
– credit sales receivables	31,668	34,354
– other trade receivables	(272)	133
Bad debt recoveries	(11,534)	(12,193)
	19,862	22,294
Total Impairment losses on trade receivables	19,862	22,294

8. Income tax expense

The tax on the Group's profit before tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	9 months ended	
	31 December	31 December
	2018	2017
	\$'000	\$'000
Profit before income tax	2,826	15,133
Tax calculated at tax rate of 17% (31 December 2017: 17%)	480	2,573
Effects of:		
- Different tax rates in other countries	(313)	(534)
- Expenses not deductible for tax purposes	1,869	2,858
- Income not subject to tax	(1,478)	(1,186)
- Productivity and innovation tax incentives	-	(252)
- Over-provision of tax in prior financial years	-	(639)
- Deferred tax asset not recognised on tax losses	7,715	1,242
Tax charge	8,273	4,062

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended 31 December 2018

9. Profit and loss information

The Group's income statement includes the following items:

	9 months ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Other income		
Tracing and referencing income	1,497	854
Rental income	1,685	1,222
Interest income	1,790	1,891
Expenses		
Depreciation and amortisation of property, plant and equipment and intangible assets	(7,484)	(9,150)
Interest expenses on borrowings	(10,510)	(13,002)
Borrowing cost	(3,098)	(2,211)

10. Borrowings

	31 December 2018 \$'000	31 March 2018 \$'000
<u>Current</u>		
Unsecured quoted fixed rate note (Note (a))	-	74,782
Term loan	7,819	446
	7,819	75,228
<u>Non-current</u>		
Borrowings on asset securitisation (Note (b))	92,876	54,579
Syndicated senior loan (Note (b))	110,359	139,785
Term loans	21,003	28,721
	224,238	223,085

- (a) The unsecured quoted fixed rate note relates to a S\$75 million 3-year unsecured fixed rate notes listed in SGX-ST that was due in 2019 issued by the Company. Interest at 5.75% per annum was payable semi-annually in arrears.

The Company early redeemed and cancelled these notes on 2 August 2018.

- (b) The Group's borrowings on asset securitization and syndicated senior loan are loan facilities entered into by the Group's subsidiaries in Singapore and Malaysia respectively.

Under the terms of these facilities, if Courts Asia Limited ceases to remain listed on the Singapore Exchange, the lenders of these facilities shall enter into discussions with the Group's subsidiaries in Singapore and Malaysia, with a view to agreeing on any revision to be made to the terms of the loans within 60 days from the occurrence of the de-listing.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended 31 December 2018

11. Dividends

	31 December 2018 \$'000	31 March 2018 \$'000
<i>Ordinary dividends paid:</i>		
Final exempt dividends of nil (2018: 1.29 cents) per share paid in respect of prior financial year	-	6,641

12. Financial risk management

This note provides an update on the financial risk management disclosures with significant changes since the last annual financial report.

(a) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

The Group's financial assets held at fair value comprise of derivative financial instruments. The fair value of the derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The fair values of interest rate swaps and interest rate caps are determined using quoted market values provided by the Group's bankers. These instruments are included in Level 2 of the fair value hierarchy.

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For the nine months ended 31 December 2018

12. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with customers of appropriate credit standing and history based on an internal credit scoring performed prior to making a credit sale.

The Group's impairment methodology is disclosed in Note 3.2.

The movements in impairment loss allowance are as follows:

	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000
As at 31 March 2018 under SFRS	-	-	-	30,338
Adoption of SFRS(I) 9	-	-	-	34,533
As at 1 April 2018 under SFRS(I) 9	12,409	4,775	47,687	64,871
Changes due to financial instruments recognised as at 1 April 2018:				
- Transfer between stages	(1,829)	4,196	(2,367)	-
Movements with P&L impact				
- New credit receivables	4,894	705	4,444	10,043
- Financial assets that have been derecognised	(422)	(59)	(1,350)	(1,831)
- New and increased provisions (net of releases) – credit	(5,276)	(6,420)	35,152	23,456
Movements with P&L impact - net	(804)	(5,774)	38,246	31,668
Currency translation	(191)	(80)	(808)	(1,079)
Write-offs	(30)	(9)	(43,619)	(43,658)
As at 31 December 2018	9,555	3,108	39,139	51,802

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

12. Financial risk management (continued)

(b) Credit risk (continued)

Credit risk exposure and significant credit risk concentration

The Group's trade receivables comprise receivables arising from credit sales and other trade receivables with no significant financing component. The credit risk for trade receivables arising from credit sales based on the information provided to management is as follows:

Credit risk exposure by country

<u>Trade receivables arising from credit sales</u>	31 December 2018 \$'000
<u>By geographical areas</u>	
Singapore	149,877
Malaysia	187,612
Indonesia	5,736
	343,225

Credit risk exposure by Stage

Stage	Definition of category	31 December 2018 \$'000
Stage 1	Credit receivables with less than 30 days past due	261,566
Stage 2	Credit receivables with more than 30 days past due, or with a number of arrears within the last 9 months	66,224
Stage 3	Credit receivables with more than 90 days past due	15,435
		343,225

13. Related party transactions and balances

The related parties of the Group are its immediate and ultimate holding corporations. Other than as disclosed in the Group's annual report for the year ended 31 March 2018, there were no new related party transactions that took place between the Group and related parties during current financial period. There is no outstanding balance with related parties as at 31 December 2018 and 31 December 2017.

14. Segment information

The management has determined the operating segments based on the reports reviewed by the Executive Committee ("EXCO") which are used to make strategic decisions. The EXCO comprises the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Operating Officer, the Group Credit Officer, the Group Chief Talent and Customer Service Officer, the Group Chief Innovation Officer and the regional heads of each business unit.

The EXCO considers the business from a geographic and business segment perspective. The management manages and monitors the business in the three primary geographic areas, Singapore, Malaysia and Indonesia. Operations in Singapore, Malaysia and Indonesia are essentially similar and consist principally of the retailing of household furniture, furnishings, home appliances and information technology products.

Sales revenue is based on the country in which the customers are located.

Segment results are profit before finance expenses.

Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash, and exclude short-term bank deposits.

Segment liabilities comprise operating liabilities and exclude items such as bank borrowings.

The Group's activities consist entirely of retailing. There is only one business segment.

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14. Segment information (continued)

The segment information provided to the EXCO for the reportable segments are as follows:

	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Indonesia</u> \$'000	<u>Consolidated</u> \$'000
31 December 2018				
Sales				
Revenue from external parties	379,194	120,778	20,249	520,221
Segment results	19,607	(905)	(10,421)	8,281
Finance expense				(13,728)
Net loss				<u>(5,447)</u>
Other segment items				
Depreciation and amortisation	3,698	2,663	1,123	7,484
Amortisation of deferred income	(849)	(347)	(207)	(1,403)
	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Indonesia</u> \$'000	<u>Consolidated</u> \$'000
31 December 2018				
Segment assets	327,955	268,449	34,708	631,112
Unallocated assets				
- Fixed deposits				5,045
Total consolidated assets				<u>636,157</u>
Segment assets includes:				
Additions to:				
- property, plant and equipment	2,469	1,309	76	3,854
- intangible assets	1,258	148	116	1,522
Segment liabilities	151,215	47,510	11,533	210,258
Unallocated liabilities				
- Borrowings				232,057
Total consolidated liabilities				<u>442,315</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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14. Segment information (continued)

	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Indonesia</u> \$'000	<u>Consolidated</u> \$'000
31 December 2017				
Sales				
Revenue from external parties	381,319	147,615	20,883	549,817
Segment results	18,630	13,658	(6,103)	26,185
Finance expense				(15,114)
Net profit				<u>11,071</u>
Other segment items				
Depreciation and amortisation	4,442	3,554	1,154	9,150
Amortisation of deferred income	(999)	(537)	(245)	(1,781)
	<u>Singapore</u> \$'000	<u>Malaysia</u> \$'000	<u>Indonesia</u> \$'000	<u>Consolidated</u> \$'000
31 March 2018				
Segment assets				
Unallocated assets	335,522	340,749	38,704	714,975
- Fixed deposits				34,070
Total consolidated assets				<u>749,045</u>
Segment assets includes:				
Additions to:				
- property, plant and equipment	6,022	2,216	657	8,895
- intangible assets	761	142	94	997
Segment liabilities	153,847	55,509	11,174	220,530
Unallocated liabilities				298,313
- Borrowings				298,313
Total consolidated liabilities				<u>518,843</u>

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15. Subsequent Events

- (a) On 15 January 2019, the Company announced that its wholly-owned Indonesian subsidiary has acquired a building where COURTS Kota Harapan Indah (KHI) Megastore is located for S\$9.36 million and terminated the KHI building lease. The Indonesian subsidiary has also terminated the land and building leases where COURTS Bumi Serpong Damai (BSD) City Megastore is located, paying a penalty of \$3.71 million in cash and forfeiting a security deposit of S\$1.38 million. The transactions are funded by the Group's internal resources.
- (b) On 18 January 2019, Nojima Asia Pacific Pte. Ltd. (the "Offeror"), a wholly-owned subsidiary of Nojima Corporation, announced its intention to make a voluntary conditional cash offer (the "Offer") for all the issued and outstanding ordinary shares (the "Shares") in the capital of the Company.

Pursuant to the Offer, the Offeror has received an undertaking from Singapore Retail Group Limited ("SRG"), a majority shareholder of the Company pursuant to which SRG has, amongst other things, unconditionally and irrevocably undertaken to the Offeror (i) to tender all of its 382,000,000 Shares (representing approximately 73.8 per cent. of the Shares) in acceptance of the Offer ("the SRG shares"), and (ii) not to accept (or permit the acceptance of) any competing offer.

On 1 February 2019, the Offeror announced that it had received valid acceptances in respect of the SRG Shares as at 5.00 p.m. (Singapore time) on the same date. Accordingly, the acceptance condition to the Offer has been satisfied and the Offer was declared unconditional in all respects on 1 February 2019.

- (c) Appointment of Independent Financial Adviser, KPMG Corporate Finance Pte Ltd, on 24 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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16. New or revised accounting standards and interpretations

As at the date of this report, the following are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2018 and which the Group has not early adopted that is expected to have a significant impact on the Group's financial statements in the period of initial application:

SFRS(I) 16 Leases ("SFRS(I) 16") (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of S\$193 million. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

17. Authorisation of financial statements

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Courts Asia Limited on 09 February 2019.

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LETTER FROM KPMG ON THE 9M2018 CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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Courts Asia Limited
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Singapore 528766

9 February 2019

Dear Sirs

VOLUNTARY UNCONDITIONAL CASH OFFER BY PRIMEPARTNERS CORPORATE FINANCE PTE. LTD., FOR AND ON BEHALF OF NOJIMA ASIA PACIFIC PTE. LTD., TO ACQUIRE ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES IN THE CAPITAL OF COURTS ASIA LIMITED

On 18 January 2019, Nojima Asia Pacific Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Nojima Corporation (“**Nojima**”), announced its intention to make a voluntary conditional cash offer (the “**Offer**”) for all the issued and outstanding ordinary shares in the capital of Courts Asia Limited (the “**Company**” or “**CAL**”).

The Offer is made in accordance with Section 139 of the Securities and Futures Act (Chapter 289 of Singapore) (“**SFA**”) and Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

On 9 February 2019, the Company announced the unaudited financial statements for CAL and its subsidiaries (the “**CAL Group**”) for the nine-month period ended 31 December 2018 (“**9M2018 Consolidated Interim Financial Statements**”). We have examined the 9M2018 Consolidated Interim Financial Statements and have discussed the same with the management of CAL (“**CAL Management**”) who are responsible for the preparation of the 9M2018 Consolidated Interim Financial Statements. We have considered the report by PricewaterhouseCoopers LLP (CAL’s auditor) dated 9 February 2019 on their review of the 9M2018 Consolidated Interim Financial Statements.

For the purpose of this letter (“**9M2018 Letter**”), we have relied on and assumed the accuracy and completeness of all information provided to us by CAL. Save as provided in this 9M2018 Letter, we do not express any opinion and views on the 9M2018 Consolidated Interim Financial Statements. The Board of Directors of CAL remain solely responsible for the 9M2018 Consolidated Interim Financial Statements.



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Based on the above, we are of the opinion that the 9M2018 Consolidated Interim Financial Statements have been prepared by the CAL Management after due and careful enquiry.

This 9M2018 Letter is provided to the Board of Directors of CAL solely for the purpose of complying with the Code and not for any other purpose. We do not accept any responsibility for any person(s), other than the Board of Directors of CAL, in respect of, arising out of, or in connection with this 9M2018 Letter.

Yours faithfully

KPMG Corporate Finance Pte Ltd

EXTRACTS FROM THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution of the Company and reproduced below:

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution of the Company, a copy of which is available for inspection at the registered address of the Company at 50 Tampines North Drive 2, Singapore 528766 during normal business hours for the period during which the Offer remains open for acceptance.

(a) Rights in respect of Capital

"ISSUE OF SHARES

3. *Subject to the Statutes and the provisions of these presents, no shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution but subject thereto and to Article 7, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of shares to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, PROVIDED THAT:*
 - (a) *(subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 7(A) with such adaptations as are necessary shall apply; and*
 - (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of these presents.*
4. (A) *Preference shares may be issued subject to such limitation thereof as may be prescribed by any securities exchange upon which shares in the Company are listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six Months in arrear.*
 - (B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

VARIATION OF RIGHTS

5. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

6. The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.
7. (A) Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares

in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 7(A).

- (B) *Except so far as otherwise provided by the conditions of issue or by the provisions of these presents, all new shares shall be subject to the Statutes and the provisions of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*
8. *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide all or any of its shares;*
 - (b) *cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;*
 - (c) *sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or*
 - (d) *subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares.*
9. (A) *The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *Subject to the Statutes, the Company may purchase or otherwise acquire any of its issued shares on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.*

SHARES

13. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.*

14. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions (as regards dividend, return of capital, voting or otherwise) as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the Statutes, the Company may issue preference shares which are, or at the option of the Company, are liable to be redeemed.*
15. *Subject to the Statutes and the provisions of these presents relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
16. *The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.*

STOCK

48. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
49. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*
50. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.”*

(b) Rights in respect of Voting

“GENERAL MEETINGS

51. *Subject to the Statutes, an Annual General Meeting shall be held once in every Year and not more than fifteen Months after the holding of the last preceding Annual General Meeting, at such time and place as may be determined by the Directors. All other General Meetings shall be Extraordinary General Meetings.*
52. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

NOTICE OF GENERAL MEETINGS

53. (A) *Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*
- (a) *in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and*
 - (b) *in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having a right to vote at that meeting,*
- except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.*
- (B) *Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.*
- (C) *Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be sent to members entitled to attend and vote at the meeting at least twenty-one calendar days before the meeting (excluding the date of notice and the date of meeting). Notices convening any other General Meeting must be sent to members entitled to attend and vote at the meeting at least fourteen calendar days before the meeting (excluding the date of notice and the date of meeting). At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.*

PROCEEDINGS AT GENERAL MEETINGS

57. *The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
58. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business, Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy, PROVIDED THAT where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.*

59. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.*
60. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
61. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
62. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
63. *At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:*
- (a) the chairman of the meeting;*
 - (b) not less than five members having the right to vote at the meeting;*
 - (c) a member having the right to vote at the meeting representing not less than ten per cent. of the total voting rights of all the members having the right to vote at the meeting; or*
 - (d) a member having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares),*
- PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.*
64. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or*

tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

65. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*
66. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

67. *Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 12, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.*
68. *In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.*
69. *Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
70. *Any member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.*

71. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
72. *On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
73. (A) *A member may appoint not more than two proxies to attend and vote at the same General Meeting, PROVIDED THAT if the member is a Depositor, the Company shall be entitled and bound:*
- (a) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
- (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (B) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (C) *In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*
- (D) *A proxy need not be a member of the Company.*
74. (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:*
- (a) *in the case of an individual, shall be signed by the appointor or his attorney; and*
- (b) *in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*
- (B) *The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 75, failing which the instrument may be treated as invalid.*

75. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.*

CORPORATIONS ACTING BY REPRESENTATIVES

78. *Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of the provisions of these presents, be deemed to be present in person at any such meeting if a person so authorised is present thereat."*

(c) Rights in respect of Dividends

"FORFEITURE AND LIEN

29. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*
30. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.*
31. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*
34. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.*

35. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
36. *The residue of the proceeds of such sale pursuant to Article 35 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*
37. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

TRANSMISSION OF SHARES

45. (A) *In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (B) *In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (C) *Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
46. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*

47. *Save as otherwise provided by or in accordance with the provisions of these presents, a person becoming entitled to a share pursuant to Article 45(A) or (B) or Article 46 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*

DIVIDENDS

124. *The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.*
125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
126. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:*
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
 - (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.*

For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

127. *No dividend shall be paid otherwise than out of profits available for distribution under the Statutes.*
128. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
129. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*

- (C) *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.*
- (D) *A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.*
130. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof; may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
132. (A) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*
- (a) *the basis of any such allotment shall be determined by the Directors;*
- (b) *the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*

- (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded PROVIDED THAT the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
 - (d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 136, the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*
- (B) (a) *The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
- (b) *The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the members).*
- (C) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.*

- (D) *The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (E) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.*
133. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 135, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
134. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*
135. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

CAPITALISATION OF PROFITS AND RESERVES

136. *Subject to Article 3 and Article 7, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*
- 136A. *In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 136, the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit."*

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