

VOLUNTARY CONDITIONAL CASH OFFER

by



PricewaterhouseCoopers Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company Registration No. 197501605H)

for and on behalf of

Nojima Asia Pacific Pte. Ltd.

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

a wholly-owned subsidiary of



Nojima Corporation

(Incorporated in Japan)
(Company Registration No. 0210-01-013588)

for

Courts Asia Limited

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

OFFER ANNOUNCEMENT

1. INTRODUCTION

PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") wishes to announce, for and on behalf of Nojima Asia Pacific Pte. Ltd. (the "**Offeror**"), a wholly-owned subsidiary of Nojima Corporation ("**Nojima**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and outstanding ordinary shares (the "**Shares**") in the capital of Courts Asia Limited (the "**Company**" or "**CAL**").

2. THE OFFER

- 2.1 Subject to the terms and conditions set out in the formal offer document (the "**Offer Document**") to be issued by PwCCF for and on behalf of the Offeror, the Offeror will make the Offer in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of

Singapore and Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”) on the following basis:

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

2.2 The Offer, when made, will be extended to:

- (i) all issued and outstanding Shares; and
- (ii) all new 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 (the “**Awards**”) granted under the Courts Performance Share Plan and the Courts Share Appreciation Rights Plan prior to the final closing date of the Offer (the “**Closing Date**”),

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

2.3 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, and (iii) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement (the “**Announcement Date**”) and hereafter 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 the Company in respect of the Offer Shares (collectively, “**Distributions**”) on or after the Announcement Date.

2.4 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 the Company on or after the 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 Announcement Date, the Offer Price payable to a shareholder of the Company (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 the Company; 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 the Company.

- 2.5 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 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 Shares in issue and outstanding as at the close of the Offer (including any 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).

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 Shares amounting to more than 50 per cent. of the maximum potential issued share capital of the Company. For this purpose, the “**maximum potential issued share capital of the Company**” means the total number of Shares which would be in issue and be outstanding had all the Shares under Awards been issued or delivered as at the date of such declaration.

The Offer is not subject to any other condition.

- 2.6 Further information on the Offer and the terms and conditions upon which the Offer will be made will be set out in the Offer Document.

3. **AWARDS**

As the Awards are not transferable by the holders thereof, the Offeror will not make an offer to acquire the Awards, although, for the avoidance of doubt, the Offer will be extended to all new 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.

4. **INFORMATION ON THE OFFEROR**

- 4.1 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 Announcement Date, the Offeror has an issued share capital of S\$112,000,000 comprising 112,000,000 issued and outstanding ordinary shares and the directors of the Offeror are Mr Yasuhiko Tanokashira, Mr Yoshiteru Okawa and Mr Wong Hee Chai.

- 4.2 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 Announcement Date, Nojima has a market capitalisation of S\$1.4 billion and revenues of S\$6.1 billion¹.

5. INFORMATION ON THE COMPANY

5.1 Based on publicly available information, the Company was incorporated in Singapore on 18 January 2010 as a private limited company under the name of Courts Asia Pte. Ltd., and changed its name on 2 October 2012 in connection with its conversion into a public company. The Company and its subsidiaries (the “**CAL Group**”) is a leading electrical, IT and furniture retailer in Southeast Asia. As a retail group, the CAL Group works closely with supplier partners to retail and distribute electrical, IT and furniture products to customers in Singapore, Indonesia and Malaysia markets. With its roots as a furniture retailer from the United Kingdom, the Company was established in Singapore and Malaysia in 1974 and 1987 respectively and entered the Indonesia market in 2014. The Company has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) since 15 October 2012.

5.2 As at the Announcement Date, based on the latest information available to the Offeror², the Company has an issued and fully paid up share capital of S\$267.3 million, comprising 517,464,469 Shares with 42,535,531 treasury shares, and has granted certain Awards which will be released and vested in various tranches.

Save as disclosed above, the Offeror is not aware of any outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights in the Company.

As far as the Offeror is aware:

- (i) the Company has not entered into any agreement, incurred any commitment or assumed any obligation to issue any new Shares, or sell, transfer or deliver any of its treasury shares; and
- (ii) the Company does not intend to enter into any agreement, incur any commitment or assume any obligation to issue any new Shares, or sell, transfer or deliver any of its treasury shares, in each case in the three-month period from 15 January 2019,

other than to transfer or deliver treasury shares in settlement of payments with respect to non-executive directors’ fees (as approved by the Company in its Annual General Meeting on 26 July 2018).

¹ Based on revenue for the financial year ended 31 March 2018 from Bloomberg L.P.

² Based on the business profile of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore on 17 January 2019.

5.3 As at the Announcement Date, the directors of the Company are:

- (i) Mr Jack Hennessy (Chairman, Non-Independent and Non-Executive Director);
- (ii) Dr Terence Donald O'Connor (Executive Director and Group Chief Executive Officer);
- (iii) Ms Kee Kim Eng (Executive Director and Group Chief Financial Officer);
- (iv) Mr Adnan Abdulaziz Ahmed AlBahar (Non-Independent and Non-Executive Director);
- (v) Mr Chey Chor Wai (Independent Non-Executive Director); and
- (vi) Mr Kewee Kho (Independent Non-Executive Director).

6. IRREVOCABLE UNDERTAKING

- 6.1 As at the Announcement Date, the Offeror has received an undertaking from Singapore Retail Group Limited (“**SRG**” and such undertaking, the “**Irrevocable Undertaking**”) 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, and (ii) not to accept (or permit the acceptance of) any competing offer.
- 6.2 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.
- 6.3 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.
- 6.4 Save for the Irrevocable Undertaking, as at the 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.
- 6.5 A copy of the Irrevocable Undertaking is available for inspection at the office of PwCCF at 7 Straits View, Marina One East Tower, Level 12, Singapore 018936 during normal business hours from the Announcement Date until the date on which the Offer closes or lapses or is withdrawn in accordance with its terms.

7. RATIONALE FOR THE OFFER

7.1 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.

7.2 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 157,260 Shares, 146,303 Shares, 123,356 Shares and 208,346 Shares during the one-month period, three-month period, six-month period and 12-month period, respectively, up to and including 16 January 2019³, being the last full day on which Shares were traded on the SGX-ST prior to the Announcement Date (the "**Last Trading Date**"). This represents only approximately 0.03%, 0.03%, 0.02% and 0.04% 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.

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

The closing price of the Shares have 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 36.1%, 34.3% and 23.3% premium above the volume weighted average price ("**VWAP**") per Share for the one-month, three-month and six-month period 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.

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.

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

9.1 Under Rule 1105 of the Listing Manual of the SGX-ST (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 the Company on the SGX-ST until**

³ There was no trading in the Shares on the SGX-ST on 17 January 2019.

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., the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the listed securities of the Company on the SGX-ST. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company 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 the Company may be removed from the Official List of the SGX-ST.

- 9.2 Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), if the Offeror receives valid acceptances pursuant to the Offer or acquires Shares from the date of despatch of the Offer Document 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 date of despatch of the Offer Document), 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.

- 9.3 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.

10. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia / (discount) over certain historical market prices of the Shares as set out below:

Description	Benchmark Price (S\$) ⁴	Premium / (Discount) over Benchmark Price (%) ⁵
Last traded price of the Shares on the SGX-ST on the Last Trading Date	0.152	34.9
VWAP for the one-month period up to and including the Last Trading Date	0.151	36.1
VWAP for the three-month period up to and including the Last Trading Date	0.153	34.3
VWAP for the six-month period up to and including the Last Trading Date	0.166	23.3
VWAP for the 12-month period up to and including the Last Trading Date	0.242	(15.3)

11. DISCLOSURE OF HOLDINGS AND DEALINGS

11.1 As at the Announcement Date, based on the latest information available to the Offeror, none of (i) the Offeror; (ii) the directors of the Offeror; (iii) Nojima, (iv) the directors of Nojima, (v) PwCCF and (vi) any other person presumed to be acting in concert with the Offeror (collectively, the “**Relevant Parties**”):

- (a) owns, controls or has agreed to acquire any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options, awards or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, “**Relevant Securities**”); or
- (b) has dealt for value in any Relevant Securities in the period commencing on 18 October 2018, being the date falling three months prior to the Announcement Date and ending on the Announcement Date (the “**Relevant Period**”).

11.2 As at the Announcement Date, based on the latest information available to the Offeror and save as disclosed in **paragraph 6** of this Announcement, none of the Relevant Parties has:

- (i) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to any Relevant Securities or the securities of the Offeror which might be material to the Offer;
- (ii) received any irrevocable commitment to accept the Offer in respect of any Relevant Securities;

⁴ Rounded to the nearest three decimal places.

⁵ Rounded to the nearest one decimal place.

- (iii) granted any security interest in respect of any Relevant Securities in favour of any other person, whether through a charge, pledge or otherwise;
- (iv) borrowed any Relevant Securities from any other person (excluding those which have been on-lent or sold); or
- (v) lent any Relevant Securities to any other person.

11.3 In the interests of confidentiality, the Offeror has not made enquiries prior to this Announcement in respect of certain other parties who are or may be deemed to be acting in concert with the Offeror in connection with the Offer pursuant to the Code. Further enquiries will be made of such persons subsequent to this Announcement and the relevant disclosures will be made in due course and in the Offer Document.

12. CONFIRMATION OF FINANCIAL RESOURCES

PwCCF, as the sole financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

13. OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the Offer and enclosing the appropriate form(s) of acceptance will be despatched to holders of Offer Shares not earlier than 14 days and not later than 21 days from the date of this Announcement.

14. OVERSEAS SHAREHOLDERS

The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the register of shareholders of the Company or, as the case may be, in the records of The Central Depository (Pte) Limited (collectively, “**Overseas Persons**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Persons should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Offer Document to any overseas jurisdictions, the Offeror and PwCCF each reserves the right not to send the Offer Document to such overseas jurisdictions. Alternatively, an affected Overseas Person may write to the Company’s share registrar to request the Offer Document to be sent to an address in Singapore by ordinary post at his own risk.

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.

15. RESPONSIBILITY STATEMENT

The directors of each of the Offeror and Nojima (including any director who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this

Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of each of the Offeror and Nojima has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by
PricewaterhouseCoopers Corporate Finance Pte Ltd

For and on behalf of
Nojima Asia Pacific Pte. Ltd.

18 January 2019
Singapore