



## VGO CORPORATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199301388D)  
Registered Office: 10 Changi South Lane, #07-01, Singapore 486162

14 July 2015

To the Shareholders of VGO Corporation Limited (the “**Shareholders**”)

Dear Sir / Madam

### RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We refer to the notice of annual general meeting of the Company (“**AGM**”) dated 14 July 2015 convening the AGM to be held on 29 July 2015, and in particular the ordinary resolution number 8 (“**Resolution 8**”) under the heading “As Special Business”, in relation to the proposed renewal of the Company’s general mandate for interested person transactions (the “**IPT Mandate**”) under Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The purpose of this Letter is to provide Shareholders with relevant information relating to and explaining the rationale for the IPT Mandate.

#### 1. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

- 1.1 **Background.** Shareholders had approved the IPT Mandate at the extraordinary general meeting of the Company held on 25 July 2014 (the “**2014 EGM**”). The IPT Mandate enables the Company and its subsidiaries that are considered to be “entities at risk” within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms, are not prejudicial to the Company and its minority Shareholders, and are entered into in accordance with the review procedures for such transactions.
- 1.2 **Annual renewal of the IPT Mandate.** Under Chapter 9 of the Listing Manual, the IPT Mandate is subject to annual renewal. The IPT Mandate approved at the 2014 EGM was expressed to continue in force until the next annual general meeting of the Company, being the AGM, which is to be held on 29 July 2015. Accordingly, it is proposed that the IPT Mandate be renewed at the AGM, to take effect until the conclusion of the next annual general meeting of the Company.
- 1.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in **Appendix A** of this Letter.
- 1.4 **Audit Committee’s confirmation.** The audit committee of the Company (the “**Audit Committee**”) confirms that:
  - (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2014 EGM; and
  - (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

For the purpose of the IPT Mandate, the Audit Committee as at the latest practicable date prior to the printing of this Letter (the “**Latest Practicable Date**”, being 7 July 2015) comprises only Mr Foo Jong Han, Rey (the “**Non-Interested Director**”).

- 1.5 **Chapter 9 of the Listing Manual.** General information on the listing rules relating to interested person transactions, including the meanings of terms such as “associate”, “approved exchange”, “entity at risk”, “interested person”, “same interested person” and “interested person transaction” used in Chapter 9 of the Listing Manual, is set out in **Appendix B** of this Letter.

## 2. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

2.1 **Interests in Shares.** The interests of the directors and substantial Shareholders of the Company in the issued share capital of the Company can be found on page 48 and pages 106 to 107 of the Company's Annual Report 2015.

2.2 **Abstention from voting.** Mr Goh Ching Wah, George, Mr Goh Ching Huat, Steven and Mr Goh Ching Lai, Joe (the "**Goh Brothers**") are directors of the Company, Ossia International Limited ("**Ossia**"), an interested person under the IPT Mandate, and Ossia Holdings Pte. Ltd. ("**OHPL**"), a controlling shareholder of both the Company and Ossia.

By virtue of their interest in the IPT Mandate, the Goh Brothers and OHPL will each abstain, and have undertaken to ensure that their associates will abstain, from voting on Resolution 8 relating to the renewal of the IPT Mandate at the AGM.

In addition, the Goh Brothers, OHPL and their associates shall not act as proxies in relation to Resolution 8 relating to the renewal of the IPT Mandate unless specific written voting instructions have been given by the relevant Shareholder in the prescribed proxy form.

## 3. NON-INTERESTED DIRECTOR'S RECOMMENDATION

The director who is considered independent for the purpose of the renewal of the IPT Mandate is Mr Foo Jong Han, Rey.

Having considered, *inter alia*, the terms, rationale and benefits of the IPT Mandate as set out in **Appendix A**, the Non-Interested Director is of the opinion that the renewal of the IPT Mandate is in the best interests of the Company. Accordingly, the Non-Interested Director recommends that Shareholders vote in favour of Resolution 8 relating to the renewal of the IPT Mandate at the forthcoming AGM.

## 4. DIRECTORS' RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

## 5. DISCLAIMER

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Letter. Shareholders who are in any doubt as to the contents herein or as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully

for and on behalf of the Board of Directors of  
**VGO Corporation Limited**

Goh Ching Huat, Steven  
Group Executive Chairman

14 July 2015

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**THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**


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**1. Background**

The Company and its subsidiaries (the “**VGO Group**”) are engaged in (i) the retail and distribution of fashion apparel, (ii) the retail and distribution of sporting goods, footwear, equipment, apparel and accessories and (iii) the franchising of sporting goods, footwear, equipment, apparel and accessories (the “**Retail and Distribution Business**”). As part of its business, the VGO Group has the distribution, licensee and franchise rights to several international brands of sporting goods (the “**VGO Brands**”).

On a recurrent basis and in the ordinary course of business, the Company buys fashion and sporting goods from various brand distributors, including Ossia International Limited (“**Ossia**”). Also on a recurrent basis and in the ordinary course of business, the Company sells VGO Brands sporting goods to various retailers, including Ossia and its wholly owned subsidiary Ossia World of Golf (M) Sdn Bhd.

Ossia Holdings Pte. Ltd. (“**OHPL**”) is a controlling shareholder of the Company with approximately 45.7% of the entire issued and paid-up share capital of the Company. OHPL holds approximately 47.9% of the entire issued and paid-up share capital of Ossia. Ossia is therefore an associate of OHPL. Accordingly, Ossia and its subsidiaries (the “**Ossia Group**”) are interested persons of the Company under Chapter 9 of the Listing Manual.

Given the above, transactions between the Company and the Ossia Group are interested person transactions.

**2. Information on Interested Persons****(a) Ossia**

Ossia is a distributor and retailer of lifestyle products including fashion apparel, bags, footwear, and sporting and golfing goods in the Asia Pacific region. Ossia also has distribution, licensee and franchise rights to several international brands for fashion apparel, bags, footwear, and sporting and golfing goods (the “**Ossia Brands**”).

**(b) Ossia World of Golf (M) Sdn Bhd**

Ossia World of Golf (M) Sdn Bhd is a private company incorporated in Malaysia and wholly-owned by Ossia. Its principal activities include importing and distributing sports equipment, apparel and accessories.

**(c) Ossia Group**

The Ossia Group comprises Ossia and several subsidiaries in Singapore, Malaysia, Australia, Taiwan and Hong Kong with a distribution network of more than 1,400 channels/outlets, spanning 50 cities across the Asia Pacific region.

**3. Scope of the Interested Person Transactions**

The IPT Mandate will apply to the transactions between the VGO Group and the Ossia Group in the ordinary course of business, including but not limited to:

- (a) purchases of Ossia Brands goods from Ossia Group; and
- (b) sales of VGO Brands goods to the Ossia Group, (collectively, the “**Interested Person Transactions**”).

The Interested Person Transactions occur on a recurrent basis and such transactions are entered into in the ordinary course of business and are necessary for the day-to-day operations of the VGO Group.

**4. Rationale for the IPT Mandate and Benefits to the VGO Group**

- (a) It is envisaged that the value of the Interested Person Transactions will require Shareholders’ approval pursuant to Chapter 9 of the Listing Manual and that the Interested Person Transactions will likely occur frequently and constitute a core component of the VGO Group’s Retail and Distribution Business.
- (b) Due to the time-sensitive nature of the Interested Person Transactions, obtaining the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable:
  - (i) the Company; and/or
  - (ii) its subsidiaries, or any of them,

to, in the ordinary course of business, enter into the Interested Person Transactions with the Ossia Group, provided such Interested Person Transactions are carried out on an arms' length basis and made on normal commercial terms.

- (c) The IPT Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings to seek Shareholders' prior approval for, the entry by the VGO Group into such Interested Person Transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled to attaining other business objectives.
- (d) The IPT Mandate will facilitate transactions in the normal course of business of the VGO Group which are transacted from time to time with the Ossia Group, provided that they are carried out on an arms' length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

## 5. **Review Procedures for the Interested Person Transactions under the IPT Mandate**

### (a) **Review Procedures**

To ensure that the Interested Person Transactions are carried out at arms' length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following procedures for the review and approval of the Interested Person Transactions under the IPT Mandate:

#### (i) **Sales by the VGO Group**

When selling to the Ossia Group, the transaction price and terms of the most recent sales to unrelated third party customers will be used as comparisons. The selling price to be offered to the Ossia Group will not be lower than, and the terms of the sale should be comparable to at least 2 (where available) of the most recent sales to the unrelated third party which are similar in quantity, product range and credit terms or otherwise in accordance with industry norms.

When, due to the nature of the goods to be sold, or the unavailability or impracticality of obtaining comparable third party quotes or otherwise, the price and terms for a sale will be determined by a committee of 2 senior executives who are not interested, whether directly or indirectly, in the Interested Person Transactions and who are familiar with the operations of the VGO Group (the "**Compliance Committee**") in accordance with the VGO Group's usual business practices and pricing policies for the same or substantially similar products sold to unrelated third party customers or in accordance with industry norms (as the case may be). As at the latest practicable date prior to the printing of this Letter, being 7 July 2015, the Compliance Committee comprises (I) the Finance Manager and (II) the General Manager. The Company has different teams of buyers and sellers, and each such team would be headed by a General Manager.

#### (ii) **Purchases by the VGO Group**

When purchasing from the Ossia Group, the VGO Group will obtain contemporaneous comparable quotes from unrelated third party suppliers for purchases that are similar in terms of quantities, cost, delivery time, purchase terms, ability of the seller to meet required order, product quality, brand and ambit and period of product warranty and track record and product range for comparison. The VGO Group will endeavour to obtain at least 2 quotes, failing which, one quote will be used for comparison. The purchase price offered by the Ossia Group to the VGO Group will not be higher than the price of the quote, if there is one quote; or the lower or lowest (as the case may be) price of the quotes, if there are 2 or more quotes.

There may be circumstances when, due to the nature of the goods to be purchased or otherwise, comparable quotes are unavailable or impractical to obtain. An example of such a situation is when Ossia is the exclusive distributor for a brand. In these circumstances, the Compliance Committee will determine whether the price and terms offered by Ossia are on normal and commercial terms in accordance with the VGO Group's usual business practices and pricing policies for the same or substantially similar products purchased from unrelated third parties suppliers or in accordance with industry norms (as the case may be).

(iii) Approval Threshold for Interested Person Transactions

For transaction value not less than S\$100,000 and not more than S\$200,000, the said transaction will be reviewed and approved by the Finance Manager and a General Manager (not being an interested person or associate of an interested person), prior to entering into the transaction. The Company has different teams of buyers and sellers, and each such team would be headed by a General Manager.

For transaction value more than S\$200,000, the said transaction will be reviewed and approved by the audit committee of the Company (the “**Audit Committee**”). In the event that a member of the Audit Committee is interested in any of the Interested Person Transactions, he will abstain from reviewing and approving that transaction.

(iv) Register of Interested Person Transactions

The Company shall maintain a register recording all Interested Person Transactions carried out pursuant to the IPT Mandate (the “**IPT Register**”). The IPT Register will contain information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to, the price and terms of the Interested Person Transactions, the basis for determining the transaction prices and supporting evidence and quotations obtained from unrelated parties to support such bases.

The IPT Register will be prepared, maintained and monitored by the Finance Manager and he will report his findings to the Audit Committee on a half yearly basis.

All the VGO Group’s Interested Person Transactions with the Ossia Group that are below S\$100,000 in value will not be subjected to the review procedures set out above. However, Interested Person Transactions that are below S\$100,000 in value will be recorded in the IPT Register and reflected in the accounting records of the VGO Group.

(b) Additional Review Procedures

(i) Review by Internal Auditors

The VGO Group has incorporated into its internal audit plan, half-yearly reviews by the internal auditors of all Interested Person Transactions entered into pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. The review reports by the VGO Group’s internal auditors will be forwarded to the Audit Committee.

(ii) Review by External Auditors

As part of the VGO Group’s annual audit, the external auditors will review the Interested Person Transactions on a sampling basis. The VGO Group’s external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

(iii) Review by Audit Committee

The Audit Committee shall have the overall responsibility of reviewing the Interested Person Transactions (including Interested Person Transactions which values are below S\$100,000) and determining the sufficiency of the review procedures to ensure that the Interested Person Transactions will be on an arms’ length basis and carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee shall also review all Interested Person Transactions (including Interested Person Transactions of values below S\$100,000), on a half-yearly basis, to ensure that the review procedures for the Interested Person Transactions under the IPT Mandate have been complied with, remain adequate and commercially practicable in ensuring that the Interested Person Transactions (including Interested Person Transactions of values below S\$100,000) will be carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.



Further, if during these periodic reviews, the Audit Committee is of the view that the review procedures set out above are not sufficient to ensure that the Interested Person Transactions (including Interested Person Transactions of values below S\$100,000) under the IPT Mandate will be on an arms' length basis on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will, in consultation with the board of directors, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and will direct the Company to revert to the Shareholders for a fresh mandate based on new procedures for transactions with the Ossia Group.

If a member of the Audit Committee has an interest in a Interested Person Transaction (including Interested Person Transactions of values below S\$100,000) to be reviewed, he will abstain from voting on any resolution, and/or any decision and/or any review of the established review procedures in respect of that Interested Person Transaction (including Interested Person Transactions of values below S\$100,000). Approval of that Interested Person Transaction (including Interested Person Transactions of values below S\$100,000) will be undertaken by the remaining members of the Audit Committee.

(c) **Review by the Board**

In addition, the board of directors will also ensure that all disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

**6. Validity Period of the IPT Mandate**

If approved at the annual general meeting of the Company to be held on 29 July 2015 (the “**AGM**”), the IPT Mandate will take effect from the date of the passing of ordinary resolution 8 of the AGM in relation to the IPT Mandate and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent annual general meeting, or the expiration of the period within which the subsequent annual general meeting is required by law to be held, whichever is the earlier. The Company intends to seek the approval of Shareholders for the renewal of the IPT Mandate annually. The renewal of such general mandate shall be subject to the satisfactory review by the Audit Committee of its continued application to any Interested Person Transactions with the Ossia Group.

**7. Disclosure to Shareholders**

The Company will announce the aggregate value of transactions conducted with the Ossia Group pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Ossia Group pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

The names of each interested person and the corresponding aggregate value of the transactions entered with them will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to rule 920 of the Listing Manual)	Aggregate value of all Interested Person Transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)

**8. Excluded from scope of IPT Mandate**

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate. The IPT Mandate will not cover any transaction by any member in the VGO Group with any member of the Ossia Group that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. Notwithstanding the above, Interested Person Transactions that are below S\$100,000 in value will still be recorded in the IPT Register and thus be reviewed by the Audit Committee on a half-yearly basis.

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GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

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**1. Definitions Under Chapter 9 of the Listing Manual**

Chapter 9 of the Listing Manual applies to transactions which a company listed on the SGX-ST or any of its subsidiaries or associated companies which is considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual, proposes to enter into with a counterparty who is an interested person of the listed corporation within the meaning of Rule 904(4) of the Listing Manual. The following definitions are contained in the Listing Manual:

- (a) An "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.
- (b) An "**associate**" in relation to any director, chief executive officer or controlling shareholder means (i) his immediate family (that is, the spouse, child, adopted child, step-child, sibling or parent), (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and, in relation to a controlling shareholder which is a company, means its subsidiary or holding company or a subsidiary of such holding company or a company in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- (c) An "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.
- (d) A "**chief executive officer**" means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the issuer.
- (e) A "**controlling shareholder**" means a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company or a person who in fact exercises control over the company.
- (f) An "**entity at risk**" means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has or have control over the associated company.
- (g) An "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder.
- (h) An "**interested person transaction**" means a transaction between an entity at risk and an interested person.

(i) A "**transaction**" includes:

- (i) the provision or receipt of financial assistance;
- (ii) the acquisition, disposal or leasing of assets;
- (iii) the provision or receipt of services;
- (iv) the issuance or subscription of securities;
- (v) the granting of or being granted options; and
- (vi) the establishment of joint ventures or joint investments;

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

## **2. General Requirements**

Rule 905 of the Listing Manual states that a listed company must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited consolidated net tangible assets, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited consolidated net tangible assets, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Rule 906 of the Listing Manual states that a listed company must also obtain shareholder approval for any interested person transaction of a value equal to, or more than (i) 5% of the group's latest audited consolidated net tangible assets; or (ii) 5% of the group's latest audited consolidated net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

## **3. Illustration**

For illustration purposes, based on the VGO Group's latest audited consolidated accounts for the financial year ended 31 March 2015, the VGO Group's latest audited consolidated net tangible assets was approximately S\$10,950,653. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual in the current financial year and until such time as the audited consolidated accounts of the VGO Group for the financial year ending 31 March 2016 are published, 5% of the latest audited consolidated net tangible assets of the VGO Group would be S\$547,532.

## **4. General Mandate**

Rule 920 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, that may be carried out with the interested persons. Transactions conducted under such a mandate are not subject to Rules 905 and 906 of the Listing Manual. The general mandate is subject to annual renewal.