

## CIRCULAR DATED 3 DECEMBER 2021

**THIS CIRCULAR (AS DEFINED HEREIN) IS ISSUED BY PAN OCEAN CO., LTD. (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE OPINION AND ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

**The contents of this Circular have not been reviewed by any regulatory authority in any jurisdiction. 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 issued ordinary shares (excluding treasury shares) in the capital of Pan Ocean Co., Ltd. (the "**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward the Hardcopy Notification (as defined herein) to the purchaser or transferee, as arrangements will be made by CDP for a separate Hardcopy Notification to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward the Hardcopy Notification to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

Please note that no printed copies of this Circular, including the Notice of Extraordinary General Meeting and the accompanying proxy form, will be despatched to Shareholders. Only printed copies of the Hardcopy Notification will be despatched to Shareholders.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, and may not be used for the purpose of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

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



### **PAN OCEAN CO., LTD.**

(A corporation with limited liability established under the law of the Republic of Korea)  
(Company Registration No. 110111-0004286)

### **CIRCULAR TO SHAREHOLDERS**

in relation to the

### **PROPOSED VOLUNTARY DELISTING OF PAN OCEAN CO., LTD. FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED PURSUANT TO A CONDITIONAL CASH EXIT OFFER**

*Independent Financial Adviser to the Independent Directors of the Company*



### **NOVUS CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201723484W)

#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	18 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time)
Date and time of Extraordinary General Meeting	:	20 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time)
Place of Extraordinary General Meeting	:	Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul, 04513, Republic of Korea

---

## CONTENTS

---

DEFINITION .....	1
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS.....	6
SUMMARY TIMETABLE .....	7
ACTION TO BE TAKEN BY SHAREHOLDERS .....	8
LETTERS TO SHAREHOLDERS.....	10
1. DELISTING .....	10
2. LISTING MANUAL PROVISIONS PERTAINING TO THE DELISTING.....	12
3. THE EXIT OFFER .....	14
4. PROCEDURES FOR ACCEPTANCE .....	16
5. INFORMATION ON THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT .....	17
6. INFORMATION ON THE COMPANY .....	19
7. RATIONALE FOR THE DELISTING AND THE EXIT OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY .....	19
8. OFFEROR'S DISCLOSURES OF HOLDINGS AND DEALINGS .....	22
9. CONFIRMATION OF FINANCIAL RESOURCES.....	24
10. OPINION AND ADVICE OF IFA AND RECOMMENDATION IN RELATION TO THE EXIT OFFER .....	24
11. EXTRAORDINARY GENERAL MEETING .....	30
12. ACTION TO BE TAKEN BY SHAREHOLDERS .....	30
13. OVERSEAS PERSONS .....	31
14. DIRECTORS' RESPONSIBILITY STATEMENT.....	33
15. CONSENTS.....	33
16. DOCUMENTS AVAILABLE FOR INSPECTION .....	33
17. ADDITIONAL INFORMATION.....	34
APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER.....	35
APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER .....	75
APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY.....	83
APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR .....	89
APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY .....	109
APPENDIX F: 3Q2021 RESULTS .....	122
NOTICE OF EXTRAORDINARY GENERAL MEETING .....	136
PROXY FORM.....	138

---

## DEFINITION

---

In this Circular, the following definitions apply throughout unless the context otherwise requires:

- "3Q2021 Results"** : Third quarter unaudited financial statements for the period ended 30 September 2021, which was issued in the Company's announcement released on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com) on 11 November 2021, as set out in Appendix F to this Circular
- "Acceptance Forms"** : The FAA and the FAT collectively or any one of them, as the case may be
- "Articles"** : The Articles of Incorporation of the Company
- "Business Day"** : A day (other than Saturday, Sunday or a public holiday) on which banks are open for business in Singapore and Seoul, Republic of Korea
- "CDP"** : The Central Depository (Pte) Limited
- "Circular"** : This circular to Shareholders issued by the Company for the purpose of convening the EGM to obtain Shareholders' approval for the Delisting and containing, among others, the recommendation of the Independent Directors and the opinion and advice of the IFA as set out in the IFA Letter, in respect of the Exit Offer
- "Closing Date"** : 5:30 p.m. (Singapore time) or 6:30 p.m. (Korea time) on 3 January 2022 or such later date(s) and time(s) as may be announced by or on behalf of the Offeror, being the last date and time for the lodgement of acceptances of the Exit Offer
- "Code"** : The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
- "Companies Act"** : The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
- "Company"** : Pan Ocean Co., Ltd.
- "Company Securities"** : (a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company
- "Delisting"** : The proposed voluntary delisting of the Company's Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
- "Delisting Date"** : The date on which the Delisting is to take place
- "Delisting Resolution"** : The resolution to be proposed at the EGM to approve the Delisting
- "Directors"** : The directors of the Company as at the Latest Practicable Date
- "EGM"** : The extraordinary general meeting to be convened by the Company on 20 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time), to seek the approval of the Shareholders for the Delisting Resolution, notice of which is given on pages 136 to 137 of this Circular

---

## DEFINITION

---

- "Exit Offer"** : The conditional cash exit offer made by RHTC, for and on behalf of the Offeror, for all the Shares which are registered on the Singapore Branch Register, up to the Maximum Quantity, from the Singapore Registered Shareholders, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms, as such offer may be amended, extended or revised from time to time by or on behalf of the Offeror
- "Exit Offer Letter"** : The letter dated 3 December 2021 issued by RHTC, for and on behalf of the Offeror, to the Singapore Registered Shareholders in relation to the Exit Offer, which is electronically disseminated to Shareholders concurrently with this Circular, including the Acceptance Forms and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update the said document(s) from time to time
- "Exit Offer Price"** : S\$8.70 in cash for each Offer Share
- "FAA"** : Form of Acceptance and Authorisation, applicable to Shareholders whose Offer Shares are deposited with CDP, which forms part of the Exit Offer Letter
- "FAT"** : Form of Acceptance and Transfer, applicable to Shareholders whose Offer Shares are registered in their own name in the Singapore Branch Register, which forms part of the Exit Offer Letter
- "FY"** : Financial year ended or ending (as the case may be) 31 December of a particular year as stated
- "Group"** : The Company and its subsidiaries
- "Hardcopy Notification"** : The hardcopy notification containing instructions on how to access the electronic copies of this Circular and the Exit Offer Letter
- "IFA"** : Novus Corporate Finance Pte. Ltd., the independent financial adviser appointed pursuant to Rule 1309(2) of the Listing Manual as well as to the Independent Directors in respect of the Exit Offer
- "IFA Letter"** : The letter dated 3 December 2021 from the IFA issued pursuant to Rule 1309(2) of the Listing Manual and addressed to the Independent Directors containing, among others, the opinion and advice of the IFA in respect of the Exit Offer, as set out in Appendix A to this Circular
- "Independent Directors"** : The Directors who are considered independent for the purposes of making the recommendation to Shareholders in respect of the Exit Offer, namely:
- (i) Joong Ho Ahn;
  - (ii) Hak Soo Jeong;
  - (iii) Kwang Soo Oh;
  - (iv) Seung Hwan Choi; and
  - (v) Christopher Anand Daniel

---

## DEFINITION

---

<b>"Joint Announcement"</b>	: The joint announcement made by the Offeror and the Company, in connection with the Delisting and the Exit Offer on the Joint Announcement Date
<b>"Joint Announcement Date"</b>	: 14 June 2021, being the date of the Joint Announcement
<b>"Korea Register"</b>	: The Company's principal register of Shareholders in Korea, which shall be updated from time to time upon receipt of particulars and shall include information of shareholder's address and name, class and number of shares provided by the KSD in accordance with Article 37 of the Act on Electronic Registration of Stocks, Bonds, etc. of the Republic of Korea
<b>"Korea Registered Shareholders"</b>	: Registered holders of the Shares reflected on the Korea Register
<b>"KRX"</b>	: Korea Exchange
<b>"KSD"</b>	: Korea Securities Depository
<b>"Latest Practicable Date"</b>	: 22 November 2021, being the latest practicable date prior to the electronic dissemination of this Circular
<b>"Listing Manual"</b>	: The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
<b>"Maximum Quantity"</b>	: The maximum quantity of 206,896 Offer Shares
<b>"Migration Period"</b>	: The period for transfer of Shares from the Singapore Branch Register to the Korea Register for Singapore Registered Shareholders who do not accept the Exit Offer or continue to hold Shares following the Closing Date, commencing after the settlement of the consideration for the Exit Offer and ending on the Delisting Date
<b>"Offer Shares"</b>	: All the Shares registered on the Singapore Branch Register, up to the Maximum Quantity which are subject to the Exit Offer
<b>"Offeror"</b>	: Harim Holdings Co., Ltd.
<b>"Offeror Securities"</b>	: (a) ordinary shares in the capital of the Offeror; (b) securities which carry voting rights in the Offeror; and (c) convertible securities, warrants, options and derivatives in respect of the ordinary shares in the capital of the Offeror or securities which carry voting rights in the Offeror
<b>"Official List"</b>	: The list of issuers maintained by the SGX-ST in relation to the SGX Main Board or Catalist
<b>"Overseas Persons"</b>	: Singapore Registered Shareholders whose addresses are outside Singapore as shown in the Singapore Branch Register
<b>"RHTC"</b>	: RHT Capital Pte. Ltd., the financial adviser to the Offeror in respect of the Delisting and the Exit Offer
<b>"Rule 1309(1) Waiver"</b>	: Has the meaning ascribed to it in Section 2.3(a) of this Circular
<b>"Scale-Back"</b>	: Has the meaning ascribed to it in paragraph 3.5 of the Exit Offer Letter

---

## DEFINITION

---

"Scale-Back Shares"	: Has the meaning ascribed to it in paragraph 3.1 of Appendix B to this Circular
"SFA"	: The Securities and Futures Act, Chapter 289 of Singapore, as amended, supplemented or modified from time to time
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"SGXNET"	: A system network used by listed companies to send information and announcements to the SGX-ST, available at <a href="http://www.sgx.com">www.sgx.com</a> , or any other system networks prescribed by the SGX-ST
"Shareholders"	: Korea Registered Shareholders and Singapore Registered Shareholders
"Shares"	: All the issued ordinary shares (excluding treasury shares) in the capital of the Company
"Singapore Branch Register"	: The Company's branch register of Shareholders in Singapore
"Singapore Registered Shareholders"	: Registered holders of the Shares reflected on the Singapore Branch Register, except that where the registered holder is CDP, the term " <b>Singapore Registered Shareholders</b> " shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
"Singapore Share Registrar"	: Boardroom Corporate & Advisory Services Pte. Ltd.
"SRS"	: The Supplementary Retirement Scheme
"SRS Investors"	: Investors who purchase Shares pursuant to SRS
"SRS Operators"	: The relevant approved financial institutions in which the SRS Investors hold their SRS accounts
"S\$"	: Singapore dollars, being the lawful currency of Singapore
"₩" or "KRW"	: Korean won, the lawful currency of Korea
"%" or "per cent."	: Percentage or per centum

**Acting in Concert and Associates.** The expressions "**acting in concert**" and "**associates**" shall have the meanings ascribed to them respectively in the Code.

**Announcements and Notices.** References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, or otherwise.

**Depositors.** The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

**Expressions.** Words importing the singular shall, where applicable, include the plural and vice versa and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

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

---

## DEFINITION

---

**Reproduced Statements.** Statements which are reproduced in their entirety or as excerpts from the Exit Offer Letter, the IFA Letter and the Articles are set out in this Circular within quotes and in *italics*, and all capitalised terms and expressions used within these reproduced statements shall have the meanings ascribed to them in the Exit Offer Letter, the IFA Letter and the Articles respectively.

**Rounding.** 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.

**Shareholders.** References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Circular to any enactment or statutory provision shall include a reference to any subordinate legislation and to any regulation made under the relevant enactment or statutory provision and is a reference to that enactment or statutory provision as for the time being amended, modified, supplemented or re-enacted. Any word defined under the Companies Act, the Code, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to that word under the Companies Act, the Code, the SFA or that modification, as the case may be, unless the context otherwise requires.

**Subsidiary, Wholly Owned Subsidiary and Related Corporation.** The expressions "**subsidiary**", "**wholly owned subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

**Time and date.** Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

**Total Number of Shares and Percentage of Shares.** In this Circular, the total number of Shares as at the Latest Practicable Date is 534,569,512. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 534,569,512 Shares 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", "potential", "strategy", "forecast", "possible", "probable" and similar expressions or future or conditional verbs such as "will", "if", "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 information available as at the Latest Practicable Date. 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 should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA assumes any obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company and the IFA disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.



---

## SUMMARY TIMETABLE

---

Date of electronic dissemination of this Circular and the Exit Offer Letter	:	3 December 2021
Last date and time for lodgement of proxy forms for the EGM <sup>(1)</sup>	:	18 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time)
Date and time of the EGM	:	20 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time)
Announcement of the results of the EGM and whether the Delisting Resolution has been passed at the EGM	:	20 December 2021
Announcement setting out a notice to Singapore Registered Shareholders on the Delisting	:	20 December 2021
Expected last date of trading of Shares on the SGX-ST	:	23 December 2021
Expected commencement of suspension of trading of Shares on the SGX-ST	:	24 December 2021 with effect from 9:00 a.m. (Singapore time) or 10:00 a.m. (Korea time)
Expected Closing Date and time	:	3 January 2022 at 5:30 p.m. (Singapore time) or 6:30 p.m. (Korea time), being the last date and time for the lodgement of acceptances of the Exit Offer
Expected date of the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	No later than 12 January 2022, being the seventh (7th) Business Day from the Closing Date
Expected Migration Period	:	13 January 2022 to 20 March 2022
Expected date for the Delisting of the Shares from the SGX-ST	:	21 March 2022

An announcement will be made by or on behalf of the Offeror when the Exit Offer (if and when made) becomes or is declared to be unconditional in all respects in accordance with its terms.

Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as "expected", please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

**Note:**

- (1) The instrument appointing a proxy must be deposited at the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea, not less than 48 hours before the time fixed for the EGM.

---

## ACTION TO BE TAKEN BY SHAREHOLDERS

---

Detailed instructions on the ACTION TO BE TAKEN BY Shareholders are set out in this Circular and are summarised below:

### 1. INSTRUCTIONS FOR VOTING AT EGM

The Delisting Resolution will require Shareholders' approval at the EGM to be held at Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul, 04513, Republic of Korea.

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea, not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in place of his proxy if he so wishes.

In accordance with Article 354 of the Commercial Act of Korea and Article 16 of the Company's Articles of Association, a Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register by 26 November 2021.

### 2. SINGAPORE REGISTERED SHAREHOLDERS' OPTIONS IN RESPECT OF THEIR SHARES

#### (a) SINGAPORE REGISTERED SHAREHOLDERS MAY ELECT TO TENDER THEIR OFFER SHARES IN ACCEPTANCE OF THE EXIT OFFER AND RECEIVE THE EXIT OFFER PRICE.

Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix II to the Exit Offer Letter entitled "Procedures for Acceptance" for further details on the actions to take if a Singapore Registered Shareholder wishes to accept the Exit Offer.

**Shareholders should note paragraph 3.5 of the Exit Offer Letter which sets out details of the Scale-Back which applies in the event the aggregate number of Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity, where the Offer Shares tendered by the Singapore Registered Shareholders will be accepted on a pro-rata basis, up to the Maximum Quantity (but in a manner which disregards any fraction of a Share).**

**An announcement will be made by or on behalf of the Offeror on the Closing Date setting out among others, the level of acceptances that the Offeror has received in relation to the Exit Offer and whether the Scale-Back will apply.**

If the Scale-Back applies, for those Singapore Registered Shareholders who have tendered Shares in acceptance of the Exit Offer but have some Shares that were not accepted by the Offeror under the Exit Offer as a result of the Scale-Back, such Singapore Registered Shareholders may arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register" for further details on the actions to take if a Singapore Registered Shareholder wishes to transfer his Shares to the Korea Register to trade his Shares on the KRX.

#### (b) SINGAPORE REGISTERED SHAREHOLDERS WHO WISH TO HOLD THEIR SHARES AND TRADE THEIR SHARES ON THE KRX MAY ARRANGE FOR THEIR SHARES TO BE TRANSFERRED TO THE KOREA REGISTER TO TRADE THEIR SHARES ON THE KRX.

Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register"

---

## ACTION TO BE TAKEN BY SHAREHOLDERS

---

for further details on the actions to take if a Singapore Registered Shareholder wishes to hold his Shares and trade his Shares on KRX.

If the Company is delisted from the Official List of the SGX-ST, each Singapore Registered Shareholder who does not take any action to accept the Exit Offer nor to transfer his Shares to the Korea Register during the Migration Period will hold unlisted Shares in the Company. In particular, each Singapore Registered Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer nor arrange for his Shares to be transferred to the Korea Register will be issued one (1) share certificate representing his delisted Shares. The Company's Singapore Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. will arrange to forward the share certificates to such Singapore Registered Shareholders who are not SRS Investors, by ordinary post and at the Singapore Registered Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to SRS Investors will be forwarded to their respective SRS Operators for their safekeeping. Following the Delisting, Singapore Registered Shareholders may still arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. Please refer to Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register" for further details on the actions to take if a Singapore Registered Shareholder wishes to transfer his Shares to the Korea Register to trade his Shares on the KRX.

Singapore Registered Shareholders should note that the trading of the Shares on the SGX-ST will be suspended shortly before the Closing Date. The Company will update the Shareholders accordingly on the exact date(s) and time(s) by way of subsequent announcement(s).

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

### 3. OTHER IMPORTANT INFORMATION

- (a) **Shareholders are to note that the Delisting and the Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If the Delisting Resolution is not passed at the EGM, the Delisting will not proceed, the Company will remain secondarily listed on the SGX-ST and the Exit Offer will lapse.**
- (b) **In the case of Singapore Registered Shareholders who wish to accept the Exit Offer, approving the Delisting Resolution at the EGM does not automatically mean that you have accepted the Exit Offer. Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix II to the Exit Offer Letter entitled "Procedures for Acceptance" for further details on the actions to take if you wish to accept the Exit Offer.**

---

## LETTERS TO SHAREHOLDERS

---

### PAN OCEAN CO., LTD.

(A corporation with limited liability established under the law of the Republic of Korea)  
(Company Registration No. 110111-0004286)

#### Directors

Joong Ho Ahn (*Chief Executive Officer, Deputy President and Executive Director*)  
Hong Kuk Kim (*Chief Executive Officer, Chairman and Executive Director*)  
Se Gi Cheon (*Executive Director*)  
Hak Soo Jeong (*Independent Director*)  
Kwang Soo Oh (*Independent Director*)  
Seung Hwan Choi (*Independent Director*)  
Christopher Anand Daniel (*Independent Director*)

#### Registered Office

Tower 8, 7, Jong-ro 5-gil,  
Jongno-gu, Seoul,  
03157, Republic of Korea

3 December 2021

#### To: The Shareholders of the Company

Dear Sir / Madam

#### PROPOSED VOLUNTARY DELISTING OF PAN OCEAN CO., LTD. FROM THE OFFICIAL LIST OF THE SGX-ST PURSUANT TO A CONDITIONAL CASH EXIT OFFER

#### 1. DELISTING

1.1 **Introduction.** As jointly announced by the Company and the Offeror on 14 June 2021, the Company proposes to seek the voluntary delisting of its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. In connection with the Delisting, RHTC intends to make, for and on behalf of the Offeror, the Exit Offer for all the Shares which are registered on the Singapore Branch Register, up to the Maximum Quantity, from the Singapore Registered Shareholders who hold such Shares. For the avoidance of doubt, the Exit Offer will not be extended to the Korea Registered Shareholders whose Shares are registered on the Korea Register.

A copy of the Joint Announcement is available on the website of the SGX-ST at <http://www.sgx.com>.

1.2 **Conditions.** The Delisting is subject to the approval of the SGX-ST and both the Delisting and the Exit Offer will be conditional on the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Offeror and parties acting in concert with it must abstain from voting on the resolution.

1.3 **Intention to Maintain KRX Listing.** The Delisting is not a privatisation exercise and the Company intends to maintain its primary listing on the KRX, so the Singapore Registered Shareholders who wish to hold their Shares and trade their Shares on the KRX subsequent to the completion of the Delisting can elect to have their Shares transferred to the Korea Register in accordance with the procedures set out in Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register".

Singapore Registered Shareholders who do not wish to continue holding their Shares and trade on the KRX may tender their Shares in acceptance of the Exit Offer. Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix II to the Exit Offer Letter entitled "Procedures for Acceptance" for further details on the actions to take by the Singapore Registered Shareholders who wish to accept the Exit Offer.

**Shareholders should note paragraph 3.5 of the Exit Offer Letter which sets out details of the Scale-Back which applies in the event the aggregate number of Shares tendered by the**

---

## LETTERS TO SHAREHOLDERS

---

**Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity, where the Offer Shares tendered by the Singapore Registered Shareholders will be accepted on a pro-rata basis, up to the Maximum Quantity (but in a manner which disregards any fraction of a Share).**

**An announcement will be made by or on behalf of the Offeror on the Closing Date setting out among others, the level of acceptances that the Offeror has received in relation to the Exit Offer and whether the Scale-Back will apply.**

If the Scale-Back applies, for those Singapore Registered Shareholders who have tendered Shares in acceptance of the Exit Offer but have some Shares that were not accepted by the Offeror under the Exit Offer as a result of the Scale-Back, such Singapore Registered Shareholders may arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register" for further details on the actions to take if a Singapore Registered Shareholder wishes to transfer his Shares to the Korea Register to trade his Shares on the KRX.

The Delisting will not result in any right of compulsory acquisition or squeeze-out of any minority Shareholders.

- 1.4 **Rationale for Delisting.** As set out in the Joint Announcement, the Delisting is proposed by the Board for the reasons including the following:
- (a) in maintaining the Company's dual listing status, the Company incurs various compliance and associated costs. The Delisting, if approved, will allow the Company to focus its resources on its business operations;
  - (b) the KRX is geographically more aligned with the Company's business operations and core business competencies (which are based in the Republic of Korea);
  - (c) the trading liquidity of the Shares on the SGX-ST in the past year has been generally thin; and
  - (d) in the last five (5) years, the Company has not carried out any exercise to raise cash funding on the SGX-ST and the Company is unlikely to require access to Singapore capital markets to finance its operations in the foreseeable future.
- 1.5 **Independent Financial Adviser.** The Company has appointed Novus Corporate Finance Pte. Ltd. as the independent financial adviser pursuant to Rule 1309(2) of the Listing Manual as well as to advise the Independent Directors in respect of the Exit Offer.
- 1.6 **Legal Advisers.** The Company has appointed Baker & McKenzie.Wong & Leow as its Singapore legal adviser in relation to the Delisting and the Exit Offer. The Company has appointed Yulchon LLC as its Korea legal adviser in relation to the Delisting and the Exit Offer.
- 1.7 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Delisting and the Exit Offer and to set out the recommendation of the Independent Directors and the opinion and advice of the IFA as set out in the IFA Letter, in respect of the Exit Offer.
- 1.8 **Exit Offer Letter.** The Exit Offer Letter and the Acceptance Forms set out, among others, the terms and conditions of the Exit Offer and the procedures for acceptance of the Exit Offer. Hardcopy Acceptance Forms will be despatched to the Shareholders concurrently with the Hardcopy Notification. The principal terms and conditions of the Exit Offer are set out in paragraph 3 of the Exit Offer Letter and Appendix I to the Exit Offer Letter and the procedures for acceptance of the Exit Offer are set out in paragraphs 3.8 and 9 of the Exit Offer Letter and Appendix II to the Exit Offer Letter. **Shareholders**

---

## LETTERS TO SHAREHOLDERS

---

are advised to read the terms and conditions of the Exit Offer set out in the Exit Offer Letter carefully.

Electronic copies of the Exit Offer Letter and this Circular are available on the website of the SGX-ST at <http://www.sgx.com>.

Shareholders should read this Circular, the Exit Offer Letter and the IFA Letter set out in Appendix A to this Circular, carefully and consider the opinion and advice of the IFA provided pursuant to Rule 1309(2) of the Listing Manual and addressed to the Independent Directors and the recommendation of the Independent Directors in respect of the Exit Offer, before deciding whether to accept or reject the Exit Offer.

If you are in any doubt in respect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

### 2. LISTING MANUAL PROVISIONS PERTAINING TO THE DELISTING

2.1 **Rules 1307 and 1309 of the Listing Manual.** Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain Shareholders' approval for the Delisting; and
- (b) the Delisting Resolution has been approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM. The Offeror and parties acting in concert with it must abstain from voting on the resolution.

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

- (a) an exit offer must be made to the Company's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
  - (i) be fair and reasonable; and
  - (ii) include a cash alternative as the default alternative; and
- (b) the Company must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

### 2.2 Consultation with the SGX-ST.

- (a) **Proposed Exit Offer.** The Company had, on 22 January 2021, consulted SGX-ST on whether it has any objections to the Exit Offer being extended on the basis that the aggregate offer price to be paid by the Offeror be subject to a maximum amount, based on the following grounds:
  - (i) the Company intends to only delist from the SGX-ST and maintain its listing on the KRX;
  - (ii) the Company had concerns that the Korea Registered Shareholders may transfer their Shares to the Singapore Branch Register solely in order to be eligible to accept the Exit Offer and take advantage of any arbitrage; and
  - (iii) to limit any potentially unreasonable financial burden on the Offeror, it was proposed that the Exit Offer be extended on the basis that the aggregate offer price to be paid by the Offeror be subject to a maximum amount. The Offeror will make the Exit Offer to acquire a specified maximum number of Offer Shares which will be determined by taking such maximum amount (being the amount which the Offeror has set aside to

---

## LETTERS TO SHAREHOLDERS

---

satisfy the Exit Offer), divided by the final offer price. In the event the Offeror receives acceptances in respect of such number of Offer Shares that exceeds such specified maximum number of Offer Shares offered, the Offeror will proceed with the Exit Offer but will scale-back on the number of acceptances on a *pro rata* basis.

- (b) **SGX-ST's Confirmation.** The SGX-ST had, on 10 May 2021, informed the Company that based on the submissions and representations to the SGX-ST, the SGX-ST had no objection to the Company's proposal to extend the Exit Offer on a conditional basis, whereby the aggregate offer price to be paid by the Offeror in consideration of all of the Offer Shares tendered in acceptance of the Exit Offer as at the close of the acceptance period, does not exceed a maximum amount, and to scale-back on the number of acceptances on a *pro rata* basis if the number of Offer Shares tendered in acceptance of the Exit Offer exceeds the specified maximum number of Offer Shares offered, subject to the following:
- (i) the Company's compliance with the listing requirements under the SGX-ST;
  - (ii) Shareholders' approval for the proposed Delisting having been obtained; and
  - (iii) in the event that the number of Offer Shares tendered in acceptance of the Exit Offer exceeds the specified maximum number of Offer Shares offered and the Offeror has to scale-back on the number of acceptances on a *pro rata* basis, the Company to: (A) absorb all the costs for the transfer of Shares back to the KRX; (B) appoint a designated broker in Singapore to assist in the transfer of remaining Shares back to the KRX; and (C) provide a minimum of three (3) months' notice to Shareholders prior to the Delisting.

### 2.3 Application to the SGX-ST

- (a) **Proposed Delisting and Rule 1309(1) Waiver.** The Company had, on 18 June 2021, made an application to the SGX-ST to seek approval for:
- (i) the Delisting; and
  - (ii) a waiver from compliance with Rule 1309(1) of the Listing Manual, in the event the aggregate number of Offer Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity of Offer Shares such that the Scale-Back applies (the "**Rule 1309(1) Waiver**").
- (b) **Reasons for the Rule 1309(1) Waiver.** The Rule 1309(1) Waiver was sought for the following reasons:
- (i) under the terms of the Exit Offer, the Offeror will only acquire the Offer Shares which are registered on the Singapore Branch Register up to the Maximum Quantity. In the event the aggregate number of Offer Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity, the Offer Shares tendered by the Singapore Registered Shareholders will be accepted on a *pro rata* basis, up to the Maximum Quantity (but in a manner which disregards any fraction of a Share); and
  - (ii) in such an event where the Scale-Back applies, the Company would not be able to fully comply with the requirements under Rule 1309(1) of the Listing Manual as the Scale-Back will result in the Exit Offer not being made to the Singapore Registered Shareholders in respect of all of their Shares registered on the Singapore Branch Register which are to be delisted.

In view of the foregoing, the Company has sought SGX-ST's approval for the Rule 1309(1) Waiver.

---

## LETTERS TO SHAREHOLDERS

---

- (c) **SGX-ST's Approval.** The SGX-ST had, on 18 October 2021, informed the Company that based on the submissions and representations to the SGX-ST, the SGX-ST had no objection to:
- (i) the Company's application for the Rule 1309(1) Waiver; and
  - (ii) the Delisting, subject to the following:
    - (A) the Company announcing the Rule 1309(1) Waiver granted, the reasons for seeking the Rule 1309(1) Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Rule 1309(1) Waiver conditions have been satisfied;
    - (B) the Company's compliance with the listing requirements under the SGX-ST;
    - (C) Shareholders' approval for the Delisting having been obtained;
    - (D) in the event that the number of Offer Shares tendered in acceptance of the Exit Offer exceeds the specified maximum number of Offer Shares offered and the Offeror has to scale-back on the number of acceptances on a *pro rata* basis, the Company to: (A) absorb all the costs for the transfer of Shares back to the KRX; (B) appoint a designated broker in Singapore to assist in the transfer of remaining Shares back to the KRX; and (C) provide a minimum of three (3) months' notice to the Shareholders prior to the Delisting;
    - (E) notice to Shareholders (the "**Notice**") to be sent and mailed to the Shareholders at least three (3) months before the date of the Delisting; and
    - (F) clear disclosure to be provided in the Notice on the actions required by the Shareholders including any costs to be incurred by them for the transition.

**Please note that the SGX-ST's decision is not to be taken as an indication of the merits of the Delisting.**

### 3. THE EXIT OFFER

- 3.1 **Terms of the Exit Offer.** The Exit Offer is made by RHTC, for and on behalf of the Offeror on the principal terms set out in paragraphs 3.1 and 3.2 of the Exit Offer Letter, extracts of which are set out below.

**"3. THE EXIT OFFER**

- 3.1 *RHTC, for and on behalf of the Offeror, hereby makes the Exit Offer to acquire all the Shares registered on the Singapore Branch Register up to the Maximum Quantity of 206,896 Shares (the "**Offer Shares**") from the Singapore Registered Shareholders who hold such Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter.*

*As at the Latest Practicable Date, 170,597 Shares (representing approximately 0.03% of the total number of issued Shares) are registered on the Singapore Branch Register and held by Singapore Registered Shareholders.*

***For the avoidance of doubt, the Exit Offer will not be extended to those Shares which are registered on the Korea Register and the Korea Registered Shareholders who hold such Shares.***

**3.2 Exit Offer Price**



## LETTERS TO SHAREHOLDERS

*The offer price for each Offer Share will be S\$8.70 in cash (the "**Exit Offer Price**"). Subject to the Maximum Quantity, the Exit Offer Price shall be applicable to Offer Shares that are tendered in acceptance of the Exit Offer."*

3.2 **Conditions and Details of the Exit Offer.** The conditions and details of the Exit Offer are set out in paragraphs 3.3 to 3.7 of the Exit Offer Letter (extracts of which are set out below) and Appendix I to the Exit Offer Letter:

### **"3.3 No Encumbrances**

*The Offer Shares will be acquired fully paid and free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, return of capital, and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).*

### **3.4 Conditions**

*The Delisting and the Exit Offer are conditional on Shareholders' Approval being obtained.*

*For the avoidance of doubt, there will not be any revision to the Exit Offer Price, and the Delisting and the Exit Offer are not, conditional upon a minimum number of acceptances being received by the Offeror.*

*Yulchon LLC, as counsel to the Company as to Korean laws, has confirmed to the Company that the Delisting and Exit Offer do not contravene any Korean laws and regulations.*

### **3.5 Meeting of Acceptances by the Offeror**

*Under the terms of the Exit Offer, the Offeror will only acquire the Shares which are registered on the Singapore Branch Register up to the Maximum Quantity. In the event the aggregate number of Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity, the Offer Shares tendered by the Singapore Registered Shareholders will be accepted on a pro-rata basis, up to the Maximum Quantity (the "**Scale-Back**") (but in a manner which disregards any fraction of a Share). If the Scale-Back applies, the number of Shares tendered by each Singapore Registered Shareholder in acceptance of the Exit Offer which will be accepted by the Offeror, will be calculated based on the following formula:*

$$A \times \frac{B}{C}$$

*Where:*

- (i) 'A' is the number of Shares tendered by a Singapore Registered Shareholder in acceptance of the Exit Offer;*
- (ii) 'B' is the Maximum Quantity; and*
- (iii) 'C' is the total number of Shares tendered in acceptance of the Exit Offer.*

*Singapore Registered Shareholders who continue to hold any Shares following the Closing Date can elect to have their Shares transferred to the Korea Register to trade on the KRX. Further details of the relevant procedures are set out in the Delisting Circular.*

---

## LETTERS TO SHAREHOLDERS

---

### **3.6 Warranty**

*Acceptance of the Exit Offer by a Singapore Registered Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Singapore Registered Shareholder that each Share in respect of which the Exit Offer is accepted is sold by him, or on behalf of the beneficial owner(s) thereof, as fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, return of capital and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).*

### **3.7 Additional Details Of The Exit Offer**

*Appendix I of this Exit Offer Letter sets out details of the duration of the Exit Offer and the settlement of the consideration for the Exit Offer."*

**In particular, Shareholders should note paragraph 3.5 of the Exit Offer Letter which sets out details of the Scale-Back which applies in the event the aggregate number of Shares tendered by Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity.**

**An announcement will be made by or on behalf of the Offeror on the Closing Date setting out among others, the level of acceptances that the Offeror has received in relation to the Exit Offer and whether the Scale-Back will apply.**

If the Scale-Back applies, for those Singapore Registered Shareholders who have tendered Shares in acceptance of the Exit Offer but have some Shares that were not accepted by the Offeror under the Exit Offer as a result of the Scale-Back, such Singapore Registered Shareholders may arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. Please refer to Section 12 of this Circular entitled "Action to be taken by Shareholders" and Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register" for further details on the actions to take if a Singapore Registered Shareholder wishes to transfer his Shares to the Korea Register to trade his Shares on the KRX.

In the event there are any Singapore Registered Shareholders who hold odd lots of Shares (i.e. less than 100 Shares), such Singapore Registered Shareholders may arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. As the minimum trading board lot size on the KRX is one share, Singapore Registered Shareholders who have transferred their Shares to the Korea Register may trade their Shares on the KRX on a single unit basis.

**3.3 Closing Date.** The Exit Offer will close at 5:30 p.m. (Singapore time) or 6:30 p.m. (Korea time) on 3 January 2022, or such later date(s) and time(s) as may be announced by or on behalf of the Offeror.

## **4. PROCEDURES FOR ACCEPTANCE**

The procedures for acceptance of the Exit Offer are set out in paragraphs 3.8 and 9 of the Exit Offer Letter (extracts of which are set out below) and Appendix II to the Exit Offer Letter.

### **"3.8 Procedures for Acceptance**

*Paragraph 9 and Appendix II of this Exit Offer Letter set out the procedures for acceptance of the Exit Offer.*

***All acceptances of the Exit Offer shall be irrevocable.***

...

## LETTERS TO SHAREHOLDERS

### 9. ACTION TO BE TAKEN BY SINGAPORE REGISTERED SHAREHOLDERS

- 9.1 *If you hold Offer Shares that are deposited with CDP, you should receive an FAA for Offer Shares together with the Hardcopy Notification. If you have not received the FAA and the Hardcopy Notification, you may contact CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or by emailing CDP at [asksgx@sgx.com](mailto:asksgx@sgx.com) for instructions on how to obtain a copy of such documents.*
- 9.2 *If you hold Offer Shares that are represented by share certificate(s) and are not deposited with CDP, you should receive an FAT together with the Hardcopy Notification. If you have not received an FAT and the Hardcopy Notification, you may obtain a copy of the FAT and the Hardcopy Notification from the Offeror c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, upon production of satisfactory evidence that you are a Shareholder.*
- 9.3 *The Exit Offer may only be accepted by the Singapore Registered Shareholders to whom this Exit Offer Letter is addressed. Singapore Registered Shareholders may choose to accept the Exit Offer before the EGM. However, such acceptance is conditional upon the conditions of Delisting being satisfied.*
- 9.4 *If you decide to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions in this Exit Offer Letter and that Acceptance Form. If you hold the share certificate(s) of the Offer Shares beneficially owned by you and wish to accept the Exit Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Exit Offer Letter and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the relevant Exit Offer. The detailed procedures for acceptance are set out in Appendix II of this Exit Offer Letter for your information.*
- 9.5 *If you decide not to accept the Exit Offer and the Company is delisted from the Official List of the SGX-ST you will have to take steps, as set out in the Delisting Circular, to transfer your Shares to the Korea Register should you wish to continue to trade your Shares on the KRX. **In the event any Shares are not transferred to the Korea Register, you will hold unlisted Shares following the completion of the Delisting and the Company will arrange for the physical share certificates to be issued and sent to your mailing address as maintained by CDP, by ordinary post and at your own risk.***

### 5. INFORMATION ON THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

Paragraph 4 of the Exit Offer Letter sets out certain information on the Offeror, extracts of which are set out below. Additional information on the Offeror extracted from Appendix III to the Exit Offer Letter is set out in Appendix D to this Circular.

#### "4. INFORMATION ON THE OFFEROR

- 4.1 *The Offeror was established in the Republic of Korea on 1 April 1950 and is an investment holding company.*
- 4.2 *The Offeror, together with its subsidiaries, conducts the business of manufacturing and selling livestock feed. The Offeror's shares were listed on the Korean Securities Dealers Automated Quotations on 30 June 2017.*
- 4.3 *As at the Latest Practicable Date, the Offeror Directors are as follows:*

## LETTERS TO SHAREHOLDERS

- (a) *Hong Kuk Kim (Chairman and Chief Executive Officer);*
- (b) *Hak Rim Lee (Executive Director);*
- (c) *Kyung Min Mun (Executive Director);*
- (d) *Jeom Ju Kwon (Independent Director);*
- (e) *Jeong Ho Kim (Independent Director);*
- (f) *Seon Tae Jeong (Independent Director); and*
- (g) *Seung Yong Yoon (Independent Director).*

4.4 *As at the Latest Practicable Date, the shareholding structure of the Offeror is as follows:*

	<b>Number of shares in the Offeror<sup>(1)</sup></b>	<b>Percentage of total shares in the Offeror (%)<sup>(1)</sup></b>
<i>Hong Kuk Kim</i>	21,189,308	28.06
<i>Orpum Co., Ltd.<sup>(2)</sup></i>	4,026,743	5.33
<i>Korea Investment Co., Ltd.<sup>(2)</sup></i>	18,696,300	24.76
<i>Kyung u Co., Ltd.<sup>(3)</sup></i>	454,050	0.60
<i>Agricultural corporation, Inc. iksan<sup>(3)</sup></i>	265,150	0.35
<i>Minority related shareholders<sup>(4)</sup></i>	2,925,368	3.87
<i>Minority public shareholders<sup>(5)</sup></i>	27,952,784	37.02
<b>Total:</b>	<b>75,509,703</b>	<b>100.00<sup>(6)</sup></b>

**Notes:**

- (1) *This excludes the 16,832,117 treasury shares in the Offeror, which do not have any voting rights.*
- (2) *Orpum Co., Ltd. is wholly owned by Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim. Korea Investment Co., Ltd. is a wholly-owned subsidiary of Orpum Co., Ltd..*
- (3) *Each of Mr. Hong Kuk Kim and Orpum Co., Ltd. has a 80.0% and 20.0% interest, respectively, in Kyung u Co., Ltd.. Each of Mr. Hong Kuk Kim and Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim, has a 87.7% and 12.3% interest, respectively, in Agricultural corporation, Inc. iksan (excluding the non-voting shares which it holds in itself).*
- (4) *The minority related shareholders comprise 11 executive officers who are directors and/or officers of subsidiaries, or shareholders of the Offeror, and three relatives of Mr. Hong Kuk Kim. In particular, this includes 721 shares held by Mr. Se Gi Cheon, a director of the Company, 15,950 shares held by Mr. Gi Jun Kim, a cousin of Mr. Hong Kuk Kim and 5,000 shares held*

## LETTERS TO SHAREHOLDERS

by Mr. Jin Wook Song, the spouse of Mr. Hong Kuk Kim's niece, and 105 shares held by Ms. Jeong Won Seo, a cousin of Mr. Hong Kuk Kim.

(5) Each of the other minority public shareholders holds less than 5.0% of the issued share capital of the Offeror.

(6) This does not tally due to rounding.

4.5 As at the Latest Practicable Date, the Offeror has an interest in 292,400,000 Shares, representing approximately 54.70% of the issued share capital of the Company. Mr. Hong Kuk Kim is deemed interested in 54.70% of the issued share capital of the Company through his interest in the Offeror. Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim, is deemed interested in 54.70% of the issued share capital of the Company through his interests in the Offeror which are held through Orpum Co., Ltd. and Korea Investment Co., Ltd.. Each of Orpum Co., Ltd. and Korea Investment Co., Ltd. are also deemed interested in 54.70% of the issued share capital of the Company through their respective interests in the Offeror.

4.6 Additional information on the Offeror has been furnished in **Appendix III** of this Exit Offer Letter."

### 6. INFORMATION ON THE COMPANY

The Company is a corporation with limited liability and was incorporated in the Republic of Korea on 28 May 1966. The Company's Shares are primary listed on the KRX and secondary listed on the Main Board of the SGX-ST. The Company is a global shipping and logistics enterprise which is headquartered in Seoul, Korea and is in the business of providing marine transportation services (including bulk carrier services) and other high value added ship services, including container ships, tankers, LNG carriers and heavy lifter vessels.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 534,569,512 Shares. It does not have any treasury shares.

As at the Latest Practicable Date, the Directors are Joong Ho Ahn (*Chief Executive Officer, Deputy President and Executive Director*), Hong Kuk Kim (*Chief Executive Officer, Chairman and Executive Director*), Se Gi Cheon (*Executive Director*), Hak Soo Jeong (*Independent Director*), Kwang Soo Oh (*Independent Director*), Seung Hwan Choi (*Independent Director*) and Christopher Anand Daniel (*Independent Director*).

Additional information on the Company is set out in Appendix C to this Circular.

### 7. RATIONALE FOR THE DELISTING AND THE EXIT OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Delisting and the Exit Offer and the Offeror's intentions for the Company as set out in the Exit Offer Letter has been extracted from paragraph 6 of the Exit Offer Letter and is set out below. Shareholders are advised to read the extract below carefully.

#### "6. **RATIONALE FOR DELISTING AND EXIT OFFER AND INTENTION OF THE COMPANY TO MAINTAIN THE PRIMARY LISTING ON THE KRX**

##### 6.1 **Compliance Costs of Maintaining Secondary Listing on the SGX-ST**

*In maintaining the Company's dual listing status, the Company incurs various compliance and associated costs. The Delisting, if approved, will allow the Company to focus its resources on*

its business operations. KRX is also geographically more aligned with the Company's business operations and core business competencies (which are based in the Republic of Korea).

**6.2 Low Trading Liquidity**

As at the Latest Practicable Date, 534,398,915 Shares (representing approximately 99.97% of the total number of issued Shares) are trading on the KRX, and 170,597 Shares (representing approximately 0.03% of the total number of issued Shares) are trading on the SGX-ST.

The trading liquidity of the Shares on the SGX-ST in the past 12 months prior to and including the Last Trading Day (as defined below) has been generally thin. The average daily trading volume of the Shares trading on the SGX-ST for the one-month, three-month, six-month and 12-month periods prior to and including 10 May 2021, being the last full Market Day on which the Shares were transacted prior to the Joint Announcement Date (the "**Last Trading Day**") are set out below:

<b>Period prior to and including the Last Trading Day</b>	<b>Average Daily Trading Volume<sup>(1)</sup></b>
Last one (1) month	86
Last three (3) months	126
Last six (6) months	150
Last twelve (12) months	81

Source: Bloomberg L.P.

**Note:**

(1) The average daily trading volume is computed based on the total trading volume of the Shares for all Market Days for the relevant periods immediately prior to and including the Last Trading Day, divided by the total number of Market Days during the respective periods.

The Exit Offer will provide an exit option for those Singapore Registered Shareholders who wish to realise their entire investment in the Shares trading on the SGX-ST, but find it difficult to do so as a result of the low trading liquidity of the Shares on the SGX-ST.

**6.3 Opportunity to Realise Investments at a Premium**

The Exit Offer Price represents a premium over the historical market prices of the Shares trading on the SGX-ST:

<b>Description</b>	<b>Benchmark Price (S\$)<sup>(1)</sup></b>	<b>Premium of Exit Offer Price over Benchmark Price (%)</b>
Last transacted price per Share on the SGX-ST on 10 May 2021, being the Last Trading Day	8.000	8.75

## LETTERS TO SHAREHOLDERS

Volume weighted average transacted price (" <b>VWAP</b> ") for the one (1) month period prior to and including the Last Trading Day <sup>(2)</sup>	6.653	30.77
VWAP for the three (3) month period prior to and including the Last Trading Day	5.670	53.44
VWAP for the six (6) month period prior to and including the Last Trading Day	5.194	67.50
VWAP for the twelve (12) month period prior to and including the Last Trading Day	5.086	71.06

Source: Bloomberg L.P.

**Notes:**

- (1) Rounded to the nearest three decimal places.
- (2) VWAP for the respective periods is calculated based on the total value of the Shares transacted divided by the volume of the Shares transacted, as extracted from Bloomberg L.P.

Through the Delisting, the accepting Singapore Registered Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the market prices of the Shares traded on the SGX-ST up to and including the Last Trading Day, an option which may not otherwise be readily available due to the low trading liquidity of the Shares trading on the SGX-ST, without incurring brokerage and other trading costs.

**6.4 No Need for Access to Capital Markets**

In the last five years, the Company has not carried out any exercise to raise cash funding on the SGX-ST. The Company is unlikely to require access to Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is no longer necessary for the Company to maintain its secondary listing on the SGX-ST.

**6.5 Intention of the Company to Maintain the Primary Listing on the KRX**

Following the completion of the Delisting, the Company intends to maintain its primary listing on the KRX. Shareholders should therefore note that the Delisting is **not** a privatisation exercise (and will not result in any right of compulsory acquisition or squeeze-out of any minority Shareholders), and the Shares will continue to be listed on the KRX.

Singapore Registered Shareholders who currently trade their Shares on the SGX-ST and who wish to trade their Shares on the KRX subsequent to the completion of the Delisting can elect to have their Shares transferred to the Korea Register to trade on the KRX. Further details of the relevant procedures are set out in the Delisting Circular.

Singapore Registered Shareholders who do not take any action to accept the Exit Offer or to transfer their Shares to the Korea Register to trade their Shares on KRX will hold unlisted Shares following the completion of the Delisting."

---

## LETTERS TO SHAREHOLDERS

---

### 8. OFFEROR'S DISCLOSURES OF HOLDINGS AND DEALINGS

Paragraph 10 of the Exit Offer Letter and Appendix VI to the Exit Offer Letter set out certain information relating to disclosure of holdings and dealings of the Offeror, extracts of which are set out below.

**" 10. DISCLOSURE OF HOLDINGS AND DEALINGS IN SHARES**

10.1 *As at the Latest Practicable Date, the Offeror Concert Party Group collectively owns 292,400,000 Shares, representing approximately 54.70% of the total number of issued Shares. Please see **Appendix VI** of this Exit Offer Letter for further details.*

*On 31 March 2021, Ecocapital Co., Ltd., a wholly-owned subsidiary of Orpum Co., Ltd., sold 580,000 Shares of the Company at ~~¥~~6,205 per share (approximately S\$7.37 per Share).*

10.2 **Holdings and Dealings in Shares**

(a) **The Offeror and its Concert Parties.** *Based on the latest information available to the Offeror as at the Latest Practicable Date, and save as disclosed in paragraphs 4.5 and 10.1 and **Appendix VI** of this Exit Offer Letter, none of the Offeror and its Concert Parties:*

(i) *owns, controls, or has agreed to acquire any (A) Shares, (B) securities which carry voting rights in the Company, or (C) Convertible Securities, Warrants, Options or Derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the "**Company Securities**"); or*

(ii) *has dealt for value in any Company Securities in the three months preceding the Joint Announcement Date and ending on the Latest Practicable Date (the "**Relevant Period**").*

(b) **Other Arrangements.** *Based on the latest information available to the Offeror as at the Latest Practicable Date, none of the Offeror and its Concert Parties:*

(i) *entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to any Company Securities or any securities in the Offeror which might be material to the Exit Offer or an inducement to deal or refrain from dealing in the Company Securities;*

(ii) *received any irrevocable undertaking or commitment from any party to accept or reject the Exit Offer;*

(iii) *granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise;*

(iv) *borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold); or*

(v) *lent any Company Securities to another person.*

*For the avoidance of doubt, while the Code does not apply to the Company, the Relevant Period is consistent with the requirements of Rule 23.3 of the Code requiring the Offeror and its persons acting in concert with the Offeror to disclose if any of such parties has dealt for value in the Company Securities during the Relevant Period.*



## LETTERS TO SHAREHOLDERS

...

### APPENDIX VI - DISCLOSURE OF HOLDINGS AND DEALINGS IN THE COMPANY SECURITIES

#### 1. HOLDINGS OF THE COMPANY SECURITIES

The table below sets out the number of Shares held by the Offeror Concert Party Group as at the Latest Practicable Date. Based on the latest information available to the Offeror as at the Latest Practicable Date and save as disclosed below, none of the Offeror or its Concert parties owns, controls or has agreed to acquire any Company Securities as at the Latest Practicable Date.

Name	Direct Interest		Deemed Interest <sup>(1)</sup>		Total Interest	
	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Offeror</b>	292,400,000	54.7	-	-	292,400,000	54.7
<b>Offeror Directors</b>	-	-	-	-	-	-
Hong Kuk Kim <sup>(3)</sup>	-	-	292,400,000	54.7	292,400,000	54.7
<b>Other concert parties</b>						
Jun Young Kim <sup>(4)</sup>	-	-	292,400,000	54.7	292,400,000	54.7
Orpum Co., Ltd. <sup>(4)</sup>	-	-	292,400,000	54.7	292,400,000	54.7
Korea Investment Co., Ltd. <sup>(4)</sup>	-	-	292,400,000	54.7	292,400,000	54.7

**Notes:**

- (1) The deemed interest arises by virtue of Section 4 of the SFA.
- (2) Calculated based on 534,569,512 Shares and rounded to the nearest decimal place.
- (3) Mr. Hong Kuk Kim is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in the Offeror and is thereby deemed interested in the Shares held by the Offeror.
- (4) Orpum Co., Ltd. is wholly owned by Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim. Korea Investment Co., Ltd. is wholly owned by Orpum Co., Ltd. As such, each of Mr. Jun Young Kim, Orpum Co., Ltd. and Korea Investment Co., Ltd. are, directly or indirectly, entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in the Offeror and is thereby deemed interested in the Shares held by the Offeror.

For the avoidance of doubt, the Offeror Concert Party Group are not Singapore Registered Shareholders."

---

## LETTERS TO SHAREHOLDERS

---

### 9. CONFIRMATION OF FINANCIAL RESOURCES

The information relating to the confirmation of financial resources available to the Offeror to satisfy in full all acceptances of the Exit Offer has been extracted from paragraph 8 of the Exit Offer Letter and is set out below.

**"8. CONFIRMATION OF FINANCIAL RESOURCES**

**8.1** *RHTC, the financial adviser to the Offeror for the Delisting and the Exit Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Exit Offer in respect of the Offer Shares."*

### 10. OPINION AND ADVICE OF IFA AND RECOMMENDATION IN RELATION TO THE EXIT OFFER

10.1 **General.** Shareholders should read and carefully consider the IFA Letter issued by the IFA as set out in Appendix A to this Circular in its entirety. Shareholders, especially the Singapore Registered Shareholders, should also read and carefully consider the recommendation of the Independent Directors set out in Section 10.4 of this Circular before deciding whether to accept or reject the Exit Offer.

10.2 **Independence of Directors.** Save for Mr. Hong Kuk Kim and Mr. Se Gi Cheon, all the Directors are considered independent for the purposes of making a recommendation on the Exit Offer. All the Directors (including, for the avoidance of doubt, Mr. Hong Kuk Kim and Mr. Se Gi Cheon) are responsible for the accuracy of facts stated and completeness of the information contained in announcements and documents issued by or on behalf of the Company in connection with the Delisting and the Exit Offer.

#### 10.3 Opinion and Advice of the IFA in relation to the Exit Offer.

(a) **IFA.** Novus Corporate Finance Pte. Ltd. has been appointed by the Company as the independent financial adviser pursuant to Rule 1309(2) of the Listing Manual as well as to advise the Independent Directors in respect of the Exit Offer. Shareholders should read and carefully consider the IFA Letter issued by the IFA as set out in Appendix A to this Circular in its entirety, and should read and carefully consider the recommendation of the Independent Directors set out in Section 10.4 of this Circular.

(b) **Opinion and Advice of the IFA.** Having considered the various factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made certain recommendations to the Independent Directors as set out in paragraph 8 of the IFA Letter. The opinion and advice of the IFA provided pursuant to Rule 1309(2) of the Listing Manual and addressed to the Independent Directors in respect of the Exit Offer has been extracted from the IFA Letter and set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as defined in the IFA Letter.

**"8. OPINION AND ADVICE**

**8.1 Our Opinion**

*In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:*

---

## LETTERS TO SHAREHOLDERS

---

- (a) *the Group's revenue fell from approximately USD2,425.3 million in FY2018 to approximately USD2,117.5 million in FY2019, and subsequently to approximately USD2,115.4 million in FY2020. In line with the decrease in revenue, the net profit attributable to owners of the Group had decreased from approximately USD138.5 million in FY2018 to approximately USD130.3 million in FY2019 and to approximately USD78.4 million in FY2020. In respect of the Group's 9M2021 Results, we note that the Group's revenue has increased from approximately USD1,563.2 million in 9M2020 to USD2,774.6 million in 9M2021, which resulted in an improvement in a net profit attributable to owners of the Group from USD88.5 million in 9M2020 to USD287.1 million in 9M2021;*
- (b) *the Exit Offer Price (i) exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, (ii) represents a premium of approximately 71.1%, 67.5%, 53.4% and 30.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (iii) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Trading Day, (iv) represents a premium of approximately 8.2% over the VWAP of the Shares of S\$8.043 for the period after the Exit Offer Announcement and up to the Last Market Day, and (v) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Market Day;*
- (c) *the performance of the Shares was generally in line with the STI and the FTSE STLM Index during the one-year period prior to and including the Last Trading Day, up until late-January 2021 where the Shares performance exceeded the STI and FTSE STLM Index, and the closing prices of the Shares had remained unchanged at S\$8.00 as at the Last Trading Day and as at the Latest Practicable Date while the STI and the FTSE STLM Index had increased by approximately 1.72% and 1.52% respectively between the Last Trading Day and the Latest Practicable Date;*
- (d) *the Exit Offer Price represents (i) a premium of approximately 20.7% to the unaudited NAV per Share as at 30 September 2021 and would value the Group at a P/NAV ratio of 1.21 times, and (ii) a premium of approximately 27.6% to the Adjusted NAV per Share as at 30 September 2021 and would value the Group at a P/Adjusted NAV ratio of 1.28 times;*
- (e) *the P/NAV multiple of 1.21 times as implied by the Exit Offer Price is (i) above the average historical trailing P/NAV multiples of the Shares of 0.68 times, 0.76 times, 0.86 times and 1.00 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) above the average historical trailing P/NAV multiple of the Shares of 1.17 times for the period after the Exit Offer Announcement and up to the Latest Practicable Date;*
- (f) *in respect of the Comparable Companies:*
- (i) *the LTM P/E ratio of the Company of 12.53 times (as implied by the Exit Offer Price) is above the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times;*
- (ii) *the Normalised LTM P/E ratio of the Company of 10.15 times (as*

---

## LETTERS TO SHAREHOLDERS

---

- implied by the Exit Offer Price) is (aa) within the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times, and (bb) above the mean and median LTM P/E ratios of the Comparable Companies of 6.86 times and 6.91 times respectively;*
- (iii) *the LTM EV/EBITDA ratio of the Company of 8.41 times (as implied by the Exit Offer Price) is (aa) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 2.29 times and 9.92 times, and (bb) above the mean and median LTM EV/EBITDA ratios of the Comparable Companies of 5.79 times and 6.33 times respectively;*
- (iv) *the P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies (which excludes SITC's P/NAV ratio of 5.97 times as a statistical outlier) of between 0.86 times and 1.78 times, (bb) slightly lower than the mean P/NAV ratio of the Comparable Companies of 1.22 times, and (cc) higher than the median P/NAV ratio of the Comparable Companies of 1.13 times;*
- (v) *the P/NTA ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of P/NTA ratios of the Comparable Companies (which excludes SITC's P/NTA ratio of 5.98 times as a statistical outlier) of between 0.87 times and 1.88 times, (bb) slightly lower than the mean P/NTA ratio of the Comparable Companies of 1.24 times, and (cc) higher than the median P/NTA ratio of the Comparable Companies of 1.16 times;*
- (g) *in respect of the Precedent Delistings:*
- (i) *the premium of approximately 8.8% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 1.9% and 122.9%, and (bb) below the corresponding mean and median premium of the Precedent Delistings of 48.2% and 39.5% respectively;*
- (ii) *the premium of approximately 30.8% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 8.0% and 132.1%, and (bb) below the corresponding mean and median premium of the Precedent Delistings of 57.4% and 60.8% respectively;*
- (iii) *the premium of approximately 53.4% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Delistings of between a discount of 3.4% and a premium of 146.8% and (bb) slightly below the corresponding mean and median premium of the Precedent Delistings of 59.8% and 58.6% respectively;*
- (iv) *the premium of approximately 67.5% (as implied by the Exit Offer*

---

## LETTERS TO SHAREHOLDERS

---

Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 15.4% and 150.0%, and (bb) above the corresponding mean and median premia of the Precedent Delistings of 62.4% and 58.6% respectively;

- (v) the P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Delistings of between 0.17 times and 2.81 times, and (bb) above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Delistings of 1.03 and 0.84 times respectively;
- (h) the Exit Offer Price of S\$8.70 is in the range of the overall theoretical valuation of the Company of between S\$7.21 to S\$8.93, based on the asset-based approach;
- (i) the possibility of transferring the Shares to trade on KRX;
- (j) the Exit Offer Price is final and there will not be any revision to the Exit Offer Price;
- (k) as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no publicly available evidence of any alternative offer for the Offer Shares from any third party;
- (l) the statutory control that the Offeror has over the Company;
- (m) the LTM dividend yield of the Company is lower than that of the selected Comparable Company listed on the SGX-ST and the STI ETF, suggesting that Singapore Registered Shareholders who accept the Exit Offer may potentially experience a similar or higher dividend income if they re-invest the proceeds from the Exit Offer in, inter alia, such selected other alternative investments. There is, however, no assurance that the Company or any of the selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods. The Mid-Term Dividend Guideline announced by the Company may be subject to change depending on the future operating conditions and business environment; and
- (n) the low trading liquidity of Shares traded on the SGX-ST with generally large bid-ask spreads.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Exit Offer are **fair and reasonable**.

In determining that the Exit Offer is **fair**, we have considered the following pertinent factors:

- (i) the Exit Offer Price (aa) exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, (bb) represents a premium of approximately 71.1%, 67.5%, 53.4% and 30.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc)

## LETTERS TO SHAREHOLDERS

represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Trading Day, (dd) represents a premium of approximately 8.2% over the VWAP of the Shares of S\$8.043 for the period after the Exit Offer Announcement and up to the Last Market Day, and (ee) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Market Day;

- (ii) the Exit Offer Price is above the unaudited NAV per Share as at 30 September 2021, and the P/NAV multiple as implied by the Exit Offer Price is above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, as well as for the period after the Exit Offer Announcement and up to the Latest Practicable Date; and
- (iii) the Exit Offer Price is in the range of the overall theoretical valuation of the Company of between S\$7.21 to S\$8.93, based on the asset-based approach.

In determining that the Exit Offer is **reasonable**, we have considered the following pertinent factors:

- (i) the Group's net profit attributable to owners of the Company had deteriorated since FY2018 and up until FY2020, which is in line with the decrease in revenue, notwithstanding the Impairment Loss in FY2020 and the improvement in its 9M2021 Results;
- (ii) the performance of the Shares was generally in line with the STI and the FTSE STLM Index during the one-year period prior to and including the Last Trading Day, and had only outperformed the STI and FTSE STLM Index from late-January 2021 up until the Latest Practicable Date where the Shares closed above the STI (rebased) and FTSE STLM Index (rebased). The closing prices of the Shares had remained unchanged as at the Last Trading Day and as at the Latest Practicable Date, while the STI and FTSE STLM Index had increased slightly by approximately 1.72% and 1.52% respectively between the Last Trading Day and the Latest Practicable Date;
- (iii) in respect of the Comparable Companies:
  - (aa) the LTM P/E ratio of the Company (as implied by the Exit Offer Price) is above the range of LTM P/E ratios of the Comparable Companies, and the Normalised LTM P/E ratio of the Company (as implied by the Exit Offer Price) is above the mean and median LTM P/E ratios of the Comparable Companies;
  - (bb) the LTM EV/EBITDA ratio of the Company (as implied by the Exit Offer Price) is above the mean and median LTM EV/EBITDA ratios of the Comparable Companies;
  - (cc) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is within the range of the P/NAV ratios of the Comparable Companies and above the median P/NAV ratio of the Comparable Companies;
  - (dd) the P/NTA ratio of the Company (as implied by the Exit Offer Price) is within the range of the P/NAV ratios of the Comparable

---

## LETTERS TO SHAREHOLDERS

---

*Companies and above the median P/NTA ratio of the Comparable Companies;*

- (iv) in respect of the Precedent Delistings, although the premia of the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day, and the one-month VWAP and 3-month VWAP of the Shares up to and including the Last Trading Day are below the corresponding mean and median premia of the Precedent Delistings, the 6-month VWAP of the Shares up to and including the Last Trading Day and P/NAV ratio of the Company (as implied by the Exit Offer Price) are above the corresponding mean and median 6-month VWAP and offer price-to-NAV/NTA ratios of the Precedent Delistings respectively;*
- (v) the LTM dividend yield of the Company is lower than that of the selected other alternative investments, and the Mid-Term Dividend Guideline announced by the Company may be subject to change depending on the future operating conditions and business environment; and*
- (vi) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.*

### **8.2 Our Advice**

*Accordingly, we advise the Independent Directors to recommend that Singapore Registered Shareholders **accept** the Exit Offer, unless Singapore Registered Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.*

*The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Exit Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review."*

10.4 **Recommendation of the Independent Directors in relation to the Exit Offer.** The Independent Directors, having considered carefully, among others, the terms of the Exit Offer and the opinion and advice given by the IFA in the IFA Letter, **CONCURS** with the IFA's assessment of the Exit Offer and its recommendation thereon. Accordingly, the Independent Directors recommend that the Shareholders **VOTE IN FAVOUR** of the Delisting Resolution and that the Singapore Registered Shareholders **ACCEPT** the Exit Offer.

10.5 **No Regard to Specific Objectives.** The IFA and the Independent Directors, in giving their advice and making their recommendation respectively, have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in respect of his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

**SHAREHOLDERS, ESPECIALLY THE SINGAPORE REGISTERED SHAREHOLDERS, ARE ADVISED TO READ AND CAREFULLY CONSIDER THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR IN ITS ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT**

---

## LETTERS TO SHAREHOLDERS

---

**THE EXIT OFFER. SHAREHOLDERS, ESPECIALLY THE SINGAPORE REGISTERED SHAREHOLDERS, SHOULD NOTE THAT THE OPINION AND ADVICE OF THE IFA SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE EXIT OFFER. SHAREHOLDERS, ESPECIALLY THE SINGAPORE REGISTERED SHAREHOLDERS, ARE ALSO URGED TO READ THE EXIT OFFER LETTER CAREFULLY.**

### **11. EXTRAORDINARY GENERAL MEETING**

- 11.1 The EGM, notice of which is set out on pages 136 to 137 of this Circular, will be held at Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul, 04513, Republic of Korea at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time) on 20 December 2021 for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution set out in the notice of EGM.
- 11.2 As at the Latest Practicable Date, Mr. Hong Kuk Kim (*Chief Executive Officer, Chairman and Executive Director*) is deemed interested in 292,400,000 Shares through his interest in the Offeror. As Mr. Hong Kuk Kim is presumed to be acting in concert with the Offeror, he will abstain from voting on the Delisting Resolution.

### **12. ACTION TO BE TAKEN BY SHAREHOLDERS**

- 12.1 **Proxy Form.** The Delisting Resolution will require Shareholders' approval at the EGM to be held at Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul, 04513, Republic of Korea.

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea, not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in place of his proxy if he so wishes.

In accordance with Article 354 of the Commercial Act of Korea and Article 16 of the Company's Articles of Association, a Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register by 26 November 2021.

- 12.2 **Singapore Registered Shareholders who WISH TO ACCEPT the Exit Offer.** Singapore Registered Shareholders who wish to accept the Exit Offer must do so on no later than the Closing Date, abiding by the procedures for the acceptance of the Exit Offer as set out in paragraphs 3.8 and 9 of the Exit Offer Letter (extracts of which are set out above), Appendix II to the Exit Offer Letter and the Acceptance Forms.

Acceptance Forms should be completed and returned as soon as possible and, in any event, so as to be received by the Offeror not later than 5:30 p.m. (Singapore time) or 6:30 p.m. (Korea time) on the Closing Date.

- 12.3 **Singapore Registered Shareholders who DO NOT WISH TO ACCEPT the Exit Offer.** Singapore Registered Shareholders who do not wish to accept the Exit Offer need not take any further action in respect of the Hardcopy Notification and the hardcopy Acceptance Forms which have been sent to them. However, Singapore Registered Shareholders should note that following the Delisting, Singapore Registered Shareholders who do not accept the Exit Offer nor arrange for their Shares to be transferred to the Korea Register during the Migration Period will hold unlisted Shares in the Company.



---

## LETTERS TO SHAREHOLDERS

---

Such Singapore Registered Shareholders should note that the trading of the Shares on the SGX-ST will be suspended shortly before the Closing Date. The Company will update the Shareholders accordingly on the exact date(s) and time(s) by way of subsequent announcement(s).

12.4 **Singapore Registered Shareholders who WISH TO HOLD THEIR SHARES AND TRADE THEIR SHARES ON THE KRX.** Singapore Registered Shareholders who wish to hold their Shares and trade their Shares on the KRX may arrange for their Shares to be transferred to the Korea Register in accordance with the procedures set out in Appendix B to this Circular.

12.5 Following the Delisting, each Singapore Registered Shareholder who does not take any action to accept the Exit Offer nor arrange for their Shares to be transferred to the Korea Register during the Migration Period will hold unlisted Shares in the Company. Singapore Registered Shareholders may still arrange for the remaining Shares to be transferred to the Korea Register to trade their Shares on the KRX. Please refer to Appendix B to this Circular entitled "Procedures for Migration of Shares to the Korea Register" for further details on the actions to take if a Singapore Registered Shareholder wishes to transfer his Shares to the Korea Register to trade his Shares on the KRX.

### 13. OVERSEAS PERSONS

13.1 **Availability of Offer.** The availability of the Exit Offer to Overseas Persons may be affected by the laws of the relevant overseas jurisdiction. Overseas Persons should refer to paragraph 11 of the Exit Offer Letter, extracts of which are set out below.

**"11. OVERSEAS PERSONS**

**11.1 Overseas Persons**

*The availability of the Exit Offer to Singapore Registered Shareholders whose addresses are outside Singapore as shown in the Singapore Branch Register (each, an "Overseas Person") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Persons should inform themselves of, and observe, any applicable legal requirements, and exercise caution in relation to the Exit Offer.*

*It is the responsibility of Overseas Persons who wish to accept the Exit Offer to request for this Exit Offer Letter, the Hardcopy Notification, the Acceptance Forms and any other formal documentation in relation to this Exit Offer (the "Offer Documentation"), or satisfy themselves as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Persons shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, RHTC, CDP and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Persons for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, RHTC, CDP and/or any person acting on their behalf may be required to pay. In requesting for the Offer Documentation or accepting the Exit Offer, each Overseas Person represents and warrants to the Offeror and RHTC 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.*

*The release, publication or distribution of the Offer Documentation are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction ("Restricted Jurisdiction") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and*

---

## LETTERS TO SHAREHOLDERS

---

persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Singapore Registered Shareholders who are not resident in Singapore to accept the Exit Offer may be affected by the laws of the relevant jurisdiction in which they are located. **If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction.**

The Offeror reserves the right not to treat an acceptance or purported acceptance of the Exit Offer in or from any overseas jurisdiction and/or in respect of an Overseas Person as valid. Overseas Persons accepting the Exit Offer should note that if they have, in the FAA and/or the FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptances may be rejected.

**For the avoidance of doubt, the Exit Offer is only being made in respect of Shares which are registered on the Singapore Branch Register and will not be extended to those Shares which are registered on the Korea Register and the Korea Registered Shareholders who hold such Shares.**

### 11.2 Copies of the Offer Documentation

Where there are potential restrictions on sending the Offer Documentation to any overseas jurisdiction, the Offeror and RHTC each reserves the right not to send the Offer Documentation to such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Person may, nonetheless, attend in person and obtain copies of the Offer Documentation and any related documents during normal business hours and up to the Closing Date, from (a) the CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at [asksgx@sgx.com](mailto:asksgx@sgx.com) for instructions on how to obtain a copy of such documents, or (b) the office of the Singapore Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (if he holds the Offer Shares in scrip form) at **50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623**. Alternatively, an Overseas Person may write in to the Singapore Share Registrar at the above-stated address to request that the Offer Documentation be sent to an address in Singapore by ordinary post at his own risk (up to three Market Days prior to the Closing Date). For the avoidance of doubt, the Exit Offer is made to all Singapore Registered Shareholders (for all Offer Shares) including those to whom this Exit Offer Letter may not be disseminated.

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

- 13.2 It is the responsibility of any Overseas Person who has obtained a copy of this Circular and/or any related documents 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. In requesting for this Circular

---

## LETTERS TO SHAREHOLDERS

---

and/or any related documents the Overseas Person represents and warrants to the Company 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. Any Overseas Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

- 14.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than those relating to the Offeror and persons acting in concert with it, the facts and opinions expressed in the IFA Letter and the recommendation of the Independent Directors) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Delisting, the Exit Offer, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.
- 14.2 In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Company are fair and accurate.
- 14.3 The recommendation of the Independent Directors set out in Section 10.4 of this Circular is the sole responsibility of the Independent Directors.
- 14.4 Where information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or publicly available sources or obtained from a named source (including, but not limited to, the Joint Announcement and the Exit Offer Letter), 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 Circular in its proper form and context.

### 15. CONSENTS

- 15.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, and the IFA Letter as set out in Appendix A to this Circular, in the form and context in which they are respectively included in this Circular.
- 15.2 Baker & McKenzie.Wong & Leow has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular.
- 15.3 Yulchon LLC has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular.

### 16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Singapore Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to and including the Closing Date:

- (a) the Articles;
- (b) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (c) 3Q2021 Results as set out in Appendix F to this Circular;
- (d) the IFA Letter as set out in Appendix A to this Circular; and
- (e) the letters of consent referred to in Section 15 of this Circular.

---

## LETTERS TO SHAREHOLDERS

---

### 17. ADDITIONAL INFORMATION

The attention of Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of  
**PAN OCEAN CO., LTD**

Joong Ho Ahn  
Independent Director

---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

**NOVUS CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201723484W)

7 Temasek Boulevard  
#18-03B Suntec Tower 1  
Singapore 038987

3 December 2021

To: The Independent Directors of Pan Ocean Co., Ltd.  
(in respect of the Exit Offer (as defined below))

Mr. Joong Ho Ahn  
Mr. Hak Soo Jeong  
Mr. Kwang Soo Oh  
Mr. Seung Hwan Choi  
Mr. Christopher Anand Daniel

Dear Sirs,

**INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE CONDITIONAL CASH EXIT OFFER BY RHT CAPITAL PTE. LTD. FOR AND ON BEHALF OF HARIM HOLDINGS CO., LTD., IN CONNECTION WITH THE PROPOSED VOLUNTARY DELISTING OF PAN OCEAN CO., LTD. (THE “COMPANY”) FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)**

---

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 3 December 2021 (the “Circular”) issued by the Company to the shareholders of the Company (the “Shareholders”) shall have the same meanings herein.*

**1. INTRODUCTION**

On 14 June 2021 (the “**Joint Announcement Date**”), the Company and Harim Holdings Co., Ltd. (the “**Offeror**”) jointly announced that the Company proposes to seek the voluntary delisting of the issued ordinary shares (excluding treasury shares) in the capital of the Company (the “**Shares**”) from the official list of the SGX-ST (the “**Delisting**”) pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual (the “**Listing Manual**”) (the “**Exit Offer Announcement**”). In connection with the Delisting, RHT Capital Pte. Ltd. (“**RHTC**”) will make, for and on behalf of the Offeror, a conditional cash exit offer (the “**Exit Offer**”) for all the Shares which are registered on the Company’s branch register of Shareholders in Singapore (“**Singapore Branch Register**”) (the “**Offer Shares**”), up to a maximum of 206,896 Offer Shares (“**Maximum Quantity**”), from the Shareholders of the Company who are registered as holders of the Shares on the Singapore Branch Register (the “**Singapore Registered Shareholders**”), at an offer price of S\$8.70 in cash for each Offer Share (the “**Exit Offer Price**”).

On 3 December 2021, RHTC issued, for and on behalf of the Offeror, the exit offer letter dated 3 December 2021 (the “**Exit Offer Letter**”) containing, *inter alia*, the terms and conditions of the Exit Offer.

For avoidance of doubt, the Delisting is not a privatisation exercise, and the Company intends to maintain its primary listing on the Korea Exchange (“**KRX**”).

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

As at 22 November 2021, being the latest practicable date prior to the electronic dissemination of the Circular (the “**Latest Practicable Date**”), the Offeror has an interest in 292,400,000 Shares, representing approximately 54.70% of the total issued share capital of the Company. Mr. Hong Kuk Kim, the Chief Executive Officer, Chairman and Executive Director of the Company, his son, Mr. Jun Young Kim, Orpum Co., Ltd. and Korea Investment Co., Ltd. are respectively deemed interested in 54.70% of the issued share capital of the Company through their interests in the Offeror. Mr. Jun Young Kim’s interest in the Offeror is held through Orpum Co., Ltd and Korea Investment Co., Ltd.

In connection with the Exit Offer and pursuant to Rule 1309(2) of the Listing Manual, Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to the directors of the Company (the “**Directors**”) who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Exit Offer (the “**Independent Directors**”). This letter (“**Letter**”), issued pursuant to Rule 1309(2) of the Listing Manual, is addressed to the Independent Directors and sets out, *inter alia*, our evaluation of the financial terms of the Exit Offer and our opinion and advice thereon, and forms part of the Circular providing, *inter alia*, details of the Exit Offer and the recommendation of the Independent Directors.

### 2. TERMS OF REFERENCE

We have been appointed as the IFA, as required under Rule 1309(2) of the Listing Manual, to advise the Independent Directors as to whether the financial terms of the Exit Offer are fair and reasonable. We have confined our evaluation to the financial terms of the Exit Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Exit Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Exit Offer or on the future prospects of the Company and its subsidiaries (collectively, the “**Group**”) or the method and terms by which the Exit Offer has been made or any other alternative methods by which the Exit Offer may be made. Such evaluations and comments remain the sole responsibility of the 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 and advice as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Exit Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Exit Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company, the Directors and the Company’s solicitors and/or auditors (where relevant). We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

---

## **APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER**

---

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Exit Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Exit Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group in our evaluation of the Exit Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any independent evaluation or appraisal of the assets and liabilities of the Group.

Our analysis, opinion and advice as set out in this Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us, as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Exit Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Exit Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

**Our opinion and advice in respect of the Exit Offer, as set out in paragraph 8 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.**

### **3. THE DELISTING**

In connection with the Delisting, RHTC will, for and on behalf of the Offeror, make the Exit Offer in cash to acquire the Offer Shares at the Exit Offer Price.

The Delisting and the Exit Offer is subject to the Shareholders' Approval (as defined in Section 3.1 of this Letter) being obtained.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### 3.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an extraordinary general meeting (“**EGM**”) to obtain Shareholders' Approval for the Delisting; and
- (b) the delisting resolution to be proposed at the EGM has been approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the “**Shareholders' Approval**”). The Offeror and parties acting in concert with it (“**Offeror Concert Party Group**”) must abstain from voting on the resolution.

In addition, under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the SGX-ST:

- (a) an exit offer must be made to the Company's Shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
  - (i) be fair and reasonable; and
  - (ii) include a cash alternative as the default alternative; and
- (b) the Company must appoint an independent financial adviser to advise on the Exit Offer and the independent financial adviser must opine that the Exit Offer is fair and reasonable.

### 3.2 Application to the SGX-ST

The Company had, on 18 June 2021, made an application to the SGX-ST to seek approval for (a) the Delisting, and (b) waiver from compliance with Rule 1309(1) of the Listing Manual, in the event the aggregate number of Offer Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity of Offer Shares such that the Scale-Back (as defined in the Circular) applies (the “**Rule 1309(1) Waiver**”).

The SGX-ST had, on 18 October 2021, informed the Company that based on the submissions and representations to the SGX-ST, the SGX-ST has no objections to:

- (a) the Company's application for the Rule 1309(1) Waiver; and
- (b) the Delisting, subject to the following:
  - (i) the Company announcing the Rule 1309(1) Waiver granted, the reasons for seeking the Rule 1309(1) Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Rule 1309(1) Waiver conditions have been satisfied;
  - (ii) the Company's compliance with the listing requirements under the SGX-ST;
  - (iii) Shareholders' Approval for the Delisting having been obtained;



---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

- (iv) in the event that the number of Offer Shares tendered in acceptance of the Exit Offer exceeds the specified maximum number of Offer Shares offered and the Offeror has to scale-back on the number of acceptances on a *pro rata* basis, the Company to: (A) absorb all the costs for the transfer of Shares back to the KRX; (B) appoint a designated broker in Singapore to assist in the transfer of remaining Shares back to the KRX; and (C) provide a minimum of three (3) months' notice to the Shareholders prior to the Delisting;
- (v) notice to Shareholders (the "**Notice**") to be sent and mailed to the Shareholders at least three (3) months before the date of the Delisting; and
- (vi) clear disclosure to be provided in the Notice on the actions required by the Shareholders including any costs to be incurred by them for the transition

(collectively, the "**Delisting Conditions**").

**Please note that the SGX-ST's decision is not to be taken as an indication of the merits of the Delisting.**

#### 4. TERMS OF THE EXIT OFFER

The following information has been extracted from section 3 of the Exit Offer Letter and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter.

##### “3.2 **Exit Offer Price**

*The offer price for each Offer Share will be S\$8.70 in cash (the "**Exit Offer Price**"). Subject to the Maximum Quantity, the Exit Offer Price shall be applicable to Offer Shares that are tendered in acceptance of the Exit Offer.*

##### 3.3 **No Encumbrances**

*The Offer Shares will be acquired fully paid and free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, return of capital, and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).*

##### 3.4 **Conditions**

*The Delisting and the Exit Offer are conditional on Shareholders' Approval being obtained.*

*For the avoidance of doubt, there will not be any revision to the Exit Offer Price, and the Delisting and the Exit Offer are not, conditional upon a minimum number of acceptances being received by the Offeror.*

*Yulchon LLC, as counsel to the Company as to Korean laws, has confirmed to the Company that the Delisting and Exit Offer do not contravene any Korean laws and regulations.*

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### 3.5 Meeting of Acceptances by the Offeror

Under the terms of the Exit Offer, the Offeror will only acquire the Shares which are registered on the Singapore Branch Register up to the Maximum Quantity. In the event the aggregate number of Shares tendered by the Singapore Registered Shareholders in acceptance of the Exit Offer exceeds the Maximum Quantity, the Offer Shares tendered by the Singapore Registered Shareholders will be accepted on a pro-rata basis, up to the Maximum Quantity (the "**Scale-Back**") (but in a manner which disregards any fraction of a Share). If the Scale-Back applies, the number of Shares tendered by each Singapore Registered Shareholder in acceptance of the Exit Offer which will be accepted by the Offeror, will be calculated based on the following formula:

$$A \times \frac{B}{C}$$

Where:

- (i) 'A' is the number of Shares tendered by a Singapore Registered Shareholder in acceptance of the Exit Offer;
- (ii) 'B' is the Maximum Quantity; and
- (iii) 'C' is the total number of Shares tendered in acceptance of the Exit Offer.

Singapore Registered Shareholders who continue to hold any Shares following the Closing Date can elect to have their Shares transferred to the Korea Register to trade on the KRX. Further details of the relevant procedures are set out in the Delisting Circular.

### 3.6 Warranty

Acceptance of the Exit Offer by a Singapore Registered Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Singapore Registered Shareholder that each Share in respect of which the Exit Offer is accepted is sold by him, or on behalf of the beneficial owner(s) thereof, as fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, return of capital and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

### 3.7 Additional Details of the Exit Offer

**Appendix I** of this Exit Offer Letter sets out details of the duration of the Exit Offer and the settlement of the consideration for the Exit Offer.

### 3.8 Procedures for Acceptance

Paragraph 9 and **Appendix II** of this Exit Offer Letter set out the procedures for acceptance of the Exit Offer.

**All acceptances of the Exit Offer shall be irrevocable."**

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

### 5. INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from section 4 of the Exit Offer Letter and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter.

“4.1 *The Offeror was established in the Republic of Korea on 1 April 1950 and is an investment holding company.*

4.2 *The Offeror, together with its subsidiaries, conducts the business of manufacturing and selling livestock feed. The Offeror's shares were listed on the Korean Securities Dealers Automated Quotations on 30 June 2017.*

4.3 *As at the Latest Practicable Date, the Offeror Directors are as follows:*

(a) *Hong Kuk Kim (Chairman and Chief Executive Officer);*

(b) *Hak Rim Lee (Executive Director);*

(c) *Kyung Min Mun (Executive Director);*

(d) *Jeom Ju Kwon (Independent Director);*

(e) *Jeong Ho Kim (Independent Director);*

(f) *Seon Tae Jeong (Independent Director); and*

(g) *Seung Yong Yoon (Independent Director).*

4.4 *As at the Latest Practicable Date, the shareholding structure of the Offeror is as follows:*

	<b>Number of shares in the Offeror<sup>(1)</sup></b>	<b>Percentage of total shares in the Offeror (%)<sup>(1)</sup></b>
<i>Hong Kuk Kim</i>	<i>21,189,308</i>	<i>28.06</i>
<i>Orpum Co., Ltd.<sup>(2)</sup></i>	<i>4,026,743</i>	<i>5.33</i>
<i>Korea Investment Co., Ltd.<sup>(2)</sup></i>	<i>18,696,300</i>	<i>24.76</i>
<i>Kyung u Co., Ltd.<sup>(3)</sup></i>	<i>454,050</i>	<i>0.60</i>
<i>Agricultural corporation, Inc. iksan<sup>(3)</sup></i>	<i>265,150</i>	<i>0.35</i>
<i>Minority related shareholders<sup>(4)</sup></i>	<i>2,925,368</i>	<i>3.87</i>
<i>Minority public shareholders<sup>(5)</sup></i>	<i>27,952,784</i>	<i>37.02</i>
<b>Total:</b>	<b>75,509,703</b>	<b>100.00<sup>(6)</sup></b>

**Notes:**

(1) *This excludes the 16,832,117 treasury shares in the Offeror, which do not have any voting rights.*

(2) *Orpum Co., Ltd. is wholly owned by Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim. Korea Investment Co., Ltd. is a wholly-owned subsidiary of Orpum Co., Ltd..*

(3) *Each of Mr. Hong Kuk Kim and Orpum Co., Ltd. has a 80.0% and 20.0% interest, respectively, in Kyung u Co., Ltd.. Each of Mr. Hong Kuk Kim and Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim, has a 87.7% and 12.3% interest, respectively, in Agricultural corporation, Inc. iksan (excluding the non-voting shares which it holds in itself).*

---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

(4) *The minority related shareholders comprise 11 executive officers who are directors and/or officers of subsidiaries, or shareholders of the Offeror, and three relatives of Mr. Hong Kuk Kim. In particular, this includes 721 shares held by Mr. Se Gi Cheon, a director of the Company, 15,950 shares held by Mr. Gi Jun Kim, a cousin of Mr. Hong Kuk Kim, 5,000 shares held by Mr. Jin Wook Song, the spouse of Mr. Hong Kuk Kim's niece, and 105 shares held by Ms. Jeong Won Seo, a cousin of Mr. Hong Kuk Kim.*

(5) *Each of the other minority public shareholders holds less than 5.0% of the issued share capital of the Offeror.*

(6) *This does not tally due to rounding.*

4.5 *As at the Latest Practicable Date, the Offeror has an interest in 292,400,000 Shares, representing approximately 54.70% of the issued share capital of the Company. Mr. Hong Kuk Kim is deemed interested in 54.70% of the issued share capital of the Company through his interest in the Offeror. Mr. Jun Young Kim, the son of Mr. Hong Kuk Kim, is deemed interested in 54.70% of the issued share capital of the Company through his interests in the Offeror which are held through Orpum Co., Ltd. and Korea Investment Co., Ltd.. Each of Orpum Co., Ltd. and Korea Investment Co., Ltd. are also deemed interested in 54.70% of the issued share capital of the Company through their respective interests in the Offeror.*

4.6 *Additional information on the Offeror has been furnished in **Appendix III** of this Exit Offer Letter."*

**6. RATIONALE FOR THE DELISTING AND EXIT OFFER AND INTENTION OF THE COMPANY TO MAINTAIN THE PRIMARY LISTING ON THE KRX**

The full text of the rationale for the Delisting and the Exit Offer, and the Company's intentions to maintain its primary listing on KRX has been extracted from section 6 of the Exit Offer Letter and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter.

**6.1 Compliance Costs of Maintaining Secondary Listing on the SGX-ST**

*In maintaining the Company's dual listing status, the Company incurs various compliance and associated costs. The Delisting, if approved, will allow the Company to focus its resources on its business operations. KRX is also geographically more aligned with the Company's business operations and core business competencies (which are based in the Republic of Korea).*

**6.2 Low Trading Liquidity**

*As at the Latest Practicable Date, 534,398,915 Shares (representing approximately 99.97% of the total number of issued Shares) are trading on the KRX, and 170,597 Shares (representing approximately 0.03% of the total number of issued Shares) are trading on the SGX-ST.*

*The trading liquidity of the Shares on the SGX-ST in the past 12 months prior to and including the Last Trading Day (as defined below) has been generally thin. The average daily trading volume of the Shares trading on the SGX-ST for the one-month, three-month, six-month and 12-month periods prior to and including 10 May 2021, being the last full Market Day on which the Shares were transacted prior to the Joint Announcement Date (the "**Last Trading Day**") are set out below:*

<b>Period prior to and including the Last Trading Day</b>	<b>Average Daily Trading Volume<sup>(1)</sup></b>
<i>Last one (1) month</i>	86
<i>Last three (3) months</i>	126
<i>Last six (6) months</i>	150
<i>Last twelve (12) months</i>	81

Source: Bloomberg L.P.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

**Note:**

- (1) *The average daily trading volume is computed based on the total trading volume of the Shares for all Market Days for the relevant periods immediately prior to and including the Last Trading Day, divided by the total number of Market Days during the respective periods.*

*The Exit Offer will provide an exit option for those Singapore Registered Shareholders who wish to realise their entire investment in the Shares trading on the SGX-ST, but find it difficult to do so as a result of the low trading liquidity of the Shares on the SGX-ST.*

### 6.3 Opportunity to Realise Investments at a Premium

*The Exit Offer Price represents a premium over the historical market prices of the Shares trading on the SGX-ST:*

<b>Description</b>	<b>Benchmark Price (S\$)<sup>(1)</sup></b>	<b>Premium of Exit Offer Price over Benchmark Price (%)</b>
<i>Last transacted price per Share on the SGX-ST on 10 May 2021, being the Last Trading Day</i>	8.000	8.75
<i>Volume weighted average transacted price ("VWAP") for the one (1) month period prior to and including the Last Trading Day<sup>(2)</sup></i>	6.653	30.77
<i>VWAP for the three (3) month period prior to and including the Last Trading Day</i>	5.670	53.44
<i>VWAP for the six (6) month period prior to and including the Last Trading Day</i>	5.194	67.50
<i>VWAP for the twelve (12) month period prior to and including the Last Trading Day</i>	5.086	71.06

Source: Bloomberg L.P.

**Notes:**

- (1) *Rounded to the nearest three decimal places.*
- (2) *VWAP for the respective periods is calculated based on the total value of the Shares transacted divided by the volume of the Shares transacted, as extracted from Bloomberg L.P.*

*Through the Delisting, the accepting Singapore Registered Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the market prices of the Shares traded on the SGX-ST up to and including the Last Trading Day, an option which may not otherwise be readily available due to the low trading liquidity of the Shares trading on the SGX-ST, without incurring brokerage and other trading costs.*

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### 6.4 **No Need for Access to Capital Markets**

*In the last five years, the Company has not carried out any exercise to raise cash funding on the SGX-ST. The Company is unlikely to require access to Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is no longer necessary for the Company to maintain its secondary listing on the SGX-ST.*

### 6.5 **Intention of the Company to Maintain the Primary Listing on the KRX**

*Following the completion of the Delisting, the Company intends to maintain its primary listing on the KRX. Shareholders should therefore note that the Delisting is **not** a privatisation exercise (and will not result in any right of compulsory acquisition or squeeze-out of any minority Shareholders), and the Shares will continue to be listed on the KRX.*

*Singapore Registered Shareholders who currently trade their Shares on the SGX-ST and who wish to trade their Shares on the KRX subsequent to the completion of the Delisting can elect to have their Shares transferred to the Korea Register to trade on the KRX. Further details of the relevant procedures are set out in the Delisting Circular.*

*Singapore Registered Shareholders who do not take any action to accept the Exit Offer or to transfer their Shares to the Korea Register to trade their Shares on KRX will hold unlisted Shares following the completion of the Delisting.”*

## 7. **ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER**

In assessing the financial terms of the Exit Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

- (a) Historical financial performance of the Group;
- (b) Historical market price performance and trading activity of the Shares;
- (c) Historical Share price performance relative to market indices;
- (d) Net asset value (“NAV”) and adjusted NAV of the Group;
- (e) Historical trailing P/NAV multiples of the Shares;
- (f) Valuation ratios of selected companies listed on various stock exchanges worldwide, including the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Hong Kong Exchanges and Clearing Limited (the “HKEx”), Oslo Stock Exchange (the “OSE”), the Nasdaq Stock Market (“NASDAQ”), and/or the Tokyo Stock Exchange (the “TSE”) which principal business activities are broadly comparable to those of the Group;
- (g) Selected precedent delisting transactions involving companies listed on the SGX-ST;
- (h) Theoretical valuation of the Company; and
- (i) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST, the HKEx, the OSE, the NASDAQ and the TSE, and other public filings as at the Latest Practicable Date or as provided by the Company, where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

**7.1. Historical Financial Performance of the Group**

For the purpose of evaluating the financial terms of the Exit Offer, we have considered the historical consolidated financial statements of the Group for the financial years (“FY”) ended 31 December 2018, 31 December 2019 and 31 December 2020, as well as the unaudited interim consolidated financial statements of the Group for the nine-month financial period ended 30 September 2021 (“9M2021”) and its comparative figures for the nine-month financial period ended 30 September 2020 (“9M2020”), which provides an illustration of the Group’s past financial performance and sustainability of the Group’s operations. The following summary of the financial information should be read in conjunction with the full text of the Group’s published financial statements for FY2019 and FY2020 in respect of the relevant financial years including the notes thereto, as well as the published financial statements for 9M2020 and 9M2021.

Consolidated statements of comprehensive income

(USD'000)	----- Audited -----			----- Unaudited -----	
	FY2018	FY2019	FY2020	9M2020	9M2021
Revenue	2,425,312	2,117,525	2,115,412	1,563,194	2,774,624
Profit before income tax	135,423	127,216	77,899	87,783	288,081
Net profit attributable to owners of the Company	138,528	130,317	78,384	88,453	287,135

Consolidated statements of cash flows

(USD'000)	----- Audited -----			----- Unaudited -----	
	FY2018	FY2019	FY2020	9M2020	9M2021
Net cash inflow from operating activities	243,655	347,312	398,563	295,500	327,525
Net cash outflow from investing activities	(115,025)	(182,758)	(285,374)	(271,968)	(251,305)
Net cash outflow from financing activities	(135,557)	(130,437)	(117,740)	(62,855)	(6,578)
Net (decrease) / increase in cash and cash equivalents	(7,142)	33,848	(2,170)	(38,870)	66,179
Cash and cash equivalents at end of year / period	186,668	220,516	218,346	181,646	284,525

**Sources:** Annual reports of the Company for FY2019 and FY2020, as well as the unaudited financial statements and related announcement of the Company for 9M2021 (the “9M2021 Results”)



---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### Consolidated statements of comprehensive income

#### *FY2018 vs FY2019*

The revenue of the Group decreased by approximately USD307.8 million or 12.7% from approximately USD2,425.3 million in FY2018 to approximately USD2,117.5 million in FY2019. The decrease is mainly attributable to the drop in revenue in the bulker segment, due to the downsizing of its fleet size in response to the regulation imposed by the International Maritime Organization on sulphur oxide (SO<sub>x</sub>) emissions, by approximately USD269.5 million or 14.6% from USD1,844.5 million in FY2018 to USD1,575.1 million in FY2019.

The profit before income tax of the Group decreased by approximately USD8.2 million or 6.1% from approximately USD135.4 million in FY2018 to approximately USD127.2 million in FY2019, mainly due to (a) the decrease in operating profit by approximately USD5.2 million or 2.8% from USD185.4 million in FY2018 to USD180.2 million in FY2019, and (b) an increase in other non-operating expenses (net) by approximately USD8.0 million or 251.6% from USD3.2 million in FY2018 to USD11.1 million in FY2019, which was offset slightly by an increase in finance income by approximately USD4.4 million or 38.7% from USD11.3 million in FY2018 to USD15.7 million in FY2019.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately USD8.2 million or 5.9% from approximately USD138.5 million in FY2018 to approximately USD130.3 million in FY2019.

#### *FY2019 vs FY2020*

The revenue of the Group decreased slightly by approximately USD2.1 million or 0.1% from approximately USD2,117.5 million in FY2019 to approximately USD2,115.4 million in FY2020 which is mainly attributable to the decrease in sales in the dry bulk segment, which was the Company's largest business segment in terms of sales generated, for the second consecutive year since FY2018, on the back of increasing uncertainties in the business environment due to the global COVID-19 pandemic.

The profit before income tax of the Group decreased by approximately USD49.3 million or 38.8% from approximately USD127.2 million in FY2019 to approximately USD77.9 million in FY2020 mainly due to impairment losses on vessels, property and equipment, amounting to approximately USD64.8 million (the "**Impairment Losses**") (as compared to impairment losses on the vessels, property and equipment of approximately USD4.2 million in FY2019). Such losses on impairment of vessels, property and equipment were partially offset by an improvement in gross profit by approximately USD10.6 million from approximately USD246.9 million in FY2019 to approximately USD257.5 million in FY2020. Had the Impairment Losses for FY2020 and FY2019 been excluded, the Group's profit before income tax for FY2020 would have been USD142.7 million instead, which would represent an increase of approximately USD11.2 million or 8.6% as compared to Group's profit before income tax for FY2019 of approximately USD131.5 million.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately USD51.9 million or 39.9% from approximately USD130.3 million in FY2019 to approximately USD78.4 million in FY2020.

#### *9M2020 vs 9M2021*

The revenue of the Group increased by approximately USD1,211.4 million or 77.5% from approximately USD1,563.2 million in 9M2020 to approximately USD2,774.6 million in 9M2021, due mainly to the improvement in market conditions as evidenced by the rise of the Baltic Dry Index by approximately 184.6% from 971 in 9M2020 to 2,763 in 9M2021, which indicated an increase in average prices paid for the transport of dry bulk materials.



## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

The profit before income tax of the Group increased by approximately USD200.3 million or 228.2% from approximately USD87.8 million in 9M2020 to approximately USD288.1 million in 9M2021 mainly due to (i) the improvement in gross profit by approximately USD180.0 million from approximately USD185.1 million in 9M2020 to approximately USD365.1 million in 9M2021 as well as (ii) the increase in finance income by approximately USD9.9 million from approximately USD12.0 million in 9M2020 to approximately USD21.9 million in 9M2021.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company increased by approximately USD198.7 million or 224.6% from approximately USD88.5 million in 9M2020 to approximately USD287.1 million in 9M2021.

### Consolidated statements of cash flows

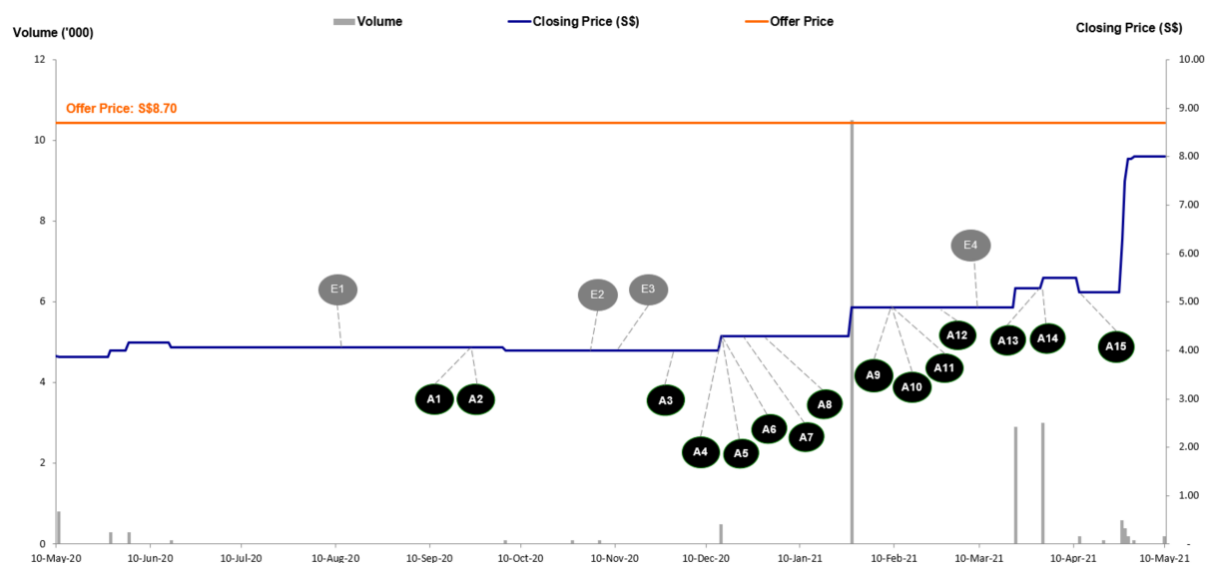
The Group recorded net cash inflow from operating activities of approximately USD243.7 million, USD347.3 million and USD398.6 million in FY2018, FY2019 and FY2020 respectively. For 9M2020 and 9M2021, the net cash generated from operating activities was approximately USD295.5 million and USD327.5 million respectively. The net cash generated by operating activities of approximately USD327.5 million in 9M2021 was primarily due to cash generated from operations of approximately USD360.8 million, which was partially offset by (i) the interest paid of approximately USD29.4 million, and (ii) income tax paid of approximately USD3.8 million.

Taking into account (i) the cash and cash equivalents at the beginning of the financial year of approximately USD218.3 million, and (ii) the net increase in cash and cash equivalents of approximately USD66.2 million, the Group's cash and cash equivalents as at 30 September 2021 amounted to approximately USD284.5 million.

## 7.2. Historical Market Price Performance and Trading Activity of the Shares

We have compared the Exit Offer Price to the daily closing prices for the one-year period between 11 May 2020 and 10 May 2021 (the "Last Trading Day"), being the last market day immediately prior to the Exit Offer Announcement. We have also marked certain dates in the one-year period where significant events occurred.

### Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day



Source: Thomson Reuters Eikon and the Company's announcements on the SGXNET

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### Earnings announcements:

- E1. 13 August 2020:** The Company announced its unaudited financial statements for the second quarter ended 30 June 2020 and half year ended 30 June 2020 (“**1H2020**”) in which the Group’s net profit attributable to owners of the Group decreased by approximately USD6.4 million or 10.8% from approximately USD59.5 million for the half year ended 30 June 2019 to approximately USD53.1 million in 1H2020.
- E2. 3 November 2020:** The Company announced an interim summary of its financial results for the third quarter ended 30 September 2020 (“**3Q2020**”), in which the Group’s net income attributable to owners of the Company decreased by approximately KRW12,667 million or 23.1% from approximately KRW54,773 million for the third quarter ended 30 September 2019 to approximately KRW42,106 million for 3Q2020.
- E3. 12 November 2020:** The Company announced its unaudited financial statements for 3Q2020 and the nine-month period ended 30 September 2020 (“**9M2020**”) in which the Group’s net profit attributable to owners of the Company decreased by approximately USD17.4 million or 16.4% from approximately USD105.9 million for the nine months ended 30 September 2019 to approximately USD88.5 million in 9M2020.
- E4. 11 March 2021:** The Company announced its audited financial statements for FY2020 in which the Group’s net profit attributable to owners of the Company decreased by approximately USD51.9 million or 39.9% from approximately USD130.3 million in FY2019 to approximately USD78.4 million in FY2020.

### Other significant announcements:

- A1. 25 September 2020:** The Company announced its decision on an increase in paid-in capital of 305 shares at an issuing price of KRW12,500 per Share, to be allotted to Heung Kook Saving Bank, the Company’s creditor of unsecured claims, pursuant to a debt-to-equity conversion.
- A2. 25 September 2020:** The Company announced the entry into related party transactions with POS SM Co. Ltd (“**POS SM**”), for an aggregate value of approximately KRW56,339 million, which is primarily in relation to purchase of crew / ship management amounting to approximately KRW55,303 million.
- A3. 30 November 2020:** The Company announced the closure of stock transfer from 15 December 2020 to 15 January 2021, being the migration restriction period, for the purpose of determining the entitled shareholders to receive notice of, attend and vote at the annual general meeting.
- A4. 15 December 2020:** The Company announced the entry into related party transactions with POS SM, for an aggregate value of KRW48,440 million, which is primarily in relation to purchase of crew / ship management amounting to KRW47,567 million.
- A5. 15 December 2020:** The Company announced the entry into a time charter contract of two liquefied natural gas (“**LNG**”) carriers with Shell Tankers (Singapore) Private Limited (“**Shell Singapore**”) on 15 December 2020, with an estimated total sale of approximately USD306 million. The contract will commence from September 2024 for a firm duration of seven (7) years and Shell Singapore shall have the two (2) extension options to extend the duration of the contract to a total of 13 years.
- A6. 15 December 2020:** The Company announced the investment of approximately KRW406,700 million in new vessels, which were in relation to a shipbuilding contract of two (2) LNG carriers.
- A7. 24 December 2020:** The Company announced the investment of approximately KRW204,038 million in a new vessel, which were in relation to a shipbuilding contract of one (1) LNG carrier.
- A8. 30 December 2020:** The Company announced the entry into a time charter contract of one LNG carrier with Galp Energia, E&P, B.V. (“**Galp**”) on 30 December 2020, with an estimated total sales of approximately USD115 million. The contract will commence from February 2023 for a firm duration of five (5) years and Galp shall have two (2) extension options to extend the duration of the contract to a total of 11 years.
- A9. 10 February 2021:** The Company announced the change in sales or profit by more than 15% for FY2020 as compared to FY2019, based on its unaudited figures, which indicated, amongst others, a decrease in net profit by approximately USD49.9 million or 39.4%.
- A10. 10 February 2021:** The Company announced its mid-term cash dividend policy with a dividend guideline for FY2021 to FY2023 of returning 10% to 20% of net profits excluding extraordinary income based on its separated financial statements prepared in accordance with Korean International Financial Reporting Standards (“**K-IFRS**”) (the “**Mid-Term Dividend Guideline**”). The dividend policy may be subject to change depending on the future operating conditions and business environment.
- A11. 10 February 2021:** The Company announced that the Board had authorised a dividend of S\$0.059 per ordinary share less income tax of 22% for FY2020 (the “**FY2020 Dividend**”), and all Shareholders entitled to dividends in both Korea and Singapore will receive their net dividend payment by 29 April 2021, subject to approval and ratification by a vote of Shareholders at the annual general meeting (“**AGM**”) for FY2020 which will be held on 30 March 2021.
- A12. 26 February 2021:** The Company released its annual report for FY2020.

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

- A13. 30 March 2021:** The Company announced the appointment of Mr. Jeong Hak-soo as an independent director of the Company with an appointment term of three (3) years, which was approved by the Shareholders at the FY2020 AGM.
- A14. 30 March 2021:** The Company announced the entry into related party transactions with POS SM for an aggregate value of KRW57,861 million, which is primarily in relation to purchase of crew / ship management amounting to KRW57,151 million.
- A15. 12 April 2021:** The Company announced the entry into a time charter contract for a LNG bunkering vessel with Shell NA LNG, LLC (“**Shell NA**”) on 9 April 2021, with an estimated total sales of approximately USD55 million. The contract will commence from May 2023 for a total duration of up to eight (8) years (includes a firm duration period as well as two (2) extension options), depending on Shell NA’s decision.

Based on the above chart, the Exit Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day (the “**Historical Period**”). During the Historical Period, Shares traded at their highest at S\$8.00 on 30 April 2021 and 10 May 2021. The closing prices of the Shares over the one-year period ranged between S\$3.86 (at the beginning of the Historical Period) and S\$8.00 (towards the end of the Historical Period) before eventually closing at S\$8.00 on the Last Trading Day. The Shares were generally thinly traded with trades recorded on only 18 market days during the Historical Period.

The daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and 12 November 2021, being the last market day prior to the Latest Practicable Date (“**Last Market Day**”) are set out below:

### Daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and the Last Market Day



**Source:** Thomson Reuters Eikon and the Company’s announcements on the SGXNET

#### Earnings announcements:

- E1. 13 May 2021:** The Company announced its unaudited financial statements for the first quarter ended 31 March 2021 (“**1Q2021**”) in which the Group’s net profit attributable to owners of the Group increased by approximately USD30.9 million or 170.1% from approximately USD18.2 million for the first quarter ended 31 March 2020 to approximately USD49.1 million in 1Q2021.
- E2. 12 August 2021:** The Company announced its unaudited financial statements for the second quarter ended 30 June 2021 and half year ended 30 June 2021 (“**1H2021**”) in which the Group’s net profit attributable to owners of the Group increased by approximately USD77.3 million or 145.6% from approximately USD53.1 million in 1H2020 to approximately USD130.4 million in 1H2021.
- E3. 27 October 2021:** The Company announced an interim summary of its financial results for the third quarter ended 30 September 2021 (“**3Q2021**”) and 9M2021 in which the Group’s net profit attributable to owners of the Company increased by approximately KRW137 billion or 326.2% from approximately KRW42 billion in third quarter ended 30 September 2020 to approximately KRW179 billion in 3Q2021.

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

- E4. 11 November 2021:** The Company announced its unaudited financial statements for 3Q2021 and 9M2021 in which the Group's net profit attributable to owners of the Company increased by approximately USD198.7 million or 224.6% from approximately USD88.5 million in 9M2020 to approximately USD287.1 million in 9M2021.

**Other significant announcements:**

- A1. 31 May 2021:** The Company released its corporate governance report for FY2020.
- A2. 11 June 2021:** The Company announced the entry into related party transactions with POS SM, for an aggregate value of KRW69,092 million, which is primarily in relation to purchase of crew / ship management amounting to KRW68,324 million.
- A3. 14 June 2021:** The Exit Offer Announcement was made.
- A4. 15 June 2021:** The Company announced the proposed issuance of KRW50 billion unsecured public corporate bonds in Korea (the "**Corporate Bonds**"). The proposed Corporate Bonds, which are not convertible into shares of the Company, have a maturity period of three (3) years and will not be listed on the SGX-ST.
- A5. 24 June 2021:** In respect the Corporate Bonds, the Company announced that the interest rate for the Corporate Bonds will be at 2.154% per annum.
- A6. 14 July 2021:** The Company announced the entry into a time charter contract for two (2) LNG carriers with Shell Singapore on 14 July 2021, with an estimated total sales of approximately USD319 million. The contract will commence from October 2024 for a firm duration of seven (7) years and Shell Singapore shall have two (2) extension options to extend the duration of the contract to a total of 13 years.
- A7. 14 July 2021:** The Company announced the investment of approximately KRW457,055 million in new vessels, which were in relation to a shipbuilding contract of two (2) LNG carriers.
- A8. 28 September 2021:** The Company announced the entry into related party transactions with POS SM, for an aggregate value of KRW77,547 million, which is primarily in relation to purchase of crew / ship management amounting to KRW76,833 million.
- A9. 19 October 2021:** The Company announced that the SGX-ST has no objection to, among others, the Delisting subject to the Delisting Conditions set out in paragraph 3.2 above.
- A10. 27 October 2021:** The Company announced that the EGM in relation to the Delisting will be held on 20 December 2021 at 11 a.m. (Korean time) or 10 a.m. (Singapore time).
- A11. 29 October 2021:** The Company announced that in relation to the related party transactions with POS SM entered into on 11 June 2021, the actual aggregated value which is based on the audited financial results was KRW54,410 million where the purchase of crew / ship management amounted to KRW 53,694 million.

Based on the above, the closing prices of the Shares during the period after the Exit Offer Announcement and up to the Last Market Day had ranged between S\$7.650 and S\$8.200, which were below the Exit Offer Price.

We also set out below the premia implied by the Exit Offer Price over the historical volume-weighted average prices ("**VWAP**") for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Exit Offer Announcement and up to the Last Market Day:

	<b>VWAP<sup>(1)</sup> (S\$)</b>	<b>Premium of Exit Offer Price over VWAP (%)</b>	<b>Highest closing price<sup>(2)</sup> (S\$)</b>	<b>Lowest closing price<sup>(2)</sup> (S\$)</b>	<b>Average daily trading volume<sup>(3)</sup> ("ADTV")</b>	<b>ADTV as a percentage of free float<sup>(3)(4)</sup> (%)</b>	<b>Traded days<sup>(5)</sup></b>
<b>Periods prior to and including the Last Trading Day</b>							
One-year	5.086	71.1	8.000	3.860	81	0.05	18
6-month	5.194	67.5	8.000	4.290	150	0.09	11
3-month	5.670	53.4	8.000	5.180	126	0.07	9
One-month	6.653	30.8	8.000	5.200	86	0.05	7
Last Trading Day	8.000 <sup>(6)</sup>	8.8	8.000	8.000	200	0.12	1

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

	VWAP <sup>(1)</sup> (S\$)	Premium of Exit Offer Price over VWAP (%)	Highest closing price <sup>(2)</sup> (S\$)	Lowest closing price <sup>(2)</sup> (S\$)	Average daily trading volume <sup>(3)</sup> ("ADTV")	ADTV as a percentage of free float <sup>(3)(4)</sup> (%)	Traded days <sup>(5)</sup>
<b>Period after the Exit Offer Announcement and up to the Last Market Day</b>							
After Exit Offer Announcement and up to the Last Market Day	8.043	8.2	8.200	7.650	45	0.03	15
Last Market Day	8.000 <sup>(7)</sup>	8.8	8.000	8.000	1,000	0.59	1

**Source:** Thomson Reuters Eikon and NCF's calculations

**Notes:**

- (1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.
- (2) The highest and lowest closing prices are based on the closing prices on trading days for each of the above periods.
- (3) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the number of market days during that period.
- (4) Free float refers to 170,597 Shares or approximately 0.03% of the total issued share capital of the Company (which are held by Singapore Registered Shareholders, and available for trading on the SGX-ST as at the Latest Practicable Date) for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Exit Offer Announcement and up the Last Market Day.
- (5) Refers to the number of market days in each of the above periods where there was trading in the Shares.
- (6) Refers to the closing price of the Shares on 10 May 2021, being the Last Trading Day prior to the Exit Offer Announcement.
- (7) Refers to the closing price of the Shares on 12 November 2021, being the Last Market Day prior to the Latest Practicable Date.

Our observations are set out below.

Periods prior to and including the Last Trading Day

- (a) The closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S\$3.860 per Share (between 11 May 2020 and 27 May 2020) and a high of S\$8.000 per Share (between 30 April 2021 and 10 May 2021), and the Exit Offer Price represents a premium of approximately 71.1%, 67.5%, 53.4% and 30.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (b) The Exit Offer Price represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Trading Day.
- (c) The trading of the Shares had been sporadic during the one-year period, of which the Shares were traded on only 18, 11, 9 and 7 market days for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (d) During the one-year period prior to and including the Last Trading Day, the average daily trading volume of the Shares ranged between 81 Shares and 200 Shares, representing approximately 0.05%, 0.09%, 0.07% and 0.05% of the Company's free float (based on approximately 170,597 Shares available for trading on the SGX-ST as at the Latest Practicable Date) for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### Period after the Exit Offer Announcement and up to the Last Market Day

- (e) The closing prices of the Shares ranged between S\$7.650 and S\$8.200 for the period after the Exit Offer Announcement and up to the Last Market Day, and the Exit Offer Price represents (i) a premium of approximately 8.2% over the VWAP of the Shares of S\$8.043 for the period after the Exit Offer Announcement and up to the Last Market Day, and (ii) a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Market Day.
- (f) During this period, the average daily trading volume of the Shares was 45 Shares, representing approximately 0.03% of the Company's free float (based on approximately 170,597 Shares available for trading on the SGX-ST).

Based on the above observations, it is noted that the market prices of the Shares since the Exit Offer Announcement and up to the Last Market Day, which would have taken into account, among others, the news of the Exit Offer and the Delisting, have not traded above the Exit Offer Price.

Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Exit Offer may be maintained at the prevailing level as at the Latest Practicable Date, (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance, and (c) in view of the thin trading liquidity of the Shares for the aforementioned periods, the market price performance of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares.

We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

### **7.3. Historical Share Price Performance Relative to Market Indices**

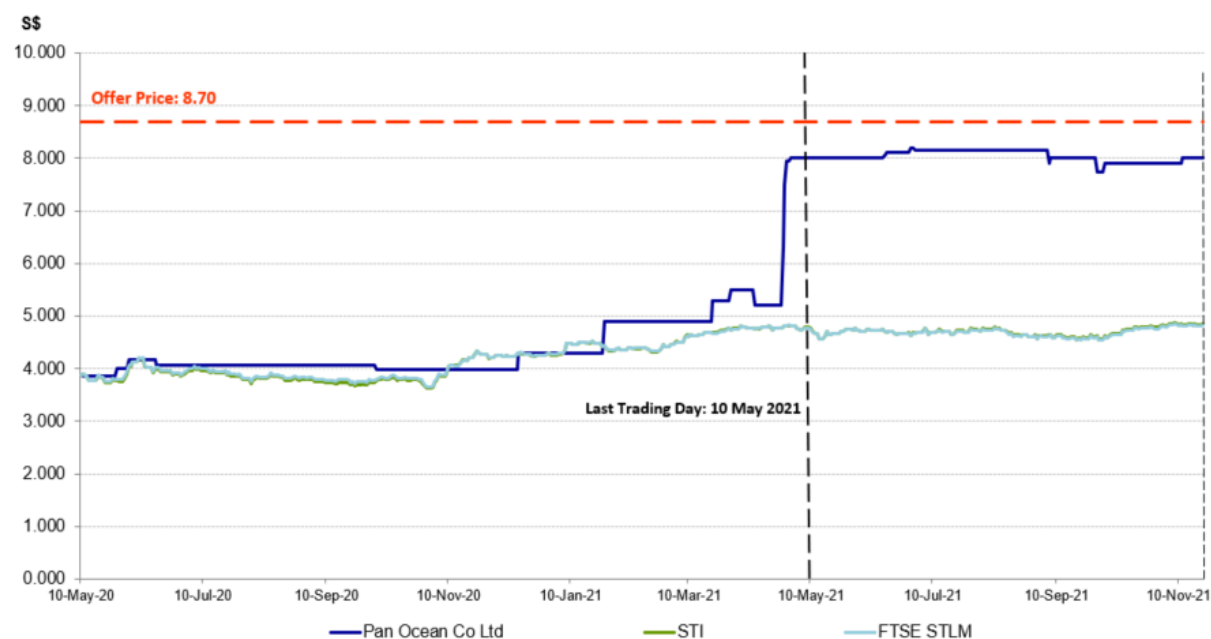
To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against (a) the Straits Times Index (the "**STI**") which is a market capitalisation-weighted index that tracks the performance of the top 30 companies listed on the SGX-ST, and (b) the FTSE ST Large Mid Cap Index (the "**FTSE STLM Index**") which comprises large- and mid-capitalisation companies that represent approximately 86% of Singapore's market capitalisation. For the avoidance of doubt, the companies represented in the FTSE STLM Index also comprised companies that are represented in the STI.

The market price performance of the Shares relative to the STI and the FTSE STLM Index for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date is illustrated below:



## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

**Share price performance against market indices (rebased) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date**



**Source:** Thomson Reuters Eikon

We also set out below the movements in the closing prices of the Shares, the STI and the FTSE STLM Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day	As at Latest Practicable Date	Percentage change (%)
Shares (S\$)	8.000	8.000	-
STI	3,182.41	3,237.08	1.72
FTSE STLM Index	1,135.14	1,152.35	1.52

**Source:** Thomson Reuters Eikon

Based on the above, we note that:

- (a) the performance of the Shares was generally in line with the STI and the FTSE STLM Index during the one-year period prior to and including the Last Trading Day, with the Shares slightly underperforming the STI and the FTSE STLM Index between early-November 2020 and late-January 2021, and subsequently outperforming the STI and the FTSE STLM Index from late-January 2021 up until the Latest Practicable Date, where the Shares closed above the STI (rebased) and FTSE STLM Index (rebased); and
- (b) the closing prices of the Shares had remained unchanged at S\$8.00 as at the Last Trading Day and as at the Latest Practicable Date while the STI and the FTSE STLM Index had increased slightly by approximately 1.72% and 1.52% respectively between the Last Trading Day and the Latest Practicable Date.

Based on the above observations, it would further appear that the market prices of the Shares since the Last Trading Day and up to the Latest Practicable Date, which would have taken into account, among others, the news of the Exit Offer and the Delisting, have not traded above the Exit Offer Price.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Exit Offer may be maintained at the prevailing level as at the Latest Practicable Date, (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance, and (c) in view of the thin trading liquidity of the Shares for the aforementioned periods, the market price performance of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares. Any comparison of the historical price performance of the Shares with the STI and the FTSE STLM Index is solely for illustrative purposes.

### 7.4. NAV and Adjusted NAV of the Group

The nature of the Group's business entails the use of a large number of vessels to carry out marine transportation. We understand that the Group currently owns and operates a fleet of 105 vessels (each a "Vessel" and collectively, the "Vessels") as at the Latest Practicable Date, and a significant amount of the Group's total assets is made up of these Vessels. Accordingly, we have considered asset-based approach in our evaluation of the financial terms of the Exit Offer.

#### 7.4.1. NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

A summary of the unaudited financial position of the Group as at 30 September 2021 is set out as follows:

	<b>Unaudited As at 30 September 2021 (USD'000)</b>
<hr/>	
<b>Non-current assets</b>	
Other receivables	20,126
Derivative financial assets	1,674
Other financial assets	8,540
Investment in associates	98,284
Vessels, property and equipment	3,995,928
Intangible assets	5,525
Other assets	2,005
<b>Total non-current assets</b>	<b>4,132,082</b>
<b>Current assets</b>	
Cash and cash equivalents	284,525
Trade receivables	184,701
Contract assets	158,706
Other receivables	39,887
Derivative financial assets	9,768
Other financial assets	25,251
Inventories	76,711
Other assets	209,160
<b>Total current assets</b>	<b>988,709</b>



**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

	<b>Unaudited As at 30 September 2021 (USD'000)</b>
<b>Current liabilities</b>	
Trade payables	208,548
Borrowings	325,348
Derivative financial liabilities	7,517
Other payables	78,666
Provisions	8,320
Other liabilities	17,092
Contract liabilities	148,567
Lease liabilities	167,825
<b>Total current liabilities</b>	<b>961,883</b>
<b>Net current assets</b>	<b>26,826</b>
<b>Non-current liabilities</b>	
Borrowings	1,239,681
Derivative financial liabilities	2,243
Provisions	19,938
Retirement benefit obligations	893
Lease liabilities	54,364
<b>Total non-current liabilities</b>	<b>1,317,119</b>
<b>Net assets</b>	<b>2,841,789</b>
<b>Equity</b>	
Share capital	480,756
Capital surplus	652,814
Other reserves	1,058,575
Retained earnings	649,644
<b>Total equity</b>	<b>2,841,789</b>
Number of issued Shares as at 30 September 2021	534,569,512
<b>NAV per Share (USD)</b>	<b>5.32</b>
<b>NAV per Share (S\$)</b>	<b>7.21</b>
<b>Premium of Exit Offer Price to NAV per Share</b>	<b>20.7%</b>
<b>Price-to-NAV ("P/NAV") ratio as implied by Exit Offer Price</b>	<b>1.21 times</b>

As set out in the table above, the audited NAV per Share as at 30 September 2021 was USD5.32 (or equivalent to approximately S\$7.21 at an exchange rate of approximately S\$1 : USD0.7368 as at 30 September 2021) based on 534,569,512 issued Shares. Accordingly, the Exit Offer Price represents a premium of approximately 20.7% to the unaudited NAV per Share as at 30 September 2021 and would value the Group at a P/NAV ratio of 1.21 times.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

Details on certain assets of the Group are set out below:

### *Vessels, property and equipment*

The Group's vessels, property and equipment accounted for approximately 78.0% of the Group's total assets as at 30 September 2021, of which its owned fleet of 104 Vessels as at 30 September 2021 accounted for approximately 89.4% of the Group's total vessels, property and equipment as at 30 September 2021. Vessels, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

We understand that while the Company had not commissioned any form of the independent valuation to determine the fair value of the Vessels for the purposes of the Group's audited financial statements for FY2020, it has primarily relied on the data extracted from an independent market research platform, VesselsValue to support the impairment test conducted on 12 of its Vessels following a decrease in the shipping industry market trends. We understand from the Company that VesselsValue provides its users, who had subscribed to their database, real time access to, *inter alia*, daily updated current and historical market values for vessels. In this regard, we note that in FY2020, the Group had recorded the Impairment Losses which were in relation to 10 of the 12 vessels, and an additional vessel which had been sold in FY2020. We further understand from the Company that no further impairment loss was recognised in 9M2021 in respect of the Vessels due to the improvement in market conditions in 9M2021.

Further, we note that the Group had received delivery of one (1) new Vessel during the period from 30 September 2021 to the Latest Practicable Date, and have since placed the new Vessel into operation. The new Vessel is paid for in cash and recorded at cost in the statement of financial position of the Group post 30 September 2021, and accordingly do not have a material impact on the NAV of the Group.

### *Investment in associates and joint ventures*

The Group's investments in associates of approximately USD98.3 million accounted for approximately 1.9% of the Group's total assets as at 30 September 2021, as compared to approximately USD74.1 million as at 31 December 2020. This relates to the acquisition of shares of Harim USA Ltd. in 9M2021, resulting in the Company holding 22.36% equity interest in Harim USA Ltd. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### *Contract assets*

The Group's contract assets of approximately USD158.7 million accounted for approximately 3.1% of the Group's total assets as at 30 September 2021, and are mainly in relation to carriage contracts. The Group also recognised an asset in relation to costs to fulfil a transportation contract. The asset is amortised over the term of the contract, which does not exceed one to two months due to the nature of the transportation service. Accordingly, no impairment loss on such assets has been recorded as at 30 September 2021.

### *Intangible assets*

The Group's intangible assets accounted for approximately 0.1% of the Group's total assets as at 30 September 2021 and comprised mainly computer software development and club memberships. Intangible assets are initially recognised at its historical cost, and carried at cost less accumulated amortisation and accumulated impairment loss. Excluding the intangible assets, the net tangible assets of the Group would amount to approximately USD2,836.3 million as at 30 September 2021.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### 7.4.2. Adjusted NAV of the Group

As the Group's owned fleet of Vessels accounted for approximately 69.7% of the Group's total assets as at 30 September 2021, we have considered a hypothetical scenario where the Company were to dispose the Vessels at the current market price. However, we are of the view that such hypothetical scenario is unlikely as the Vessels are essential to the conduct of the Group's marine transportation business, and the Company is not aware of any current plans to dispose the Vessels, save for old Vessels which may be replaced as part of the ordinary course of business. Accordingly, the Company had not commissioned any form of independent valuation to estimate the market value of the Vessels held by the Group as at 30 September 2021 but had instead relied mainly on the data that was (a) extracted from VesselsValue and/or (b) provided by the research arm of Fearnleys AS ("**Fearnleys**") (a shipbroking company which provides trade and fleet data, freight rate and market assessments for the shipping industry), to determine the market price of its Vessels as at 30 September 2021, solely for illustrative purposes on the hypothetical scenario where the Company were to dispose the Vessels at the current market price. We have not placed much reliance on it in our analysis.

The market value of the Group's Vessels as at 30 September 2021, as extracted by the Company from (a) VesselsValue, for 102 out of 104 of its Vessels, and (b) Fearnleys, for the remaining two (2) Vessels (the market value of which are not available on VesselsValue), and provided by the Company to NCF, was approximately USD3,413.2 million ("**Market Value**"). Comparatively, the book value of the Vessels as at 30 September 2021 is approximately USD3,570.5 million, which is approximately 4.6% higher than the Market Value.

Taking into account the market value of the Vessels of USD3,413.2 million, the NAV of the Group as at 30 September 2021 would be approximately USD2,684.5 million ("**Adjusted NAV**") or USD5.02 per Share (or equivalent to S\$6.82 at an exchange rate of approximately S\$1 : USD0.7368 as at 30 September 2021) based on 534,569,512 issued Shares (the "**Adjusted NAV per Share**"). Accordingly, the Exit Offer Price would represent a premium of approximately 27.6% to the Adjusted NAV per Share as at 30 September 2021 and would value the Group at a P/Adjusted NAV ratio of 1.28 times.

Shareholders should note that the above NAV analyses provide an estimate of the value of the Group based on the net assets of the Group (including a hypothetical sale of the Vessels at its market value) as at 30 September 2021, and such hypothetical scenarios are assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically affect the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market values of the assets and liabilities may vary depending on prevailing market and economic conditions.

In our evaluation of the financial terms of the Exit Offer, we have also considered whether there is any other asset which value may be materially different from that recorded in the statement of financial position of the Group as at 30 September 2021 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to have a material impact on the NAV of the Group as at 30 September 2021.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) save as disclosed in paragraph 7.4.2 above, there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 30 September 2021;
- (b) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 30 September 2021;

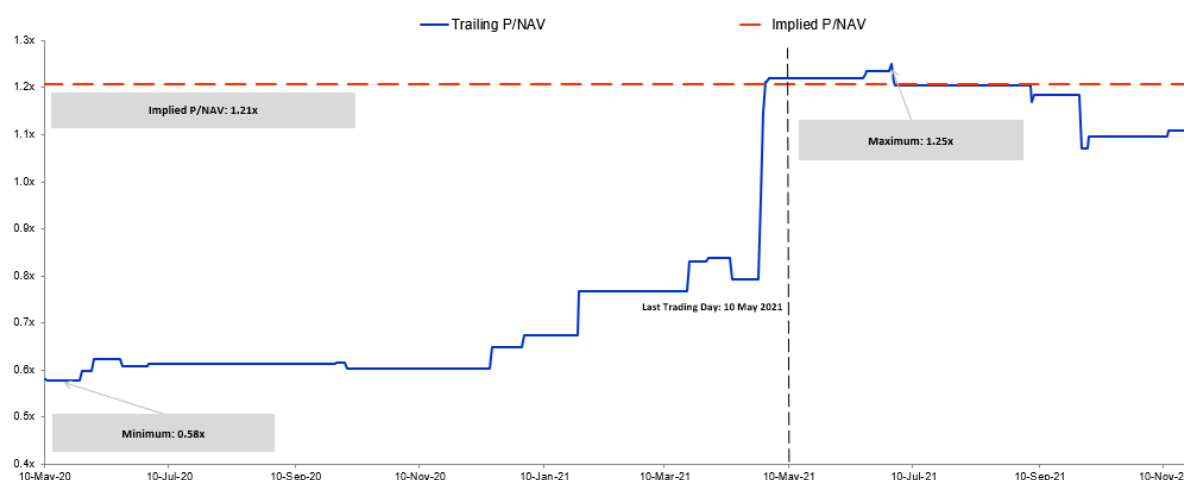
## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and/or the Group as at 30 September 2021;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the K-IFRS and which have not been so disclosed, that would have had a material impact on the overall financial position of the Group as at 30 September 2021;
- (e) save for the acquisition and replacement of the Group's Vessels in the ordinary course of business, there are no material acquisitions or disposals of assets by the Group between 30 September 2021 and the Latest Practicable Date, and the Group does not have any definite plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and
- (f) save as disclosed in paragraph 7.4.2 above, they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited statement of financial position of the Group as at 30 September 2021.

### 7.5. Historical Trailing P/NAV Multiples of the Shares

We have compared the P/NAV multiples of the Shares as implied by the Exit Offer Price *vis-à-vis* the historical trailing P/NAV multiples of the Shares (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date as set out below:

#### Historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



*Source: Thomson Reuters Eikon*

We set out below the historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date:

	Historical trailing P/NAV multiples		
	Average	High	Low
One-year	0.68	1.22	0.58
6-month	0.76	1.22	0.60

---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

	Historical trailing P/NAV multiples		
	Average	High	Low
3-month	0.86	1.22	0.77
One-month	1.00	1.22	0.79
After Exit Offer Announcement and up to Latest Practicable Date	1.17	1.25	1.07

**Source:** Thomson Reuters Eikon, the Company's announcements on the SGXNET and NCF's calculations

Our observations are set out below:

Periods prior to and including the Last Trading Day

The P/NAV multiple of 1.21 times as implied by the Exit Offer Price is (i) above the average historical trailing P/NAV multiples of the Shares of 0.68 times, 0.76 times, 0.86 times and 1.00 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) within the range of historical trailing P/NAV multiples of between 0.58 and 1.22.

Period after the Exit Offer Announcement and up to the Latest Practicable Date

The P/NAV multiple of 1.21 times as implied by the Exit Offer Price is (i) above the average historical trailing P/NAV multiple of the Shares of 1.17 times for the period after the Exit Offer Announcement and up to the Latest Practicable Date, and (ii) within the range of historical trailing P/NAV multiples of between 1.07 and 1.25.

Shareholders should note that the above analysis is solely for illustrative purposes as the NAV of the Group is not necessarily a realisable value given that the market values of the net assets may vary depending on, amongst others, prevailing market and economic conditions.

**7.6. Valuation Ratios of Selected Companies Which Principal Business Activities are Broadly Comparable to Those of the Group**

As set out in section 6 of the Circular, the Company is a global shipping and logistics enterprise which is headquartered in Seoul, Korea, and is principally engaged in the business of providing marine transportation services (including bulk carrier services) and other high value-added ship services, including container ships, tankers, LNG carriers and heavy lifter vessels.

In our evaluation of the financial terms of the Exit Offer, we have made reference to the valuation ratios of selected companies listed on various stock exchanges worldwide, including the SGX-ST, the HKEx, the OSE, the NASDAQ and/or the TSE with market capitalisations of up to S\$20 billion (or its equivalent in the respective foreign currencies) and which are principally engaged in the business of marine transportation (the "**Comparable Companies**") which we consider to be broadly comparable to the market capitalisation of the Company (as implied by the Exit Offer Price) and principal business of the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the worldwide exchanges which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

A brief description of the Comparable Companies is as follows:

Company / Listing exchange	Business description	Financial year-end
Pacific Basin Shipping Ltd (“ <b>Pacific Basin</b> ”) / HKEx	Pacific Basin is an investment holding company principally engaged in the provision of dry bulk shipping services internationally.	31 December
Samudera Shipping Line Ltd (“ <b>Samudera</b> ”) / SGX-ST	Samudera is a cargo transportation company which is principally engaged in owning and operating of ocean-going ships and the provision of containerised feeder shipping services.	31 December
SITC International Holdings Co Ltd (“ <b>SITC</b> ”) / HKEx	SITC and its subsidiaries are principally engaged in the provision of integrated transportation and logistics solutions through its sea-freight logistics segment and the land-based logistics business segment.	31 December
Belships ASA / OSE	Belships ASA is a Norway-based owner and operator of dry bulk vessels.	31 December
Orient Overseas (International) Ltd (“ <b>Orient Overseas</b> ”) / HKEx	Orient Overseas is an investment holding company principally engaged in container transport and logistics businesses.	31 December
Golden Ocean Group Ltd (“ <b>Golden Ocean</b> ”) / OSE & NASDAQ	Golden Ocean, formerly known as Knightsbridge Shipping Limited, is principally engaged in the transportation of dry bulk cargoes internationally.	31 December
Mitsui OSK Lines Ltd (“ <b>Mitsui OSK Lines</b> ”) / TSE	Mitsui OSK Lines is a Japan-based company engaged in the international shipping business.	31 March

**Source:** Thomson Reuters Eikon and annual reports and/or latest announced financial results of the Comparable Companies

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Latest twelve-month (“ <b>LTM</b> ”) price-earnings (“ <b>LTM P/E</b> ”) ratio	<p>The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.</p>
Latest twelve-month enterprise value-to-earnings before interest, taxes, depreciation and amortisation (“ <b>LTM EV/EBITDA</b> ”) ratio	<p>EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents.</p> <p>LTM EBITDA refers to the historical consolidated full-year earnings or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation.</p> <p>The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company’s business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a</p>



**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

Valuation ratio	Description
	<p>company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.</p>
P/NAV ratio	<p>P/NAV refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.</p>
P/NTA ratio	<p>P/NTA refers to the ratio of the market capitalisation of a company in relation to its NTA. The P/NTA ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company less the intangible assets of a company, including goodwill.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p> <p>We have considered the P/NTA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NTA.</p>

The valuation ratios of the Comparable Companies based on their respective last transacted share prices as at the Latest Practicable Date are set out below:

Company	Market capitalisation <sup>(1)</sup> (million)	LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)	P/NTA (times)
Pacific Basin	HK\$13,042 (approx. S\$2,284)	9.61	6.33	1.36	1.39
Samudera	S\$269	5.36	3.16	0.86	0.87
SITC	HK\$68,798 (approx. S\$12,048)	12.29	9.92	5.97 <sup>(2)</sup>	5.98 <sup>(2)</sup>
Belships ASA	NOK3,316 (approx. S\$506)	6.91	6.41	1.78	1.88
Orient Overseas	HK\$90,141 (approx. S\$15,785)	3.20	2.29	1.50	1.50
Golden Ocean	USD1,601 <sup>(3)</sup> (approx. S\$2,184)	8.32	8.32	0.89	0.89

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

Company	Market capitalisation <sup>(1)</sup> (million)	LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)	P/NTA (times)
Mitsui OSK Lines	JPY782,880 (approx. S\$9,292)	2.34	4.12	0.90	0.93
<b>Maximum</b>		<b>12.29</b>	<b>9.92</b>	<b>1.78</b>	<b>1.88</b>
<b>Mean</b>		<b>6.86</b>	<b>5.79</b>	<b>1.22</b>	<b>1.24</b>
<b>Median</b>		<b>6.91</b>	<b>6.33</b>	<b>1.13</b>	<b>1.16</b>
<b>Minimum</b>		<b>2.34</b>	<b>2.29</b>	<b>0.86</b>	<b>0.87</b>
<b>Company<sup>(4)</sup></b>	<b>S\$4,651</b>	<b>12.53</b> <i>(LTM P/E)</i> <b>10.15<sup>(5)</sup></b> <i>(Normalised LTM P/E)</i>	<b>8.41</b>	<b>1.21</b>	<b>1.21</b>

**Source:** Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies and the Company, and NCF's calculations

**Notes:**

- (1) The market capitalisation of each Comparable Companies is reported in the respective currency in which their shares are being traded as at the Latest Practicable Date, as well as in Singapore dollars based on the respective exchanges rates as at the Latest Practicable Date, as extracted from Thomson Reuters Eikon.
- (2) Excluded as statistical outliers in the respective maximum, mean, median and minimum computations.
- (3) Based in the closing price of the shares traded on NASDAQ as at the Latest Practicable Date.
- (4) Based on the Exit Offer Price.
- (5) Based on the normalised LTM net profit of the Group which excluded the Impairment Losses recognised in FY2020 ("**Normalised LTM Net Profit**").

Our observations are set out below.

The LTM P/E ratio of the Company of 12.53 times (as implied by the Exit Offer Price) is slightly above the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times.

The Normalised LTM P/E ratio of the Company of 10.15 times (as implied by the Exit Offer Price) is (i) within the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times, and (ii) is above the mean and median LTM P/E ratios of the Comparable Companies of 6.86 times and 6.91 times respectively.

The LTM EV/EBITDA ratio of the Company of 8.41 times (as implied by the Exit Offer Price) is (i) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 2.29 times and 9.92 times, and (ii) above the mean and median LTM EV/EBITDA ratios of the Comparable Companies of 5.79 times and 6.33 times respectively.

The P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (i) within the range of P/NAV ratios of the Comparable Companies (which excludes SITC's P/NAV ratio of 5.97 times as a statistical outlier) of between 0.86 times and 1.78 times, (ii) slightly lower than the mean P/NAV ratio of the Comparable Companies of 1.22 times, and (iii) higher than the median P/NAV ratio of the Comparable Companies of 1.13 times.



## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

The P/NTA ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (i) within the range of P/NTA ratios of the Comparable Companies (which excludes SITC's P/NTA ratio of 5.98 times as a statistical outlier) of between 0.87 times and 1.88 times, (ii) slightly lower than the mean P/NTA ratio of the Comparable Companies of 1.24, and (iii) higher than the median P/NTA ratio of the Comparable Companies of 1.16 times.

### 7.7. Selected Precedent Delisting Transactions Involving Companies Listed on the SGX-ST

We note that the Offeror is making the Exit Offer with a view to delist the Company (as a secondary listed issuer on the SGX-ST) from the official list of the SGX-ST while maintaining its primary listing on the KRX. For the purposes of our evaluation of the financial terms of the Exit Offer, we have compared the valuation statistics of the Company as implied by the Exit Offer Price *vis-à-vis* those of recent delisting offers (primarily by way of voluntary general offers or under Rule 1307 of the Listing Manual) from the SGX-ST (as the primary or secondary exchange), which were announced during the 24-month period prior to the Exit Offer Announcement and where the offerors had successfully attained the requisite delisting as at the Latest Practicable Date (collectively, the "Precedent Delistings"):

Company	Announcement date	Offer price (S\$)	----- Premium/(Discount) ----- of offer price over/(to) <sup>(1)</sup>				Offer price to NAV/ NTA (times)
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Dutech Holdings Limited	31 May 2021	0.435 <sup>(2)</sup>	74.0	73.3	74.7	73.3	0.77 <sup>(3)</sup>
Cheung Woh Technologies Ltd	6 May 2021	0.285	90.0	90.0	92.6	109.6	1.10 <sup>(4)</sup>
Top Global Limited	30 April 2021	0.390	122.9	132.1	146.8	148.4	0.32 <sup>(4)</sup>
Sin Ghee Huat Corporation Ltd	29 April 2021	0.270	25.6	68.2	68.2	68.8	0.57 <sup>(4)</sup>
Neo Group Limited	29 March 2021	0.600	20.0	17.9	14.5	15.4	2.44 <sup>(3)</sup>
Singapore Reinsurance Corporation Limited	19 March 2021	0.350	17.8	20.6	20.8	21.8	0.79 <sup>(3)</sup>
Jardine Strategic Holdings Limited	8 March 2021	US\$33	20.2	29.0	28.0	40.3	0.57 <sup>(3)</sup>
International Press Softcom Limited	28 January 2021	0.045	12.5	25.3	32.0	21.6	1.08 <sup>(3)</sup>
GL Limited	15 January 2021	0.800 <sup>(5)</sup>	42.9	46.6	52.4	45.8	0.84 <sup>(3)</sup>
CEI Limited	11 January 2021	1.150	16.2	18.1	20.5	23.6	1.93 <sup>(4)</sup>
Hi-P International Limited	18 December 2020	2.000	13.6	23.2	42.3	50.6	2.60 <sup>(3)</sup>
Sunvic Chemical Holdings Limited	20 November 2020	0.028	27.3	40.0	(3.4)	16.7	0.17 <sup>(3)</sup>
LCT Holdings Limited	16 September 2020	0.600	39.5	60.8	61.7	61.5	0.91 <sup>(6)</sup>
SK Jewellery Group Limited	2 September 2020	0.150	70.5	90.2	94.8	93.7	1.31 <sup>(3)</sup>

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

Company	Announcement date	Offer price (\$)	----- Premium/(Discount) ----- of offer price over/(to) <sup>(1)</sup>				Offer price to NAV/ NTA (times)
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
China Jishan Holdings Limited	3 September 2020	0.350	84.2	101.3	106.4	116.7	0.78 <sup>(4)</sup>
Teckwah Industrial Corporation Ltd	12 August 2020	0.650	17.1	23.1	25.0	32.4	0.81 <sup>(4)</sup>
Luzhou Bio-Chem Technology Limited	30 June 2020	0.030	100.0	87.5	130.8	150.0	n.m. <sup>(7)</sup>
Perennial Real Estate Holdings Limited <sup>(8)</sup>	12 June 2020	0.950	88.1	105.2	124.2	112.7	0.56 <sup>(9)</sup>
Dynamic Colors Limited	1 June 2020	0.225	13.6	22.8	29.0	26.8	0.95 <sup>(6)</sup>
Elec & Eltek International Company Limited	3 April 2020	US\$2.29 <sup>(10)</sup>	95.7	61.3	43.8	48.4	1.00 <sup>(9)</sup>
Breadtalk Group Limited	24 February 2020	0.770	19.4	30.1	24.0	25.0	2.81 <sup>(6)</sup>
CITIC Envirotech Ltd.	6 November 2019	0.550	48.6	61.6	68.5	65.5	1.15 <sup>(3)</sup>
PACC Offshore Services Holdings Ltd.	4 November 2019	0.215	69.3	99.4	93.0	70.2	0.96 <sup>(4)</sup>
San Teh Ltd	5 September 2019	0.280	81.8	90.5	83.0	84.2	0.40 <sup>(4)</sup>
AVIC International Maritime Holdings Limited	27 August 2019	0.150	37.6	66.7	65.6	65.9	1.20 <sup>(3)</sup>
PS Group Holdings Ltd.	20 August 2019	0.118	195.0	266.7	267.5	267.5	0.62 <sup>(4)</sup>
Delong Holdings Limited <sup>(11)</sup>	29 July 2019	7.000	1.9	8.0	17.9	37.2	0.60 <sup>(3)</sup>
Hupsteel Limited	28 June 2019	1.200	51.9	58.3	58.6	58.6	0.58 <sup>(4)</sup>
<b>Maximum<sup>(12)</sup></b>			122.9	132.1	146.8	150.0	2.81
<b>Mean<sup>(12)</sup></b>			48.2	57.4	59.8	62.4	1.03
<b>Median<sup>(12)</sup></b>			39.5	60.8	58.6	58.6	0.84
<b>Minimum<sup>(12)</sup></b>			1.9	8.0	(3.4)	15.4	0.17
<b>Company (as implied by the Exit Offer Price)</b>	<b>14 June 2021</b>	<b>8.700</b>	<b>8.8</b>	<b>30.8</b>	<b>53.4</b>	<b>67.5</b>	<b>1.21<sup>(13)</sup></b>

*Source: Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circulars in relation to the Precedent Delistings*

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

### Notes:

- (1) Market premia/(discount) calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and VWAPs of the one-month, 3-month and 6-month periods prior to the respective announcements.
- (2) Based on the revised offer price of S\$0.435 per offer share as announced by Dutech Holdings Limited on 15 July 2021.
- (3) Based on the NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (4) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (5) Based on the revised offer price of S\$0.80 per offer share as announced by GL Limited on 15 March 2021.
- (6) Based on the adjusted NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (7) Denotes “not meaningful” as Luzhou Bio-Chem Technology Limited had recorded net tangible liabilities and revalued net tangible liabilities as at 31 December 2019.
- (8) On 18 May 2020, Perennial Real Estate Holdings Limited (“Perennial”) announced that its directors had been notified that certain of its substantial shareholders were reviewing the options in relation to their shareholdings in Perennial. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last undisturbed trading date.
- (9) Based on the adjusted revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (10) Based on the adjusted offer price, being the offer price after deduction of the final dividend.
- (11) On 29 July 2019, a voluntary conditional cash offer was made for the issued shares of Delong Holdings Limited (the “Delong Final Offer”). Prior to the Delong Final Offer, a voluntary conditional cash offer for the issued shares of Delong Holdings Limited was previously made on 27 September 2018 and the offer was subsequently withdrawn in accordance with Rule 4 of the Code as announced on 11 October 2018. The market premia in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last undisturbed trading date.
- (12) Excludes PS Group Holdings Ltd. as a statistical outlier in the computations of the maximum, mean, median and minimum premium/(discount) of the offer price over/(to) the last transacted price and the one-month, 3-month and 6-month VWAPs prior to the offer announcements.
- (13) Based on the NAV per Share of S\$7.21 as at 30 September 2021.

Based on the above, we note that:

- (a) the premium of approximately 8.8% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of premia of the Precedent Delistings of between 1.9% and a premium of 122.9%, but (ii) below the corresponding mean and median premia of the Precedent Delistings of 48.2% and 39.5% respectively;
- (b) the premium of approximately 30.8% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Delistings of between 8.0% and 132.1%, but (ii) below the corresponding mean and median premia of the Precedent Delistings of 57.4% and 60.8% respectively;
- (c) the premium of approximately 53.4% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of the Precedent Delistings of between a discount of 3.4% and a premium of 146.8%, but (ii) slightly below the corresponding mean and median premium of the Precedent Delistings of 59.8% and 58.6% respectively;
- (d) the premium of approximately 67.5% (as implied by the Exit Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Delistings of between 15.4% and 150.0%, and (ii) above the corresponding mean and median premia of the Precedent Delistings of 62.4% and 58.6% respectively; and

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

- (e) the P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (i) within the range of offer price-to-NAV/NTA ratios of the Precedent Delistings of between 0.17 times and 2.81 times, and (ii) above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Delistings of 1.03 times and 0.84 times respectively.

Shareholders should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or delisting a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent Delistings has to be judged on its own merits (or otherwise).

The list of Precedent Delistings indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Delistings over the aforementioned periods and does not highlight bases other than the aforementioned in determining an appropriate premium/discount for the Precedent Delistings. It should be noted that the comparison is made without taking into account the total amount of the offer value of each Precedent Delisting or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition. In addition, as some of the companies had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Precedent Delisting with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Delisting and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Further, the Company intends to delist only from the SGX-ST, and maintain its listing on the KRX. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Delistings. Therefore, any comparison of the Offer with the Precedent Delistings is solely for illustrative purposes and any conclusions drawn from the comparisons may not necessarily reflect any perceived market valuation for the Company.

### 7.8. Assessment on the Theoretical Valuation of the Company

In view that (i) trading in the Shares had been sporadic with only 18 market days of trading for the one-year period prior to and including the Last Trading Day, (ii) the Exit Offer to delist the Company is in respect of its secondary listing on the SGX-ST, and not a primary exchange delisting, and (iii) the nature of the Group's business is asset heavy, we have selected asset based approach as our primary valuation methodology in estimating the range of valuation of the Company. For comparison purposes, we have also considered the earnings approach (in particular, the LTM P/E multiple<sup>(1)</sup>) in view of the Group's profitability.

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

Accordingly, the theoretical valuation of the Company would be as follows:

Valuation methodology	Theoretical valuation (S\$m)	Theoretical valuation per Share (S\$)
<u>Asset-based Approach</u>		
Net asset value	3,856.9	7.21
P/NAV multiple for Comparable Companies <sup>(2)</sup>	4,358.3 to 4,705.4	8.15 to 8.80
P/NTA multiple for Comparable Companies <sup>(2)</sup>	4,465.3 to 4,773.2	8.35 to 8.93
<b>Overall applied range</b>	<b>3,856.9 to 4,773.2<sup>(3)</sup></b>	<b>7.21 to 8.93<sup>(3)</sup></b>

### For comparison purposes

#### Earnings Approach

LTM P/E multiple for Comparable Companies <sup>(2)</sup>	3,142.0 to 3,164.9 <sup>(4)</sup>	5.88 to 5.92
--	-----------------------------------	--------------

#### Notes:

- (1) In respect of the earnings approach, LTM P/E multiple was considered more favourably as compared to LTM EV/EBITDA multiple as the LTM P/E multiple is regarded as a more acceptable and more commonly used multiple for valuation by the market.
- (2) Based on the mean and median P/NAV, P/NTA, and LTM P/E multiples of the Comparable Companies.
- (3) The range has taken into account the P/NAV and P/NTA multiples of Comparable Companies which are broadly comparable to the Company. As mentioned in section 7.6 above, we recognise that there is no company which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Accordingly, the Comparable Companies serve as a gauge in providing an illustrative perceived market valuation of the Group.
- (4) Based on the Normalised LTM Net Profit of the Group.

We note that the Exit Offer Price of S\$8.70 is within the range of the overall theoretical valuation of the Company which is between S\$7.21 to S\$8.93 based on the asset-based approach, and above the range of S\$5.88 to S\$5.92 based on the earnings approach.

## 7.9. Other Relevant Considerations

### 7.9.1. Possibility of transferring Shares to trade on KRX

As stated in section 1.3 of the Circular, the Company intends to maintain its primary listing on the KRX. Accordingly, the Delisting is not a privatisation exercise and will not result in any right of compulsory acquisition or squeeze-out of any minority Shareholders. Singapore Registered Shareholders who wish to hold their Shares and trade their Shares on the KRX may arrange for their Shares transferred to the Korea Register in accordance with the procedures set out in section 12 and Appendix B of the Circular. Singapore Registered Shareholders who do not take any action to accept the Exit Offer nor arrange for their Shares to be transferred to the Korea Register during the Migration Period (as defined in the Circular) to trade their Shares on the KRX will hold unlisted Shares following the completion of the Delisting.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

Pursuant to Appendix B of the Circular, to facilitate the transfer process, the Company has, for a period of six (6) months commencing from the start of the Migration Period, appointed iFAST Financial Pte. Ltd. (the “**Designated Broker**”) to assist Singapore Registered Shareholders who wish to transfer their Shares to the Korea Securities Depository (“**KSD**”). During the Migration Period, the Company intends to bear the transfer related costs in relation to the transfer of the Shares to the KSD, comprising, among others, the withdrawal and registration fees payable to the Central Depository (Pte) Limited (the “**CDP**”) for each request for withdrawal of Shares from the CDP and the fees payable to the KSD relating to the process to transfer Shares to KSD, and bear the fees for its appointment of the Designated Broker.

We wish to highlight that the Singapore Registered Shareholders who wish to seek the Designated Broker’s assistance will have to comply with the Designated Broker’s customer onboarding requirements. Further, the Company will not bear (a) any fees and charges which may be charged by any other relevant licensed securities brokerage company that may be appointed by the Singapore Registered Shareholders (“**Relevant Broker**”), and (b) any recurring holding and transactional related fees and charges which may be charged by the Designated Broker or the Relevant Broker in respect of the Shares following the transfer to the KSD. There is also no assurance that (i) the market price of the Shares on KRX will trade at levels similar or higher to the Exit Offer Price, and (ii) the process and brokerage and related costs in connection with trading on a foreign stock exchange will be similar to the process and brokerage and related costs in connection with trading on the SGX-ST.

### 7.9.2. No revision in Exit Offer Price

As set out in the Exit Offer Letter, the Exit Offer Price is final, and there will not be any revision to the Exit Offer Price. In addition, the Delisting and Exit Offer are not conditional upon a minimum number of acceptances being received by the Offeror.

Further, the Exit Offer is subject to the Maximum Quantity, which is a clear indication of the unlikely event that the Exit Offer Price will subsequently be revised upwards.

### 7.9.3. Likelihood of competing offer is remote

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Offer Shares from any third party.

As at the Latest Practicable Date, the Offeror Concert Party Group held, directly and indirectly, an aggregate of 292,400,000 Shares, representing approximately 54.7% of the total number of issued Shares. It is therefore highly unlikely that there will be a competing offer from any other third party, aside from the Offeror Concert Party Group.

### 7.9.4. Statutory control over the Company

As at the Latest Practicable Date, the Offeror held directly an aggregate of 292,400,000 Shares, representing approximately 54.7% of the total number of issued Shares. Accordingly, the Offeror already has statutory control over the Company which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary resolutions at the Company’s general meetings on matters in which the Offeror Concert Party Group do not have an interest.

### 7.9.5. Dividend track record of the Company

Save for the FY2020 Dividend declared by the Company, the Company had not declared or paid any dividends over the past three (3) financial years. In addition, we note that the Company did not declare any form of dividends in respect of 9M2021. We note that the FY2020 Dividend (based on the gross dividend of S\$0.059 per ordinary share), which was also the dividends declared in the last twelve months prior to the Latest Practicable Date, represented a dividend yield of approximately 1.4% and 0.7% over the one-year average Share price of the Company for FY2020 and the closing market price of the Shares as at the Latest Practicable Date respectively.



---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

While the Company had announced that it will be implementing the Mid-Term Dividend Guideline for the next three (3) financial years, we wish to highlight that the Mid-Term Dividend Guideline may be subject to change depending on the future operating conditions and business environment. Accordingly, there is no certainty that the Company will continue to declare dividends for future financial periods and/or maintain the level of dividends vis-à-vis the FY2020 Dividend. The Exit Offer would provide Singapore Registered Shareholders with an alternative way to realise their investments in the Shares at a premium over the historical share prices of the Shares, up to and including the Last Trading Day.

For the purpose of analysing the Exit Offer, we have considered that the Singapore Registered Shareholders who accept the Exit Offer may re-invest the proceeds from the Exit Offer in selected alternative equity investments including the equity of Comparable Companies listed on the SGX-ST and/or a broad Singapore market index instrument such as the STI Exchange Traded Fund (“**STI ETF**”).

For illustrative purposes, the dividend yield of these selected alternative investments based on their ordinary dividends declared over the last twelve months are as follows:

	<b>LTM dividend yield<sup>(1)</sup> (%)</b>
Samudera	3.1 <sup>(2)</sup>
STI ETF	3.2
<b>Company</b>	<b>0.7</b>

Source: Thomson Reuter Eikon

### Notes:

- (1) Computed based on the dividends declared over the latest twelve months prior to the Latest Practicable Date divided by the closing market price as at the Latest Practicable Date. The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Includes a final dividend of 0.75 Singapore cents per ordinary share and a special dividend of 0.30 Singapore cents per ordinary shares in respect of FY2020, and an interim dividend of 0.50 Singapore cents per ordinary shares declared by Samudera on 12 April 2021 and 28 July 2021 respectively.

Based on the above, we note that the LTM dividend yield of the Company of approximately 0.7% is lower than (a) the LTM dividend yield of Samudera of approximately 3.1%, and (b) the LTM dividend yield of STI ETF of approximately 3.2%. Accordingly, the Singapore Registered Shareholder may potentially experience similar or higher dividend income if he or she were to reinvest the proceeds from the Exit Offer in such selected other alternative investments. This is on the assumption that such selected other alternative investments maintain their dividend yields at the same levels as illustrated above.

Notwithstanding the above, it is uncertain whether the Company and such selected other alternative investments can maintain its historical dividend yields at the levels set out above, hence it is uncertain whether the Singapore Registered Shareholders will be able to increase their investment income by liquidating their investment in the Company and reinvesting their proceeds in such selected other alternative investments.

Therefore, Singapore Registered Shareholders who accept the Exit Offer may choose to re-invest the proceeds from the Exit Offer in alternative investments that have a historical track record of paying out dividends and achieve a higher dividend income.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

Independent Directors should note that an investment in the equity of the Comparable Companies and/or other alternative securities provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as an illustrative guide only. Furthermore, it should also be noted that the above analysis ignores any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

### 7.9.6. Low liquidity for Shares traded on the SGX-ST

The Shares on the SGX-ST had been thinly traded over the past year, prior to and including the Last Trading Day and in general, has a large bid-ask spread. The Exit Offer would mitigate the liquidity risk present to the Singapore Registered Shareholders and provide Singapore Registered Shareholders with the opportunity to realise their investments in the Shares that eliminates the bid-ask spread.

## 8. OPINION AND ADVICE

### 8.1. Our Opinion

In arriving at our opinion on the financial terms of the Exit Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) the Group's revenue fell from approximately USD2,425.3 million in FY2018 to approximately USD2,117.5 million in FY2019, and subsequently to approximately USD2,115.4 million in FY2020. In line with the decrease in revenue, the net profit attributable to owners of the Group had decreased from approximately USD138.5 million in FY2018 to approximately USD130.3 million in FY2019 and to approximately USD78.4 million in FY2020. In respect of the Group's 9M2021 Results, we note that the Group's revenue has increased from approximately USD1,563.2 million in 9M2020 to USD2,774.6 million in 9M2021, which resulted in an improvement in a net profit attributable to owners of the Group from USD88.5 million in 9M2020 to USD287.1 million in 9M2021;
- (b) the Exit Offer Price (i) exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, (ii) represents a premium of approximately 71.1%, 67.5%, 53.4% and 30.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (iii) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Trading Day, (iv) represents a premium of approximately 8.2% over the VWAP of the Shares of S\$8.043 for the period after the Exit Offer Announcement and up to the Last Market Day, and (v) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Market Day;
- (c) the performance of the Shares was generally in line with the STI and the FTSE STLM Index during the one-year period prior to and including the Last Trading Day, up until late-January 2021 where the Shares performance exceeded the STI and FTSE STLM Index, and the closing prices of the Shares had remained unchanged at S\$8.00 as at the Last Trading Day and as at the Latest Practicable Date while the STI and the FTSE STLM Index had increased by approximately 1.72% and 1.52% respectively between the Last Trading Day and the Latest Practicable Date;
- (d) the Exit Offer Price represents (i) a premium of approximately 20.7% to the unaudited NAV per Share as at 30 September 2021 and would value the Group at a P/NAV ratio of 1.21 times, and (ii) a premium of approximately 27.6% to the Adjusted NAV per Share as at 30 September 2021 and would value the Group at a P/Adjusted NAV ratio of 1.28 times;



---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

- (e) the P/NAV multiple of 1.21 times as implied by the Exit Offer Price is (i) above the average historical trailing P/NAV multiples of the Shares of 0.68 times, 0.76 times, 0.86 times and 1.00 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) above the average historical trailing P/NAV multiple of the Shares of 1.17 times for the period after the Exit Offer Announcement and up to the Latest Practicable Date;
- (f) in respect of the Comparable Companies:
  - (i) the LTM P/E ratio of the Company of 12.53 times (as implied by the Exit Offer Price) is above the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times;
  - (ii) the Normalised LTM P/E ratio of the Company of 10.15 times (as implied by the Exit Offer Price) is (aa) within the range of LTM P/E ratios of the Comparable Companies of between 2.34 times and 12.29 times, and (bb) above the mean and median LTM P/E ratios of the Comparable Companies of 6.86 times and 6.91 times respectively;
  - (iii) the LTM EV/EBITDA ratio of the Company of 8.41 times (as implied by the Exit Offer Price) is (aa) within the range of LTM EV/EBITDA ratios of the Comparable Companies of between 2.29 times and 9.92 times, and (bb) above the mean and median LTM EV/EBITDA ratios of the Comparable Companies of 5.79 times and 6.33 times respectively;
  - (iv) the P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of P/NAV ratios of the Comparable Companies (which excludes SITC's P/NAV ratio of 5.97 times as a statistical outlier) of between 0.86 times and 1.78 times, (bb) slightly lower than the mean P/NAV ratio of the Comparable Companies of 1.22 times, and (cc) higher than the median P/NAV ratio of the Comparable Companies of 1.13 times;
  - (v) the P/NTA ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of P/NTA ratios of the Comparable Companies (which excludes SITC's P/NTA ratio of 5.98 times as a statistical outlier) of between 0.87 times and 1.88 times, (bb) slightly lower than the mean P/NTA ratio of the Comparable Companies of 1.24 times, and (cc) higher than the median P/NTA ratio of the Comparable Companies of 1.16 times;
- (g) in respect of the Precedent Delistings:
  - (i) the premium of approximately 8.8% (as implied by the Exit Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 1.9% and 122.9%, and (bb) below the corresponding mean and median premium of the Precedent Delistings of 48.2% and 39.5% respectively;
  - (ii) the premium of approximately 30.8% (as implied by the Exit Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 8.0% and 132.1%, and (bb) below the corresponding mean and median premium of the Precedent Delistings of 57.4% and 60.8% respectively;
  - (iii) the premium of approximately 53.4% (as implied by the Exit Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of the Precedent Delistings of between a discount of 3.4% and a premium of 146.8%, and (bb) slightly below the corresponding mean and median premium of the Precedent Delistings of 59.8% and 58.6% respectively;

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

- (iv) the premium of approximately 67.5% (as implied by the Exit Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Delistings of between 15.4% and 150.0%, and (bb) above the corresponding mean and median premia of the Precedent Delistings of 62.4% and 58.6% respectively;
- (v) the P/NAV ratio of the Company of 1.21 times (as implied by the Exit Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Delistings of between 0.17 times and 2.81 times, and (bb) above the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Delistings of 1.03 and 0.84 times respectively;
- (h) the Exit Offer Price of S\$8.70 is in the range of the overall theoretical valuation of the Company of between S\$7.21 to S\$8.93, based on the asset-based approach;
- (i) the possibility of transferring the Shares to trade on KRX;
- (j) the Exit Offer Price is final and there will not be any revision to the Exit Offer Price;
- (k) as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no publicly available evidence of any alternative offer for the Offer Shares from any third party;
- (l) the statutory control that the Offeror has over the Company;
- (m) the LTM dividend yield of the Company is lower than that of the selected Comparable Company listed on the SGX-ST and the STI ETF, suggesting that Singapore Registered Shareholders who accept the Exit Offer may potentially experience a similar or higher dividend income if they re-invest the proceeds from the Exit Offer in, *inter alia*, such selected other alternative investments. There is, however, no assurance that the Company or any of the selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods. The Mid-Term Dividend Guideline announced by the Company may be subject to change depending on the future operating conditions and business environment; and
- (n) the low trading liquidity of Shares traded on the SGX-ST with generally large bid-ask spreads.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Exit Offer are **fair and reasonable**.

In determining that the Exit Offer is **fair**, we have considered the following pertinent factors:

- (i) the Exit Offer Price (aa) exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day, (bb) represents a premium of approximately 71.1%, 67.5%, 53.4% and 30.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (cc) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Trading Day, (dd) represents a premium of approximately 8.2% over the VWAP of the Shares of S\$8.043 for the period after the Exit Offer Announcement and up to the Last Market Day, and (ee) represents a premium of approximately 8.8% over the closing price of the Shares of S\$8.000 on the Last Market Day;
- (ii) the Exit Offer Price is above the unaudited NAV per Share as at 30 September 2021, and the P/NAV multiple as implied by the Exit Offer Price is above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, as well as for the period after the Exit Offer Announcement and up to the Latest Practicable Date; and
- (iii) the Exit Offer Price is in the range of the overall theoretical valuation of the Company of between S\$7.21 to S\$8.93, based on the asset-based approach.

---

## APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE EXIT OFFER

---

In determining that the Exit Offer is **reasonable**, we have considered the following pertinent factors:

- (i) the Group's net profit attributable to owners of the Company had deteriorated since FY2018 and up until FY2020, which is in line with the decrease in revenue, notwithstanding the Impairment Loss in FY2020 and the improvement in its 9M2021 Results;
- (ii) the performance of the Shares was generally in line with the STI and the FTSE STLM Index during the one-year period prior to and including the Last Trading Day, and had only outperformed the STI and FTSE STLM Index from late-January 2021 up until the Latest Practicable Date where the Shares closed above the STI (rebased) and FTSE STLM Index (rebased). The closing prices of the Shares had remained unchanged as at the Last Trading Day and as at the Latest Practicable Date, while the STI and FTSE STLM Index had increased slightly by approximately 1.72% and 1.52% respectively between the Last Trading Day and the Latest Practicable Date;
- (iii) in respect of the Comparable Companies:
  - (aa) the LTM P/E ratio of the Company (as implied by the Exit Offer Price) is above the range of LTM P/E ratios of the Comparable Companies, and the Normalised LTM P/E ratio of the Company (as implied by the Exit Offer Price) is above the mean and median LTM P/E ratios of the Comparable Companies;
  - (bb) the LTM EV/EBITDA ratio of the Company (as implied by the Exit Offer Price) is above the mean and median LTM EV/EBITDA ratios of the Comparable Companies;
  - (cc) the P/NAV ratio of the Company (as implied by the Exit Offer Price) is within the range of the P/NAV ratios of the Comparable Companies and above the median P/NAV ratio of the Comparable Companies;
  - (dd) the P/NTA ratio of the Company (as implied by the Exit Offer Price) is within the range of the P/NAV ratios of the Comparable Companies and above the median P/NTA ratio of the Comparable Companies;
- (iv) in respect of the Precedent Delistings, although the premia of the Exit Offer Price over the last transacted price of the Shares on the Last Trading Day, and the one-month VWAP and 3-month VWAP of the Shares up to and including the Last Trading Day are below the corresponding mean and median premia of the Precedent Delistings, the 6-month VWAP of the Shares up to and including the Last Trading Day and P/NAV ratio of the Company (as implied by the Exit Offer Price) are above the corresponding mean and median 6-month VWAP and offer price-to-NAV/NTA ratios of the Precedent Delistings respectively;
- (v) the LTM dividend yield of the Company is lower than that of the selected other alternative investments, and the Mid-Term Dividend Guideline announced by the Company may be subject to change depending on the future operating conditions and business environment; and
- (vi) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.

### 8.2. Our Advice

Accordingly, we advise the Independent Directors to recommend that Singapore Registered Shareholders **accept** the Exit Offer, unless Singapore Registered Shareholders are able to obtain a price higher than the Exit Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Exit Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

---

**APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE EXIT OFFER**

---

This Letter is issued pursuant to Rule 1309(2) of the Listing Manual, and addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Exit Offer. The recommendation made by them to the Shareholders in relation to the Exit Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Exit Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,  
For and on behalf of  
**Novus Corporate Finance Pte. Ltd.**

Andrew Leo  
Chief Executive Officer

Milene Lee  
Associate Director

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

### 1. ACTIONS TO BE TAKEN BY SINGAPORE REGISTERED SHAREHOLDERS WHO HOLD SHARES WHICH ARE DEPOSITED WITH THE CDP

#### 1.1 General Process for Migration of Shares to the Korea Register to trade on the KRX

During the Migration Period, Singapore Registered Shareholders who hold Shares which are deposited with the CDP and who wish to trade their Shares on the KRX may withdraw their Shares from the CDP and transfer their Shares to the KSD by taking the following actions:

- (a) Singapore Registered Shareholders would have to open:
  - (i) a trading account with a licensed securities brokerage company in the Republic of Korea (a "**Relevant Broker**") in order to sell and trade their Shares on the KRX; and
  - (ii) the investment-exclusive bank accounts (as defined in paragraph 5.1(d) of this Appendix B) with a licensed foreign exchange bank in the Republic of Korea to deposit sale proceeds of the Shares therein and to withdraw purchase prices of the Shares therefrom;
- (b) in the case of those Singapore Registered Shareholders who are trading on the KRX for the first time, such Singapore Registered Shareholders would have to register and obtain the Investors Registration Certificate ("**IRC**") from the Financial Supervisory Service of the Republic of Korea ("**FSS**"), either directly or through a standing proxy (as further described below in paragraph 5.2 of this Appendix B). Singapore Registered Shareholders may delegate the Relevant Broker as their standing proxy;
- (c) Singapore Registered Shareholders would have to submit a Request for Withdrawal of Securities Form to CDP. A copy of the Request for Withdrawal of Securities Form is available at <https://www.sgx.com/securities/retail-investor/cdp-forms>. As set out in paragraph 1.2(b) of this Appendix B, the withdrawal and registration fees payable to CDP for each request for withdrawal of Shares from the CDP will be borne by the Company during the Migration Period. Upon submission of the Request for Withdrawal of Securities Form, CDP will then liaise with the Company's Singapore Share Registrar regarding the issuance of the Singapore share certificates in respect of the relevant Shares;
- (d) Singapore Registered Shareholders would have to submit a completed Form of Migration Application to the Company's Singapore Share Registrar indicating amongst others, the name and contact number of the receiver of the Singapore share certificates (which may be the Relevant Broker or the custodian referred to in paragraph 5.1 of this Appendix B). Singapore Registered Shareholders may request for the Form of Migration Application from the Company's Singapore Share Registrar;
- (e) upon the Company's Singapore Share Registrar's receipt of the documents described in paragraph 1.1(d);
  - (i) the Company's Singapore Share Registrar will review and confirm the submitted documents and notify the KSD of the transfer request, together with the submitted documents; and
  - (ii) KSD and the Company's Singapore Share Registrar will liaise on the submitted documents and if the submitted documents are in order, the KSD will electronically register the number of transferred Shares to the securities accounts in Korea of the relevant Singapore Registered Shareholder(s), in accordance with applicable requirements under Korean laws and regulations; and
- (f) once the Shares are registered by KSD, the Singapore Registered Shareholders are required under Korean laws and regulations to immediately report to the FSS, through the KSD, the fact

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

that they have migrated Shares acquired in an overseas securities market in order to sell and trade in the KRX.

### 1.2 Designated Broker

To facilitate the transfer process for the Shares to the KSD:

- (a) for a period of six months commencing from the start of the Migration Period (the "**Designated Broker Services Period**"), the Company has appointed iFAST Financial Pte. Ltd. (the "**Designated Broker**") to assist the Singapore Registered Shareholders who wish to transfer their Shares to the KSD and who:
  - (i) currently do not have a trading account with a Relevant Broker; and/or
  - (ii) may be unsure as to how to open a trading account which will allow them to carry out the process to transfer their Shares to the KSD; and
- (b) during the Migration Period, the Company will bear the following transfer related costs in relation to the transfer of the Shares to the KSD:
  - (i) in the case of those Singapore Registered Shareholders who hold Shares which are deposited with the CDP, the withdrawal and registration fees payable to CDP for each request for withdrawal of Shares from the CDP;
  - (ii) the fees payable to the Singapore Share Registrar for the issuance of share certificate(s);
  - (iii) the fees payable to KSD relating to the process to transfer Shares to the KSD; and
  - (iv) in the case of those Singapore Registered Shareholders who request the assistance of the Designated Broker, any fees and charges which may be charged by the Designated Broker and its custodian bank relating to the process to transfer Shares to the KSD.

Singapore Registered Shareholders who require assistance in relation to the process to transfer their Shares to the KSD may contact the Designated Broker at:

#### **iFAST Global Markets Client Hotline**

Tel: 6439 8001

enquiries@ifastgm.com

During the Migration Period, Singapore Registered Shareholders who hold Shares which are deposited with the CDP should note that the Designated Broker would require such Singapore Registered Shareholders to apply for a withdrawal of their Shares from the CDP by submitting a Request for Withdrawal of Securities Form to CDP, before it may complete the remaining relevant procedures with the Designated Broker. A copy of the Request for Withdrawal of Securities Form is available at <https://www.sgx.com/securities/retail-investor/cdp-forms>. As set out in paragraph 1.2(b) of this Appendix B, the withdrawal and registration fees payable to CDP for each request for withdrawal of Shares from the CDP will be borne by the Company during the Migration Period.

The Company will also bear the fees for its appointment of the Designated Broker to provide such services to the Singapore Registered Shareholders. For the avoidance of doubt, the Company will not bear:

- (A) in the case of those Singapore Registered Shareholders who have appointed their own Relevant Broker, any fees and charges which may be charged by such Relevant Broker (including any fees for such Relevant Broker to provide the services of a standing proxy

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

(as further described below in paragraph 5.2 of this Appendix B)) relating to the process to transfer their Shares to the KSD; and

- (B) any recurring holding and transactional related fees and charges which may be charged by the Designated Broker or the Relevant Broker in respect of the Shares following the transfer to the KSD.

**Singapore Registered Shareholders should note that if they wish to seek the Designated Broker's assistance, they would have to comply with the Designated Broker's customer onboarding requirements for the opening of an investment account with the Designated Broker, and that the Shares will be held in a custody account on a bare custodian basis for and on behalf of such Singapore Registered Shareholder with the Designated Broker.**

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

- 1.3 Singapore Registered Shareholders who do not take any action in respect of the Delisting, and who have Shares held with CDP as at the Delisting Date ("**Remaining Depositors**") will have their Shares withdrawn from CDP and will hold unlisted Shares upon completion of the Delisting. Physical share certificates representing the relevant Shares will be despatched by ordinary mail to these Remaining Depositors based on their addresses reflected in the CDP's depository register, and the names of these Remaining Depositors will be entered into the Company's share register as the respective holders of the relevant Shares. Despatch of the share certificate(s) will be made at the risk of the Remaining Depositors. Following the Delisting Date and during the Designated Broker Services Period, such Singapore Registered Shareholders may contact the Designated Broker for assistance as set out in paragraph 2.2 below. However, after the expiry of the Designated Broker Services Period, such Singapore Registered Shareholders will have to make their own arrangements and take the actions set out in paragraph 2.1 of this Appendix B to transfer their shares to the KSD, if they wish to trade their Shares on the KRX.

## **2. ACTIONS TO BE TAKEN BY SINGAPORE REGISTERED SHAREHOLDERS WHO HOLD SHARES WHICH ARE NOT DEPOSITED WITH THE CDP**

### **2.1 General Process for Migration of Shares to the Korea Register to trade on the KRX**

Singapore Registered Shareholders who hold their Shares in scrip form and who wish to trade their Shares on the KRX may transfer their Shares to the KSD by taking the following actions:

- (a) Singapore Registered Shareholders would have to open:
  - (i) a trading account with a Relevant Broker in order to sell and trade their Shares on the KRX; and
  - (ii) the investment-exclusive bank accounts (as defined in paragraph 5.1(d) of this Appendix B) with a licensed foreign exchange bank in the Republic of Korea to deposit sale proceeds of the Shares therein and to withdraw purchase prices of the Shares therefrom;
- (b) in the case of those Singapore Registered Shareholders who are trading on the KRX for the first time, such Singapore Registered Shareholders would have to register and obtain the IRC from the FSS, either directly or through a standing proxy (as described in paragraph 5.2 of this Appendix B). Singapore Registered Shareholders may delegate the Relevant Broker as their standing proxy;
- (c) Singapore Registered Shareholders would have to submit a completed Form of Migration Application to the Company's Singapore Share Registrar indicating amongst others, the name



---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

and contact number of the receiver of the Singapore share certificates (which may be the Relevant Broker or the custodian referred to in paragraph 5.1 of this Appendix B), together with their Singapore share certificates. Singapore Registered Shareholders may request for the Form of Migration Application from the Company's Singapore Share Registrar;

- (d) upon the Company's Singapore Share Registrar's receipt of the documents described in paragraph 2.1(c):
  - (i) the Company's Singapore Share Registrar will review and confirm the submitted documents and notify the KSD of the transfer request, together with the submitted documents; and
  - (ii) KSD and the Company's Singapore Share Registrar will liaise on the submitted documents and if the submitted documents are in order, the KSD will electronically register the number of transferred Shares to the securities accounts in Korea of the relevant Singapore Registered Shareholder(s), in accordance with applicable requirements under Korean laws and regulations; and
- (e) once the Shares are registered by KSD, the Singapore Registered Shareholders are required under Korean laws and regulations to immediately report to the FSS, through the KSD, the fact that they have migrated Shares acquired in an overseas securities market in order to sell and trade in the KRX.

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

### 2.2 Designated Broker

To facilitate the transfer process for the Shares to the KSD:

- (a) during the Designated Broker Services Period, the Company has appointed the Designated Broker to assist the Singapore Registered Shareholders who wish to transfer their Shares to the KSD and who:
  - (i) currently do not have a trading account with a Relevant Broker; and/or
  - (ii) may be unsure as to how to open a trading account which will allow them to carry out the process to transfer their Shares to the KSD; and
- (b) during the Migration Period, the Company will bear the following transfer related costs in relation to the transfer of the Shares to the KSD:
  - (i) the fees payable to the Singapore Share Registrar for the issuance of share certificate(s);
  - (ii) the fees payable to KSD relating to the process to transfer Shares to the KSD; and
  - (iii) in the case of those Singapore Registered Shareholders who request the assistance of the Designated Broker, any fees and charges which may be charged by the Designated Broker and its custodian bank relating to the process to transfer Shares to the KSD.

Singapore Registered Shareholders who require assistance in relation to the process to transfer their Shares to the KSD may contact the Designated Broker at:

**iFAST Global Markets Client Hotline**

Tel: 6439 8001

enquiries@ifastgm.com



---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

The Company will also bear the fees for its appointment of the Designated Broker to provide such services to the Singapore Registered Shareholders. For the avoidance of doubt, the Company will not bear:

- (A) in the case of those Singapore Registered Shareholders who have appointed their own Relevant Broker, any fees and charges which may be charged by such Relevant Broker (including any fees for such Relevant Broker to provide the services of a standing proxy (as further described below in paragraph 5.2 of this Appendix B)) relating to the process to transfer their Shares to the KSD; and
- (B) any recurring holding and transactional related fees and charges which may be charged by the Designated Broker or the Relevant Broker in respect of the Shares following the transfer to the KSD.

**Singapore Registered Shareholders should note that if they wish to seek the Designated Broker's assistance, they would have to comply with the Designated Broker's customer onboarding requirements for the opening of an investment account with the Designated Broker, and that the Shares will be held in a custody account on a bare custodian basis for and on behalf of such Singapore Registered Shareholder with the Designated Broker.**

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

- 2.3 Singapore Registered Shareholders who hold their Shares in scrip form and who do not take any action in respect of the Delisting will hold unlisted Shares upon completion of the Delisting. Following the Delisting and during the Designated Broker Services Period, such Singapore Registered Shareholders may contact the Designated Broker for assistance as set out above in paragraph 2.2. However, after the expiry of the Designated Broker Services Period, such Singapore Registered Shareholders will have to make their own arrangements and take the actions set out in paragraph 2.1 of this Appendix B to transfer their shares to the KSD, if they wish to trade their Shares on the KRX.

### **3. ACTIONS TO BE TAKEN BY SINGAPORE REGISTERED SHAREHOLDERS WHO ARE SUBJECT TO THE SCALE-BACK**

- 3.1 If the Scale-Back applies, for those Singapore Registered Shareholders who have tendered Shares in acceptance of the Exit Offer but have some Shares that were not accepted by the Offeror under the Exit Offer as a result of the Scale-Back (the "**Scale-Back Shares**"), such Singapore Registered Shareholders may arrange for their Scale-Back Shares to be transferred to the Korea Register to trade their Shares on the KRX by taking the actions set out above in paragraphs 1 or 2 of this Appendix B, as the case may be.
- 3.2 To facilitate the transfer process for the Scale-Back Shares to the KSD:
- (a) during the Designated Broker Services Period, the Company has appointed the Designated Broker to assist the Singapore Registered Shareholders who wish to transfer their Scale-Back Shares to the KSD and who:
    - (i) currently do not have a trading account with a Relevant Broker; and/or
    - (ii) may be unsure as to how to open a trading account which will allow them to carry out the process to transfer their Shares to the KSD; and
  - (b) during the Migration Period, the Company will bear the following transfer related costs in relation to the transfer of the Scale-Back Shares to the KSD:

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

- (i) in the case of those Singapore Registered Shareholders who hold Shares which are deposited with the CDP, the withdrawal and registration fees payable to CDP for each request for withdrawal of Shares from the CDP;
- (ii) the fees payable to the Singapore Share Registrar for the issuance of share certificate(s);
- (iii) the fees payable to KSD relating to the process to transfer Shares to the KSD; and
- (iv) in the case of those Singapore Registered Shareholders who request the assistance of the Designated Broker, any fees and charges which may be charged by the Designated Broker and its custodian bank relating to the process to transfer Shares to the KSD.

Singapore Registered Shareholders who require assistance in relation to the process to transfer their Scale-Back Shares to the KSD may contact the Designated Broker at:

**iFAST Global Markets Client Hotline**

Tel: 6439 8001

enquiries@ifastgm.com

The Company will also bear the fees for its appointment of the Designated Broker to provide such services to the Singapore Registered Shareholders. For the avoidance of doubt, the Company will not bear:

- (A) in the case of those Singapore Registered Shareholders who have appointed their own Relevant Broker, any fees and charges which may be charged by such Relevant Broker (including any fees for such Relevant Broker to provide the services of a standing proxy (as further described below in paragraph 5.2 of this Appendix B)) relating to the process to transfer Shares to the KSD; and
- (B) any recurring holding and transactional related fees and charges which may be charged by the Designated Broker or the Relevant Broker in respect of the Shares following the transfer to the KSD.

**Singapore Registered Shareholders should note that if they wish to seek the Designated Broker's assistance, they would have to comply with the Designated Broker's customer onboarding requirements for the opening of an investment account with the Designated Broker, and that the Shares will be held in a custody account on a bare custodian basis for and on behalf of such Singapore Registered Shareholder with the Designated Broker.**

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

3.3 **Singapore Registered Shareholders whose Scale-Back Shares are deposited with the CDP and who do not take any action in respect of their Scale-Back Shares, and who have their Scale-Back Shares held with CDP as at the Delisting Date will have their Scale-Back Shares withdrawn from CDP and will hold unlisted Shares.** Physical share certificates representing the relevant Scale-Back Shares will be despatched by ordinary mail to these Singapore Registered Shareholders based on their addresses reflected in the CDP's depository register, and the names of these Singapore Registered Shareholders will be entered into the Company's share register as the respective holders of the relevant Scale-Back Shares. Despatch of the share certificate(s) will be made at the risk of these Singapore Registered Shareholders.

3.4 Singapore Registered Shareholders whose Scale-Back Shares are held in scrip form and who do not take any action in respect of the Delisting will hold unlisted Shares upon completion of the Delisting.

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

3.5 Following the Delisting Date and during the Designated Broker Services Period, such Singapore Registered Shareholders may contact the Designated Broker for assistance as set out above in paragraph 2.2. However, after the expiry of the Designated Broker Services Period, such Singapore Registered Shareholders will have to make their own arrangements and take the actions set out in paragraph 2.1 of this Appendix B to transfer their shares with the KSD, if they wish to trade their Shares on the KRX.

### 4. ACTIONS TO BE TAKEN BY SRS INVESTORS

4.1 The SRS Operators will provide more information to the SRS Investors in due course. In the meantime, SRS Investors are advised to exercise caution when dealing in the Shares and refrain from taking any action in relation to their Shares which may be prejudicial to their interests. **If they are in any doubt as to the action** they should take, SRS Investors are advised to contact and consult their respective SRS Operators and/or **seek other independent professional advice.**

4.2 SRS Investors whose Shares are held with the CDP through their respective SRS Operators as at the Delisting Date will have their Shares withdrawn from the CDP. Physical share certificates representing the relevant Shares belonging to SRS Investors will then be forwarded to SRS Operators for safe-keeping.

### 5. OTHER INFORMATION FOR SINGAPORE REGISTERED SHAREHOLDERS TO NOTE REGARDING THE TRADING OF THEIR SHARES ON THE KRX

5.1 In relation to the Singapore Registered Shareholders' trading of their Shares on the KRX following the completion of the transfer process, the Singapore Registered Shareholders would be subject to restrictions imposed by the Financial Investment Services and Capital Markets Act of the Republic of Korea ("**FSCMA**") and the Foreign Exchange Transaction Law of the Republic of Korea. In addition to the requirements set out in paragraphs 1.1(a) and 1.1(b) or 2.1(a) and 2.1(b) of this Appendix B, as the case may be, the Singapore Registered Shareholders shall:

- (a) trade Shares through the KRX unless stipulated otherwise in the FSCMA;
- (b) place orders to sell and trade the Shares in the KRX only through the Relevant Broker;
- (c) electronically register any Shares acquired by them with a custodian. The custodian may be selected among the KSD, a foreign exchange bank, an investment trader, an investment broker, a collective investment business entity and an internationally recognized foreign custodian. Given that a standing proxy may be appointed among the aforementioned candidates as the custodian under the Financial Investment Business Regulation of the Republic of Korea, the custodian is typically concurrently appointed as the standing proxy; and
- (d) as set out in paragraphs 1.1(a) and 2.1(a) above, the Singapore Registered Shareholders would have to open the investment-exclusive bank accounts (as defined below) with a licensed foreign exchange bank in the Republic of Korea to deposit sale proceeds of the Shares therein and to withdraw purchase prices of the Shares therefrom. That is, under the Foreign Exchange Transactions Regulation of the Republic of Korea, foreign investors may separately, under their names, open an investment-exclusive foreign currency deposit account to remit investment funds and an investment-exclusive non-resident KRW account (together with an "**investment-exclusive foreign currency deposit account**", collectively referred to as the "**investment-exclusive bank accounts**") to recover sale proceeds and dividends on securities at a foreign exchange bank, or utilise a foreign currency deposit account exclusively for investment opened under the name of the Relevant Broker to remit investment funds to acquire securities.

5.2 Under Korean laws and regulations, the Singapore Registered Shareholders are not required to designate a standing proxy and may exercise rights as shareholders directly instead of appointing a standing proxy. **However, appointing a standing proxy is highly recommended for the Singapore**

---

## APPENDIX B: PROCEDURES FOR MIGRATION OF SHARES TO THE KOREA REGISTER

---

**Registered Shareholders in dealing with the migration process and in trading on the KRX.** If a standing proxy is appointed, the Singapore Registered Shareholders may authorise the standing proxy to exercise rights to the Shares, to open accounts and to file an application for IRC, therefore allowing the Singapore Registered Shareholders to perform necessary investment tasks through the standing proxy in a timely manner. Singapore Registered Shareholders may delegate the Relevant Broker as their standing proxy, to conduct majority of these processes on its behalf and exercise its rights as a Shareholder.

- 5.3 Singapore Registered Shareholders should note that there is no holding cost in respect of the trading account. However, Singapore Registered Shareholders should note that there are the following transaction related costs for any trading of the Shares on the KRX:
- (a) an order entrustment fee in the range of 0.1% to 0.5% of the applicable trading price would be payable to the securities company;
  - (b) upon a sale of the Shares, securities transaction tax of 0.23% of the applicable trading price; and
  - (c) other fees payable to relevant institutions such as KSD and KRX of approximately 0.0036396% of the applicable trading price.

Singapore Registered Shareholders should note that the order entrustment fee and other fees payable to relevant institutions may vary depending on securities companies and transaction amount, and the securities transaction tax may be subject to change in accordance with the prevailing Korean laws and regulations.

**Singapore Registered Shareholders who are in doubt as to the action they should take should consult their respective stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

---

## APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY

---

### 1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Joong Ho Ahn	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Chief Executive Officer, Deputy President and Executive Director
Hong Kuk Kim	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Chief Executive Officer, Chairman and Executive Director
Se Gi Cheon	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Executive Director
Hak Soo Jeong	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Independent Director
Kwang Soo Oh	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Independent Director
Seung Hwan Choi	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Independent Director
Christopher Anand Daniel	c/o Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea	Independent Director

### 2. PRINCIPAL ACTIVITIES

The Company is a global shipping and logistics enterprise which is headquartered in Seoul, South Korea and is in the business of providing marine transportation services (including bulk carrier services) and other high value added ship services, including container ships, tankers, LNG carriers and heavy lifter vessels.

### 3. REGISTERED OFFICE

The registered office of the Company is at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea.

### 4. SHARE CAPITAL

#### 4.1 Issued Share Capital

The Company only has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is KRW 534,569,512,000 comprising 534,569,512 Shares.

The Shares are listed on the Main Board of the SGX-ST and the KOSPI Index of the KRX. As at the Latest Practicable Date, 534,398,915 Shares (amounting to 99.97% of the total number of Shares) are registered on the Korea Register and trading on the KRX, and 170,597 Shares (amounting to 0.03% of the total number of issued Shares) are registered on the Singapore Branch Register and trading on the SGX-ST.

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2020, such date being the end of the last financial year of the Company. As at the Latest Practicable Date, the Company has no treasury shares.

## APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY

### 4.2 Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities which carry voting rights affecting Shares.

### 4.3 Rights of Shareholders in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Articles. An extract of the relevant provisions in the Articles relating to the rights of Shareholders in respect of capital, dividends and voting rights is reproduced in Appendix E to this Circular. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Articles.

## 5. DISCLOSURE OF INTERESTS AND DEALINGS

### 5.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries have any direct or deemed interest in any Offeror Securities.

### 5.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries have dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

### 5.3 Interests of Directors in Offeror Securities

Save as disclosed in this Circular, as at the Latest Practicable Date, no other Director has any direct or deemed interest in any Offeror Securities.

Director	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Hong Kuk Kim	21,189,308	28.06	-	-	21,189,308	28.06
Se Gi Cheon	721	0.00	-	-	721	0.00

**Note:**

(1) This excludes the 16,832,117 treasury shares in the Offeror, which do not have any voting rights.

### 5.4 Dealings in Offeror Securities by Directors

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

### 5.5 Interests of Directors in Company Securities

Save as disclosed in this Circular, as at the Latest Practicable Date, no other Director has any direct or deemed interest in any Company Securities.

Director	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hong Kuk Kim	-	-	292,400,000 <sup>(1)</sup>	54.70	292,400,000	54.70
Joong Ho Ahn	8,120	0.00	-	-	8,120	0.00
Se Gi Cheon	2,355	0.00	-	-	2,355	0.00

**Note:**

(1) Hong Kuk Kim is deemed interested in the 292,400,000 Shares through his interest in the Offeror.

---

## APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY

---

### 5.6 Dealings in Company Securities by Directors

Save as disclosed in this Circular, none of the Directors has dealt for value in any Company Securities during the period commencing three (3) months prior to Joint Announcement Date and ending on the Latest Practicable Date.

Name	Date	No. of Shares Acquired	No. of Shares Sold	Transaction Price per Share (KRW)
Joong Ho Ahn	24 May 2021	3,000	-	6,700

### 5.7 Interests of the IFA in Company Securities

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

### 5.8 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in any Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

### 5.9 Directors' intentions in respect of the Delisting and the Exit Offer

As at the Latest Practicable Date, Mr. Hong Kuk Kim is deemed interested in 292,400,000 Shares through his interest in the Offeror. As Mr. Hong Kuk Kim is presumed to be acting in concert with the Offeror, he will abstain from voting on the Delisting Resolution.

As at the Latest Practicable Date, Mr. Joong Ho Ahn holds 8,120 Shares and Mr. Se Gi Cheon holds 2,355 Shares. Both of Mr. Joong Ho Ahn and Mr. Se Gi Cheon intend to vote all of their Shares in favour of the Delisting Resolution. For the avoidance of doubt, the Exit Offer is not made to Mr. Joong Ho Ahn and Mr. Se Gi Cheon as their Shares are not registered on the Singapore Branch Register and do not form part of the Offer Shares.

## 6. ARRANGEMENTS WITH DIRECTORS

### 6.1 Directors' service contracts

As at the Latest Practicable Date, (a) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (b) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Joint Announcement Date and the Latest Practicable Date.

### 6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits to be made or given to any Director or to any 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 Exit 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 Exit Offer; and

## APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY

- (c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

### 7. FINANCIAL INFORMATION

#### 7.1 Consolidated statement of comprehensive income

Set out below is certain financial information extracted from the audited consolidated statement of comprehensive income of the Company and its subsidiaries for FY2018, FY2019, FY2020 and the 3Q2021 Results (as set out in Appendix F to this Circular).

	<b>Unaudited</b>		<b>Audited</b>	
	<b>9 months ended</b>		<b>12 months ended</b>	
	<b>30.09.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Revenue	2,774,624	2,115,412	2,117,525	2,425,312
Exceptional items	NA	NA	NA	NA
Net profit before tax	288,081	77,899	127,216	135,423
Net profit after tax	287,135	76,853	126,754	135,106
Non-controlling interests	-	-	11,321	14,892
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Net earnings per Share	0.54	0.15	0.24	0.26
Net dividends per Share	NA	NA	NA	NA

The above summary should be read in conjunction with the annual reports, the audited consolidated statement of comprehensive income of the Company and its subsidiaries for the relevant financial periods and the 3Q2021 Results (as set out in Appendix F to this Circular) and their respective accompanying notes, copies of which are available for inspection at the office of the Singapore Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

#### 7.2 Consolidated statement of financial position

A summary of the audited consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2020 (being the date to which the Company's last published audited financial statements were made up), 31 December 2019 and 31 December 2018 and the unaudited consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2021 is set out below.

	<b>Unaudited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>30.09.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	284,525	218,346	220,516	186,668
Trade receivables	184,701	137,082	113,512	127,837
Contract assets	158,706	50,790	55,684	87,196
Other receivables	39,887	18,500	22,103	32,085
Derivative financial assets	9,768	13,746	420	1,541
Other financial assets	25,251	23,066	24,811	16,042
Inventories	76,711	52,592	56,419	54,602



## APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY

Other assets	209,160	94,815	93,450	113,076
Assets held for sale	-	-	-	-
	988,709	608,937	586,915	619,047

### **Non-current assets**

Trade receivables	-	-	-	10
Other receivables	20,126	21,863	10,315	24,608
Derivative financial assets	1,674	-	-	-
Other financial assets	8,540	8,963	10,022	15,827
Investments in subsidiaries	-	-	-	-
Investments in associates	98,284	74,130	2,019	2,020
Vessels, property and equipment	3,995,928	3,559,786	3,227,672	3,007,560
Intangible assets	5,525	6,102	6,728	7,704
Other assets	2,005	2,689	3,433	7,596
	4,132,082	3,673,533	3,260,189	3,065,325
<b>Total assets</b>	5,120,791	4,282,470	3,847,104	3,684,372

### **Liabilities and Equity**

#### **Current liabilities**

Trade payables	208,548	129,506	103,805	113,109
Borrowings	325,348	218,328	371,010	340,699
Derivative financial liabilities	7,517	9,489	61	3,004
Other payables	78,666	58,629	46,258	57,704
Provisions	8,320	4,193	3,170	2,257
Other liabilities	17,092	12,847	13,255	14,802
Contract liabilities	148,567	107,381	62,068	68,107
Lease liabilities	167,825	15,051	12,835	-
	961,883	555,424	612,462	599,682

#### **Non-current liabilities**

Borrowings	1,239,681	1,097,066	684,076	667,825
Derivative financial liabilities	2,243	1,077	19	1
Provisions	19,938	20,970	22,638	29,542
Retirement benefit obligations	893	126	2,308	3,793
Other payables	-	-	-	65
Lease liabilities	54,364	28,164	21,256	-
Other liabilities	-	-	-	4,577
	1,317,119	1,147,403	730,297	705,263
<b>Total liabilities</b>	2,279,002	1,702,827	1,342,759	1,304,945

### **Equity**

#### **Equity attributable to the owners of the Group**

Share capital	480,756	480,756	480,755	480,755
---------------	---------	---------	---------	---------

---

**APPENDIX C: GENERAL INFORMATION RELATING TO THE COMPANY**

---

Capital surplus	652,814	652,814	652,814	652,814
Other reserves	1,058,575	1,059,453	1,051,352	1,052,219
Retained earning	649,644	386,620	308,103	178,747
	<u>2,841,789</u>	<u>2,579,643</u>	<u>2,493,024</u>	<u>2,364,535</u>
<b><u>Non-controlling interests</u></b>	-	-	11,321	14,892
<b>Total equity</b>	<u>2,841,789</u>	<u>2,579,643</u>	<u>2,504,345</u>	<u>2,379,427</u>
<b>Total liabilities and equity</b>	<u>5,120,791</u>	<u>4,282,470</u>	<u>3,847,104</u>	<u>3,684,372</u>

The above summary should be read in conjunction with the annual reports, the audited consolidated statement of financial position of the Company and its subsidiaries for the relevant financial periods and the 3Q2021 Results (as set out in Appendix F to this Circular) and their respective accompanying notes, copies of which are available for inspection at the office of the Singapore Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

### 7.3 **Material changes in financial position**

Save as disclosed in this Circular (including the IFA Letter) and any other information of the Company or its subsidiaries which is publicly available, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2020, being the date to which the last published audited financial statements of the Company were made up.

### 7.4 **Significant accounting policies**

As at the Latest Practicable Date, there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

### 7.5 **Changes in accounting policies**

As at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

## 8. **MATERIAL LITIGATION**

As at the Latest Practicable Date:

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially affect the financial position of the Company and its subsidiaries taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position of the Company and its subsidiaries taken as a whole.

## 9. **MATERIAL CHANGE IN INFORMATION**

Save as disclosed in this Circular and save for information relating to the Company, or the Delisting and the Exit 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 Joint Announcement Date and ending on the Latest Practicable Date.

## 10. **COSTS AND EXPENSES**

All costs and expenses incurred by the Company in respect of the Exit Offer will be borne by the Company.

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix III to the Exit Offer Letter:

**"1 REGISTERED OFFICE**

*The registered office of the Offeror is (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea.*

**2 OFFEROR DIRECTORS**

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

<u>Name</u>	<u>Address</u>	<u>Designations</u>
Hong Kuk Kim	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Chairman and Chief Executive Officer</i>
Hak Rim Lee	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Executive Director</i>
Kyung Min Mun	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Executive Director</i>
Jeom Ju Kwon	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Independent Director</i>
Jeong Ho Kim	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Independent Director</i>
Seon Tae Jeong	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Independent Director</i>
Seung Yong Yoon	<i>c/o (Ma-dong) 121, Jungang-ro, Iksan-si, Jeollabuk-do, Korea</i>	<i>Independent Director</i>

**3 PRINCIPAL ACTIVITIES AND SHARE CAPITAL**

*The Offeror was established in the Republic of Korea on 1 April 1950 and is an investment holding company.*

*The Offeror, together with its subsidiaries, conducts the business of manufacturing and selling livestock feed. The shares of the Offeror were listed on the Korean Securities Dealers Automated Quotations, on 30 June 2017.*

*As at the Latest Practicable Date, the issued and paid-up share capital of the Offeror is ₩9,275,667,700, comprising 92,341,820 ordinary shares (including treasury shares).*

**4 SUMMARY OF FINANCIAL PERFORMANCE**

*4.1 A summary of the audited consolidated statements of comprehensive income of the Offeror Group for FY2018, FY2019, FY2020 and the unaudited consolidated statement of comprehensive income of the Offeror Group for 9M2021 is set out below.*

<i>(₩ million)</i>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>9M2021</b>
--------------------	---------------	---------------	---------------	---------------

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

Revenue	7,357,069	7,350,259	7,723,311	7,605,676
Other non-operating income	45,989	26,208	53,676	19,297
Profit before tax	229,047	133,833	225,112	455,037
Profit after tax	194,338	94,583	173,597	411,377
Profit attributable to owners of the Offeror	96,379	55,592	54,731	223,466
Profit attributable to non-controlling interests	97,959	38,991	118,866	187,912
Earnings per share (₹)	1,315	736	725	2,959
Dividends per share (₹)	100	50	50	-

4.2 The above summary financial information was extracted from, and should be read together with, the audited consolidated financial statements of the Offeror Group for FY2018, FY2019 and FY2020, and the accompanying notes thereto, and the unaudited consolidated financial statements of the Offeror Group for 9M2021 (copies of which are available for inspection, as detailed in paragraph 3.1 of **Appendix IV** of the Exit Offer Letter).

### 5 STATEMENT OF FINANCIAL POSITION

5.1 The audited consolidated statement of financial position of the Offeror Group as at 31 December 2020 and the unaudited consolidated statement of financial position of the Offeror Group as at 30 September 2021 are set out below.

(₹ million)	As at 31 December 2020	As at 30 September 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	722,888	848,907
Short-term financial instruments	82,243	303,071
Trade and other receivables	819,173	938,138
Other current financial assets	46,028	39,149
Inventories	524,105	616,819
Biological assets	279,983	321,619
Current tax assets	2,740	7,878
Other current assets	201,658	486,327
	<b>2,678,818</b>	<b>3,561,908</b>
<b>Non-current assets</b>		
Long-term financial instruments	11,619	9,965
Long-term trade and other receivables	128,453	81,118
Other non-current financial assets	38,920	45,408
Investments in associates	86,354	97,628
Non-current biological assets	34,181	37,506
Investment properties	548,904	517,551

**APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR**

<i>Property, plant and equipment</i>	5,323,375	6,032,682
<i>Right-of-use assets</i>	115,085	351,765
<i>Intangible assets</i>	346,798	363,902
<i>Other non-current assets</i>	17,120	20,128
<i>Deferred tax assets</i>	34,049	30,492
	<hr/> 6,684,858	<hr/> 7,588,145
<b>Total assets</b>	<b>9,363,676</b>	<b>11,150,053</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
<i>Trade and other payables</i>	711,959	875,193
<i>Short-term borrowings and bonds</i>	2,676,621	3,240,870
<i>Lease liabilities</i>	29,628	211,994
<i>Other financial liabilities</i>	66,324	15,215
<i>Current tax liabilities</i>	37,061	20,601
<i>Current portion of provisions</i>	6,277	11,172
<i>Other current liabilities</i>	236,425	294,144
	<hr/> 3,764,295	<hr/> 4,669,190
<b>Non-current liabilities</b>		
<i>Long-term trade and other payables</i>	6,360	7,266
<i>Long-term borrowings and bonds</i>	1,940,132	2,161,865
<i>Long-term lease liabilities</i>	84,074	125,076
<i>Other non-current financial liabilities</i>	12,756	4,760
<i>Other non-current liabilities</i>	2,112	2,775
<i>Defined benefit liabilities</i>	24,468	34,468
<i>Provisions</i>	22,833	23,625
<i>Deferred tax liabilities</i>	51,992	52,206
	<hr/> 2,144,727	<hr/> 2,412,041
<b>Total liabilities</b>	<b>5,909,023</b>	<b>7,081,231</b>
<b>Equity</b>		
<i>Share capital</i>	9,276	9,276
<i>Share premium</i>	913,711	907,333
<i>Capital adjustments</i>	(243,985)	(243,937)
<i>Accumulated other comprehensive income</i>	(18,227)	107,483
<i>Retained earnings</i>	1,033,020	1,253,664
<b>Equity attributable to owners of Harim Holdings Co., Ltd.</b>	<b>1,693,794</b>	<b>2,033,819</b>
<b>Non-controlling interest</b>	<b>1,760,860</b>	<b>2,035,003</b>
<b>Total equity</b>	<b>3,454,653</b>	<b>4,068,822</b>

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

**Total liabilities and equity**

**9,363,676**

**11,150,053**

5.2 The above financial information was extracted from, and should be read together with, the audited consolidated financial statements of the Offeror Group for FY2019 and FY2020, and the accompanying notes thereto ("**FY2020 Financial Statements**") and the unaudited consolidated financial statements of the Offeror Group for 9M2021 (copies of which are available for inspection, as detailed in paragraph 3.1 of **Appendix IV** of the Exit Offer Letter).

### 6 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

6.1 The following significant accounting policies of the Offeror were extracted from Note 2 to the FY2020 Financial Statements.

#### 6.2 **Basis of Preparation**

The Offeror Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (the "**Korean IFRS**"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Offeror Group's financial position, financial performance or cash flows, is not presented in the consolidated financial statements.

The consolidated financial statements of the Offeror Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property - measured at fair value;
- assets held for sale - measured at fair value less costs to sell; and
- defined benefit pension plans - plan assets measured at fair value.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Offeror Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3 to the FY2020 Financial Statements.

#### 6.3 **Consolidation**

The Offeror Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 Consolidated Financial Statements.

##### (a) **Subsidiaries**

Subsidiaries are all entities over which the Offeror Group has control. The Offeror Group controls an entity when the Offeror Group is exposed to, or has rights to, variable returns

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Offeror Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Offeror Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Offeror Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Offeror Group.

The Offeror Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Offeror Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Offeror.

When the Offeror Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

(b) **Associates**

Associates are entities over which the Offeror Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Unrealised gains on transactions between the Offeror Group and its associates are eliminated to the extent of the Offeror Group's interest in the associates. If the Offeror Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Offeror Group's net investment in the associate), the Offeror Group discontinues recognising its share of further losses. After the Offeror Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Offeror Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Offeror Group recognises the difference between the recoverable amount of

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Offeror Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Offeror Group when the associate's financial statements are used by the Offeror Group in applying the equity method.*

(c) **Joint arrangements**

*A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.*

### 6.4 **Changes in Accounting Policies and Disclosures**

(a) **New and amended standards adopted by the Group**

*The Offeror Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020.*

(i) **Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Material**

*The amendments clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments do not have a significant impact on the financial statements.*

(ii) **Amendments to Korean IFRS 1103 Business Combination - Definition of a Business**

*The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and the definition of output excludes the returns in the form of lower costs and other economic benefits. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity may elect to apply an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments do not have a significant impact on the financial statements.*

(iii) **Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement and Korean IFRS 1107 Financial Instruments: Disclosure - Interest Rate Benchmark Reform**

*The amendments allow to apply the exceptions in relation the application of hedge accounting while uncertainties arising from interest rate benchmark reform exist. The exceptions require that the Offeror Group assumes that the interest rate benchmark on which the hedged items and the hedging instruments are based on is not altered*



## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

as a result of interest rate benchmark reform, when determining whether the expected cash flows are highly probable, whether an economic relationship between the hedged item and the hedging instrument exists, and when assessing the hedging relationship is highly effective. The amendments do not have a significant impact on the financial statements.

(b) **New Standards and Interpretations Not Yet Adopted by the Offeror Group**

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group.

(i) **Amendments to Korean IFRS 1116 Lease - Practical expedient for COVID-19 - Related Rent Exemption, Concessions, Suspension**

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognised in profit or loss as a result of applying this exemption should be disclosed. The amendments should be applied for annual periods beginning on or after 1 June 2020, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.

(ii) **Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease - Interest Rate Benchmark Reform**

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortised costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after 1 January 2021, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.

(iii) **Amendments to Korean IFRS 1103 Business Combination - Reference to the Conceptual Framework**

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets, and Korean IFRS 2121 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments should be applied for annual periods beginning on or after 1 January 2022, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.

(iv) **Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use**

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after 1 January 2022, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.*

(v) **Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract**

*The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after 1 January 2022, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.*

(vi) **Annual improvements to Korean IFRS 2018-2020**

*Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after 1 January 2022, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.*

- *Korean IFRS 1101 First time Adoption of Korean International Financial Reporting Standards - Subsidiaries that are first-time adopters*
- *Korean IFRS 1109 Financial Instruments - Fees related to the 10% test for derecognition of financial liabilities*
- *Korean IFRS 1116 Leases - Lease incentives*
- *Korean IFRS 1041 Agriculture - Measuring fair value*

(vii) **Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current**

*The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability include the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognised separately from the liability. The amendments should be applied for annual periods beginning on or after 1 January 2023, and earlier application is permitted. The Offeror Group does not expect that these amendments have a significant impact on the financial statements.*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

### 6.5 **Foreign Currency Translation**

#### (a) **Functional and presentation currency**

Items included in the financial statements of each of the Offeror Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "**functional currency**"). The consolidated financial statements are presented in Korean won, which is the Offeror's functional and presentation currency.

#### (b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income or other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognised in other comprehensive income.

### 6.6 **Financial Assets**

#### (a) **Classification**

The Offeror Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss;
- those to be measured at fair value through other comprehensive income; and
- those to be measured at amortised cost.

The classification depends on the Offeror Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Offeror Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Offeror Group has made an irrevocable election at the time of initial recognition

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non- designated equity investment are recognised in profit or loss.

(b) **Measurement**

At initial recognition, the Offeror Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) **Debt instruments**

Subsequent measurement of debt instruments depends on the Offeror Group's business model for managing the asset and the cash flow characteristics of the asset. The Offeror Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.*
- *Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.*
- *Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.*

(ii) **Equity instruments**

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*The Offeror Group subsequently measures all equity investments at fair value. Where the Offeror Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognised in profit or loss as 'finance income' when the right to receive payments is established.*

*Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other income and expenses' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported consolidatedly from other changes in fair value.*

(iii) **Impairment**

*The Offeror Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Offeror Group applies the simplified approach, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables.*

(iv) **Recognition and Derecognition**

*Regular way purchases and sales of financial assets are recognised or derecognised on trade-date, the date on which the Offeror Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Offeror Group has transferred substantially all the risks and rewards of ownership.*

*If a transfer does not result in derecognition because the Offeror Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Offeror Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The Offeror Group classified the financial liability as "borrowings" in the statement of financial position.*

(v) **Offsetting of financial instruments**

*Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Offeror Group or the counterparty.*

### 6.7 **Derivative Instruments**

*Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss within 'other non-operating income (expenses)' or 'finance income (costs)' based on the nature of transactions.*

### 6.8 **Trade Receivables**

*Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.*

### 6.9 **Inventories**

*The cost of inventories is based on the gross average method with the exception of costs of home shopping segments and goods-in-transit, which are determined on the first-in first-out method and the specific identification method, respectively. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The allocation of fixed manufacturing overheads which are included in the costs of products and work-in-process is based on the normal capacity of the production facilities.*

*The carrying amount of inventories is recognised as cost of sales during the period when revenue from the sale of related goods is recognised. Inventories are stated at the lower of cost and net realisable value. Amounts of inventory written down to net realisable value due to losses occurring in the normal course of business are recognised as cost of sales and are deducted as an allowance from the carrying value of inventories. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense (cost of sales) in the period in which the reversal occurs.*

### 6.10 **Non-current Assets (or Disposal Group) Held for Sale**

*Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.*

### 6.11 **Property, Plant and Equipment**

*Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.*

*Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:*

	<b>Useful Lives (years)</b>
<i>Buildings</i>	<i>5 - 50</i>
<i>Structures</i>	<i>4 - 50</i>
<i>Vessels</i>	<i>17 - 25</i>
<i>Machinery</i>	<i>5 - 25</i>
<i>Broadcasting equipment</i>	<i>6</i>
<i>Facilities</i>	<i>3 - 40</i>

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

Vehicles	4 - 15
Others	2.5 - 10

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 6.12 **Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

### 6.13 **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Offeror Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

### 6.14 **Intangible Assets**

Goodwill is measured as described in Note 2.3(a) to the FY2020 Financial Statements, and carried at cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognised at its historical cost, and carried at cost less accumulated amortisation and accumulated impairment losses.

Software development costs that are directly attributable to internally generated by the Offeror Group are recognised when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Membership rights that have an indefinite useful life are not subject to amortisation because there is no foreseeable limit to the period over which the assets are expected to be utilised. The Offeror Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

	<b>Useful Lives (years)</b>
Industrial property rights	5 - 15
Software	4 - 10
Others	5 - 30
Membership, Goodwill	Indefinite
Development costs	5

### 6.15 **Investment Property**

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

Offeror Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 5 to 50 years.

### 6.16 **Impairment of Non-financial Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 6.17 **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Offeror Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 6.18 **Financial Liabilities**

#### (a) **Classification and measurement**

The Offeror Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Offeror Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortised cost and present as 'trade and other payables', 'borrowings', and 'other financial liabilities' in the statement of financial position.

#### (b) **Derecognition**

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### 6.19 **Financial Guarantee Contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognised in the statement of financial position within 'financial guarantee liability'.



## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

- *the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 Financial Instruments; and*
- *the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with Korean IFRS 1115 Revenue from Contracts with Customers.*

### 6.20 Provisions

*Provisions for service warranties, make good obligation, and legal claims are recognised when the Offeror Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognised as interest expense.*

### 6.21 Current and Deferred Tax

*The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.*

*The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Offeror Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.*

*Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.*

*Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.*

*The Offeror Group recognises a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Offeror Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Offeror Group recognises a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.*

*Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*Current tax assets and tax liabilities are offset when the Offeror Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.*

### 6.22 **Employee Benefits**

#### (a) **Post-employment benefits**

*The Offeror Group operates both defined contribution and defined benefit pension plans.*

*For defined contribution plans, the Offeror Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Offeror Group has no further payment obligation once the contribution has been paid. The contribution is recognised as employee benefit expense when they are due.*

*A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.*

*Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.*

#### (b) **Other long-term employee benefits**

*Other long-term employee benefits include employee benefits that are expected to be settled beyond 12 months after the end of the annual reporting period in which the employees render the related service. The Offeror Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.*

### 6.23 **Revenue Recognition**

*Revenue is measured at the fair value of the consideration received or receivable for the sale of goods arising from the normal course of the business. Amounts disclosed as revenue are net of value added taxes, returns, rebates and discounts and after elimination of inter-company transactions.*

*In accordance with Korean IFRS 1115, a five-step process must be applied before revenue from contract with customer can be recognised (i) identify contracts with customers, (ii) identify the separate performance obligation, (iii) determine the transaction price of the contract, (iv) allocate the transaction price to each of the separate performance obligations, and (v) recognise the revenue as each performance obligation is satisfied.*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

(a) **Identify performance obligation**

*With the implementation of Korean IFRS 1115, the Offeror Group identifies performance obligations from contract with a customer. The timing of revenue recognition depends on a performance obligation is satisfied at a point in time or over time. Where a performance obligation is satisfied over time, the related revenue is also recognised over time.*

(b) **A performance obligation is satisfied over time**

*In accordance with Korean IFRS 1115, the Offeror Group satisfies a performance obligation and recognises revenue over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. For performance obligations satisfied over time, the Offeror Group recognises revenue over time by selecting an appropriate method for measuring the Offeror Group's progress towards complete satisfaction of that performance obligation.*

(c) **Variable consideration**

*In determining the transaction price, the Offeror Group considers a significant financing component and a consideration payable to a customer. If the transaction price includes variable consideration that can be changed due to agreements or systems of discounts, rebates, distribution fees and others, the Offeror Group estimates the amount of consideration in a contract to which the Offeror Group expects to be entitled in exchange for transferring promised goods to a customer. The Offeror Group recognises revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the refund period has lapsed.*

(d) **Incremental costs of obtaining a contract**

*With implementation of Korean IFRS 1115, the Offeror Group recognises as an asset the incremental costs of obtaining a contract with a customer of the Offeror Group expects to recover those costs, and costs that are recognised as assets are amortised over the period that the related goods or services transfer to the customer. The Offeror Group plans to apply a practical expedient that permits an entity to expense the costs to obtain a contract as incurred when the expected amortisation period is one year or less.*

### 6.24 **Leases**

(a) **Lessor**

*Lease income from operating leases where the Offeror Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.*

(b) **Lessee**

*The Offeror Group leases various real estate and cars. Lease contracts are typically made for fixed periods.*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*Contracts may contain both lease and non-lease components. The Offeror Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Offeror Group is lessee, the Offeror Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.*

*Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.*

*The Offeror Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Offeror Group should consider a termination penalty in determining the period for which the contract is enforceable.*

*Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:*

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;*
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;*
- amounts expected to be payable by the Offeror Group (the lessee) under residual value guarantees;*
- the exercise price of a purchase option if the Offeror Group (the lessee) is reasonably certain to exercise that option; and*
- payments of penalties for terminating the lease, if the lease term reflects the Offeror Group (the lessee) exercising that option.*

*The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.*

*To determine the incremental borrowing rate, the Offeror Group:*

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received*
- makes adjustments specific to the lease, for example term, country, currency and security.*

*If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Offeror Group uses that rate as a starting point to determine the incremental borrowing rate.*

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

The Offeror Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Offeror Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

### 6.25 **Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (See Note 37 to the FY2020 Financial Statements). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### 6.26 **Approval of Issuance of the Financial Statements**

The consolidated financial statements 2020 were approved for issue by the Board of Directors of the Offeror on February 16, 2021 and are subject to change with the approval of shareholders of the Offeror at their Annual General Meeting.

## 7 **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

7.1 The following critical accounting estimates and assumptions of the Offeror were extracted from Note 3 to the FY2020 Financial Statements.

7.2 The preparation of financial statements requires the Offeror Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Offeror Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are

## APPENDIX D: ADDITIONAL INFORMATION ON THE OFFEROR

*believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.*

7.3 *The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.*

(a) **Estimated impairment of cash generating unit (CGU)**

*The recoverable amount to test whether cash generating units have suffered any impairment is determined based on value-in-use calculations.*

(b) **Income taxes**

*The Offeror Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.*

*If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the Tax System for Recirculation of Corporate Income, the Offeror Group is liable to pay additional income tax calculated based on the tax laws. The new tax system is effective for three years from 2015. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Offeror Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.*

(c) **Net defined benefit liability**

*The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (See Note 23 of the FY2020 Financial Statements).*

(d) **Impact of Coronavirus disease 2019 ("COVID-19")**

*During 2020, the spread of COVID-19 has a material impact on the global economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Offeror Group.*

*Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Offeror Group's business, financial position and financial performance cannot presently be determined.*

### **8 MATERIAL CHANGES IN FINANCIAL POSITION**

8.1 *As at the Latest Practicable Date, there are no known material changes in the financial position of the Offeror Group since 31 December 2020, being the date of the last audited accounts of the Offeror Group."*

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Articles, the relevant provisions of which are set out below.

Please see the definitions in the Articles for terms used in the reproduced extracts below.

### 1. Rights in Respect of Capital

#### **Total Number of Authorized Shares** Article 5

(1) The total number of shares which the Company is authorized to issue shall be three billion (3,000,000,000) shares.

(2) [Deleted]

#### **Par Value per Share** Article 6

The par value of each common share and each Class Share (as defined in Article 9(1) below) to be issued by the Company shall be one thousand (1,000) Korean Won.

#### **Total Number of Shares to be Issued by the Company at the Time of Incorporation** Article 7

The total number of shares to be issued by the Company at the time of incorporation shall be twenty five thousand (25,000) shares of par value 5,000 Korean Won each.

#### **Class of Shares** Article 8

(1) All shares to be issued by the Company shall be common shares in non-bearer form and Class Shares (as defined in Article 9(1) below) in non-bearer form.

(2) [Deleted]

(3) [Deleted]

(4) [Deleted]

#### **Issuance of Class Shares** Article 9

(1) The term, "Class Shares," shall mean, collectively, the Preferred Shares (as defined in Article 9-2(1) below), the Shares without Voting Rights (as defined in Article 9-3(1) below), the Redeemable Shares (as defined in Article 9-4(1) below), the Convertible Shares (as defined in Article 9-5(1) below) and any combination of the foregoing, all to be issued by the Company.

(2) In the event that the Company issues any type of the Class Shares, the Company shall comply with the applicable provisions set forth in Articles 9-2 through 9-5 below, and in the event that the Company issues any combination of the Class Shares, the Company shall comply with the provisions set forth in Articles 9-2 through 9-5 applicable to such combination of the Class Shares.

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

### **Preferred Shares to be Issued by the Company and Rights of Shareholders of Preferred Shares** Article 9-2

- (1) The Company may issue the Preferred Shares, which have the preferential right to dividend payment (the “Preferred Shares”); provided that the Preferred Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.
- (2) [Deleted]
- (3) [Deleted]
- (4) [Deleted]
- (5) The dividend on the Preferred Shares shall be paid at the rate determined by the Board of Directors at the time of the issuance of the Preferred Shares in cash to the holders thereof; provided that the dividend on each Preferred Share so paid may not exceed the par value of the Preferred Share.
- (6) If the dividend rate of the common shares exceeds the dividend rate of the Preferred Shares, the excess dividend amount shall also be paid to the shareholders of Preferred Shares commensurate to the rate applicable to common shares.
- (7) If the dividend for a fiscal year is not fully paid on the Preferred Shares as above, the unpaid portion of dividend for that year should be paid cumulatively and preferentially at the time of payment of dividends for the following years.
- (8) [Deleted]
- (9) In the case where the Company issues new shares with cash contribution, the shareholders of Preferred Shares shall be allocated with common shares, while in the case where the Company issues new shares without cash contribution, the shareholders of Preferred Shares shall be allocated with the same type of Class Shares.
- (10) The Preferred Shares shall be converted to common shares after ten years following the date of issuance; provided, however, that where the dividend payable on the Preferred Shares is not made during the ten–year period from the date of issuance, then such period shall be extended until the dividend payable is paid. The provisions of Article 13 shall be applied in connection with the dividend for new shares issued through such conversion.

### **Shares without Voting Rights**

Article 9-3

- (1) The Company may issue shares without voting rights (the “Shares without Voting Rights”); provided that the Shares without Voting Rights so issued may not exceed one quarter (1/4) of the total number of the issued and existing shares of the Company.
- (2) Shareholders of the Shares without Voting Rights shall not have the voting rights at general meetings of shareholders of the Company.
- (3) Notwithstanding the provisions in Article 9-3(2), in the event that the Shares without Voting Rights have preferential rights to the dividend payment, and in the event that a resolution of not paying preferred dividends has been passed at a meeting of shareholders of the Company, the shareholders of the Shares without Voting Rights shall be granted voting rights from the convening date of the



---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

meeting of shareholders immediately following such meeting of shareholders until the date of the meeting of shareholders at which a resolution is passed in favor of payment of the preferred dividends.

### Redeemable Shares

Article 9-4

- (1) The Company may issue shares redeemable with and up to its own profit (the "Redeemable Shares") provided that the Redeemable Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.
- (2) In the event that the Company issues to the shareholders of the Company the Redeemable Shares redeemable at the option of the Company, the Company shall determine each of the following items at the time when the Company resolves the issuance of the Redeemable Shares:
  - (a) **Redemption Price:** The redemption price per Redeemable Share shall be the sum of (i) the issue price per Redeemable Share and (ii) an additional price per Redeemable Share. The additional price per Redeemable Share shall be determined by the Board of Directors at the time of the issuance of the Redeemable Share taking into consideration the dividend rate, market condition or any other circumstances around the issuance of the Redeemable Share.
  - (b) **Redemption In-kind:** In the event that the Company is permitted to pay all or a portion of the redemption price of the Redeemable Shares with securities (except for other types of Class Shares) or any other assets, other than cash, the terms of the redemption in-kind, such as the type of the securities and any other assets subject to the redemption in-kind, the valuation method for such securities and any other assets and redemption method, shall be determined at the time when the Company resolves the issuance of the Redeemable Shares; provided, however, that in any event the valuation price of the securities and any other assets subject to the redemption in-kind shall not exceed the redemption price of the Redeemable Shares.
  - (c) **Redemption Period:** The redemption period shall be determined by the Board of Directors at the time of the issuance of the Redeemable Shares and shall be within the period starting on the date immediately following the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year when the Redeemable Shares are issued, and ending on the date which is one month from the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year which the 20th anniversary of the issuance of the Redeemable Shares falls on; provided, however, if any of the following events occurs:
    - (i) any preferred dividend payable on the Redeemable Shares with preferential rights to the dividend payment has not been fully paid; and
    - (ii) the Company is not sufficiently profitable to redeem the Redeemable Shares during the redemption period,the redemption period may be extended until such date that the preferred dividend payable on the Redemption Shares with preferential rights has been fully paid or, as the case may be, the Company becomes sufficiently profitable to redeem the Redemption Shares.
- (d) **Redemption Notice:** In the event that the Company intends to redeem the Redeemable Shares, the Company shall notify each of the shareholders of

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

the Redeemable Shares or any person who is entitled to such redemption right under the Register of Shareholders or make a public notification at least two (2) weeks prior to the intended redemption date that the shareholder or the eligible person shall deliver the certificates of the Redeemable Shares to the Company. Upon the expiration of the two (2)-week period, the Redeemable Shares shall be redeemed.

- (e) Redemption Method: The Company may redeem all or a portion of the Redeemable Shares. In the event that the Company redeems only a portion of the Redeemable Shares, the Company may redeem the Redeemable Shares either by balloting or in proportion to the respective shareholding interests in the Company held by the shareholders of the Redeemable Shares. Any fractional interests in the Redeemable Shares occurring in the redemption in proportion to the respective shareholding interests in the Company shall not be redeemable.
- (3) Notwithstanding the provisions in Article 9-4(2), in the event that the Company issues to the shareholders of the Company the Redeemable Shares redeemable at the request of the shareholders, the Company shall determine the following matters at the time when the Company resolves the issuance of the Redeemable Shares:
- (a) The matters specified in Items (a), (b) and (e) in Article 9-4(2).
  - (b) Redemption Period and Method: The redemption period, during which the shareholders of the Company may elect to claim redemption of their Redeemable Shares, shall be determined by the Board of Directors at the time of the issuance of the Redeemable Shares and shall be within the period starting on the date immediately following the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year when the Redeemable Shares are issued, and ending on the date which is one month from the ordinary general meeting of the shareholders convened in respect of the Company's fiscal year which the 20th anniversary of the issuance of the Redeemable Shares falls on; provided, however, if any of the following events occurs:
    - (i) any preferred dividend payable on the Redeemable Shares with preferential rights to the dividend payment has not been fully paid; and
    - (ii) the Company is not sufficiently profitable to redeem the Redeemable Shares during the redemption period,

the redemption period may be extended until such date that the preferred dividend payable on the Redemption Shares with preferential rights has been fully paid or, as the case may be, the Company becomes sufficiently profitable to redeem the Redemption Shares.

### **Convertible Shares**

Article 9-5

- (1) The Company may issue shares convertible into common shares or any other type of Class Shares (the "Convertible Shares"); provided that the Convertible Shares so issued may not exceed fifty (50)% of the total number of the issued and existing shares of the Company.
- (2) In the event that the Company issues the Convertible Shares convertible at the request of the shareholders, the Company shall determine each of the following items at the time when the Company resolves the issuance of the Convertible Shares:

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

- (a) Conversion Terms: The issue price per common share or any other type of Class Shares issuable upon the conversion of the Convertible Share shall be the issue price per the Convertible Share.
  - (b) Conversion Period: The conversion period, during which the shareholders of the Company may elect to convert their Convertible Shares into common shares or any other type of Class Shares, shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares and shall be within the period commencing on the first (1st) anniversary of the issue date and ending on the tenth (10th) anniversary of the issue date.
  - (c) Number and Type of Shares Issuable upon Conversion: The number of shares issuable upon the conversion of the Convertible Shares shall be the same number of the Convertible Shares elected for conversion. The type of shares issuable upon the conversion of the Convertible Shares shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares.
- (3) Notwithstanding the provisions in Article 9-5(2), in the event that the Company issues the Convertible Shares convertible at the option of the Company even without the request of the shareholders of such Convertible Shares, the Company shall determine the following matters at the time when the Company resolves the issuance of the Convertible Shares:
- (a) The matters specified in Items (a) and (c) in Article 9-5(2).
  - (b) Events for Conversion: The events for conversion shall be based on the Company's management needs, emergency funding requirements, adoption of important technology and/or other material management requirements based on any of the foregoing, which events shall be determined by the Board of Directors at the time of issuance of the Convertible Shares.
  - (c) Conversion Period: The period during which the Company may elect to convert the Convertible Shares into common shares or any other type of Class Shares shall be determined by the Board of Directors at the time of the issuance of the Convertible Shares and shall be within the period commencing on the first (1st) anniversary of the issue date and ending on the tenth (10th) anniversary of the issue date.
  - (d) Conversion Notice: When any event for the conversion occurs, the Board of Directors shall notify each of the shareholders of the Convertible Shares or any person who is entitled to such Convertible Shares under the Register of Shareholders or make a public notification of the details of the Conversion, including without limitation (i) the details of the Convertible Shares to be converted, (ii) the requirement that the shareholder or the eligible person shall deliver the certificates of the Convertible Shares to the Company within a designated period, which shall be more than two (2) weeks, and (iii) the caution that the certificates of the Convertible Shares shall become void if the shareholder or the eligible person fails to deliver the certificates to the Company within the designated period.
- (4) Article 13 shall be applicable to the dividend payment to the shares to be issued upon the conversion of the Convertible Shares.

---

**APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY**

---

**Electronic Registration of Rights to be Registered with Shares and Certificates of Preemptive Rights** Article 10

- (1) [Deleted]
- (2) The Company shall register electronically to the electronic registration account of the electronic registration agency any right to be registered with shares and certificates of preemptive rights, in lieu of issuance of share certificates and certificate of preemptive rights.
- (3) [Deleted]

**Preemptive Rights** Article 11

- (1) Shareholders of the Company shall have preemptive rights in proportion to the number of shares held by each of them with respect to any issuance of new shares of the Company. In the event that the shareholders of the Company waives or forfeits their preemptive rights with respect to any issuance of new shares of the Company or any fractional lot of shares occurs in the allocation of the new shares, the Board of Directors may determine the method to dispose of such unsubscribed or fractional shares.
- (2) Notwithstanding the provisions of Article 11(1), the Company, by a resolution of the Board of Directors, may issue new shares to third parties other than shareholders in any of the following events:
  - (a) issuance of new shares by way of a general public offering by the Company pursuant to a resolution of the Board of Directors in accordance with Article 165-6 of the Financial Investment Services and Capital Markets Act;
  - (b) issuance of new shares by the Company to the members of the Employee Stock Ownership Plan, in accordance with Article 165-7 of the Financial Investment Services and Capital Markets Act;
  - (c) issuance of new shares by the Company in accordance with the exercise of a stock purchase option in compliance with Article 12 in accordance with Article 340-2 and Article 542-3 of the Korean Commercial Code;
  - (d) issuance of new shares by the Company in accordance with issuing of Depositary Receipts in accordance with Article 165-16 of the Financial Investment Services and Capital Markets Act;
  - (e) issuance of new shares by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business;
  - (f) issuance of new shares by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company;
  - (g) issuance of new shares by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment;
  - (h) issuance by public offering, or to the underwriter(s) for underwriting, of the new shares; or

---

**APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY**

---

- (i) issuance of new shares by a conversion of investment on common benefit claims, rehabilitation secured claims and rehabilitation claims;
- (j) issuance of new shares by M&A for financial improvement;

[Deleted]

- (3) In the case of the issuance of new shares pursuant to Article 11(1) or Items (a) or (d) through (i) in Article 11(2), the class, number, and issuing price of any new shares and other matters shall be decided by the resolution of the Board of Directors.
- (4) [Deleted]

**Stock Purchase Options**

Article 12

- (1) The Company may by a special resolution of the shareholders grant stock purchase options to officers and employees (“Officers and Employees” including officers and employees of affiliated companies of the Company as provided in Article 9(1) of the Presidential Decree to the Korean Commercial Code) of the Company who have contributed or have the ability to contribute to the Company’s establishment, management, and technological innovation, etc., up to a limit of fifteen (15) % of the total number of the shares issued and existing at the time of the resolution; provided, however, that the Company by a resolution of the Board of Directors may grant stock purchase options to such officers and employees of the Company (excluding any director of the Company) to the extent of lesser number of shares between three (3) % of the total number of the shares of the Company issued and existing at the time of the resolution and 3,000,000 shares of the Company. In such cases, the stock purchase options granted by the resolution of the shareholders or the Board of Directors may be linked to the achievement of management performance goal or the market index, etc.
- (2) In the event that any stock purchase option is granted pursuant to the proviso of Article 12(1), such grant shall be approved at the general meeting of shareholders to be held immediately after the date when the relevant stock option is granted.
- (3) Any shares to be delivered upon the exercise of the stock purchase option (and the shares which shall become the standard for calculation of the difference between the exercise price under the stock purchase option and the then-current market price of shares, where the Company pays the difference in cash or in the Company’s own shares) shall be decided in shareholders’ meeting or the Board of Directors Meeting in which the stock purchase option is granted among the shares defined in Article 8.
- (4) The purchase price per share of the shares delivered through the exercise of the stock purchase options shall be not less than the following price. The same shall apply if the exercise price is to be adjusted after such stock purchase options have already been granted.
  - (a) For newly issued shares, the higher of the following items:
    - (i) the fair market value of the shares as of the date the stock purchase options were granted; or
    - (ii) the par value per share of the shares
  - (b) In the case of transfer of treasury shares, the fair market value of the shares as of the date the stock purchase options were granted.

---

**APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY**

---

- (5) The stock purchase options shall be exercised within five (5) years from the date immediately following the expiration of two (2) years following the shareholders' meeting which adopted such stock purchase option grants pursuant to Article 12(1).
- (6) Any person who has been granted stock purchase options may exercise them only if he/she serves at least for two (2) years after the date of the resolution from such shareholders' meeting pursuant to Article 12(1). However, if the person passes away, or retires or resigns due to reaching the retirement age or any other reasons not attributable to him/her within two (2) years after the date of the resolution from such shareholders' meeting, he/she may exercise his/her stock purchase option during the exercise period.
- (7) The provisions of Article 13 shall be applied in connection with the dividend for additional shares issued through exercise of stock purchase options.
- (8) The Company may cancel the grant of stock purchase options by a resolution of the Board of Directors under any of the following circumstances:
  - (a) where the officer or employee who has been granted stock purchase options resigns or retires on his/her own volition;
  - (b) where the officer or employee who has been granted stock purchase options causes substantial damage to the Company intentionally or by negligence;
  - (c) where stock purchase options cannot be exercised due to bankruptcy, dissolution, etc. of the Company; or
  - (d) where any of the reasons for cancellation set forth in the stock purchase option agreement comes to existence.

**Date from which Dividends Accrue on Additional Shares**

Article 13

In relation to the dividends for additional shares which the Company issues through issuance for cash contribution and without cash contribution, or stock dividends, such additional shares shall be deemed to have been issued at the end of the fiscal year immediately preceding the fiscal year during which such additional shares were issued.

**Transfer of Shares, Alteration of Entry, etc.**

Article 14

- (1) The Company shall establish a transfer agent with regard to shares.
- (2) The transfer agent, the place of its business and the scope of delegated activities shall be determined by a resolution of the Board of Directors.
- (3) The Register of Shareholders or its duplicate shall be kept at the business place of the transfer agent and all the matters with regard to the shares including the electronic registration of shares, management of the Register of Shareholders, and any other stock-related business shall be handled by the transfer agent, as authorized by the Company.
- (4) The procedures on the business activities as mentioned in Article 14(3) shall comply with the regulation for alteration of the Register of Shareholders established by the transfer agents.
- (5) [Deleted]
- (6) [Deleted]

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

### **Report of Address, Name and Seal or Signature, etc.**

Article 15

- (1) The shareholder and registered holder of a right of pledge shall report his/her name, address and seal, etc. to the transfer agent described in Article 14 above.
- (2) The shareholder and registered holder of a right of pledge residing overseas shall determine and report the place to receive notices, and his/her agent in Korea; provided, however, that such notices shall not be necessary with respect to shares deposited to Central Depository (Pte) Limited.
- (3) This Article shall apply in case of any changes relating to the information in Articles 15(1) and 15(2).

### **Suspension of Entry of Alteration in the Register of Shareholders and Record Date**

Article 16

- (1) The Company shall cease to make any changes in shareholder's list in regard to transfer of shares, registration and cancellation of pledge rights, indication and cancellation of trust property and any modification of any other rights during the period from January 1st to January 15th of every year.
- (2) The Company shall deem the shareholders listed in the final Register of Shareholders as of December 31 each year as the shareholders who shall exercise rights at the ordinary general meeting of shareholders for that fiscal year.
- (3) If necessary for convening an extraordinary general meeting of shareholders or for other purposes, the Company may by a resolution of Board of Directors suspend the entry (in the Register of Shareholders) of any alterations concerning shareholder rights for a period not exceeding three (3) months, or may deem the shareholders listed in the Register of Shareholders on a certain date determined by a resolution of the Board of Directors as the shareholders who shall exercise such rights. If the Board of Directors deems it necessary, the Company may set a record date simultaneously with the suspension of entry (in the Register of Shareholders) of any such alterations. The Company shall give public notice of the above at least two (2) weeks in advance.

### **Issuance of Convertible Bonds**

Article 17

- (1) The Company, by a resolution of the Board of Directors, may issue convertible bonds.
- (2) The Company, by a resolution of the Board of Directors, may issue convertible bonds to third parties other than shareholders in any of the following events:-
  - (a) issuance of convertible bonds by public offering to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;
  - (b) issuance of convertible bonds by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;
  - (c) issuance of convertible bonds by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

- (d) issuance of convertible bonds by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won; or
  - (e) issuance of convertible bonds by the Company in foreign countries to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won.
- (3) The Company may issue the convertible bonds referred to in Article 17(1) with a partial conversion condition.
  - (4) The shares to be issued upon conversion shall be common shares. The conversion price shall be determined by the Board of Directors, at the time of the issuance of such convertible bonds, to be the par value of the shares, or higher.
  - (5) The conversion period during which conversion may be made shall be from the day immediately following one (1) month after the date of issuance of the convertible bonds, until the day immediately prior to the date of redemption of the convertible bonds. The conversion period, however, may be adjusted by a resolution of the Board of Directors during the period of time mentioned above.
  - (6) The provisions of Article 13 shall be applied to distribution of dividends on shares issued due to conversion, and for the payment of interest on convertible bonds.

### **Issuance of Bonds with Warrants ("BWs")**

Article 18

- (1) The Company, by a resolution of the Board of Directors, may issue BWs.
- (2) The Company, by a resolution of the Board of Directors, may issue BWs to third parties other than shareholders in any of the following events:-
  - (a) issuance of BWs by public offering to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;
  - (b) issuance of BWs by the Company for foreign investment in compliance with the Foreign Investment Promotion Act, for the management of the Company to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;
  - (c) issuance of BWs by the Company to any companies with which the Company enters a strategic alliance for the purpose of introduction of new technology, research and development, and production, sales and attraction of investment to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won;
  - (d) issuance of BWs by the Company to any domestic or foreign financial institutions, individuals and legal entities for urgent financing of the Company and the achievement of the Company's long-term business objectives, such as improvement of financial structure and the acquisition of the assets necessary for the Company's operation of business to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won; or



---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

- (e) issuance of BWs by the Company in foreign countries to the extent that the total sum of the face value of the debts of the Company shall not exceed one trillion (1,000,000,000,000) Korean Won.
- (3) The amount for subscription of new shares by the BWs shall be determined by the Board of Directors, such amount being up to the total face value of the bonds.
- (4) The shares to be issued upon the exercise of the warrants shall be common shares. The issue price shall be determined by the Board of Directors at the time of the issuance of such bonds to be the par value of the shares, or higher.
- (5) The period during which the warrants may be exercised shall be from the day immediately following one (1) month after the date of issuance of the bonds until the day immediately prior to the date of redemption of the bonds with warrants. The aforementioned period, however, may be adjusted by a resolution of the Board of Directors during the period of time mentioned above.
- (6) The provisions of Article 13 shall be applied to the distribution of dividends on the shares issued due to the exercise of the warrants.

### **Electronic Registration of Rights to be Registered with Bonds and Certificates of Preemptive Rights**

Article 18-2

The Company shall register electronically to the electronic registration account of the electronic registration agency any right to be registered with bonds and certificates of preemptive rights, in lieu of issuance of bond certificates and certificate of preemptive rights.

### **Delegation of Resolution on Issuance of Bonds**

Article 19

The Board of Directors may delegate to the Representative Director the issuance of bonds within one year after the resolution of the Board of Directors to the extent that the type and issue price of the bonds and the interest rates, the maturity dates and the issuance method of the bonds are as specified by the resolution of the Board of Directors.

## **2. Rights in respect of voting**

### **Convening Period**

Article 20

- (1) General Meetings of the shareholders of the Company shall be ordinary and extraordinary.
- (2) Ordinary general meetings of shareholders shall be held within three (3) months after the end of each fiscal year, while extraordinary general meetings of shareholders shall be held when necessary.

### **Person to Convene the Meeting**

Article 21

- (1) The general meeting of shareholders shall be convened by the Representative Director, with a resolution of the Board of Directors, unless otherwise stated in other laws or regulations.
- (2) In the event that the Representative Director is unable to serve, the provisions of Article 35(2) shall be applied.

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

### Convening Notification and Public Notice

Article 22

- (1) Written or electronic notice of the date, time, place and agenda of general meetings of shareholders shall be dispatched to each shareholder at least fourteen (14) days prior to the date set for such meeting in convening each general meeting of shareholders.
- (2) Notice for shareholders with less than one percent stake of the issued shares can be substituted with two or more public announcements on 'Korea Economic Daily' and 'Maeil Business Newspaper' in two weeks advance of the meeting or, posting on electronic disclosure system of Financial Supervisory Service or Korea Exchange.
- (3) [Deleted]
- (4) [Deleted]

### Place for Convening General Meeting of Shareholders

Article 23

General meetings of shareholders shall be held in the head office of the Company, but may be convened in any other adjacent locations if necessary.

### Chairman

Article 24

- (1) The Representative Director shall be a Chairman at all general meetings of shareholders. If there is more than one Representative Director, the Chairman shall be elected by the Board of Directors.
- (2) In the event that the Chairman is unable to serve, the provisions of Article 35(2) shall be applied.

### Chairman's Right for Maintenance of Order

Article 25

- (1) The Chairman of general meetings of shareholders may order any person to stop his/her speech or leave the meeting if he/she speaks or acts in order to interfere with the proceedings on purpose or disturbs the order of the meeting.
- (2) The Chairman of general meetings of shareholders may limit the duration and the frequency of a shareholder's statement, if he/she feels it necessary for the smooth progress of proceedings.

### Voting Rights

Article 26

- (1) Each shareholder shall have one (1) vote for each share.
- (2) [Deleted]
- (3) [Deleted]
- (4) [Deleted]
- (5) [Deleted]
- (6) [Deleted]

### Voting by Proxy

Article 27

- (1) The shareholders may exercise their voting rights by proxy.
- (2) Any person desiring to exercise voting rights by proxy shall submit to the

---

## APPENDIX E: RELEVANT PROVISIONS OF THE ARTICLES OF THE COMPANY

---

Company a document establishing its power of representation, such as a power of attorney, prior to exercising voting rights.

(3) [Deleted]

### **Adoption of Resolution at Shareholders Meetings**

Article 28

(1) Except as otherwise provided by law, all resolutions of general meetings of shareholders shall be adopted by the affirmative vote of the majority of shareholders present at the meeting; provided, however, that such votes present shall represent at least one fourth (1/4) of total number of issued and existing shares of the Company.

(2) [Deleted]

### **Minutes of General Meeting**

Article 29

The proceedings and resolutions of the general meeting of shareholders, after being signed or sealed (with names) by the Chairman of such meeting and all the directors present, shall be kept at the Company's head office and branch offices.

## **3. Rights in Respect of Dividends**

### **Payment of Dividends**

Article 52

(1) Dividends may be paid in cash or shares.

(2) In case of stock dividends, if the Company has issued the Class Shares, the Company may by a resolution of the shareholders distribute shares of a class that is a different class from the shares held by the shareholders.

(3) Interim dividends may be paid once every fiscal year in cash by a resolution of the Board of Directors.

(4) Notwithstanding Article 9, the ratio of interim dividends distributed in respect of the Preferred Shares will be the same as that for common shares.

(5) Dividends referred to in Articles 52(1) and 52(3) shall be paid to the shareholders of the Company or to pledgees who are registered in the Register of Shareholders as of the end of each fiscal year or as of June 30 of each fiscal year in case of the payment of interim dividends (respectively, the "Record Date"); provided, however, that the respective Record Dates may be changed, if and only to the extent that the Board of Directors determine such other date and comply with the Korean Commercial Code prior to the relevant Record Date.

(6) The provisions of Article 13 shall apply to distribution of interim dividends on the new shares issued (including the case of capitalization of reserves, stock dividends, application for conversion of convertible bonds, exercise of the warrants to subscribe for new shares of BWs) before the record date for interim dividends in Article 52(3) after the first date of the fiscal year.

**APPENDIX F: 3Q2021 RESULTS**

**PAN OCEAN CO. LTD.**

**(Incorporated in the Republic of Korea)**

**THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**PART I. INFORMATION REQUIRED FOR ANNUAL ANNOUNCEMENT**

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

For the period ended 30 September 2021 (in thousands of US\$)

	The Group			The Group		
	2021	2020	%	2021	2020	%
	Three months ended Sep 30	Three months ended Sep 30		Ninth months ended Sep 30	Ninth months ended Sep 30	
Sales	1,154,936	533,781	116.4%	2,774,624	1,563,194	77.5%
Cost of sales	(970,003)	(465,274)	108.5%	(2,409,496)	(1,378,092)	74.8%
<b>Gross profit</b>	184,933	68,507	169.9%	365,128	185,102	97.3%
Selling and administrative expenses	(17,501)	(15,645)	11.9%	(53,677)	(47,638)	12.7%
Operating profit	167,432	52,862	216.7%	311,451	137,464	126.6%
Finance income	11,806	(977)	N/M	21,937	12,015	82.6%
Finance costs	(13,683)	(9,901)	38.2%	(37,912)	(34,897)	8.6%
Other non-operating income(loss),net	(3,694)	(5,972)	-38.1%	(6,355)	(26,808)	-76.3%
Share of profit of associates	(4,590)	(57)	7952.6%	(1,040)	9	N/M
<b>Profit before income tax</b>	157,271	35,955	337.4%	288,081	87,783	228.2%
Income tax expense	541	613	-11.7%	946	859	10.1%
<b>Profit for the period</b>	156,730	35,342	343.5%	287,135	86,924	230.3%
<b>Other Comprehensive income (loss)</b>						
<b>Items that will be subsequently reclassified to profit or loss:</b>						
Changes in the fair value of derivative financial assets	(1,951)	(220)	786.8%	497	(1,442)	N/M
Share of the other comprehensive income of associates	(15)	34	N/M	(87)	(21)	314.3%
Exchanges differences	(691)	-	N/M	(1,288)	-	N/M
	(2,657)	(186)	1328.5%	(878)	(1,463)	-40.0%
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	(9)	(22)	-59.1%	(55)	(17)	223.5%
Exchanges differences	-	6,089	N/M	-	9,278	N/M
<b>Total other comprehensive income (loss) for the period, net of tax</b>	(2,666)	5,881	N/M	(933)	7,798	N/M

## APPENDIX F: 3Q2021 RESULTS

<b>Total comprehensive income</b>						
<b>(loss) for the period Profit (loss)</b>	154,064	41,223	273.7%	286,202	94,722	202.1%
<b>attributable to:</b>						
Owners of the Group	156,730	35,347	343.4%	287,135	88,453	224.6%
Non-controlling interests		(5)	N/M	-	(1,529)	N/M
	156,730	35,342	343.5%	287,135	86,924	230.3%
<b>Total comprehensive income</b>						
<b>(loss) attributable to :</b>						
Owners of the Group	154,064	41,216	273.8%	286,202	96,244	197.4%
Non-controlling interests	-	7	N/M	-	(1,522)	N/M
	154,064	41,223	273.7%	286,202	94,722	202.1%

**N/M : Not meaningful**

## APPENDIX F: 3Q2021 RESULTS

**1.(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (in thousands of US\$).**

	<b>The Group</b>		<b>The Company</b>	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	284,525	218,346	216,946	150,792
Trade receivables	184,701	137,082	151,414	118,317
Contract Assets	158,706	50,790	157,142	50,790
Other receivables	39,887	18,500	34,807	17,485
Derivative financial assets	9,768	13,746	4,692	1,286
Other financial assets	25,251	23,066	24,301	22,856
Inventories	76,711	52,592	76,711	52,592
Other assets	209,160	94,815	195,792	88,650
	<u>988,709</u>	<u>608,937</u>	<u>861,805</u>	<u>502,768</u>
<b>Non-current assets</b>				
Other receivables	20,126	21,863	17,833	20,098
Derivative financial assets	1,674	-	1,674	-
Other financial Assets	8,540	8,963	8,540	8,963
Investments in subsidiaries	-	-	93,737	93,737
Investments in associates	98,284	74,130	29,251	1,252
Vessels, property and equipment	3,995,928	3,559,786	3,979,351	3,541,819
Intangible assets	5,525	6,102	4,421	4,541
Other assets	2,005	2,689	1,083	2,131
	<u>4,132,082</u>	<u>3,673,533</u>	<u>4,135,890</u>	<u>3,672,541</u>
	<u>5,120,791</u>	<u>4,282,470</u>	<u>4,997,695</u>	<u>4,175,309</u>
<b>Total assets</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables	208,548	129,506	165,038	106,698
Borrowings	325,348	218,328	325,348	218,328
Derivative financial liabilities	7,517	9,489	2,528	284
Other payables	78,666	58,629	72,248	52,364
Provisions	8,320	4,193	8,320	4,193
Other liabilities	17,092	12,847	14,134	11,437
Contract liabilities	148,567	107,381	147,730	107,381
Lease liabilities	167,825	15,051	166,295	13,605
	<u>961,883</u>	<u>555,424</u>	<u>901,641</u>	<u>514,290</u>
<b>Non-current liabilities</b>				
Borrowings	1,239,681	1,097,066	1,204,681	1,062,066
Derivative financial liabilities	2,243	1,077	2,242	1,077
Provisions	19,938	20,970	19,001	20,560
Retirement benefit obligations	893	126	728	-
Lease liabilities	54,364	28,164	51,724	24,724
	<u>1,317,119</u>	<u>1,147,403</u>	<u>1,278,376</u>	<u>1,108,427</u>
	<u>2,279,002</u>	<u>1,702,827</u>	<u>2,180,017</u>	<u>1,622,717</u>
<b>Total liabilities</b>				
<b>Equity</b>				
Share capital	480,756	480,756	480,756	480,756
Capital surplus	652,814	652,814	651,483	651,483
Other reserves	1,058,575	1,059,453	1,067,806	1,067,309

## APPENDIX F: 3Q2021 RESULTS

Retained earnings (deficit)	649,644	386,620	617,633	353,044
Equity attributable to owners of the Group & Company	2,841,789	2,579,643	2,817,678	2,552,592
<b>Total equity</b>	<b>2,841,789</b>	<b>2,579,643</b>	<b>2,817,678</b>	<b>2,552,592</b>
<b>Total equity and liabilities</b>	<b>5,120,791</b>	<b>4,282,470</b>	<b>4,997,695</b>	<b>4,175,309</b>

### 1.(b)(ii) Aggregate amount of group's borrowings and debt securities(in thousands of US\$)

	September 30, 2021		December 31, 2020	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less	198,195	127,153	168,482	49,846
Amount repayable after one year	1,025,232	214,449	927,463	169,603
	1,223,427	341,602	1,095,945	219,449

### Details of collateral

The Group's borrowings are secured by way of :

- legal mortgages over certain vessels or building and land of the Company ;
- legal charges over certain bank accounts ; and
- assignment of insurance of certain vessels

## APPENDIX F: 3Q2021 RESULTS

### 1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$)

	<b>The Group</b>	
	Nine months ended September 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Cash generated from operations	360,756	327,371
Interest paid	(29,404)	(31,177)
Income tax paid	(3,827)	(694)
<b>Net cash inflow(outflow) by operating activities</b>	<b>327,525</b>	<b>295,500</b>
<b>Cash flows from investing activities</b>		
Acquisition of vessels, property and equipment	(234,961)	(186,651)
Acquisition of intangible assets	(233)	(708)
Proceeds from sale of vessels, property and equipment	19	10,956
Proceeds from sale of Held for sale assets	8,758	-
Proceeds from sale of intangible assets	245	273
Acquisition of other financial assets	(10,145)	(12,580)
Proceeds from sale of other financial assets	8,075	10,719
Acquisition of investments in associates	(28,000)	(11,428)
Acquisition of investments in subsidiaries	-	(67,500)
Proceeds from government grants	5,638	-
Dividend received	2,719	39
Increase in other receivables	(41,714)	(17,432)
Decrease in other receivables	37,682	833
Interest received	612	1,511
<b>Net cash inflow(outflow) from investing activities</b>	<b>(251,305)</b>	<b>(271,968)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	421,300	205,717
Repayment of borrowings	(337,715)	(256,168)
Repayments of lease liabilities	(59,478)	(12,404)
Payment of financial prepayments	(6,631)	-
Dividend paid	(24,054)	-
<b>Net cash inflow(outflow) financing activities</b>	<b>(6,578)</b>	<b>(62,855)</b>
Currency translation differences (cash and cash equivalents)	(3,463)	453
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>66,179</b>	<b>(38,870)</b>
Cash and cash equivalents at beginning of the year	218,346	220,516
<b>Cash and cash equivalents at end of the period</b>	<b>284,525</b>	<b>181,646</b>



## APPENDIX F: 3Q2021 RESULTS

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$)**

	Attributable to owners of the Group				Non-controlling Interest	Total expiry
	Share capital	Capital surplus	Other reserves	Retained Earning		
Balance as of January 1, 2020	480,755	652,814	1,051,352	308,103	11,321	2,504,345
<b>Comprehensive income (loss)</b>						
Profit(loss) for the period	-	-	-	88,453	(1,529)	86,924
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	(1,442)	-	-	(1,442)
Share of the other comprehensive income of associates and joint ventures	-	-	(21)	-	-	(21)
<b>Items that will not be classified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(17)	-	(17)
Exchanges differences	-	-	9,271	-	7	9,278
<b>Transactions with owners recorded directly in equity:</b>						
Changes in equity due to debt to equity swap	-	-	3	-	-	3
Additional acquisition of the non-controlling interest without a change in control	-	-	(1,952)	-	(9,476)	(11,428)
<b>Balance at September 30, 2020</b>	<b>480,755</b>	<b>652,814</b>	<b>1,057,211</b>	<b>396,539</b>	<b>323</b>	<b>2,587,642</b>
Balance as of January 1, 2021	480,756	652,814	1,059,453	386,620	-	2,579,643
<b>Comprehensive income (loss)</b>						
Profit(loss) for the period	-	-	-	287,135	-	287,135
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	497	-	-	497
Share of the other comprehensive income of associates and joint ventures	-	-	(87)	-	-	(87)
Exchanges differences	-	-	(1,288)	-	-	(1,288)
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(55)	-	(55)
<b>Transactions with owners recorded directly in equity:</b>						
Dividends	-	-	-	(24,056)	-	(24,056)
<b>Balance as of September 30, 2021</b>	<b>480,756</b>	<b>652,814</b>	<b>1,058,575</b>	<b>649,644</b>	<b>-</b>	<b>2,841,789</b>

## APPENDIX F: 3Q2021 RESULTS

	Attributable to owners of the Company				Total expiry
	Share capital	Capital surplus	Other reserves	Retained Earning	
Balance as of January 1, 2020	480,755	651,483	1,068,368	275,977	2,476,583
<b>Comprehensive income (loss)</b>					
Profit(loss) for the period	-	-	-	98,005	98,005
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	(1,442)	-	(1,442)
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of defined benefit liability	-	-	-	(59)	(59)
Exchanges differences	-	-	3	-	3
<b>Balance at September 30, 2020</b>	<b>480,755</b>	<b>651,483</b>	<b>1,066,929</b>	<b>373,923</b>	<b>2,573,090</b>
Balance as of January 1, 2021	480,756	651,483	1,067,309	353,044	2,552,592
<b>Comprehensive income(loss)</b>					
Profit (loss) for the period	-	-	-	288,751	288,751
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	497	-	497
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of defined benefit liability	-	-	-	(106)	(106)
<b>Transactions with owners recorded directly in equity:</b>					
Dividends	-	-	-	(24,056)	(24,056)
<b>Balance as of September 30, 2021</b>	<b>480,756</b>	<b>651,483</b>	<b>1,067,806</b>	<b>617,633</b>	<b>2,817,678</b>

---

**APPENDIX F: 3Q2021 RESULTS**

---

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

<i>(no shares)</i>	September 30, 2021		December 31, 2020	
	Number of shares issued	Outstanding stock	Number of shares issued	Outstanding stock
Beginning number of shares	534,569,512	534,569,512	534,569,207	534,569,207
Debt-equity swap	-		305	305
Ending number of shares	534,569,512	534,569,512	534,569,512	534,569,512

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

	The Issuer September 30, 2021	The Issuer December 31, 2020
	Total number of issued shares	534,569,512
Less number of shares held as treasury shares	-	-
Total number of issued shares excluding treasury shares of the issuer	534,569,512	534,569,512

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

Not applicable.

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

The figures have been reviewed in accordance with Korean International Financial Reporting Standards

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

Not applicable

---

## APPENDIX F: 3Q2021 RESULTS

---

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

The Group has applied the same accounting policies and methods of computation in financial statements for the period ended 30 September 2021 compared with the audited financial statements for the year ended 31 December 2020 except as stated item 5 as below.

#### 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 Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

#### 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:

	<u>The Group</u> <u>2021</u>	<u>The Group</u> <u>2020</u>
	<u>Nine months</u> <u>ended Sep 30</u>	<u>Nine months</u> <u>ended Sep 30</u>
Earnings per share for profit attributable to owners of the Company during the period (expressed in US\$ per share)		
(a) Basic	0.54	0.10
(b) Diluted	0.54	0.10

---

**APPENDIX F: 3Q2021 RESULTS**

---

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the**

**(a) Current financial period reported on; and**

**(b) Immediately preceding financial year (in US\$).**

	The Group		The Company	
	September 20, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Net asset value per ordinary share based on issued share capital of the issuer	5.32	4.83	5.27	4.78

**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.**

**(1) Income Statement**

**FY 2021 3Q VS FY 2020 3Q**

The group achieved sales of US\$ 2,775 million, increase of 77.5% compared to the same period in the prior year. And Costs of sales was increased from US\$ 1,378 million as of 2020 3Q to US\$ 2,409 million as of 2021 3Q.

The group recorded operating profit of US\$ 311 million in 2021 3Q, as compared to the operating profit of US\$ 137 million in the corresponding period of preceding financial year.

For the non-operating profit, the group recorded finance cost of US\$ 38 million in 2021 3Q.

Consequently, Profit for the period, which had recorded US\$ 287 million in 2021 3Q, as compared US\$ 87 million in 2020 3Q.

**(2) Balance Sheet & Cash Flow**

The group's total assets increased US\$ 839 million, from US\$ 4,282 million as of 31 December 2020 to US\$ 5,121 million as of 30 September 2021.

Total liabilities of the Group increased US\$ 576 million, from US\$ 1,703 million as of 31 December 2020 to US\$ 2,279 million as of 30 September 2021.

Cash flows from operating activities were surplus amounting to US\$ 328 million but Net cash used in investing activities for 2021 3Q recorded the deficit amounting to US\$ 251 million. And financing activities for 2021 3Q recorded the deficit amounting to US\$ 7 million.

---

**APPENDIX F: 3Q2021 RESULTS**

---

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

Not applicable.

**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.**

The dry bulk market in 2021 continues a steady rally with an increase in economic activities and each nation's economic stimulus package. Typically the first half year showed sluggish period due to the heavy rainy season both in Brazil and Australia. Meanwhile in 2021, Iron Ore volumes have increased with strong digest from China by increase in the crude steel production and less impacts from heavy rains from both Brazil and Australia.

Also, as the economies recovered rapidly, the demand for minor cargoes such as steel products rose enormously, the coal demand started to recover with rising economic activities, and owing to bullish container market, some of the container cargo stems have switched to breakbulk cargoes for competitive-gear vessels. These positive environments brought the average Baltic Dry Index (BDI) to reach 2,764p for Q1-Q3 2021, which rose about 3 times higher than it of in the same period of 2020. According to the International Monetary Fund's World Economic Outlook report released in July, the world's GDP growth rate for 2021 was forecasted to 6.0%, corresponding to previous projection. This is driven by each nation's hefty economic impetus from stimulus programmes and the rapid vaccine distribution. The total dry bulk seaborne trade volume in 2021 is expected to increase by 3.7% to 5.36 billion tons by positive factors such as improved management of the pandemic and the many country's economic stimuli, even though there are still some concern on the slowdown in China's economy recovery and the inequality in each nation's recovery by the difference in the policy supports. The iron ore demand is expected to increase by 1.7% to 1.53 billion tons thanks to the increased crude steel production from Asia(excluding China) and Europe and normalization of Brazil's production capability. The coal demand is expected to increase by 4.7% to 1.22 billion tons thanks to the recovery of electricity demand due to rising economical activities. The grain demand is expected by 2.3% to 0.52 billion tons considering China's growing demand of animal feed. As for the demand of minor cargoes, it is expected to increase by 4.9% to 2.09 billion tons based on the recovery of global economy and the strong infrastructure investment.

In the meantime, as the environmental related enforcement in coming year and the reduced investment sentiment by Covid19, the newbuilding contracts decreased in past years. Consequently, newbuilding deliveries in '21 Q1-Q3 have been decreased by 23% YoY to 30.9 million DWT, and the scrapping volume in Q1-Q3 2021 also decreased to 10.8million DWT, 55% lower than corresponding period in 2020. As a result, the total fleet growth rate of 2021 is expected to be 3.4%, decreased by 0.4%p compared to those of 2020.

## APPENDIX F: 3Q2021 RESULTS

### 11. Dividend

#### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

#### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

#### (c) Date payable

Not applicable.

#### (d) Books closure date

Not applicable.

### 12. If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

### 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	Nine months Ended 30 Sep. 2021	Nine months Ended 30 Sep. 2020	Nine months Ended 30 Sep. 2021	Nine months Ended 30 Sep. 2020
	PanOcean(America) Inc.	-	43,620 <sup>3)</sup>	-
Sunjin Co., Ltd.	-	3,809 <sup>7)</sup>	5,956 <sup>2)</sup>	15,056 <sup>2)</sup>
Farmsco	-	3,809 <sup>7)</sup>	10,270 <sup>2)</sup>	24,403 <sup>2)</sup>
Jeil Feed Company, Ltd.	-	3,809 <sup>7)</sup>	11,478 <sup>2)</sup>	15,437 <sup>2)</sup>
Harim Co., Ltd.	-	-	5,571 <sup>2)</sup>	15,971 <sup>2)</sup>
Orpum Co., Ltd.	-	-	1,796 <sup>2)</sup>	5,057 <sup>2)</sup>
Harim Holdings Co., Ltd.	1,357 <sup>4)</sup>	1,096 <sup>4)</sup>	-	-
Harim USA, Ltd.	39,824 <sup>5)</sup>	7,365 <sup>6)</sup>	-	-
<b>Total</b>	<b>41,181</b>	<b>63,508</b>	<b>35,071</b>	<b>91,005</b>

- 1) Sales relating to voyage and Agent commission under shareholders' mandate pursuant to Rule 920
- 2) The group's effective interest of transaction relating to sales grain to interested person (Sunjin, Farmsco, Jeil Feed Company, Harim, Orpum)
- 3) Provided performance guarantee, finance guarantee for the period and commission fee
- 4) The group's shared expenses (Harim Holdings Co., Ltd.), etc.
- 5) Acquisition of shares relating to Harim USA, Ltd. by paid-in capital increase and grain sales to Harim USA, Ltd
- 6) The group's effective interest of transaction relating to lending of money to interested person (Harim USA, Ltd.)
- 7) Acquisition of non-controlling interests relating to PanOcean(America), Inc.



---

## APPENDIX F: 3Q2021 RESULTS

---

### 14. Reconciliations of K-IFRS with IFRS

There has been a change in listing status of the Group on the Mainboard of the SGX-ST from primary listing to secondary listing since 23 January 2013 and in compliance with statutory reporting purposes, the Group continues to prepare consolidated financial statements in accordance with Korea International Financial Reporting Standards (“K-IFRS”).

The Group adopted the amendments pursuant to the amended K-IFRS No. 1001, ‘Presentation of Financial Statements’ from the annual period ended December 31, 2012. The Group’s operating profit (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income.

Whereas, IFRS does not explicitly define operating profit (loss), but it is interpreted that all profit (loss) items except ones clearly excluded from operating activities be included in operating profit (loss).

Based on this interpretation, the operating profit (loss) of the Group for 2021 3Q and 2020 3Q shall be adjusted as below:

<i>(In thousands of US dollars)</i>	<b>The Group</b>	
	<b>2021 3Q</b>	<b>2020 3Q</b>
Operating profit(loss) In K-IFRS	311,451	137,464
Adjustment:		
Gain on sale of vessels, property and equipment	14	10
Loss on sale of vessels, property and equipment	(840)	(5,487)
Loss on impairment of vessels, property and equipment	(8,934)	(5,861)
Gain on sale of Intangible assets	170	-
Loss on sale of Intangible assets	-	12
Gain (loss) on valuation of derivatives, net	2,256	(446)
Gain (loss) on derivative transactions, net	5,263	(3,264)
Gain (loss) on foreign currency translations, net	(4,290)	(101)
Gain (loss) on foreign currency transactions, net	1,886	(10,035)
Expense of provision and marine accident	(894)	(3,042)
Donations	(1,078)	(846)
Other	92	2,261
Operating profit(loss) In IFRS	305,096	110,665

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

### PAN OCEAN CO., LTD.

(A corporation with limited liability established under the law of the Republic of Korea)  
(Company Registration No. 110111-0004286)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

*All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to Shareholders dated 3 December 2021.*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Pan Ocean Co., Ltd. (the "**Company**") will be held at Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul, 04513, Republic of Korea on 20 December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korea time) for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Delisting Resolution**"):

#### DELISTING RESOLUTION

##### THAT:

- (1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the SGX-ST Listing Manual (the "**Delisting**"), pursuant to which the Exit Offer (as defined in the circular dated 3 December 2021 (the "**Circular**")) to the shareholders of the Company (the "**Shareholders**") would be made to the Shareholders on the terms and conditions set out in the Circular, be and is hereby approved; and
- (2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and to do all such acts and things as they or he may consider necessary or expedient to give effect to the Delisting and/or this Delisting Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

#### BY ORDER OF THE BOARD

Joong Ho Ahn  
Chief Executive Officer  
3 December 2021

##### Notes:

- (1) The company's listing status in SGX changed from primary listing to secondary listing as of 20 February 2013. Therefore, the Company with a secondary listing on SGX-ST is only subject to the KRX Listing Rules and the Company will not be required to comply with the listing rules of SGX-ST, save for Chapters 9 and 10 on interested person transactions and acquisitions and realisations respectively, Rule 217 of the Listing Manual, the delisting provisions under Chapter 13 of the Listing Manual, and to have at least one Singapore-resident director on the Board at all times.
- (2) The company listed in KRX should notify all its shareholders the Notice of EGM, Proxy Form and the Circular. However, it can be substituted by way of posting on electronic disclosure system, for shareholders with less than one percent (1%) stake of the issued shares pursuant to KRX Listing Rule and the same is applied to the Singapore

---

## NOTICE OF EXTRAORDINARY GENERAL MEETING

---

shareholders as all shareholders in Singapore are holding less than 1% stake of the issued shares. Thus, all shareholders in Singapore may access the documents by downloading them from the SGXNET announcement page of the Company.

- (3) A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul, 03157, Republic of Korea, not less than 48 hours before the time fixed for the Extraordinary General Meeting.

**PROXY FORM**

**PAN OCEAN CO., LTD.**

(A corporation with limited liability established under the law of the Republic of Korea)  
(Company Registration No. 110111-0004286)

**PROXY FORM – EXTRAORDINARY GENERAL MEETING**

I. We, The Central Depository (Pte) Limited, of 9 North Buona Vista Drive, #01-19/20, The Metropolis Singapore 138588, being a Member of Pan OCEAN CO., LTD., hereby appoint

II.

--	--

or failing him/her, the person/persons whose details are given in Part III(a) and (b) below provided that such details have been verified in Part VI below by the affixing of the seal or the signature of or on behalf of the person named in Part II above and on the basis that such persons are authorised to vote in respect of the proportion of the shareholdings referred to in Part II above shown in the said Part III or if no proportions are so shown, in respect of the whole of the said shareholding:-

III

	Name	NRIC/ Passport Number	Proportion of Shareholdings %
(a)			
	<b>and/or (delete as appropriate)</b>		
(b)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Extraordinary General Meeting (the "Meeting") of the Company, to be held at Conference Hall A, 39, Sejongdaero, Jung-gu, Seoul 04513, Korea on the 20th day of December 2021 at 10:00 a.m. (Singapore time) or 11:00 a.m. (Korean time) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

IV.

No.	Delisting Resolution	For	Against
1.	Approval for the voluntary delisting of the Company pursuant to Rule 1307 and Rule 1309 of the Listing Manual (Resolution 1)		

Dated this 3<sup>rd</sup> of December 2021

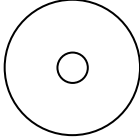
V. The Central Depository (Pte) Limited



\_\_\_\_\_  
Signature of Director

**PROXY FORM**

VI. TO BE COMPLETED BY DIRECT ACCOUNT HOLDER/DEPOSITORY AGENT NAMED IN PART II IF HE/IT WISHES TO APPOINT A PROXY/PROXIES UNDER PART III

<p>For Individuals:</p>  <p>_____</p> <p style="text-align: center;">Signature of Direct Account Holder</p>	<p>For Corporations:</p>  <p>_____</p> <p style="text-align: center;">Signature of Director</p> <p>_____</p> <p style="text-align: center;">Signature of Director/Secretary</p> <div style="text-align: right; margin-top: 20px;">  <p style="margin-top: 5px;">Common Seal</p> </div>
---	--

**IMPORTANT:** PLEASE READ NOTES OVERLEAF

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his/their stead. A proxy/proxies need not be a member of the Company.
2. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at Tower 8, 7, Jong-ro 5-gil, Jongno-gu, Seoul 03157, Korea not later than 48 hours before the time appointed for the Meeting.