



THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

Isetan (Singapore) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 197001177H)

SCHEME DOCUMENT DATED 12 JULY 2024

**PROPOSED ACQUISITION
BY ISETAN MITSUKOSHI LTD.
OF ALL THE ORDINARY
SHARES IN THE ISSUED
SHARE CAPITAL OF ISETAN
(SINGAPORE) LIMITED (OTHER
THAN THOSE HELD BY ISETAN
MITSUKOSHI LTD.) BY WAY OF
A SCHEME OF ARRANGEMENT**

**Financial Adviser to Isetan
Mitsukoshi Ltd.**

NOMURA

Nomura Singapore Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 197201440E)

**Independent Financial Adviser
to the Independent Directors**



SAC Capital Private Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 200401542N)



Scheme Consideration

\$S\$7.20

in cash per Target Share

**The Scheme Consideration is FINAL and the Offeror
will NOT increase the Scheme Consideration.**

IMPORTANT DATES AND TIMES

**Last date and time for
lodgement of Proxy Form
for the Scheme Meeting** 4 August 2024, 10.00 a.m.

**Date and time of the
Scheme Meeting** 7 August 2024, 10.00 a.m.

**Place of the Scheme
Meeting** Furama RiverFront, Singapore,
Venus 2, Level 3,
405 Havelock Road,
Singapore 169633

THIS SCHEME DOCUMENT IS ISSUED BY ISETAN (SINGAPORE) LIMITED (THE "COMPANY"). THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR 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 in the capital of the Company, you should immediately forward this Scheme Document and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or transferee. The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Scheme Document.

Transaction Overview

On 1 April 2024, the respective boards of directors of Isetan (Singapore) Limited (the “**Company**”) and Isetan Mitsukoshi Ltd. (the “**Offeror**”) jointly announced the proposed acquisition (the “**Acquisition**”) of all the ordinary shares in the issued share capital of the Company (other than those held by the Offeror) (the “**Target Shares**”) by the Offeror to be effected by way of a scheme of arrangement (the “**Scheme**”)

The Scheme Consideration for each Target Share is S\$7.20 in cash. The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

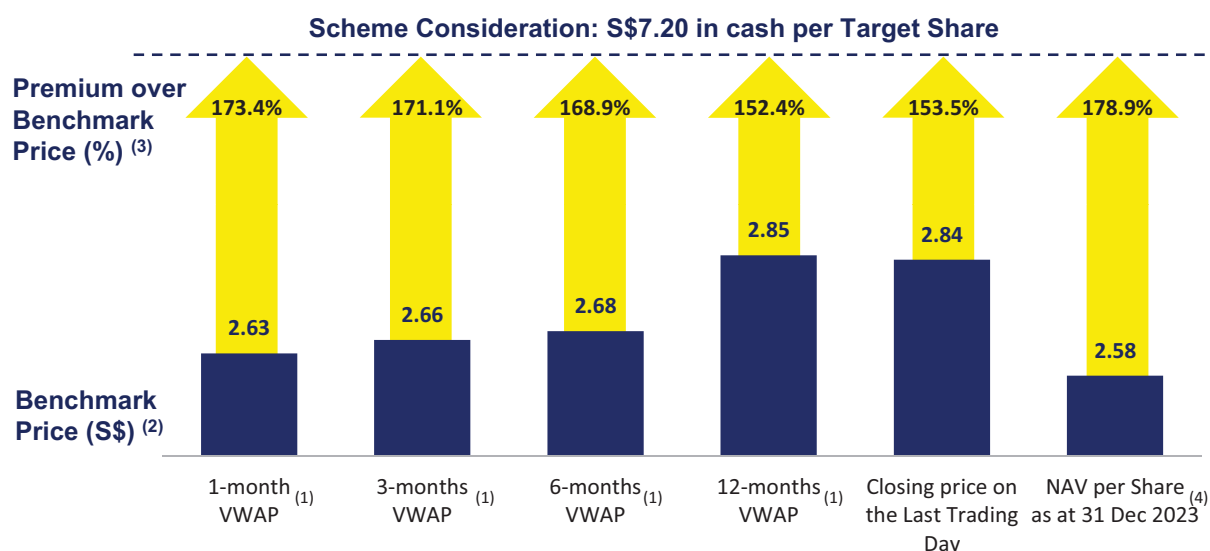
Transaction Rationale

- A** Opportunity for the Target Shareholders of the Company to realise their investment
 - i** The Scheme Consideration represents a premium to historical trading prices
 - ii** Opportunity for Target Shareholders to fully exit their investment that is otherwise difficult due to the low liquidity of the Target Shares
- B** Operational flexibility
- C** Costs of maintaining listing status

A

i. The Scheme Consideration represents a premium to historical trading prices

The Offeror believes that the Scheme Consideration of S\$7.20 per Target Share presents Target Shareholders with a premium to prevailing market prices. As of the Last Trading Day, the Scheme Consideration offers the Target Shareholders a 173.4 per cent premium to the volume-weighted average price (“VWAP”) of the Shares traded on the SGX-ST for the one-month period prior to and including the Last Trading Day, a 37.4 per cent premium over the highest closing market price of the Company over the past 5 years of S\$5.24, and a 26.3 per cent premium over the highest intra-day traded price over the same period of S\$5.70. The Scheme Consideration also represents a premium over the relevant VWAP, closing prices, and Net Asset Value (“NAV”) of the Company as follows:



Notes:

- Based on data extracted from Bloomberg Finance L.P. The VWAPs of Shares are calculated by using the total value over the total volume of Shares traded in the relevant period prior to and including the Last Trading Day.
- Rounded to the nearest two decimal places.
- Rounded to the nearest one decimal place.
- Based on the reported net asset value per Share as at 31 December 2023 disclosed in the annual report of the Company for the financial year ended 31 December 2023 as announced by the Company on the SGXNET on 4 April 2024.

A

ii. Opportunity for Target Shareholders to fully exit their investment that is otherwise difficult due to the low liquidity of the Target Shares

The Offeror believes the Acquisition to be an opportunity for the Target Shareholders to achieve full liquidity on their investment in the Company. The Shares of the Company have had limited trading liquidity in the market, with average daily trading volumes⁽¹⁾ of approximately 1,571, 689, 400, and 700 Shares over the last one-month, three-month, six-month and twelve-month periods respectively, up to and including the Last Trading Day. This represents no more than approximately 0.01 per cent of the Company's free float⁽²⁾ for the foregoing periods. The Company's shares showed no trading activity on approximately 67.1 per cent of eligible trading days over the last twelve-month period, up to and including the Last Trading Day.

The Scheme also provides Target Shareholders the option to fully realise their investment for cash without incurring any brokerage or other trading costs.

In addition, it is unlikely for there to be other competing offers for the Company given that the Offeror holds more than 50 per cent of Shares in the Company. In the event that the Scheme fails to proceed, neither the Offeror nor any other member of the Offeror Concert Party Group may, within 12 months from the date on which the Scheme lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or member of the Offeror Concert Party Group would thereby become obliged under Rule 14 of the Code to make an offer.

If the Scheme fails to proceed, the Offeror intends to maintain its current shareholding in the Company for the time being and focus on investments in other growth areas.

Notes:

1. The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST was open for trading of the securities for the relevant periods.
2. Free float is calculated based on the difference between (i) the total number of 41,250,000 Shares in issue; and (ii) the 21,750,000 Shares held by the Offeror and 3,437,500 Shares held by Isetan Foundation as at the Joint Announcement Date.

B

Operational flexibility

The Offeror believes that the Acquisition and subsequent privatisation of the Company would provide the Offeror with greater flexibility to find synergies with the Offeror's overall business strategy for its international operations and to achieve greater operational efficiencies as a wholly-owned subsidiary. For the financial year ending 31 December 2023, the Company reported a net loss of S\$1.159 million in the FY2023 Audited Financial Statements. The Offeror believes it can dedicate substantial focus and resources required to optimise the business' operations and strategy as one of its wholly-owned subsidiaries. Privatising the Company will also bring the Company in line with the Offeror's other international operations, which are all through unlisted entities.

C

Costs of maintaining listing status

In maintaining its listed status, the Company incurs compliance and associated costs relating to continuing listing requirements under the Mainboard Rules. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of its listed status and channel such resources to its business operations.

What does the Independent Financial Advisor recommend?

Opinion of the IFA on the Scheme

*In conclusion, we are of the opinion that, on balance, the financial terms of the Scheme are **fair and reasonable**. Accordingly, we advise the Independent Directors to **recommend Shareholders to vote in favour of the Scheme**.*

SAC Capital Private Limited
IFA

What do the Independent Directors recommend?

Opinion of the IFA on the Scheme

*The Independent Directors, having carefully considered, amongst others, the terms of the Scheme, the advice given by the IFA in the IFA Letter, the historical dividend yields of the Company, the general outlook of the Company, the lack of a competing offer and the fact that the Offeror has statutory control over the Company, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors **unanimously recommend that Target Shareholders vote in favour of the Scheme** at the Scheme Meeting.*

Independent Directors

IT IS IMPORTANT THAT YOU READ THE ABOVE EXTRACTS TOGETHER WITH AND IN THE CONTEXT OF THE LETTER TO SHAREHOLDERS AND THE IFA LETTER. YOU ARE ADVISED AGAINST RELYING SOLELY ON THESE EXTRACTS, WHICH ARE ONLY MEANT TO DRAW ATTENTION TO THE OPINION OF THE IFA AND RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS.

What must happen for the Scheme to be approved at the Scheme Meeting?

Two conditions must be met for the Scheme to be approved by the Target Shareholders at the Scheme Meeting:

Head Count Condition

>50%

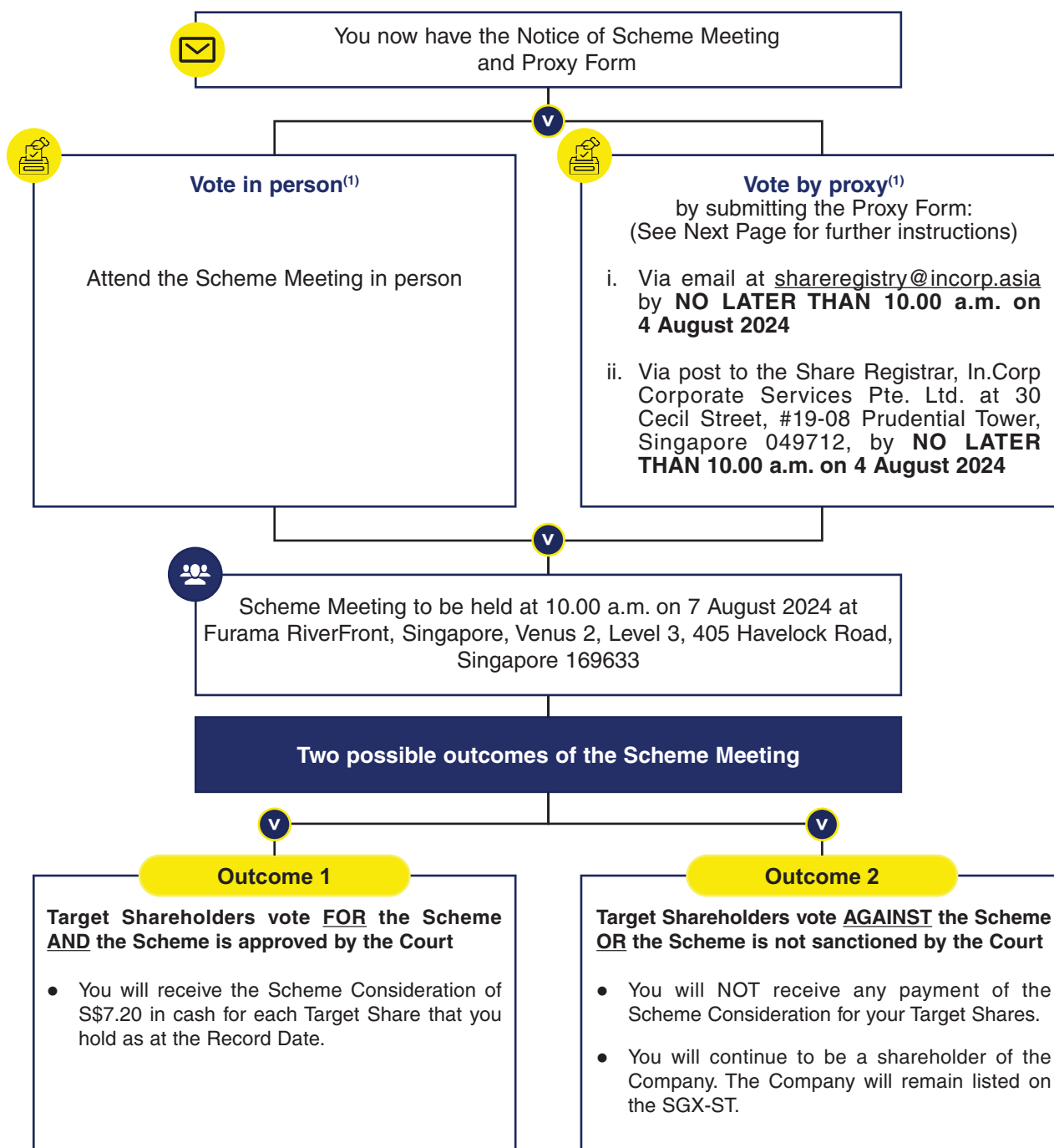
More than 50% of the Target Shareholders present and voting either in person or by proxy at the Scheme Meeting must vote to approve the Scheme

Share Count Condition

≥75%

Target Shareholders representing at least 75% in value of the Target Shares held by the Target Shareholders present and voting either in person or by proxy at the Scheme Meeting must vote to approve the Scheme

How do I vote on the Scheme?



Your Vote Counts

Notes:

- If you are a Target Shareholder (other than a Relevant Intermediary), you may only cast all the votes you use at the Scheme Meeting in one way. A Target Shareholder who is a Relevant Intermediary need not cast all the votes it uses in the same way provided that each vote is exercised in relation to a different Target Share. Please refer to Notes (7) and (13) of Appendix 11 (Notice of the Scheme Meeting) to the Scheme Document for more information.

How do I vote on the Scheme? (Cont'd)

- The Scheme Meeting will be convened and held solely by physical attendance. Accordingly, Target Shareholders will not be able to attend the Scheme Meeting virtually.
- To exercise your votes, you **MUST** vote in person at the Scheme Meeting OR appoint a proxy to vote on your behalf at the Scheme Meeting by completing and returning the Proxy Form.

To vote in person:

Attend the Scheme Meeting at

- Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633
- on 10.00 a.m. on 7 August 2024

To vote by completing and returning the Proxy Form:

1. LOCATE PROXY FORM

The Proxy Form is enclosed with the Notice of Scheme Meeting and can also be obtained from the Share Registrar:

In.Corp Corporate Services Pte. Ltd.

30 Cecil Street,
#19-08 Prudential Tower
Singapore 049712
Email address:
shareregistry@incorp.asia

OR

An electronic copy of the Proxy Form is also available on the website of the SGX-ST at www.sgx.com/securities/companyannouncements and on the corporate website of the Company at <https://www.isetan.com.sg/>.

2. COMPLETE PROXY FORM

- I** Fill in your name and particulars.
- II** You may fill in the details of the appointee or leave this section blank. The Chairman of the Scheme Meeting will be the appointee if this section is left blank.
- III** If you wish to exercise all your votes **FOR, AGAINST or to ABSTAIN**, please indicate with a tick (✓) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.
- IV** If you are an individual, you or your attorney **MUST SIGN** and indicate the date. If you are a corporation, the proxy form must be executed under your common seal or under the hand of your duly authorised officer or attorney.
- V** Indicate the number of Target Shares you hold.

ISETAN (SINGAPORE) LIMITED
Company Registration No.: 197001177H
(Incorporated in the Republic of Singapore)

IMPORTANT
1. All capitalised terms used in this Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document issued by the Company to its shareholders other than Isetan (Singapore) Ltd dated 12 July 2024 (the "Scheme Document").
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies) to attend, speak and vote on his/her/its behalf at the Scheme Meeting.
3. This Proxy Form is not valid for use by persons who hold Target Shares through Relevant Intermediaries (as defined below) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such persons should contact the Relevant Intermediary through which they hold such Target Shares as soon as possible in order to make the necessary arrangements for them to appoint proxy(ies) at the Scheme Meeting.
4. CPFIS Investors and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF and SRS agent banks to submit their voting instructions by 10.00 a.m. on 26 July 2024.
5. By submitting the Proxy Form, the Target Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 12 July 2024.

Proxy Form
Scheme Meeting

I/We, _____ (NRIC No./Passport No.: _____)
of _____ (Address)
being a member/members of Isetan (Singapore) Limited (the "Company") hereby appoint:

| Name | Address | NRIC/Passport Number |
|------|---------|----------------------|
| | | |

or failing him/her, the Chairman of the Scheme Meeting as my/our proxy to vote for me/us and on my/our behalf at the Scheme Meeting of the Company to be held on Wednesday, 7 August 2024 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

| Resolution | For | Against | Abstain |
|--------------------------------------|-----|---------|---------|
| To approve the Scheme of Arrangement | | | |

If you wish the Chairman of the Scheme Meeting or your proxy to cast all your votes "For" or "Against" the resolution, please indicate with a tick "✓" in the relevant space provided under "For" or "Against". If you wish the Chairman of the Scheme Meeting or your proxy to abstain from voting on the resolution, please indicate with a tick "✓" in the relevant space provided under "Abstain". If no specific direction as to voting is given, the proxy (except where the Chairman of the Scheme Meeting is appointed as proxy) will vote or abstain from voting at his/her discretion. In the absence of specific directions, the appointment of the Chairman of the Scheme Meeting as proxy will be treated as invalid.
DO NOT TICK MORE THAN ONE BOX.
Signed this _____ day of _____, 2024

| Total Number of Shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Member(s)/Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

How do I vote on the Scheme? (Cont'd)

3. RETURN THE COMPLETED PROXY FORM

A If submitted via email:

Scan and send the completed and signed Proxy Form via email to the Share Registrar at shareregistry@incorp.asia, by **NO LATER THAN 10.00 a.m. on 4 August 2024**.

B If submitted via post:

Lodge the completed and signed Proxy Form at the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, by **NO LATER THAN 10.00 a.m. on 4 August 2024**.

The envelope is prepared for posting in Singapore only. Please affix sufficient postage if posting from outside of Singapore.

REMINDER

The Proxy Form must reach the Share Registrar **NO LATER THAN 10.00 a.m. on 4 August 2024**, being 72 hours before the time fixed for the Scheme Meeting. CPFIS Investors and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF and SRS agent banks to submit their voting instructions by 10.00 a.m. on 26 July 2024.

Important Information

Important Dates and Times

| | |
|--|---|
| Latest date and time for lodgement of the Proxy Form for the Scheme Meeting | 4 August 2024, 10.00 a.m. ^{(1) (2)} |
| Date and time of the Scheme Meeting | 7 August 2024, 10.00 a.m. |
| Place of the Scheme Meeting | Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633 |
| Expected date of the Court hearing the application to approve the Scheme | On or around 29 August 2024 ⁽³⁾ |
| Expected last day of trading of the Shares on the SGX-ST | On or around 3 September 2024 ⁽⁴⁾ |
| Expected Record Date | On or around 11 September 2024 ⁽⁴⁾ |
| Expected Effective Date | On or around 12 September 2024 ⁽⁶⁾ |
| Expected date for the payment of the Scheme Consideration | On or around 23 September 2024 ⁽⁵⁾ |
| Expected date for delisting of the Shares from the SGX-ST | On or around 25 September 2024 ⁽⁵⁾ |

Notes:

- The Scheme Meeting will be convened and held solely by physical attendance, in Singapore at Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633. Accordingly, Target Shareholders will not be able to attend the Scheme Meeting virtually.*
- Duly completed Proxy Forms must be deposited at the Share Registrar's office (a) via post to In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 or (b) via email to shareregistry@incorp.asia not less than 72 hours before the time set for holding the Scheme Meeting. Completion and lodgement of a Proxy Form will not preclude a Target Shareholder from attending and voting at the Scheme Meeting in person.*
- This date is subject to allocation by the Court.*
- No transfer of the Shares may be effected after 5.00 p.m. on the Record Date, subject to the availability of the Court hearing date as stated above.*
- Assuming that the Effective Date is 12 September 2024, subject to the availability of the Court hearing date as stated above.*
- The Scheme will only be effective and binding upon lodgement of the Scheme Court Order with ACRA. The Scheme Court Order will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions and provided neither the Offeror nor the Company exercises its termination right(s) (if any).*

Should you have any queries relating to the Scheme, please contact:

Nomura Singapore Limited

Tel: +65 6433 6346

THE INFORMATION PRESENTED IN THIS SECTION IS QUALIFIED IN ITS ENTIRETY BY, AND SHOULD BE READ IN CONJUNCTION WITH, THE INFORMATION CONTAINED IN THE REST OF THIS SCHEME DOCUMENT. IF THERE SHOULD BE ANY INCONSISTENCY OR CONFLICT BETWEEN THE INFORMATION CONTAINED IN THIS SECTION AND THE INFORMATION CONTAINED IN THE REST OF THIS SCHEME DOCUMENT, THE INFORMATION CONTAINED IN THE REST OF THIS SCHEME DOCUMENT SHALL PREVAIL. NOTHING IN THIS SECTION IS INTENDED TO BE, OR SHALL BE TAKEN AS, ADVICE, A RECOMMENDATION OR A SOLICITATION TO TARGET SHAREHOLDERS OR ANY OTHER PARTY. TARGET SHAREHOLDERS ARE ADVISED TO BE CAUTIOUS WHEN DEALING IN THEIR TARGET SHARES AND NOT TO TAKE ANY ACTION IN RELATION TO THEIR TARGET SHARES WHICH MAY NOT PROVE TO BE IN THEIR BEST INTERESTS.

CONTENTS

| | Page |
|---|-------------|
| DEFINITIONS | 2 |
| CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS | 9 |
| EXPECTED TIMETABLE | 10 |
| CORPORATE INFORMATION | 11 |
| LETTER TO SHAREHOLDERS | 12 |
| EXPLANATORY STATEMENT | 29 |
| APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME | 1-1 |
| APPENDIX 2: LETTER FROM THE OFFEROR TO THE SHAREHOLDERS | 2-1 |
| APPENDIX 3: GENERAL INFORMATION RELATING TO THE COMPANY | 3-1 |
| APPENDIX 4: EXTRACTS FROM THE COMPANY'S CONSTITUTION | 4-1 |
| APPENDIX 5: VALUATION REPORTS | 5-1 |
| APPENDIX 6: SCHEME CONDITIONS | 6-1 |
| APPENDIX 7: PRESCRIBED OCCURRENCES | 7-1 |
| APPENDIX 8: SPECIFIC OBLIGATIONS OF THE COMPANY | 8-1 |
| APPENDIX 9: FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY | 9-1 |
| APPENDIX 10: THE SCHEME | 10-1 |
| APPENDIX 11: NOTICE OF THE SCHEME MEETING | 11-1 |
| APPENDIX 12: PROXY FORM FOR THE SCHEME MEETING | 12-1 |

DEFINITIONS

In this Scheme Document, the following definitions apply throughout except where the context otherwise requires.

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| “ACRA” | : | The Accounting and Corporate Regulatory Authority of Singapore. |
| “Acquisition” | : | The proposed acquisition by the Offeror to acquire all the Target Shares. |
| “Application” | : | The application made by the Offeror to the SIC to seek certain rulings and confirmations in relation to the Acquisition and the Scheme. |
| “Board” | : | The board of directors of the Company. |
| “Business Day” | : | A day (other than a Saturday, Sunday or public holiday) on which banks in Singapore and Japan are generally open for business. |
| “CDP” | : | The Central Depository (Pte) Limited. |
| “Code” | : | The Singapore Code on Take-overs and Mergers promulgated by the SIC as the same may be modified, amended, supplemented or replaced from time to time. |
| “Companies Act” | : | The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time. |
| “Company” | : | Isetan (Singapore) Limited. |
| “Company Secretary” | : | The company secretary of the Company. |
| “Company Securities” | : | (i) Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company. |
| “Cut-Off Date” | : | The date falling six (6) months from the Joint Announcement Date or such other date as may be agreed in writing between the Offeror and the Company. |
| “Court” | : | The High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore. |
| “Court Hearing” | : | The hearing by the Court of the petition for the sanction of the Scheme. |
| “CPF” | : | The Central Provident Fund. |
| “CPFIS” | : | The Central Provident Fund Investment Scheme |
| “CPFIS Investors” | : | Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS. |
| “Directors” | : | The directors of the Company as at the Latest Practicable Date. |
| “Effective” | : | When used in relation to the Scheme, the coming into effect of the Scheme pursuant to Section 210 of the Companies Act. |

DEFINITIONS

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| “Effective Date” | : | The date on which the Scheme becomes effective in accordance with its terms. |
| “Encumbrance” | : | Any mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing, and “Encumbrances” shall be construed accordingly. |
| “Entitled Target Shareholders” | : | Target Shareholders as at 5.00 p.m. on the Record Date. |
| “Explanatory Statement” | : | The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages 29 to 41 of this Scheme Document. |
| “FY” | : | Financial year ended or ending 31 December, as the case may be. |
| “FY2023 Audited Financial Statements” | : | The audited financial statements of the Company for the financial year ended 31 December 2023. |
| “FY2023 Unaudited Financial Statements” | : | The unaudited financial statements of the Company for the 12 months ended 31 December 2023 as announced by the Company on the SGXNET on 28 February 2024, and as revised in the announcement by the Company on the SGXNET on 25 March 2024. |
| “Governmental Authority” | : | The government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, administrative, regulatory, fiscal or judicial agency, court or other authority thereof, and any quasi-government or quasi-governmental agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Taxation, importing or other governmental or quasi-governmental authority. |
| “IFA” | : | SAC Capital Private Limited, the independent financial adviser appointed to advise the Independent Directors on the Scheme. |
| “IFA Letter” | : | The letter from the IFA to the Independent Directors dated 12 July 2024, as set out in Appendix 1 to this Scheme Document. |
| “Implementation Agreement” | : | The implementation agreement dated 1 April 2024 entered into between the Offeror and the Company setting out the terms and conditions on which the Offeror and the Company will implement the Scheme. |
| “Independent Directors” | : | The directors of the Company who are considered independent for the purposes of the Scheme, namely Associate Professor Victor Yeo Chuan Seng, Mr. Richard Tan Chuan-Lye, Ms. Carmen Wee Yik Cheng and Ms. Lim Bee Choo. |

DEFINITIONS

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| “Investment Properties” | : (i) Isetan Wisma Atria, the property located at 435 Orchard Road Singapore 238877; and (ii) the portion of Kallang Pudding warehouse, the property located at 5 Kallang Pudding Road #01-03 Singapore 349309, that is classified as an investment property in the audited financial statements of the Company as at 31 December 2022. |
| “Isetan Mitsukoshi Holdings” | : Isetan Mitsukoshi Holdings Ltd. |
| “Joint Announcement” | : The joint announcement made by the Offeror and the Company on 1 April 2024 in relation to, <i>inter alia</i> , the Scheme. |
| “Joint Announcement Date” | : 1 April 2024, being the date of the Joint Announcement. |
| “Last Trading Day” | : 28 March 2024, being the last full trading day immediately before the Joint Announcement Date. |
| “Latest Practicable Date” | : 28 June 2024, being the latest practicable date prior to the issuance of this Scheme Document on the Company’s corporate website and the SGXNET. |
| “Listing Rules” | : The listing rules of the SGX-ST, as amended, modified or supplemented from time to time. |
| “Market Day” | : A day on which the SGX-ST is open for the trading of securities. |
| “Material Adverse Effect” | : Any one or more fact, matter, event, circumstance, condition, effect, occurrence or change which, whether individually or in the aggregate, has or have the effect of any of the following: <ul style="list-style-type: none">(i) causing a diminution in the aggregate value of the net assets of the Company by more than S\$31,951,800, being 30 per cent of the aggregate value of the net assets of the Company (as referred to in the FY2023 Unaudited Financial Statements) attributable to Shareholders as at 31 December 2023; and(ii) causing a diminution in the aggregate fair value of the Investment Properties by more than S\$90,123,300, being 30 per cent of the aggregate fair value of the Investment Properties as at 31 December 2022 (as referred to in the audited financial statements of the Company as at 31 December 2022), in each case, as determined based on any of the following: (a) any information that is publicly released or disclosed by the Company or otherwise made available to the Offeror prior to the Relevant Date, (b) the latest available unaudited management accounts (to be prepared in accordance with the accounting principles, policies, bases, practices and estimation techniques used in preparing the audited financial statements of the Company as at 31 December 2022 applied on a consistent basis) immediately prior to the Relevant Date or (c) additionally, in the case of (ii) above, any professional appraisals of the value of the Investment Properties obtained prior to the Relevant Date, provided that any occurrence, condition, change, event or effect directly or indirectly resulting from or relating to any of the following matters shall be excluded in determining such diminution: |

DEFINITIONS

- (i) any change in Singapore Financial Reporting Standards (International) or any accounting policies and principles, or in the interpretation thereof, as imposed upon the Company or its businesses or any change in law, or in the interpretation thereof;
 - (ii) any act or omission of the Offeror or its concert parties;
 - (iii) any matter fully and fairly disclosed in sufficient detail to enable the Offeror to assess the fact or circumstance in question and its impact upon the Company to which the disclosure relates in all information provided to the Offeror (or its advisers) by or on behalf of the Company in writing prior to the date of the Implementation Agreement (including all responses provided in writing by or on behalf of the Company to queries raised by the Offeror (or its advisers) during the process of any investigation carried out by or on behalf of the Offeror in connection with the Acquisition and the Scheme prior to the date of the Implementation Agreement) or provided for under the terms of the Scheme, the Acquisition and the Implementation Agreement; and
 - (iv) any matter or thing hereafter done or omitted to be done as required, contemplated or permitted under the Scheme, the Acquisition and the Implementation Agreement (or any related agreements) or otherwise at the request of the Offeror or its concert parties or with the approval of the Offeror or its concert parties (such approval not to be unreasonably withheld, conditioned or delayed).
- “Offeror”** : Isetan Mitsukoshi Ltd., a company incorporated in Japan which is a wholly-owned subsidiary of Isetan Mitsukoshi Holdings.
- “Offeror Concert Party Group”** : The Offeror, the directors of the Offeror and any other person acting or presumed to be acting in concert with the Offeror in relation to the Acquisition and the Scheme.
- “Offeror’s Letter”** : The letter from the Offeror to the Target Shareholders dated 12 July 2024 set out in Appendix 2 to this Scheme Document
- “Offeror Financial Adviser”** : Nomura Singapore Limited
- “Offeror Securities”** : (i) shares of the Offeror; (ii) securities which carry substantially the same rights as any shares of the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of (i) or (ii).
- “Overseas Target Shareholder”** : Each of the Target Shareholders whose address is outside Singapore, as shown on the Register of Members, or as the case may be, in the records of CDP.
- “Parties”** : The Offeror and the Company, and **“Party”** means any one of them.
- “Prescribed Occurrence”** : Any of the events set out in Appendix 7 to this Scheme Document.
- “Proxy Form”** : The proxy form for the Scheme Meeting.

DEFINITIONS

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| “Record Date” | : The date and time to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Target Shareholders in respect of the Scheme. |
| “Register of Members” | : The register of members of the Company. |
| “Regulatory Approvals” | : Such authorisations, consents, clearances, permissions and/or approvals and/or other acts from any Governmental Authority as required by either Party to the Implementation Agreement which, or which the Parties may agree are necessary, to complete the Acquisition or implement the Scheme or to give effect to the provisions of the Implementation Agreement. |
| “Relevant Date” | : The date falling on the Business Day immediately prior to the Effective Date. |
| “Scheme” | : The scheme of arrangement to be proposed by the Company to the Target Shareholders, pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms of the Implementation Agreement, to effect the Acquisition. |
| “Scheme Conditions” | : The condition precedents in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Cut-Off Date for the Scheme to be implemented and which are reproduced in Appendix 6 to this Scheme Document. |
| “Scheme Consideration” | : The cash amount of S\$7.20 that each Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date. |
| “Scheme Court Order” | : The order of the Court sanctioning the Scheme under Section 210 of the Companies Act. |
| “Scheme Document” | : This document dated 12 July 2024 issued by the Company to the Target Shareholders, containing, <i>inter alia</i> , details of the Scheme, an explanatory statement complying with the requirements of the Companies Act, the IFA Letter, the Offeror’s Letter and notice of Scheme Meeting and Proxy Form and such other information as may be required for disclosure or inclusion therein under the Code, the Companies Act and the Listing Rules. |
| “Scheme Meeting” | : The meeting of the Shareholders to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme (and shall include any adjournment of the meeting). |
| “Securities Account” | : The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account. |
| “SGXNET” | : The Singapore Exchange Network. |
| “SGX-ST” | : The Singapore Exchange Securities Trading Limited. |

DEFINITIONS

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| “Shareholders” | : The shareholders of the Company being persons who are registered: <ul style="list-style-type: none">(i) in the Register of Members (other than CDP) as the holder of a Share; and/or(ii) in the Depository Register of the Company as having a Share credited to his Securities Account with CDP. |
| “Share Registrar” | : In.Corp Corporate Services Pte. Ltd., the share registrar of the Company. |
| “Shares” | : The ordinary shares in the capital of the Company (excluding the treasury shares). |
| “SIC” | : The Securities Industry Council of Singapore. |
| “SRS” | : The Supplementary Retirement Scheme. |
| “SRS Investors” | : Investors who have purchased Shares pursuant to SRS. |
| “S\$” | : The lawful currency of Singapore. |
| “Target Shareholders” | : Persons who are registered as holders of Target Shares in the Register of Members and depositors who have Target Shares entered against their names in the Depository Register. |
| “Target Shares” | : All the ordinary shares in the issued share capital of the Company (other than those held by the Offeror). |
| “Tax”, “Taxation” or “Taxes” | : All forms of taxation levied by reference to income, profits, gains, net wealth, asset values, turnover or added value and statutory, governmental impositions, duties (including stamp duties and customs duties), contributions, rates and levies, whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any person and all penalties, charges, costs and interest relating thereto. |
| “Third Parties” | : (i) Certain financial institutions which have extended banking or credit facilities to the Company or have entered into derivative arrangements with the Company or otherwise have financial arrangements with the Company and (ii) counterparties to certain contracts entered into by the Company. |
| “Transfer Books” | : The transfer books of the Company. |
| “Valuation Reports” | : The following documents: <ul style="list-style-type: none">(i) The valuation report dated 20 February 2024 and comfort letter dated 2 May 2024 issued by Edmund Tie & Company (SEA) Pte. Ltd. in respect of the property at 435 Orchard Road #B1-01, #01-01, #02-01, #03-01 & #04-01 Wisma Atria Singapore 238877; and |

DEFINITIONS

- (ii) The valuation certificates dated 2 May 2024 issued by Edmund Tie & Company (SEA) Pte. Ltd. in respect of the properties at 593 Havelock Road Singapore 169641, 5 Kallang Pudding Road, Singapore 349309; and 479 River Valley Road #14-08 Singapore 248364,

as set out in Appendix 5 to this Scheme Document.

“VWAP” : The volume-weighted average price.

Acting in Concert and Concert Parties. The expression **“acting in concert”** and the term **“concert parties”** shall have the meanings given to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the financial advisers or advertising agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositors, etc. The terms **“Depositor”** and **“Depository Register”** shall have the meanings given to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Plural, Genders, etc. Words importing the singular shall, where applicable, include the plural, and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders, and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

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

Shareholders. The term **“Shareholder”**, in relation to any Share, includes a person entitled to that Share by transmission. Any reference to **“you”**, **“your”** and **“yours”** in this Scheme Document are, as the context so determines, to Shareholders unless the context otherwise requires.

Statutes. Any reference in this Scheme Document to any enactment or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme. Any word defined in the Companies Act or the Code or any statutory modification thereof and used in this Scheme Document shall, where applicable, have the meaning assigned to it under the Companies Act or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

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

Time and Date. Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date, unless otherwise specified.

Total Number of the Shares. In this Scheme Document, the total number of Shares as at the Latest Practicable Date is 41,250,000 Shares, of which none are held as treasury shares and subsidiary holdings. Unless stated otherwise, all references to percentage shareholding of the issued share capital of the Company in this Scheme Document are based on 41,250,000 Shares as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

EXPECTED TIMETABLE

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| Latest date and time for lodgement of the Proxy Form for the Scheme Meeting | : | 4 August 2024, 10.00 a.m. ^{(1) (2)} |
| Date and time of the Scheme Meeting | : | 7 August 2024, 10.00 a.m. |
| Place of the Scheme Meeting | : | Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633 |
| Expected date of the Court hearing the application to approve the Scheme | : | On or around 29 August 2024 ⁽³⁾ |
| Expected last day of trading of the Shares on the SGX-ST | : | On or around 3 September 2024 ⁽⁴⁾ |
| Expected Record Date | : | On or around 11 September 2024 ⁽⁴⁾ |
| Expected Effective Date | : | On or around 12 September 2024 ⁽⁶⁾ |
| Expected date for the payment of the Scheme Consideration | : | On or prior to 23 September 2024 ⁽⁵⁾ |
| Expected date for delisting of the Shares from the SGX-ST | : | On or around 25 September 2024 ⁽⁵⁾ |

You should note that save for the last date and time for lodgement of the Proxy Form and the date and time of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above and in this Scheme Document, which are described as “expected”, please refer to future announcement(s) by the Company on the SGXNET for the exact dates of these events.

Notes:

- (1) The Scheme Meeting will be convened and held solely by physical attendance, in Singapore at Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633. Accordingly, Target Shareholders will not be able to attend the Scheme Meeting virtually.
- (2) Duly completed Proxy Forms must be deposited at the Share Registrar’s office (a) via post to In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 or (b) via email to shareregistry@incorp.asia not less than 72 hours before the time set for holding the Scheme Meeting. Completion and lodgement of a Proxy Form will not preclude a Target Shareholder from attending and voting at the Scheme Meeting in person.
- (3) This date is subject to allocation by the Court.
- (4) No transfer of the Shares may be effected after 5.00 p.m. on the Record Date, subject to the availability of the Court hearing date as stated above.
- (5) Assuming that the Effective Date is 12 September 2024, subject to the availability of the Court hearing date as stated above.
- (6) The Scheme will only be effective and binding upon lodgement of the Scheme Court Order with ACRA. The Scheme Court Order will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions and provided neither the Offeror nor the Company exercises its termination right(s) (if any).

CORPORATE INFORMATION

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| DIRECTORS | : Toshifumi Hashizume (<i>Non-Independent and Non-Executive Director</i>) Shioji Hiramatsu (<i>Executive Director</i>) Victor Yeo Chuan Seng (<i>Independent Non-Executive Director</i>) Richard Tan Chuan-Lye (<i>Independent Non-Executive Director</i>) Carmen Wee Yik Cheng (<i>Independent Non-Executive Director</i>) Lim Bee Choo (<i>Non-Independent and Non-Executive Director</i>) |
| REGISTERED COMPANY SECRETARY | : Lun Chee Leong |
| SHARE REGISTRAR | : In.Corp Corporate Services Pte. Ltd. 30 Cecil Street #19-08 Prudential Tower Singapore 049712 |
| LEGAL ADVISERS TO THE OFFEROR IN RELATION TO THE SCHEME | : Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989 Mori Hamada & Matsumoto (Singapore) LLP 1 Raffles Quay #23-03 One Raffles Quay North Tower Singapore 048583 Mori Hamada & Matsumoto 16th Floor, Marunouchi Park Building 2-6-1 Marunouchi, Chiyoda-ku Tokyo, Japan 100-8222 |
| LEGAL ADVISER TO THE COMPANY IN RELATION TO THE SCHEME | : Lee & Lee 25 North Bridge Road Level 7 Singapore 179104 |
| FINANCIAL ADVISER TO THE OFFEROR IN RELATION TO THE SCHEME | : Nomura Singapore Limited 10 Marina Boulevard #36-01 Marina Bay Financial Centre Tower 2 Singapore 018983 |
| INDEPENDENT FINANCIAL ADVISER TO ADVISE THE INDEPENDENT DIRECTORS ON THE SCHEME | : SAC Capital Private Limited 1 Robinson Road #21-00 AIA Singapore Singapore 048542 |
| INDEPENDENT AUDITORS | : PricewaterhouseCoopers LLP 7 Straits View Level 12, Marina One East Tower Singapore 018936 |

LETTER TO SHAREHOLDERS

isetan (singapore) limited

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197001177H)

Directors:

Toshifumi Hashizume (*Non-Independent and Non-Executive Director*)
Shioji Hiramatsu (*Executive Director*)
Associate Professor Victor Yeo Chuan Seng
(*Independent Non-Executive Director*)
Richard Tan Chuan-Lye (*Independent Non-Executive Director*)
Carmen Wee Yik Cheng (*Independent Non-Executive Director*)
Lim Bee Choo (*Non-Independent and Non-Executive Director*)

Registered Office:

593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641

12 July 2024

To: The Target Shareholders

Dear Sir/Madam

PROPOSED ACQUISITION BY ISETAN MITSUKOSHI LTD. OF ALL THE ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF ISETAN (SINGAPORE) LIMITED (OTHER THAN THOSE HELD BY ISETAN MITSUKOSHI LTD.) BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 1 April 2024, the respective boards of directors of the Company and the Offeror jointly announced the Acquisition, to be effected by the Company by way of a Scheme in accordance with Section 210 of the Companies Act and the Code.

A copy of the Joint Announcement announcing the Acquisition is available on the SGXNET announcement page of the Company at the URL <https://www.sgx.com/securities/company-announcements>.

- 1.2 Purpose.** The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Scheme Meeting.
- 1.3 Explanatory Statement.** An Explanatory Statement setting out the key terms of, the rationale of, and the effects of the Scheme, the material interests of the Directors and the procedures for the implementation of the Scheme is set out on pages 29 to 41 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to this Scheme Document.
- 1.4 Background to the Scheme.** The representatives and professional advisors of the Offeror first approached the Independent Directors in October 2023 to deliberate the Offeror's intention and negotiate the terms of the Scheme, including the proposed Scheme Consideration.

Following the Offeror's first contact with the Independent Directors in relation to the Scheme, the Board approved the formation of a special committee ("**Special Committee**") comprising the Independent Directors, namely Associate Professor Victor Yeo Chuan Seng, Mr. Richard Tan Chuan-Lye, Ms. Carmen Wee Yik Cheng and Ms. Lim Bee Choo, to, *inter alia*, engage with the Offeror and to evaluate and discuss the possible privatisation of the Company. The Special Committee took immediate steps to appoint legal advisors. The Special Committee, through numerous meetings, discussions and correspondence with the Company's legal advisors, were actively involved in the preparation of the Joint Announcement and Implementation Agreement. For

LETTER TO SHAREHOLDERS

the avoidance of doubt, Mr. Toshifumi Hashizume, who is a Non-Independent and Non-Executive Director of the Company, and Mr. Shioji Hiramatsu, who is an Executive Director of the Company, did not participate in any discussions or decisions made by the Special Committee in relation to the proposed transaction. Mr. Shioji Hiramatsu had only provided factual input that was necessary for the purposes of preparing the Joint Announcement and the Implementation Agreement.

Over a series of meetings and negotiation process that started in the fourth quarter of 2023, the Special Committee met with the representatives and professional advisors of the Offeror to deliberate the Offeror's intentions and discuss and negotiate the terms of the transaction, including the Scheme Consideration. The Special Committee took into account various factors in arriving at the terms of the Scheme and deciding whether or not to proceed with the Scheme. These factors include: (i) the Scheme Consideration compared with the revalued net asset value ("**RNAV**") of the Company; (ii) whether the Scheme provides a viable option for Target Shareholders to realise the value of their Target Shares at a reasonable price; (iii) Target Shareholders' desire to have an exit option which values the Target Shares at a price that is closer to the RNAV of the Company than the existing market price being made available to them; and (iv) the likelihood of Target Shareholders obtaining better value for the Target Shares in the absence of the Scheme.

2. THE ACQUISITION AND THE SCHEME

2.1 Terms of the Scheme

Under the Scheme:

- (a) All the Target Shares held by the Target Shareholders as at the Record Date will be transferred to the Offeror:
 - a. fully paid up;
 - b. free from all mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing (as at the date of such transfer); and
 - c. together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date.

If any dividends, rights or other distributions are declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date and before the Effective Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividends, rights or distributions; and

- (b) in consideration for such transfer, each Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date S\$7.20 in cash.

The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

- 2.2 **Scheme Conditions.** The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions, which are set out in Appendix 6 to this Scheme Document.

LETTER TO SHAREHOLDERS

2.3 Benefit of Certain Scheme Conditions.

2.3.1 The Offeror's Benefit. The Offeror may waive in writing any Scheme Condition in paragraphs 7, 8(ii), 9 and 10 of Appendix 6 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Condition may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive in writing any such breach or non-fulfilment.

In summary, the Scheme Conditions, breach or non-fulfilment of which the Offeror may waive in writing pursuant to this paragraph 2.3.1, are: (i) the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company from the Third Parties; (ii) that no Prescribed Occurrence occur in relation to the Company; (iii) that no Material Adverse Effect occur in relation to the Company; and (iv) the Company does not breach its representations and warranties given under the Implementation Agreement. Please refer to paragraphs 7, 8(ii), 9 and 10 of Appendix 6 to this Scheme Document for further details.

2.3.2 The Company's Benefit. The Company may waive in writing any Scheme Condition in paragraphs 8(i) and 11 of Appendix 6 to this Scheme Document. Any breach or non-fulfilment of any such Scheme Condition may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive in writing any such breach or non-fulfilment.

In summary, the Scheme Conditions, breach or non-fulfilment of which the Company may waive in writing pursuant to this paragraph 2.3.2, are: (i) that no Prescribed Occurrence occur in relation to the Offeror; and (ii) the Offeror does not breach its representations and warranties given under the Implementation Agreement. Please refer to paragraphs 8(i) and 11 of Appendix 6 to this Scheme Document for further details.

2.3.3 Mutual Benefit. The Offeror and the Company together may jointly waive in writing any non-fulfilment of the Scheme Conditions in paragraphs 5 and 6 of Appendix 6 to this Scheme Document (to the extent legally permissible). For the avoidance of doubt, the Scheme Conditions in paragraphs 1 to 4 of Appendix 6 to this Scheme Document are not capable of being waived by either or both of the Company and the Offeror.

In summary, the Scheme Conditions, non-fulfilment of which the Offeror and the Company together may waive in writing (to the extent legally permissible) pursuant to this paragraph 2.3.3, are: (i) the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by either or both Parties under any and all applicable laws, from all Governmental Authorities; and (ii) there being no issuance of any order, injunction, judgment, decree or ruling by any Governmental Authorities or by any court of competent jurisdiction preventing the consummation of the Acquisition or the implementation of the Scheme, being in effect as at the Relevant Date. Please refer to paragraphs 5 and 6 of Appendix 6 to this Scheme Document for further details.

In summary, the Scheme Conditions which are not capable of being waived by either or both of the Company and the Offeror are: (i) the approval of the Scheme pursuant to the requirements of Section 210(3AB) of the Companies Act; (ii) the grant of the Scheme Court Order by the Court and such court order having become final; (iii) the lodgement of the Scheme Court Order with ACRA in accordance with Section 210(5) of the Companies Act; and (iv) all Regulatory Approvals having been obtained or granted and remaining in full force and effect, and where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated. Please refer to paragraphs 1 to 4 of Appendix 6 to this Scheme Document for further details.

LETTER TO SHAREHOLDERS

2.4 Termination of the Implementation Agreement.

2.4.1 Right to Terminate. The Implementation Agreement may be terminated with immediate effect by giving notice in writing at any time prior to the Relevant Date:

- (a) **Court Order:** by either the Company or the Offeror, if any court of competent jurisdiction or Governmental Authority has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Acquisition or any part thereof, or has refused to do anything necessary to permit the Scheme, the Acquisition or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) **Breach:** by either:
 - a. the Offeror, in the event the Company is in breach of its representations and warranties set out in the Implementation Agreement as at the date of the Implementation Agreement (or would be as if such representations and warranties were repeated as at the Relevant Date as though made on and as at each such date), except to the extent any representations and warranties given by it expressly relates to an earlier date (in which case as at such earlier date), in each such case, which: (a) has not been substantially remedied (if capable of remedy) as of the Record Date; and (b) is material in the context of the Scheme; or
 - b. the Company, if the Offeror is in breach of the representations and warranties of the Offeror set out in the Implementation Agreement (or would be if the representations and warranties were repeated at that time) which are material in the context of the Scheme, and the Offeror fails to remedy such breach (if capable of remedy) within 30 days after being given written notice by the Company to do so;
- (c) **Target Shareholders' Approval:** by either the Offeror or the Company, if the resolution submitted to the Scheme Meeting to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme (and shall include any adjournment of the meeting) is not approved by the requisite majority; or
- (d) **Material Adverse Effect:** by the Offeror, if there has been an occurrence of a Material Adverse Effect,

in each case, provided that: (i) the occurrence of the events set out in this paragraph 2.4.1 is material in the context of the Acquisition and/or Scheme, (ii) after prior consultation with the SIC, and (iii) the SIC giving its approval for, or stating that it has no objection to, such termination.

It will be a factual assessment as to whether the occurrence of any event as set out in this paragraph 2.4.1 is material in the context of the Acquisition and/or the Scheme, taking into account the impact of such event on the Acquisition, the Scheme, the Offeror and/or the Company (as the case may be).

Relevant factors for such assessment of materiality include, without limitation, (i) whether the event would result in the Acquisition and/or Scheme being unable to proceed as a matter of law, (ii) whether there are any regulatory and/or other breaches, and (iii) whether the event has resulted in a Material Adverse Effect.

LETTER TO SHAREHOLDERS

2.4.2 Non-fulfilment of Scheme Conditions. In addition, in the event:

- (a) any of the Scheme Conditions set out in paragraphs 1 to 6 of Appendix 6 is not satisfied (or, if applicable, has not been waived), or if the Scheme has not become effective on or before 5.00 p.m. in Singapore on the Cut-Off Date, either the Offeror or the Company may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Company or the Offeror (as the case may be). A summary of these Scheme Conditions is as set out at paragraph 2.3.3 above;
- (b) any of the Scheme Conditions set out in paragraphs 7, 8(ii), 9 and 10 of Appendix 6 is not satisfied (or, if applicable, waived), on or before 5.00 p.m. in Singapore on the Cut-Off Date, the Offeror may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Company. A summary of these Scheme Conditions is as set out at paragraph 2.3.1 above; or
- (c) any of the Scheme Conditions set out in paragraphs 8(i) and 11 of Appendix 6 is not satisfied (or, if applicable, waived), on or before 5.00 p.m. in Singapore on the Cut-Off Date, the Company may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Offeror. A summary of these Scheme Conditions is as set out at paragraph 2.3.2 above,

in each case, provided that: (i) the non-fulfilment of any Scheme Condition is material in the context of the Acquisition and/or the Scheme, (ii) after prior consultation with the SIC, and (iii) the SIC giving its approval for, or stating that it has no objection to, such termination.

It will be a factual assessment as to whether the non-fulfilment of any Scheme Condition is material in the context of the Acquisition and/or the Scheme, taking into account the impact of such non-fulfilment on the Acquisition, the Scheme, the Offeror and/or the Company (as the case may be).

Relevant factors for such assessment of materiality include, without limitation, (i) whether the non-fulfilment of that Scheme Condition would result in the Acquisition and/or Scheme being unable to proceed as a matter of law, (ii) whether there are any regulatory and/or other breaches, and (iii) whether the non-fulfilment of that Scheme Condition has resulted in a Material Adverse Effect.

2.4.3 Effect of Termination. In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement:

- (a) the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions); and
- (b) neither the Offeror nor the Company shall have any further liability or obligation to the other Party (save for certain surviving provisions).

In summary, these surviving provisions of the Implementation Agreement are: (i) Clause 1, which governs the definitions and interpretation of the Implementation Agreement; (ii) Clause 4.4, which governs the effect of termination of the Implementation Agreement (as broadly set out in this paragraph 2.4.3); (iii) Clause 8, which governs the arrangements for when any announcement or disclosure relating to the Acquisition or the Scheme must be made; (iv) Clause 9, which governs the confidentiality arrangements between the Offeror and the Company in relation to the Acquisition, Scheme or Implementation Agreement; and (v) Clause 10 (except for Clause 10.1 concerning further assurance), which sets out the miscellaneous clauses of the Implementation Agreement.

LETTER TO SHAREHOLDERS

3. NO IRREVOCABLE UNDERTAKINGS

As set out in Paragraph 7.2.1 of the Offeror's Letter in Appendix 2 to this Scheme Document, none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has received any irrevocable undertaking from any party to vote in favour of, or abstain from voting on, the Scheme as at the Latest Practicable Date.

4. NO CASH OUTLAY

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Target Shareholders under the Scheme.

5. INFORMATION ON THE COMPANY

5.1 The Company was incorporated in Singapore on 21 December 1970 and was listed on the Mainboard of the SGX-ST on 12 October 1981. The business carried on by the Company includes operating department stores and a supermarket, and trading in general merchandise and earning income from its investment properties.

5.2 As at the Latest Practicable Date, the Board comprises the following:

5.2.1 Toshifumi Hashizume (*Non-Independent and Non-Executive Director*)

5.2.2 Shioji Hiramatsu (*Executive Director*)

5.2.3 Associate Professor Victor Yeo Chuan Seng (*Independent Non-Executive Director*)

5.2.4 Richard Tan Chuan-Lye (*Independent Non-Executive Director*)

5.2.5 Carmen Wee Yik Cheng (*Independent Non-Executive Director*)

5.2.6 Lim Bee Choo (*Non-Independent and Non-Executive Director*)

5.3 As at the Latest Practicable Date:

5.3.1 the Company has an issued and paid-up share capital of S\$91,710,461.17, comprising 41,250,000 Shares of which none are held as treasury shares and subsidiary holdings; and

5.3.2 save for the Shares, there are no other (i) securities which carry voting rights and/or (ii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights.

6. INFORMATION ON THE OFFEROR

6.1 As stated in the Offeror's Letter in Appendix 2 to this Scheme Document, the Offeror was incorporated in Japan on 1 April 2011 and its headquarters are in Tokyo, Japan. The Offeror, which operates department stores in Japan, is wholly owned by, and is one of the principal consolidated subsidiaries of, Isetan Mitsukoshi Holdings, a company established on 1 April 2008 in Japan and listed on the Tokyo Stock Exchange, whose principal businesses are management planning and management of subsidiaries and group companies engaged in department store and other businesses, and all related operations.

LETTER TO SHAREHOLDERS

6.2 As at the Latest Practicable Date, the board of directors of the Offeror comprises the following:

6.2.1 Toshihiko Sugie (*the Chairman of the Offeror*);

6.2.2 Toshiyuki Hosoya (*the President and CEO of the Offeror, and the President and CEO and a director of Isetan Mitsukoshi Holdings*);

6.2.3 Takayuki Tsujii (*the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings, the General Manager of the Corporate Real Estate Business Division of the Offeror, and the General Manager of the Corporate Real Estate Business Division of Isetan Mitsukoshi Holdings*); and

6.2.4 Shota Kondo (*the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings, and Store Manager of the Isetan Shinjuku Main Store*).

As at the Latest Practicable Date, the issued share capital of the Offeror excluding treasury shares comprises 492,622,356 shares.

6.3 As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding a direct interest in 21,750,000 Shares, which represents approximately 52.73 per cent of the Shares.

6.4 Certain additional information on the Offeror is set out in the Offeror's Letter in Appendix 2 to this Scheme Document.

7. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

7.1 Rationale for the Acquisition. The Offeror's rationale for the Acquisition is set out in Paragraphs 4.1 to 4.3 of the Offeror's Letter in Appendix 2 to this Scheme Document and are reproduced in italics below:

"4.1 Opportunity for the Target Shareholders of the Company to Realise their Investment

4.1.1 The Scheme Consideration represents a significant premium to historical trading prices

The Offeror believes that the Scheme Consideration of S\$7.20 per Target Share presents Target Shareholders with a highly attractive premium to prevailing market prices. As of the Last Trading Day (as defined below), the Scheme Consideration offers the Target Shareholders a 173.4 per cent premium to the volume-weighted average price ("VWAP") of the Shares traded on the SGX-ST for the one-month period prior to and including the Last Trading Day, a 37.4 per cent premium over the highest closing market price of the Company over the past 5 years of S\$5.24, and a 26.3 per cent premium over the highest intra-day traded price over the same period of S\$5.70. The Scheme Consideration also represents a premium over the relevant VWAP, closing prices, and Net Asset Value ("NAV") of the Company as follows:

LETTER TO SHAREHOLDERS

| <i>Description</i> | <i>Benchmark Price (\$\$)⁽²⁾</i> | <i>Premium over Benchmark Price (%)⁽³⁾</i> |
|---|---|---|
| <i>VWAP of the Shares traded on the SGX-ST for the one-month period prior to and including 28 March 2024 ("Last Trading Day")⁽¹⁾</i> | <i>2.63</i> | <i>173.4</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the three-month period prior to and including the Last Trading Day⁽¹⁾</i> | <i>2.66</i> | <i>171.1</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the six-month period prior to and including the Last Trading Day⁽¹⁾</i> | <i>2.68</i> | <i>168.9</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the twelve-month period prior to and including the Last Trading Day⁽¹⁾</i> | <i>2.85</i> | <i>152.4</i> |
| <i>Closing price on the Last Trading Day</i> | <i>2.84</i> | <i>153.5</i> |
| <i>NAV per Share as at 31 December 2023⁽⁴⁾</i> | <i>2.58</i> | <i>178.9</i> |

Notes:

1. Based on data extracted from Bloomberg Finance L.P. The VWAPs of Shares are calculated by using the total value over the total volume of Shares traded in the relevant period prior to and including the Last Trading Day.
2. Rounded to the nearest two decimal places.
3. Rounded to the nearest one decimal place.
4. Based on the reported net asset value per Share as at 31 December 2023 disclosed in the annual report of the Company for the financial year ended 31 December 2023 as announced by the Company on the SGXNET on 4 April 2024.

4.1.2 Opportunity for Target Shareholders to fully exit their investment that is otherwise difficult due to the low liquidity of the Target Shares

The Offeror believes the Acquisition to be a rare opportunity for the Target Shareholders to achieve full liquidity on their investment in the Company. The Shares of the Company have had highly limited trading liquidity in the market, with average daily trading volumes⁽¹⁾ of approximately 1,571, 689, 400, and 700 Shares over the last one-month, three-month, six-month and twelve-month periods respectively, up to and including the Last Trading Day. This represents no more than approximately 0.01 per cent of the Company's free float⁽²⁾ for the foregoing periods. The Company's shares showed no trading activity on approximately 67.1 per cent of eligible trading days over the last twelve-month period, up to and including the Last Trading Day.

The Scheme also provides Target Shareholders the option to fully realise their investment for cash without incurring any brokerage or other trading costs.

Notes:

1. The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST was open for trading of the securities for the relevant periods.
2. Free float is calculated based on the difference between (i) the total number of 41,250,000 Shares in issue; and (ii) the 21,750,000 Shares held by the Offeror and 3,437,500 Shares held by Isetan Foundation as at the Joint Announcement Date.

LETTER TO SHAREHOLDERS

4.1.3 The Scheme represents the best opportunity for Target Shareholders to realise value of their investment in the Target Shares

The Company has attempted to unlock value for all shareholders through the divestment of assets, namely its strata title in Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful and did not return any capital to the Target Shareholders.

In addition, it is unlikely for there to be other competing offers for the Company given that the Offeror holds more than 50 per cent of Shares in the Company. In the event that the Scheme fails to proceed, neither the Offeror nor any other member of the Offeror Concert Party Group may, within 12 months from the date on which the Scheme lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or member of the Offeror Concert Party Group would thereby become obliged under Rule 14 of the Code to make an offer.

If the Scheme fails to proceed, the Offeror intends to maintain its current shareholding in the Company for the time being and focus on investments in other growth areas.

4.2 Operational flexibility

The Offeror believes that the Acquisition and subsequent privatisation of the Company would provide the Offeror with greater flexibility to find synergies with the Offeror's overall business strategy for its international operations and to achieve greater operational efficiencies as a wholly-owned subsidiary. For the financial year ending 31 December 2023, the Company reported a net loss of S\$1.159 million in the FY2023 Audited Financial Statements. The Offeror believes it can dedicate substantial focus and resources required to optimise the business' operations and strategy as one of its wholly-owned subsidiaries. Privatising the Company will also bring the Company in line with the Offeror's other international operations, which are all through unlisted entities.

4.3 Costs of maintaining listing status

In maintaining its listed status, the Company incurs compliance and associated costs relating to continuing listing requirements under the Mainboard Rules. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of its listed status and channel such resources to its business operations."

7.2 Offeror's intentions with respect to the Company and its employees. The Offeror's intentions with respect to the Company and its employees are set out in Paragraph 6 of the Offeror's Letter in Appendix 2 to this Scheme Document and are reproduced in italics below:

"6. FUTURE INTENTIONS FOR THE COMPANY

There is presently no intention by the Offeror to (i) introduce any major changes to the business of the Company, (ii) dispose of, sell or re-deploy the fixed assets of the Company, or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of business.

The board of directors of the Offeror retains and reserves the right and flexibility at any time after the completion of the Scheme to consider or pursue any options in relation to the Company which may present themselves and which the board of directors of the Offeror (at such time) may regard to be in the interest of the Company, while also taking into account the interests of the various stakeholders of the Company."

LETTER TO SHAREHOLDERS

8. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

- 8.1** The Scheme Consideration for each Target Share is S\$7.20 in cash. **The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.**
- 8.2** The figures set out in this paragraph are based on data extracted from Bloomberg Finance L.P. as at 28 March 2024, being the Last Trading Day.
- 8.3** As set out in Paragraph 4.1.1 of the Offeror's Letter in Appendix 2 to this Scheme Document, the Scheme Consideration represents a premium over the relevant VWAP, closing prices, and net asset value ("NAV") of the Company as follows:

| Description | Benchmark Price of the Shares ⁽²⁾ (S\$) | Premium to the Benchmark Price of the Shares ⁽³⁾ |
|---|--|---|
| VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day ⁽¹⁾ | 2.63 | 173.4% |
| VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day | 2.66 | 171.1% |
| VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day | 2.68 | 168.9% |
| VWAP of the Shares traded on the SGX-ST for the twelve (12)-month period prior to and including the Last Trading Day | 2.85 | 152.4% |
| Closing price on the Last Trading Day ⁽⁴⁾ | 2.84 | 153.5% |
| NAV per Share as at 31 December 2023 ⁽⁵⁾ | 2.58 | 178.9% |

Notes:

- (1) The VWAP is calculated based on the VWAP turnover divided by the VWAP volume of the Shares for the relevant periods as extracted from Bloomberg Finance L.P.
- (2) Computed based on the benchmark prices which were rounded to the nearest two (2) decimal places.
- (3) Percentages rounded to the nearest one (1) decimal place.
- (4) Refers to the closing price on the last full trading day on which the Shares were traded prior to the Joint Announcement Date, being 26 March 2024. There were no Shares traded on 27 March 2024 and 28 March 2024 (i.e. the Last Trading Day).
- (5) Based on the reported NAV per Share as at 31 December 2023 disclosed in the annual report of the Company for the financial year ended 31 December 2023 as announced by the Company on the SGXNET on 4 April 2024.

- 8.4** As set out in Paragraph 4.1.1 of the Offeror's Letter in Appendix 2 to this Scheme Document, the Scheme Consideration also offers the Target Shareholders a 173.4 per cent premium to the VWAP of the Shares traded on the SGX-ST for the one-month period prior to and including the Last Trading Day, a 37.4 per cent premium over the highest closing market price of the Company over the past 5 years of S\$5.24, and a 26.3 per cent premium over the highest intra-day traded price over the same period of S\$5.70.

LETTER TO SHAREHOLDERS

9. APPROVALS REQUIRED

9.1 Scheme Meeting and Court Sanction. The Scheme will require, *inter alia*, the following approvals:

- 9.1.1 the approval-in-principle from the SGX-ST of the Scheme Document and for the proposed delisting of the Company from the SGX-ST after the Scheme becomes effective in accordance with its terms;
- 9.1.2 the approval of the Scheme by a majority in number representing three-fourths in value of the shareholders of the Company present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act; and
- 9.1.3 the sanction of the Scheme by the Court.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the Scheme Court Order has been lodged with ACRA.

9.2 SIC Confirmations. Pursuant to the Application, the SIC has confirmed, *inter alia*, that:

- 9.2.1 the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the conditions set out in the Code, being:
 - (a) the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand, abstain from voting on the Scheme;
 - (b) the Offeror and its concert parties abstain from voting on the Scheme;
 - (c) the directors of the Company who are also directors of the Offeror or who are acting in concert with those persons in (a) or (b) above abstain from making a recommendation on the Scheme to the Target Shareholders;
 - (d) the Scheme Document contains advice to the effect that by voting for the Scheme, the Target Shareholders are agreeing to the Offeror and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company;
 - (e) the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the latest practicable date and their voting rights in the Company after the Scheme; and
 - (f) the Company appoints an independent financial adviser to advise the Independent Directors on the Scheme; and

- 9.2.2 it has no objections to the Scheme Conditions.

10. DELISTING

10.1 Upon the Scheme becoming effective in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

10.2 An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 2 July 2024, advised that it has in principle no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to the following conditions:

LETTER TO SHAREHOLDERS

- 10.2.1 the Company's compliance with the SGX-ST's listing requirements;
 - 10.2.2 approval of the Scheme by a majority in number representing three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act;
 - 10.2.3 the IFA opining that the financial terms of the Scheme are both fair and reasonable; and
 - 10.2.4 sanction of the Scheme by the Court.
- 10.3 The decision of the SGX-ST is not an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.
- 10.4 Target Shareholders should note that the Shares will be delisted from the Official List of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

11. CONFIRMATION OF FINANCIAL RESOURCES

As set out in Paragraph 11 of the Offeror's Letter in Appendix 2 to this Scheme Document, Nomura Singapore Limited, being the financial adviser to the Offeror in connection with the Acquisition and the Scheme, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Target Shares to be acquired by the Offeror pursuant to the Scheme.

12. INDEPENDENT FINANCIAL ADVISER

- 12.1 **Appointment of IFA.** SAC Capital Private Limited has been appointed as the IFA pursuant to Rule 1309(2) of the Listing Rules, as well as to advise the Independent Directors under the Code as to whether the financial terms of the Scheme are fair and reasonable in respect of their recommendation to the Target Shareholders on the Scheme. Full details of the Scheme including the IFA letter is set out in Appendix 1 to this Scheme Document.
- 12.2 **Factors taken into consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account certain considerations as set out in the IFA Letter (an extract of which is reproduced in italics below). Target Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings ascribed to them in the IFA Letter.

"8.1 Key Considerations of the Scheme

In arriving at our opinion and advice in respect of the Scheme, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Scheme. The following should be read in conjunction with, and in the context of, the full text of this letter:

- (a) *an assessment of the market quotation and trading liquidity of the Shares during the Period Under Review, as set out in paragraph 7.1 of this letter;*
- (b) *historical financial performance of the Company, as set out in paragraph 7.2 of this letter;*
- (c) *the financial position of the Company, including the NAV and RNAV of the Company, as set out in paragraph 7.3 of this letter;*
- (d) *a comparison with the valuation statistics of the Comparable Companies, as set out in paragraph 7.4 of this letter;*
- (e) *a comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST, as set out in paragraph 7.5 of this letter;*

LETTER TO SHAREHOLDERS

- (f) *estimated range of value of the Shares, as set out in paragraph 7.6 of this letter;*
- (g) *other relevant considerations as follows:*
 - (i) *historical dividend yields of the Company, as set out in paragraph 7.7.1 of this letter;*
 - (ii) *outlook of the Company, as set out in paragraph 7.7.2 of this letter;*
 - (iii) *the absence of alternative or competing offers from third parties as at the Latest Practicable Date, as set out in paragraph 7.7.3 of this letter;*
 - (iv) *the Offeror Concert Party Group having effective statutory control over the Company as at the Latest Practicable Date, as set out in paragraph 7.7.4 of this letter;*
 - (v) *the effects of the Scheme and Delisting, as set out in paragraph 7.7.5 of this letter;*
 - (vi) *no certainty of share price trading performance, as set out in paragraph 7.7.6 of this letter;*
 - (vii) *intention of the Offeror regarding the Company, as set out in paragraph 7.7.7 of this letter; and*
 - (viii) *no necessity for access to equity capital markets, as set out in paragraph 7.7.8 of this letter."*

12.3 Advice of the IFA. After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors as set out in the IFA Letter, an extract of which is reproduced in italics below. Target Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings ascribed to them in the IFA Letter.

"8.2 Assessment of the Scheme

*For the purpose of evaluating the Scheme, we have adopted the approach that the terms "fair" and "reasonable" are regarded as two different concepts. The term "fair" relates to an opinion on the value of the offer price against the value of the securities subject to the offer (the "**Securities**"), and an offer is "fair" if the price offered is equal to or greater than the value of the Securities. In considering whether an offer is "reasonable", other matters as well as the value of the Securities are taken into consideration. Such other matters include, but are not limited to, existing voting rights in the company held by an offeror and its concert parties or the market liquidity of the relevant securities.*

8.2.1 Assessment of Fairness of the Scheme

In determining the fairness of the Scheme, we have considered, inter alia, the following pertinent factors:

- (a) *the Scheme Consideration represents a premium of 188.00% over the lowest closing price of the Shares, and a premium of 133.77% over the highest closing price of the Shares, during the 12-month period up to and including the Last Trading Day;*

LETTER TO SHAREHOLDERS

- (b) *the Shares have never closed at or above the Scheme Consideration for the 10-year period prior to the Last Trading Day, and up to the Latest Practicable Date.*

In particular, for the 10-year period prior to the Last Trading Day, the closing prices of the Shares are between a low of S\$2.500 and a high of S\$5.240 and the Scheme Consideration represents a premium of approximately 79.02% over the VWAP of S\$4.022;

- (c) *based on the NAV/NTA approach, which provides an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the Scheme Consideration represents a premium of approximately 178.86% against the NAV per Share of S\$2.58 as at 31 December 2023. Accordingly, the P/NAV of the Company implied by the Scheme Consideration would be approximately 2.79 times as at 31 December 2023;*
- (d) *the historical trailing P/NAV multiple of the Shares in the 10-year period prior to and including the Last Trading Day, and up to the Latest Practicable Date, have been trading below the implied P/NAV (Scheme Consideration) multiple of the Shares of 2.79 times;*
- (e) *the ex-cash Scheme Consideration represents a premium of approximately 296.15% against the ex-cash NAV per Share of S\$1.56 as at 31 December 2023. Accordingly, the Ex-cash P/NAV of the Company implied by the Scheme Consideration would be approximately 3.96 times as at 31 December 2023;*
- (f) *the historical P/NAV, Ex-Cash P/NAV and EV/EBITDA ratios as implied by the Scheme Consideration compare favourably against those of the Comparable Companies;*
- (g) *the premia as implied by the Scheme Consideration over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day, the P/NAV and Ex-cash P/NAV ratios are all above the range of the corresponding premia and ratios of the Take-Over Transactions, Property Take-over Transactions and Fair Property Take-over Transactions;*
- (h) *the P/RNAV ratio of the Company as implied by the Scheme Consideration is above the mean Price-to-NAV/NTA ratio of 0.66 times and on par with the median Price-to-NAV/NTA ratio of 0.70 times of the Property Take-over Transactions;*
- (i) *the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is within the range of Price-to-NAV/NTA ratios of the Fair Property Take-over Transactions of between 0.39 times and 1.02 times.*

When viewed in isolation, we noted that the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is slightly below the corresponding mean and median Price-to-NAV/NTA ratio of 0.71 times and 0.76 times of the Fair Property Take-over Transactions. However, Shareholders should note that the RNAV of the Company above is not necessarily a realisable value given that the RNAV valuation approach is based largely upon the surplus revaluation estimates which were obtained by application of “as is” valuation estimates. This approach implicitly assumes that the Properties may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuation or market value of the

LETTER TO SHAREHOLDERS

Properties may vary depending on, inter alia, the prevailing market and economic conditions, and does not consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale. For example, we understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture; and

- (j) *the Scheme Consideration is within the estimated value range of the Shares of S\$7.04 and S\$7.79 per Share.*

*In view of the above, we are of the opinion that the Scheme is **FAIR**.*

8.2.2 Assessment of Reasonableness of the Scheme

In determining the reasonableness of the Scheme, we have considered, inter alia, the following pertinent factors:

- (a) *the Scheme Consideration represents a premium of approximately 150.26% over the VWAP of the Shares of S\$2.877 on the Last Trading Day;*
- (b) *the Scheme Consideration represents a premium of 152.45%, 168.86%, 171.08% and 173.45% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;*
- (c) *the trading of the Shares is erratic and appears to be relatively illiquid in the 12-, 6-, 3, and 1-month period up to and including the Last Trading Day. It is to note that given the low liquidity of the Shares during the periods observed, the Scheme Consideration may represent a realistic exit opportunity for Shareholders to realise their entire investment for cash. In the absence of the Scheme Consideration, such an exit for all Shareholders may not be readily available due to the low trading liquidity for the Shares;*
- (d) *the Company's revenue and net profit after tax had been generally declining from FY2021 to FY2023. In this regard, the Company had recorded a net loss of approximately S\$1.2 million in FY2023. Based on the commentaries by the Company, as reproduced in paragraph 7.7.2 of this letter, we noted that the Company's Retail Segment will continue to face challenges due to, inter alia, inflationary pressures faced by domestic consumers who may choose to reduce non-essential spending. Further, the higher goods and services tax and inflationary-driven costs in rentals, logistics, labour, and energy will be key factors weighing on retail business performance;*
- (e) *based on the historical five (5)-year dividend track record of the Company and the Scheme Consideration, Shareholders who accept the Scheme may potentially experience an increase in dividend income if they reinvest their proceeds from the Scheme in the alternative investments set out in paragraph 7.7.1 of this letter; and*
- (f) *as at the Latest Practicable Date, apart from the Scheme, no alternative or competing offer has been received by the Company. In addition, the likelihood of an alternative or competing offer from any third party is remote in view that as at the Latest Practicable Date, the Offeror Concert Party Group holds an aggregate of 25,187,500 Shares, representing approximately 61.10% of the total number of Shares.*

*In view of the above, we are of the opinion that the Scheme is **REASONABLE**.*

LETTER TO SHAREHOLDERS

13. INDEPENDENT DIRECTORS' RECOMMENDATION

13.1 Independence

The SIC has confirmed that Mr. Toshifumi Hashizume and Mr. Shioji Hiramatsu, who are of the view that they are conflicted for the purposes of the Scheme given their historical relationships and past appointments within the Isetan Mitsukoshi group, are exempted from the requirement to make a recommendation on the Scheme to the Target Shareholders.

Pursuant to the SIC's confirmation, Mr. Toshifumi Hashizume and Mr. Shioji Hiramatsu will be abstaining from making a recommendation on the Scheme to the Target Shareholders.

Mr. Toshifumi Hashizume and Mr. Shioji Hiramatsu must, however, still assume responsibility for the accuracy of facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company to the Target Shareholders in connection with the Scheme.

13.2 Recommendation

The Independent Directors, having carefully considered, amongst others, the terms of the Scheme, the advice given by the IFA in the IFA Letter, the historical dividend yields of the Company, the general outlook of the Company, the lack of a competing offer and the fact that the Offeror has statutory control over the Company, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors unanimously recommend that Target Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

Target Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Target Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Target Shareholders whether or not they were present in person or by proxy or voted to approve the Scheme at the Scheme Meeting. Target Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding. Target Shareholders should read and consider carefully this Scheme Document in its entirety, and in particular, the advice of the IFA as set out in Appendix 1 to this Scheme Document, before deciding whether or not to vote in favour of the Scheme.

13.3 No Regard to Specific Objectives

The Independent Directors advise Target Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual Target Shareholder. As each Target Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Target Shareholder who may require advice in the context of his/her/its specific investment objectives or portfolio should consult his/her/its stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

14. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR COMPANY SECURITIES

- 14.1 Associate Professor Victor Yeo Chuan Seng, being the only Director who holds Company Securities as at the Latest Practicable Date, as set out in paragraph 5.3 of Appendix 3 to this Scheme Document, has informed the Company that he intends to vote in favour of the Scheme at the Scheme Meeting.

LETTER TO SHAREHOLDERS

14.2 In accordance with the terms of the rulings by the SIC to the Offeror on 22 March 2024 and in compliance with the condition imposed by the SIC in its ruling as set out in paragraph 9.2 above, the Offeror Concert Party Group will be required to abstain from voting on the Scheme. As disclosed in the Offeror's Letter in Appendix 2 to this Scheme Document, as at the Latest Practicable Date, the Offeror Concert Party Group owns, controls or has agreed to acquire an aggregate of 25,187,500 Shares, representing approximately 61.1% of the total number of Shares (this includes the 21,750,000 Shares held by the Offeror). As set out above, the Offeror Concert Party Group will abstain from voting his/its Shares at the Scheme Meeting.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of the preparation of this Scheme Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Scheme Document (excluding information relating to the Offeror and/or Isetan Mitsukoshi Holdings or any opinion expressed by the Offeror and/or Isetan Mitsukoshi Holdings) are fair and accurate and that, where appropriate, no material facts have been omitted from this Scheme Document, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror and/or Isetan Mitsukoshi Holdings, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Scheme Document. The Directors do not accept any responsibility for any information relating to the Offeror and/or Isetan Mitsukoshi Holdings or any opinion expressed by the Offeror and/or Isetan Mitsukoshi Holdings.

16. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully
For and on behalf of
the Board of Directors of
Isetan (Singapore) Limited

Victor Yeo Chuan Seng
Lead Independent Director

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

PROPOSED ACQUISITION BY ISETAN MITSUKOSHI LTD. OF ALL THE SHARES IN THE ISSUED SHARE CAPITAL OF ISETAN (SINGAPORE) LIMITED (OTHER THAN THE SHARES HELD BY ISETAN MITSUKOSHI LTD.) BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 1 April 2024, the respective boards of directors of the Company and the Offeror jointly announced the Acquisition, to be effected by the Company by way of a Scheme in accordance with Section 210 of the Companies Act and the Code.
- 1.2 Purpose.** The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Scheme Meeting.
- 1.3 Explanatory Statement.** This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to this Scheme Document. All capitalised terms in this Explanatory Statement and the Scheme which are not defined herein shall bear the same meanings ascribed to them on pages 2 to 8 of this Scheme Document.

2. RATIONALE FOR THE ACQUISITION

- 2.1 Rationale for the Acquisition.** The Offeror's rationale for the Acquisition is set out in Paragraph 4 of the Offeror's Letter in Appendix 2 to this Scheme Document.

3. THE SCHEME

3.1 The Acquisition. Under the Scheme:

- 3.1.1** All the Target Shares held by the Target Shareholders as at the Record Date will be transferred to the Offeror:

- (i) fully paid;
- (ii) free from all mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing (as at the date of such transfer); and
- (ii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date.

If any dividends, rights or other distributions are declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date and before the Effective Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividends, rights or distributions; and

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

3.1.2 in consideration for such transfer, each Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date the Scheme Consideration, being S\$7.20 in cash.

The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

3.2 No Cash Outlay

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Target Shareholders under the Scheme.

4. SCHEME MEETING

4.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Target Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of considering, and if thought fit, approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Target Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved by a majority in number representing three-fourths in value of the shareholders of the Company present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act. When the Scheme, with or without modification, becomes effective in accordance with its terms, it will be binding on all Target Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

4.2 Abstention from Voting

In accordance with the SIC's confirmations set out in paragraph 9.2 of this Explanatory Statement, the following persons will abstain from voting on the Scheme:

4.2.1 the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand; and

4.2.2 the Offeror and its concert parties.

4.3 Notice of Scheme Meeting

The notice of the Scheme Meeting is set out in Appendix 11 to this Scheme Document. Target Shareholders are requested to take note of the date and time of the Scheme Meeting.

5. INTERESTS OF DIRECTORS

5.1 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors have any direct or indirect interests in the Offeror Securities.

Mr. Toshifumi Hashizume has a direct interest in 10,800 ordinary shares in Isetan Mitsukoshi Holdings and Mr. Shioji Hiramatsu has a direct interest in 340 ordinary shares in Isetan Mitsukoshi Holdings.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

5.2 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below and in Appendix 3 to this Scheme Document, none of the Directors has any direct or indirect interests in the Company Securities.

| Directors | Direct Interest in Company Securities | | Deemed Interest in Company Securities | |
|---|---------------------------------------|------------------|---------------------------------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Associate Professor Victor Yeo Chuan Seng | 1,000 | 0.002 | — | — |

Notes:

- (1) Rounded to the nearest three decimal places and based on 41,250,000 Shares in issue, with no treasury shares, as at the Joint Announcement Date.

6. PRINCIPAL TERMS OF THE IMPLEMENTATION AGREEMENT

6.1 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions which are set out in Appendix 6 to this Scheme Document.

6.2 Termination of the Implementation Agreement.

6.2.1 Right to Terminate. The Implementation Agreement may be terminated with immediate effect by giving notice in writing at any time prior to the Relevant Date:

- (a) **Court Order:** by either the Offeror or the Company, if any court of competent jurisdiction or Governmental Authority has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Acquisition or any part thereof, or has refused to do anything necessary to permit the Scheme, the Acquisition or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable.
- (b) **Breach:** by either:
 - (i) the Offeror, in the event the Company is in breach of its representations and warranties set out in the Implementation Agreement as at the date of the Implementation Agreement (or would be as if such representations and warranties were repeated as at the Relevant Date as though made on and as at each such date), except to the extent any representations and warranties given by it expressly relates to an earlier date (in which case as at such earlier date), in each such case, which:
 - I. has not been substantially remedied (if capable of remedy) as of the Record Date; and
 - II. is material in the context of the Scheme; or
 - (ii) the Company, if the Offeror is in breach of the representations and warranties of the Offeror set out in the Implementation Agreement (or would be if the representations and warranties were repeated at that time) which are material in the context of the Scheme, and the Offeror fails to remedy such breach (if capable of remedy) within 30 days after being given written notice by the Company to do so.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (c) **Target Shareholders' Approval:** by either the Offeror or the Company, if the resolution submitted to the Scheme Meeting for the purpose of considering and, if thought fit, approving the Scheme (and shall include any adjournment of the meeting) is not approved by the requisite majority (see paragraph 9.1 below).
- (d) **Material Adverse Effect:** by the Offeror, if there has been an occurrence of a Material Adverse Effect,

in each case, provided that: (i) the occurrence of the events set out in this paragraph 6.2.1 is material in the context of the Acquisition and/or Scheme, (ii) after prior consultation with the SIC, and (iii) the SIC giving its approval for, or stating that it has no objection to, such termination.

It will be a factual assessment as to whether the occurrence of any event as set out in this paragraph 6.2.1 is material in the context of the Acquisition and/or the Scheme, taking into account the impact of such event on the Acquisition, the Scheme, the Offeror and/or the Company (as the case may be).

Relevant factors for such assessment of materiality include, without limitation, (i) whether the event would result in the Acquisition and/or Scheme being unable to proceed as a matter of law, (ii) whether there are any regulatory and/or other breaches, and (iii) whether the event has resulted in a Material Adverse Effect.

6.3 Non-fulfilment of Scheme Conditions. In addition, in the event:

- (a) any of the Scheme Conditions set out in paragraphs 1 to 6 of Appendix 6 is not satisfied (or, if applicable, has not been waived), or if the Scheme has not become effective on or before 5.00 p.m. in Singapore on the Cut-Off Date, either the Offeror or the Company may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Company or the Offeror (as the case may be);
- (b) any of the Scheme Conditions set out in paragraphs 7, 8(ii), 9 and 10 of Appendix 6 is not satisfied (or, if applicable, waived), on or before 5.00 p.m. in Singapore on the Cut-Off Date, the Offeror may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Company; or
- (c) any of the Scheme Conditions set out in paragraphs 8(i) and 11 of Appendix 6 is not satisfied (or, if applicable, waived), on or before 5.00 p.m. in Singapore on the Cut-Off Date, the Company may immediately terminate the Implementation Agreement, the Acquisition and the Scheme by notice in writing to the Offeror,

in each case, provided that: (i) the non-fulfilment of any Scheme Condition is material in the context of the Acquisition and/or the Scheme, (ii) after prior consultation with the SIC, and (iii) the SIC giving its approval for, or stating that it has no objection to, such termination.

It will be a factual assessment as to whether the non-fulfilment of any Scheme Condition is material in the context of the Acquisition and/or the Scheme, taking into account the impact of such event on the Acquisition, the Scheme, the Offeror and/or the Company (as the case may be).

Relevant factors for such assessment of materiality include, without limitation, (i) whether the non-fulfilment of that Scheme Condition would result in the Acquisition and/or Scheme being unable to proceed as a matter of law, (ii) whether there are any regulatory and/or other breaches, and (iii) whether the non-fulfilment of that Scheme Condition has resulted in a Material Adverse Effect.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

6.4 Effect of Termination. In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement:

- (a) the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions); and
- (b) neither the Offeror nor the Company shall have any further liability or obligation to the other Party (save for certain surviving provisions).

In summary, these surviving provisions of the Implementation Agreement are: (i) Clause 1, which governs the definitions and interpretation of the Implementation Agreement; (ii) Clause 4.4, which governs the effect of termination of the Implementation Agreement (as broadly set out in this paragraph 6.4); (iii) Clause 8, which governs the arrangements for when any announcement or disclosure relating to the Acquisition or the Scheme must be made; (iv) Clause 9, which governs the confidentiality arrangements between the Offeror and the Company in relation to the Acquisition, Scheme or Implementation Agreement; and (v) Clause 10 (except for Clause 10.1 concerning further assurance), which sets out the miscellaneous clauses of the Implementation Agreement.

6.5 Obligations of the Company. Appendix 8 to this Scheme Document sets out the obligations of the Company in relation to the Scheme pursuant to the terms of the Implementation Agreement.

7. NO IRREVOCABLE UNDERTAKINGS

As set out in Paragraph 7.2.1 of the Offeror's Letter in Appendix 2 to this Scheme Document, none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has received any irrevocable undertaking from any party to vote in favour of, or abstain from voting on, the Scheme as at the Latest Practicable Date.

8. INFORMATION ON THE OFFEROR

Information on the Offeror, as well as the Offeror's rationale for the Acquisition and future intentions for the Company, are set out in the Offeror's Letter in Appendix 2 to this Scheme Document.

9. APPROVALS REQUIRED

9.1 Scheme Meeting and Court Sanction. The Scheme will require, *inter alia*, the following approvals:

- 9.1.1** the approval-in-principle from the SGX-ST of the Scheme Document and for the proposed delisting of the Company from the SGX-ST after the Scheme becomes effective in accordance with its terms;
- 9.1.2** the approval of the Scheme by a majority in number representing three-fourths in value of the shareholders of the Company present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act; and
- 9.1.3** the sanction of the Scheme by the Court.

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the order of the Court sanctioning the Scheme has been lodged with ACRA.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

9.2 SIC Confirmations. Pursuant to the Application, the SIC has confirmed, *inter alia*, that:

9.2.1 the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the conditions set out in the Code, being:

- (a) the common substantial shareholders of the Offeror and its concert parties on the one hand, and the Company on the other hand, abstain from voting on the Scheme;
- (b) the Offeror and its concert parties abstain from voting on the Scheme;
- (c) the directors of the Company who are also directors of the Offeror or who are acting in concert with those persons in (a) or (b) above abstain from making a recommendation on the Scheme to the Target Shareholders;
- (d) the Scheme Document contains advice to the effect that by voting for the Scheme, the Target Shareholders are agreeing to the Offeror and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company;
- (e) the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the latest practicable date and their voting rights in the Company after the Scheme; and
- (f) the Company appoints an independent financial adviser to advise the Independent Directors on the Scheme; and

9.2.2 it has no objections to the Scheme Conditions.

10. EFFECT OF THE SCHEME

10.1 Delisting. Upon the Scheme becoming effective in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

10.2 An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 2 July 2024, advised that it has in principle no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to the following conditions:

10.2.1 the Company's compliance with the SGX-ST's listing requirements;

10.2.2 approval of the Scheme by a majority in number representing three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act;

10.2.3 the IFA opining that the financial terms of the Scheme are both fair and reasonable; and

10.2.4 sanction of the Scheme by the Court.

10.3 The decision of the SGX-ST is not an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.

10.4 TARGET SHAREHOLDERS SHOULD NOTE THAT, BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

11. IMPLEMENTATION OF THE SCHEME

11.1 Application to Court for Sanction

Upon the Scheme being approved by a majority in number representing three-fourths in value of the shareholders of the Company present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act, an application will be made to the Court by the Company for the sanction of the Scheme.

11.2 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions) take the necessary steps to render the Scheme effective and binding, and the following will be implemented:

11.2.1 the Target Shares held by the Entitled Target Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror to the Entitled Target Shareholders for each Target Share transferred as follows:

- (a) in the case of the Entitled Target Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Target Shareholders an instrument or instruction of transfer of all the Target Shares held by such Entitled Target Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Target Shareholder; and
- (b) in the case of the Entitled Target Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Target Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Target Shares standing to the credit of the Securities Account of such Entitled Target Shareholders and credit all of such Target Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;

11.2.2 from the Effective Date, all existing share certificates relating to the Target Shares held by the Entitled Target Shareholders (not being Depositors) will cease to be evidence of title of the Target Shares represented thereby;

11.2.3 the Entitled Target Shareholders (not being Depositors) are required to forward their existing share certificates relating to their Target Shares to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street #19-08, Prudential Tower, Singapore 049712 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and

11.2.4 the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Target Shares set out in paragraph 11.2.1 above, make payment of the aggregate Scheme Consideration payable on the transfer of the Target Shares pursuant to the Scheme to:

- (a) each Entitled Target Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to and made out in favour of such Entitled Target Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Entitled Target Shareholder, or in the case of joint Entitled Target Shareholders (not being Depositors), to the first named Entitled Target Shareholder made out in favour of such Entitled Target Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such joint Entitled Target Shareholders; and

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (b) each Entitled Target Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Target Shareholder to CDP. CDP shall:
 - (i) in the case of an Entitled Target Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Target Shareholder, to the designated bank account of such Entitled Target Shareholder; and
 - (ii) in the case of an Entitled Target Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Scheme Consideration to such Entitled Target Shareholder's Cash Ledger and such Scheme Consideration shall be subject to the same terms and conditions as applicable to "*Cash Distributions*" under CDP's "*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*" as amended, modified or supplemented from time to time, copies of which are available from CDP.

Assuming that the Scheme becomes effective and binding in accordance with its terms on 12 September 2024, the crediting by CDP of the Scheme Consideration into the designated bank accounts of the Entitled Target Shareholders as set out in paragraph 11.2.4(b)(i) above (in the case of the Entitled Target Shareholders being Depositors and who have registered with CDP for its direct crediting service), the crediting of the Scheme Consideration to the Cash Ledger of the Entitled Target Shareholders as set out in paragraph 11.2.4(b)(ii) above (in the case of Entitled Target Shareholders being Depositors and who have not registered with CDP for its direct crediting service), or the posting of cheques for the Scheme Consideration as set out in paragraph 11.2.4(a) above (in the case of the Entitled Target Shareholders not being Depositors), as the case may be, is expected to take place on or before 23 September 2024.

The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled Target Shareholder may have agreed with CDP for payment of any cash distributions as referred to in Clause 5 of Appendix 10 to this Scheme Document shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.

The despatch of payment by the Offeror to each Entitled Target Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

11.3 Retention and Release of Proceeds

- 11.3.1** On and after the day being six (6) calendar months after the date of issuance of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- 11.3.2** The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 5 of the Scheme as set out in Appendix 10 to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 5 of the Scheme as set out in Appendix 10 to this Scheme Document for which they are payees have not been cashed. Any such determination shall be conclusive and binding

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 4 of the Scheme as set out in Appendix 10 to this Scheme Document.

11.3.3 On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under the Scheme as set out in Appendix 10 to this Scheme Document and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 7(a) of the Scheme as set out in Appendix 10 to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

12. CLOSURE OF BOOKS

12.1 Notice of Record Date. Subject to approval by the Target Shareholders of the Scheme at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Record Date will be given in due course for the purposes of determining the entitlements of the Target Shareholders to the Scheme Consideration under the Scheme.

12.2 Expected Record Date. The Record Date is tentatively scheduled to be on 11 September 2024 at 5.00 p.m. The Company will make further announcement in due course of the Record Date.

12.3 Books Closure. No transfer of the Shares where the certificates relating thereto are not deposited with CDP may be effected after the Record Date, unless such transfer is made pursuant to the Scheme.

12.4 Trading in Shares on the SGX-ST. The Scheme is tentatively scheduled to become effective and binding on or about 12 September 2024 and accordingly (assuming the Scheme becomes effective and binding on 12 September 2024), the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Scheme Consideration.

It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 3 September 2024, being five (5) clear Market Days before the expected Record Date.

Shareholders (not being Depositors) who wish to trade in their Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Shares, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days prior to the tentative last day for trading of the Shares.

13. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding in accordance with its terms, the following settlement and registration procedures will apply:

13.1 Entitled Target Shareholders whose Target Shares are not deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of the Entitled Target Shareholders (not being Depositors) and their holdings of Target Shares appearing in the Register of Members as at 5.00 p.m. on the Record Date.

Entitled Target Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the Target Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Record Date.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

From the Effective Date, each existing share certificate representing a former holding of Target Shares by Entitled Target Shareholders (not being Depositors) will cease to be evidence of title of the Target Shares represented thereby.

Within seven (7) Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Entitled Target Shareholder (not being a Depositor) based on his/her/its holding of the Target Shares as at 5.00 p.m. on the Record Date.

13.2 Entitled Target Shareholders whose Target Shares are deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of Entitled Target Shareholders (being Depositors) and the number of Target Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Record Date.

Entitled Target Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the Target Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Record Date.

Following the Effective Date, CDP will concurrently: (i) debit all the Target Shares standing to the credit of each relevant Securities Account of each Entitled Target Shareholder (being a Depositor); (ii) credit all of such Target Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror; and (iii) make payment of the Scheme Consideration to each Entitled Target Shareholder (being a Depositor) based on the number of Target Shares standing to the credit of his/her/its Securities Account as at 5.00 p.m. on the Record Date.

14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

14.1 A Target Shareholder who has Target Shares entered against his/her/its name in (i) the Register of Members; or (ii) the Depository Register as at the cut-off time being 72 hours prior to the time of the Scheme Meeting, as the case may be (being the time at which the name of the Target Shareholder must appear in the Register of Members or the Depository Register, in order for him/her/it to be considered to have Target Shares entered against his/her/its name in the said registers), shall be entitled to participate in the Scheme Meeting voting in real time (either personally or via appointment of proxy) at the Scheme Meeting.

14.2 Voting by Proxy. All Proxy Forms for the Scheme Meeting (if lodged before the Scheme Meeting) must be completed, signed and submitted by 10.00 a.m. on 4 August 2024, being 72 hours before the time appointed for the Scheme Meeting, in the following manner:

- (a) deposited at the Share Registrar's office via post to In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
- (b) via email to shareregistry@incorp.asia.

Target Shareholders (whether individual or corporate) may give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the Scheme Meeting is appointed as proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific directions, the appointment of the Chairman of the Scheme Meeting as proxy will be treated as invalid.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

14.3 Submitting Questions. Target Shareholders may also submit questions related to the Scheme to be tabled for approval at the Scheme Meeting to the Chairman of the Scheme Meeting in advance of the Scheme Meeting. In order to do so, their questions must be submitted in the following manner:

- (a) by post to the Share Registrar's office at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
- (b) via email to shareregistry@incorp.asia.

All questions sent by any of the above means, must reach the Share Registrar no later than 5.00 p.m. on 25 July 2024.

Target Shareholders who submit questions via email or post must provide the following information:

- (i) the Target Shareholder's full name;
- (ii) the Target Shareholder's address; and
- (iii) the manner in which the Target Shareholder holds Target Shares (e.g., via CDP, scrip, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions received in advance of the Scheme Meeting from the Target Shareholders, prior to or during the Scheme Meeting, and the Company's responses will be posted on the SGXNET and the Company's corporate website. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions at the Scheme Meeting.

Alternatively, Target Shareholders and proxies will be able to ask questions during the Scheme Meeting.

The Company will, within one (1) month after the date of the Scheme Meeting, publish the minutes of the Scheme Meeting on the SGXNET announcement page of the Company and the Company's corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Scheme Meeting.

14.4 Important Reminder. Target Shareholders are advised to regularly check the SGXNET announcement page of the Company or the Company's corporate website for updates on the status of the Scheme Meeting.

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

15.1 CPFIS Investors. In the case of CPFIS Investors, entitlements to the Scheme will be determined on the basis of the number of Target Shares held by the CPF agent banks on behalf of each CPFIS Investor as at the Record Date. CPFIS Investors who wish to attend the Scheme Meeting are advised to consult their CPF agent banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

15.2 SRS Investors. In the case of SRS Investors, entitlements to the Scheme will be determined on the basis of the number of Target Shares held by the relevant approved banks on behalf of each such SRS Investor as at the Record Date. SRS Investors who wish to attend the Scheme Meeting are advised to consult their SRS agent banks for further information and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

16. OVERSEAS TARGET SHAREHOLDERS

16.1 Overseas Target Shareholders. The applicability of the Scheme to Overseas Target Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Target Shareholders should inform themselves about, and observe, any applicable legal requirements, restrictions or prohibitions in their own jurisdictions.

16.2 Despatch of Scheme Document Overseas. Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror and the Company reserve the right not to send such documents to the Target Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Target Shareholders (including the Overseas Target Shareholders), including those to whom the Scheme Document will not be, or may not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

16.3 Copies of Scheme Document

Target Shareholders, including Overseas Target Shareholders, may obtain copies of this Scheme Document and any related documents by submitting a request to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 by 5.00 p.m. on 29 July 2024. Printed copies of the Scheme Document will be sent by ordinary post to the address in Singapore specified by the Target Shareholder at his/her/its own risk.

It is the responsibility of any Overseas Target Shareholder who wishes to request for this Scheme Document and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In requesting for this Scheme Document and any related documents, the Overseas Target Shareholder represents and warrants to the Offeror and 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 the necessary formalities or legal requirements.

16.4 Cautionary Note. Overseas Target Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

16.5 Notice. The Constitution provides that if Shareholders have no registered address within Singapore and have not supplied to the Company an address within Singapore for the giving of notices to them, a notice addressed to them and advertised in a newspaper circulating in Singapore shall be deemed to be duly given to them at noon on the day on which the advertisement appears. Accordingly, printed copies of the notice of the Scheme Meeting and the Proxy Form have not been and will not be despatched to any such Shareholders but the Company will notify such Shareholders by a notice addressed to such Shareholders and advertised in a newspaper circulating in Singapore. In addition and without prejudice to the foregoing, the Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Target Shareholders (including Overseas Target Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Target Shareholder (including any Overseas Target Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Target Shareholders (including Overseas Target Shareholders) of any matter relating to the Scheme by announcement via the SGXNET announcement page of the Company.

Notwithstanding that such Overseas Target Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- 16.6 Foreign Jurisdiction.** It is the responsibility of any Overseas Target Shareholder who wishes to participate in the Scheme to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Target Shareholder represents and warrants to the Offeror and the Company that he/she/it is in full observance of the laws of the relevant jurisdiction in that connection, and that he/she/it is in full compliance with the necessary formalities or legal requirements.

If any Overseas Target Shareholder is in any doubt about his/her/its position, he/she/it should consult his/her/its professional adviser in the relevant jurisdiction.

17. ADVICE OF THE IFA

The IFA Letter setting out the advice of the IFA to the Independent Directors is set out in Appendix 1 to this Scheme Document.

18. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in paragraph 13.2 of the Letter to Shareholders.

19. DISSEMINATION OF THE SCHEME DOCUMENT

- 19.1** Printed copies of the Scheme Document will be despatched to the Target Shareholders upon request. Printed copies of the notice of the Scheme Meeting and the Proxy Form will be despatched to the Target Shareholders.

- 19.2** Electronic copies of the Scheme Document (enclosing the notice of the Scheme Meeting) and the Proxy Form are available on the SGXNET announcement page of the Company at the URL <https://www.sgx.com/securities/company-announcements> or the Company's corporate website at the URL <https://www.isetan.com.sg>. A Target Shareholder will need an internet browser and PDF reader to view these documents on the SGXNET and on the website of the Company.

19.3 GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests in the Target Shares of the Directors, which are set out in the Appendices to this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out in Appendix 10 to this Scheme Document.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

12 July 2024

To: The directors of Isetan (Singapore) Limited who are considered independent for the purposes of making a recommendation to the Target Shareholders in respect of the Scheme

| | |
|---|--|
| Associate Professor Victor Yeo Chuan Seng | (Independent Non-Executive Director) |
| Mr Richard Tan Chuan-Lye | (Independent Non-Executive Director) |
| Ms Carmen Wee Yik Cheng | (Independent Non-Executive Director) |
| Ms Lim Bee Choo | (Non-Independent and Non-Executive Director) |

Dear Sirs/Madam,

PROPOSED ACQUISITION BY ISETAN MITSUKOSHI LTD. OF ALL THE ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF ISETAN (SINGAPORE) LIMITED (OTHER THAN THOSE HELD BY ISETAN MITSUKOSHI LTD.) BY WAY OF A SCHEME OF ARRANGEMENT

Unless otherwise defined or the context otherwise requires, all terms defined in the scheme document of the Company dated 12 July 2024 (the “Scheme Document”) shall have the same meanings herein.

1. INTRODUCTION

On 1 April 2024 (the “**Joint Announcement Date**”), the respective boards of directors of Isetan (Singapore) Limited (the “**Company**”) and Isetan Mitsukoshi Ltd. (the “**Offeror**”) jointly announced (the “**Joint Announcement**”) the proposed acquisition (the “**Acquisition**”) by the Offeror to acquire all the ordinary shares in the capital of the Company (excluding the treasury shares) (the “**Shares**”), other than those held by the Offeror (the “**Target Shares**”), by way of a scheme of arrangement (the “**Scheme**”) to be proposed by the Company to the holders of the Target Shares (the “**Target Shareholders**”), pursuant to Section 210 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and in accordance with the Singapore Code on Take-overs and Mergers (the “**Code**”).

The Scheme is conditional upon the satisfaction or waiver (as the case may be) of the conditions precedent (the “**Scheme Conditions**”) in the implementation agreement dated 1 April 2024 entered into between the Offeror and the Company (the “**Implementation Agreement**”) on or before 5.00p.m. on the date falling six (6) months from the Joint Announcement Date or such other date as the Company and the Offeror may agree in writing. The Scheme Conditions include, amongst others, the approval of the Scheme by a majority in number representing not less than three-fourths in value of the shareholders of the Company (the “**Shareholders**”) present and voting at the meeting of the Shareholders to be convened at the direction of the High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore (the “**Court**”) for the purpose of considering and, if thought fit, approving the Scheme (and shall include any adjournment of the meeting) (the “**Scheme Meeting**”) pursuant to the requirements of Section 210(3AB) of the Companies Act; and the grant of the order of the Court sanctioning the Scheme (the “**Scheme Court Order**”) and such Scheme Court Order having become final.

The Scheme will be satisfied by a scheme consideration of S\$7.20 in cash for each Target Share (the “**Scheme Consideration**”), to be paid by the Offeror to the Target Shareholders as at a date and time to be announced by the Company on which the transfer books and the register of members of the Company will be closed in order to determine the entitlements of the Target Shareholders in respect of the Scheme (the “**Record Date**”) in accordance with the terms of the Scheme.

Upon the Scheme becoming effective in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), be delisted from the Official List of the SGX-ST.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Under the Code, the Company is required to appoint an independent financial adviser (“**IFA**”) to advise its directors who are considered to be independent (“**Independent Directors**”) for the purpose of making a recommendation to the Target Shareholders in respect of the Scheme.

In addition, as the Scheme would result in the delisting of the Company from the SGX-ST, pursuant to Rule 1309(2) of the listing rules of the SGX-ST (“**Listing Rules**”), if a company is seeking to delist from the SGX-ST, (i) an exit offer must be made to the Shareholders; and (ii) the Company must appoint an IFA to advise on the Scheme and the IFA must opine that the Scheme is fair and reasonable.

Accordingly, the Company has appointed SAC Capital Private Limited (“**SAC Capital**”) as the IFA to the Independent Directors.

2. OUR TERMS OF REFERENCE

We have been appointed as the IFA pursuant to Rule 1309(2) of the Listing Rules as well as to advise the Independent Directors under the Code as to whether the financial terms of the Scheme are fair and reasonable in respect of their recommendation to the Target Shareholders on the Scheme.

We are not and were not involved in any aspect of the negotiations entered into by the Company in relation to the Scheme, or in the deliberations leading up to the decision by the Offeror to undertake the Scheme. Accordingly, we do not, by this letter warrant the merits of the Scheme, other than to advise the Independent Directors on the terms of the Scheme from a financial point of view.

We have not conducted a comprehensive independent review of the business, operations or financial condition of the Company. We have not been provided with, nor do we have access to, any business plans or financial projections of the future performance of the Company, for the purpose of our evaluation of the Scheme. Our evaluation is confined to the financial terms of the Scheme and it is not within our terms of reference to evaluate the strategic, legal or commercial merits or risks of the Scheme or the future growth prospects or earnings potential of the Company after the completion of the Scheme. Accordingly, we do not express any view as to the future prices at which the Shares may trade or on the future financial performance of the Company, or the Offeror after the completion of the Scheme.

We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Shares. It is also not within our terms of reference to compare the relative merits of the Scheme *vis-à-vis* any alternative transaction that the Company may consider in the future, or any alternative offer that might otherwise be available in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the financial terms of the Scheme, we have held discussions with the Independent Directors and the management of the Company (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Independent Directors and the Management, including the information contained in the Scheme Document. The Independent Directors (including those who may have delegated detailed supervision of the preparation of the Scheme Document) have confirmed that, having made all reasonable enquiries and to the best of their knowledge: (a) all material information available to them in connection with the Scheme has been disclosed in the Scheme Document; (b) such information (other than those relating to the Offeror, parties acting in concert or deemed to be acting in concert with the Offeror) is fair 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 stated in the Scheme Document to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made reasonable enquiries and exercised our judgement

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

(as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on in our evaluation.

Save as disclosed, all information relating to the Company that we have relied upon in arriving at our opinion and advice has been obtained from the Scheme Document, publicly available information, the Independent Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company at any time or as at 28 June 2024 (the “**Latest Practicable Date**”). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Company and have not been furnished with any such evaluation or appraisals, except for the valuation report, comfort letter and valuation certificates (collectively, the “**Valuation Reports**”) prepared by Edmund Tie & Company (SEA) Pte Ltd. (the “**Independent Valuer**”) who was appointed to perform independent valuation of the Properties (as defined in paragraph 7.3.4 of this letter) held by the Company as at 31 December 2023. The Valuation Reports are set out in Appendix 5 to the Scheme Document. As we are not experts in the evaluation or appraisal of the assets set out in the Valuation Reports, we have placed sole reliance on the independent valuation in relation to the aforementioned assets and have not made any independent verification of the contents thereof. In addition, we do not assume any responsibility to enquire about the basis of the valuation in the Valuation Reports or if the contents in the Valuation Reports have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available 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 the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Target Shareholder or any specific group of Target Shareholders. We recommend that any individual Target Shareholder or specific group of Target Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our opinion and advice in relation to the Scheme should be considered in the context of the entirety of this letter and the Scheme Document.

The Company has been separately advised by its own professional advisers in the preparation of the Scheme Document (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Scheme Document (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Scheme Document (other than this letter).

3. INFORMATION ON THE OFFEROR

The Offeror was incorporated in Japan on 1 April 2011 and its headquarters are in Tokyo, Japan. The Offeror, which operates department stores in Japan, is wholly owned by, and is one of the principal consolidated subsidiaries of, Isetan Mitsukoshi Holdings Ltd., a company established on 1 April 2008 in Japan and listed on the Tokyo Stock Exchange, whose principal

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

businesses are management planning and management of subsidiaries and group companies engaged in department store and other businesses, and all related operations.

As at the Latest Practicable Date, the board of directors of the Offeror comprises the following:

- | | | |
|-----|------------------|---|
| (a) | Toshihiko Sugie | (Chairman of the Offeror) |
| (b) | Toshiyuki Hosoya | (the President and CEO of the Offeror, and the President and CEO and a director of Isetan Mitsukoshi Holdings) |
| (c) | Takayuki Tsujii | (the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings Ltd., the General Manager of the Corporate Real Estate Business Division of the Offeror, and the General Manager of the Corporate Real Estate Business Division of Isetan Mitsukoshi Holdings) |
| (d) | Shota Kondo | (the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings, and Store Manager of the Isetan Shinjuku Main Store) |

As at the Latest Practicable Date, the issued share capital of the Offeror excluding treasury shares comprises 492,622,356 shares.

As at the Latest Practicable Date, the Offeror is the largest Shareholder, holding a direct interest in 21,750,000 Shares, which represents approximately 52.73% of the Shares.

Additional information on the Offeror is set out in schedule A of Appendix 2 to the Scheme Document.

4. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 21 December 1970 and was listed on the Mainboard of the SGX-ST on 12 October 1981. The business carried on by the Company includes operating department stores and a supermarket, and trading in general merchandise and earning income from its investment properties.

As at the Latest Practicable Date, the Directors of the Company are as follows:

- | | | |
|-----|---|--|
| (a) | Toshifumi Hashizume | (Non-Independent and Non-Executive Director) |
| (b) | Shioji Hiramatsu | (Executive Director) |
| (c) | Associate Professor Victor Yeo Chuan Seng | (Independent Non-Executive Director) |
| (d) | Richard Tan Chuan-Lye | (Independent Non-Executive Director) |
| (e) | Carmen Wee Yik Cheng | (Independent Non-Executive Director) |
| (f) | Lim Bee Choo | (Non-Independent and Non-Executive Director) |

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$91,710,461.17 comprising 41,250,000 Shares of which none are held as treasury shares and subsidiary holdings. Save for the Shares, there are no other (i) securities which carry voting rights and/or (ii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights.

Additional information on the Company is set out in Appendix 3 to the Scheme Document.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

5. THE SCHEME

The detailed terms of the Scheme are set out in paragraph 2 of the “Letter to Shareholders”, the “Explanatory Statement” and Appendix 6 of the Scheme Document. Shareholders are advised to refer to the Scheme Document for further details on the Scheme and read the information carefully.

The key terms of the Scheme and the related matters are set out below.

5.1 Terms of the Scheme

Under the Scheme:

- (a) All the Target Shares held by the Target Shareholders as at the Record Date will be transferred to the Offeror:
 - (i) fully paid up;
 - (ii) free from all mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing (as at the date of such transfer); and
 - (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date.

If any dividends, rights or other distributions are declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date and before the date on which the Scheme becomes effective in accordance with its terms, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividends, rights or distributions; and

- (b) in consideration for such transfer, each Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date S\$7.20 in cash.

The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

5.2 Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions which includes, among others, the approval of the Scheme by a majority in number representing not less than three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act; and the grant of the Scheme Court Order sanctioning the Scheme and such Scheme Court Order having become final.

Further details of the Scheme Conditions are set out in Appendix 6 of the Scheme Document and Scheme Shareholders are advised to read the information carefully.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

5.3 Termination of the Implementation Agreement

In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement:

- (a) the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions); and
- (b) neither the Offeror nor the Company shall have any further liability or obligation to the other Party (save for certain surviving provisions).

Further details of the termination of the Implementation Agreement are set out in paragraph 2.4 of the “Letter to Shareholders” and Scheme Shareholders are advised to read the information carefully.

5.4 Delisting

As set out in paragraph 10 of the “Letter to Shareholders”, upon the Scheme becoming effective in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

The Company had made an application to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms (the “**Proposed Delisting**”). The SGX-ST has, on 2 July 2024, advised that it has in principle no objection to the Proposed Delisting, subject to the following conditions:

- (a) the Company’s compliance with the SGX-ST’s listing requirements;
- (b) approval of the Scheme by a majority in number representing three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(AB) of the Companies Act;
- (c) the IFA opining that the financial terms of the Scheme are both fair and reasonable; and
- (d) sanction of the Scheme by the Court.

Target Shareholders should note that the above decision of the SGX-ST is not to be taken as an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme. Further details on the delisting are set out in paragraph 10 of the “Letter to Shareholders” and Target Shareholders are advised to read the information carefully.

TARGET SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

6. RATIONALE FOR THE ACQUISITION AND THE OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The Offeror’s rationale for the Acquisition and future plans for the Company are set out in paragraph 7 of the “Letter to Shareholders” and Appendix 2 to the Scheme Document, and Shareholders are advised to read the information carefully.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

7. FINANCIAL ASSESSMENT OF THE SCHEME

In assessing the financial terms of the Scheme, we have taken into account the following factors which we consider to have a significant bearing on our assessment:

- (a) market quotation and trading liquidity of the Shares;
- (b) historical financial performance of the Company;
- (c) net asset value (“NAV”) and net tangible assets (“NTA”) of the Company;
- (d) comparison of valuation statistics of companies broadly comparable to the Company;
- (e) comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST;
- (f) estimated range of value of the Shares; and
- (g) other relevant considerations.

7.1 Market Quotation and Trading Liquidity of the Shares

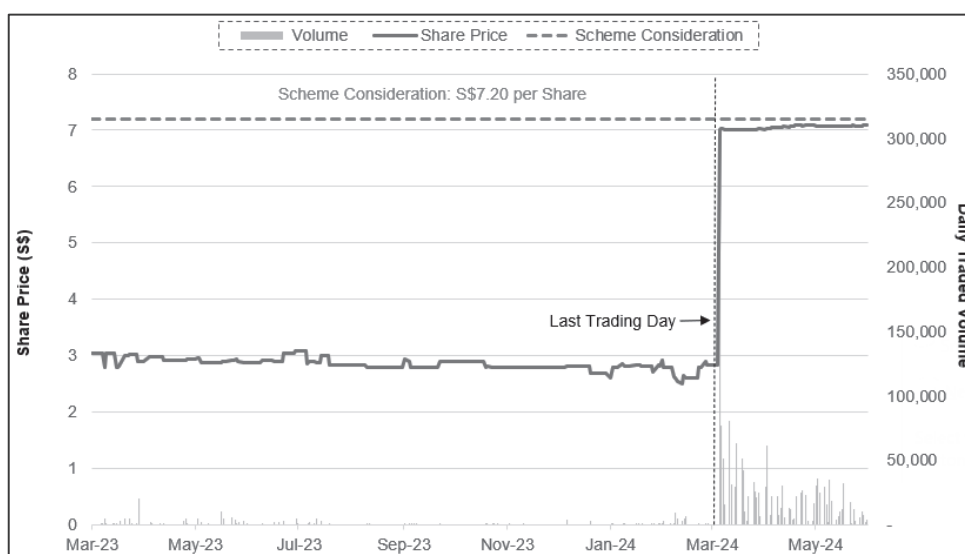
7.1.1 Share price benchmark

On 1 April 2024 before trading hours, the Company requested for a trading halt pending the release of an announcement (“**Trading Halt**”). As such, we consider 28 March 2024 as the last full trading day of the Shares on the SGX-ST immediately prior to the Joint Announcement Date (the “**Last Trading Day**”). Subsequently, the Company released the Joint Announcement on 1 April 2024 and the Trading Halt was lifted after trading hours on the Joint Announcement Date.

For the purpose of our analysis of the trading performance of the Shares in respect of the Scheme, we have compared the Scheme Consideration against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the 12-month period prior to the Last Trading Day, and up to the Latest Practicable Date (the “**Period Under Review**”).

7.1.2 Share price chart and trading liquidity during the Period Under Review

A graphical representation of the daily closing prices and daily trading volumes of the Shares for the Period Under Review is set out as follows:



Source: Bloomberg L.P.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

A summary of the salient announcements and key events relating to the Company's business operations and the Scheme during the Period Under Review is as follows:

| Date | Event |
|------------------|---|
| 6 April 2023 | Release of the annual report for FY2022. |
| 27 July 2023 | Announcement on profit guidance on the unaudited financial results for the six (6)-month financial period ended 30 June 2023 (" 1H2023 "), which reported that the Company is likely to report a net loss for 1H2023. The expected loss is due to the challenging environment faced by the retail segment and the impairment of property, plant and equipment, and right-of-use assets relating to certain stores. |
| 11 August 2023 | Announcement of unaudited financial results for 1H2023, which reported net loss of S\$0.7 million as compared to net profit of S\$0.5 million in the six (6)-month period ended 30 June 2022. This was mainly due to lower sales of goods from the retail segment; lower consignment income; impairment of right-of-use assets and impairment loss on property, plant and equipment, in 1H2023. |
| 14 February 2024 | Announcement on profit guidance on the unaudited financial results for the financial year ended 31 December 2023 (" FY2023 "), which reported that the Company is likely to report a net loss during FY2023. The net loss for FY2023 is mainly attributable to the impairment charges relating to property, plant and equipment, and right-of-use assets. |
| 28 February 2024 | Announcement on the unaudited financial results for FY2023, which reported the Company's net loss after tax of S\$2.6 million in FY2023 compared to net profit after tax of S\$1.3 million in the financial year ended 31 December 2022 (" FY2022 "), mainly due to lower sales of goods from the retail segment; lower consignment income; impairment of right-of-use assets and impairment loss on property, plant and equipment. |
| 25 March 2024 | Announcement on the revised unaudited financial results for FY2023, which reported the Company's revised net loss after tax of S\$1.2 million in FY2023 compared to net loss after tax of S\$2.6 million in the unaudited financial results announcement made on 28 February 2024. This was due to Chengdu Isetan Company Limited (" Isetan Chengdu ") being in a net assets position upon liquidation as of 31 December 2023 instead of a negative liabilities position as was originally anticipated due to the revisions made to estimated liquidation expenses for Isetan Chengdu. |
| 1 April 2024 | Announcement on the request for Trading Halt of the Shares before market hours. Release of the Joint Announcement. Announcement on the request for lifting of Trading Halt of the Shares after release of the Joint Announcement. |
| 4 April 2024 | Release of the annual report for FY2023. |
| 5 April 2024 | Release of the revised annual report for FY2023. |

Source: Company's announcements on the SGX-ST

As shown in the Share price chart above, the Shares have traded consistently below S\$3.100 for the 12-month period up to and including the Last Trading Day, with closing prices of the Shares fluctuating between S\$2.500 and S\$3.080. Prior to the Joint Announcement Date, the Shares last traded at S\$2.840 on the Last Trading Day.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Additional information on the traded closing prices of the Shares, volume-weighted average prices (“**VWAP**”) and average daily trading volumes (“**ADTV**”) for the reference period(s) (a) prior to and including the Last Trading Day; and (b) from 2 April 2024 (being the Market Day after the Joint Announcement Date) up to the Latest Practicable Date are set out as follows:

| | Highest closing price ⁽¹⁾ (S\$) | Lowest closing price ⁽¹⁾ (S\$) | VWAP ⁽¹⁾ (S\$) | Premium of Scheme Consideration over VWAP (%) | ADTV ⁽²⁾ (shares) | ADTV as percentage of free float ⁽³⁾ (%) |
|--|---|--|------------------------------|--|---------------------------------|--|
| Periods prior to and including the Last Trading Day | | | | | | |
| Last 12 months | 3.080 | 2.500 | 2.852 | 152.45 | 700 | 0.004 |
| Last 6 months | 2.950 | 2.500 | 2.678 | 168.86 | 400 | 0.002 |
| Last 3 months | 2.930 | 2.500 | 2.656 | 171.08 | 689 | 0.004 |
| Last 1 month | 2.900 | 2.500 | 2.633 | 173.45 | 1,571 | 0.010 |
| Last Trading Day ⁽⁴⁾ | 2.840 | 2.840 | 2.877 | 150.26 | 300 | 0.002 |
| Period from the Joint Announcement Date up to the Latest Practicable Date | | | | | | |
| Period between and including 2 April 2024 and up to the Latest Practicable Date | 7.100 | 7.000 | 7.041 | 2.26 | 26,063 | 0.162 |
| Latest Practicable Date | 7.090 | 7.090 | 7.090 | 1.55 | 4,000 | 0.025 |

Source: Bloomberg L.P.

Notes:

- (1) Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest three (3) decimal places.
- (2) The ADTV of the Shares is calculated based on the total volume of the Shares traded divided by the number of Market Days during the relevant periods. “**Market Day**” refers to a day on which the SGX-ST is open for the trading of securities.
- (3) For the purpose of computing the ADTV as a percentage of free float, we have used the free float of 16,062,750 Shares based on the free float of 38.94% as disclosed in the annual report of the Company for FY2023.
- (4) Based on the last closing price and ADTV on 26 March 2024 as there were no trades on 27 March 2024 and the Last Trading Day.

We note the following with regard to the Share prices and the ADTV of the Shares:

Periods prior to and including the Last Trading Day

- (a) during the 12-month period up to and including the Last Trading Day, the closing prices of the Shares ranged between a low of S\$2.500 (on 11 March 2024) and a high of S\$3.080 (on 27 July 2023 and 28 July 2023). The Scheme Consideration represents: (i) a premium of 188.00% over the lowest closing price of the Shares; and (ii) a premium of 133.77% over the highest closing price of the Shares, during the 12-month period up to and including the Last Trading Day;
- (b) the Scheme Consideration represents a premium of 152.45%, 168.86%, 171.08% and 173.45% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;
- (c) the Scheme Consideration represents a premium of 150.26% over the VWAP of the Shares of S\$2.877 on the Last Trading Day;

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (d) in relation to the trading liquidity of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day, ADTV of the Shares were between approximately 0.002% and 0.010% of the free float of the Company; and
- (e) during the 12-month period up to and including the Last Trading Day, the Shares were only traded on 83 Market Days out of 252 Market Days.

Period from the Joint Announcement Date up to the Latest Practicable Date

- (a) the Scheme Consideration represents a premium of 2.26% to the VWAP of the Shares for the period from 2 April 2024 and up to the Latest Practicable Date;
- (b) the Scheme Consideration represents a premium of 1.55% to the closing price of the Shares as at the Latest Practicable Date; and
- (c) the ADTV of the Shares as a percentage of the free float was approximately 0.162% for the period from 2 April 2024 and up to the Latest Practicable Date.

Based on the above observations, we note that the trading volume and closing price of the Shares were relatively higher after the Joint Announcement Date. We believe that the general upward trend is likely supported by the Scheme subsequent to the Joint Announcement.

In evaluating the Scheme Consideration, it is relevant to examine the trading volume of the Shares over a reasonable period, during which the market price of the Shares may reflect public investors' valuation of the Shares, based on publicly available information.

We note the following with regard to the trading liquidity of the Shares:

- (a) the ADTV of the Shares for the 12-month period up to and including the Last Trading Day was 700 Shares and represented 0.004% of the Company's free float;
- (b) the ADTV for the 6-, 3- and 1-month periods prior to and including the Last Trading Day were only 400 Shares, 689 Shares and 1,571 Shares respectively; and
- (c) we also note that the Shares were traded quite thinly. We calculated that the Shares were traded on 32.94%, 30.16%, 39.68% and 52.38% of the Market Days for the 12-, 6-, 3- and 1-month periods prior to and including the Last Trading Day.

Based on the above, we note that the trading of the Shares is erratic and appears to be relatively illiquid for the aforementioned periods prior to and including the Last Trading Day. In addition, the ADTV for the aforementioned periods prior to the Last Trading Day represents less than 0.01% of the Company's free float, and the ADTV during the aforementioned periods prior to the Last Trading Day was significantly low at less than 2,000 Shares.

It is to note that given the low liquidity of the Shares during the periods observed, the Scheme Consideration may represent a realistic exit opportunity for Shareholders to realise their entire investment for cash. In the absence of the Scheme Consideration, such an exit for all Shareholders may not be readily available due to the low trading liquidity for the Shares.

Shareholders should note that there is no assurance that the closing price of the Shares would remain at the current level prevailing as at the Latest Practicable Date and after the completion of the Scheme. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance, which will depend on, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

7.1.3 Share price chart for the 10-year period prior to the Last Trading Day, and up to the Latest Practicable Date

We have also considered the daily closing prices and volume traded of the Shares for the 10-year period prior to the Last Trading Day. We note that for the aforementioned 10-year period prior to the Last Trading Day, the closing prices of the Shares are between a low of S\$2.500 and a high of S\$5.240 and the Scheme Consideration represents a premium of approximately 79.02% over the VWAP of S\$4.022.

A graphical representation of the daily closing prices and volume traded of the Shares for the 10-year period prior to the Last Trading Day, and up to the Latest Practicable Date is set out as follows:



Source: Bloomberg L.P.

From the share price chart above, we note that the Shares have never closed at or above the Scheme Consideration for the 10-year period prior to the Last Trading Day, and up to the Latest Practicable Date.

7.2 Historical Financial Performance of the Company

The salient historical financial information of the Company for the financial years ended 31 December 2021, 2022 and 2023 (“FY2021”, “FY2022” and “FY2023” respectively) is set out in the table below. The following summary financial information should be read in conjunction with the full text of the annual reports of the Company, in respect of the relevant financial periods including the notes thereto.

7.2.1 Statement of Profit or Loss

| | ----- Audited ----- | | |
|---------------------------------------|---------------------|--------|--------|
| (S\$'000) | FY2021 | FY2022 | FY2023 |
| Revenue | 85,804 | 87,620 | 84,277 |
| Other income | 6,746 | 4,393 | 6,303 |
| Other gains/(losses) – net | | | |
| - Loss on fixed assets written off | - | - | (160) |
| - Impairment loss on financial assets | (50) | (24) | (77) |
| - Others | 188 | 85 | 44 |

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| (S\$'000) | ----- Audited ----- | | |
|---|---------------------|--------------|----------------|
| | FY2021 | FY2022 | FY2023 |
| Expenses | | | |
| - Changes in inventories of finished goods | (1,885) | 802 | (301) |
| - Purchases of inventories and related goods | (31,753) | (31,686) | (30,868) |
| - Employee compensation | (15,644) | (16,049) | (15,197) |
| - Depreciation expense | (11,853) | (11,725) | (11,095) |
| - Rental and service charge expense | (8,600) | (6,883) | (7,829) |
| - Interest expense | (1,971) | (1,620) | (1,469) |
| - Impairment loss on investment in an associate | - | (1,753) | - |
| - Impairment of right-of-use assets | (1,631) | (2,795) | (5,928) |
| - Impairment loss on property, plant and equipment | (810) | (965) | (3,095) |
| - Other expenses | (16,327) | (17,785) | (17,180) |
| Total expenses | (90,474) | (90,459) | (92,962) |
| Share of (loss)/profit of an associate | (58) | (266) | 1,416 |
| Profit/(Loss) before income tax | 2,156 | 1,349 | (1,159) |
| Income tax expense | - | - | - |
| Net profit/(loss) after tax for the financial year | 2,156 | 1,349 | (1,159) |
| Net profit/(loss) attributable to: | | | |
| Equity holders of the Company | 2,156 | 1,349 | (1,159) |

Sources: Annual reports for FY2021, FY2022 and FY2023 of the Company

The Company's principal business comprises (i) retail segment which is involved in the business of retailing and operating of department stores and supermarket; and (ii) property segment which is mainly involved in the leasing of properties owned by the Company (the "Retail Segment" and "Property Segment" respectively).

The segmental breakdown are as follows:

| (S\$'000) | ----- Audited ----- | | |
|------------------------|---------------------|---------------|----------------|
| | FY2021 | FY2022 | FY2023 |
| Segment Revenue | | | |
| Retail | 77,267 | 77,334 | 73,620 |
| Property | 8,537 | 10,286 | 10,657 |
| Total | 85,804 | 87,620 | 84,277 |
| Segment Result | | | |
| Retail | (3,046) | (3,700) | (10,106) |
| Property | 3,058 | 4,825 | 4,336 |
| Total | 12 | 1,125 | (5,770) |
| Segment Assets | | | |
| Retail | 65,685 | 62,157 | 44,506 |
| Property | 32,068 | 29,884 | 27,395 |
| Total | 97,753 | 92,041 | 71,901 |

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| (S\$'000) | ----- Audited ----- | | |
|----------------------------|---------------------|---------------|---------------|
| | FY2021 | FY2022 | FY2023 |
| Segment Liabilities | | | |
| Retail | 91,562 | 86,909 | 63,603 |
| Property | 3,508 | 2,723 | 2,812 |
| Total | 95,070 | 89,632 | 66,415 |

Sources: Annual reports for FY2021, FY2022 and FY2023 of the Company

FY2022 vs FY2021

The Company's revenue remained relatively stable, reporting a slight increase of S\$1.8 million from S\$85.8 million in FY2021 to S\$87.6 million in FY2022. The increase in revenue was mainly due to higher consignment income as government started to ease the safe management measures from April 2022 which has led to a stronger instore traffic and resumption of mall atrium events. Property Segment also improved in FY2022 due to new operating lease income from the tenant at Isetan Wisma Atria which commenced its lease in the second quarter of FY2022. The increase in revenue was partially offset by the discontinued operations of Isetan Katong on 30 January 2022.

Other income decreased by S\$2.3 million from S\$6.7 million in FY2021 to S\$4.4 million in FY2022. The decrease was mainly due to (i) lower government grant income that pertains to the jobs support scheme; and (ii) lower sundry income, in FY2022 as compared to FY2021. The decrease was partially offset by higher rental income and interest income from financial assets measured at amortised cost in FY2022.

Total expenses remained stable, which were S\$90.5 million in both FY2021 and FY2022. In FY2022, the Company recorded an impairment charge of S\$1.8 million on the investment in Isetan Chengdu which ceased its business operations on 31 December 2022.

The share of loss of an associate increased by S\$0.2 million from S\$58,000 in FY2021 to S\$0.3 million in FY2022, due to the cessation of Isetan Chengdu's business operations at its two stores on 31 December 2022.

Overall, the Company's profit for the year decreased by S\$0.8 million from S\$2.1 million in FY2021 to S\$1.3 million in FY2022 as a result of the foregoing reasons.

FY2023 vs FY2022

The Company's revenue decreased by S\$3.3 million from S\$87.6 million in FY2022 to S\$84.3 million in FY2023 due to lower sale of goods and lower consignment income from the Retail Segment. The decrease in revenue was partially offset by the higher rental income mainly from the Isetan Wisma Atria investment property.

Other income increased by S\$1.9 million from S\$4.4 million in FY2022 to S\$6.3 million in FY2023. The increase was mainly due to (i) higher interest income from financial assets measured at amortised cost; and (ii) higher rental income, in FY2023 as compared to FY2022. The increase was partially offset by lower grant income from the government, lower dividend income, and lower income from recognition of net investment in subleases.

Total expenses increased by S\$2.5 million from S\$90.5 million in FY2022 to S\$93.0 million in FY2023. This was mainly due to increase in impairment of right-of-use assets and property, plant and equipment to reduce the carrying values of the assets in the Retail Segment to reflect the continuing challenges in the retail industry. There was no further impairment for the associate as it was fully impaired in FY2022 due to the cessation of the Isetan Chengdu's business operations at its two stores on 31 December 2022.

The Company recorded share of profit of Isetan Chengdu of S\$1.4 million in FY2023 as compared to share of loss of Isetan Chengdu of S\$0.3 million in FY2022. As announced by the

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Company on 25 March 2024, Isetan Chengdu was assessed to be in a net assets position upon liquidation as of 31 December 2023 instead of a negative liabilities position as was originally anticipated due to the revisions made to estimated liquidation expenses for Isetan Chengdu. As a result, additional share of results of S\$1.4 million, representing the Company's 17.24% equity holding in Isetan Chengdu, has been duly recorded in FY2023.

Overall, the Company recorded loss for the year of S\$1.2 million in FY2023 as compared to profit of S\$1.3 million in FY2022 as a result of the foregoing reasons.

7.2.2 Statement of Cash Flows

| (S\$'000) | ----- Audited ----- | | |
|---|---------------------|---------------|----------------|
| | FY2021 | FY2022 | FY2023 |
| Net cash provided by operating activities | 23,768 | 22,286 | 10,927 |
| Net cash provided by investing activities | 15,923 | 1,677 | 2,624 |
| Net cash used in financing activities | (18,703) | (19,571) | (18,260) |
| Net increase/(decrease) in cash and cash equivalents | 20,988 | 4,392 | (4,709) |
| Cash and cash equivalents at the end of the financial year | 70,150 | 74,542 | 69,833 |

Sources: Annual reports for FY2021, FY2022 and FY2023 of the Company

The Company generated positive net cash provided by operating activities of S\$23.8 million, S\$22.3 million and S\$10.9 million for FY2021, FY2022 and FY2023 respectively.

FY2022

Net cash provided by operating activities in FY2022 was S\$22.3 million, due to positive operating cashflows and net inflow of working capital. The net working capital inflows were due to (i) a decrease in trade and other receivables by S\$2.3 million; (ii) an increase in trade and other payable by S\$2.1 million; and (iii) decrease in other assets and rental deposits by S\$1.2 million. This was partially offset by (i) an increase in inventories by S\$0.8 million; and (ii) an increase in provisions of \$0.8 million.

Net cash provided by investing activities in FY2022 was S\$1.7 million, mainly due to the proceeds from maturity/early redemption by issuers of other investments, at amortised cost of S\$9.2 million and interest received of S\$1.4 million. This was partially offset by purchases of other investments, at amortised cost of S\$7.2 million and payments for property, plant and equipment of S\$1.7 million.

Net cash used in financing activities in FY2022 amounted to S\$19.6 million, was due to (i) principal payment of lease liability of S\$16.7 million; (ii) interest paid of S\$1.6 million; and (iii) dividend paid of S\$1.2 million.

The Company's net cash and cash equivalents increased by S\$4.4 million in FY2022.

Taking into account the cash and cash equivalents at the beginning of FY2022 of S\$70.1 million and the net increase in cash and cash equivalents of S\$4.4 million, the Company's cash and cash equivalent as at 31 December 2022 amounted to S\$74.5 million.

FY2023

Net cash provided by operating activities in FY2023 was S\$10.9 million, due to positive operating cashflows and net working capital outflow. The net working capital outflow was due to (i) a decrease in trade and other payable by S\$5.5 million; and (ii) an increase in other assets

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

and rental deposits by S\$0.6 million. This was partially offset by (i) a decrease in trade and other receivables by S\$1.0 million; and (ii) a decrease in inventories by S\$0.3 million.

Net cash provided by investing activities in FY2023 was S\$2.6 million, mainly due to the proceeds from maturity/early redemption by issuers of other investments, at amortised cost of S\$7.5 million and interest received of S\$3.3 million. This was partially offset by purchases of other investments, at amortised cost of S\$6.6 million and payments for property, plant and equipment of S\$1.7 million.

Net cash used in financing activities in FY2023 amounted to S\$18.3 million, due to (i) principal payment of lease liability of S\$16.8 million; and (ii) interest paid of S\$1.5 million.

The Company's net cash and cash equivalents decreased by S\$4.7 million in FY2023.

Taking into account the cash and cash equivalents at the beginning of FY2023 of S\$74.5 million and the net decrease in cash and cash equivalents of S\$4.7 million, the Company's cash and cash equivalent as at 31 December 2023 amounted to S\$69.8 million.

7.3 NAV and NTA of the Company

7.3.1 Balance Sheet of the Company

A summary of the balance sheet of the Company as at 31 December 2023 is set out as follows:

| (\$'000) | Audited As at 31 December 2023 |
|--|--------------------------------------|
| Current assets | |
| Cash and cash equivalents | 69,833 |
| Trade and other receivables | 7,581 |
| Other investments, at amortised cost | 8,137 |
| Inventories | 6,141 |
| Rental deposits | 613 |
| Other current assets | 1,751 |
| Total current assets | 94,056 |
| Non-current assets | |
| Trade and other receivables | 760 |
| Financial assets, at fair value through other comprehensive income ("FVOCI") | 3,388 |
| Other investments, at amortised cost | 18,246 |
| Club memberships | 170 |
| Investment in an associate | 1,416 |
| Rental deposits | 4,306 |
| Investment properties | 25,788 |
| Property, plant and equipment | 18,988 |
| Right-of-use assets | 5,803 |
| Total non-current assets | 78,865 |
| Total assets | 172,921 |

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| (S\$'000) | Audited As at 31 December 2023 |
|---|--------------------------------------|
| Current liabilities | |
| Trade and other payables | 31,346 |
| Lease liabilities | 17,795 |
| Total current liabilities | 49,141 |
| Non-current liabilities | |
| Trade and other payables | 3,734 |
| Provisions | 3,557 |
| Lease liabilities | 9,983 |
| Total non-current liabilities | 17,274 |
| Total liabilities | 66,415 |
| Net assets | 106,506 |
| Equity | |
| Capital and reserves attributable to the equity holders of the Company | |
| Share capital | 91,710 |
| General reserve | 17,000 |
| Fair value reserve | 716 |
| Currency translation reserve | 79 |
| Other reserves | (42) |
| Accumulated losses | (2,957) |
| Total equity | 106,506 |
| NAV/NTA of the Company | 106,506 |
| Number of issued shares (excluding treasury shares) ('000) | 41,250 |
| NAV/NTA per Share (S\$) | 2.58 |

Source: Annual report for FY2023 of the Company

Assets

As at 31 December 2023, the Company has total assets of S\$172.9 million comprising current assets of S\$94.1 million (54.4% of total assets) and non-current assets of S\$78.9 million (45.6% of total assets).

The main current assets of the Company are (i) cash and cash equivalents of S\$69.8 million (74.2% of current assets); (ii) other investments, at amortised cost of S\$8.1 million (8.7% of current assets); and (iii) trade and other receivables of S\$7.6 million (8.1% of current assets) as at 31 December 2023.

The main non-current assets of the Company are (i) investment properties of S\$25.8 million (32.7% of non-current assets); (ii) property, plant and equipment of S\$19.0 million (24.1% of non-current assets); and (iii) other investments, at amortised cost of S\$18.2 million (23.1% of non-current assets) as at 31 December 2023.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Liabilities and equity

As at 31 December 2023, the Company has total liabilities of S\$66.4 million, mainly comprising trade and other payables of S\$35.1 million (52.8% of total liabilities) and total lease liabilities of S\$27.8 million (41.8% of total liabilities).

Total equity and NAV of the Company was S\$106.5 million as at 31 December 2023. There were no intangible assets as at 31 December 2023. Accordingly, the NTA of the Company is equivalent to the NAV of the Company as 31 December 2023.

7.3.2 Book NAV/NTA of the Company

The NAV of a company 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 company. 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 company are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Company provides an estimate of the value of the Company based on a hypothetical scenario, and such hypothetical scenario is 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 lower the NAV that can be realised. While the asset base of the Company can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions. Furthermore, the NAV approach is more relevant in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

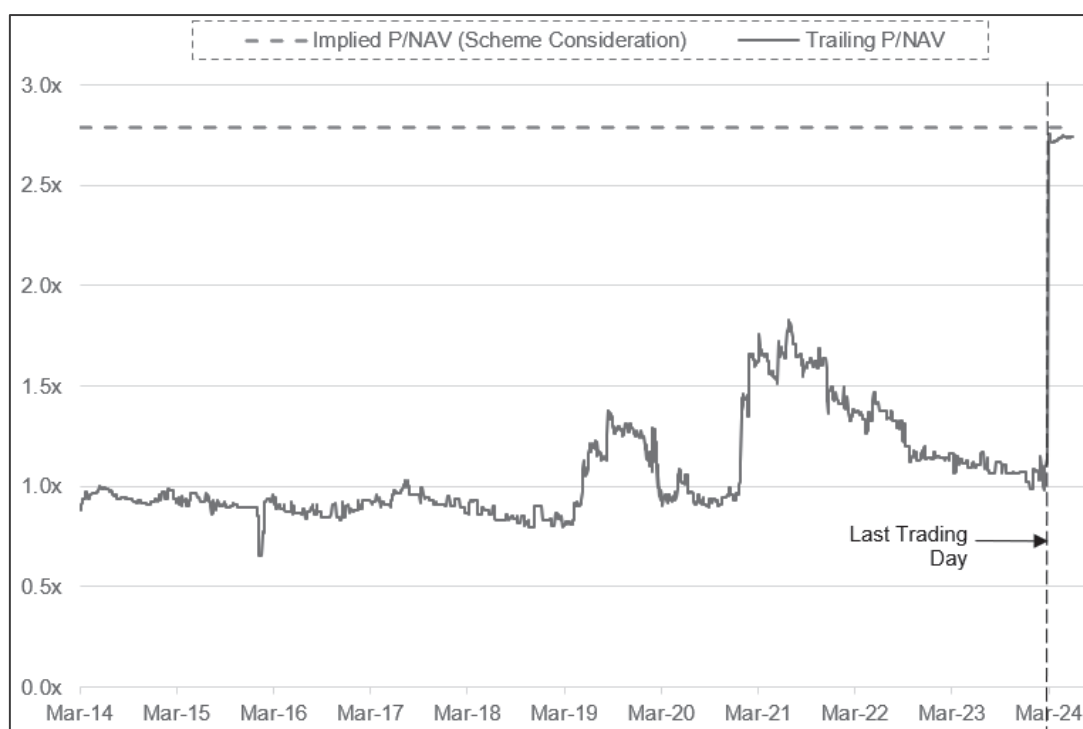
Based on the Company's latest audited financial statement as at 31 December 2023, there were no intangible assets and accordingly, the NTA of the Company is equivalent to the NAV of the Company.

Based on the Company's latest audited financial statement as at 31 December 2023 and 41,250,000 Shares in issue as at 31 December 2023, the NAV of the Company amounted to S\$106.5 million or S\$2.58 per Share. We note that the Scheme Consideration represents a premium of approximately 178.86% against the NAV/NTA per Share of S\$2.58 as at 31 December 2023. Accordingly, the Price-to-NAV/NTA ("**P/NAV**")/("**P/NTA**") of the Company implied by the Scheme Consideration would be approximately 2.79 times as at 31 December 2023.

7.3.3 Historical Trailing P/NAV multiples of the Shares

A graphical representation of the historical trading P/NAV multiple of the Shares in the 10-year period prior to and including the Last Trading Day, and up to the Latest Practicable Date, as compared to the P/NAV multiple of the Shares as implied by the Scheme Consideration is set out as follows:

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME



Source: Bloomberg L.P.

From the chart above, we further note that the historical trailing P/NAV multiple of the Shares have been trading below the implied P/NAV (Scheme Consideration) multiple of the Shares of 2.79 times. For the avoidance of doubt, the historical trailing P/NAV multiple of the Shares presented above have not been adjusted for any dividend events.

7.3.4 Revalued NAV (“RNAV”) of the Company

In our evaluation of the Scheme Consideration, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which are recorded in the audited balance sheet of the Company as at 31 December 2023, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Company that are likely to impact the NAV of the Company as at 31 December 2023.

Investment Properties and Property, Plant and Equipment

The aggregate book value of the investment properties (the “**Investment Properties**”) of the Company as at 31 December 2023 amounted to S\$25.8 million¹, representing 14.9% of the Company’s total assets. The aggregate book value of the property, plant and equipment (the “**PPE**”) of the Company as at 31 December 2023 (comprising (i) freehold land and buildings; (ii) office and shop equipment; (iii) shop renovations, furniture, fixtures and fittings; (iv) buildings and improvements; and (v) motor vehicles) amounted to S\$19.0 million¹, representing 11.0% of the Company’s total assets.

The Investment Properties refer to (a) the strata shop unit located at 435 Orchard Road, #B1-01, #01-01, #02-01, #03-01 and #04-01 Wisma Atria (“**Wisma Atria**”) Singapore 238877 (the “**Isetan Wisma Atria**”); and (b) a portion of the property located at 5 Kallang Pudding Road, Singapore 349309 (the “**Kallang Pudding Warehouse**”). The freehold land and buildings under PPE (which amounted to S\$14.7 million as at 31 December 2023) refer to (a) the property located at 593 Havelock Road, Singapore 169641 (the “**Isetan Office Building**”); and (b) the

¹ The difference between the aggregate net book value of the Investment Properties and the PPE of S\$44.8 million as at 31 December 2023 and the aggregate net book value of the Properties of S\$41.3 million as at 31 December 2023 amounted to S\$3.5 million, which refers to the aggregate net book value of the remaining assets recorded under PPE as at 31 December 2023, namely (i) office and shop equipment; (ii) shop renovations, furniture, fixtures and fittings; (iii) buildings and improvements; and (iv) motor vehicles.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

remaining portion of the Kallang Pudding Warehouse. The buildings and improvements under PPE (which amounted to S\$0.8 million as at 31 December 2023) mainly relate to the apartment located at 479 River Valley Road #14-08, Valley Park, Singapore 248364 (the “**Valley Park Condominium**”, together with the Isetan Wisma Atria, Kallang Pudding Warehouse, Isetan Office Building and Valley Park Condominium, collectively known as the “**Properties**”).

As at 31 December 2023, the total net book value of the Properties amounted to S\$41.3 million¹, representing 23.9% of the Company’s total assets. We note that in the financial statements of the Company, the Properties are recognised based on cost less accumulated depreciation and accumulated impairment losses.

For the assessment of the RNAV of the Company, the Company had commissioned the Independent Valuer to conduct an independent valuation to determine the market value of the Properties, which are set out below:

| Description of Property | Net book value as at 31 December 2023 (S\$’000) | Market Value as at 2 May 2024 (S\$’000) | Revaluation Surplus (S\$’000) |
|--|---|---|----------------------------------|
| Investment Properties | | | |
| - Isetan Wisma Atria ⁽¹⁾⁽²⁾ | 17,905 | 293,000 ⁽³⁾ | 275,095 |
| - Kallang Pudding Warehouse ⁽⁴⁾ | 7,883 | 16,600 ⁽⁵⁾ | 8,717 |
| Sub-total | 25,788 | 309,600 | 283,812 |
| PPE (Freehold land and buildings) | | | |
| - Isetan Office Building ⁽⁶⁾ | 6,790 | 28,500 ⁽⁷⁾ | 21,710 |
| - Kallang Pudding Warehouse ⁽⁴⁾ | 7,883 | 16,600 ⁽⁵⁾ | 8,717 |
| Sub-total | 14,673 | 45,100 | 30,427 |
| PPE (Buildings and improvements) | | | |
| - Valley Park Condominium | 831 | 3,000 ⁽⁸⁾ | 2,169 |
| Total | 41,292 | 357,700 | 316,408 |

Notes:

- (1) Based on publicly available information, we note that there was historical valuation performed for the strata units of Wisma Atria owned by Starhill Global REIT (the “**Starhill Wisma Atria**”). As disclosed in the annual report 2022/2023 issued by Starhill Global REIT (the “**Starhill Annual Report**”) on 3 October 2023, it was disclosed that the market value of Starhill Wisma Atria with total net lettable area of 225,345 square feet (comprising 126,456 square feet of retail component and 98,889 square feet of office component), performed by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2023 was S\$827,800,000 (approximately S\$3,673.50 per square feet on total net lettable area). For illustrative purposes only, we observed that the appraised valuation for Isetan Wisma Atria by the Independent Valuer was approximately S\$4,273.00 per square feet on net lettable area (converted based on S\$45,994 per square meter on net lettable area) as at 2 May 2024.

We have not seen and are not privy to the valuation report which the valuation amount disclosed in the Starhill Annual Report was based upon. Accordingly, we are not aware of, *inter alia*, the bases and assumptions on which they were performed. In addition, pursuant to our discussions with the Management and in consultation with the Independent Valuer, we wish to highlight that the valuation for Starhill Wisma Atria disclosed in the Starhill Annual Report was carried out for strata floor area with different usage purpose (i.e. the approximate S\$3,673.50 per square feet on total net lettable area comprises both the net lettable area of the retail and office components, which may not be directly comparable to that of the strata retail units owned by the Company appraised by the Independent Valuer), different valuation purposes and are at different valuation dates. Hence, any comparisons here is likely to be limited and only serves as an illustrative guide.

- (2) We understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (3) Based on the Valuation Report of Isetan Wisma Atria, the independent valuation of Isetan Wisma Atria was based on strata floor area of 9,730.0 square meter (or approximately 104,732.7 square feet) and net lettable area of approximately 6,370.4 square meter (or approximately 68,570.3 square feet). This translated to approximately S\$30,113 per square meter on strata floor area (or approximately S\$2,797.60 per square feet) and S\$45,994 per square meter on net lettable area (or approximately S\$4,273.00 per square feet). We also noted that the remaining tenure of the land lease was 37 years.
- (4) Kallang Pudding Warehouse was partly reclassified to investment properties in 2019.
- (5) Based on the Valuation Report of Kallang Pudding Warehouse, the independent valuation of Kallang Pudding was based on the gross floor area of 7,257.0 square meter (or approximately 78,113.6 square feet) and lettable area of approximately 5,101.0 square meter (or approximately 54,906.7 square feet). This translated to approximately S\$4,574.89 per square meter on gross floor area (or approximately S\$425.02 per square feet) and S\$6,508.53 per square meter on lettable area (or approximately S\$604.66 per square feet).
- (6) As announced by the Company on 25 April 2024, the Isetan Office Building will be re-classified as an investment property upon the necessary regulatory approvals being obtained for the lease agreement with a new tenant for levels two to four of the Isetan Office Building. As at the Latest Practicable Date, the Management understands that such regulatory approvals have not been obtained.
- (7) Based on the Valuation Report of Isetan Office Building, the independent valuation of Isetan Office Building was based on the gross floor area of 1,835.0 square meter (or approximately 19,751.8 square feet) and lettable area of approximately 1,541.0 square meter (or approximately 16,587.2 square feet). This translated to approximately S\$15,531.34 per square meter on gross floor area (or approximately S\$1,442.91 per square feet) and S\$18,494.48 per square meter on lettable area (or approximately S\$1,718.19 per square feet).
- (8) Based on the Valuation Report of Valley Park Condominium, the independent valuation of Valley Park Condominium was based on the strata floor area of 126.0 square meter (or approximately 1,356.3 square feet). This translated to approximately S\$23,809.52 per square meter on strata floor area (or approximately S\$2,211.90 per square feet).

The Independent Valuer had conducted its independent valuation of the Properties on the basis of "Market Value" which is defined as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion"*.

In arriving at the "Market Value" of Isetan Wisma Atria, Kallang Pudding Warehouse and Isetan Office Building, the Independent Valuer has adopted direct comparison method and income capitalisation method as the appropriate methods for the valuation. In arriving at the "Market Value" of the Valley Park Condominium, the Independent Valuer has adopted direct comparison method as the only appropriate method for the valuation. In particular, we noted that the Wisma Atria site is zoned as a commercial plot with a gross plot ratio of 6.3 based on the Master Plan Zoning (2019), and we had considered whether there could be any potential uplift in the valuation of Wisma Atria assuming that any redevelopment can be completed to fully utilise such maximum allowable plot ratio. We have also considered whether such potential uplift should be considered in the independent valuation of Isetan Wisma Atria. Based on our discussions with the Management, and in consultation with the Independent Valuer, we understand that (i) it is unlikely for the Company to initiate such redevelopment plans after considering that it only owns a minority stake of the strata units in Wisma Atria, and any redevelopment would require the consent of all strata subsidiary proprietors, (ii) as at the Latest Practicable Date, the Management has confirmed that there are currently no such ongoing redevelopment plans, and (iii) in carrying out its independent valuation of Isetan Wisma Atria, the Independent Valuer's valuation basis is premised upon the prevailing approved strata floor area owned by the Company and not as a redevelopment site.

Further details on the independent valuation of the Properties, including the bases for the independent valuation, can be found in the Valuation Reports, which are set out in Appendix 5 of the Scheme Document. Shareholders are advised to read the above in conjunction with the Valuation Reports in its entirety.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the Properties, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. The Management has confirmed that the Properties are held for long-term purposes. As such, the Management has confirmed that in a hypothetical scenario where the Properties are sold at the respective

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

market values, there should not be any tax liabilities arising from the disposal of the Properties as (i) any gains on disposal should not be subject to tax; and (ii) there are sufficient losses to set-off against an overall balancing charge, if any, arising from the disposal of qualifying fixed assets of the Properties.

Other Investments and Financial Assets, at FVOCI

Other investments of the Company as at 31 December 2023 amounted to an aggregate of S\$26.4 million, representing 15.3% of the Company's total assets. Other investments comprised of both listed and unlisted bonds. Financial assets, at FVOCI, of the Company as at 31 December 2023 amounted to an aggregate of S\$3.4 million, representing 2.0% of the Company's total assets. Financial assets, at FVOCI comprised of both listed and unlisted shares. Based on the closing prices of the listed bonds and shares as at the Latest Practicable Date and the carrying amount of the listed bonds and shares as at 31 December 2023, there are no material differences between the carrying values and market values of the listed bonds and shares under other investments and financial assets, at FVOCI, and accordingly, no adjustment has been made to NAV of the Company in this aspect.

Investment in an associate

We have also discussed with the Company on the assets held by its associate, being Isetan Chengdu, and understand that as at the Latest Practicable Date, the voluntary member's liquidation process of Isetan Chengdu has been completed, and there is no material impact to the NAV of the Company as at 31 December 2023. Accordingly, no adjustments have been made to the NAV of the Company in this letter.

Based on the above, we have made the following adjustment to the NAV of the Company to arrive at the RNAV of the Company as at 31 December 2023:

| | S\$'000 |
|--|----------------|
| Audited NAV of the Company as at 31 December 2023 | 106,506 |
| Add: Revaluation surplus | 316,408 |
| RNAV of the Company as at 31 December 2023 | 422,914 |
| RNAV per Share as at 31 December 2023 (S\$) | 10.252 |

Based on the above, we note that the Scheme Consideration represents a discount of approximately 29.77% against the RNAV per share of S\$10.252 as at 31 December 2023. Accordingly, the Price-to-RNAV ("P/RNAV") of the Company implied by the Scheme Consideration would be approximately 0.70 times as at 31 December 2023.

Shareholders should note that the RNAV of the Company above is not necessarily a realisable value given that the RNAV valuation approach is based largely upon the surplus revaluation estimates which were obtained by application of "as is" valuation estimates. This approach implicitly assumes that the Properties may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuation or market value of the Properties may vary depending on, *inter alia*, the prevailing market and economic conditions, and does not consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale. For example, we understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Save as disclosed in this letter, the Independent Directors and Management have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) they are not aware of any material difference between the estimated market value of the assets held by the Company and its associate *vis-à-vis* their respective book values recorded in the audited balance sheet of the Company as at 31 December 2023;
- (b) they are not aware of any circumstances which may cause the NAV and NTA of the Company as at the Latest Practicable Date to be materially different from that recorded in the latest announced audited balance sheet of the Company as at 31 December 2023;
- (c) save for the execution of lease agreement with a new tenant which will re-classify portion of the Isetan office Building to investment property upon obtaining the necessary approvals, there have been no material disposals or acquisitions of assets by the Company between 31 December 2023 and the Latest Practicable Date, and as at the Latest Practicable Date, the Company does not have any plans for such impending material disposal or acquisition of assets, conversion of the use of the Company's material assets or material change in the nature of the Company's business;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events at as the Latest Practicable Date which are likely to have a material impact on the NAV and NTA of the Company as at 31 December 2023;
- (e) there are no litigation, claim or proceedings pending or threatened against the Company or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have a material impact on the financial position of the Company as at 31 December 2023; and
- (f) there are no intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Company in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the NAV and NTA of the Company as at 31 December 2023.

7.3.5 Ex-cash NAV per Share

The Company recorded cash and cash equivalents of S\$69.8 million as at 31 December 2023, representing 65.6% of the NAV of the Company. As it represents a significant percentage of the NAV of the Company, we have also considered the Company's ex-cash NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

After deducting for current and non-current lease liabilities, the Company would record a net cash position of S\$42.1 million (or net cash of S\$1.02 per Share). The ex-cash NAV as at 31 December 2023 is S\$64.5 million. Based on the total number of 41,250,000 issued Shares (excluding treasury shares) as at the Latest Practicable Date, the ex-cash NAV per Share is S\$1.56.

We calculate the P/NAV on an ex-cash basis as follows:

| | As at 31 December 2023 (S\$) |
|------------------------------|---------------------------------|
| Net cash per Share | 1.02 |
| Ex-cash Scheme Consideration | 6.18 |
| Ex-cash NAV per Share | 1.56 |
| Ex-cash P/NAV (times) | 3.96 |

Based on the above, we note that the ex-cash Scheme Consideration represents a premium of approximately 296.15% against the ex-cash NAV per Share of S\$1.56 as at 31 December 2023.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Accordingly, the ex-cash Price-to-NAV (“**Ex-cash P/NAV**”)² of the Company implied by the Scheme Consideration would be approximately 3.96 times as at 31 December 2023.

7.4 Comparison of Valuation Statistics of Companies Broadly Comparable to the Company

In considering what may be regarded as a reasonable range of valuation for the purpose of assessing the financial terms of the Scheme, we have referred to selected listed companies on the various stock exchanges which business activities are broadly comparable with those of the Company to give an indication of the current market expectations with regard to the perceived valuation of these businesses.

The Company is a Singapore-incorporated company that has been listed on the Mainboard of the SGX-ST since 12 October 1981. As set out in paragraph 5.1 of the “Letter to Shareholders” and Appendix 3 to the Scheme Document, the business carried on by the Company includes operating department stores and a supermarket, and trading in general merchandise and earning income from its investment properties.

We have, in consultation with the Management, used the following companies listed on the SGX-ST and the Bursa Malaysia Securities Berhad which are principally engaged in businesses that are similar to the Company, and with market capitalisations of not more than S\$600 million (the “**Comparable Companies**”) to get an indication of the current market expectations with regard to the perceived valuation of the Company.

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Company in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Company. As such, any comparison made herein is strictly limited in scope and merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below and in Annex A to this letter:

- (a) Aeon Co. (M) Bhd.
- (b) Metro Holdings Limited;
- (c) Zhongmin Baihui Retail Group Ltd.;
- (d) Duty Free International Limited;
- (e) Parkson Holdings Berhad; and
- (f) Parkson Retail Asia Limited.

² Ex-cash P/NAV or price-to-net asset value excluding cash illustrates the extent that the ex-cash value of each Share is backed by its non-cash assets and would be more relevant the larger the cash position of the Company relative to its NAV.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

In assessing the financial terms of the Scheme, we have used the following valuation parameters in our analysis:

| Valuation parameter | Description |
|--|--|
| Price-earnings ratio ("PER") | <p>The historical PER, which illustrates the ratio of the market price of a company's shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company.</p> <p>We have considered the historical PERs of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and trailing 12 months earnings per share vis-à-vis the corresponding historical PER of the Company based on the Scheme Consideration and the trailing 12 months earnings per share (if applicable).</p> |
| P/NAV or P/NTA | <p>A NAV/NTA-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NAV/NTA-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV/NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.</p> <p>We have considered the historical P/NAV and P/NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest announced NAV and NTA per share as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet date that may affect the NAV and NTA per share, where relevant), <i>vis-à-vis</i> the corresponding historical P/NAV and P/NTA ratio of the Company based on the Scheme Consideration and the latest announced NAV and NTA per Share of the Company as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet date that may affect the NAV and NTA per share, where relevant).</p> |
| Enterprise value to EBITDA ("EV/EBITDA") ratio | <p>The historical EV/EBITDA ratio illustrates the ratio of the market value of a company's business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. "EV" is the sum of a company's market capitalisation, preferred equity, minority interests, short- and long-term debts and lease liabilities less cash and cash equivalents and represents the actual cost to acquire the entire company. "EBITDA" refers to historical consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions.</p> <p>We have considered the historical EV/EBITDA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date, latest available balance sheet values (as adjusted for any corporate activities which were undertaken after the latest available balance sheet date that may affect the EV, where relevant) and trailing 12 months EBITDA <i>vis-à-vis</i> the corresponding historical EV/EBITDA ratio of the Company based on the Scheme Consideration and the trailing 12 months EBITDA of the Company.</p> |

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

7.4.1 Comparative valuation statistics of the Comparable Companies vis-à-vis the Company

The following table sets out the comparative valuation statistics of the Comparable Companies vis-à-vis the Company as implied by the Scheme Consideration:

| Comparable Companies | Market Capitalisation (\$ millions) ⁽¹⁾ | Historical PER (times) | Historical P/NAV ratio (times) | Historical P/NTA ratio (times) | Historical EV/EBITDA ratio (times) |
|--|--|---------------------------|---|---|------------------------------------|
| Aeon Co. (M) Bhd. | 561.07 | 14.55 | 1.01 | 1.03 | 4.96 |
| Metro Holdings Limited | 397.46 | 27.31 | 0.28 | 0.28 | 24.10 ⁽²⁾ |
| Zhongmin Baihui Retail Group Ltd. | 115.00 | 19.83 | 3.62 | 3.62 | 7.14 |
| Duty Free International Limited | 93.46 | 23.20 | 0.94 | 0.96 | 8.34 |
| Parkson Holdings Berhad | 85.88 | n.m. ⁽³⁾ | 0.20 | 0.87 | 4.18 |
| Parkson Retail Asia Limited | 51.21 | 1.59 ⁽⁴⁾ | 2.22 | 2.22 | 0.83 |
| High | | 27.31 | 3.62 | 3.62 | 24.10 |
| Mean | | 21.22 | 1.38 | 1.50 | 5.09 |
| Median | | 21.51 | 0.98 | 1.00 | 4.96 |
| Low | | 1.59 | 0.20 | 0.28 | 0.83 |
| Company (Implied by the Scheme Consideration)⁽⁵⁾ | 297.00 | n.m.⁽⁶⁾ | 2.79⁽⁷⁾ 0.70⁽⁸⁾ 3.96⁽⁹⁾ | 2.79⁽⁷⁾ 0.70⁽⁸⁾ 3.96⁽⁹⁾ | 30.48 |

Sources: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and SAC Capital's computations

Notes:

- (1) Based on last traded prices of the respective companies and exchange rates as at the Latest Practicable Date, as extracted from Bloomberg L.P..
- (2) Being a statistical outlier, Metro Holdings Limited has been excluded from the computation of mean and median EV/EBITDA ratios.
- (3) n.m. denotes not meaningful as Parkson Holdings Berhad recorded a loss attributable to owners of the parent in the latest trailing 12 months period.
- (4) Being a statistical outlier, Parkson Retail Asia Limited has been excluded from the computation of mean and median PER ratios
- (5) Based on 41,250,000 shares as at the Latest Practicable Date.
- (6) n.m. denotes not meaningful as the Company was loss making in the latest trailing 12 months period.
- (7) Based on the NAV of the Company of S\$106.5 million or S\$2.58 per Share as at 31 December 2023, as set out in paragraph 7.3.2 of this letter.
- (8) Based on the RNAV of the Company of S\$422.9 million or S\$10.25 per Share as at 31 December 2023, as set out in paragraph 7.3.4 of this letter.
- (9) Based on the ex-cash NAV of the Company of S\$64.5 million or S\$1.56 per Share as at 31 December 2023, as set out in paragraph 7.3.5 of this letter.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Historical PER comparison

As the Company was loss making in the latest trailing 12 months period, any assessment of the valuation of the Company (implied by the Scheme Consideration) based on the PER approach would not be meaningful.

Historical P/NAV and P/NTA ratios comparison

We note that the historical P/NAV and P/NTA ratios of 2.79 times of the Company as implied by the Scheme Consideration are:

- (a) within the range of historical P/NAV ratios of the Comparable Companies of between 0.20 times and 3.62 times; and
- (b) above the corresponding mean and median historical P/NAV ratios of the Comparable Companies of 0.98 times and 1.38 times respectively.

Historical P/RNAV ratio comparison

We note that the historical P/RNAV 0.70 times of the Company as implied by the Scheme Consideration is:

- (c) within the range of historical P/NAV ratios of the Comparable Companies of between 0.20 times and 3.62 times; and
- (d) below the corresponding median and mean historical P/NAV ratios of the Comparable Companies of 0.98 times and 1.38 times respectively.

Historical Ex-cash P/NAV ratio comparison

We note that the historical Ex-cash P/NAV ratio of 3.96 times of the Company as implied by the Scheme Consideration is above the range of historical P/NAV ratios of the Comparable Companies of between 0.20 times and 3.62 times.

Historical EV/EBITDA ratio comparison

We note that the historical EV/EBITDA ratio of 30.48 times of the Company as implied by the Scheme Consideration is above the range of historical EV/EBITDA ratios of the Comparable Companies of between 0.83 times and 24.10 times.

7.5 Comparison with Recent Successful Privatisation Transactions and Delisting Offers of Companies Listed on the SGX-ST

In our assessment of the Scheme, we have compared the financial terms of the Scheme with: (a) selected recent successful privatisation transactions in cash announced on the SGX-ST, whether by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act where the offeror has stated its intention to delist the company from the Official List of the SGX-ST; and (b) selected recent completed delisting cash offers under Rule 1307 of the Listing Rules announced (collectively, the “**Take-over Transactions**”) during the 12-month period prior to the Joint Announcement Date.

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month, 3-month, 6-month and 12-month periods prior to the announcement of the Take-over Transactions; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (b) the premium or discount represented by each of the respective offer prices to the NAV/NTA of the respective target companies, where applicable. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Take-over Transaction.

We wish to highlight that the Take-over Transactions set out below are by no means exhaustive. In addition, as the Company is not directly comparable to the target companies involved in the Take-over Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, risk profile, accounting policies, financial performance, operating and financial leverage, track record and future prospects, the comparison merely serves as a general guide to provide an indication of the premia/discounts paid in connection with privatisation transactions and delisting offers of companies listed on the SGX-ST. Each of the Take-over Transactions must be judged on its own commercial and financial merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a privatisation transaction or delisting offer varies in different circumstances depending on, *inter alia*, the offeror's intentions with regard to the Company, the potential synergy that the offeror can gain from acquiring the Company, the attractiveness of the underlying business, prevailing market expectations and the presence of competing bids. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| Company | Date of offer announcement | Offer price (\$S) | Premium/(Discount) of offer price over | | | | | Offer price-to-NAV / NTA ratio (times) ⁽¹⁾ | |
|---|----------------------------|----------------------|--|---------------------|---------------------|---------------------|---------------------|--|------|
| | | | Last transacted price | 1-month VWAP | 3-month VWAP | 6-month VWAP | 12-month VWAP | | |
| | | | ----- Prior to announcement of offer (%) ----- | | | | | | |
| Lian Beng Group Ltd | 11 April 2023 | 0.680 ⁽²⁾ | 19.3 | 26.9 | 28.5 | 29.8 | 30.3 | 0.43 ⁽³⁾ | |
| Challenger Technologies Limited | 30 May 2023 | 0.600 ⁽⁴⁾ | 9.1 | 10.5 | 11.9 | 14.3 | 13.4 | 1.46 ⁽⁵⁾ | |
| Sysma Holdings Limited | 1 June 2023 | 0.168 | 34.4 | 40.0 | 34.4 | 29.2 | 28.2 | 0.72 ⁽⁶⁾ | |
| Healthway Medical Corporation Limited | 3 July 2023 | 0.048 | 45.5 | 45.5 | 45.5 | 41.2 | 37.1 | 1.07 ⁽⁷⁾ | |
| LHN Logistics Limited | 2 August 2023 | 0.227 | 34.9 ⁽⁸⁾ | 35.7 ⁽⁸⁾ | 39.0 ⁽⁸⁾ | 44.3 ⁽⁸⁾ | 39.0 ⁽⁸⁾ | 2.01 ⁽⁹⁾ | |
| | | | High | 45.5 | 45.5 | 45.5 | 44.3 | 39.0 | 2.01 |
| | | | Mean | 28.6 | 31.7 | 31.9 | 31.8 | 29.6 | 1.14 |
| | | | Median | 34.4 | 35.7 | 34.4 | 29.8 | 30.3 | 1.07 |
| | | | Low | 9.1 | 10.5 | 11.9 | 14.3 | 13.4 | 0.43 |
| | | | | | | | | | |
| Company (Implied by the Scheme Consideration) | 1 April 2024 | 7.200 | 153.5 | 173.4 | 171.1 | 168.9 | 152.5 | 2.79 ⁽¹⁰⁾ 0.70 ⁽¹¹⁾ 3.96 ⁽¹²⁾ | |

Sources: Announcements and circulars to shareholders in relation to the respective Take-over Transactions and SAC Capital's computations.

Notes:

- (1) Based on the NAV per share or revalued NAV per share or adjusted NAV per share or NTA per share or revalued NTA per share or adjusted revalued NTA per share, as the case may be, as extracted from the independent financial adviser's letters for the respective companies.
- (2) On 3 May 2023, a revised offer price of S\$0.680 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.680 per share.
- (3) Based on the revalued NAV per share of Lian Beng Group Ltd as at 30 November 2022.
- (4) On 6 June 2023, a revised offer price of S\$0.600 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.600 per share.
- (5) Based on the revalued NAV per share of Challenger Technologies Limited as at 31 December 2022.
- (6) Based on the revalued NAV per share of Sysma Holdings Limited as at 31 January 2023.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (7) Based on the NAV per share of Healthway Medical Corporation Limited as at 30 June 2023. We noted from the independent financial adviser's letter that no adjustments to the NAV per share was required.
- (8) LHN Logistics Limited's shares were last transacted on 1 June 2023 before the pre-conditional offer announcement that was announced on 4 June 2023. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 1 June 2023, being the last Market Day on which the shares were traded immediately prior to the pre-conditional offer announcement.
- (9) Based on the revalued NAV per share of LHN Logistics Limited as at 31 March 2023.
- (10) Based on the NAV of the Company of S\$106.5 million or S\$2.58 per Share as at 31 December 2023, as set out in paragraph 7.3.2 of this letter.
- (11) Based on the RNAV of the Company of S\$422.9 million or S\$10.25 per Share as at 31 December 2023, as set out in paragraph 7.3.4 of this letter.
- (12) Based on the ex-cash NAV of the Company of S\$64.5 million or S\$1.56 per Share as at 31 December 2023, as set out in paragraph 7.3.5 of this letter.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

We note that in respect of the Take-over Transactions:

- (a) the premium of the Scheme Consideration over the last transacted price of the Shares prior to the Joint Announcement Date of approximately 153.5% is above the range of the corresponding premia of the Take-over Transactions of between 9.1% and 45.5%;
- (b) the premium of the Scheme Consideration over the VWAP of the Shares for the 1-month period prior to the Joint Announcement Date of approximately 173.4% is above the range of the corresponding premia of the Take-over Transactions of between 10.5% and 45.5%;
- (c) the premium of the Scheme Consideration over the VWAP of the Shares for the 3-month period prior to the Joint Announcement Date of approximately 171.1% is above the range of the corresponding premia of the Take-over Transactions of between 11.9% and 45.5%;
- (d) the premium of the Scheme Consideration over the VWAP of the Shares for the 6-month period prior to the Joint Announcement Date of approximately 168.9% is above the range of the corresponding premia of the Take-over Transactions of between 14.3% and 44.3%;
- (e) the premium of the Scheme Consideration over the VWAP of the Shares for the 12-month period prior to the Joint Announcement Date of approximately 152.5% is above the range of the corresponding premia of the Take-over Transactions of between 13.4% and 39.0%;
- (f) the P/NAV ratio as implied by the Scheme Consideration of 2.79 times is above the range of Price-to-NAV/NTA ratios of the Take-over Transactions of between 0.43 times and 2.01 times;
- (g) the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is:
 - (i) within the range of Price-to-NAV/NTA ratios of the Take-over Transactions of between 0.43 times and 2.01 times; and
 - (ii) below the corresponding mean and median Price-to-NAV/NTA ratio of 1.07 times and 1.14 times of the Take-over Transactions; and
- (h) the Ex-cash P/NAV ratio as implied by the Scheme Consideration of 3.96 times is above the range of Price-to-NAV/NTA ratios of the Take-over Transactions of between 0.43 times and 2.01 times.

Take-over transactions of companies in the property industry

As set out in paragraph 7.3.4 of this letter, the total net book value of the Properties amounted to S\$41.3 million, representing 23.9% of the Company's total assets as at 31 December 2023. In addition, the assessed market values of the Properties of approximately S\$357.7 million, represented approximately 84.6% of the assessed RNAV of the Company of S\$422.9 million as at 31 December 2023.

Based on the above, we have also considered and compared the statistics implied by the Scheme Consideration with take-over transactions (with cash offer) involving SGX-ST listed companies (excluding real estate investment trusts and business trusts) that are engaged in property related business and/or have asset composition that are asset heavy (the "**Property Take-over Transactions**"), that were announced since 1 January 2019, and where the Offeror has stated its intention to delist the company from the SGX-ST. Such Property Take-over Transactions would, provide a general indication of the relevant premium / discount that the offerors had paid in order to acquire the companies, taking into consideration the RNAV of the respective companies.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

For the purposes of our analysis of the Property Take-over Transactions, we have also included the respective opinions of the IFAs, on whether or not the offers were fair and reasonable, and their recommendations to accept or reject the offers.

We wish to highlight that the Property Take-over Transactions set out below are by no means exhaustive. In addition, as the Company is not directly comparable to the target companies involved in the Property Take-over Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, risk profile, accounting policies, financial performance, operating and financial leverage, track record and future prospects. Each of the Property Take-over Transactions must be judged on its own commercial and financial merits. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| Company | Date of offer announcement | Offer price (\$) | Premium/(Discount) of offer price over | | | | | Offer price-to-NAV / NTA ratio (times) ⁽¹⁾ | IFA recommendation |
|--|----------------------------|-----------------------|--|-----------------------|-----------------------|-----------------------|-----------------------|---|--------------------------------------|
| | | | Last transacted price | 1-month VWAP | 3-month VWAP | 6-month VWAP | 12-month VWAP | | |
| | | | ----- Prior to announcement of offer (%) ----- | | | | | | |
| San Teh Limited | 5 September 2019 | 0.28 | 81.8 | 90.5 | 83.0 | 84.2 | 72.8 | 0.39 ⁽²⁾ | Accept – Fair and Reasonable |
| United Engineers Limited | 25 October 2019 | 2.70 | 3.8 ⁽³⁾ | 5.7 | 4.6 | 5.8 | 7.5 | 0.82 ⁽⁴⁾ | Accept – Fair and Reasonable |
| Perennial Real Estate Holdings Limited | 12 June 2020 | 0.95 | 88.1 ⁽⁵⁾ | 105.2 ⁽⁵⁾ | 124.1 ⁽⁵⁾ | 112.5 ⁽⁵⁾ | 95.1 ⁽⁵⁾ | 0.57 ⁽⁶⁾ | Accept – Fair and Reasonable |
| China Jishan Holdings Limited | 20 August 2020 | 0.35 | 84.2 | 101.1 | 105.9 | 116.0 | 83.2 | 0.78 ⁽⁷⁾ | Accept – Fair and Reasonable |
| LCT Holdings Limited | 16 September 2020 | 0.60 | 39.5 | 60.9 | 61.7 | 61.3 | 37.6 | 0.91 ⁽⁸⁾ | Accept – Fair and Reasonable |
| GL Limited | 15 January 2021 | 0.80 ⁽⁹⁾ | 42.9 | 46.5 | 52.4 | 46.3 | 25.2 | 0.74 ⁽¹⁰⁾ | Accept – Not Fair but Reasonable |
| Top Global Limited | 30 April 2021 | 0.39 | 122.9 ⁽¹¹⁾ | 132.1 ⁽¹¹⁾ | 146.8 ⁽¹¹⁾ | 148.4 ⁽¹¹⁾ | 142.2 ⁽¹¹⁾ | 0.32 ⁽¹²⁾ | Accept – Not Fair but Reasonable |
| Fragrance Group Limited | 9 July 2021 | 0.138 | 16.9 | 19.0 | 19.0 | 20.0 | 21.1 | 0.70 ⁽¹³⁾ | Accept – Not Fair but Reasonable |
| Singhaiyi Group Ltd. | 9 November 2021 | 0.117 | 8.3 | 7.3 | 10.4 | 18.2 | 19.4 | 0.60 ⁽¹⁴⁾ | Accept – Not Fair but Reasonable |
| Roxy-Pacific Holdings Limited | 15 December 2021 | 0.485 | 19.8 ⁽¹⁵⁾ | 20.9 ⁽¹⁵⁾ | 23.4 ⁽¹⁵⁾ | 30.4 ⁽¹⁵⁾ | 37.0 ⁽¹⁵⁾ | 0.64 ⁽¹⁶⁾ | Accept – Not Fair but Reasonable |
| Hwa Hong Corporation Limited | 17 May 2022 | 0.40 ⁽¹⁷⁾ | 37.9 | 36.1 | 32.0 | 22.0 | 24.6 | 0.79 ⁽¹⁸⁾ | Accept – Fair and Reasonable |
| GYP Properties Limited | 8 July 2022 | 0.200 ⁽¹⁹⁾ | 34.2 | 37.9 | 33.3 | 28.2 | 30.7 | 0.69 ⁽²⁰⁾ | Accept – Not Fair but Reasonable |
| Memories Group Limited | 12 September 2022 | 0.047 | 34.3 | 67.9 | 74.1 | 74.1 | 74.1 | 1.02 ⁽²¹⁾ | Accept – Fair and Reasonable |
| Chip Eng Seng Corporation Ltd. | 24 November 2022 | 0.75 ⁽²²⁾ | 5.6 | 13.1 | 26.5 | 33.7 | 42.6 | 0.56 ⁽²³⁾ | Accept – Fair and Reasonable |
| Global Dragon Limited | 10 February 2023 | 0.12 | 14.3 | 15.4 | 22.4 | 17.6 | 17.6 | 0.73 ⁽²⁴⁾ | Accept – Fair and Reasonable |
| Lian Beng Group Ltd | 11 April 2023 | 0.68 ⁽²⁵⁾ | 19.3 | 26.9 | 28.5 | 29.8 | 30.3 | 0.43 ⁽²⁶⁾ | Reject – Not Fair and Not Reasonable |
| Sysma Holdings Limited | 1 June 2023 | 0.168 | 34.4 | 40.0 | 34.4 | 29.2 | 28.2 | 0.72 ⁽²⁷⁾ | Reject – Not Fair and Not Reasonable |
| Amara Holdings Limited | 14 November 2023 | 0.60 | 53.8 | 70.5 | 75.4 | 77.5 | 78.6 | 0.48 ⁽²⁸⁾ | Accept – Fair and Reasonable |

All Property Take-over Transactions

| | | | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|-------------|
| High | 122.9 | 132.1 | 146.8 | 148.4 | 142.2 | 1.02 |
| Mean | 41.2 | 49.8 | 53.2 | 53.1 | 48.2 | 0.66 |
| Median | 34.4 | 39.0 | 33.9 | 32.1 | 33.9 | 0.70 |
| Low | 3.8 | 5.7 | 4.6 | 5.8 | 7.5 | 0.32 |

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| Company | Date of offer announcement | Offer price (\$\$) | Premium/(Discount) of offer price over | | | | | Offer price-to-NAV / NTA ratio (times) ⁽¹⁾ | IFA recommendation |
|--|----------------------------|--------------------|--|--------------|--------------|--------------|---------------|---|--------------------|
| | | | Last transacted price | 1-month VWAP | 3-month VWAP | 6-month VWAP | 12-month VWAP | | |
| | | | ----- Prior to announcement of offer (%) ----- | | | | | | |
| Property Take-over Transactions with Fair and Reasonable Opinion | | | | | | | | | |
| | | | High | 88.1 | 105.2 | 124.1 | 116.0 | 95.1 | 1.02 |
| | | | Mean | 44.3 | 56.6 | 61.0 | 60.5 | 53.4 | 0.71 |
| | | | Median | 38.7 | 64.4 | 67.9 | 67.7 | 57.7 | 0.76 |
| | | | Low | 3.8 | 5.7 | 4.6 | 5.8 | 7.5 | 0.39 |
| | | | | | | | | | |
| Company (Implied by the Scheme Consideration) | 1 April 2024 | 7.200 | 153.5 | 173.4 | 171.1 | 168.9 | 152.5 | 2.79 ⁽²⁹⁾ | |
| | | | | | | | | 0.70 ⁽³⁰⁾ | |
| | | | | | | | | 3.96 ⁽³¹⁾ | |

Sources: Announcements and circulars to shareholders in relation to the respective Take-over Transactions and SAC Capital's computations.

Notes:

- (1) Based on the revalued NAV per share or adjusted NAV per share or NTA per share or revalued NTA per share or adjusted revalued NTA per share, as the case may be, as extracted from the independent financial adviser's letters for the respective companies.
- (2) Based on the revalued NAV per share of San Teh Limited as at 30 June 2019.
- (3) Based on the last transacted price of S\$2.60 on 21 October 2019, being the last full Market Day prior to the offer announcement on 25 October 2019.
- (4) Based on the revalued NTA per share of United Engineers Limited as at 30 September 2019.
- (5) On 18 May 2020, Perennial Real Estate Holdings Limited announced that certain of its substantial shareholders are reviewing the options in relation to their holdings in the company. The market premia in the table above were computed based the share prices for the period(s) prior to and including 15 May 2020, being the last Market Day prior to the announcement of the possible transaction.
- (6) Based on the revalued NAV per share of Perennial Real Estate Holdings Limited as at 31 December 2019.
- (7) Based on the revalued NAV per share of China Jishan Holdings Limited as at 30 June 2020.
- (8) Based on the adjusted NAV per share of LCT Holdings Limited as at 30 June 2020.
- (9) On 15 March 2021, a revised offer price of S\$0.80 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.80 per share.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (10) Based on the revalued NAV per share of GL Limited as at 31 December 2020.
- (11) On 10 March 2021, an announcement was released on the disclosure of changes in interest in relation to Mdm. Oei Siu Hoa @ Sukmawati Widjaja's ("Mdm Oei") acquisition of 26,023,193 shares at S\$0.390 per share by way of an off-market transaction on 10 March 2021. The premia in the table above were computed based on the share prices for the period(s) prior to and including 9 March 2021, being the last Market Day prior to the disclosure of change in interest announcement. The offeror for Top Global Limited is wholly owned by Mdm Oei.
- (12) Based on the revalued NAV per share of Top Global Limited as at 31 December 2020.
- (13) Based on the revalued NAV per share of Fragrance Group Limited as at 30 June 2021.
- (14) Based on the revalued NAV per share of Singhaiyi Group Ltd. as at 30 September 2021.
- (15) On 15 September 2021, Roxy-Pacific Holdings Limited's shares were halted before the pre-conditional offer announcement that was announced on 20 September 2021. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 14 September 2021, being the last Market Day prior to the announcement of the possible transaction.
- (16) Based on the revalued NAV per share of Roxy-Pacific Holdings Limited as at 30 June 2021.
- (17) On 7 June 2022, a revised offer price of S\$0.400 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.400 per share.
- (18) Based on the adjusted revalued NAV per share of Hwa Hong Corporation Limited as at 31 December 2021.
- (19) On 1 September 2022, a revised offer of S\$0.188 per share was announced. Subsequently, on 13 September 2022, a final revised offer of S\$0.200 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.200 per share.
- (20) Based on the revalued NAV per share of GYP Properties Limited as at 30 June 2022.
- (21) Based on the revalued NAV per share of Memories Group Limited as at 30 June 2022.
- (22) The market premia in the table above were computed based on the share prices for the period(s) prior to and including 7 September 2022, being the last Market Day prior to the announcement by Chip Eng Seng Corporation Ltd. of a possible transaction. On 2 December 2022, a revised offer price of S\$0.750 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.750 per share.
- (23) Based on the revalued NAV per share of Chip Eng Seng Corporation Ltd. as at 30 June 2022.
- (24) Based on the revalued NAV per share of Global Dragon Limited as at 31 December 2022.
- (25) On 3 May 2023, a revised offer price of S\$0.680 per share was announced. Accordingly, the market premia in the table above were computed based on the revised offer price of S\$0.680 per share.
- (26) Based on the revalued NAV per share of Lian Beng Group Ltd as at 30 November 2022.
- (27) Based on the revalued NAV per share of Sysma Holdings Limited as at 31 January 2023.
- (28) Based on the revalued NAV per share of Amara Holdings Limited as at 30 June 2023.
- (29) Based on the NAV of the Company of S\$106.5 million or S\$2.58 per Share as at 31 December 2023, as set out in paragraph 7.3.2 of this letter.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (30) Based on the RNAV of the Company of S\$422.9 million or S\$10.25 per Share as at 31 December 2023, as set out in paragraph 7.3.4 of this letter.
- (31) Based on the ex-cash NAV of the Company of S\$64.5 million or S\$1.56 per Share as at 31 December 2023, as set out in paragraph 7.3.5 of this letter.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Based on the above, we note the following:

- (a) in respect of all the Property Take-over Transactions,
 - (i) the premium of the Scheme Consideration over the last transacted price of the Shares prior to the Joint Announcement Date of approximately 153.5% is above the range of the corresponding premia of the Property Take-over Transactions of between 3.8% and 122.9%;
 - (ii) the premium of the Scheme Consideration over the VWAP of the Shares for the 1-month period prior to the Joint Announcement Date of approximately 173.4% is above the range of the corresponding premia of the Property Take-over Transactions of between 5.7% and 132.1%;
 - (iii) the premium of the Scheme Consideration over the VWAP of the Shares for the 3-month period prior to the Joint Announcement Date of approximately 171.1% is above the range of the corresponding premia of the Property Take-over Transactions of between 4.6% and 146.8%;
 - (iv) the premium of the Scheme Consideration over the VWAP of the Shares for the 6-month period prior to the Joint Announcement Date of approximately 168.9% is above the range of the corresponding premia of the Property Take-over Transactions of between 5.8% and 148.4%;
 - (v) the premium of the Scheme Consideration over the VWAP of the Shares for the 12-month period prior to the Joint Announcement Date of approximately 152.5% is above the range of the corresponding premia of the Property Take-over Transactions of between 7.5% and 142.2%;
 - (vi) the P/NAV ratio as implied by the Scheme Consideration of 2.79 times is above the range of Price-to-NAV/NTA ratios of the Property Take-over Transactions of between 0.32 times and 1.02 times;
 - (vii) the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is:
 - (I) within the range of Price-to-NAV/NTA ratios of the Property Take-over Transactions of between 0.32 times and 1.02 times; and
 - (II) above the mean Price-to-NAV/NTA ratio of 0.66 times and on par with the median Price-to-NAV/NTA ratio of 0.70 times of the Property Take-over Transactions;
 - (viii) the Ex-cash P/NAV ratio as implied by the Scheme Consideration of 3.96 times is above the range of Price-to-NAV/NTA ratios of the Property Take-over Transactions of between 0.32 times and 1.02 times;
- (b) in respect of the Property Take-over Transactions where the respective IFAs had opined the offers to be fair and reasonable, and had recommended shareholders to accept the offers (the **"Fair Property Take-over Transactions"**),
 - (i) the premium of the Scheme Consideration over the last transacted price of the Shares prior to the Joint Announcement Date of approximately 153.5% is above the range of the corresponding premia of the Fair Property Take-over Transactions of between 3.8% and 88.1%;
 - (ii) the premium of the Scheme Consideration over the VWAP of the Shares for the 1-month period prior to the Joint Announcement Date of approximately 173.4% is above the range of the corresponding premia of the Fair Property Take-over Transactions of between 5.7% and 105.2%;

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (iii) the premium of the Scheme Consideration over the VWAP of the Shares for the 3-month period prior to the Joint Announcement Date of approximately 171.1% is above the range of the corresponding premia of the Fair Property Take-over Transactions of between 4.6% and 124.1%;
- (iv) the premium of the Scheme Consideration over the VWAP of the Shares for the 6-month period prior to the Joint Announcement Date of approximately 168.9% is above the range of the corresponding premia of the Fair Property Take-over Transactions of between 5.8% and 116.0%;
- (v) the premium of the Scheme Consideration over the VWAP of the Shares for the 12-month period prior to the Joint Announcement Date of approximately 152.5% is above the range of the corresponding premia of the Fair Property Take-over Transactions of between 7.5% and 95.1%;
- (vi) the P/NAV ratio as implied by the Scheme Consideration of 2.79 times is above the range of Price-to-NAV/NTA ratios of the Fair Property Take-over Transactions of between 0.39 times and 1.02 times;
- (vii) the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is:
 - (I) within the range of Price-to-NAV/NTA ratios of the Fair Property Take-over Transactions of between 0.39 times and 1.02 times; and
 - (II) slightly below the corresponding mean and median Price-to-NAV/NTA ratio of 0.71 times and 0.76 times of the Fair Property Take-over Transactions; and
- (viii) the Ex-cash P/NAV ratio as implied by the Scheme Consideration of 3.96 times is above the range of Price-to-NAV/NTA ratios of the Fair Property Take-over Transactions of between 0.39 times and 1.02 times.

When viewed in isolation, we noted that the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is slightly below the corresponding mean and median Price-to-NAV/NTA ratio of 0.71 times and 0.76 times of the Fair Property Take-over Transactions. However, Shareholders should note that the RNAV of the Company above is not necessarily a realisable value given that the RNAV valuation approach is based largely upon the surplus revaluation estimates which were obtained by application of “as is” valuation estimates. This approach implicitly assumes that the Properties may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuation or market value of the Properties may vary depending on, *inter alia*, the prevailing market and economic conditions, and does not consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale. For example, we understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture.

7.6 Estimated range of value of the Shares

In deriving a range of values for the Shares, we have analysed the market prices of the Shares as well as the financial performance and financial position of the Company. We have also derived a range of values for the Shares using the asset-based valuation methodology given that the assessed market value of the Properties represented approximately 84.6% of the assessed RNAV of the Company as at 31 December 2023.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

The key valuation parameters³ which we have adopted in our analysis are as follows:

| Valuation Parameter | Implied Valuation Range (S\$ million) | | Implied Share Price (S\$) | |
|---|--|--------------|------------------------------|-------------|
| | Low | High | Low | High |
| NAV as at 31 December 2023 | 106.5 | 106.5 | 2.58 | 2.58 |
| VWAP for the period from the Joint Announcement Date up to the Latest Practicable Date | 290.4 | 290.4 | 7.04 | 7.04 |
| P/RNAV as implied by the mean / median P/RNAV ratio of the Fair Property Take-over Transactions of 0.71 times and 0.76 times respectively | 300.3 | 321.4 | 7.28 | 7.79 |
| Implied Valuation Range (S\$ million) and Implied Share Price (S\$) | 290.4 | 321.4 | 7.04 | 7.79 |

For the upper bound of the valuation range for the Shares, we have considered the RNAV per Share of the Company as at 31 December 2023 of S\$10.25 and median P/RNAV ratio of the Fair Property Take-over Transactions of 0.76 times as a fair indication.

For the lower bound of the valuation range for the Shares, while we have considered the NAV per Share of the Company as at 31 December 2023 of S\$2.58 to be a base value, we note that such reference will result in the range of estimated value of the Shares to be fairly wide. Thus, we have considered the VWAP of the Shares of S\$7.04 for the period from the Joint Announcement Date up to the Latest Practicable Date.

Based on the above, the overall range of derived theoretical valuations is between approximately S\$290.4 million and S\$321.4 million, which translate to between S\$7.04 and S\$7.79 per Share. We note that the Scheme Consideration of S\$7.20 is within our estimated value range of the Shares.

7.7 Other Relevant Considerations

7.7.1 Historical dividend yields of the Company

We set out below an analysis of the dividends declared and the dividend payout ratio for the last five (5) financial years ended 31 December, and the implied dividend yield based on the closing price of the Shares on the final cum-dividend date, and the implied dividend yield based on the Scheme Consideration:

| (S\$) | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|
| Final tax-exempt one-tier dividend per Share (S\$) | 0.05 | - | 0.03 | - | - |
| Total dividend per Share (S\$) | 0.05 | - | 0.03 | - | - |
| Share price on final cum-dividend date (S\$) ⁽¹⁾ | 3.30 | - | 3.51 | - | - |
| Dividend yield (based on the Share price on final cum-dividend date)(%) | 1.52 | - | 0.85 | - | - |
| Dividend yield (implied by the Scheme Consideration)(%) | 0.69 | - | 0.42 | - | - |

Sources: Bloomberg L.P., Company's announcements on the SGXNET and SAC Capital's computations.

³ We have not considered the earning multiples as (i) the PER approach would not be meaningful considering that the Company was loss making in the latest trailing 12 months period, and (ii) the implied valuation based upon the EV/EBITDA ratios of the Comparable Companies would have yield a lower valuation result than the Company's NAV.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

Note:

- (1) Based on the last closing market prices of the Company as at the final cum-dividend date in respect of the dividends declared for each of the respective financial years.

From the table above, we note that the Company's total annual dividend ranged from nil to S\$0.05 per Share from FY2019 to FY2023. We understand from the Management that no dividend was declared for FY2020 and FY2023 mainly due to loss incurred in the respective financial year, and no dividend was declared for FY2022 as the Board is of the view that the Company should achieve more stable and significant distributable profits before resuming payment of dividend. The Company's dividend yield per annum (based on the Share price on final cum-dividend date) for FY2019 and FY2021 are 1.52% and 0.85% respectively, and the dividend yield per annum (implied by the Scheme Consideration) for FY2019 and FY2021 are 0.69% and 0.42% respectively.

As stated in the Company's annual report for FY2023, the Company does not set quantitative parameters for dividend payout. The Company's dividend policy is to provide the Shareholders a stable annual dividend that takes into account the Company's performance as well as the resources needed to secure its future success and well-being.

Shareholders should note that past dividend payouts should not be in any way relied upon as an indication or promise of the Company's future dividend payouts. There is no assurance that the Company will continue to pay dividend in future and/or maintain the level of dividends paid in the past financial years, after the completion of the Scheme or if the Scheme does not become effective. If the Scheme becomes effective, the decision on any dividend payment will be decided by the directors and controlling shareholders of the Offeror.

Investment in selected alternative investments

For the purpose of analysing the Scheme, we have considered that Shareholders who accept the Scheme may re-invest the proceeds from the Scheme in selected alternative investments including the equity of the Comparable Companies and/or a broad Singapore market index instrument such as the Nikko AM Singapore STI ETF or Singapore treasury bills.

For illustrative purposes, the dividend yields of the Comparable Companies and Nikko AM Singapore STI ETF (based on their respective dividends in the trailing twelve months period and the closing prices on the Latest Practicable Date) as well as the cut-off yield for 6-month Singapore Government Securities ("**SGS**") are set out in the table below:

| Selected alternative investments | Prevailing dividend yield (%) |
|--|----------------------------------|
| Aeon Co. (M) Bhd. | 2.88 |
| Metro Holdings Limited | 4.69 |
| Zhongmin Baihui Retail Group Ltd. | 1.67 |
| Duty Free International Limited | 3.27 |
| Parkson Holdings Berhad | - |
| Parkson Retail Asia Limited | - |
| Nikko AM Singapore STI ETF | 4.55 |
| Cut-off yield for 6-month SGS treasury bill issued on 25 June 2024 | 3.74 |

Sources: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies, SAC Capital's computations and the website of the Monetary Authority of Singapore.

On the surface of the above-mentioned analysis, without considering any capital gains or losses, it would appear that Shareholders may be able to achieve comparable or better dividend yields than they did on their Shares assuming the Scheme becoming effective and if they reinvest their proceeds from the Scheme in the above-mentioned alternative investments.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

We wish to highlight that the above dividend analysis merely serves as an illustrative guide only. It should be noted that an investment in the above-mentioned alternative investments also presents different risk-return profiles as compared to an investment in the Company and the above analysis ignores the effect of any potential capital gain or capital loss (including any taxes that may be applicable) that may accrue to 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. Moreover, there is no assurance that, *inter alia*, the Company or any of the Comparable Companies will continue to pay or not to pay any dividends in the future and/or maintain the level of dividends paid in past periods and as such, past dividends payouts are not an indication of the future dividend policy for the Company or the Comparable Companies nor an indication of the performance of the Nikko AM Singapore STI ETF or cut-off yield of future SGS treasury bills.

7.7.2 Outlook of the Company

We note that the Company had, in the FY2023 unaudited results announcement, included a commentary on the significant trends and competitive conditions of the industry in which the Company operates and any known factors or events that may affect the Company for the next reporting period and the next 12 months which is reproduced in italics below:

"According to the press release from the Ministry of Trade and Industry (MTI) on 15 February 2024, Singapore's economy expanded by 1.1 per cent in 2023, moderating from the 3.8 per cent expansion in 2022. Taking into account the global and domestic economic environment, MTI has forecast the GDP for 2024 to grow at 1.0 to 3.0 per cent, whilst private sector economists have cut Singapore's growth forecast to 2.3 per cent, down from the previous estimate of 2.5 per cent. Global growth is projected to be flat for 2024 at 3.1 per cent and rise to 3.2 percent in 2025. Central bank policy on interest rates to fight inflation will continue to weigh on economic activity. The ongoing war in Ukraine, the Israel-Hamas conflict and US-China tensions continue to dampen the economic outlook and pose significant risks to the global economy.

As mentioned in the announcement of our half-yearly results, any growth outlook to the economy at large will need to be tempered in the retail industry due to inflationary pressures faced by domestic consumers who may choose to reduce non-essential spending. There is also a need to monitor the impact of the increase in GST on the spending habits of consumers as they adjust to the 2024 increase. In addition, higher inflation-driven costs in rentals, logistics, labour and energy will continue to be the key factors weighing on retail business performance.

As for the Property Segment, a few tenancies will be up for renewal, and the Company aims to keep the premises fully tenanted and revenue stream stable. Similar to the retail segment, the segment is subjected to cost pressure mainly from increase in maintenance, utilities, asset replacement & compliance costs."

7.7.3 Absence of alternative or competing offers

As at the Latest Practicable Date, other than the Scheme, there is no publicly available evidence of an alternative or competing offer for the Shares from any other party. We note that the likelihood of an alternative or competing offer from any third party is remote in view that as at the Latest Practicable Date, the Offeror, the directors of the Offeror and any other person acting or presumed to be acting in concert with the Offeror in relation to the Acquisition and the Scheme (the **"Offeror Concert Party Group"**) holds an aggregate of 25,187,500 Shares, representing approximately 61.10% of the total number of Shares (this includes the 21,750,000 Shares held by the Offeror). Further, we note that the market price of the Shares had not traded above the Scheme Consideration since the Joint Announcement Date to the Latest Practicable Date, and hence the present Scheme by the Offeror, as at the Latest Practicable Date, appears to be the highest offer price for the Shareholders.

In addition, the Independent Directors have confirmed that as at the Latest Practicable Date, apart from the Scheme, they have not received any alternative or competing offer for the Shares from any other party.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

7.7.4 Statutory control over the Company by the Offeror Concert Party Group

Shareholders should note that, as at the Latest Practicable Date, the Offeror Concert Party Group holds 25,187,500 Shares, representing approximately 61.10% of the total number of Shares (this includes the 21,750,000 Shares held by the Offeror).

Accordingly, the Offeror Concert Party Group already has effective statutory control over the Company, which places the Offeror Concert Party Group in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary and/or special resolutions at the Company's general meetings on matters in which the Offeror Concert Party Group does not have any interest, save for situations where the Offeror is required by rules or authorities to abstain from voting.

7.7.5 Effects of the Scheme and Delisting

Upon the Scheme becoming effective in accordance with its terms, the Offeror will hold 100% of the Shares and consequently, the Company will not be able to meet the relevant listing requirements of the SGX-ST.

The Company will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST upon the Scheme becoming effective in accordance with its terms.

When the Scheme becomes effective, it will be binding on all Target Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

Target Shareholders should note that by voting in favour of the Scheme, Target Shareholders will be regarded as having waived their rights to a general offer by the Offeror to acquire the Target Shares under the Code and are agreeing to the Offeror acquiring or consolidating effective control of the Company without having to make a general offer.

7.7.6 No certainty of share price trading performance

As the Acquisition is being proposed to be effected by way of the Scheme, in the event that the Scheme is not approved by the requisite majority of the Target Shareholders at the Scheme Meeting, no part of the Acquisition will be further proceeded with.

If the Scheme does not proceed to completion and the Company remains listed on the SGX-ST, there is no certainty that the Company share price will trade at or close to the Scheme Consideration.

In addition, pursuant to Rule 33.1 of the Code, in the event that the Scheme does not become effective and binding in accordance with its terms, is withdrawn or lapses, neither the Offeror, any persons who acted in concert with it in the course of the Scheme nor any person who is subsequently acting in concert with any of them may within 12 months from the date on which the Scheme is withdrawn or lapses: (i) announce an offer or possible offer for the Company; or (ii) acquire any voting rights of the Company if the Offeror or any persons acting in concert with it would thereby become obliged under Rule 14 of the Code to make an offer.

7.7.7 Intention of the Offeror regarding the Company

We note that the Offeror presently has no intention to (i) introduce any major changes to the business of the Company; (ii) dispose of, sell or re-deploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of business. However, the Offeror retains and reserves the right and flexibility at any time after the completion of the Scheme to consider or pursue any options in relation to the Company which may present themselves and which the board of directors of the Offeror (at such time) may regard to be in the interest of the Company, while also taking into account the interests of the various stakeholders of the Company.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

7.7.8 No necessity for access to equity capital markets

We note that the Company has not carried out any exercise to raise equity capital on the SGX-ST since 2002. In addition, the Management has confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief, the Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future and accordingly, it may not be necessary for the Company to maintain a listing on the SGX-ST.

8. OUR OPINION AND ADVICE

8.1 Key Considerations of the Scheme

In arriving at our opinion and advice in respect of the Scheme, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Scheme. The following should be read in conjunction with, and in the context of, the full text of this letter:

- (a) an assessment of the market quotation and trading liquidity of the Shares during the Period Under Review, as set out in paragraph 7.1 of this letter;
- (b) historical financial performance of the Company, as set out in paragraph 7.2 of this letter;
- (c) the financial position of the Company, including the NAV and RNAV of the Company, as set out in paragraph 7.3 of this letter;
- (d) a comparison with the valuation statistics of the Comparable Companies, as set out in paragraph 7.4 of this letter;
- (e) a comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST, as set out in paragraph 7.5 of this letter;
- (f) estimated range of value of the Shares, as set out in paragraph 7.6 of this letter;
- (g) other relevant considerations as follows:
 - (i) historical dividend yields of the Company, as set out in paragraph 7.7.1 of this letter;
 - (ii) outlook of the Company, as set out in paragraph 7.7.2 of this letter;
 - (iii) the absence of alternative or competing offers from third parties as at the Latest Practicable Date, as set out in paragraph 7.7.3 of this letter;
 - (iv) the Offeror Concert Party Group having effective statutory control over the Company as at the Latest Practicable Date, as set out in paragraph 7.7.4 of this letter;
 - (v) the effects of the Scheme and Delisting, as set out in paragraph 7.7.5 of this letter;
 - (vi) no certainty of share price trading performance, as set out in paragraph 7.7.6 of this letter;
 - (vii) intention of the Offeror regarding the Company, as set out in paragraph 7.7.7 of this letter; and
 - (viii) no necessity for access to equity capital markets, as set out in paragraph 7.7.8 of this letter.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

8.2 Assessment of the Scheme

For the purpose of evaluating the Scheme, we have adopted the approach that the terms “fair” and “reasonable” are regarded as two different concepts. The term “fair” relates to an opinion on the value of the offer price against the value of the securities subject to the offer (the “Securities”), and an offer is “fair” if the price offered is equal to or greater than the value of the Securities. In considering whether an offer is “reasonable”, other matters as well as the value of the Securities are taken into consideration. Such other matters include, but are not limited to, existing voting rights in the company held by an offeror and its concert parties or the market liquidity of the relevant securities.

8.2.1 Assessment of Fairness of the Scheme

In determining the fairness of the Scheme, we have considered, *inter alia*, the following pertinent factors:

- (a) the Scheme Consideration represents a premium of 188.00% over the lowest closing price of the Shares, and a premium of 133.77% over the highest closing price of the Shares, during the 12-month period up to and including the Last Trading Day;
- (b) the Shares have never closed at or above the Scheme Consideration for the 10-year period prior to the Last Trading Day, and up to the Latest Practicable Date.

In particular, for the 10-year period prior to the Last Trading Day, the closing prices of the Shares are between a low of S\$2.500 and a high of S\$5.240 and the Scheme Consideration represents a premium of approximately 79.02% over the VWAP of S\$4.022;

- (c) based on the NAV/NTA approach, which provides an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the Scheme Consideration represents a premium of approximately 178.86% against the NAV per Share of S\$2.58 as at 31 December 2023. Accordingly, the P/NAV of the Company implied by the Scheme Consideration would be approximately 2.79 times as at 31 December 2023;
- (d) the historical trailing P/NAV multiple of the Shares in the 10-year period prior to and including the Last Trading Day, and up to the Latest Practicable Date, have been trading below the implied P/NAV (Scheme Consideration) multiple of the Shares of 2.79 times;
- (e) the ex-cash Scheme Consideration represents a premium of approximately 296.15% against the ex-cash NAV per Share of S\$1.56 as at 31 December 2023. Accordingly, the Ex-cash P/NAV of the Company implied by the Scheme Consideration would be approximately 3.96 times as at 31 December 2023;
- (f) the historical P/NAV, Ex-Cash P/NAV and EV/EBITDA ratios as implied by the Scheme Consideration compare favourably against those of the Comparable Companies;
- (g) the premia as implied by the Scheme Consideration over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day, the P/NAV and Ex-cash P/NAV ratios are all above the range of the corresponding premia and ratios of the Take-Over Transactions, Property Take-over Transactions and Fair Property Take-over Transactions;
- (h) the P/RNAV ratio of the Company as implied by the Scheme Consideration is above the mean Price-to-NAV/NTA ratio of 0.66 times and on par with the median Price-to-NAV/NTA ratio of 0.70 times of the Property Take-over Transactions;

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (i) the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is within the range of Price-to-NAV/NTA ratios of the Fair Property Take-over Transactions of between 0.39 times and 1.02 times.

When viewed in isolation, we noted that the P/RNAV ratio as implied by the Scheme Consideration of 0.70 times is slightly below the corresponding mean and median Price-to-NAV/NTA ratio of 0.71 times and 0.76 times of the Fair Property Take-over Transactions. However, Shareholders should note that the RNAV of the Company above is not necessarily a realisable value given that the RNAV valuation approach is based largely upon the surplus revaluation estimates which were obtained by application of “as is” valuation estimates. This approach implicitly assumes that the Properties may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuation or market value of the Properties may vary depending on, *inter alia*, the prevailing market and economic conditions, and does not consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale. For example, we understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture; and

- (j) the Scheme Consideration is within the estimated value range of the Shares of S\$7.04 and S\$7.79 per Share.

In view of the above, we are of the opinion that the Scheme is **FAIR**.

8.2.2 Assessment of Reasonableness of the Scheme

In determining the reasonableness of the Scheme, we have considered, *inter alia*, the following pertinent factors:

- (a) the Scheme Consideration represents a premium of approximately 150.26% over the VWAP of the Shares of S\$2.877 on the Last Trading Day;
- (b) the Scheme Consideration represents a premium of 152.45%, 168.86%, 171.08% and 173.45% over the VWAP of the Shares for the 12-, 6-, 3- and 1-month periods up to and including the Last Trading Day respectively;
- (c) the trading of the Shares is erratic and appears to be relatively illiquid in the 12-, 6-, 3, and 1-month period up to and including the Last Trading Day. It is to note that given the low liquidity of the Shares during the periods observed, the Scheme Consideration may represent a realistic exit opportunity for Shareholders to realise their entire investment for cash. In the absence of the Scheme Consideration, such an exit for all Shareholders may not be readily available due to the low trading liquidity for the Shares;
- (d) the Company's revenue and net profit after tax had been generally declining from FY2021 to FY2023. In this regard, the Company had recorded a net loss of approximately S\$1.2 million in FY2023. Based on the commentaries by the Company, as reproduced in paragraph 7.7.2 of this letter, we noted that the Company's Retail Segment will continue to face challenges due to, *inter alia*, inflationary pressures faced by domestic consumers who may choose to reduce non-essential spending. Further, the higher goods and services tax and inflationary-driven costs in rentals, logistics, labour, and energy will be key factors weighing on retail business performance;
- (e) based on the historical five (5)-year dividend track record of the Company and the Scheme Consideration, Shareholders who accept the Scheme may potentially experience an increase in dividend income if they reinvest their proceeds from the Scheme in the alternative investments set out in paragraph 7.7.1 of this letter; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

- (f) as at the Latest Practicable Date, apart from the Scheme, no alternative or competing offer has been received by the Company. In addition, the likelihood of an alternative or competing offer from any third party is remote in view that as at the Latest Practicable Date, the Offeror Concert Party Group holds an aggregate of 25,187,500 Shares, representing approximately 61.10% of the total number of Shares.

In view of the above, we are of the opinion that the Scheme is **REASONABLE**.

8.3 Our opinion on the Scheme

In conclusion, we are of the opinion that, on balance, the financial terms of the Scheme are **fair and reasonable**. Accordingly, we advise the Independent Directors to recommend Shareholders to vote **in favour** of the Scheme.

The Independent Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our opinion and advice are provided pursuant to Rule 1309(2) of the Listing Rules as well as to advise the Independent Directors under the Code as to whether the financial terms of the Scheme are fair and reasonable in respect of their recommendation to the Target Shareholders on the Scheme. The recommendation to be made by them to the Shareholders in respect of the Scheme shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Scheme Document, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Scheme.

This letter is governed by and shall be construed in accordance with the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Tan Kian Tiong
Partner & Head, Capital Markets

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS ON THE SCHEME

| | | | | | | | Annex A |
|-----------------------------------|-------------------------------------|--|---|---|-----------------------|--------------------------|--|
| | | | | | | | ----- Trailing 12 Months ----- |
| Company | Stock exchange | Business description (as extracted from Bloomberg L.P.) | Share price as at the Latest Practicable Date | Market capitalisation as at the Latest Practicable Date (\$' million) | Financial year end | Revenue (\$' million) | Net profit/(loss) after tax attributable to shareholders (\$' million) |
| Aeon Co. (M) Bhd. | Bursa Malaysia Securities Berhad | Aeon Co. (M) Bhd. operates a chain of superstores selling a broad range of goods including clothing, food, household goods, and other merchandise. The company also operates shopping centers. | RM1.390 | 561.07 | 31 December | 1,204.5 ⁽²⁾ | 38.6 ⁽²⁾ |
| Metro Holdings Limited | SGX-ST | Metro Holdings Limited operates department store, develops and invests in properties, as well as undertakes building contract works. The company also distributes building and construction materials. | S\$0.480 | 397.46 | 31 March | 115.9 | 14.6 |
| Zhongmin Baihui Retail Group Ltd. | SGX-ST | Zhongmin Baihui Retail Group Ltd. owns and operates department stores and supermarkets in China. The company's line of business includes direct sales, commission from concessionaire sales and rental services. | S\$0.600 | 115.00 | 30 June | 180.7 ⁽¹⁾ | 5.8 ⁽¹⁾ |
| Duty Free International Limited | SGX-ST | Duty Free International Limited operates a chain of duty-free retail shops. The company offers international travelers a way to save money on a diverse array of merchandise, from high-end jewellery to premium liquor. | S\$0.078 | 93.46 | 28 February | 45.2 | 4.0 |
| Parkson Holdings Berhad | Bursa Malaysia Securities Berhad | Parkson Holdings Berhad is an investment holding company. The company, through its subsidiaries, operates a chain of department stores in Malaysia, China, and Vietnam. | RM0.260 | 85.88 | 31 December | 895.3 ⁽²⁾ | (3.9) ⁽²⁾ |
| Parkson Retail Asia Limited | SGX-ST | Parkson Retail Asia Limited is a Southeast Asia-based department store operator with stores (including a supermarket) across Malaysia, Vietnam and Indonesia. The stores offer a wide range of branded products. | S\$0.076 | 51.21 | 31 December | 224.0 | 32.3 |

Sources: Bloomberg L.P., annual reports and/or announcements of the respective companies

Notes:

(1) Based on exchange rate of S\$1: RMB5.359 as at the Latest Practicable Date (source: Bloomberg L.P.).

(2) Based on exchange rate of S\$1: MYR3.478 as at the Latest Practicable Date (source: Bloomberg L.P.).

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

ISETAN MITSUKOSHI LTD.

(Registration No: 4011101059648)

(Incorporated in Japan)

12 July 2024

To: The Shareholders of Isetan (Singapore) Limited

Dear Sir/Madam

PROPOSED ACQUISITION BY ISETAN MITSUKOSHI LTD. OF ALL THE ORDINARY SHARES IN THE ISSUED SHARE CAPITAL OF ISETAN (SINGAPORE) LIMITED (OTHER THAN THOSE HELD BY ISETAN MITSUKOSHI LTD.) BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 1 April 2024 (the “**Joint Announcement Date**”), Isetan Mitsukoshi Ltd. (the “**Offeror**”), a company incorporated in Japan which is a wholly-owned subsidiary of Isetan Mitsukoshi Holdings Ltd. (“**Isetan Mitsukoshi Holdings**”), and Isetan (Singapore) Limited (the “**Company**”) made a joint announcement (the “**Joint Announcement**”) in relation to the proposed acquisition (the “**Acquisition**”) of all the ordinary shares in the issued share capital of the Company (other than those held by the Offeror) (the “**Target Shares**”) by the Offeror. The Acquisition will be effected by way of a scheme of arrangement (the “**Scheme**”) in accordance with Section 210 of the Companies Act 1967 of Singapore (the “**Companies Act**”) and the Singapore Code on Take-overs and Mergers (the “**Code**”).
- 1.2 The Offeror.** As set out above, the Offeror is a wholly-owned subsidiary of Isetan Mitsukoshi Holdings. Further information relating to, *inter alia*, the Offeror and Isetan Mitsukoshi Holdings is set out in **paragraph 5** of this Letter.
- 1.3 Implementation Agreement.** In connection with the Acquisition, the Offeror and the Company (each, a “**Party**” and collectively, the “**Parties**”) had on the Joint Announcement Date entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Parties will implement the Scheme.
- 1.4 Scheme Document.** This Letter from the Offeror to the shareholders of the Company (“**Shareholders**”) should be read and construed together with, and in the context of, the scheme document dated 12 July 2024 (“**Scheme Document**”) issued by the Company to the Shareholders containing details of the Scheme. Unless otherwise stated, terms used but not defined in this Letter shall have the same meanings as defined in the Scheme Document.

If you are in any doubt about this Letter or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE SCHEME

2.1 The Acquisition. Under the Scheme:

- 2.1.1** all the Target Shares held by the persons who are registered as holders of Target Shares in the Register of Members and Depositors who have Target Shares entered against their names in the Depository Register (the “**Target Shareholders**”) as at a date and time to be announced (before the date on which the Scheme becomes effective in accordance with its terms (the “**Effective Date**”) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Target Shareholders in respect of the Scheme (the “**Record Date**”) will be transferred to the Offeror:

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- (i) fully paid up;
- (ii) free from all mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing (as at the date of such transfer); and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date.

If any dividends, rights or other distributions are declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date and before the Effective Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividends, rights or other distributions; and

2.1.2 in consideration for such transfer, each Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date S\$7.20 in cash (the “**Scheme Consideration**”).

2.2 Scheme Consideration. Under the Scheme, the following Scheme Consideration will be offered:

S\$7.20 in cash for each Target Share.

The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

2.3 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions by the Cut-Off Date. Additional information on the Scheme Conditions is set out in **paragraph 6** of the Explanatory Statement. The Scheme Conditions are reproduced in **Appendix 6** to the Scheme Document.

2.4 Effect of Termination. In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement:

2.4.1 the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions); and

2.4.2 neither the Offeror nor the Company shall have any further liability or obligation to the other Party (save for certain surviving provisions).

Please refer to **paragraph 6.2** of the Explanatory Statement for additional details on the termination rights under the Implementation Agreement.

2.5 Effect of Scheme. If the Scheme becomes effective, it will be binding on all Shareholders, whether or not they were present in person or in proxy, or voted to approve the Scheme, at the Scheme Meeting.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

3. DELISTING

- 3.1** Upon the Scheme becoming effective in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), be delisted from the Official List of the SGX-ST.
- 3.2** An application was made by the Company to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST has, on 2 July 2024, advised that it has in principle no objection to the delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms, subject to the following conditions:
- 3.2.1** the Company’s compliance with the SGX-ST’s listing requirements;
 - 3.2.2** approval of the Scheme by a majority in number representing three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act;
 - 3.2.3** the IFA opining that the financial terms of the Scheme are both fair and reasonable; and
 - 3.2.4** sanction of the Scheme by the Court.
- 3.3** The decision of the SGX-ST is not an indication of the merits of the delisting of the Company from the Official List of the SGX-ST upon completion of the Scheme.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

4. RATIONALE FOR THE ACQUISITION

4.1 Opportunity for the Target Shareholders of the Company to Realise their Investment

4.1.1 The Scheme Consideration represents a significant premium to historical trading prices

The Offeror believes that the Scheme Consideration of S\$7.20 per Target Share presents Target Shareholders with a highly attractive premium to prevailing market prices. As of the Last Trading Day (as defined below), the Scheme Consideration offers the Target Shareholders a 173.4 per cent premium to the volume-weighted average price (“**VWAP**”) of the Shares traded on the SGX-ST for the one-month period prior to and including the Last Trading Day, a 37.4 per cent premium over the highest closing market price of the Company over the past 5 years of S\$5.24, and a 26.3 per cent premium over the highest intra-day traded price over the same period of S\$5.70. The Scheme Consideration also represents a premium over the relevant VWAP, closing prices, and Net Asset Value (“**NAV**”) of the Company as follows:

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| Description | Benchmark Price (S\$) ⁽²⁾ | Premium over Benchmark Price (%) ⁽³⁾ |
|--|--------------------------------------|---|
| VWAP of the Shares traded on the SGX-ST for the one-month period prior to and including 28 March 2024 (“ Last Trading Day ”) ⁽¹⁾ | 2.63 | 173.4 |
| VWAP of the Shares traded on the SGX-ST for the three-month period prior to and including the Last Trading Day ⁽¹⁾ | 2.66 | 171.1 |
| VWAP of the Shares traded on the SGX-ST for the six-month period prior to and including the Last Trading Day ⁽¹⁾ | 2.68 | 168.9 |
| VWAP of the Shares traded on the SGX-ST for the twelve-month period prior to and including the Last Trading Day ⁽¹⁾ | 2.85 | 152.4 |
| Closing price on the Last Trading Day | 2.84 | 153.5 |
| NAV per Share as at 31 December 2023 ⁽⁴⁾ | 2.58 | 178.9 |

Notes:

1. Based on data extracted from Bloomberg Finance L.P., the VWAPs of Shares are calculated by using the total value over the total volume of Shares traded in the relevant period prior to and including the Last Trading Day.
2. Rounded to the nearest two decimal places.
3. Rounded to the nearest one decimal place.
4. Based on the reported net asset value per Share as at 31 December 2023 disclosed in the annual report of the Company for the financial year ended 31 December 2023 as announced by the Company on the SGXNET on 4 April 2024.

4.1.2 Opportunity for Target Shareholders to fully exit their investment that is otherwise difficult due to the low liquidity of the Target Shares

The Offeror believes the Acquisition to be a rare opportunity for the Target Shareholders to achieve full liquidity on their investment in the Company. The Shares of the Company have had highly limited trading liquidity in the market, with average daily trading volumes⁽¹⁾ of approximately 1,571, 689, 400, and 700 Shares over the last one-month, three-month, six-month and twelve-month periods respectively, up to and including the Last Trading Day. This represents no more than approximately 0.01 per cent of the Company’s free float⁽²⁾ for the foregoing periods. The Company’s shares showed no trading activity on approximately 67.1 per cent of eligible trading days over the last twelve-month period, up to and including the Last Trading Day.

The Scheme also provides Target Shareholders the option to fully realise their investment for cash without incurring any brokerage or other trading costs.

Notes:

1. The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST was open for trading of the securities for the relevant periods.
2. Free float is calculated based on the difference between (i) the total number of 41,250,000 Shares in issue; and (ii) the 21,750,000 Shares held by the Offeror and 3,437,500 Shares held by Isetan Foundation as at the Joint Announcement Date.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

4.1.3 The Scheme represents the best opportunity for Target Shareholders to realise value of their investment in the Target Shares

The Company has attempted to unlock value for all shareholders through the divestment of assets, namely its strata title in Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful and did not return any capital to the Target Shareholders.

In addition, it is unlikely for there to be other competing offers for the Company given that the Offeror holds more than 50 per cent of Shares in the Company. In the event that the Scheme fails to proceed, neither the Offeror nor any other member of the Offeror Concert Party Group may, within 12 months from the date on which the Scheme lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or member of the Offeror Concert Party Group would thereby become obliged under Rule 14 of the Code to make an offer.

If the Scheme fails to proceed, the Offeror intends to maintain its current shareholding in the Company for the time being and focus on investments in other growth areas.

4.2 Operational flexibility

The Offeror believes that the Acquisition and subsequent privatisation of the Company would provide the Offeror with greater flexibility to find synergies with the Offeror's overall business strategy for its international operations and to achieve greater operational efficiencies as a wholly-owned subsidiary. For the financial year ending 31 December 2023, the Company reported a net loss of S\$1.159 million in the FY2023 Audited Financial Statements. The Offeror believes it can dedicate substantial focus and resources required to optimise the business' operations and strategy as one of its wholly-owned subsidiaries. Privatising the Company will also bring the Company in line with the Offeror's other international operations, which are all through unlisted entities.

4.3 Costs of maintaining listing status

In maintaining its listed status, the Company incurs compliance and associated costs relating to continuing listing requirements under the Mainboard Rules. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of its listed status and channel such resources to its business operations.

5. INFORMATION RELATING TO THE OFFEROR

5.1 The Offeror. The Offeror was incorporated on 1 April 2011 and its headquarters are in Tokyo, Japan. The Offeror, which operates department stores in Japan, is wholly owned by, and is one of the principal consolidated subsidiaries of, Isetan Mitsukoshi Holdings, a company established on 1 April 2008 in Japan and listed on the Tokyo Stock Exchange, whose principal businesses are management planning and management of subsidiaries and group companies engaged in department store and other businesses, and all related operations.

As at the Latest Practicable Date, the board of directors of the Offeror comprises the following:

- (i) Mr. Toshihiko Sugie (the Chairman of the Offeror);
- (ii) Mr. Toshiyuki Hosoya (the President and CEO of the Offeror, and the President and CEO and a director of Isetan Mitsukoshi Holdings);
- (iii) Mr. Takayuki Tsujii (the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings, the General Manager of the Corporate Real Estate Business Division of the Offeror, and the General Manager of the Corporate Real Estate Business Division of Isetan Mitsukoshi Holdings); and
- (iv) Mr. Shota Kondo (the Operating Officer of the Offeror and Isetan Mitsukoshi Holdings, and Store Manager of the Isetan Shinjuku Main Store).

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

5.2 The Offeror's Shareholdings in the Company. As at the Latest Practicable Date, the Offeror has a direct interest in 21,750,000 Shares which represents approximately 52.73 per cent of the issued share capital of the Company.

5.3 Schedule A to this Letter sets out certain additional information relating to the Offeror and Isetan Mitsukoshi Holdings.

6. FUTURE INTENTIONS FOR THE COMPANY

There is presently no intention by the Offeror to (i) introduce any major changes to the business of the Company, (ii) dispose of, sell or re-deploy the fixed assets of the Company, or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of business.

The board of directors of the Offeror retains and reserves the right and flexibility at any time after the completion of the Scheme to consider or pursue any options in relation to the Company which may present themselves and which the board of directors of the Offeror (at such time) may regard to be in the interest of the Company, while also taking into account the interests of the various stakeholders of the Company.

7. DISCLOSURE OF INTERESTS

7.1 Holdings of and Dealings in Target Shares. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter, in particular, **Schedules B and C**):

7.1.1 none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other person acting or presumed to be acting in concert with the Offeror in relation to the Acquisition and the Scheme (collectively, the "**Offeror Concert Party Group**") owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any (a) Target Shares, (b) securities which carry voting rights in the Company and (c) convertible securities, warrants, options or derivatives in respect of such Target Shares or securities which carry voting rights in the Company (collectively, the "**Target Securities**"); and

7.1.2 none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has dealt for value in the Target Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

Upon the Scheme becoming effective in accordance with its terms, the Offeror will hold and control all the voting rights in the Company.

7.2 Other Arrangements. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter):

7.2.1 none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has received any irrevocable undertaking from any party to vote in favour of, or abstain from voting on, the Scheme;

7.2.2 there are no Target Securities held by any persons with whom the Offeror or any other member of the Offeror Concert Party Group has any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Target Securities which may be an inducement to deal or refrain from dealing in the Target Securities; and

7.2.3 none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has (a) granted a security interest relating to any Target Securities to another person, whether through a charge, pledge or otherwise, (b) borrowed any Target Securities from another person (excluding borrowed Target Securities which have been on-lent or sold) or (c) lent any Target Securities to another person.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

8. OVERSEAS TARGET SHAREHOLDERS

8.1 Overseas Target Shareholders. The applicability of the Scheme to Target Shareholders whose addresses are outside Singapore, as shown on the Register of Members, or as the case may be, in the records of The Central Depository (Pte) Limited (each, an “**Overseas Target Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Target Shareholders should inform themselves about, and observe, any applicable legal requirements, restrictions or prohibitions in their own jurisdictions.

8.2 Despatch of Scheme Document Overseas. Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror and the Company reserve the right not to send such documents to the Target Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Target Shareholders (including the Overseas Target Shareholders), including those to whom the Scheme Document (including this Letter) will not be, or may not be, sent, provided that the Scheme Document (including this Letter) does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

8.3 Copies of Scheme Document.

As set out in **paragraph 16.3** of the Explanatory Statement, Target Shareholders, including Overseas Target Shareholders, may obtain copies of the Scheme Document (including this Letter) and any related documents by submitting a request to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 by 5.00 p.m. on 29 July 2024. Printed copies of the Scheme Document (including this Letter) will be sent by ordinary post to the address in Singapore specified by the Target Shareholder at his/her/its own risk.

It is the responsibility of any Overseas Target Shareholder who wishes to request for the Scheme Document (including this Letter) and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In requesting for the Scheme Document (including this Letter) and any related documents, the Overseas Target Shareholder represents and warrants to the Offeror and 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.

8.4 Cautionary Note. Overseas Target Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

8.5 Notice. The Constitution provides that if Shareholders have no registered address within Singapore and have not supplied to the Company an address within Singapore for the giving of notices to them, a notice addressed to them and advertised in a newspaper circulating in Singapore shall be deemed to be duly given to them at noon on the day on which the advertisement appears. Accordingly, printed copies of the notice of the Scheme Meeting and the Proxy Form have not been and will not be despatched to any such Shareholders but the Company will notify such Shareholders by a notice addressed to such Shareholders and advertised in a newspaper circulating in Singapore. In addition and without prejudice to the foregoing, the Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Target Shareholders (including Overseas Target Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Target Shareholder (including any Overseas Target Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Target Shareholders (including Overseas Target Shareholders) of any matter relating to the Scheme by announcement via the SGXNET announcement page of the Company.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

Notwithstanding that such Overseas Target Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective.

- 8.6 Foreign Jurisdiction.** It is the responsibility of any Overseas Target Shareholder who wishes to participate in the Scheme to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Target Shareholder represents and warrants to the Offeror and the Company that he/she/it is in full observance of the laws of the relevant jurisdiction in that connection, and that he/she/it is in full compliance with the necessary formalities or legal requirements.

If any Overseas Target Shareholder is in any doubt about his/her/its position, he/she/it should consult his/her/its professional adviser in the relevant jurisdiction.

9. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding in accordance with its terms, the following settlement and registration procedures will apply:

- 9.1 Entitlements.** Entitlements to the Scheme Consideration will be determined on the basis of the Entitled Target Shareholders and their holdings of Target Shares appearing in the Register of Members or standing to the credit of their Securities Account (as the case may be) as at 5.00 p.m. on the Record Date.

Entitled Target Shareholders who have not already done so are requested to take the necessary action to ensure that the Target Shares owned by them are registered in their names with the Share Registrar or credited to their Securities Account (as the case may be) by 5.00 p.m. on the Record Date.

- 9.2 Implementation.** If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions in accordance with the Implementation Agreement on or before the Cut-Off Date) take the necessary steps to render the Scheme effective in accordance with its terms, and the following will be implemented:

- 9.2.1** the Target Shares held by the Entitled Target Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror to the Entitled Target Shareholders for each Target Share transferred as follows:

- (i) in the case of the Entitled Target Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Target Shareholders an instrument or instruction of transfer of all the Target Shares held by such Entitled Target Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Target Shareholder; and
- (ii) in the case of the Entitled Target Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Target Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Target Shares standing to the credit of the Securities Account of such Entitled Target Shareholders and credit all of such Target Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;

- 9.2.2** from the Effective Date, all existing share certificates relating to the Target Shares held by the Entitled Target Shareholders (not being Depositors) will cease to be evidence of title of the Target Shares represented thereby;

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

9.2.3 the Entitled Target Shareholders (not being Depositors) are required to forward their existing share certificates relating to their Target Shares to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and

9.2.4 the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Target Shares set out in **paragraph 9.2.1** of this Letter, make payment of the aggregate Scheme Consideration payable on the transfer of the Target Shares pursuant to the Scheme to the Entitled Target Shareholders who are entitled to receive the Scheme Consideration for their Target Shares as follows:

(i) **Entitled Target Shareholders whose Target Shares are not deposited with CDP**

the Offeror shall pay each Entitled Target Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to and made out in favour of such Entitled Target Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Entitled Target Shareholder, or in the case of joint Entitled Target Shareholders, to the first-named Entitled Target Shareholder made out in favour of such Entitled Target Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such joint Entitled Target Shareholders; and

(ii) **Entitled Target Shareholders whose Target Shares are deposited with CDP**

the Offeror shall pay each Entitled Target Shareholder (being a Depositor) by making payment of the Scheme Consideration payable to such Entitled Target Shareholder to CDP. CDP shall:

- (a) in the case of an Entitled Target Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Scheme Consideration payable to such Entitled Target Shareholder, to the designated bank account of such Entitled Target Shareholder; and
- (b) in the case of an Entitled Target Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Scheme Consideration to such Entitled Target Shareholder's Cash Ledger and such Scheme Consideration shall be subject to the same terms and conditions as applicable to "*Cash Distributions*" under CDP's "*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*" as amended, modified or supplemented from time to time, copies of which are available from CDP.

Assuming that the Scheme becomes effective and binding in accordance with its terms on 12 September 2024, the crediting by CDP of the Scheme Consideration into the designated bank accounts of the Entitled Target Shareholders as set out in **paragraph 9.2.4(ii)(a)** of this Letter (in the case of Entitled Target Shareholders being Depositors and who have registered with CDP for its direct crediting service), the crediting of the Scheme Consideration to the Cash Ledger of the Entitled Target Shareholders as set out in **paragraph 9.2.4(ii)(b)** of this Letter (in the case of Entitled Target Shareholders being Depositors and who have not registered with CDP for its direct crediting service), or the posting of cheques for the Scheme Consideration as set out in **paragraph 9.2.4(i)** of this Letter (in the case of the Entitled Target Shareholders not being Depositors), as the case may be, is expected to take place on or before 23 September 2024.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled Target Shareholder may have agreed with CDP for payment of any cash distributions as referred to in **Clause 5 of Appendix 10** to the Scheme Document shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.

The despatch of payment by the Offeror to each Entitled Target Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

9.3 Settlement. The procedures for settlement are more particularly described in **paragraphs 11.2 and 13** of the Explanatory Statement.

10. GENERAL INFORMATION

Schedule C to this Letter sets out certain additional general information relating to the Scheme.

11. FINANCIAL ADVISER AND CONFIRMATION OF FINANCIAL RESOURCES

Nomura Singapore Limited, being the financial adviser to the Offeror (the “**Offeror Financial Adviser**”) in connection with the Acquisition and the Scheme, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Target Shares to be acquired by the Offeror pursuant to the Scheme.

12. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter (excluding information relating to the Company or any opinion expressed by the Company or the IFA) are fair and accurate and that no material facts have been omitted from this Letter, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of the Offeror do not accept any responsibility for any information relating to the Company or any opinion expressed by the Company.

Yours faithfully
For and on behalf of
ISETAN MITSUKOSHI LTD.

Toshiyuki Hosoya
Director, President and CEO

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

SCHEDULE A

INFORMATION RELATING TO THE OFFEROR AND ISETAN MITSUKOSHI HOLDINGS

(A) INFORMATION RELATING TO THE OFFEROR

1. DIRECTORS OF THE OFFEROR

The relevant information of the directors of the Offeror as at the Latest Practicable Date is set out below:

| Name | Address | Designation |
|------------------|--|--|
| Toshihiko Sugie | c/o 3-14-1 Shinjuku, Shinjuku-ku, Tokyo, Japan | Director and Chairman |
| Toshiyuki Hosoya | c/o 3-14-1 Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, President and CEO |
| Takayuki Tsujii | c/o 3-14-1 Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, Operating Officer and General Manager of the Corporate Real Estate Business Division |
| Shota Kondo | c/o 3-14-1 Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, Operating Officer and Store Manager of the Isetan Shinjuku Main Store |

As at the Latest Practicable Date, Toshiyuki Hosoya is also a Director, President and CEO of Isetan Mitsukoshi Holdings and Takayuki Tsujii is also a General Manager of the Corporate Real Estate Business Division of Isetan Mitsukoshi Holdings.

2. PRINCIPAL ACTIVITIES OF THE OFFEROR

The Offeror was incorporated on 1 April 2011 and its headquarters are in Tokyo, Japan. The Offeror, which operates department stores in Japan, is wholly owned by, and is one of the principal consolidated subsidiaries of, Isetan Mitsukoshi Holdings. The Offeror operates five department stores in Japan, including the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store, which focus on (i) fashion and (ii) tradition, culture, art and lifestyle respectively. For the financial year ended 31 March 2024, the annual sales at the Offeror's Isetan Shinjuku Main Store amounted to approximately 149,855 million yen. The registered office of the Offeror is at 3-14-1 Shinjuku, Shinjuku-ku, Tokyo, Japan.

3. FINANCIAL INFORMATION OF THE OFFEROR

Set out below are certain financial information extracted from the audited financial statements of the Offeror for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022. Such financial statements should be read in conjunction with the audited financial statements of the Offeror for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 respectively.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| | Year ended 31 March 2024 JPY million | Year ended 31 March 2023 JPY million | Year ended 31 March 2022 JPY million |
|--|---|---|---|
| Revenues | 270,821 | 244,176 | 208,451 |
| Non-recurring items | (2,462) | (6,396) | 1,216 |
| Profit / (loss) before taxes | 40,765 | 18,019 | 8,818 |
| Net profit / (loss) | 44,510 | 26,491 | 10,158 |
| Net profit / (loss) attributable to owners of the parent | 44,510 | 26,491 | 10,158 |
| Net profit attributable to non-controlling interests | — | — | — |
| Net profit per share (JPY) | 90.35 | 53.77 | 20.62 |
| Dividend per share (JPY) | 40.6 | — | — |

The balance sheets of the Offeror as at 31 March 2024 and as at 31 March 2023 have been extracted respectively from the audited financial statements of the Offeror for the financial years ended 31 March 2024 and 31 March 2023, and an English language translation is set out in **Appendix 1** to this Letter. Such balance sheets should be read in conjunction with the audited financial statements of the Offeror for the financial years ended 31 March 2024 and 31 March 2023 respectively.

Copies of the audited financial statements of the Offeror for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 (collectively, the “**Offeror Financial Statements**”) are available for inspection at the registered office of the Company at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641.

4. MATERIAL CHANGES IN FINANCIAL POSITION OF THE OFFEROR

As at the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since 31 March 2024, being the date of the last published audited accounts of the Offeror.

5. SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR

The Offeror prepares its financial statements in accordance with Japanese law, as interpreted by and integrated with the Japanese generally accepted accounting principles (the “**JGAAP**”).

An English language translation of the significant accounting policies of the Offeror, as extracted from the audited financial statements of the Offeror for the financial year ended 31 March 2024, is set out in **Appendix 2** to this Letter.

6. CHANGE IN ACCOUNTING POLICIES OF THE OFFEROR

As at the Latest Practicable Date, there are no changes in the accounting policies of the Offeror which will cause the figures disclosed in this paragraph (A) not to be comparable to a material extent.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

(B) INFORMATION RELATING TO ISETAN MITSUKOSHI HOLDINGS

1. DIRECTORS OF ISETAN MITSUKOSHI HOLDINGS

The relevant information of the directors of Isetan Mitsukoshi Holdings as at the Latest Practicable Date is set out below:

| Name | Address | Designation |
|--------------------|---|--|
| Toshiyuki Hosoya | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, President and CEO |
| Yuki Ishizuka | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, Chairman of the Audit Committee |
| Yoshinori Makino | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | Director, Managing Executive Officer, Chief Strategy and Digital Officer and CFO |
| Fukutaka Hashimoto | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Chairman of the Board of Directors and Chairman of the Nomination Committee |
| Kenji Sukeno | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Member of the Nominating Committee and Member of the Audit Committee |
| Chieko Matsuda | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Member of the Nominating Committee and Member of the Compensation Committee |
| Tomoko Ando | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Chairman of the Compensation Committee and Member of the Audit Committee |
| Hitoshi Ochi | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Member of the Nominating Committee and Member of the Audit Committee |
| Toshio Iwamoto | c/o 5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan | External Director, Chairman of the Nominating Committee and Member of the Compensation Committee |

2. PRINCIPAL ACTIVITIES OF ISETAN MITSUKOSHI HOLDINGS

Isetan Mitsukoshi Holdings is a company established on 1 April 2008 in Japan and listed on the Tokyo Stock Exchange. Its principal businesses are management planning and management of subsidiaries and group companies engaged in department store and other businesses, and all related operations. The core of Isetan Mitsukoshi Holdings' business, which accounts for approximately 80 per cent of the Isetan Mitsukoshi Holdings' group sales, is 22 department store companies in and outside Japan, including the Offeror, operating under four brands: Mitsukoshi, Isetan, Iwataya, and Marui Imai. Isetan Mitsukoshi Holdings has 20 department stores in Japan, from Hokkaido to Kyushu, and 25 stores outside Japan, mainly in China and Southeast Asia. For the financial year ended 31 March 2024, the gross sales and operating income of Isetan Mitsukoshi Holdings' department store business amounted to approximately 448.3 billion yen and 45.1 billion yen respectively. The registered office of Isetan Mitsukoshi Holdings is at 5-16-10, Shinjuku-ku, Tokyo, Japan.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

3. FINANCIAL SUMMARY OF ISETAN MITSUKOSHI HOLDINGS

Set out below are certain financial information extracted from the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022. Such financial statements should be read in conjunction with the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 respectively.

| | Year ended 31 March 2024 JPY million | Year ended 31 March 2023 JPY million | Year ended 31 March 2022 JPY million |
|---|---|---|---|
| Revenues | 536,441 | 487,407 | 418,338 |
| Non-recurring items | (4,757) | (2,189) | 1,597 |
| Profit / (loss) before taxes | 55,120 | 27,827 | 11,117 |
| Net profit / (loss) | 55,497 | 32,370 | 12,088 |
| Net profit / (loss) attributable to owners of the parent | 55,580 | 32,377 | 12,338 |
| Net profit / (loss) attributable to non-controlling interests | (83) | (7) | (250) |
| Net profit / (loss) per share (JPY) | 145.79 | 84.82 | 32.36 |
| Dividend per share (JPY) | 34.00 | 14.00 | 10.00 |

The balance sheets of Isetan Mitsukoshi Holdings as at 31 March 2024 and as at 31 March 2023 have been extracted respectively from the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024 and 31 March 2023, and are set out in **Appendix 3** to this Letter. Such balance sheets should be read in conjunction with the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024 and 31 March 2023 respectively.

Copies of the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 (collectively, the “**Isetan Mitsukoshi Holdings Financial Statements**”) are available for inspection at the registered office of the Company at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in any other information on Isetan Mitsukoshi Holdings which is publicly available (including without limitation, the announcements released by Isetan Mitsukoshi Holdings on the Tokyo Stock Exchange), there have been no known material changes in the financial position of Isetan Mitsukoshi Holdings since 31 March 2024, being the date of the last published audited accounts of Isetan Mitsukoshi Holdings.

5. SIGNIFICANT ACCOUNTING POLICIES

Isetan Mitsukoshi Holdings prepares its financial statements in accordance with Japanese law, as interpreted by and integrated with the JGAAP.

An English language translation of the significant accounting policies of Isetan Mitsukoshi Holdings, as extracted from the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial year ended 31 March 2024, is set out in **Appendix 4** to this Letter.

6. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there are no changes in the accounting policies of Isetan Mitsukoshi Holdings which will cause the figures disclosed in this paragraph (B) not to be comparable to a material extent.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

SCHEDULE B DISCLOSURES

1. HOLDINGS IN TARGET SECURITIES

Save as disclosed in the Scheme Document (including this Letter, in particular, this **paragraph 1** of this **Schedule B**), as at the Latest Practicable Date, none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group owns, controls or has agreed to acquire any Target Securities.

| Name | Direct Interest | | Deemed Interest | |
|----------------------------|-----------------|-------------------------|---------------------------|-------------------------|
| | No. of Shares | Per cent ⁽¹⁾ | No. of Shares | Per cent ⁽¹⁾ |
| The Offeror | 21,750,000 | 52.73 | – | – |
| Isetan Mitsukoshi Holdings | – | – | 21,750,000 ⁽²⁾ | 52.73 |
| Isetan Foundation | 3,437,500 | 8.33 | – | – |

Notes:

- (1) Rounded to the nearest two decimal places and based on 41,250,000 Shares in issue, with no treasury shares, as at the Latest Practicable Date.
- (2) By virtue of Section 7 of the Companies Act, Isetan Mitsukoshi Holdings, the holding company of the Offeror, is deemed to have an interest in the 21,750,000 Shares held by the Offeror in the Company.

2. DEALINGS IN TARGET SECURITIES

As at the Latest Practicable Date, none of (i) the Offeror, (ii) the directors of the Offeror, or (iii) any other member of the Offeror Concert Party Group has dealt for value in the Target Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

SCHEDULE C GENERAL INFORMATION

1. SPECIAL ARRANGEMENTS

- 1.1 No Agreement having any Connection with or Dependence upon the Scheme.** As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding between (i) the Offeror or any other member of the Offeror Concert Party Group and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Scheme.
- 1.2 Transfer of Target Shares.** As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding whereby any of the Target Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person. However, the Offeror reserves the right to direct or transfer any of the Target Shares to any of its related corporations.
- 1.3 No Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding between the Offeror and any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Companies Act) for any payment or other benefit to be made or given to such director as compensation for loss of office or otherwise in connection with the Scheme.
- 1.4 No Agreement Conditional upon Outcome of the Scheme.** As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter), there is no agreement, arrangement or understanding between the Offeror, on the one hand, and any director of the Company or any other person, on the other hand, in connection with or conditional upon the outcome of the Scheme or otherwise connected with the Scheme.

2. DISCLOSURES IN RELATION TO THE COMPANY

- 2.1 Material Changes in the Financial Position of the Company.** Save as disclosed in the Scheme Document (including this Letter) and any other information on the Company which is publicly available (including without limitation, the announcements released by the Company on SGXNET), there have not been, to the knowledge of the Offeror, any material changes in the financial position or prospects of the Company since 31 December 2023, being the date of the last audited financial statements of the Company laid before the Shareholders in general meeting.
- 2.2 Transfer Restrictions.** The Constitution does not contain any restrictions on the right to transfer the Target Shares in connection with the Acquisition or the Scheme.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

3. MARKET QUOTATIONS

- 3.1 Closing Prices.** The closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P., on (i) the Latest Practicable Date was S\$7.09 and (ii) 28 March 2024 (being the Last Trading Day) was S\$2.84.

The last transacted prices of the Shares on the SGX-ST on a monthly basis from October 2023 to March 2024 (being the six calendar months preceding the Joint Announcement Date), as reported by Bloomberg L.P., and the corresponding premium based on the Scheme Consideration of S\$7.20 are set out below:

| Date | Closing Price (S\$) ⁽¹⁾ | Premium based on the Scheme Consideration of S\$7.20 ⁽²⁾ |
|---------------|------------------------------------|---|
| October 2023 | 2.90 | 148.3% |
| November 2023 | 2.79 | 158.1% |
| December 2023 | 2.80 | 157.1% |
| January 2024 | 2.80 | 157.1% |
| February 2024 | 2.80 | 157.1% |
| March 2024 | 2.84 | 153.5% |

Notes:

- (1) Based on data extracted from Bloomberg L.P.
- (2) For the purposes of the table above, all percentage figures are rounded to the nearest one decimal place.

- 3.2 Highest and Lowest Prices.** During the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date, the highest and lowest closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P. are as follows:

- (i) highest closing price: S\$7.10 on 24 May 2024; and
- (ii) lowest closing price: S\$2.50 on 11 March 2024.

4. CONSENT

The Offeror Financial Adviser has given and has not withdrawn its written consent to the issue of this Letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Letter.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 593 Havelock Road, #04-01, Isetan Office Building, Singapore 169641 for three (3) months from the date of the Scheme Document or up until the Effective Date, whichever is the later:

- 5.1** the Implementation Agreement;
- 5.2** the Offeror Financial Statements;
- 5.3** Isetan Mitsukoshi Holdings Financial Statements; and
- 5.4** the letter of consent referred to in **paragraph 4** of this **Schedule C** to this Letter.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

APPENDIX 1 BALANCE SHEETS OF THE OFFEROR AS AT 31 MARCH 2024 AND 31 MARCH 2023

The balance sheets of the Offeror as at 31 March 2024 and as at 31 March 2023 have been extracted respectively from the audited financial statements of the Offeror for the financial years ended 31 March 2024 and 31 March 2023, and an English language translation is set out below.

Balance Sheet (as at 31 March 2024)

| Item | Amount (Million JPY) | Item | Amount (Million JPY) |
|---------------------------------------|----------------------------|---|----------------------------|
| (Assets) | 629,192 | (Liabilities) | 385,431 |
| Current Assets | 97,281 | Current Liabilities | 242,603 |
| Cash and deposits | 21,522 | Accounts payable | 69,457 |
| Notes receivable | 58 | Short-term loans payable | 69,671 |
| Accounts receivable | 40,096 | Accounts payable-other | 9,214 |
| Inventory | 11,126 | Accrued expenses | 16,583 |
| Work in process | 8 | Income taxes payable | 3,229 |
| Raw materials and supplies | 53 | Advances received | 803 |
| Advance payments | 40 | Gift certificates | 25,432 |
| Prepaid expenses | 1,485 | Deposits received | 4,279 |
| Accounts receivable-other | 17,350 | Provision for bonuses | 8,131 |
| Other | 7,732 | Provision for loss on gift certificates | 13,039 |
| Allowance for doubtful accounts | △2,193 | Contractual liabilities | 22,047 |
| | | Other | 713 |
| Non-current assets | 531,910 | | |
| PP&E | 442,391 | Non-current liabilities | 142,827 |
| Buildings and other facilities | 135,441 | Long-term loans payable | 73,300 |
| Furniture and fixtures | 11,655 | Long-term accounts payable-other | 2,519 |
| Land | 282,293 | Lease and guarantee deposits received | 5,964 |
| | | Deferred tax liabilities | 36,015 |
| Construction in progress | 12,952 | Provision for retirement benefits | 23,348 |
| Other | 48 | Provision for loss on business of subsidiaries and associates | 4 |
| Intangible assets | 9,811 | Other | 1,675 |
| Leasehold right | 9,290 | (Net Assets) | 243,760 |
| Software | 227 | Shareholders' equity | 230,816 |
| Other | 293 | Capital stock | 10,000 |
| Investments and other assets | 79,707 | Capital surplus | 120,558 |
| Investment securities | 28,110 | Legal capital surplus | 2,500 |
| Stocks of subsidiaries and affiliates | 15,244 | | |

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| Item | Amount (Million JPY) | Item | Amount (Million JPY) |
|---|----------------------------|--|----------------------------|
| Investments in capital of subsidiaries and affiliates | 4,992 | Other capital surplus | 118,058 |
| Long-term loans receivable | 13 | Retained earnings | 100,257 |
| Claims provable in bankruptcy and in rehabilitation | 99 | Other retained earnings | 100,257 |
| Long-term prepaid expenses | 1,097 | Reserve for advanced depreciation of noncurrent assets | 25,189 |
| Guarantee deposits | 23,769 | Retained earnings brought forward | 75,067 |
| Other | 6,482 | Valuation adjustments | 12,943 |
| Allowance for doubtful accounts | △101 | Valuation difference on available-for-sale securities | 12,943 |
| Total Assets | 629,192 | Total Liabilities and Net Assets | 629,192 |

Balance Sheet (as at 31 March 2023)

| Item | Amount (Million JPY) | Item | Amount (Million JPY) |
|---------------------------------|----------------------------|---|----------------------------|
| (Assets) | 599,401 | (Liabilities) | 385,059 |
| Current Assets | 72,363 | Current Liabilities | 220,768 |
| Cash and deposits | 1,521 | Accounts payable | 61,784 |
| Notes receivable | 48 | Short-term loans payable | 55,200 |
| Accounts receivable | 30,958 | Accounts payable-other | 11,023 |
| Inventory | 10,673 | Accrued expenses | 16,536 |
| Work in process | 7 | Income taxes payable | 1,912 |
| Raw materials and supplies | 78 | Accrued consumption taxes | 1,834 |
| Advance payments | 39 | Advances received | 1,041 |
| Prepaid expenses | 1,558 | Gift certificates | 24,884 |
| Accounts receivable-other | 13,865 | Deposits received | 2,264 |
| Other | 16,085 | Provision for bonuses | 7,318 |
| Allowance for doubtful accounts | △2,474 | Provision for loss on gift certificates | 14,311 |
| | | Contractual liabilities | 21,981 |
| | | Other | 673 |
| Non-current assets | 527,038 | | |
| PP&E | 440,309 | Non-current liabilities | 164,291 |
| Buildings and other facilities | 138,986 | Long-term loans payable | 88,300 |
| Furniture and fixtures | 11,610 | Long-term accounts payable-other | 2,482 |
| Land | 281,098 | Lease and guarantee deposits received | 5,873 |
| Construction in progress | 8,533 | Deferred tax liabilities | 41,924 |
| Other | 80 | Provision for retirement benefits | 23,426 |

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| Item | Amount (Million JPY) | Item | Amount (Million JPY) |
|---|----------------------------|---|----------------------------|
| Intangible assets | 9,923 | Provision for loss on business of subsidiaries and associates | 9 |
| Leasehold right | 9,290 | Other | 2,276 |
| Software | 339 | (Net Assets) | 214,342 |
| Other | 293 | Shareholders' equity | 206,306 |
| Investments and other assets | 76,804 | Capital stock | 10,000 |
| Investment securities | 23,125 | Capital surplus | 120,558 |
| Stocks of subsidiaries and affiliates | 15,227 | Legal capital surplus | 2,500 |
| Investments in capital of subsidiaries and affiliates | 3,512 | Other capital surplus | 118,058 |
| Long-term loans receivable | 80 | Retained earnings | 75,747 |
| Claims provable in bankruptcy and in rehabilitation | 120 | Other retained earnings | 75,747 |
| Long-term prepaid expenses | 1,279 | Reserve for advanced depreciation of noncurrent assets | 25,333 |
| Guarantee deposits | 26,599 | Retained earnings brought forward | 50,414 |
| Other | 6,963 | Valuation adjustments | 8,035 |
| Allowance for doubtful accounts | △104 | Valuation difference on available-for-sale securities | 8,035 |
| Total Assets | 599,401 | Total Liabilities and Net Assets | 599,401 |

APPENDIX 2
THE SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR AS EXTRACTED
AND TRANSLATED INTO ENGLISH FROM THE AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The significant accounting policies of the Offeror have been extracted from the audited financial statements of the Offeror for the financial year ended 31 March 2024, and an English language translation is set out below.

(1) Standards and methods for valuation of assets

Securities

| | |
|--|--|
| Stocks of majority-owned subsidiaries and affiliates | Stated at cost using the moving-average method |
|--|--|

Available-for-sale securities

| | |
|---|--|
| Securities other than those without market prices | Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and the costs of securities sold are calculated using the moving-average method) |
|---|--|

| | |
|----------------------------------|--|
| Securities without market prices | Stated at cost using the moving-average method |
|----------------------------------|--|

Inventories

| | |
|-------------|---|
| Merchandise | Stated at cost using the retail inventory method (method used to write down the book values in response to decreased profitability) |
|-------------|---|

| | |
|----------------------------|---|
| Supplies / Work in process | Stated at cost using the first-in first-out method (method used to write down the book values in response to decreased profitability) |
|----------------------------|---|

(2) Depreciation methods for fixed assets

| | |
|---|----------------------|
| Tangible fixed assets (except Lease assets) | Straight-line method |
|---|----------------------|

| | |
|---|---|
| Intangible fixed assets (except Lease assets) | Straight-line method As for software for in-house use, the straight-line method is used with an availability period for internal use (i.e., within 5 years). |
|---|---|

Lease assets

| | |
|--|---|
| Lease assets relating to finance lease without transfer of ownership | The straight-line method is used with a useful life of the lease period and with a residue value of zero. |
|--|---|

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

(3) Accounting standards for allowances and accruals

| | |
|---|---|
| Allowance for doubtful accounts | In order to prepare for possible losses on uncollectible receivables held as of the end of the current fiscal year, estimated amounts are provided with regard to general receivables according to the historical percentage of uncollectibles and with regard to doubtful receivables considering the probability of collection of respective receivables. |
| Accrued bonuses | In order to prepare for bonus payments to Operating Officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current fiscal year. |
| Reserve for loss from redemption of gift vouchers | In order to prepare for possible losses relating to the all-Japan department store gift certificates issued by the Japan Department Stores Association that can be used at other companies collected after cancellation of inclusion in liabilities, provision is made for estimated redemption amount according to the historical percentage of collection of such gift certificates. |
| Allowance for employees' retirement benefits | <p>In order to prepare for payment of employees' retirement benefits, amounts recognized to have accrued at the end of the current fiscal year based on projected employees' retirement benefit obligations and pension assets at the end of the current fiscal year.</p> <p>Method for attributing the estimated employees' retirement benefits to periods</p> <p>For calculation of retirement benefit obligations, principally used the benefit formula method for attributing the estimated retirement benefits to the periods up to the end of the fiscal year under review.</p> <p>Amortization of actuarial difference and prior service costs</p> <p>The actuarial differences that resulted are mainly recognized in the following fiscal year by the straight-line method over various periods (9 to 11 years) that are not more than the average remaining service period of employees at the time of the accrual of a difference in each fiscal year. In addition, prior service costs are recognized on an accrual basis by the straight-line method over various periods (8 to 10 years) that are not more than the average remaining service period of employees at the time of the accrual.</p> |
| Provision for loss on business of subsidiaries and affiliates | In order to prepare for possible losses relating to the business of subsidiaries and affiliates, the provision of an amount regarded necessary is made upon considering the fiscal position, etc., of the relevant subsidiaries and affiliates. |

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

(4) Accounting policies for revenue and expenses

(i) Revenue recognition for sale of merchandise

The Company sells clothing, sundries, household goods, and food products, and recognizes revenue from the sale of such merchandise at the time the products are delivered. In addition, with regard to the sale of products through the e-commerce site, etc., the Company considers that control of the product is transferred to the customer at the time the products are delivered. However, since the period from the time of shipment to the time of delivery is the normal period, the Company applies alternative treatment relating to materiality, etc., and recognizes revenue at the time of shipment. Of sales of merchandise, revenue on consignment buying is recognized at the net amount of the gross consideration received from the customer less the amount paid to the consignor.

(ii) Revenue recognition for the Company's own point system

The Company offers a customer loyalty program through MICARD, which awards points to members according to their spending amounts and provides goods or services based on the number of points redeemed. The Company identifies points awarded as performance obligations, allocate the transaction price based on the stand-alone selling price calculated in consideration of estimated future expiration and other factors, and recognizes revenue at the time the points are redeemed.

(iii) Revenue recognition for gift certificates

Gift certificates issued by the Company are identified as performance obligations, and the Company recognizes related revenue when they are used. Revenue from unused gift certificates is recognized when the customers become highly unlikely to exercise the right.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

APPENDIX 3 BALANCE SHEETS OF ISETAN MITSUKOSHI HOLDINGS AS AT 31 MARCH 2024 and 31 MARCH 2023

The balance sheets of Isetan Mitsukoshi Holdings as at 31 March 2024 and as at 31 March 2023 have been extracted respectively from the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial years ended 31 March 2024 and 31 March 2023 and are set out below.

| | As at March 31, 2023 (Million JPY) | As at March 31, 2024 (Million JPY) |
|--|--|--|
| ASSETS | | |
| Current assets | | |
| Cash and bank deposits | 105,692 | 68,177 |
| Notes and accounts receivable-trade, and contract assets | 133,922 | 154,501 |
| Marketable securities | 859 | 1,183 |
| Merchandise | 24,644 | 23,779 |
| Finished goods | 401 | 372 |
| Work in process | 332 | 487 |
| Raw materials and supplies | 606 | 616 |
| Other current assets | 25,544 | 41,772 |
| Less: Allowance for doubtful accounts | (4,266) | (4,114) |
| Total current assets | 287,735 | 286,776 |
| Property and equipment | | |
| Tangible fixed assets | | |
| Buildings and structures | 465,091 | 471,726 |
| Less: Accumulated depreciation | (316,083) | (325,594) |
| Buildings and structures, net | 149,007 | 146,132 |
| Land | 528,032 | 529,485 |
| Construction in progress | 8,619 | 13,034 |
| Right-of-use assets | 5,778 | 5,677 |
| Less: Accumulated depreciation | (3,611) | (4,719) |
| Right-of-use assets, net | 2,167 | 957 |
| Other tangible fixed assets | 66,457 | 66,115 |
| Less: Accumulated depreciation | (50,814) | (50,893) |
| Other tangible fixed assets, net | 15,643 | 15,221 |
| Total tangible fixed assets | 703,470 | 704,831 |
| Intangible fixed assets | | |
| Software | 17,334 | 17,234 |
| Goodwill | 10,332 | 9,489 |
| Other intangible fixed assets | 23,386 | 23,366 |
| Total intangible fixed assets | 51,052 | 50,090 |

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| | As at March 31, 2023 (Million JPY) | As at March 31, 2024 (Million JPY) |
|---|--|--|
| Investments and other assets | | |
| Investment securities | 120,864 | 132,956 |
| Long-term loans receivable | 80 | 13 |
| Guarantee deposits | 40,624 | 37,438 |
| Net defined benefit assets | 3,538 | 3,531 |
| Deferred tax assets | 4,249 | 4,661 |
| Other assets | 5,816 | 5,229 |
| Less: Allowance for doubtful accounts | (181) | (468) |
| Total investments and other assets | 174,993 | 183,362 |
| Total property and equipment | 929,517 | 938,284 |
| Deferred assets | | |
| Bond issue costs | 55 | 41 |
| Total deferred assets | 55 | 41 |
| Total assets | 1,217,308 | 1,225,103 |
| | | |
| | As at March 31, 2023 (Million JPY) | As at March 31, 2024 (Million JPY) |
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable | 104,802 | 116,091 |
| Current portion of bonds payable | 10,000 | – |
| Short-term borrowings | 26,568 | 22,454 |
| Commercial paper | 40,000 | 25,000 |
| Income taxes payable | 4,969 | 6,927 |
| Contract liabilities | 100,386 | 99,132 |
| Gift vouchers | 25,054 | 25,608 |
| Reserve for bonuses | 10,423 | 12,093 |
| Allowance for point cards | 2,103 | 2,323 |
| Reserve for loss from redemption of gift vouchers | 14,523 | 13,242 |
| Other current liabilities | 64,876 | 70,300 |
| Total current liabilities | 403,709 | 393,175 |
| Long-term liabilities | | |
| Bonds payable | 20,000 | 20,000 |
| Long-term debt | 68,300 | 53,300 |
| Deferred tax liabilities | 118,027 | 111,560 |
| Net defined benefit liability | 33,470 | 30,855 |
| Provision for loss on business of subsidiaries and affiliates | 9 | 4 |
| Liabilities from application of equity method | 3,520 | – |
| Other long-term liabilities | 17,752 | 15,384 |
| Total long-term liabilities | 261,079 | 231,103 |
| Total liabilities | 664,788 | 624,278 |

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

| | As at March 31, 2023 (Million JPY) | As at March 31, 2024 (Million JPY) |
|---|--|--|
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 51,276 | 51,470 |
| Capital surplus | 323,609 | 323,857 |
| Retained earnings | 162,708 | 210,679 |
| Less: Treasury stock | (18,159) | (32,990) |
| Total shareholders' equity | 519,434 | 553,017 |
| Accumulated other comprehensive income | | |
| Net unrealized gains (losses) on other securities | 5,514 | 11,329 |
| Deferred gains (losses) on hedges | 2 | 0 |
| Foreign currency translation adjustments | 20,931 | 27,652 |
| Remeasurements of defined benefit plans | 237 | 1,919 |
| Total accumulated other comprehensive income | 26,685 | 40,901 |
| Stock acquisition rights | 886 | 499 |
| Non-controlling interests | 5,512 | 6,405 |
| Total net assets | 552,519 | 600,824 |
| Total liabilities and net assets | 1,217,308 | 1,225,103 |

APPENDIX 4
THE SIGNIFICANT ACCOUNTING POLICIES OF ISETAN MITSUKOSHI HOLDINGS
AS EXTRACTED AND TRANSLATED INTO ENGLISH FROM THE AUDITED
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The significant accounting policies of Isetan Mitsukoshi Holdings have been extracted from the audited consolidated financial statements of Isetan Mitsukoshi Holdings for the financial year ended 31 March 2024, and an English language translation is set out below.

(1) Standards and methods for evaluation of significant assets

Securities

Bonds held to maturity

Amortized cost method

Available-for-sale securities

Securities other than those without market prices

Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and the costs of securities sold are calculated primarily using the moving-average method)

Securities without market prices

Basically stated at cost using the moving-average method

Investments in investment limited partnerships and similar associations (investments deemed to be securities pursuant to Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at the net value of the equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements.

Inventories

Commercial products

Basically stated at cost using the retail inventory method (method used to write down the book values in response to decreased profitability)

Other

Basically stated at cost using the first-in first-out method (method used to write down the book values in response to decreased profitability)

(2) Depreciation methods for significant depreciable assets

Tangible fixed assets (except Lease assets and right-of-use assets)

Basically the straight-line method

Intangible fixed assets (except Lease assets and right-of-use assets)

Straight-line method

As for software for in-house use the straight-line method is used with a useful life of 5 years.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

Lease assets

Lease assets relating to finance lease without transfer of ownership

The straight-line method is used with a useful life of the lease period and with a residue value of zero.

Right-of-use assets

The straight-line method is used with a useful life of the lease period and with a residue value of zero.

(3) Accounting standards for significant allowances and accruals

Allowance for doubtful accounts

In order to prepare for possible losses on uncollectible receivables held as of the end of the current consolidated financial year, estimated amounts are provided with regard to general receivables according to the historical percentage of uncollectibles and with regard to doubtful receivables considering the probability of collection of respective receivables.

Accrued bonuses

In order to prepare for bonus payments to Operating Officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current consolidated fiscal year.

Allowance for customer-discount points

Provision is made for the estimated amount of future use based on the outstanding point amount of points issued via the point system with the aim of promoting sales according to the historical rate of usage.

Allowance for redemption of gift certificates

In order to prepare for possible losses relating to the all-Japan department store gift certificates issued by the Japan Department Stores Association that can be used at other companies collected after the cancellation of inclusion in liabilities, provision is made for estimated redemption amount according to the historical percentage of collection of such gift certificates.

Provision for loss on business of subsidiaries and affiliates

In order to prepare for possible losses relating to the business of subsidiaries and affiliates, the provision of an amount regarded necessary is made upon considering the fiscal position, etc., of the relevant subsidiaries and affiliates.

(4) Accounting policies for significant revenue and expenses

The Company recognizes revenue based on the five-step approach below:

Step 1: Identify the contract with customers.

Step 2: Identify the separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to each of the separate performance obligations in the contract.

Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

Under the holding company structure, the Group operates businesses centering on the Department store business, as well as the Credit & finance / customer organization management business and the Real estate business. The accounting standards for revenue by segment are as follows.

(Department store)

(1) Revenue recognition for sale of merchandise

In the department store business, the Company sells clothing, sundries, household goods, and food products, and recognizes revenue from the sale of such merchandise at the time the products are delivered. In addition, with regard to the sale of products through the e-commerce site, etc., the Company considers that control of the product is transferred to the customer at the time the products are delivered. However, since the period from the time of shipment to the time of delivery is the normal period, the Company applies alternative treatment relating to materiality, etc., and recognizes revenue at the time of shipment. Of sales of merchandise, revenue on consignment buying is recognized at the net amount of the gross consideration received from the customer less the amount paid to the consignor.

(2) Revenue recognition for the Company's own point system (customer loyalty program)

In the department store business, the Company offers a customer loyalty program through MICARD, which awards points to members according to their spending amounts and provides goods or services based on the number of points redeemed. The Company identifies points awarded as performance obligations, allocates the transaction price based on the stand-alone selling price calculated in consideration of estimated future expiration and other factors, and recognizes revenue at the time the points are redeemed.

(3) Revenue recognition for gift certificates

In the department store business, gift certificates issued by the Company are recognized as performance obligations, and recognizes related revenue when they are used. Revenue from unused gift certificates is recognized when the customers become highly unlikely to exercise the right.

(Credit & finance/customer organization management)

In the Credit & finance/customer organization management business, the Company issues and operates credit cards, and recognizes revenue mainly from annual membership fees from members and commissions from the department stores and outside franchisees of the credit card operation. The revenue from the membership fees is recognized over the period the fees cover. The Company recognizes revenues from commissions based as the credit cards are used in accordance with the rates and other terms set forth in the agreements.

(Real estate)

In the real estate business, the Company conducts the construction and design business and recognizes revenue over time as the Company satisfies its performance obligations under construction contracts. If the contract has a very short effective period from the commencement date to the expected full satisfaction of the performance obligation, the Company recognizes revenue at the time when the performance obligation is fully satisfied, instead of over time. The Company recognizes the revenue from the rental of real estate over the period in which the revenue is incurred in accordance with the Accounting Standard for Lease Transactions.

(5) Other significant matters relating to the preparation of consolidated statutory reports

1) Accounting for deferred assets

Bond issue costs

Bond issue costs are amortized by the straight-line method over the period until bond redemption.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

2) Significant methods of hedge accounting

Method of hedge accounting

Deferred hedge accounting is employed. However, with regard to foreign currency receivables/payables with forward exchange contracts, designated hedge accounting (“*furiate-shori*”) is employed and with regard to interest rate swaps that meet the requirements for exceptional accounting (“*tokurei-shori*”), exceptional accounting is employed.

Means of hedging and hedged items

Hedging instruments: Forward exchange transactions, swaps and options to hedge foreign exchange-rate fluctuation risk and interest-rate fluctuation risk

Hedged items: Interest payable on foreign currency–denominated trade payables and borrowings

Hedging policy

The purpose of hedging activities is to reduce exchange-rate fluctuation risk and interest-rate fluctuation risk in accordance with the risk management policy of the Group.

Assessment of hedge effectiveness

Hedge effectiveness is assessed for each specific transaction at the end of the consolidated fiscal year under review. However, hedge effectiveness is not assessed if the substantial terms and conditions such as principal, interest rates and contract period of the hedging instruments and the hedged assets or liabilities are the same.

3) Accounting for employees’ retirement benefits

Method for attributing the estimated employees’ retirement benefits to periods

For the calculation of retirement benefit obligations, we principally use the benefit formula method for attributing the estimated retirement benefits to the periods up to the end of the fiscal year under review.

Amortization of actuarial difference and prior service costs

Prior service costs are recognized on an accrual basis by the straight-line method over various periods (mainly 7 to 10 years) that are not more than the average remaining service period of employees at the time of the accrual.

The actuarial differences that resulted are mainly recognized in the following fiscal year by the straight-line method over various periods (7 to 10 years) that are not more than the average remaining service period of employees at the time of the accrual of a difference.

4) Method and period for amortization of goodwill

Amortization of goodwill uses the straight-line method over 13 years.

5) Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company and its domestic consolidated subsidiaries have adopted the group tax sharing system. Accounting treatment of corporate taxes and local corporation tax, or accounting treatment and disclosure of tax effect accounting related thereto, are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System”

(PITF No. 42, August 12, 2021).

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

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

| Name | Address | Description |
|--|--|--|
| Toshifumi Hashizume | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Non-Independent and Non-Executive Director |
| Shioji Hiramatsu | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Executive Director |
| Associate Professor Victor Yeo Chuan Seng | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Independent Non-Executive Director |
| Richard Tan Chuan-Lye | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Independent Non-Executive Director |
| Carmen Wee Yik Cheng | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Independent Non-Executive Director |
| Lim Bee Choo | c/o 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 | Non-Independent and Non- Executive Director |

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 21 December 1970 and was listed on the Mainboard of the SGX-ST on 12 October 1981. The business carried on by the Company includes operating department stores and a supermarket, and trading in general merchandise and earning income from its investment properties.

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the Company being ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$91,710,461.17, comprising 41,250,000 Shares of which none are held as treasury shares and subsidiary holdings.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting have been extracted and reproduced in Appendix 4 to this Scheme Document.

3.3 Issue of New Shares

Since 31 December 2023, being the last day of the previous financial year (i.e., FY2023), no new Shares have been issued.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

3.3 Outstanding Convertible Instruments

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

4. FINANCIAL INFORMATION

4.1 Financial Information of the Company

(a) Income Statements

Set out below is certain financial information extracted from the annual reports of the Company for FY2021, FY2022 and FY2023.

The financial information for FY2021, FY2022 and FY2023 should be read in conjunction with the audited financial statements of the Company and the accompanying annual reports of the Company for FY2021, FY2022 and FY2023 respectively.

Selected Financial Information relating to Income Statements for FY2021, FY2022 and FY2023

| | FY2023 | FY2022 | FY2021 |
|---|------------------|------------------|------------------|
| | (Audited) | (Audited) | (Audited) |
| | \$'000 | \$'000 | \$'000 |
| Revenue | 84,277 | 87,620 | 85,804 |
| Exceptional items | N/A | N/A | N/A |
| (Loss) / Profit before income tax | (1,159) | 1,349 | 2,156 |
| Total (loss) / profit | (1,159) | 1,349 | 2,156 |
| (Loss) / Profit attributable to equity holders of the Company | (1,159) | 1,349 | 2,156 |
| (Loss) / Profit attributable to non-controlling interests | N/A | N/A | N/A |
| (Loss) / Earnings per share (cents) | (2.81) | 3.27 | 5.22 |

Set out below is also a summary of the dividends per ordinary share declared in respect of each of FY2021, FY2022 and FY2023 by the Company. Such information has also been extracted from the annual reports of the Company for FY2021, FY2022 and FY2023.

In respect of FY2023

- Interim dividend The Company did not propose any interim dividends.
- Final dividend The Company did not propose any final dividends.

In respect of FY2022

- Interim dividend The Company did not propose any interim dividends.
- Final dividend The Company did not propose any final dividends.

In respect of FY2021

- Interim dividend The Company did not propose any interim dividends.
- Final dividend 3.0 cents per ordinary share, tax exempt (one-tier)

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Statements of Assets and Liabilities of the Company as at FY2021, FY2022 and FY2023

| | FY2023 (Audited) \$'000 | FY2022 (Audited) \$'000 | FY2021 (Audited) \$'000 |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 69,833 | 74,542 | 70,150 |
| Trade and other receivables | 7,581 | 6,343 | 5,505 |
| Other investments, at amortised cost | 8,137 | 5,240 | 5,036 |
| Inventories | 6,141 | 6,442 | 5,640 |
| Rental deposit | 613 | 634 | 1,411 |
| Other current assets | 1,751 | 1,628 | 2,040 |
| | 94,056 | 94,829 | 89,782 |
| Non-current assets | | | |
| Trade and other receivables | 760 | 2,731 | 4,502 |
| Financial assets, at FVOCI | 3,388 | 4,000 | 4,206 |
| Other investments, at amortised cost | 18,246 | 22,086 | 24,390 |
| Club memberships | 170 | 170 | 170 |
| Investment in an associate | 1,416 | – | 2,060 |
| Rental deposits | 4,306 | 3,811 | 3,811 |
| Investment properties | 25,788 | 28,260 | 30,511 |
| Property, plant and equipment | 18,988 | 23,062 | 23,899 |
| Right-of-use assets | 5,803 | 18,960 | 20,264 |
| | 78,865 | 103,080 | 113,813 |
| Total assets | 172,921 | 197,909 | 203,595 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 31,346 | 35,369 | 33,349 |
| Provisions | – | – | 1,544 |
| Lease liabilities | 17,795 | 16,686 | 16,623 |
| | 49,141 | 52,055 | 51,516 |
| Non-current liabilities | | | |
| Trade and other payables | 3,734 | 5,217 | 3,866 |
| Provisions | 3,557 | 3,417 | 2,563 |
| Lease liabilities | 9,983 | 28,943 | 37,125 |
| | 17,274 | 37,577 | 43,554 |
| Total liabilities | 66,415 | 89,632 | 95,070 |
| NET ASSETS | 106,506 | 108,277 | 108,525 |
| EQUITY | | | |
| Share capital | 91,710 | 91,710 | 91,710 |
| General reserve | 17,000 | 17,000 | 17,000 |
| Fair value reserve | 716 | 1,328 | 1,534 |
| Currency translation reserve | 79 | 79 | 120 |
| Other reserves | (42) | (42) | 70 |
| Accumulated losses | (2,957) | (1,798) | (1,909) |
| Total equity | 106,506 | 108,277 | 108,525 |

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

4.2 Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Scheme Document and any other information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), there have been no material changes in the financial position of the Company since 31 December 2023, being the date of the last published audited financial statements of the Company.

4.3 Significant Accounting Policies

The significant accounting policies for the Company are set out in the notes to the Company's FY2023 Audited Financial Statements, which are set out in Appendix 9 to this Scheme Document.

4.4 Changes in Accounting Policies

The changes in the significant accounting policies for the Company are set out in the extract of the notes to the Company's FY2023 Audited Financial Statements in Appendix 9 to this Scheme Document. Save as aforesaid, as at the Latest Practicable Date, there are no changes in the accounting policies of the Company which will cause the figures disclosed in this paragraph 4 not to be comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Securities by the Company

As at the Latest Practicable Date, the Company does not own or control, and has not agreed to acquire any Offeror Securities.

5.2 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, save as disclosed below, none of the Directors have any direct or indirect interests in the Offeror Securities.

Mr. Toshifumi Hashizume has a direct interest in 10,800 ordinary shares in Isetan Mitsukoshi Holdings and Mr. Shioji Hiramatsu has a direct interest in 340 ordinary shares in Isetan Mitsukoshi Holdings.

5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed below and in this Scheme Document, none of the Directors has any direct or indirect interests in the Company Securities.

| Directors | Direct Interest in Company Securities | | Deemed Interest in Company Securities | |
|---|---------------------------------------|------------------|---------------------------------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Associate Professor Victor Yeo Chuan Seng | 1,000 | 0.002 | — | — |

Notes:

- (1) Rounded to the nearest three decimal places and based on 41,250,000 Shares in issue, with no treasury shares, as at the Joint Announcement Date.

5.4 Interests of Substantial Shareholders in the Company

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests of the substantial shareholders of the Company in Shares are set out below:

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

| Name | Number of Shares | | | | | |
|---------------------------------|------------------|-------|---------------------------|-------|---------------|-------|
| | Direct | | Deemed | | Total | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Isetan Mitsukoshi Ltd. | 21,750,000 | 52.73 | – | – | 21,750,000 | 52.73 |
| Isetan Foundation | 3,437,500 | 8.33 | – | – | 3,437,500 | 8.33 |
| Isetan Mitsukoshi Holdings Ltd. | – | – | 21,750,000 ⁽¹⁾ | 52.73 | 21,750,000 | 52.73 |

Notes:

- (1) By virtue of section 7 of the Companies Act, Isetan Mitsukoshi Holdings Ltd., the holding corporation of Isetan Mitsukoshi Ltd., is deemed to have an interest in the 21,750,000 shares held by Isetan Mitsukoshi Ltd. in the Company.

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Securities by the Company

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

6.2 Dealings in Offeror Securities by the Directors

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

6.3 Dealings in Company Securities by the Directors

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

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in the Company Securities

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

7.2 Dealings in Company Securities by the IFA

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

8. ARRANGEMENT AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed below and in this Scheme Document, there are no other material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

Mr. Toshifumi Hashizume and Mr. Shioji Hiramatsu each hold an employment contract with the Offeror. Pursuant to such employment contracts:

- (a) Mr. Toshifumi Hashizume is seconded to the Company as the chairman and a non-independent and non-executive director and Mr. Shioji Hiramatsu is seconded to the Company as the managing director and an executive director; and
- (b) Mr. Toshifumi Hashizume is also seconded to the Overseas Business Division of the Corporate Strategy Department of Isetan Mitsukoshi Holdings.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) The Company is not engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company; and
- (b) The Directors are not aware of any proceedings pending or threatened against the Company or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company.

10. GENERAL DISCLOSURE

10.1 Financial Statements

The Company's FY2023 Audited Financial Statements is set out in Appendix 9 to this Scheme Document.

10.2 Directors' Service Contracts

As at the Latest Practicable Date:

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

10.3 Material Contracts with Interested Persons

As at the Latest Practicable Date, save as disclosed in the annual reports of the Company for FY2021, FY2022 and FY2023 and any other information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGXNET), in respect of the material contracts with interested persons (within the meaning of the Note on Rule 23.12 of the Code) not being a contract entered into in the ordinary course of business, save for the Implementation Agreement, the Company has not entered into any material contracts with interested persons (as defined in the Note on Rule 23.12 of the Code (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date).

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

10.4 Costs and Expenses

Save for any and all lodgement fees which are payable to the SIC in respect of the lodgement of documents relating to the Scheme, which shall be borne by the Offeror, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

10.5 Directors' Intentions with respect to their Company Securities

Associate Professor Victor Yeo Chuan Seng, being the only Director who holds Company Securities as at the Latest Practicable Date, as set out in paragraph 5.3 of this Appendix 3, has informed the Company that he intends to vote in favour of the Scheme at the Scheme Meeting.

In accordance with the terms of the rulings by the SIC to the Offeror on 22 March 2024 and in compliance with the condition imposed by the SIC in its ruling as set out in paragraph 9.2 of the Letter to Shareholders of this Scheme Document, the Offeror Concert Party Group will be required to abstain from voting on the Scheme. As disclosed in the Offeror's Letter in Appendix 2 to this Scheme Document, as at the Latest Practicable Date, the Offeror Concert Party Group owns, controls or has agreed to acquire an aggregate of 25,187,500 Shares, representing approximately 61.1% of the total number of Shares (this includes the 21,750,000 Shares held by the Offeror). As set out above, the Offeror Concert Party Group will abstain from voting his/its Shares at the Scheme Meeting.

10.6 Governing Law

This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Target Shareholders submit to the exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore, to enforce any term or provision of this Scheme.

11. VALUATION

11.1 The Company has commissioned independent valuations of the properties at:

- (a) 435 Orchard Road #B1-01, #01-01, #02-01, #03-01 & #04-01 Wisma Atria Singapore 238877;
- (b) 593 Havelock Road Singapore 169641;
- (c) 5 Kallang Pudding Road, Singapore 349309; and
- (d) 479 River Valley Road #14-08 Singapore 248364.

The Valuation Reports, which include the basis of valuation, are set out in Appendix 5 to this Scheme Document.

11.2 Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. The Management has confirmed that the abovementioned properties are held for long-term purposes. As such, the Management has confirmed that in a hypothetical scenario where the abovementioned properties are sold at the respective market values, there should not be any tax liabilities arising from the disposal of the abovementioned properties as (i) any gains on disposal should not be subject to tax; and (ii) there are sufficient losses to set-off against an overall balancing charge, if any, arising from the disposal of qualifying fixed assets of the abovementioned properties.

11.3 The Company had previously attempted to divest its strata title in Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of this property did not yield a positive outcome for the matter to proceed further at this juncture.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

- 11.4 The Directors refer to paragraph 7.3.4 (Revalued NAV (“**RNAV**”) of the Company) of the IFA Letter which sets out the assets of the Company and whether an independent valuation has been commissioned for the purposes of assessing the RNAV of the Company, and the confirmations given by, amongst others, the Independent Directors to the IFA as at the Latest Practicable Date.

Paragraph 7.3.4 (Revalued NAV (“**RNAV**”) of the Company) of the IFA Letter is reproduced in italics below. Target Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings ascribed to them in the IFA Letter.

*“7.3.4 Revalued NAV (“**RNAV**”) of the Company*

In our evaluation of the Scheme Consideration, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which are recorded in the audited balance sheet of the Company as at 31 December 2023, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Company that are likely to impact the NAV of the Company as at 31 December 2023.

Investment Properties and Property, Plant and Equipment

*The aggregate book value of the investment properties (the “**Investment Properties**”) of the Company as at 31 December 2023 amounted to S\$25.8 million¹, representing 14.9% of the Company’s total assets. The aggregate book value of the property, plant and equipment (the “**PPE**”) of the Company as at 31 December 2023 (comprising (i) freehold land and buildings; (ii) office and shop equipment; (iii) shop renovations, furniture, fixtures and fittings; (iv) buildings and improvements; and (v) motor vehicles) amounted to S\$19.0 million¹, representing 11.0% of the Company’s total assets.*

*The Investment Properties refer to (a) the strata shop unit located at 435 Orchard Road, #B1-01, #01-01, #02-01, #03-01 and #04-01 Wisma Atria (“**Wisma Atria**”) Singapore 238877 (the “**Isetan Wisma Atria**”); and (b) a portion of the property located at 5 Kallang Pudding Road, Singapore 349309 (the “**Kallang Pudding Warehouse**”). The freehold land and buildings under PPE (which amounted to S\$14.7 million as at 31 December 2023) refer to (a) the property located at 593 Havelock Road, Singapore 169641 (the “**Isetan Office Building**”); and (b) the remaining portion of the Kallang Pudding Warehouse. The buildings and improvements under PPE (which amounted to S\$0.8 million as at 31 December 2023) mainly relate to the apartment located at 479 River Valley Road #14-08, Valley Park, Singapore 248364 (the “**Valley Park Condominium**”, together with the Isetan Wisma Atria, Kallang Pudding Warehouse, Isetan Office Building and Valley Park Condominium, collectively known as the “**Properties**”).*

As at 31 December 2023, the total net book value of the Properties amounted to S\$41.3 million¹, representing 23.9% of the Company’s total assets. We note that in the financial statements of the Company, the Properties are recognised based on cost less accumulated depreciation and accumulated impairment losses.

¹ The difference between the aggregate net book value of the Investment Properties and the PPE of S\$44.8 million as at 31 December 2023 and the aggregate net book value of the Properties of S\$41.3 million as at 31 December 2023 amounted to S\$3.5 million, which refers to the aggregate net book value of the remaining assets recorded under PPE as at 31 December 2023, namely (i) office and shop equipment; (ii) shop renovations, furniture, fixtures and fittings; (iii) buildings and improvements; and (iv) motor vehicles.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

For the assessment of the RNAV of the Company, the Company had commissioned the Independent Valuer to conduct an independent valuation to determine the market value of the Properties, which are set out below:

| <i>Description of Property</i> | <i>Net book value as at 31 December 2023 (S\$'000)</i> | <i>Market Value as at 2 May 2024 (S\$'000)</i> | <i>Revaluation Surplus (S\$'000)</i> |
|--|--|--|--|
| <i>Investment Properties</i> | | | |
| - Isetan Wisma Atria ⁽¹⁾⁽²⁾ | 17,905 | 293,000 ⁽³⁾ | 275,095 |
| - Kallang Pudding Warehouse ⁽⁴⁾ | 7,883 | 16,600 ⁽⁵⁾ | 8,717 |
| Sub-total | 25,788 | 309,600 | 283,812 |
| <i>PPE (Freehold land and buildings)</i> | | | |
| - Isetan Office Building ⁽⁶⁾ | 6,790 | 28,500 ⁽⁷⁾ | 21,710 |
| - Kallang Pudding Warehouse ⁽⁴⁾ | 7,883 | 16,600 ⁽⁵⁾ | 8,717 |
| Sub-total | 14,673 | 45,100 | 30,427 |
| <i>PPE (Buildings and improvements)</i> | | | |
| - Valley Park Condominium | 831 | 3,000 ⁽⁸⁾ | 2,169 |
| Total | 41,292 | 357,700 | 316,408 |

Notes:

- (1) Based on publicly available information, we note that there was historical valuation performed for the strata units of Wisma Atria owned by Starhill Global REIT (the “**Starhill Wisma Atria**”). As disclosed in the annual report 2022/2023 issued by Starhill Global REIT (the “**Starhill Annual Report**”) on 3 October 2023, it was disclosed that the market value of Starhill Wisma Atria with total net lettable area of 225,345 square feet (comprising 126,456 square feet of retail component and 98,889 square feet of office component), performed by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2023 was S\$827,800,000 (approximately S\$3,673.50 per square feet on total net lettable area). For illustrative purposes only, we observed that the appraised valuation for Isetan Wisma Atria by the Independent Valuer was approximately S\$4,273.00 per square feet on net lettable area (converted based on S\$45,994 per square meter on net lettable area) as at 2 May 2024.

We have not seen and are not privy to the valuation report which the valuation amount disclosed in the Starhill Annual Report was based upon. Accordingly, we are not aware of, inter alia, the bases and assumptions on which they were performed. In addition, pursuant to our discussions with the Management and in consultation with the Independent Valuer, we wish to highlight that the valuation for Starhill Wisma Atria disclosed in the Starhill Annual Report was carried out for strata floor area with different usage purpose (i.e. the approximate S\$3,673.50 per square feet on total net lettable area comprises both the net lettable area of the retail and office components, which may not be directly comparable to that of the strata retail units owned by the Company appraised by the Independent Valuer), different valuation purposes and are at different valuation dates. Hence, any comparisons here is likely to be limited and only serves as an illustrative guide.

- (2) We understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture.
- (3) Based on the Valuation Report of Isetan Wisma Atria, the independent valuation of Isetan Wisma Atria was based on strata floor area of 9,730.0 square meter (or approximately 104,732.7 square feet) and net lettable area of approximately 6,370.4 square meter (or approximately 68,570.3 square feet). This translated to approximately S\$30,113 per square meter on strata floor area (or approximately S\$2,797.60 per square feet) and S\$45,994 per square meter on net lettable area (or approximately S\$4,273.00 per square feet). We also noted that the remaining tenure of the land lease was 37 years.
- (4) Kallang Pudding Warehouse was partly reclassified to investment properties in 2019.
- (5) Based on the Valuation Report of Kallang Pudding Warehouse, the independent valuation of Kallang Pudding was based on the gross floor area of 7,257.0 square meter (or approximately 78,113.6 square feet) and lettable area of approximately 5,101.0 square meter (or approximately 54,906.7 square feet). This translated to approximately S\$4,574.89 per square meter on gross floor area (or approximately S\$425.02 per square feet) and S\$6,508.53 per square meter on lettable area (or approximately S\$604.66 per square feet).
- (6) As announced by the Company on 25 April 2024, the Isetan Office Building will be re-classified as an investment property upon the necessary regulatory approvals being obtained for the lease agreement with a new tenant for levels two to four of the Isetan Office Building. As at the Latest Practicable Date, the Management understands that such regulatory approvals have not been obtained.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

- (7) Based on the Valuation Report of Isetan Office Building, the independent valuation of Isetan Office Building was based on the gross floor area of 1,835.0 square meter (or approximately 19,751.8 square feet) and lettable area of approximately 1,541.0 square meter (or approximately 16,587.2 square feet). This translated to approximately S\$15,531.34 per square meter on gross floor area (or approximately S\$1,442.91 per square feet) and S\$18,494.48 per square meter on lettable area (or approximately S\$1,718.19 per square feet).
- (8) Based on the Valuation Report of Valley Park Condominium, the independent valuation of Valley Park Condominium was based on the strata floor area of 126.0 square meter (or approximately 1,356.3 square feet). This translated to approximately S\$23,809.52 per square meter on strata floor area (or approximately S\$2,211.90 per square feet).

The Independent Valuer had conducted its independent valuation of the Properties on the basis of “Market Value” which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In arriving at the “Market Value” of Isetan Wisma Atria, Kallang Pudding Warehouse and Isetan Office Building, the Independent Valuer has adopted direct comparison method and income capitalisation method as the appropriate methods for the valuation. In arriving at the “Market Value” of the Valley Park Condominium, the Independent Valuer has adopted direct comparison method as the only appropriate method for the valuation. In particular, we noted that the Wisma Atria site is zoned as a commercial plot with a gross plot ratio of 6.3 based on the Master Plan Zoning (2019), and we had considered whether there could be any potential uplift in the valuation of Wisma Atria assuming that any redevelopment can be completed to fully utilise such maximum allowable plot ratio. We have also considered whether such potential uplift should be considered in the independent valuation of Isetan Wisma Atria. Based on our discussions with the Management, and in consultation with the Independent Valuer, we understand that (i) it is unlikely for the Company to initiate such redevelopment plans after considering that it only owns a minority stake of the strata units in Wisma Atria, and any redevelopment would require the consent of all strata subsidiary proprietors, (ii) as at the Latest Practicable Date, the Management has confirmed that there are currently no such ongoing redevelopment plans, and (iii) in carrying out its independent valuation of Isetan Wisma Atria, the Independent Valuer’s valuation basis is premised upon the prevailing approved strata floor area owned by the Company and not as a redevelopment site.

Further details on the independent valuation of the Properties, including the bases for the independent valuation, can be found in the Valuation Reports, which are set out in Appendix 5 of the Scheme Document. Shareholders are advised to read the above in conjunction with the Valuation Reports in its entirety.

Under Rule 26.3 of the Code, the Company is required, inter alia, to make an assessment of any potential tax liability which would arise if the Properties, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. The Management has confirmed that the Properties are held for long-term purposes. As such, the Management has confirmed that in a hypothetical scenario where the Properties are sold at the respective market values, there should not be any tax liabilities arising from the disposal of the Properties as (i) any gains on disposal should not be subject to tax; and (ii) there are sufficient losses to set-off against an overall balancing charge, if any, arising from the disposal of qualifying fixed assets of the Properties.

Other Investments and Financial Assets, at FVOCI

Other investments of the Company as at 31 December 2023 amounted to an aggregate of S\$26.4 million, representing 15.3% of the Company’s total assets. Other investments comprised of both listed and unlisted bonds. Financial assets, at FVOCI, of the Company as at 31 December 2023 amounted to an aggregate of S\$3.4 million, representing 2.0% of the Company’s total assets. Financial assets, at FVOCI comprised of both listed and unlisted shares. Based on the closing prices of the listed bonds and shares as at the Latest Practicable Date and the carrying amount of the listed bonds and shares as at 31 December 2023, there are no material differences between the carrying values and market values of the listed bonds and shares under other investments and financial assets, at FVOCI, and accordingly, no adjustment has been made to NAV of the Company in this aspect.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Investment in an associate

We have also discussed with the Company on the assets held by its associate, being Isetan Chengdu, and understand that as at the Latest Practicable Date, the voluntary member's liquidation process of Isetan Chengdu has been completed, and there is no material impact to the NAV of the Company as at 31 December 2023. Accordingly, no adjustments have been made to the NAV of the Company in this letter.

Based on the above, we have made the following adjustment to the NAV of the Company to arrive at the RNAV of the Company as at 31 December 2023:

| | S\$'000 |
|--|----------------|
| Audited NAV of the Company as at 31 December 2023 | 106,506 |
| Add: Revaluation surplus | 316,408 |
| RNAV of the Company as at 31 December 2023 | 422,914 |
| RNAV per Share as at 31 December 2023 (S\$) | 10.252 |

Based on the above, we note that the Scheme Consideration represents a discount of approximately 29.77% against the RNAV per share of S\$10.252 as at 31 December 2023. Accordingly, the Price-to-RNAV ("**P/RNAV**") of the Company implied by the Scheme Consideration would be approximately 0.70 times as at 31 December 2023.

Shareholders should note that the RNAV of the Company above is not necessarily a realisable value given that the RNAV valuation approach is based largely upon the surplus revaluation estimates which were obtained by application of "as is" valuation estimates. This approach implicitly assumes that the Properties may be disposed of by the Company at a price determined by the independent valuations, on a willing buyer and a willing seller basis in an arms-length transaction with a third party. It should be noted that such valuation or market value of the Properties may vary depending on, inter alia, the prevailing market and economic conditions, and does not consider the associated time, effort, marketability, buyer demand and uncertainty relating to such property sale. For example, we understand that the Company had previously attempted to divest its strata title in Isetan Wisma Atria. The attempt, which was announced on 22 January 2021, 11 June 2021 and 15 December 2021, was ultimately unsuccessful as the exercise of gathering expressions of interest from target investors for the purchase of Isetan Wisma Atria did not yield a positive outcome for the matter to proceed further at that juncture.

Save as disclosed in this letter, the Independent Directors and Management have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

- (a) they are not aware of any material difference between the estimated market value of the assets held by the Company and its associate vis-à-vis their respective book values recorded in the audited balance sheet of the Company as at 31 December 2023;
- (b) they are not aware of any circumstances which may cause the NAV and NTA of the Company as at the Latest Practicable Date to be materially different from that recorded in the latest announced audited balance sheet of the Company as at 31 December 2023;
- (c) save for the execution of lease agreement with a new tenant which will re-classify portion of the Isetan office Building to investment property upon obtaining the necessary approvals, there have been no material disposals or acquisitions of assets by the Company between 31 December 2023 and the Latest Practicable Date, and as at the Latest Practicable Date, the Company does not have any plans for such impending material disposal or acquisition of assets, conversion of the use of the Company's material assets or material change in the nature of the Company's business;

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

- (d) *there are no contingent liabilities, bad or doubtful debts or impairment losses or material events at as the Latest Practicable Date which are likely to have a material impact on the NAV and NTA of the Company as at 31 December 2023;*
- (e) *there are no litigation, claim or proceedings pending or threatened against the Company or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have a material impact on the financial position of the Company as at 31 December 2023; and*
- (f) *there are no intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Company in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the NAV and NTA of the Company as at 31 December 2023.”*

For the reasons set out in the above paragraph 7.3.4 (Revalued NAV (“**RNAV**”) of the Company) of the IFA Letter, the Company has not, save for the properties described in paragraphs 11.1(a) to (d) above, commissioned any independent valuations for the other assets it owns.

12. CONSENTS

12.1 General

Lee & Lee and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

12.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in Appendix 1 to this Scheme Document and all references thereto in the form and context in which it appears in this Scheme Document.

12.3 Edmund Tie & Company (SEA) Pte. Ltd.

Edmund Tie & Company (SEA) Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the Valuation Reports as set out in Appendix 5 to this Scheme Document and all the references to its name in the form and context in which it appears in this Scheme Document.

12.4 PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the auditors’ report relating to the Company’s FY2023 Audited Financial Statements as set out in Appendix 9 to this Scheme Document and all the references to its name in the form and context in which it appears in this Scheme Document.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 from the date of this Scheme Document up to the Effective Date:

- (a) the constitution of the Company;
- (b) the annual reports of the Company for FY2021, FY2022 and FY2023;
- (c) the Implementation Agreement;
- (d) the Valuation Reports; and
- (e) the letters of consent referred to in paragraph 12 of this Appendix 3.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

Selected texts of the constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting as extracted and reproduced from the constitution are set out below:

1. The rights of the Shareholders in respect of capital

COMMISSIONS OR BROKERAGE

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| 6. | The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. | Commissions or brokerage. |
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SHARES

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| 7. | The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company may, at the option of the Company, be cancelled on purchase or acquisition or held in treasury in accordance with the Act. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. | Purchasing of issued shares. |
| 8. | The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. Unless otherwise specified or restricted by the Act, the Company may pay commissions or brokerage on any sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. | Treasury shares. |
| 9. | Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Company in General Meeting may authorise the Directors to exercise any power of the Company to issue shares, and any such share may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to Dividend, voting, return of capital, or otherwise, as the Directors, subject to any Ordinary Resolution of the Company determine. | Special rights. |
| 10. | The Company shall not issue shares to transfer a controlling interest without prior approval of the shareholders in General Meeting. | Controlling interest. |
| 11. | No Director shall participate in an issue of shares to employees unless shareholders in General Meeting have approved of the specific allotment to be made to such Director and unless he holds office in an executive capacity. | Issue of shares to employees. |
| 12. | Subject to the provisions of the Act, any preference shares may with the sanction of a Special Resolution be issued on the terms that they are, at the option of the Company, liable to be redeemed in such terms and in such manner as the Company may by Special Resolution determine. | Redeemable preference shares. |
| 13. | The total number of issued preference shares shall not exceed the total number of the issued ordinary shares at any time. | Number of issued preference shares. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 14. | (1) | The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolutions creating the same. | Alteration of rights of classes of shareholders. |
| | (2) | If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), may only be varied with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the shares of that class concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. Repayment of preference capital other than redeemable preference shall be subject to the above consent or Special Resolution. To any such special meeting all the provisions of these Regulations as to General Meetings of the Company shall <i>mutatis mutandis</i> apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. | |
| | (3) | The special rights or privileges attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects <i>pari passu</i> therewith but in no respect in priority thereto. | |
| 15. | (1) | In the event that the Company shall at any time issue preference shares it shall indicate whether it has the power to issue further preference capital ranking equally with or in priority to the preference shares then to be issued. | Issuance of preference shares. |
| | (2) | Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and financial statements, and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking, or where the proposal to be submitted to the meeting directly affects their rights and privileges, or when the Dividend on the preference shares is more than six (6) months in arrears. | Rights of preference shareholders. |
| 16. | | No part of the funds of the Company shall directly or indirectly be employed in the purchase of, or in loans upon the security of, the Company’s shares, but nothing in this Regulation shall prohibit transactions permitted under the Act. | Dealings in Company’s own shares. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

SHARE CERTIFICATES

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| 17. | Every certificate may be issued under the Seal or executed as a deed in accordance with the Act and shall specify the number and class of shares to which it relates, whether shares are fully or partly paid up, the amount (if any) unpaid thereon, and any other information the Act may require. Every Member shall be entitled without payment, to receive within ten (10) market days (or such other period as may be approved by the stock exchange upon which the shares of the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgment of a registrable transfer or on a transmission of shares to one (1) certificate for all of his shares of any one (1) class or several certificates in reasonable numbers or denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding S\$2.00 for each such new certificate as the Directors may determine. | Share certificates. |
| 18. | Every certificate for shares or debentures or representing any other form of security (other than letters of allotment or scrip certificates) may be under the Seal or executed as a deed in accordance with the Act and where issued under the Seal shall bear the signatures of two (2) Directors or of one (1) Director and the Secretary. It shall be sufficient evidence that the Seal has been duly affixed to any such certificate and signed as aforesaid if a facsimile of the signatures of two (2) Directors or one (1) Director and the Secretary appears thereon. | Certificate for shares and debentures. |
| 19. | Subject to the provisions of the Act, if any such certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and an indemnity, undertaking or statutory declaration (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Exchange or on behalf of its/their client(s) as the Directors of the company shall require, and in the case of defacement or wearing out, on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2.00 as the Directors may from time to time require. In the case of destruction, loss or theft, a Member or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss and to such indemnity, undertaking and/or statutory declaration. | Issue of replacing certificates. |

LIEN

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| 20. | The Company's lien on shares and on Dividends from time to time declared in respect of such shares, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. | Company's lien on shares. |
| 21. | The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the shares, or the person entitled thereto by reason of his death or bankruptcy. | Right to enforce lien by sale. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 22. For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. | Protection of purchaser. |
| 23. The net proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall be held (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) by the Company on behalf of the person entitled to the shares at the date of the sale. | Application of proceeds of sale. |

CALL ON SHARES

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| 24. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Calls. |
| 25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. | Joint holders. |
| 26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per cent (8%) per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part. | Interest on unpaid calls. |
| 27. The provisions of these Regulations as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had become payable by virtue of a call duly made and notified. | Sums payable at fixed time to be treated as calls. |
| 28. The Directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment. | Difference between holders of shares as to calls. |
| 29. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of the Company in General Meeting, eight per cent (8%) per annum) as may be agreed upon between the Member paying the sum in advance and the Directors. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. | Payment in advance of calls. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

TRANSFER AND TRANSMISSION OF SHARES

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| 30. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any stock exchange upon which the Company may be listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof. | Transfer. |
| 31. Any fee charged on the transfer of securities shall not exceed S\$2.00 per transfer. | Transfer fees. |
| 32. There shall be no restriction on the transfer of fully paid securities (except as required by law or by the rules, bye-laws or listing rules of the stock exchange upon which shares in the Company may be listed). | No restriction on transfer. |
| 33. (1) The Directors may in their discretion decline to register any transfer of shares in any of the following circumstances:- (a) registration of the transfer would result in a contravention of or failure to observe any applicable laws; (b) where the instrument of transfer is not duly stamped in accordance with any applicable laws for the time being in force. The Company may treat an instrument of transfer as duly stamped where it is accompanied by a certificate of payment of stamp duty (if any is payable); (c) where the Company has a lien in the case of shares not fully paid up and a call has been made and is unpaid; or (d) where the transfer is not accompanied by the certificate of the shares to be transferred and such other evidence as the Directors may require to show the right of the transferor to make the transfer. Provided always that in the event of the Directors declining to register a transfer of shares, they shall within ten (10) market days after the date on which the transfer was lodged with the Company, serve to the lodging party written notice of the decline and the reasons therefore as may be required under the listing rules of the Exchange. | Power of Directors to decline to register transfer. |
| (2) The Directors may also suspend the registration of transfers during the fourteen (14) days immediately preceding the Annual General Meeting in each year. | |
| (3) The Directors shall not be bound to register more than three (3) persons as joint holders of any share except in the case of executors or administrators or trustees of the estate of a deceased shareholder. | |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 34. (1) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. | Title on death of shareholder. |
| (2) In the case of the death of a member who was a Depositor, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. | |
| (3) Nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. | |
| 35. Any person becoming entitled to a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such shares to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such persons whose name is entered in the Register of Members. | Registration on death or bankruptcy of shareholder. |
| 36. Save as otherwise provided by or its accordance with this Constitution, a person becoming entitled to a share pursuant to Regulations 34(1) or 34(2) or Regulation 35 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any rights conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share. | Dividends and voting powers. |

FORFEITURE OF SHARES

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| 37. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued. | Notice to pay calls overdue. |
| 38. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited. | Contents of notice. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 39. | If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. | Forfeiture for non-payment. |
| 40. | A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. | Sale of forfeited shares. |
| 41. | If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. | Application of residue. |
| 42. | A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the issue price of the shares. | Shareholder's liabilities on forfeiture. |
| 43. | A declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof, and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share. | Title of purchaser of forfeited shares. |
| 44. | The provision of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified. | Application of forfeiture provisions. |

CONVERSION OF SHARES INTO STOCK

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| 50. | The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination. | Power to convert into stock. |
| 51. | The holder of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred, or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum. | Transfer of stock. |
| 52. | The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except as regards Dividend and return of capital) shall be conferred by any such number of stock units which would not, if existing in shares, have conferred such privileges or advantage. | Rights of stockholders. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 53. All such provisions of this Constitution as are applicable to paid-up shares shall apply to stock units, and the words “share” and “shareholder” therein shall include “stock units” and “stockholder”. | Interpretation. |
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ALTERATION OF CAPITAL

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| 45. The Company may in General Meeting from time to time increase the share capital by issuing such number of shares for such issue price as the resolution shall prescribe. | Increase of capital. |
| 46. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notice from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. | Disposal of new shares. |
| (2) The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. | |
| (3) The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation. | |
| 47. Notwithstanding Regulation 46 above the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:- | Authority to issue shares and convertible securities. |
| (1) (a) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or | |
| (b) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and | |
| (2) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, | |

provided that:-

- (i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules for the time being in force (unless such compliance is waived by the SGX-ST) and these Regulations; and
- (iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall continue in force until:- (a) the conclusion of the Annual General Meeting of the Company commencing next after the date on which the Ordinary Resolution was passed; (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or (c) the expiration of such other period as may be prescribed by the Act, whichever is the earliest.

48. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the shares in the original share capital. New capital to be treated as original capital.
49. (1) The Company may in General Meeting, or as otherwise permitted by law:- Alteration of capital.
- (a) consolidate and divide all or any of its shares;
 - (b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of a share from which the reduced share is derived;
 - (c) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled; and
 - (d) reduce its share capital in any manner and with and subject to any incident authorised and consent required by law.
- (2) The Company may by Ordinary Resolution, or as otherwise permitted by applicable laws, convert its share capital or any class of shares from one currency to another currency.
- (3) The Company may by Special Resolution, or as otherwise permitted by applicable laws, convert any class of shares into any other class of shares.

ALTERATION OF RIGHTS OF CLASSES OF SHAREHOLDERS

14. (1) The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolutions creating the same. Alteration of rights of classes of shareholders.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (2) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), may only be varied with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the shares of that class concerned within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. Repayment of preference capital other than redeemable preference shall be subject to the above consent or Special Resolution. To any such special meeting all the provisions of these Regulations as to General Meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
- (3) The special rights or privileges attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

CAPITALISATION OF PROFITS AND RESERVES

128. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 47):-
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 47) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and
- (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 47) such other date as may be determined by the Directors,

Capitalisation
of profits and
reserves.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Regulation 128(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (3) In addition and without prejudice to the powers provided for by Regulation 128(1) and 128(2), the Directors shall have power to issue shares for which no consideration is payable to the Company and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit. The reserve fund or any profits carried forward or any part thereof may be capitalised in any manner provided by this Regulation 128.

WINDING UP

146. Upon the winding up of the Company, the holders of preference shares, if any, shall be entitled to be paid all arrears of preferential Dividend to the commencement of winding up and also to be repaid the amount of capital paid up or credited as paid up on such preference shares held by them respectively, in priority to the ordinary shares, but shall not be entitled to any other further rights to participate in profits or assets; subject as aforesaid and to the rights of any other holders of shares entitled to receive preferential payment over the ordinary shares, in the event of the winding up of the Company, the holders of ordinary shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively, at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid up share capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members holding ordinary shares in proportion to the capital paid up or which ought to have been paid up on the ordinary shares held by them respectively at the commencement of the winding up, other than the amounts paid by them in advance of calls.

Distribution of assets.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 147. If the Company shall be wound up, whether voluntarily or otherwise the liquidators may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide among the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit. | Distribution of assets in species. |
| 148. On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by Members. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which it is to be considered. | Voluntary liquidation. |
- 2. The rights of the Shareholders in respect of voting**
- GENERAL MEETINGS**
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| 54. An Annual General Meeting shall be held once in every year at such time not being more than fifteen (15) months after the holding of the last preceding Annual General Meeting (unless the Registrar authorises an extension of time to hold such General Meeting or as otherwise permitted by the Act) and place as may be determined by the Directors. In default of a General Meeting being so held a General Meeting shall be held in the month next following and may be convened by any two (2) Members in the same manner as nearly as possible as that in which meetings are to be convened by the Directors. If required by the listing rules of the Exchange, all General Meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation. | General Meeting. |
| 55. All meetings other than the Annual General Meeting shall be called Extraordinary General Meetings. | Extraordinary General Meetings. |
| 56. (1) The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition by Members in accordance with the Act or in default may be convened by such requisitionist as may be provided for under the Act. | Calling of Extraordinary General Meetings. |
| (2) If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum, any Director or any two (2) Members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. | |
| 57. The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting (excluding the date of notice and the date of meeting). Where notices contain Special Resolutions, they must be given to shareholders at least twenty-one (21) days before the meeting (excluding the date of notice and the date of meeting). Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such businesses. At least fourteen (14) days' notice of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange on which the Company is listed. | Notice of meeting. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

PROCEEDINGS AT GENERAL MEETINGS

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| 58. | All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting, with the exception of the sanctioning of a Dividend, the consideration of the financial statements, and the report or statement (as applicable) of the Directors and auditors as prescribed by the Act, the election of Directors and other officers in the place of those retiring by rotation, and the fixing of the remuneration of the auditors. | Special business. |
| 59. | No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two (2) Members personally present shall be a quorum. | Quorum. |
| 60. | If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of Members shall be dissolved, in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum. | Adjournment for want of quorum. |
| 61. | The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting of the Company and may from time to time appoint any other Director to be the Chairman of such meeting. | Chairman. |
| 62. | If:- (a) there is no such Chairman; or (b) if at any meeting he has not appointed any other Director to be the Chairman of such meeting, and (i) is not present within fifteen (15) minutes after the time appointed for holding the meeting; or (ii) he is unwilling to act as Chairman, the Members present shall choose some Director, or, if no Director be present, or if all the Directors present decline to take the chair, one (1) of themselves to be Chairman. | Election of Chairman. |
| 63. | (1) The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (2) When a meeting is adjourned for ten (10) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting | Adjournment of meeting by Chairman. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

64. Subject to Regulation 67(2), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (therefore or on the declaration of the result of the show of hands) demanded:-
- Poll.
- (a) by the Chairman;
 - (b) by at least two (2) Members present or by proxy;
 - (c) by any Member or Members present in person or by proxy and representing not less than five per cent (5%) of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) by a Member or Members holding shares in the Company conferring a right to vote at a meeting being shares on which an aggregate sum has been paid up equal to not less than five per cent (5%) of the total sum paid up on all the shares conferring that right.
- Unless a poll is so demanded a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
65. Except as provided in Regulation 67(2), if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
- Taking of poll.
66. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
- Chairman's casting vote.
67. (1) A poll demanded on the election of a Chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place and in such manner as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
- When poll to be taken.
- (2) Where required by applicable laws or the listing rules of the Exchange, and unless waived by the relevant authority or pursuant to applicable law, all resolutions at General Meetings shall be voted by poll.
68. If:
- Error in counting of votes.
- (1) any objection shall be raised as to the qualification of any voter; or
 - (2) any votes have been counted which ought not to have been counted or which might have been rejected; or
 - (3) any votes are not counted which ought to have been counted,
- the objection or error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman of the meeting or of any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting. The decision of the Chairman of the meeting on such matters shall be final and conclusive.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

VOTES OF MEMBERS

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| 69. | Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each member shall be entitled to be present and to vote in person or by proxy at any General Meeting in respect of any share or shares upon which all calls due to the Company have been paid. On a show of hands every member entitled to vote who is present in person and each proxy shall have one (1) vote and on a poll, every member who is present in person or by proxy shall have one (1) vote for every share which he holds or represents. Provided always that: | Number of votes. |
| | (1) where a Member is represented by one (1) or more proxies and the voting is conducted by way of a poll, the provisions of Regulation 77 shall apply; | |
| | (2) where a Member who is not a relevant intermediary is represented by two (2) proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote on a show of hands and the second named proxy shall not be so entitled to vote unless the first named proxy is not present; | |
| | (3) where a Member who is a relevant intermediary is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and | |
| | (4) for the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under applicable laws) before the time of the relevant General Meeting as certified by the Depository to the Company. | |
| 70. | In the case of joint holders of shares, any one (1) of such persons may vote, but if more than one (1) of such persons be present at a meeting, the person whose name stands first on the Register of Members shall alone be entitled to vote. | Joint holders. |
| 71. | A Member who becomes mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental health may vote whether on a show of hands or on a poll by his committee, or by his trustee or by such other person as properly has the management of his estate and any such committee, trustee or other person may vote by proxy or attorney. | Vote of Member who is mentally disordered. |
| 72. | No Member shall be entitled to vote at any General Meeting unless all calls or other sums personally payable by him in respect of shares in the Company have been paid. | Member in default may not vote. |
| 73. | Where the capital of a company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such rights is exerciseable. | Voting rights of shares of different monetary denominations. |
| 74. | No objection shall be raised to the qualification of any voter except at a meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive. | Time for objection. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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| 75. | On a poll votes may be given either personally or by proxy. | Giving of votes. |
| 76. | A proxy shall be entitled to vote on a show of hands on any matter at any General Meeting. | Proxy entitled to vote on a show of hands. |
| 77. | (1) Subject to applicable laws: <ul style="list-style-type: none">(a) a Member who is not a relevant intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same General Meeting; and(b) a Member who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the same General Meeting. Where such Member's proxy form appoints more than two (2) proxies, each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member, and the proxy form shall specify the number and class of shares in relation to which each proxy has been appointed. If the form does not specify the required information, the first named proxy shall be deemed to represent one hundred per cent (100%) of the shareholdings. | Appointment of proxy. |
| | (2) In any case where a Member is a Depositor, the Company shall be entitled and bound:- <ul style="list-style-type: none">(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) hours (or any such time permitted under applicable laws) before the time of the relevant General Meeting as certified by the Depository to the Company; and(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at seventy-two (72) hours (or any such time permitted under applicable laws) before the time for the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor. | |
| | (3) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. | |
| | (4) In any case where a form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. | |
| | (5) A proxy need not be a Member of the Company. | |

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (6) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a General Meeting shall not be precluded from attending, speaking and voting in person at that General Meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant General Meeting.

78. (1) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual shall be signed by the appointor or his attorney duly authorised in writing; and
- (b) in the case of a corporation shall be either given under its common seal, executed as a deed in accordance with the Act, or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (2) Subject to Regulation 78(1), the signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (3) The instrument appointing a proxy must be left at the Office, or such other place (if any) as is specified by the Company for the purpose in the notice convening the General Meeting not less than seventy-two (72) hours (or any such time permitted under applicable laws) before the time for holding the meeting, or adjourned meeting, at which the person named in the instrument proposes to vote, and in default the instrument of proxy or attorney shall not be treated as valid unless the Directors in their absolute discretion determine otherwise. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting.
79. An instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll. Proxy may demand a poll.
80. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, mental disorder, revocation, or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used. Non-revocation of proxy.

CORPORATIONS

81. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company. Representative of corporation.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

3. The rights of the Shareholders in respect of dividends

DIVIDENDS

114. Subject to any rights or restrictions attached to any shares or class of shares, and the provisions of these Regulations as to the reserve fund, and except as otherwise permitted under the Act, the profits of the Company shall be divisible amongst the Members and:
- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.
- For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.
115. The Company in General Meeting may declare a Dividend to the Members according to their rights and interests in the profits and may fix the time for payment. No larger Dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller Dividend.
116. No Dividend shall be payable except out of the profits of the Company. No Dividend shall carry interest.
117. The declaration of the Directors as to the net profits of the Company shall be conclusive.
118. The Directors may from time to time pay to the Members such interim Dividends as in their judgement the position of the Company justifies provided no such Dividends shall be declared more than once in six (6) months.
119. The Directors may retain any Dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debt, liabilities, or engagements in respect of which the lien exists.
120. A transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
121. Any General Meeting declaring a Dividend may direct payment of such Dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares, debentures, or debenture stock of the Company, or paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and; where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the Dividend as may seem expedient to the Directors. Where required, a proper contract shall be filed in accordance with the requirements of the relevant authority, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the Dividend, and such appointment shall be effective.
- Appropriation of profits.
- Declaration of Dividend.
- Dividend payable out of profits.
- Declaration to be conclusive.
- Interim Dividend.
- Debts may be deducted.
- Effect of transfer.
- Dividend in specie.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 122. | The Directors may retain the Dividends payable upon registered shares in respect of which any person is under the transmission clause, entitled to become a Member, or which any person under that clause is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. | Power to retain Dividends. |
| 123. | In case several persons are registered as the joint holders of any shares, any one of such persons may give effectual receipts for Dividends and payment on account of Dividends in respect of such shares. | Any joint holder may give receipt. |
| 124. | Notice of declaration of any Dividend, whether interim or otherwise, may be given by advertisement. | Notice of Dividend. |
| 125. | Unless otherwise directed, any Dividend may be paid by cheque, warrant or post office order, sent through the post to the registered address of the Member entitled, or in case of a joint holder to that one whose name shall stand first on the Register or the Depository Register (as the case may be) in respect of the joint holding, or by such means (including, by electronic means) as the Directors may decide at their absolute discretion and every cheque, warrant or post office order so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, dividend warrant, post office order, or any payment made by other means, and every such cheque, dividend warrant, post office order or payment made by other means shall be sent at the risk of the person entitled to the money represented thereby. The payment by the Company to the Depository of any Dividend payable or distribution due to a Depositor shall, to the extent of the payment or distribution made, discharge the Company from any liability in respect of that payment or distribution. | Payment by post. |
| 126. | <p>(1) Subject to Regulation 126(2), all Dividends unclaimed for one (1) year after having been declared, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.</p> <p>(2) Any Dividend unclaimed after a period of six (6) years from the date of declaration of such Dividend may be forfeited and if so shall revert to the Company. For the avoidance of doubt, no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed Dividend, whatsoever and howsoever arising.</p> | Unclaimed Dividends. |
| 127. | <p>(1) Whenever the Directors or the Company in general meeting have resolved or proposed that a Dividend (including an interim, final, special or other Dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to such Dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the Dividend as the Directors may think fit.</p> <p style="margin-left: 20px;">In such case, the following provisions shall apply:</p> <p style="margin-left: 40px;">(a) the basis of any such allotment shall be determined by the Directors;</p> | Scrip Dividend scheme. |

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any Dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular Dividend or Dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;
- (c) the right of election may be exercised in respect of the whole of that portion of the Dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the Dividend (or that part of the Dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and (notwithstanding any provision of the Regulations to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (2) (a) The ordinary shares allotted pursuant to the provisions of Regulation 127(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the Dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of Regulation 127(1), with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Regulations, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down), or whereby the benefit of fractional entitlements accrues to the Company rather than the Members and to authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (3) The Directors may, on any occasion when they resolve as provided in Regulation 127(1), determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 127 shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in Regulation 127(1), further determine that no allotment of ordinary shares or rights of election for ordinary shares under that paragraph shall be made available or made to Members whose registered addresses entered the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant Dividend resolved or proposed to be paid or declared.
- (5) Notwithstanding the foregoing provisions of this Regulation 127, if at any time after the Directors' resolution to apply the provisions of Regulation 127(1) in relation to any Dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of Regulation 127(1).

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

RESERVE FUND

129. The Directors may, before declaring any Dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such profits such sum as they may determine to form a reserve fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising Dividends or for special Dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes as the Directors shall, in their absolute discretion, think conducive to the interest of the Company.

Formation and
object of reserve
fund.

APPENDIX 5 – VALUATION REPORTS

This **Appendix 5** sets out the Valuation Reports in respect of:

- (a) 435 Orchard Road #B1-01, #01-01, #02-01, #03-01 & #04-01 Wisma Atria Singapore 238877;
- (b) 593 Havelock Road Singapore 169641;
- (c) 5 Kallang Pudding Road, Singapore 349309; and
- (d) 479 River Valley Road #14-08 Singapore 248364.

The full Valuation Reports in respect of these properties are available for inspection at the Company's registered office at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 during normal business hours from the date of this Scheme Document up to the Effective Date.



Valuation Report of:

435 Orchard Road

#B1-01, #01-01, #02-01, #03-01 & #04-01

Wisma Atria

Singapore 238877

Report for:
**ISETAN (SINGAPORE)
LIMITED**

Date of Valuation
8 February 2024



EDMUND TIE & COMPANY (SEA) PTE LTD
5 Shenton Way #13-05 UIC Building
Singapore 068808

Ph: +65 6293 3228

Fax: +65 62989328

Email: valuation.sg@etcsea.com



Table of contents

| | | |
|------|---|----|
| 1.0 | Executive Summary..... | 3 |
| 2.0 | Introduction | 5 |
| 2.1 | Instructions | 5 |
| 2.2 | Valuer's Interest..... | 5 |
| 2.3 | Basis of Valuation | 6 |
| 2.4 | GST Assumptions..... | 6 |
| 2.5 | Valuation Qualifications | 6 |
| 3.0 | Property Details | 7 |
| 3.1 | Location and Accessibility | 7 |
| 3.2 | Title Particulars | 8 |
| 3.3 | Town Planning & Statutory Assessments | 9 |
| 4.0 | The Subject Development | 10 |
| 4.1 | Description of Improvements..... | 10 |
| 4.2 | Accommodation and Finishes | 10 |
| 4.3 | Floor Plans..... | 12 |
| 4.4 | Services | 17 |
| 4.5 | Building Areas..... | 17 |
| 4.6 | Building Condition and Utility..... | 17 |
| 5.0 | Occupational & Financial Analysis | 18 |
| 5.1 | Tenancy Details | 18 |
| 5.2 | Other Income | 18 |
| 5.3 | Outgoings | 18 |
| 6.0 | Market Commentary | 19 |
| 7.0 | Valuation Considerations..... | 21 |
| 7.1 | Introduction | 21 |
| 7.2 | Direct Comparison Method..... | 22 |
| 7.3 | Income Capitalisation Method | 24 |
| 8.0 | Conclusion | 25 |
| 9.0 | Valuation..... | 26 |
| 10.0 | Limiting Conditions | 27 |



1.0 Executive Summary

| | |
|-----------------------------------|--|
| Address: | 435 Orchard Road #B1-01, #01-01, #02-01, #03-01 & #04-01 Wisma Atria Singapore 238877 |
| Client: | Isetan (Singapore) Limited. |
| Purpose of Valuation: | For inclusion in a circular which is to be published by Isetan Singapore Limited pursuant to the proposed takeover of Isetan Singapore Limited by Isetan Mitsukoshi Limited, as a result of which Isetan Singapore Limited will be delisted from the Singapore Stock Exchange. |
| Interest Valued: | 99 years commencing from 1 April 1962. |
| Basis of Valuation: | Market value of the property subject to existing tenancies and occupational arrangements. |
| Registered Proprietor: | Isetan (Singapore) Limited. |
| Master Plan Zoning (2019): | Commercial with gross plot ratio of 6.3. |
| Brief Description: | The subject property comprises a strata shop unit located from Basement 1 to 4th storey and service floors from 5th to 9th storey within Wisma Atria, a part 7/part 22-storey retail-cum-office development with a basement. |
| Tenancy Profile: | The subject property is currently 100% occupied. The average monthly passing gross rent is approximately S\$840,302/-, reflecting S\$12.25 psf per month. The service charge is S\$1.50 psf per month. |
| Strata Floor Area: | 9,730.0 sq m – including 1,030.0 sq m of service areas. |
| Net Lettable Area (NLA): | Approximately 6,370.4 sq m - as provided. |
| Valuation Approaches: | Direct Comparison Method & Income Capitalisation Method |

APPENDIX 5 – VALUATION REPORTS



Adopted Capitalisation Rate: 4.80%

Valuation: **S\$293,000,000/-.**
(Singapore Dollars Two Hundred And Ninety-Three Million).
This assessment is GST exclusive

Value psm on Strata Floor Area: S\$30,113/-

Value psm on Net Lettable Area (NLA): S\$45,994/-

Date of Valuation: 8 February 2024

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

A handwritten signature in blue ink, appearing to read 'Poh Kwee Eng'.

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

A handwritten signature in blue ink, appearing to read 'Maggie Neo'.

Maggie Neo
Associate Director
Valuation Advisory
B.Bus (Property) MSISV
(Appraiser's Licence No: AD041-2009729G)

IMPORTANT NOTE: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.



2.0 Introduction

2.1 Instructions

We refer to instruction from Isetan (Singapore) Limited to provide valuation advice to determine the market value of 435 Orchard Road, #B1-01, #01-01, #02-01, #03-01 & #04-01, Wisma Atria, Singapore 238877, as at 8 February 2024.

The interest being valued is approximately 37 years.

This report conforms with the Singapore Institute of Surveyors and Valuers Professional Practice Guidelines.

2.2 Valuer's Interest

Edmund Tie & Company (SEA) Pte Ltd confirm that

The valuers are registered and qualified to carry out the valuation of properties in the Republic of Singapore.

The valuers each has at least 15 years continuous experience in valuation.

The valuers have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting her ability to give an unbiased opinion.

The valuers are a member of the Singapore Institute of Surveyors and Valuers (SISV) and holds the certified practising appraiser licence from Inland Revenue Authority of Singapore (IRAS).



2.3 Basis of Valuation

We have adopted the International Valuation Standards definition of Market Value as follows:-

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

2.4 GST Assumptions

All valuation calculations and assessments in this report is GST exclusive.

2.5 Valuation Qualifications

Market Movement Clause

This valuation is current as at the date of valuation only. The value assessed herein may change significantly unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Edmund Tie & Company (SEA) Pte Ltd will not indemnify in respect to valuations carried out by Edmund Tie & Company (SEA) Pte Ltd which involve solicitor introduced mortgages, including but not limited to any loans emanating from any solicitor controlled or managed mortgage fund or private lending fund and/or scheme management.

Assignment

Underwriters will not indemnify the Insured in respect of valuations carried out by the Insured where the valuation is assigned to a third party without the specific written consent of the valuer and in accordance with the other conditions of this Endorsement. No indemnity will be granted under any circumstances for any assigned valuation older than 90 days (3 months).



3.0 Property Details

3.1 Location and Accessibility



Source: SLA, Edmund Tie & Company (SEA) Pte Ltd, February 2024

Wisma Atria is located along Orchard Road and is approximately 4 km from the city centre at Raffles Place. This locality is regarded as the premier shopping, hotel and entertainment precinct in Singapore. Major retail malls situated along Orchard Road include Ion Orchard, Ngee Ann City, Tang Plaza, Lucky Plaza, The Paragon, The Centrepoint and 313 Somerset. Prominent hotels in the vicinity include Singapore Marriott Tang Plaza Hotel, Hilton Singapore Orchard and Pullman Singapore Orchard amongst many others.

Residential developments in the vicinity include The Orchard Residences, Richmond Park, Cairnhill Nine, Elizabeth Towers, Cairnhill Plaza, The Laurels, Urban Suites, Urban Resort Condominium, Grange Infinite and OUE Twin Peaks amongst many others.

The subject development is located within the Restricted Zone and is subject to the Electronic Road Pricing Scheme (ERP). This locality is in proximity to Central Expressway (CTE) and well served by public transport with direct bus services to all parts of the island. In addition, the basement of the subject development has a direct link/access to Orchard MRT Station.



3.2 Title Particulars

Legal Description : Lot U7397X Town Subdivision 21.

Tenure : 99 years commencing from 1 April 1962.

Strata Floor Area : 9,730.0 sq m including 1,030.0 sq m of service areas with the breakdown as follows:

| Unit No./ Storey | Strata Floor Areas In Parts (sq m) | Use |
|------------------|--|--------------|
| B1-01 | 1,608 | Retail |
| 01-01 | 1,846 | Retail |
| 02-01 | 1,576 | Retail |
| 03-01 | 1,491 | Retail |
| 04-01 | 2,179 | Retail |
| 5th (part) | 200 | Service Area |
| 6th (part) | 200 | Service Area |
| 7th (part) | 197 | Service Area |
| 8th (part) | 220 | Service Area |
| 9th (part) | 213 | Service Area |
| Total | 9,730 | |

Registered Proprietor : Isetan (Singapore) Limited.

Other Details : The registered subsidiary proprietor's share in the common property is 2,582/10,021 shares.



3.3 Town Planning & Statutory Assessments



Source: SLA, Edmund Tie & Company (SEA) Pte Ltd, February 2024

Master Plan Zoning : Commercial with gross plot ratio of 6.3.
(2019 Edition)

These are areas used or intended to be used mainly for commercial development. Recreation Clubs may be allowed subject to evaluation by the competent authority. The developments in this zone are subject to controls on the type and quantum of commercial uses as determined by the competent authority.

Existing Use : The current use generally conforms to the Master Plan Zoning.

Annual Value : S\$9,062,400/- as provided.

Property Tax Rate : 10% of Annual Value.

Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm whether the subject property is affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.



4.0 The Subject Development

4.1 Description of Improvements

Wisma Atria is a part 7/part 22-storey retail-cum-office development with a basement level comprising retail podium from basement 1 to the 4th storey; carpark from 5th to 7th storey; service floors from 5th to 9th storey; and offices from 10th to 22nd storey. The subject development was completed in 1986 with the latest renovations completed in 2012. The subject development is directly linked to Orchard MRT Station and is connected to Ion Orchard and Ngee Ann City at Basement 1.

Construction of the building is of reinforced concrete frames with infill brickwalls, glass/aluminium wall claddings and reinforced concrete flat roof. The retail podium is facilitated by passenger lifts, escalators and staircases whilst the office tower is served by passenger lifts and staircases.

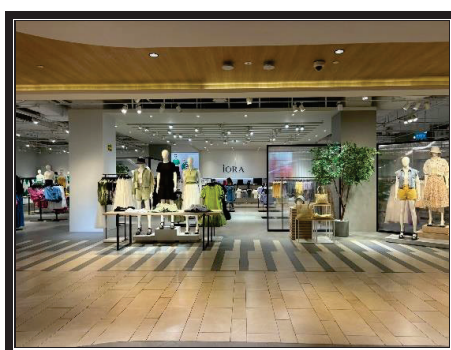
4.2 Accommodation and Finishes



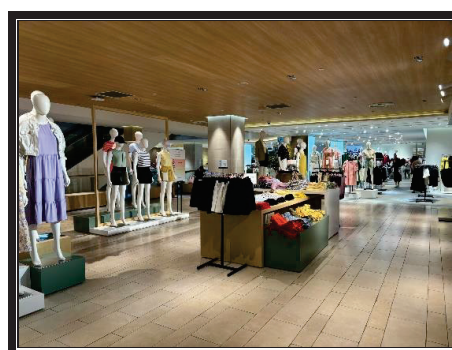
Basement 1



Basement 1



Level 1



Level 1



4.2 Accommodation and Finishes (cont'd)



Level 2



Level 2



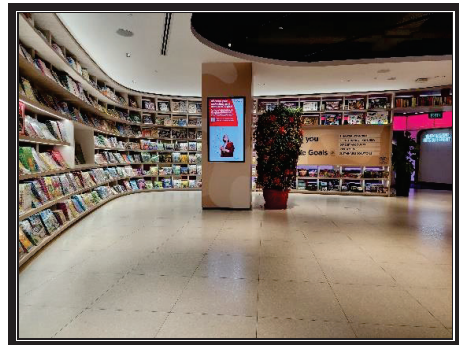
Level 3



Level 3



Level 4



Level 4

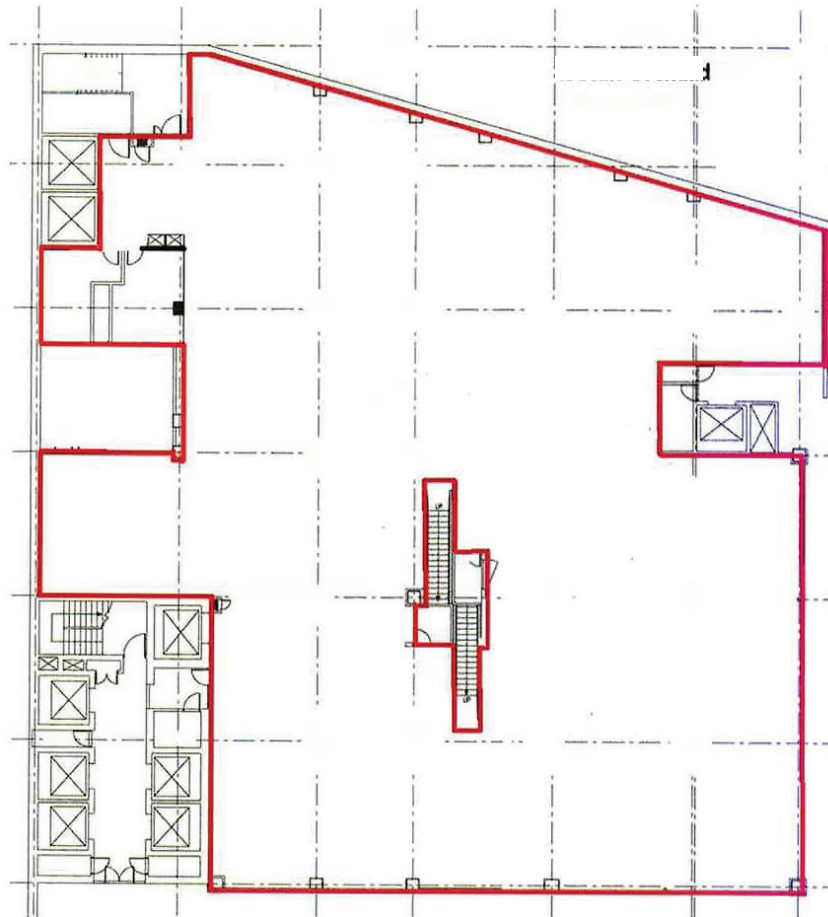
The subject property has undergone reconfiguration/renovation works in 2016. It comprises shop units from Basement 1 to 4th storey. The 5th to 9th storey are service areas such as mechanical & electric (M&E) areas.

Generally, the floor finishes comprise vinyl and homogeneous/ceramic tile flooring and the ceilings are fitted with suspended ceiling boards incorporating light fittings and air-con diffusers. Internal renovations of the tenanted areas were undertaken by the respective tenants.



4.3 Floor Plans

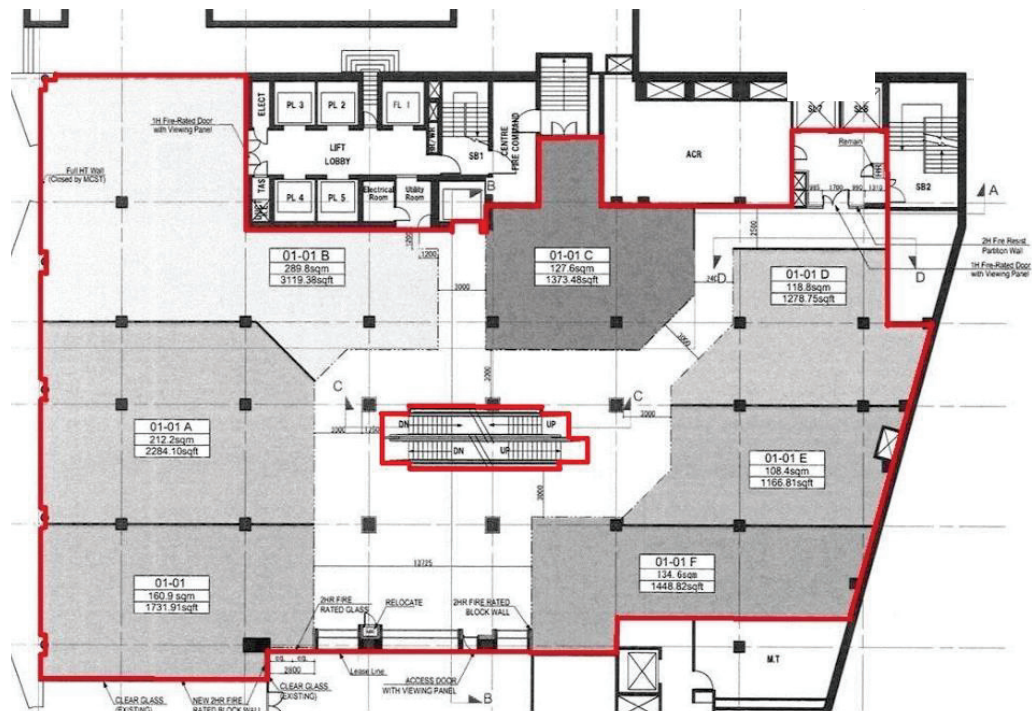
Floor plans are provided by owner and subject to final survey.



BASEMENT 1



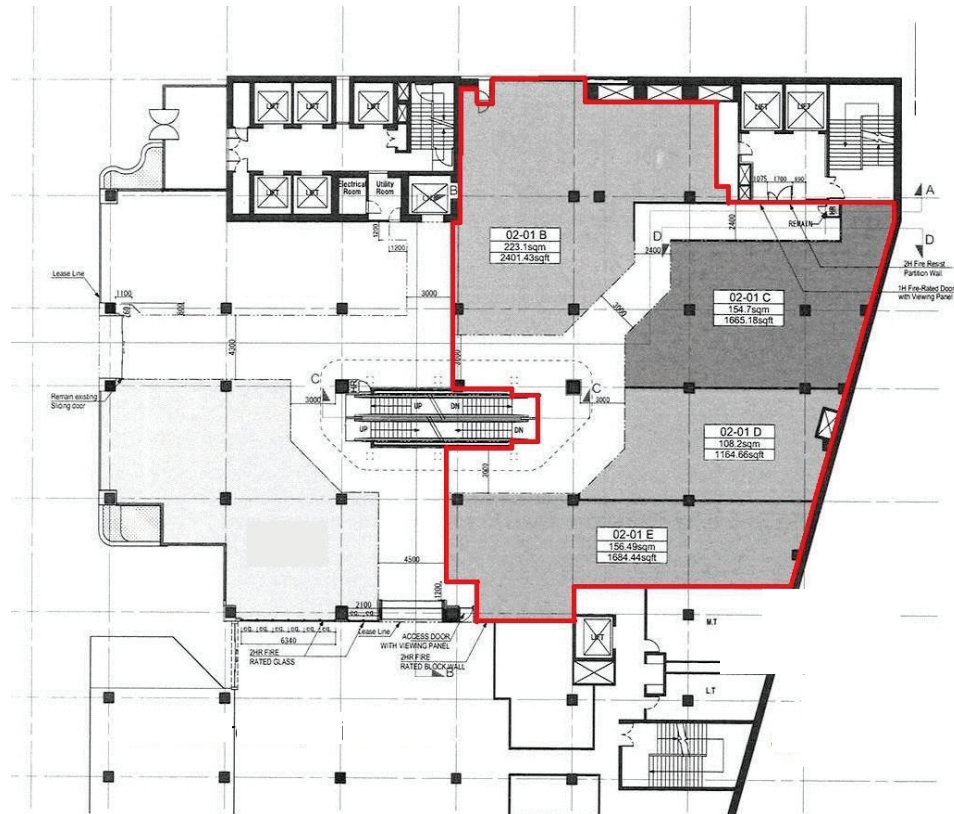
4.3 Floor Plans (cont'd)



1ST STOREY



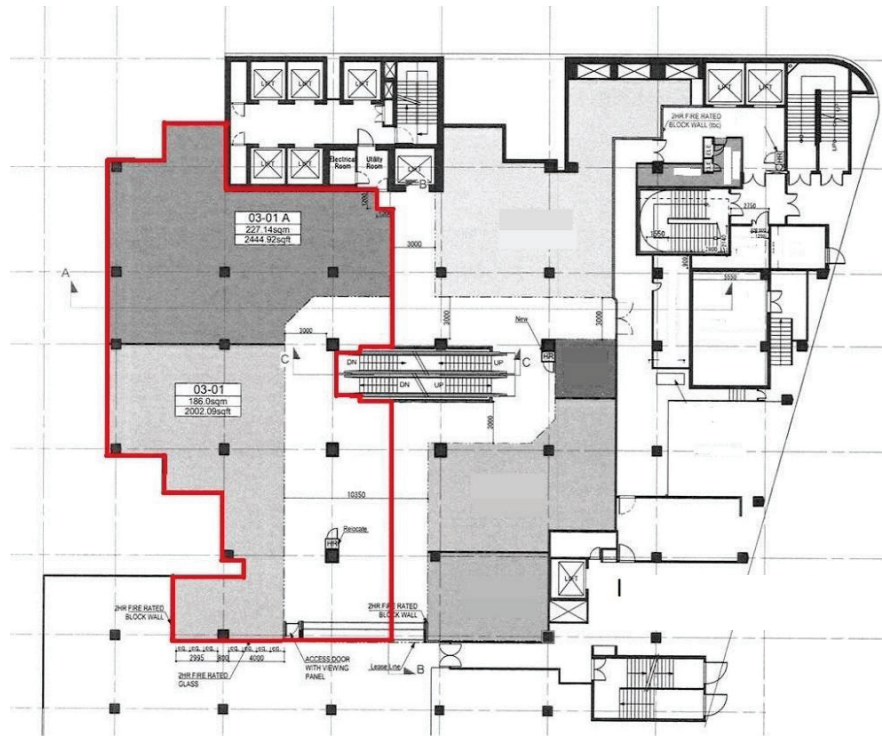
4.3 Floor Plans (cont'd)



2ND STOREY



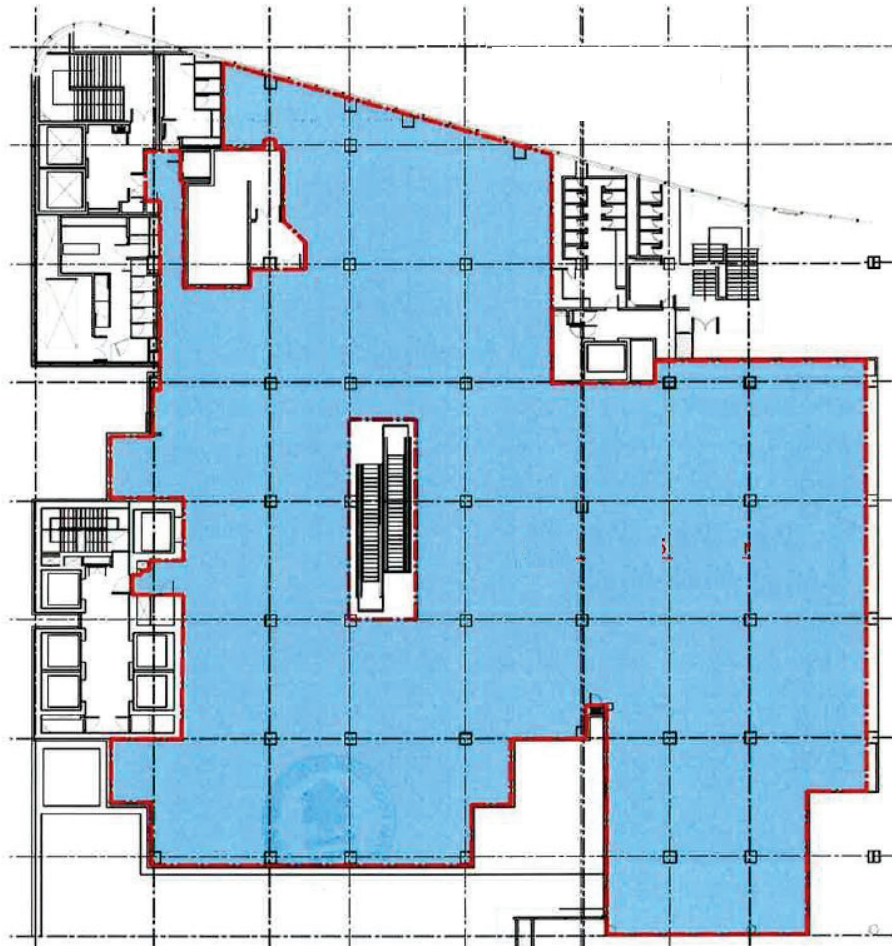
4.3 Floor Plans (cont'd)



3RD STOREY



4.3 Floor Plans (cont'd)



4TH STOREY



4.4 Services

- Fire protection systems generally include sprinkler system, hosereel, alarm system, smoke detectors, dry riser and fire extinguishers.
- Vertical access within the subject property is facilitated by lifts and escalators.
- The subject property is cooled by central air-conditioning system.
- Security measures include security guard and CCTV.

4.5 Building Areas

According to information furnished by Isetan (Singapore) Limited, the net lettable area (NLA) is approximately 6,370.4 sq m.

It must however be noted that a detailed survey of areas has not been commissioned in this regard. Accordingly, we recommend that you obtain a Building Survey from a qualified surveyor. If such further investigations reveal any inaccuracies in the above area calculations, this valuation will require revision. In such event, we invite you to resubmit the valuation to us together with a Building Survey for this purpose.

4.6 Building Condition and Utility

Based on our site inspection on 8 February 2024, the subject property generally appears to be in a good state of repair and maintenance having regards to its age and use.

We have not sighted any structural report on the property nor have we inspected unexposed or inaccessible portions of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials now considered hazardous. Our valuation assumes that there are no inherent defects with the structure or service installations and reflects the age and apparent condition of the subject property.



5.0 Occupational & Financial Analysis

5.1 Tenancy Details

We have made reference to the tenancy schedule provided by Isetan (Singapore) Limited and have not examined each individual lease for the purpose of this valuation. We assumed all leases are in accordance with the tenancy schedule/information provided.

Based on the tenancy information provided, we note that the subject property is currently 100% occupied with typical lease terms ranging from 3 to 5 years. The average monthly passing gross rent is approximately S\$840,302/-, reflecting S\$12.25 psf per month. The service charge is S\$1.50 psf per month.

Isetan (Singapore) Limited as the landlord is responsible for operating expenses and property tax.

5.2 Other Income

Based on monthly income information (January to October 2023) provided, the annualised sundry income derived from the subject property is S\$38,235/- per annum. We were further informed that the turnover rent for FY2023 is S\$110,996/-.

5.3 Outgoings

Based on monthly operating expenses information (January to October 2023) provided, the annualised total operating expenses is approximately S\$2,777,950/- per annum which includes human resources, insurance, supplies, maintenance contract shop, repair and services shop, service charge & sinking fund, utilities, professional charge, communications, security, agent fee and general expenses.

The property tax computation is based on 10% of net income.



6.0 Market Commentary

In December 2023, retail sales (excl. motor vehicles) recorded a 3.0% YoY decline. For 2023, retail sales (excl. motor vehicles) increased by 2.1%. The increase is driven mainly by the Food and Alcohol industry which saw an increase of 26.2% from 2022 to 2023.

Visitor arrivals rose in December 2023, bucking the 4-month decline to end 2023 with 13.6 million visitors. 2023 also saw 1.4 million Chinese visitors, representing 10.0% of the total visitor arrivals. However, the share of Chinese visitors has not recovered to its pre-COVID levels of 19.0% in 2019.

Islandwide net absorption was recorded at approximately 805,000 sq ft for 2023, compared to about 990,000 sq ft in 2022. The net absorption can be attributed to high demand for retail spaces in the fringe and suburban area which accounted for approximately 615,000 sq ft of retail space.

2023 saw the completion of several fringe and suburban malls such as Sengkang Grand Mall, Woodleigh Mall and One Holland Village. Collectively, the 3 projects added 340,000 sq ft in GFA of new retail stock to the market.

Occupancy rates in the Orchard/Scotts Road micro-market recorded a 0.8 percentage points increase to 91.0% in 2023, from the 90.2% recorded in 2022. Occupancy rates at the Other City Area micro-market were 92.1% in 2023, increase 0.5 percentage points since 2022. Fringe/ Suburban area saw occupancy rates of 94.4% in 2023, decreasing marginally by 0.1 percentage point compared to 94.5% in 2022 due to the recent completion of the suburban malls mentioned above.

Retail rents saw a moderate growth in Q4 2023. Prime first-storey rents rose by 0.4% to S\$40.55 psf and S\$33.75 psf in the Orchard/Scotts Road and Fringe/Suburban Areas micro-markets, respectively, while that in Other City Area micro-market remained flat at S\$19.30 psf. Upper-storey rents across all areas remained unchanged.

Retail Rents

| Region | Floor | Q2 2023 | Q3 2023 | QoQ |
|---------------------------|--------------|--------------|--------------|------|
| Orchard/Scotts Road (OSR) | First storey | S\$40.40 psf | S\$40.55 psf | 0.4% |
| | Upper storey | S\$15.20 psf | S\$15.20 psf | 0.0% |
| Other City Areas | First storey | S\$19.30 psf | S\$19.30 psf | 0.0% |
| | Upper storey | S\$8.60 psf | S\$8.60 psf | 0.0% |
| Fringe/Suburban Areas | First storey | S\$33.60 psf | S\$33.75 psf | 0.4% |
| | Upper storey | S\$18.00 psf | S\$18.00 psf | 0.0% |

Source: EDMUND TIE Research

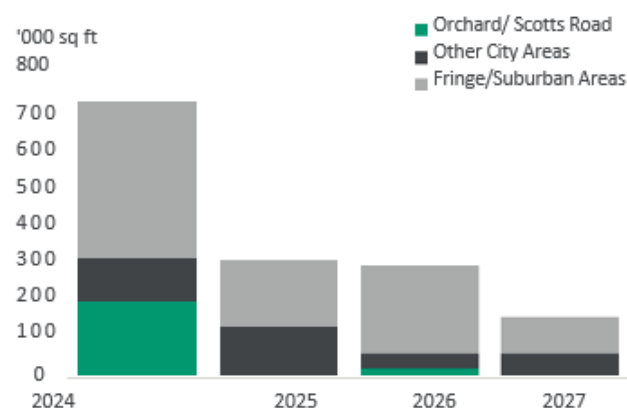
Retailers have experienced higher operating costs due to inflation and the geopolitical environment. The higher operating costs has led to brands grappling with market shifts and dynamics to face closures, while new-to-market retailers, such as Tim Hortons and Luckin Coffee, are expanding their market presence.



6.0 Market Commentary (cont'd)

Outlook

Retail Supply Pipeline



Source: URA, EDMUND TIE Research

| Selected Major Upcoming Developments | NLA '000 sq ft | Total |
|--------------------------------------|----------------|------------|
| Pasir Ris Mall | 288 | |
| Grand Hyatt Hotel Singapore | 116 | |
| 2024 | | 513 |
| The Cathay | 76 | |
| Mercure ICON Singapore City Centre | 33 | |
| 2025 | | 263 |
| Punggol Digital District | 173 | |
| Canninghill Square | 90 | |

Source: URA, EDMUND TIE Research

Given the limited supply pipeline and gradual tourism recovery, we expect prime first-storey rental growth of between 3% and 5% for the Orchard/Scotts Road area in 2024. Prime first-storey rents in Other City Areas are expected to increase by 1-2%, while Fringe/Suburban Areas retail rents could increase by 2-3% in 2024.



7.0 Valuation Considerations

7.1 Introduction

We have been requested to provide a market valuation of 435 Orchard Road, #B1-01, #01-01, #02-01, #03-01 & #04-01, Wisma Atria, Singapore 238877, as at 8 February 2024 for inclusion in a circular which is to be published by Isetan Singapore Limited pursuant to the proposed takeover of Isetan Singapore Limited by Isetan Mitsukoshi Limited, as a result of which Isetan Singapore Limited will be delisted from the Singapore Stock Exchange. In arriving at our opinion of value, we have considered relevant general and economic factors.

The subject property comprises 5-levels of retail space located from Basement 1 to Level 4 of Wisma Atria, a commercial development strategically situated along Orchard Road, the premier shopping belt in Singapore. Wisma Atria has a direct link/access to Orchard MRT station via Basement 1.

As the subject property is a strata-titled retail unit within a prime shopping mall, it appeals to investors who wanted income-producing properties.

As there are adequate strata-titled retail units transacted in the market and the rental income of the subject property was made available, we have adopted both Direct Comparison Method and Income Capitalisation Method. We are of the opinion that using a combination of approaches, allows for cross-checking as well as provide a more comprehensive and reliable valuation.



7.2 Direct Comparison Method

Direct Comparison Method is commonly used in valuation for strata-titled property where there are adequate transactions to indicate the level of value for the property. It captures current market conditions and sentiments. This method involves the analysis of recent transactions of comparable properties within the vicinity. Necessary adjustments have been made to reflect the differences between the subject property and comparables adopted in relations to factors such as location, tenure, size, shape, design & layout, age and condition of buildings, availability of carparking facilities, proximity to MRT stations, date of transactions and the prevailing market conditions amongst other factors affecting its value.

Transactions of some strata-titled shops are tabulated as follows:

| Property Address | Tenure | Floor Area (sq m) | Transaction | Contract Date |
|--|--|-------------------|-----------------------------------|----------------|
| 103 Penang Road #01-01 to 08 Visioncrest | Freehold | 470 | S\$14,067,270/- (S\$2,781 psf) | November 2023 |
| 14 Scotts Road #05-79 Far East Plaza | Freehold | 29 | S\$1,430,000/- (S\$4,581 psf) | October 2023 |
| 176A Orchard Road #02-21 The Centrepoint | 99 years commencing from 17/8/1979 | 172 | S\$6,200,000/- (S\$3,349 psf) | September 2023 |
| 304 Orchard Road #04-100 Lucky Plaza | Freehold | 17 | S\$1,292,000/- (S\$7,060 psf) | September 2023 |
| 14 Scotts Road #05-81 Far East Plaza | Freehold | 31 | S\$1,470,000/- (S\$4,405 psf) | August 2023 |
| 14 Scotts Road #03-94 Far East Plaza | Freehold | 29 | S\$2,000,000/- (S\$6,407 psf) | June 2023 |
| 304 Orchard Road #03-57 Lucky Plaza | Freehold | 25 | S\$2,000,000/- (S\$7,432 psf) | March 2023 |
| 304 Orchard Road #B1-73 Lucky Plaza | Freehold | 22 | S\$1,448,800/- (S\$6,118 psf) | February 2023 |
| 176 Orchard Road #02-14 The Centrepoint | 99 years commencing from 17/8/1979 | 71 | S\$2,578,000/- (S\$3,373 psf) | February 2023 |



7.2 Direct Comparison Method (cont'd)

We have also made references to transactions of retail malls since the subject property is relatively big in floor area as compared to other strata units transacted.

Transactions of retail malls are tabulated as follows:

| Property Address | Tenure | Lettable Area (sq ft) | Transaction | Contract Date |
|---|---|-----------------------|------------------------------------|----------------|
| 23 Serangoon Central, Nex (24.5% stake) | 99 years commencing from 26/6/2008 | 634,631 | S\$2,127,000,000/-* (S\$3,352 psf) | January 2024 |
| 5 Changi Business Park Central 1, Changi City Point | 60 years commencing from 30/4/2009 | 208,454 | S\$338,000,000/- (S\$1,621 psf) | August 2023 |
| 23 Serangoon Central, Nex (50% stake) | 99 years commencing from 26/6/2008 | 634,631 | S\$2,077,800,000/-* (S\$3,274 psf) | January 2023 |
| 1 Jurong West Central 2, Jurong Point | JP 1: 94 years commencing from 16/2/1998 JP2: 99 years commencing from 21/6/2006 | 720,000 | S\$1,988,900,000/- (S\$2,762 psf) | December 2022 |
| 83 Punggol Central, Waterway Point | 99 years commencing from 18/5/2011 | 389,444 | S\$1,312,500,000/-* (S\$3,370 psf) | September 2022 |

* Agreed property value

The value arrived at via the Direct Comparison Method is S\$341,000,000/- (reflecting \$3,256 psf/SA) which is within range of the market transactions.



7.3 Income Capitalisation Method

The Income Approach is widely used for income generating properties. Methods that fall under the Income Approach include (i) Income Capitalisation Method and (ii) Discounted Cash Flow (DCF) Analysis.

The Discounted Cash Flow (DCF) Analysis is commonly used when assessing market value of an entire building or development. As the subject property forms only part of an entire commercial development (25.77% of the total share value and about 31% of the total Strata Floor Area in Wisma Atria), we have therefore adopted the Income Capitalisation Method of Valuation.

In the Income Capitalisation Method, we take into account the total actual income under existing tenancies and estimate current market rental of the property on reversion with an adopted long term vacancy allowance of 3.0% (the subject property is currently 100% occupied). Outgoings such as operating expenses and property tax are deducted to arrive at a net annual income which is then capitalised at an appropriate market derived capitalisation rate over the unexpired leasehold term.

A capitalisation rate of 4.80% is adopted for an unexpired term of approximately 37 years.

| Income Capitalisation Method | | |
|------------------------------|---------|-----------------------|
| | | (pa) |
| Market Rental Revenue | | \$20,396,710 |
| Less Vacancy | @ 3.0% | (\$611,901) |
| | | \$19,784,809 |
| Total Other Income | | \$149,231 |
| Total Revenue | | \$19,934,040 |
| Outgoings | | |
| Operating Expenses | | (\$2,777,950) |
| Property Tax | | (\$1,931,168) |
| Total Outgoings | | (\$4,709,118) |
| Net Operating Income | | \$15,224,922 |
| Capitalised Value | @ 4.80% | \$261,587,563 |
| Capital Adjustments* | | (\$16,539,133) |
| | | \$245,048,430 |
| Say | | \$245,000,000 |

* Capital Adjustments take into account the difference between the estimated market gross rent and the effective committed gross rent and capitalized it over the weighted average lease expiry.



8.0 Conclusion

In providing our opinion of the market value of the subject property as at 8 February 2024, we have had due regard to the following approaches:

| Valuation Approaches | Market Value | Weightage |
|------------------------------|------------------|-----------|
| Direct Comparison Method | S\$341,000,000/- | 50% |
| Income Capitalisation Method | S\$245,000,000/- | 50% |

Our valuation of the property is **S\$293,000,000/-**.



9.0 Valuation

Having regards to the prevailing market condition and the confidential information provided, we are of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which we have no knowledge, the market value of the unexpired leasehold interest of approximately 37 years in the subject property, subject to existing tenancies, as at 8 February 2024, is **S\$293,000,000/- (Singapore Dollars Two Hundred And Ninety-Three Million)**.

This report is to be regarded as confidential to the party to whom it is addressed, namely Isetan (Singapore) Limited and for no other use.

Consequently and in accordance with current practice, no responsibility is accepted to any third party who may use or rely on the whole or any part of its contents. Before the Report or any part of it is reproduced or referred to in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.

for and on behalf of

EDMUND TIE & COMPANY (SEA) PTE LTD

A handwritten signature in blue ink, appearing to read 'Poh Kwee Eng'.

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

A handwritten signature in blue ink, appearing to read 'Maggie Neo'.

Maggie Neo
Associate Director
Valuation Advisory
B.Bus (Property) MSISV
(Appraiser's Licence No. AD041-2009729G)

Date : 20 February 2024

Our Ref: PKE:MN:rl:24010286



10.0 Limiting Conditions

Confidentiality

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear, and such consent shall not be unreasonably withheld.

Source of Information

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

Tenants

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

Town Planning and Other Statutory Regulations

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

Site Conditions

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.



Attendance in Court

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefore.

Maximum Liability

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

APPENDIX 5 – VALUATION REPORTS



Our Ref : PKE:MN:rl:24010286

2 May 2024

The Board of Directors
Isetan (Singapore) Limited
593 Havelock Road #04-01
Isetan Office Building
Singapore 169641

Dear Sir

**RE : VALUATION OF 435 ORCHARD ROAD #B1-01, #01-01, #02-01, #03-01 & #04-01,
WISMA ATRIA, SINGAPORE 238877**

We refer to the above-mentioned and wish to confirm the valuation remains unchanged as at 2 May 2024 from our previous valuation report dated 20 February 2024 (Our Ref: PKE:MN:rl:24010286).

Please do not hesitate to contact us should you have any further queries.

Yours faithfully

EDMUND TIE & COMPANY (SEA) PTE LTD

A handwritten signature in blue ink, appearing to read 'Poh Kwee Eng'.

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory

APPENDIX 5 – VALUATION REPORTS



Our Ref: PKE:CT/MN:ao:24040190 to 24040192

2 May 2024

The Board of Directors
Isetan (Singapore) Limited
593 Havelock Road #04-01
Isetan Office Building
Singapore 169641

Dear Sir

RE: VALUATION OF

- (1) 5 KALLANG PUDDING ROAD, ISETAN WAREHOUSE, SINGAPORE 349309**
(2) 593 HAVELOCK ROAD, ISETAN OFFICE BUILDING, SINGAPORE 169641
(3) 479 RIVER VALLEY ROAD #14-08, VALLEY PARK, SINGAPORE 248364

In accordance with your recent instructions requesting a valuation in respect of the above-mentioned properties owned by Isetan (Singapore) Limited, we confirm that we have inspected the subject properties, made relevant local searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value as at 2 May 2024 (the "date of valuation") for inclusion in a circular which is to be published by Isetan (Singapore) Limited pursuant to the proposed takeover of Isetan (Singapore) Limited by Isetan Mitsukoshi Limited, as a result of which Isetan (Singapore) Limited will be delisted from the Singapore Stock Exchange.

We have adopted the International Valuation Standards definition of Market Value as follows: -

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation assumes that as at the date of valuation, the properties are free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the properties, nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect its value, other than those which have been indicated to us.

Information as to tenure, site area and ownership is obtained from our searches carried out at the Singapore Land Authority. We have also relied to a considerable extent on information provided by Isetan (Singapore) Limited particularly in relation to matters such as gross floor area/ lettable area, tenancy details and financial information etc.

We have valued the subject properties by Direct Comparison Method and Income Capitalisation Method (where applicable).

.../Page 2

APPENDIX 5 – VALUATION REPORTS



Isetan (Singapore) Limited

2 May 2024

Direct Comparison Method which involves the analysis of comparable within the vicinity and elsewhere in Singapore. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, availability of facilities, dates of transactions and the prevailing market conditions amongst other factors affecting its value.

The Income Capitalisation Method takes into account the total estimated annual rental of the subject property. Outgoings, such as operating expenses and property tax are deducted from the gross rental receipts to arrive at a net annual income which is then capitalised at a rate we consider appropriate from our experience and knowledge of the property market in order to reflect the present and potential income growth.

We were not instructed to carry out structural survey of the buildings, nor to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspections. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present nor prospective interest in the subject properties and are not a related corporation of nor do we have a relationship with Isetan (Singapore) Limited, the advisers or other party/parties whom Isetan (Singapore) Limited is contracting with. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

This valuation is current as at the date of valuation only. The value assessed herein may change significantly unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

This report is to be regarded as confidential to the party to whom it is addressed, namely Isetan (Singapore) Limited and for inclusion in a circular which is to be published by Isetan (Singapore) Limited pursuant to the proposed takeover of Isetan (Singapore) Limited by Isetan Mitsukoshi Limited, as a result of which Isetan (Singapore) Limited will be delisted from the Singapore Stock Exchange.

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

A handwritten signature in blue ink, appearing to read "Poh Kwee Eng", written over a horizontal line.

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

APPENDIX 5 – VALUATION REPORTS



VALUATION CERTIFICATE

| | |
|--------------------------------------|--|
| Address | : 5 Kallang Pudding Road Isetan Warehouse Singapore 349309 |
| Client | : Isetan (Singapore) Limited |
| Purpose of Valuation | : For inclusion in a circular which is to be published by Isetan Singapore Limited pursuant to the proposed takeover of Isetan Singapore Limited by Isetan Mitsukoshi Limited, as a result of which Isetan Singapore Limited will be delisted from the Singapore Stock Exchange. |
| Basis of Valuation | : Market value of the property subject to existing contractual tenancies and occupational arrangements |
| Legal Description | : Lot 8421N Mukim 24 |
| Site Area | : 2,636.8 sq m |
| Tenure | : Estate in Fee Simple (Freehold) |
| Registered Proprietor | : Isetan (Singapore) Limited |
| Master Plan Zoning (2019 Edition) | : Business 1 at gross plot ratio 2.5 |
| Brief Description | : The subject property comprises a 7-storey flat warehouse building with a basement carpark completed in 1988. |
| Gross Floor Area | : 7,257 sq m |
| Lettable Area | : 5,101 sq m (54,911.61 sq ft) |
| Tenancy Profile | The subject property is part tenanted and part owner-occupied. |
| Valuation Methodologies | : Direct Comparison Method and Income Capitalisation Method |
| Date of Valuation | : 2 May 2024 |
| Market Value | : S\$33,200,000/- (Singapore Dollars Thirty-Three Million And Two Hundred Thousand) |

* assuming the property is free from all encumbrances, restrictions or other outgoings of an onerous nature which would affect its value

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

Teo Whee Lim Carolyn
Executive Director
Valuation Advisory
BSc (Est Mgt) Hons Dip (Bldg Mgt), MSISV
(Appraiser's Licence No: AD041-2009502A)

Our Ref: PKE:CT:ao:24040190

APPENDIX 5 – VALUATION REPORTS



VALUATION CERTIFICATE

| | |
|-----------------------------------|--|
| Address | : 593 Havelock Road Isetan Office Building Singapore 169641 |
| Client | : Isetan (Singapore) Limited |
| Purpose of Valuation | : For inclusion in a circular which is to be published by Isetan Singapore Limited pursuant to the proposed takeover of Isetan Singapore Limited by Isetan Mitsukoshi Limited, as a result of which Isetan Singapore Limited will be delisted from the Singapore Stock Exchange. |
| Basis of Valuation | : Market value of the property subject to existing contractual tenancies and occupational arrangements |
| Legal Description | : Lot 858X Mukim 1 |
| Site Area | : 491.8 sq m |
| Tenure | : Estate in Fee Simple (Freehold) |
| Registered Proprietor | : Isetan (Singapore) Limited |
| Master Plan Zoning (2019 Edition) | : Residential at gross plot ratio 2.8 |
| Brief Description | : The subject property comprises a 4-storey commercial building with a basement carpark completed in circa 1969. |
| Gross Floor Area | : 1,835 sq m |
| Lettable Area | : 1,541 sq m (16,583 sq ft) |
| Tenancy Profile | The subject property is part tenanted/ part vacant and part owner-occupied. |
| Valuation Methodologies | : Direct Comparison Method and Income Capitalisation Method |
| Date of Valuation | : 2 May 2024 |
| Market Value | : S\$28,500,000/- (Singapore Dollars Twenty-Eight Million And Five Hundred Thousand) |

* assuming the property is free from all encumbrances, restrictions or other outgoings of an onerous nature which would affect its value

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

Teo Whee Lim Carolyn
Executive Director
Valuation Advisory
BSc (Est Mgt) Hons Dip (Bldg Mgt), MSISV
(Appraiser's Licence No: AD041-2009502A)

Our Ref: PKE:CT:ao:24040191

APPENDIX 5 – VALUATION REPORTS



VALUATION CERTIFICATE

| | |
|--------------------------------------|--|
| Address | : 479 River Valley Road #14-08 Valley Park Singapore 248364 |
| Client | : Isetan (Singapore) Limited |
| Purpose of Valuation | : For inclusion in a circular which is to be published by Isetan Singapore Limited pursuant to the proposed takeover of Isetan Singapore Limited by Isetan Mitsukoshi Limited, as a result of which Isetan Singapore Limited will be delisted from the Singapore Stock Exchange. |
| Basis of Valuation | : Market value of the property in its existing continued use |
| Legal Description | : Lot U6919V Town Subdivision 24 |
| Tenure | : 999 years commencing from 21 June 1877 |
| Registered Proprietor | : Isetan (Singapore) Limited |
| Master Plan Zoning (2019 Edition) | : Residential |
| Brief Description | : A 3-bedroom apartment located on the 14th storey of a 20-storey block within Valley Park, a condominium development. |
| Strata Floor Area | : 126.0 sq m |
| Tenancy Profile | The subject property is owner-occupied. |
| Valuation Methodology | : Direct Comparison Method |
| Date of Valuation | : 2 May 2024 |
| Market Value | : S\$3,000,000/- (Singapore Dollars Three Million) |

* with vacant possession and assuming the property is free from all encumbrances, restrictions or other outgoings of an onerous nature which would affect its value

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

A handwritten signature in blue ink, appearing to read "Poh Kwee Eng".

Poh Kwee Eng (Ms)
Executive Director
Regional Head, Valuation Advisory
BSc (Est Mgt) FSISV MRICS
(Appraiser's Licence No: AD041-2003168D)

A handwritten signature in blue ink, appearing to read "Maggie Neo".

Maggie Neo
Associate Director
Valuation Advisory
B.Bus (Property) MSISV
(Appraiser's Licence No. AD041-2009729G)

Our Ref: PKE:MN:ao:24040192



LIMITING CONDITIONS

This property Valuation and Report has been prepared subject to the following limiting conditions:-

VALUATION BASIS

Our valuation is made on the basis of Market Value. We have adopted the International Valuation Standards definition of Market Value as follows: -

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

No allowances are made for any expenses or realisation or for taxation which might arise in the event of a disposal. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

CONFIDENTIALITY

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear, and such consent shall not be unreasonably withheld.

SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

TENANTS

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.



TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

STRUCTURAL SURVEYS

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

MAXIMUM LIABILITY

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of possible existence.

ATTENDANCE IN COURT

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

APPENDIX 6 – SCHEME CONDITIONS

All capitalised terms used and not defined in this Appendix 6 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

The Acquisition is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions:

1. **Approval by Shareholders for the Scheme:** the approval of the Scheme by a majority in number representing three-fourths in value of the Shareholders present and voting at the Scheme Meeting pursuant to the requirements of Section 210(3AB) of the Companies Act;
2. **Court Order:** the grant of the Scheme Court Order by the Court and such court order having become final;
3. **ACRA Lodgement:** the lodgement of the Scheme Court Order with ACRA in accordance with Section 210(5) of the Companies Act;
4. **Regulatory Approvals:** (A) all the Regulatory Approvals as set out in this paragraph having been obtained or granted and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted, up to the Relevant Date, and (B) where relevant, all applicable waiting periods in relation to the Regulatory Approvals having expired or been terminated:
 - (i) confirmation from the SIC that: (a) Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code do not apply to the Scheme, subject to any conditions that the SIC may deem fit to impose; and (b) the SIC has no objections to the Scheme Conditions; and
 - (ii) approval-in-principle from the SGX-ST of the Scheme Document and for the proposed delisting of the Company from the SGX-ST after the Scheme becomes effective in accordance with its terms;
5. **Other Authorisations:** in addition to the approvals aforementioned in paragraph 4 above, the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by either or both Parties under any and all applicable laws, from all Governmental Authorities, for or in respect of the Acquisition or the implementation of the Scheme;
6. **No Legal or Regulatory Restraint:** between the date of the Implementation Agreement and up to the Relevant Date, there being no issuance of any order, injunction, judgment, decree or ruling by any Governmental Authorities or by any court of competent jurisdiction preventing the consummation of the Acquisition or the implementation of the Scheme, being in effect as at the Relevant Date;
7. **Third Parties:** the receipt of all authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company from the Third Parties, for or in respect of the implementation of the Scheme and/or the Acquisition;
8. **No Prescribed Occurrence:** between the date of the Implementation Agreement and up to the Relevant Date, no Prescribed Occurrence in relation to (i) the Offeror (as set out in **Part 1** of Appendix 7 to this Scheme Document); or (ii) the Company (as set out in **Part 2** of Appendix 7 to this Scheme Document), in each case which is material in the context of the Scheme and occurring other than as required or contemplated by the Implementation Agreement or the Scheme;
9. **No Material Adverse Effect:** there having been no occurrence of any Material Adverse Effect from the date of the Implementation Agreement and up to the Relevant Date (both inclusive);

APPENDIX 6 – SCHEME CONDITIONS

10. **Company Representations and Warranties:** there having been no breach by the Company of its Warranties given under the Implementation Agreement as at the date of the Implementation Agreement and as at the Relevant Date as though made on and as at each such date, except to the extent any Warranty given by it expressly relates to an earlier date (in which case as at such earlier date), in each such case, which: (i) has not been substantially remedied (if capable of remedy) as of the Record Date; and (ii) is material in the context of the Scheme; and
11. **Offeror Representations and Warranties:** there having been no breach by the Offeror of its Warranties given under the Implementation Agreement as at the date of the Implementation Agreement and as at the Relevant Date as though made on and as at each such date, except to the extent any Warranty given by it expressly relates to an earlier date (in which case as at such earlier date), in each such case, which is material in the context of the Scheme.

APPENDIX 7 – PRESCRIBED OCCURENCES

All capitalised terms used and not defined in this Appendix 7 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

Part 1 Prescribed Occurrence in relation to the Offeror

For the purpose of this Appendix 7, “**Prescribed Occurrence**” means, in relation to the Offeror, any of the following:

1. **Injunction:** an injunction or other order issued against the Offeror by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Offeror;
2. **Resolution for Winding Up:** the Offeror resolving that it be wound up;
3. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Offeror;
4. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Offeror;
5. **Composition:** the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
6. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Offeror;
7. **Insolvency:** the Offeror becoming or being deemed by applicable Laws or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
8. **Cessation of Business:** the Offeror ceases or threatens to cease for any reason to carry on business in the usual and ordinary course;
9. **Investigations and Proceedings:** if the Offeror or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding;
10. **Breach of the Implementation Agreement:** the Offeror being in material breach of any of the provisions of the Implementation Agreement; or
11. **Analogous Event:** any event occurs which, under applicable Laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

Part 2 Prescribed Occurrence in relation to the Company

For the purpose of this Appendix 7, “**Prescribed Occurrence**” in relation to the Company means any of the following:

1. **Conversion of Shares:** the Company converting all or any of its shares into a larger or smaller number of shares;
2. **Share Buy-back:** the Company (i) undertaking any share buy-backs; or (ii) entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;

APPENDIX 7 – PRESCRIBED OCCURENCES

3. **Alteration of Share Capital:** the Company resolving to reduce or otherwise alter its share capital in any way;
4. **Allotment of Shares:** the Company making an allotment of, or granting an option to subscribe for, any shares, or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security;
5. **Issuance of Debt Securities:** the Company issuing, or agreeing to issue, convertible notes or other debt securities;
6. **Dividends:** the Company declaring, making or paying any dividends or any other form of distribution to its shareholders;
7. **Suspension or Delisting from the SGX-ST:** the Company being suspended by the SGX-ST or removed from the Mainboard of the SGX-ST, other than in connection with and/or as a result of the Acquisition and/or the Scheme;
8. **Real Property**
the Company:
 - a. applying for any planning permission or sub-division of any Property;
 - b. carrying out any alteration or addition to any Property which has not been approved or budgeted for as at the date of the Implementation Agreement;
 - c. amending, modifying or varying any Title Document; or
 - d. releasing the grantor or issuer under any Title Document from any of its obligations;
9. **Injunction:** an injunction or other order issued against the Company by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Company;
10. **Amend Accounting Policies:** the Company making any change to its accounting practices or policies;
11. **Resolution for Winding Up:** the Company resolving that it be wound up;
12. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Company;
13. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company;
14. **Composition:** the Company entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
15. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company;
16. **Insolvency:** the Company becoming or being deemed by applicable Laws or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
17. **Cessation of Business:** the Company ceases or threatens to cease for any reason to carry on business in the usual ordinary course;

APPENDIX 7 – PRESCRIBED OCCURENCES

18. **Investigations and Proceedings:** if the Company or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding;
19. **Breach of the Implementation Agreement:** the Company being in material breach of any of the provisions of the Implementation Agreement; or
20. **Analogous Event:** any event occurs which, under applicable Laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 8 – SPECIFIC OBLIGATIONS OF THE COMPANY

All capitalised terms used and not defined in this Appendix 8 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection during normal business hours at the registered office of the Company from the date of this Scheme Document up until the Effective Date.

The specific obligations of the Company are as follows:

- (a) **Announcement:** it will release the Joint Announcement jointly with the Offeror on the SGX-ST on the Joint Announcement Date;
- (b) **Third Parties:** prepare all necessary documents to (i) seek the consent of the relevant Third Parties to, or the waiver of the non-compliance and/or breach of the requirements, covenants and terms in the contracts entered into with such Third Parties which will or may occur as a result of, the Acquisition and/or the Scheme and (ii) notify the relevant Third Parties pursuant to the requirements, covenants and terms in the contracts entered into with such Third Parties;
- (c) **IFA:** appoint an IFA to (i) advise the Independent Directors in connection with the Scheme; and (ii) publicly state in its opinion whether the terms of the Scheme are fair and reasonable;
- (d) **Scheme Document:** (i) prepare the requisite shareholder documents, including the Scheme Document which are required to be prepared by it in connection with the Scheme in consultation with the Offeror and in accordance with any order of the Court, the Code, the Companies Act, the Listing Manual and all applicable Laws and despatch the same; and (ii) provide the Scheme Document in draft form to the Offeror with sufficient time for the Offeror's review, being at least five Business Days, or such longer time as the Offeror may reasonably require;
- (e) **SGX-ST Clearance:** (i) submit the draft Scheme Document to the SGX-ST for clearance as soon as reasonably practicable after the date of this Agreement and diligently seeking such clearance promptly provided that the Offeror shall have provided the Company with the Offeror's Letter and other information as may be required to be included in the Scheme Document and further provided that the provisions of paragraph (d) above are complied with; (ii) as soon as reasonably practicable after receiving comments or queries from the SGX-ST, file a revised draft of the Scheme Document with the SGX-ST; and (iii) seek the SGX-ST's clearance for the Scheme Document and its approval-in-principle for the delisting of the Company after the Effective Date;
- (f) **Scheme Meeting:** subject to obtaining the prior written approval-in-principle of the SGX-ST for the draft Scheme Document: (i) apply to the Court for an order under Section 210(1) of the Companies Act to convene the Scheme Meeting and for any ancillary orders relating thereto (and the Company shall consult the Offeror on, and take into account any comments from or on behalf of the Offeror on, the form and substance of all such applications and orders, including the originating summons for the Scheme and all affidavits in support thereof); (ii) diligently pursue such application so as to obtain the Court's order to convene the Scheme Meeting and all necessary ancillary orders as soon as reasonably practicable; and (iii) convene the Scheme Meeting;
- (g) **Despatch of Documents:** subject to obtaining the Court's order under Section 210(1) of the Companies Act to convene the Scheme Meeting, despatch to the Shareholders the Scheme Document and the appropriate form of proxy in such form and within such period as may be directed by the Court, for use at the Scheme Meeting;
- (h) **Scheme Court Order:** subject to the Scheme being approved by the requisite majority of the Shareholders at the Scheme Meeting, as soon as reasonably practicable apply to the Court for the Scheme Court Order and for any ancillary orders thereto (and the Company shall consult the Offeror on, and take into account any comments from or on behalf of the Offeror on, the form and substance of the Scheme Court Order and any ancillary orders thereto) and will diligently pursue such application so as to obtain the sanction and confirmation of the Scheme by the Court as soon as reasonably practicable;

APPENDIX 8 – SPECIFIC OBLIGATIONS OF THE COMPANY

- (i) **Scheme Court Hearings:** allow the legal advisers of the Offeror to be present at all Court Hearings in relation to the Scheme;
- (j) **ACRA Lodgements:** subject to the Scheme Court Order being granted, deliver a copy of the Scheme Court Order to ACRA for lodgement in accordance with Section 210(5) of the Companies Act;
- (k) **Provision of Information and Consultation with the Offeror:** from the date of the Implementation Agreement until the Effective Date, subject to the Company's legal obligations or restrictions and to the Company's directors' fiduciary duties and to the Personal Data Protection Act 2012, provide the Offeror with access to such information relating to the Company which the Offeror may reasonably require in relation to or in connection with the Acquisition, the Scheme or the Offeror's post-Acquisition plans for the Business;
- (l) **Cooperation with the Offeror:** the Company will assist and cooperate fully with the Offeror for the consummation of the Acquisition and the implementation of the Scheme;
- (m) **Application for Delisting of the Company:** subject to the Scheme becoming effective in accordance with its terms, apply to the SGX-ST for a delisting of the Company with effect after the Effective Date;
- (n) **Responsibility of Directors and Other Persons:** ensure that its directors and such other persons within the Company's control as the SIC may require, take responsibility for information relating to and opinion expressed by or on behalf of the Company and its Affiliates (other than the Offeror and its Affiliates, but excluding for the avoidance of doubt, the Company) as contained in the Scheme Document and ancillary documents in such manner as may be required by all applicable laws and regulations, including the Code, the Listing Manual and the Companies Act;
- (o) **Implementation of the Scheme:** take all steps required to be taken by it in relation to the Scheme and will use its best endeavours to procure that the Scheme is implemented on the terms set out in this Agreement and the Scheme Document including complying with all procedures and processes imposed by the Court in connection with the Scheme;
- (p) **No Action:** except for the exercise of any of its rights under the Implementation Agreement and subject to the Company's legal obligations or restrictions and to the fiduciary duties of the directors of the Company, take no action which may or may be reasonably likely to be prejudicial to or impede the successful completion of the Acquisition or the implementation of the Scheme;
- (q) **No Dividend or Distribution:** it will not, during the period from the date of this Agreement up to (and including) the Relevant Date: (i) announce, declare, pay or make any dividend or make any distribution (in cash or in kind) to the Target Shareholders; or (ii) create, allot or issue any shares or other securities convertible into equity securities, or create, issue or grant any option or right to subscribe in respect of any of its share capital, or agree to do any of the foregoing; and
- (r) **Conduct of Business by the Company:**
 - (i) during the period from the date of this Agreement up to (and including) the Effective Date or the date on which this Agreement is terminated pursuant to the terms of the Implementation Agreement, undertake that the Company shall carry on the Business as a going concern in the ordinary and usual course in the same manner as is conducted as at the date of the Implementation Agreement and in compliance in all respects with all applicable Laws (including the continuous disclosure obligations applicable to the Company under the Listing Manual), save insofar as agreed in writing by the Offeror; and

APPENDIX 8 – SPECIFIC OBLIGATIONS OF THE COMPANY

- (ii) without prejudice to the generality of (i) above, the Company shall not during the period from the date of the Implementation Agreement to the Relevant Date, except as may be required to give effect to and comply with the Implementation Agreement, without the prior written consent of the Offeror (such consent not to be unreasonably withheld):
- a. dispose of any assets, including shares or other interests in any entity in which it has an interest, or voluntarily assume, acquire or incur any liabilities (including contingent liabilities), in each case, otherwise than in connection with the liquidation of Chengdu Isetan Company Limited and in the ordinary and usual course of business of the Company;
 - b. sell, convey, transfer, assign or charge any freehold or leasehold property, or create, or agree to create, any Encumbrance over any of the Company's assets or undertakings otherwise than in the ordinary and usual course of business of the Company;
 - c. enter into any guarantee, indemnity or other agreement to secure any obligation of a third party or to create any Encumbrance over any of the Company's assets or undertakings otherwise than in the ordinary and usual course of business of the Company;
 - d. waive any outstanding indebtedness owed to the Company by any person (including any shareholder and/or director of the Company);
 - e. enter into any transaction with any shareholder and/or director of the Company otherwise than in the ordinary and usual course of business of the Company and are at arm's length's terms;
 - f. other than in the ordinary and usual course of business, amend, or agree to amend, any terms of any agreement or arrangement to which the Company is a party or is bound by which would have a value in excess of S\$1,000,000;
 - g. sell, transfer or otherwise dispose of any treasury shares of the Company, if any, to any person (other than the Offeror);
 - h. incur further bank indebtedness that is beyond the amount already incurred or to be drawn down from existing facilities otherwise than in the ordinary and usual course of the business of the Company;
 - i. compromise, settle, make any offer to settle or pay any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration in excess of S\$250,000 in aggregate;
 - j. make any change to the Company's accounting practices or policies (save for changes in accordance with the Singapore Financial Reporting Standards (International)) or amend the Company's constitutional documents;
 - k. alter its share capital in any way, including (I) issuing, or granting a right or option to subscribe for, any new shares or new class of shares, (II) repurchasing, cancelling or redeeming its share capital or any reduction, consolidation, subdivision or reclassification or other alteration of its capital structure;
 - l. enter into, or exercise an option in relation to, any agreement or incur any commitment involving any capital expenditure in excess of S\$3,000,000 in aggregate;

APPENDIX 8 – SPECIFIC OBLIGATIONS OF THE COMPANY

- m. save as required by law:
 - i. otherwise than in the ordinary and usual course of business of the Company, make any amendment to the terms and conditions of employment (including ranking, remuneration, pension entitlements and other benefits) of any employee;
 - ii. provide or agree to provide any gratuitous payment or benefit to any employees or any of his dependants;
 - iii. otherwise than in the ordinary and usual course of business of the Company, hire or dismiss any employees;
- n. take or refrain from taking any action which is reasonably within its power or control that would or is reasonably likely to result in a Prescribed Occurrence in relation to itself, save to the extent required by applicable Laws and subject to any fiduciary duties, statutory or legal obligations; or required to give effect to and comply with the Implementation Agreement; or
- o. save in respect of Chengdu Isetan Company Limited, acquire, agree to acquire, dispose of or agree to dispose of, any share, shares or other interest in any company, partnership or other venture or enter into any agreement or arrangement (whether conditional or otherwise) in relation to the foregoing.

Appeal Process: if the Court refuses to make any orders convening the Scheme Meeting or approving the Scheme, the Parties shall consult with each other on whether the Court's decision should be appealed. If an appeal of the Court's decision is made by the Parties, the Company may reasonably request, for the purposes of the appeal, such information relating to the Offeror as required by it for the purposes of the appeal. The Parties shall bear their own legal costs and expenses incurred in connection with such an appeal.

ISETAN (SINGAPORE) LIMITED

(Incorporated in Singapore. Registration Number: 197001177H)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

The financial statements set out herein have been reproduced from the Company's annual report for FY2023. Page references used in this Scheme Document are different from page references set forth in the financial statements published in such annual report. The financial statements have not been specifically prepared for inclusion in this Scheme Document.

ISETAN (SINGAPORE) LIMITED

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

Contents

| | Page |
|-----------------------------------|------|
| Directors' Statement | 1 |
| Independent Auditor's Report | 4 |
| Income Statement | 9 |
| Statement of Comprehensive Income | 10 |
| Balance Sheet | 11 |
| Statement of Changes in Equity | 12 |
| Statement of Cash Flows | 13 |
| Notes to the Financial Statements | 15 |

ISETAN (SINGAPORE) LIMITED**DIRECTORS' STATEMENT***For the financial year ended 31 December 2023*

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2023.

In the opinion of the directors,

- (a) the financial statements as set out on pages 9 to 72 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

| | | |
|--------------------------|---------------------|-------------------------------|
| Mr Toshifumi Hashizume | (Chairman) | (appointed on 1 August 2023) |
| Mr Shioji Hiramatsu | (Managing Director) | |
| Mr Richard Tan Chuan-Lye | | |
| Ms Lim Bee Choo | | |
| Mr Yeo Chuan Seng Victor | | |
| Ms Carmen Wee Yik Cheng | | (appointed on 1 October 2023) |

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

isetan (singapore) limited**DIRECTORS' STATEMENT***For the financial year ended 31 December 2023*

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director | | Holdings in which a director is deemed to have an interest | |
|--|--|--------|---|----------------|
| | At 1.1.2023 or date of appointment, if later | | At | |
| | At 31.12.2023 | | At 31.12.2023 | At 1.1.2023 |
| The Company (Number of ordinary shares) | | | | |
| Mr Yeo Chuan Seng Victor | 1,000 | 1,000 | - | - |
| Isetan Mitsukoshi Holdings Ltd (Number of ordinary shares) | | | | |
| Mr Toshifumi Hashizume | 10,800 | 10,800 | - | - |
| Mr Shioji Hiramatsu | 340 | 340 | - | - |

- (b) The directors' interests in ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Share options

There were no options granted, including any to controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited), directors and employees of the parent company and its subsidiary, during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under option in the Company at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Richard Tan Chuan-Lye (Chairman)
Ms Lim Bee Choo
Mr Yeo Chuan Seng Victor
Ms Carmen Wee Yik Cheng

ISETAN (SINGAPORE) LIMITED**DIRECTORS' STATEMENT***For the financial year ended 31 December 2023*

Audit and Risk Committee (continued)

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the results announcement for the half-year and full year; and
- the financial statements of the Company for the financial year ended 31 December 2023 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the financial statements of the Company.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit and Risk Committee has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity before confirming their re-nomination.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

SHIOJI HIRAMATSU
Director

RICHARD TAN CHUAN-LYE
Director

28 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISETAN (SINGAPORE) LIMITED**Report on the Audit of the Financial Statements****Our opinion**

In our opinion, the accompanying financial statements of Isetan (Singapore) Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the income statement for the year ended 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the balance sheet as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISETAN (SINGAPORE) LIMITED
(continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|--|
| <p><u>Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets</u></p> <p>Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets.</p> <p>As at 31 December 2023, the carrying values of the Company's PPE and ROU assets under the Retail segment were \$18,988,000 and \$5,803,000 respectively. The disclosures relating to PPE and ROU assets are included in Note 21 and Note 22 of the financial statements respectively.</p> <p>For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCTS"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong.</p> <p>In the current financial year, impairment charge of \$3,095,000 and \$5,928,000 (pro-rated based on the carrying amounts of PPE and ROU assets within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. The Company had determined VIU for retail stores using cash flow projections based on financial budgets prepared by management. Key assumptions used in VIU computation include the discount rate, sales growth rates and rental income assumptions.</p> <p>Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. In making these estimates, management has relied on past performance, and its expectations of market developments including estimates of the recovery of the retail environment in Singapore.</p> <p>The continued losses in the Retail segment triggered the need for impairment assessment of the corporate assets (mainly comprising of land and buildings) included within this segment. The fair values of these corporate assets were largely based on property valuations obtained from professional property valuers. No impairment charge was recorded on the corporate assets in the Retail segment. FVLCTS used to determine the recoverable amount of the land and buildings included within this segment, were largely based on selling price per square foot and capitalisation rates.</p> | <p>(a) We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the assessment for impairment of PPE and ROU assets.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> assessed the appropriateness of the valuation model used in estimating the VIU computation; assessed reasonableness of key assumptions, which include the discount rate, sales growth rates and rental income assumptions, used in VIU computation; assessed the competency and independence of management's experts engaged to support management in the FVLCTS computation of the corporate assets; discussed with management and the professional property valuer used by management on the key assumptions and critical judgmental areas in the fair value computation; and assessed the reasonableness of key assumptions, which include capitalisation rates used in income method and selling price per square foot of market comparables used in direct comparison method. <p>We have obtained satisfactory explanations from management and management's experts regarding the basis, methods and key assumptions used in determining the recoverable values of the assets within the Retail segment. We also considered the extent of disclosures set out in Note 3(a) of the financial statements.</p> |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISETAN (SINGAPORE) LIMITED
(continued)

Key Audit Matters (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|--|
| <p><u>Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets</u> (continued)</p> <p>The impairment testing of PPE and ROU assets is considered to be a significant risk area due to the significant judgement and assumptions applied in arriving at the estimates used in computing the recoverable values of these assets.</p> <p>Uncertainties arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used. The nature of the judgement and sensitivity of the carrying amounts of PPE and ROU assets have been disclosed under Note 3(a) of the financial statements.</p> | <p>Based on our testing, we concluded that the methods and assumptions used were reasonable and adequate disclosures have been made in respect of the assessment for impairment of PPE and ROU assets.</p> |

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISETAN (SINGAPORE) LIMITED
(continued)**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISETAN (SINGAPORE) LIMITED
(continued)**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Wei Zhen.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 March 2024

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

INCOME STATEMENT

For the financial year ended 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|----------------|----------------|
| Revenue | 4 | 84,277 | 87,620 |
| Other income | 5 | 6,303 | 4,393 |
| Other (losses)/gains - net | | | |
| - Loss on fixed assets written off | 6 | (160) | - |
| - Impairment loss on financial assets | 6 | (77) | (24) |
| - Others | 6 | 44 | 85 |
| Expenses | | | |
| - Changes in inventories of finished goods | | (301) | 802 |
| - Purchases of inventories and related costs | | (30,868) | (31,686) |
| - Employee compensation | 7 | (15,197) | (16,049) |
| - Depreciation expense | | (11,095) | (11,725) |
| - Rental and service charge expense | 8(a) | (7,829) | (6,883) |
| - Interest expense | 33 | (1,469) | (1,620) |
| - Impairment loss on investment in an associate | 18 | - | (1,753) |
| - Impairment of right-of-use assets | | (5,928) | (2,795) |
| - Impairment loss on property, plant and equipment | | (3,095) | (965) |
| - Other expenses | 8(b) | (17,180) | (17,785) |
| Total expenses | | (92,962) | (90,459) |
| Share of profit/(loss) of an associate | 18 | 1,416 | (266) |
| (Loss)/Profit before income tax | | (1,159) | 1,349 |
| Income tax expense | 9 | - | - |
| Net (loss)/profit after tax for the financial year | | (1,159) | 1,349 |
| Net (loss)/profit attributable to: | | | |
| Equity holders of the Company | | (1,159) | 1,349 |
| (Loss)/Earnings per share for net profit attributable to the equity holders of the Company (cents per share) | 10 | | |
| - Basic | | (2.81) cents | 3.27 cents |
| - Diluted | | (2.81) cents | 3.27 cents |

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

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|------|----------------|----------------|
| Net (loss)/profit for the financial year | | (1,159) | 1,349 |
| Other comprehensive loss: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences | 18 | - | (41) |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Financial assets, fair value loss through other comprehensive income | 13 | (612) | (206) |
| Actuarial loss on retirement benefit obligation | 24 | - | (112) |
| Other comprehensive loss, net of tax | | (612) | (359) |
| Total comprehensive (loss)/income for the financial year | | (1,771) | 990 |
| Total comprehensive (loss)/income attributable to: | | | |
| Equity holders of the Company | | (1,771) | 990 |

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

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

BALANCE SHEET

As at 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 69,833 | 74,542 |
| Trade and other receivables | 12 | 7,581 | 6,343 |
| Other investments, at amortised cost | 14 | 8,137 | 5,240 |
| Inventories | 15 | 6,141 | 6,442 |
| Rental deposits | 19 | 613 | 634 |
| Other current assets | 16 | 1,751 | 1,628 |
| | | 94,056 | 94,829 |
| Non-current assets | | | |
| Trade and other receivables | 12 | 760 | 2,731 |
| Financial assets, at FVOCI | 13 | 3,388 | 4,000 |
| Other investments, at amortised cost | 14 | 18,246 | 22,086 |
| Club memberships | 17 | 170 | 170 |
| Investment in an associate | 18 | 1,416 | - |
| Rental deposits | 19 | 4,306 | 3,811 |
| Investment properties | 20 | 25,788 | 28,260 |
| Property, plant and equipment | 21 | 18,988 | 23,062 |
| Right-of-use assets | 22 | 5,803 | 18,960 |
| | | 78,865 | 103,080 |
| Total assets | | 172,921 | 197,909 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 23 | 31,346 | 35,369 |
| Lease liabilities | 26 | 17,795 | 16,686 |
| | | 49,141 | 52,055 |
| Non-current liabilities | | | |
| Trade and other payables | 23 | 3,734 | 5,217 |
| Provisions | 25 | 3,557 | 3,417 |
| Lease liabilities | 26 | 9,983 | 28,943 |
| | | 17,274 | 37,577 |
| Total liabilities | | 66,415 | 89,632 |
| NET ASSETS | | 106,506 | 108,277 |
| EQUITY | | | |
| Capital and reserves attributable to the equity holders of the Company | | | |
| Share capital | 28 | 91,710 | 91,710 |
| General reserve | 29 | 17,000 | 17,000 |
| Fair value reserve | 30 | 716 | 1,328 |
| Currency translation reserve | | 79 | 79 |
| Other reserves | | (42) | (42) |
| Accumulated losses | | (2,957) | (1,798) |
| Total equity | | 106,506 | 108,277 |

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

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

| | Note | Share capital \$'000 | General reserve \$'000 | Fair value reserve \$'000 | Currency translation reserve \$'000 | Other reserves \$'000 | Accumulated losses \$'000 | Total \$'000 |
|---|------|----------------------------|------------------------------|------------------------------------|--|-----------------------------|---------------------------------|-----------------|
| 2023 | | | | | | | | |
| Beginning of financial year | | 91,710 | 17,000 | 1,328 | 79 | (42) | (1,798) | 108,277 |
| Total comprehensive loss for the year | | - | - | (612) | - | - | (1,159) | (1,771) |
| End of financial year | | 91,710 | 17,000 | 716 | 79 | (42) | (2,957) | 106,506 |
| 2022 | | | | | | | | |
| Beginning of financial year | | 91,710 | 17,000 | 1,534 | 120 | 70 | (1,909) | 108,525 |
| Total comprehensive (loss)/ income for the year | | - | - | (206) | (41) | (112) | 1,349 | 990 |
| Dividend paid | 31 | - | - | - | - | - | (1,238) | (1,238) |
| End of financial year | | 91,710 | 17,000 | 1,328 | 79 | (42) | (1,798) | 108,277 |

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

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Cash flows from operating activities | | |
| (Loss)/Profit before income tax | (1,159) | 1,349 |
| Adjustments for: | | |
| - Depreciation expense | 11,095 | 11,725 |
| - Income from recognition of net investment in subleases | (280) | (304) |
| - Impairment loss on investment in an associate | - | 1,753 |
| - Impairment loss on right-of-use assets | 5,928 | 2,795 |
| - Impairment loss on property, plant and equipment | 3,095 | 965 |
| - Impairment loss on financial assets | 77 | 24 |
| - Gain on disposal of other investments, at amortised cost | (47) | (85) |
| - Loss on property, plant and equipment written off | 160 | - |
| - Interest income | (3,040) | (1,786) |
| - Interest expense | 1,469 | 1,620 |
| - Changes in provisions for other liabilities and charges | 140 | 146 |
| - Dividend income | (140) | (156) |
| - Income from modification of ROU leases | (147) | - |
| - Share of (profit)/loss of an associate | (1,416) | 266 |
| | 15,735 | 18,312 |
| Changes in working capital: | | |
| - Trade and other receivables | 994 | 2,346 |
| - Inventories | 301 | (802) |
| - Other assets and rental deposits | (597) | 1,189 |
| - Trade and other payables | (5,506) | 2,077 |
| - Provisions | - | (836) |
| Net cash provided by operating activities | 10,927 | 22,286 |

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

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|-----------------|-----------------|
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (1,676) | (1,672) |
| Payments for investment property | | (7) | (234) |
| Purchases of other investments, at amortised cost | | (6,595) | (7,240) |
| Proceeds from disposal of property, plant and equipment | | - | 52 |
| Proceeds from maturity/early redemption by issuers of other investments, at amortised cost | | 7,500 | 9,219 |
| Interest received | | 3,262 | 1,396 |
| Dividends received | | 140 | 156 |
| Net cash provided by investing activities | | 2,624 | 1,677 |
| Cash flows from financing activities | | | |
| Principal payment of lease liability | 26 | (16,791) | (16,713) |
| Interest paid | 26 | (1,469) | (1,620) |
| Dividend paid | 31 | - | (1,238) |
| Net cash used in financing activities | | (18,260) | (19,571) |
| Net (decrease)/increase in cash and cash equivalents | | (4,709) | 4,392 |
| Cash and cash equivalents at beginning of financial year | | 74,542 | 70,150 |
| Cash and cash equivalents at end of financial year | 11 | 69,833 | 74,542 |

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

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

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

1. General information

Isetan (Singapore) Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641.

The principal activities of the Company are to carry on the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment properties.

2. Material accounting policies**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Company has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.2 Revenue recognition****(a) *Sale of goods and consignment income***

The Company operates departmental stores and supermarkets, selling various goods and products. Revenue from contract with customers relating to sale of goods and consignment income is recognised at a point in time when the goods are delivered to the customer. When the Company acts in the capacity of an agent rather than a principal in the sale of goods to customers, the consignment income recognised is the net amount of commission made by the Company.

Payment of the transaction price is due immediately when the customer purchases the goods. However, the customer has a right to return the goods to the Company within 7 days (2022: 7 days) of delivery to the customer. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. No refund liability nor right to the returned goods are recognised for the products expected to be returned as the return rate is assessed to be insignificant based on accumulated experience of the Company.

Proceeds from sales of gift vouchers are initially recorded as contract liabilities and revenue is recognised when the customers apply the gift vouchers on subsequent purchases of goods or when the gift vouchers expire.

The Company operates a loyalty programme where retail customers accumulate points for purchases made and such points can be converted into shopping vouchers which can be used on subsequent purchases. Revenue from the award points is recognised when the points are converted into vouchers and applied on subsequent purchases or when points or shopping vouchers expire.

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point based on the discount granted when the points are redeemed and on the likelihood of redemption. Likelihood of redemption is estimated using past experience and redemption forecasts. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.2 Revenue recognition (continued)****(a) *Sale of goods and consignment income* (continued)**

A contract liability is recognised until the points are redeemed or expire.

(b) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

2.3 Investment in an associate

Associates are entities over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above. Investment in an associate is accounted for in the financial statements using the equity method of accounting less impairment losses, if any.

(a) *Acquisitions*

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate represents the excess of the cost of acquisition of the associate over the Company's share of the fair value of the identifiable net assets of the associate company and is included in the carrying amount of the investments.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.3 Investment in an associate (continued)****(b) *Equity method of accounting***

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of its associate's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associate are recognised as a reduction of the carrying amount of the investment. When the Company's share of losses in an associate equals to or exceeds its interest in the associate, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associate are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

(c) *Disposals*

Investment in an associate is derecognised when the Company loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

2.4 Property, plant and equipment**(a) *Measurement*****(i) *Property, plant and equipment***

Freehold land is stated at cost less accumulated impairment losses. All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.4 Property, plant and equipment (continued)****(a) *Measurement* (continued)****(ii) *Component of costs***

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring or using the asset for purpose other than to produce inventories.

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | <u>Useful lives</u> |
|--|---------------------------------|
| Buildings | 50 years |
| Leasehold improvements | 4 - 10 years |
| Shop renovations, furniture, fixtures and fittings | 10 years or over the lease term |
| Office and shop equipment | 8 years or over the lease term |
| Motor vehicles | 5 years |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other (losses)/gains - net".

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.5 Investment properties**

Investment properties include those portions of freehold/leasehold land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation on the leasehold land and building is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Club memberships

Club memberships are carried at cost less accumulated impairment losses in the balance sheet. On disposal of club membership, the difference between disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 Impairment of non-financial assets

Property, plant and equipment

Investment properties

Investment in an associate

Club memberships

Right-of-use ("ROU") assets

Property, plant and equipment, investment properties, investment in an associate, club memberships and ROU assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.7 Impairment of non-financial assets (continued)**

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Financial assets**(a) *Classification and measurement***

The Company classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.8 Financial assets (continued)****(a) Classification and measurement (continued)****At initial recognition**

At initial recognition, the Company 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.

At subsequent measurement**(i) Debt instruments**

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, deposits (including rental deposits) and debt securities.

Debt instruments 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 instrument 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 interest income using the effective interest rate method.

(ii) Equity investments

The Company subsequently measures all its equity investments at their fair values. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value loss” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.8 Financial assets (continued)****(b) *Impairment***

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company 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 Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sales proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.10 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.11 Leases**(a) When the Company is the lessee:**

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use assets**

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.11 Leases (continued)****(a) When the Company is the lessee (continued):**

- **Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For a contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.11 Leases (continued)****(a) When the Company is the lessee (continued):**

- **Short term and low value leases**

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- **Variable lease payments**

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 33.

(b) When the Company is the lessor:

The Company leases investment properties under operating leases to non-related parties.

Assets leased out under operating leases are included in property, plant and equipment and investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses.

- **Lessor – Operating leases**

Leases where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.11 Leases (continued)****(b) When the Company is the lessor (continued):**

- **Lessor – subleases**

In classifying a sublease, the Company as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Company derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within “Trade and other receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Company recognises lease income from sublease in profit or loss within “Other income”. The right-of-use asset relating to the head lease is not derecognised.

For contracts which contain lease and non-lease components, the Company allocates the consideration based on a relative stand-alone selling price basis.

- **Lessor – lease modifications**

Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease) are accounted for as lease modifications.

- For operating leases: The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.
- For subleases which are finance leases: The Company applies the derecognition requirements under SFRS(I) 9 to recognise the modification or derecognition gains/losses on the net investment in the sublease which are finance leases.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.12 Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income or deducted in reporting the related expense.

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. 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 tax authority will accept an uncertain tax treatment. The Company 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 recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on the investment in an associate, except where the Company 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.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.14 Income taxes (continued)**

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

The Company recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as other expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.16 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) *Retirement benefits*

The Company operates an unfunded, retirement benefit scheme for its employees who joined the Company before a certain date. Benefits are payable based on the last drawn salary of the employees, who have completed service of at least 6 years with the Company and, have reached the requisite age as at the balance sheet date. Liability accrued under the scheme is the present value of the Company's benefit obligations at the balance sheet date. Present value is determined by discounting the estimated future cash outflows using the interest rates of corporate bonds that have terms to maturity approximating the average maturity period of the related liability. The Company has no further payment obligations once the benefit has been paid to the employee upon retirement.

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.18 Currency translation****(a) *Functional and presentation currency***

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the financial statements, currency translation differences arising from the investment in an associate, is recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

2. Material accounting policies (continued)**2.21 Dividend to Company's shareholders**

Interim dividend is recorded in the financial year in which it is declared payable. Final and special dividends are recorded in the financial year in which the dividends are approved by the shareholders.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Assessment for impairment of property, plant and equipment ("PPE") and Right-of-use ("ROU") assets

Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets (Note 2.7).

For the purpose of impairment testing, the recoverable amounts of PPE of \$18,988,000 (2022: \$23,062,000) (Note 21) and ROU assets of \$5,803,000 (2022: \$18,960,000) (Note 22) and, when applicable, the CGU, have been determined based on the higher of fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") methods.

Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. In making these estimates, management has relied on past performance and its expectations of market developments including estimates of the recovery of the retail environment in Singapore.

In the current financial year, impairment charge of \$3,095,000 and \$5,928,000 (2022: \$965,000 and \$2,795,000) (pro-rated based on the carrying amounts of PPE and ROU asset within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts, obtained based on the VIU method. VIU is determined using cash flow projections based on financial budgets prepared by management.

ISETAN (SINGAPORE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

3. Critical accounting estimates, assumptions and judgements (continued)
(a) Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets (continued)

The sensitivity analysis performed on management's estimates for the sales growth rates, discount rate and rental income assumptions applied in the VIU computations are as follows:

| Key assumption | Sensitivity | Increase in impairment charge on PPE (\$'000) | Increase in impairment charge on ROU (\$'000) |
|-------------------|-------------|---|---|
| Sales growth rate | 1% lower | 382 | 667 |
| Discount rate | 1% higher | 11 | 42 |
| Rental income | 2% lower | 15 | 17 |

In the current financial year, no impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment. The recoverable amounts of the corporate assets were obtained based on the FVLCTS method. The fair values of these corporate assets were largely based on property valuations obtained from professional property valuers. Significant judgement is used to determine the reasonableness of key assumptions, which include capitalisation rates used in income method and the selling price per square foot of market comparables used in direct comparison method (see Note 21(b)). If the valuations were 5% lower, no additional impairment charge would have been recognised on the corporate assets under the Retail segment.

(b) Critical judgement over the lease terms

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option. For leases of office space and retail stores, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company typically includes the extension option in lease liabilities;
- If the retail stores are located in strategic locations that will contribute to the profitability of the Retail segment, the Company typically includes the extension option in lease liabilities;
- Otherwise, the Company considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

(b) Critical judgement over the lease terms (continued)

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

As at 31 December 2023, included within the Company's lease liabilities of \$27,778,000 (2022: \$45,629,000) is an amount of \$Nil (2022: \$5,369,000), which relates to extension option which is reasonably certain to be exercised. As at 31 December 2023, potential future (undiscounted) cash outflows of approximately \$48,363,000 (2022: \$47,977,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

4. Revenue

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Sale of goods [Note (a)] | 41,901 | 43,493 |
| Consignment income [Note (a)] | 31,719 | 33,841 |
| | 73,620 | 77,334 |
| Rental income from investment properties | 10,657 | 10,286 |
| | 10,657 | 10,286 |
| | 84,277 | 87,620 |

Included in the rental income above is contingent rent of \$107,000 (2022: \$103,000). The contingent rent was computed based on sales achieved by lessees.

(a) Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers

The Company derives revenue from contracts with customers through the transfer of goods at a point in time and these pertain to retail revenue derived in Singapore.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. Revenue (continued)

(a) Revenue from contracts with customers (continued)

(ii) Contract liabilities

| | Note | 31 December 2023 \$'000 | 2022 \$'000 | 1 January 2022 \$'000 |
|-----------------------------|------|-------------------------------|----------------|-----------------------------|
| <i>Contract liabilities</i> | | | | |
| - Loyalty programme | 23 | 1,071 | 1,104 | 520 |
| - Gift voucher sales | 23 | 1,245 | 1,210 | 1,120 |
| Total contract liabilities | | 2,316 | 2,314 | 1,640 |

Revenue recognised in relation to contract liabilities

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| <i>Revenue recognised in current period that was included in the contract liability balance at the beginning of the period</i> | | |
| - Deferred revenue – loyalty programme | 1,104 | 520 |
| - Deferred revenue – gift voucher sales | 1,210 | 1,120 |

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contract of periods one year or less is not disclosed.

(b) Trade receivables from contracts with customers

| | 31 December 2023 \$'000 | 2022 \$'000 | 1 January 2022 \$'000 |
|---|-------------------------------|----------------|-----------------------------|
| Current assets | | | |
| Trade receivables from contracts with customers | 1,832 | 971 | 588 |
| Less: Loss allowance | (30) | (30) | (30) |
| | 1,802 | 941 | 558 |

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Other income

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|----------------|
| Rental income | 2,487 | 1,841 |
| Government grant income | 1 | 66 |
| Sundry income | 208 | 240 |
| Income from modification of ROU leases | 147 | - |
| Dividend income from listed equity securities, at FVOCI | 140 | 156 |
| Interest income from financial assets measured at amortised cost: | | |
| - Fixed deposits | 1,862 | 693 |
| - Investments | 953 | 825 |
| - Others | 225 | 268 |
| Income from recognition of net investment in subleases | 280 | 310 |
| Less: Government grant expense – rent concessions | - | (6) |
| | 6,303 | 4,393 |

Included in the rental income above is contingent rent of \$147,000 (2022: \$153,000). The contingent rent was computed based on sales achieved by lessees.

6. Other (losses)/gains - net

Included in other (losses)/gains are the following items:

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------------|----------------|
| Impairment loss on financial assets [Note 35(b)] | (77) | (24) |
| Loss on property, plant and equipment written off | (160) | - |
| Gain on disposal of financial assets | 47 | 85 |
| Others | (3) | - |

ISETAN (SINGAPORE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

7. Employee compensation

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------------|----------------|
| Wages and salaries | 14,095 | 14,824 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 1,639 | 1,519 |
| Retirement benefit scheme expense (Note 24) | 104 | 77 |
| | 15,838 | 16,420 |
| Less: Government grants | (641) | (371) |
| | 15,197 | 16,049 |

For the year ended 31 December 2023, government grants mainly relate to the Progressive Wage Credit Scheme ("PWCS") and the Senior Employment Credit ("SEC") (2022: PWCS, SEC and WCS).

The PWCS is a scheme introduced in Singapore Budget 2022 and enhanced in Budget 2024 to provide transitional wage support for employers who give wage increases to lower-wage employees. Under this scheme, eligible employers will be co-funded for wage increases between 2022 and 2026.

The SEC was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporeans. This initiative provides wage offsets to employers hiring Singaporean workers aged above 60 and earning up to \$4,000 a month. The scheme was extended from 2023 to 2025 as announced in the Singapore Budget 2023.

The Wage Credit Scheme ("WCS") was introduced in Budget 2013 for support to businesses affected by economic restructuring to manage rising labour costs. This initiative supports businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. The WCS has ended and the final WCS payout has been made in March 2022.

8. Rental expense and other expenses
(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of \$276,000 (2022: \$320,000) provided on a percentage of sales derived from the rented retail spaces in the current year.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. Rental expense and other expenses (continued)

(b) Other expenses

Included in other expenses are the following items:

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|----------------|
| Auditors' remuneration paid/payable to | | |
| Auditors of the Company | | |
| - Current year | 456 | 365 |
| - Under/(over) provision in prior financial year | 36 | (51) |
| Other fees paid/payable to | | |
| Auditors of the Company | | |
| - Current year | 41 | 41 |
| - Over provision in prior financial year | (50) | - |
| Advertising and promotion | 3,494 | 3,871 |
| Credit card commissions | 2,438 | 2,604 |
| Delivery | 777 | 1,347 |
| License fees and property taxes | 1,114 | 1,102 |
| Royalty | 862 | 928 |
| Supplies, repair and maintenance | 2,904 | 3,052 |
| Utilities | 2,820 | 2,466 |

9. Income tax expense

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------------|----------------|
| (Loss)/Profit before tax | (1,159) | 1,349 |
| Share of (profit)/loss of an associate | (1,416) | 266 |
| (Loss)/Profit before tax and share of (profit)/loss of an associate | (2,575) | 1,615 |
| Tax calculated at a tax rate of 17% (2022: 17%) | (438) | 274 |
| Expenses not deductible for tax purposes | 384 | 665 |
| Income not subject to tax | (32) | (45) |
| Deferred tax assets not recognised | 641 | - |
| Utilisation of previously unrecognised deferred tax assets | (488) | (838) |
| Income taxed at concessionary rate | (67) | (56) |
| Tax expense | - | - |

Interest income derived from financial assets that qualifies as Qualifying Debt Securities are subject to 10% concessionary tax rate.

ISETAN (SINGAPORE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

9. Income tax expense (continued)

The Company has unrecognised deferred tax asset of \$7,697,000 (2022: \$8,215,000) arising from temporary differences from capital allowance of \$11,048,000 (2022: \$9,213,000), unrecognised tax losses of \$9,304,000 (2022: \$12,177,000), and other deductible temporary differences of \$24,923,000 (2022: \$27,097,000) as at 31 December 2023 which can be carried forward and used to offset against future taxable income subject to the provisions of Section 37 of the Income Tax Act, Cap 134. The tax losses and capital allowances have no expiry date.

10. (Loss)/Earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | 2023 | 2022 |
|--|----------------------------|-------------------|
| Net (loss)/profit attributable to equity holders of the Company (\$'000) | (1,159) | 1,349 |
| Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000) | 41,250 | 41,250 |
| Basic (loss)/earnings per share | <u>(2.81) cents</u> | <u>3.27 cents</u> |

There are no dilutive shares, hence fully diluted (loss)/earnings per share equal to the basic loss per share of 2.81 cents (2022: earnings per share of 3.27 cents).

11. Cash and cash equivalents

| | 2023 | 2022 |
|--|----------------------|---------------|
| | \$'000 | \$'000 |
| Cash at bank and on hand | 10,519 | 19,419 |
| Fixed deposits with financial institutions | 59,314 | 55,123 |
| | <u>69,833</u> | <u>74,542</u> |

The fixed deposits with financial institutions mature on varying dates within 1 month to 3 months (2022: 1 month to 5 months) from the financial year end.

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

11. Cash and cash equivalents (continued)

The weighted average effective interest rates for the fixed deposits are as follows:

| | 2023 % | 2022 % |
|----------------------------------|------------------|-----------|
| Interest rates on fixed deposits | 4.02 | 2.33 |

The exposure of cash and cash equivalents to interest rate risk and currency risk is disclosed in Note 35.

12. Trade and other receivables

(a) Current

| | 2023 \$'000 | 2022 \$'000 |
|---|-----------------------|----------------|
| Trade receivables | | |
| - Immediate holding corporation (Note 32) | 1 | - |
| - Non-related parties | 3,122 | 1,813 |
| | 3,123 | 1,813 |
| Less: Allowance for impairment of receivables - non-related parties | (30) | (30) |
| | 3,093 | 1,783 |
| Interest receivable | 286 | 640 |
| Accrued receivables | 1,464 | 1,425 |
| Finance lease receivables [Note 12(c)] | 2,507 | 2,360 |
| Government grant receivables | 231 | 135 |
| | 7,581 | 6,343 |

(b) Non-current

| | 2023 \$'000 | 2022 \$'000 |
|--|-----------------------|----------------|
| Other receivables | | |
| - Finance lease receivables [Note 12(c)] | 388 | 2,583 |
| - Deposits | 372 | 148 |
| | 760 | 2,731 |

(c) As at 31 December 2023, the finance lease receivables relate to subleases which were classified as finance leases as disclosed in Note 33(j).

(d) At the balance sheet date, the carrying amounts of trade and other receivables (current and non-current) approximated their fair values. The exposure to currency risk of trade and other receivables (current and non-current) is disclosed in Note 35(a).

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Financial assets, at FVOCI

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------|------------------------------|----------------|
| Beginning of financial year | 4,000 | 4,206 |
| Fair value loss | (612) | (206) |
| End of financial year | 3,388 | 4,000 |
| Non-current assets | | |
| Quoted equity securities: | | |
| - CapitaLand Ascendas Reit | 2,729 | 2,468 |
| - Others | 140 | 146 |
| | 2,869 | 2,614 |
| Unquoted equity: | | |
| - Isetan Japan Sdn. Bhd. | 519 | 1,386 |
| Total | 3,388 | 4,000 |

14. Other investments, at amortised cost

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------------|----------------|
| Beginning of financial year | 27,326 | 29,426 |
| Additions | 6,595 | 7,240 |
| Disposals | (7,453) | (9,134) |
| Movement due to accretion of interest income using effective interest rate method | (8) | (182) |
| Impairment recognised in profit and loss during the year | (77) | (24) |
| End of financial year | 26,383 | 27,326 |

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. Other investments, at amortised cost (continued)

| | Carrying amount \$'000 | Fair value \$'000 | Weighted average effective interest rate % |
|--|------------------------------|----------------------|--|
| <u>As at 31 December 2023</u> | | | |
| (i) <u>Current</u> | | | |
| Bonds with fixed interest rates ranging from 3.07% to 7.00% per annum and the maturity dates ranging from 5 March 2024 to 27 November 2024 | 10,258 | 8,223 | 4.05 |
| Less: Loss allowances | (2,121) | | |
| | <u>8,137</u> | | |
| (ii) <u>Non-Current</u> | | | |
| Bonds with fixed interest rates ranging from 1.67% to 5.50% per annum and the maturity dates ranging from 28 January 2025 to 2 December 2032 | 18,453 | 18,204 | 3.58 |
| Less: Loss allowances | (207) | | |
| | <u>18,246</u> | | |
| <u>As at 31 December 2022</u> | | | |
| (i) <u>Current</u> | | | |
| Bonds with fixed interest rates ranging from 3.02% to 7.00% per annum and the maturity dates ranging from 3 February 2023 to 26 May 2023 | 7,253 | 5,221 | 3.97 |
| Less: Loss allowances | (2,013) | | |
| | <u>5,240</u> | | |
| (ii) <u>Non-Current</u> | | | |
| Bonds with fixed interest rates ranging from 2.13% to 5.00% per annum and the maturity dates ranging from 5 March 2024 to 19 November 2030 | 22,371 | 21,468 | 3.60 |
| Less: Loss allowances | (285) | | |
| | <u>22,086</u> | | |

The fair values of bonds are based on regular statements provided by a financial institution of high credit quality. The bonds held by the Company mainly comprise of listed bonds for which the fair values of such bonds are based on the current price listed in active markets. For unlisted bonds, the fair values are based on information obtained from financial institutions of good credit standing.

The bonds are denominated in Singapore Dollars and the exposure to the interest rate risk and currency risk is disclosed in Note 35.

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

15. Inventories

| | 2023 \$'000 | 2022 \$'000 |
|-------------|------------------------------|------------------------------|
| Merchandise | 6,141 | 6,442 |

The cost of inventories recognised as expense amounts to \$31,169,000 (2022: \$30,884,000).

Inventory write down of \$312,000 (2022: \$127,000) has been included in "Purchases of inventories and related costs" in profit or loss.

16. Other current assets

| | 2023 \$'000 | 2022 \$'000 |
|-------------|------------------------------|------------------------------|
| Deposits | 36 | 47 |
| Prepayments | 1,715 | 1,581 |
| | 1,751 | 1,628 |

17. Club memberships

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------------|------------------------------|------------------------------|
| <u>Cost</u> | | |
| Beginning and end of financial year | 546 | 546 |
| <u>Accumulated impairment</u> | | |
| Beginning and end of financial year | 376 | 376 |
| <u>Net book value</u> | | |
| End of financial year | 170 | 170 |

isetan (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Investment in an associate

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Beginning of financial year | - | 2,060 |
| Share of profit/(loss) | 1,633 | (266) |
| Share of prior year net cumulative unrecognised loss | (217) | - |
| Currency translation loss | - | (41) |
| Less: Impairment loss [Note 18(a)] | - | (1,753) |
| End of financial year | 1,416 | - |

| Name of company | Principal activity | Place of business/ country of incorporation | Equity holding 31 December 2023 % | 2022 % |
|------------------------------------|--|---|--|----------------------|
| Chengdu Isetan Company Limited* | Retailing of general merchandise | People's Republic of China | 17.24 | 17.24 ^(b) |

* The associate is under liquidation in FY2023. In FY2022, the associate was audited by Ernst & Young Hua Ming – Chengdu Branch.

- (a) On 30 June 2022, an impairment loss of \$1,753,000 was recorded to impair the investment in an associate, and equity accounting of losses of the associate ceased subsequent to that date. A full impairment was made due to the cessation of the associate's business operations at its two stores on 31 December 2022. The associate is in the process of liquidation as at 31 December 2023.
- (b) In the prior financial year, a majority shareholder of the associate injected additional capital of United States Dollar 6,100,000 into the associate to fund its liquidation expenses. As a result, the equity holding of the Company in the associate was diluted from 23% to 17% as at 31 December 2022. The resulting deemed gain on dilution of \$1,103,000 was unrecognised in the prior financial year as the investment in associate was fully impaired [Note 18(d)].
- (c) Summarised financial information of the associate

Summarised balance sheet

| | 2023 \$'000 | 2022 \$'000 |
|---------------------|----------------|----------------|
| Current assets | 8,295 | 22,424 |
| Current liabilities | (80) | (23,697) |
| Non-current assets | - | 13 |

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Investment in an associate (continued)

(c) Summarised financial information of the associate (continued)

Summarised statement of comprehensive income

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|----------------|
| Revenue | - | 55,067 |
| Post-tax loss from continuing operations | - | (19,010) |
| Post-tax profit from discontinued operations | 9,475 | - |
| Total comprehensive income/(loss) | 9,475 | (19,010) |

The information above reflects the amounts presented in the financial statements of the associate (and not the Company's share of those amounts), adjusted for differences in accounting policies between the Company and the associate.

There are no contingent liabilities relating to the Company's interest in the associate.

(d) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Company's interest in the associate, is as follows:

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|----------------|
| Net assets/(liabilities) | 8,215 | (1,260) |
| Company's equity interest | 17.24% | 17.24% |
| Company's share of net assets/(liabilities) | 1,416 | (217) |
| Less: Deemed gain on dilution of shareholdings unrecognised [Note 18(b)] | - | (1,103) |
| Add: Company's share of unrecognised losses | - | 1,320 |
| Carrying value | 1,416 | - |

For the financial year ended 31 December 2022, the Company had not recognised its net share of losses of the associate amounting to \$217,000 as the Company's cumulative share of losses exceeded its interest in this entity after impairment loss and the Company had no obligation in respect of those losses. The net cumulative unrecognised loss amounted to \$217,000 as at 31 December 2022.

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Investment in an associate (continued)

(d) Reconciliation of summarised financial information (continued)

As at 31 December 2023, the associate is in the process of a voluntary member's liquidation. The final distribution is subject to the completion of the liquidation.

19. Rental deposits

Rental deposits relate to deposits for securing the due performance of the Company for the rental of premises. At the balance sheet date, their carrying amounts approximated their fair values.

20. Investment properties

| | 2023 | 2022 |
|---------------------------------|---------------|--------|
| | \$'000 | \$'000 |
| <u>Cost</u> | | |
| Beginning of financial year | 88,167 | 87,933 |
| Additions | 7 | 234 |
| End of financial year | 88,174 | 88,167 |
| <u>Accumulated depreciation</u> | | |
| Beginning of financial year | 59,907 | 57,422 |
| Depreciation charge | 2,479 | 2,485 |
| End of financial year | 62,386 | 59,907 |
| Net book value | | |
| End of financial year | 25,788 | 28,260 |

(a) The investment properties are leased to non-related parties under operating leases.

(b) The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The fair value of the investment properties at 31 December 2023 is \$308,900,000 (2022: \$300,411,000) as determined by independent professional valuers and after deducting any estimated cost to completion. The fair value of the investment property is classified as Level 3 fair value measurement (definition of Level 3 is in Note 21(b)). Valuation is made annually using the income method and/or direct comparison method, based on the property's highest-and-best use. There were no changes in valuation techniques during the year.

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. Investment properties (continued)

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Rental income from investment properties (Note 4) | 10,657 | 10,286 |
| Direct operating expenses arising from investment properties that generated rental income | (6,321) | (5,462) |

21. Property, plant and equipment

| | Freehold land and buildings \$'000 | Buildings and improvements \$'000 | Shop renovations, furniture, fixtures and fittings \$'000 | Office and shop equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
|---|---|--|--|---|-----------------------------|-----------------|
| 2023 | | | | | | |
| Cost | | | | | | |
| Beginning of financial year | 18,362 | 5,746 | 31,199 | 29,054 | 496 | 84,857 |
| Additions | - | 52 | 1,055 | 569 | - | 1,676 |
| Disposal/write-off | - | - | (531) | (5,096) | - | (5,627) |
| End of financial year | 18,362 | 5,798 | 31,723 | 24,527 | 496 | 80,906 |
| Accumulated depreciation and impairment | | | | | | |
| Beginning of financial year | 3,554 | 4,240 | 28,309 | 25,238 | 454 | 61,795 |
| Depreciation charge | 135 | 276 | 1,090 | 980 | 14 | 2,495 |
| Impairment charge | - | 300 | 1,361 | 1,434 | - | 3,095 |
| Disposal/write-off | - | - | (531) | (4,936) | - | (5,467) |
| End of financial year | 3,689 | 4,816 | 30,229 | 22,716 | 468 | 61,918 |
| Net book value End of financial year | 14,673 | 982 | 1,494 | 1,811 | 28 | 18,988 |
| 2022 | | | | | | |
| Cost | | | | | | |
| Beginning of financial year | 18,362 | 6,685 | 37,181 | 33,479 | 464 | 96,171 |
| Additions | - | 59 | 860 | 1,903 | 32 | 2,854 |
| Transfer within property, plant and equipment | - | - | (281) | 281 | - | - |
| Disposal/write-off | - | (998) | (6,561) | (6,609) | - | (14,168) |
| End of financial year | 18,362 | 5,746 | 31,199 | 29,054 | 496 | 84,857 |
| Accumulated depreciation and impairment | | | | | | |
| Beginning of financial year | 3,419 | 4,497 | 33,429 | 30,482 | 445 | 72,272 |
| Depreciation charge | 135 | 577 | 931 | 1,022 | 9 | 2,674 |
| Impairment charge | - | 164 | 510 | 291 | - | 965 |
| Disposal/write-off | - | (998) | (6,561) | (6,557) | - | (14,116) |
| End of financial year | 3,554 | 4,240 | 28,309 | 25,238 | 454 | 61,795 |
| Net book value End of financial year | 14,808 | 1,506 | 2,890 | 3,816 | 42 | 23,062 |

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

21. Property, plant and equipment (continued)

- (a) Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets (Note 22) and triggered the need for impairment assessment.

In 2023, impairment charge of \$3,095,000 and \$5,928,000 were recorded to reduce the carrying values of PPE and ROU assets respectively (2022: impairment charge of \$965,000 and \$2,795,000) in each retail store under the Retail segment to their respective estimated recoverable amounts. No impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment.

The recoverable amounts of the PPE and ROU assets in the retail stores are obtained based on the VIU method (Note 3(a)) and the discount rate used at 31 December 2023 was 8.50% (2022: 9.00%). The sales growth rates and rental income assumptions applied in the VIU computations are based on financial budgets prepared by management and the identification of CGU (retail store) is in line with the Company's strategic objective in managing the Retail segment.

- (b) The recoverable amount of the corporate assets under the Retail segment is based on the FVLCTS method (Note 3(a)). The fair values of these corporate assets at the balance sheet date were largely based on property valuations obtained from independent professional valuers, taking into account the selling price per square foot and capitalisation rates for similar properties. The fair values of the corporate assets are classified as Level 3 fair value measurement.

Fair value measurement hierarchy is defined as follows:

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

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. Property, plant and equipment (continued)

Level 3 fair values of the corporate assets have been derived using one or more of the following valuation approaches:

- (i) the Direct Comparison Method where corporate assets are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, shape, design, layout, age and condition of the buildings, availability of car parking facilities, date of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the selling price per square foot.
- (ii) the Income Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

The following table presents the valuation techniques and key inputs that were used to determine the fair values of corporate assets categorised under Level 3 of the fair value hierarchy:

| Description | Fair value 2023 \$'000 | Valuation techniques | Unobservable inputs | Range of Unobservable inputs | Relationship of unobservable inputs to fair value | Valuation determined by |
|---------------------------|------------------------------|--------------------------|---|--|---|---------------------------------|
| Isetan Office Building | 28,500 (2022: 28,400) | Direct Comparison Method | - Adopted value per square foot ("psf") | 2023: \$1,755 psf (2022: \$1,743 psf) | The higher the adopted value, the higher the fair value. | Independent professional valuer |
| | | Income Method | - Capitalisation rate | 2023: 2.75% (2022: 2.75%) | The lower the capitalisation rate, the higher the fair value. | |
| Kallang Pudding Warehouse | 16,350 (2022: 15,600) | Direct Comparison Method | - Adopted value per square foot ("psf") | 2023: \$659 psf (2022: \$632 psf) | The higher the adopted value, the higher the fair value. | Independent professional valuer |
| | | Income Method | - Capitalisation rate | 2023: 3.25% (2022: 3.25%) | The lower the capitalisation rate, the higher the fair value. | |
| Valley Park Condominium | 3,100 (2022: 3,000) | Direct Comparison Method | - Adopted value per square foot ("psf") | 2023: \$2,286 psf (2022: \$2,212 psf) | The higher the adopted value, the higher the fair value. | Independent professional valuer |

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. Right-of-use assets

| | <u>Retail stores</u> \$'000 | <u>Office space</u> \$'000 | <u>Total</u> \$'000 |
|--|--------------------------------|-------------------------------|------------------------|
| 2023 | | | |
| <u>Cost</u> | | | |
| Beginning of financial year | 101,805 | 766 | 102,571 |
| Lease modifications | (913) | - | (913) |
| De-recognition of ROU assets for subleases classified as finance leases | (195) | - | (195) |
| End of financial year | 100,697 | 766 | 101,463 |
| <u>Accumulated depreciation and impairment</u> | | | |
| Beginning of financial year | 83,131 | 480 | 83,611 |
| Depreciation charge | 5,995 | 126 | 6,121 |
| Impairment charge | 5,928 | - | 5,928 |
| End of financial year | 95,054 | 606 | 95,660 |
| Net book value | | | |
| End of financial year | 5,643 | 160 | 5,803 |
| 2022 | | | |
| <u>Cost</u> | | | |
| Beginning of financial year | 100,898 | 513 | 101,411 |
| Lease modifications | 8,341 | 253 | 8,594 |
| De-recognition of ROU assets for subleases classified as finance leases | (537) | - | (537) |
| De-recognition of ROU assets for expired leases | (6,897) | - | (6,897) |
| End of financial year | 101,805 | 766 | 102,571 |
| <u>Accumulated depreciation and impairment</u> | | | |
| Beginning of financial year | 80,793 | 354 | 81,147 |
| Depreciation charge | 6,440 | 126 | 6,566 |
| Impairment charge | 2,795 | - | 2,795 |
| De-recognition of ROU assets for expired leases | (6,897) | - | (6,897) |
| End of financial year | 83,131 | 480 | 83,611 |
| Net book value | | | |
| End of financial year | 18,674 | 286 | 18,960 |

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

23. Trade and other payables

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| <u>Current</u> | | |
| Trade payables – Immediate holding corporation | - | 9 |
| Trade payables – non-related parties | 22,284 | 25,404 |
| Rental deposits received | 1,599 | 134 |
| Rental in advance | 41 | 64 |
| Provision for unutilised leave (a) | 240 | 299 |
| Provision for retirement benefits (Note 24) | 146 | 85 |
| Other creditors | 410 | 1,216 |
| Deferred revenue – loyalty programme [Note 4(a)(ii)] | 1,071 | 1,104 |
| Deferred revenue – gift voucher sales [Note 4(a)(ii)] | 1,245 | 1,210 |
| Accrued royalty payable to immediate holding corporation | 862 | 928 |
| Accruals and other liabilities | 3,448 | 4,916 |
| | 31,346 | 35,369 |
| <u>Non-current</u> | | |
| Rental deposits received | 2,434 | 3,862 |
| Provision for retirement benefits (Note 24) | 1,300 | 1,355 |
| | 3,734 | 5,217 |

The exposure of trade and other payables to currency risk is disclosed in Note 35(a).

(a) Provision for unutilised leave

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------|----------------|----------------|
| Beginning of financial year | 299 | 236 |
| Utilised during the year | (23) | (77) |
| Charged to profit or loss | (36) | 140 |
| End of financial year | 240 | 299 |

24. Provision for retirement benefits

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Beginning of financial year | 1,440 | 1,297 |
| Utilised during the year | (98) | (46) |
| Charged to profit or loss as employee compensation | 104 | 77 |
| Actuarial loss on retirement benefit obligation | - | 112 |
| End of financial year | 1,446 | 1,440 |
| Not later than one year | 146 | 85 |
| Later than one year | 1,300 | 1,355 |
| | 1,446 | 1,440 |

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24. Provision for retirement benefits (continued)

The Company engaged an independent qualified actuary to calculate the defined benefit obligation using the Projected Unit Credit Cost Method in 2022. The present value of obligation calculated by the qualified actuary approximates the carrying amount of the liabilities recorded by the Company.

In 2023, the Company has performed an internal assessment and assessed that there are no significant changes to the key assumptions used in 2022.

The key assumptions used were as follows:

| | 2023 % | 2022 % |
|--------------------|------------------|-------------|
| Discount rate | 3.00 | 3.00 |
| Salary growth rate | 3.00 – 7.00 | 3.00 – 7.00 |

25. Provisions

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------------|-----------------------|----------------|
| <u>Non-current</u> | | |
| Provision for reinstatement costs | 3,557 | 3,417 |

Provision for reinstatement costs are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

Movements in these provisions were as follows:

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------|-----------------------|----------------|
| Beginning of financial year | 3,417 | 4,107 |
| Provision utilised | - | (836) |
| Provision made | 18 | - |
| Amortisation of discount | 122 | 146 |
| End of financial year | 3,557 | 3,417 |

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26. Lease liabilities

| | 2023 \$'000 | 2022 \$'000 |
|--------------------|----------------|----------------|
| <u>Current</u> | | |
| Lease liabilities | 17,795 | 16,686 |
| <u>Non-current</u> | | |
| Lease liabilities | 9,983 | 28,943 |

Reconciliation of liabilities arising from financing activities

| | 1 January 2023 | Principal and interest payments | Non-cash changes | | 31 December 2023 |
|-------------------|----------------|---------------------------------|-----------------------------------|------------------|------------------|
| | \$'000 | \$'000 | Modification of lease liabilities | Interest expense | \$'000 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Lease liabilities | 45,629 | (18,260) | (1,060) | 1,469 | 27,778 |

| | 1 January 2022 | Principal and interest payments | Non-cash changes | | 31 December 2022 |
|-------------------|----------------|---------------------------------|-----------------------------------|------------------|------------------|
| | \$'000 | \$'000 | Modification of lease liabilities | Interest expense | \$'000 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Lease liabilities | 53,748 | (18,333) | 8,594 | 1,620 | 45,629 |

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

| | Finance lease receivables \$'000 | Others \$'000 | Total \$'000 |
|--------------------------------------|-------------------------------------|------------------|-----------------|
| At 1 January 2023 | 840 | 109 | 949 |
| Credited to profit or loss | (348) | (60) | (408) |
| At 31 December 2023 | 492 | 49 | 541 |
| At 1 January 2022 | 1,056 | 41 | 1,097 |
| (Credited)/Charged to profit or loss | (216) | 68 | (148) |
| At 31 December 2022 | 840 | 109 | 949 |

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27. Deferred income taxes (continued)

Deferred income tax assets

| | <u>Tax losses</u> \$'000 | <u>Provisions</u> \$'000 | <u>Others</u> \$'000 | <u>Total</u> \$'000 |
|--------------------------------------|-----------------------------|-----------------------------|-------------------------|------------------------|
| At 1 January 2023 | - | (949) | - | (949) |
| Charged to profit or loss | - | 408 | - | 408 |
| At 31 December 2023 | - | (541) | - | (541) |
| At 1 January 2022 | (258) | (839) | - | (1,097) |
| Charged/(Credited) to profit or loss | 258 | (110) | - | 148 |
| At 31 December 2022 | - | (949) | - | (949) |

28. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (2022: 41,250,000) ordinary shares with no par value, amounting to a total of \$91,710,000 (2022: \$91,710,000).

29. General reserve

The general reserve of the Company is distributable. The general reserve is to meet contingencies or for such other purposes as the Directors shall determine to be conducive to the interests of the Company.

30. Fair value reserve

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|------------------------------|
| Beginning of financial year | 1,328 | 1,534 |
| Financial assets, at FVOCI fair value loss (Note 13) | (612) | (206) |
| End of financial year | 716 | 1,328 |

31. Dividend

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|------------------------------|
| <i>Ordinary dividends</i> | | |
| Final dividend of \$Nil (2022: final dividend of 3.0 cents) per share, in respect of the financial year ended 2022 (2022: financial year ended 2021) | - | 1,238 |

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

32. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Isetan Mitsukoshi Ltd, incorporated in Japan. The ultimate holding corporation is Isetan Mitsukoshi Holdings Ltd, incorporated in Japan.

33. Leases

The Company as a lessee

Nature of the Company's leasing activities

The Company leases office space and retail stores for the purpose of office operations and sale of consumer goods to retail customers respectively.

(a) Carrying amounts of right-of-use assets (Note 22)

| | 2023 \$'000 | 2022 \$'000 |
|---------------|----------------|----------------|
| Office space | 160 | 286 |
| Retail stores | 5,643 | 18,674 |
| | 5,803 | 18,960 |

| | 2023 \$'000 | 2022 \$'000 |
|-----------------------------------|----------------|----------------|
| (b) Depreciation charge (Note 22) | | |
| Office space | 126 | 126 |
| Retail stores | 5,995 | 6,440 |
| | 6,121 | 6,566 |

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| (c) Impairment charge (Note 22) | | |
| Impairment charge on right-of-use assets | 5,928 | 2,795 |

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------------------|----------------|----------------|
| (d) Interest expense | | |
| Interest expense on lease liabilities | 1,469 | 1,620 |

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| (e) Lease expense not capitalised in lease liabilities | | |
| Lease expense – short-term leases | 813 | 1,124 |
| Variable lease payments which do not depend on an index or rate | 276 | 320 |
| Total | 1,089 | 1,444 |

(f) Total income from subleasing ROU assets in 2023 was \$1,280,000 (2022: \$1,421,000).

isetan (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

33. Leases (continued)***The Company as a lessee (continued)*****Nature of the Company's leasing activities (continued)**

- (g) Total cash outflow for all the leases in 2023 was \$19,349,000 (2022: \$19,777,000).
- (h) Addition of ROU assets during the financial year ended 31 December 2023 was \$Nil (2022: \$8,594,000).
- (i) Future cash outflow which are not capitalised in lease liabilities

- i. Variable lease payments

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.5% to 1% (2022: 0.5% to 1%), on top of fixed payments. The Company negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for retail stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to \$276,000 (2022: \$320,000) [Note 33(e)] for the financial year ended 31 December 2023.

- ii. Extension options

The leases for certain retail stores contain extension periods, for which the related lease payments had not been included in lease liabilities [Note 3(b)] as the Company is not reasonably certain to exercise these extension options. The Company negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Company's operations. The majority of the extension options are exercisable by the Company and not by the lessor.

The Company as a lessor**Nature of the Company's leasing activities – Company as a lessor**

The Company has leased out its owned investment properties and certain warehouse and office building space classified under property, plant and equipment to third parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Leases (continued)

The Company as a lessor (continued)

Nature of the Company's leasing activities – Company as an intermediate lessor

(j) Subleases – classified as finance leases

The Company has classified the sub-leases of certain right-of-use retail spaces as finance leases as these sub-leases are for periods which form a significant portion of the remaining lease term of the relevant head lease.

ROU assets relating to the head lease, with sub-leases classified as finance lease, is derecognised. The net investment in the sub-lease is recognised under "Trade and other receivables" (Note 12).

The following table shows the maturity analysis of the undiscounted lease payments to be received under the finance leases:

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Less than one year | 2,564 | 2,480 |
| One to two years | 393 | 2,330 |
| Two to three years | - | 304 |
| Total undiscounted lease payments | 2,957 | 5,114 |
| Less: Unearned finance income | (62) | (171) |
| Net investment in finance lease | 2,895 | 4,943 |
| Current (Note 12) | 2,507 | 2,360 |
| Non-current (Note 12) | 388 | 2,583 |
| Total | 2,895 | 4,943 |

The net investment in finance lease has decreased as the Company has received lease payments during the financial year ended 31 December 2023. This was partly offset by an increase in net investment in finance lease of \$312,000 (31 December 2022: \$722,000) as the Company has entered into a new sublease arrangement during the current financial year 2023.

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

33. Leases (continued)

The Company as a lessor (continued)

Nature of the Company's leasing activities – Company as an intermediate lessor (continued)

(k) Subleases – classified as operating leases

The Company acts as an intermediate lessor under arrangement in which it sub-leases out certain retail stores to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases. Rental income received from these subleases are as follows:

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Rental income | | |
| - Investment properties (Note 4) | 10,657 | 10,286 |
| - Property, plant and equipment/subleases* (Note 5) | 2,487 | 1,841 |

* Income from subleasing the retail stores recognised during the financial year 2023 was \$1,280,000 (2022: \$1,421,000), of which \$147,000 (2022: \$153,000) (Note 5) relates to variable lease payments that do not depend on an index or rate.

Maturity analysis of lease payments – Company as a lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

| | 2023 | 2022 |
|----------------------------------|---------------|--------|
| | \$'000 | \$'000 |
| Less than one year | 10,402 | 11,038 |
| One to two years | 6,235 | 9,465 |
| Two to three years | 3,299 | 5,437 |
| Three to four years | 696 | 3,031 |
| Four to five years | - | 696 |
| Total undiscounted lease payment | 20,632 | 29,667 |

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

34. CommitmentsCapital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

| | 2023 \$'000 | 2022 \$'000 |
|-------------------------------|------------------------------|------------------------------|
| Investment properties | 471 | 489 |
| Property, plant and equipment | - | 982 |

35. Financial risk management

The Board of Directors provides guidelines for overall risk management as well as policies covering specific areas.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

(a) Market risk**(i) *Currency risk***

The Company operates locally and has limited exposure to currency risk arising from sales and purchases transactions denominated in Japanese Yen ("Yen") and investment denominated in Malaysia Ringgit ("MYR"). The cash flows of the Company and its financial assets and liabilities are mainly denominated in Singapore Dollars ("SGD").

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

| | SGD \$'000 | Yen \$'000 | MYR \$'000 | Others \$'000 | Total \$'000 |
|--|---------------|---------------|---------------|------------------|-----------------|
| <u>At 31 December 2023</u> | | | | | |
| Financial assets: | | | | | |
| Cash and cash equivalents | 69,763 | 70 | - | - | 69,833 |
| Trade and other receivables | 8,340 | 1 | - | - | 8,341 |
| Financial assets, at FVOCI | 2,869 | - | 519 | - | 3,388 |
| Other investment, at amortised cost | 26,383 | - | - | - | 26,383 |
| Other financial assets | 4,955 | - | - | - | 4,955 |
| | 112,310 | 71 | 519 | - | 112,900 |
| Financial liabilities: | | | | | |
| Trade and other payables | 31,037 | - | - | - | 31,037 |
| Lease liabilities | 27,778 | - | - | - | 27,778 |
| | 58,815 | - | - | - | 58,815 |
| Net financial assets | 53,495 | 71 | 519 | - | 54,085 |
| Less: Net financial assets denominated in the entity's functional currency | (53,495) | - | - | - | (53,495) |
| Currency exposure | - | 71 | 519 | - | 590 |
| <u>At 31 December 2022</u> | | | | | |
| Financial assets: | | | | | |
| Cash and cash equivalents | 74,446 | 96 | - | - | 74,542 |
| Trade and other receivables | 9,074 | - | - | - | 9,074 |
| Financial assets, at FVOCI | 2,614 | - | 1,386 | - | 4,000 |
| Other investment, at amortised cost | 27,326 | - | - | - | 27,326 |
| Other financial assets | 4,492 | - | - | - | 4,492 |
| | 117,952 | 96 | 1,386 | - | 119,434 |
| Financial liabilities: | | | | | |
| Trade and other payables | 36,460 | - | - | 9 | 36,469 |
| Lease liabilities | 45,629 | - | - | - | 45,629 |
| | 82,089 | - | - | 9 | 82,098 |
| Net financial assets / (liabilities) | 35,863 | 96 | 1,386 | (9) | 37,336 |
| Less: Net financial assets denominated in the entity's functional currency | (35,863) | - | - | - | (35,863) |
| Currency exposure | - | 96 | 1,386 | (9) | 1,473 |

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Price risk*

The Company is exposed to equity securities price risk because of the quoted and unquoted investments held by the Company which are classified on the balance sheet as financial assets, at FVOCI. The quoted equity securities are listed in Singapore. The Company monitors its investment in equity securities regularly to manage its price risk.

If prices for equity securities listed in Singapore change by 5% (2022: 5%) with all other variables, including the tax rate, being held constant, other comprehensive loss/income will:

| | (Decrease)/increase | |
|---------------|----------------------------|----------------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| | Other | Other |
| | comprehensive | comprehensive |
| | loss | income |
| - increase by | (143) | 131 |
| - decrease by | 143 | (131) |

If the market multiples for the investment in equity securities not traded in an active market were to increase by 5% (2022: 5%) with all other variables being held constant, other comprehensive loss would have been lower by approximately \$54,000 (2022: \$73,000).

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has significant interest-bearing assets in the form of short-term fixed deposits with fixed interest rates ranging from 3.50% to 4.12% (2022: 1.65% to 4.03%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 1.67% to 7.00% (2022: 2.13% to 7.00%) per annum. As the interest-bearing assets are at fixed rates, the Company's income is substantially independent of changes in cash flow interest rate risk.

The Company has insignificant financial liabilities that are exposed to interest rate risks.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has policies in place to ensure that sales are made only to customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality financial institutions.

Credit exposure to tenants is monitored on an on-going basis. Outstanding receivables will be identified with follow up actions being monitored closely by management. Rental deposits are obtained to mitigate credit risks arising from tenants and management performs credit evaluation before entering into subleases of retail spaces to tenants.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Except for the rental deposits received from tenants (Note 23), the Company does not hold collateral and the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The movements in credit loss allowance are as follows:

| | Trade receivables ^(a) \$'000 | Other investments, at amortised cost ^(b) \$'000 | Total \$'000 |
|---|---|--|-----------------|
| Balance at 1 January 2023 | 30 | 2,298 | 2,328 |
| Loss allowance recognised in profit or loss during the year on: | | | |
| - Changes in credit risk | - | 77 | 77 |
| - Reversal of unutilised amount | - | (47) | (47) |
| Balance at 31 December 2023 | 30 | 2,328 | 2,358 |

(a) Loss allowance measured at lifetime ECL

(b) Loss allowance measured at 12-month ECL except for two particular investments for which lifetime expected credit losses was recognised

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(b) Credit risk (continued)

| | Trade receivables ^(a) \$'000 | Other investments, at amortised cost ^(b) \$'000 | Total \$'000 |
|---|---|--|-----------------|
| Balance at 1 January 2022 | 30 | 2,390 | 2,420 |
| Loss allowance recognised in profit or loss during the year on: | | | |
| - Changes in credit risk | - | 24 | 24 |
| - Reversal of unutilised amount | - | (116) | (116) |
| Balance at 31 December 2022 | 30 | 2,298 | 2,328 |

(a) Loss allowance measured at lifetime ECL

(b) Loss allowance measured at 12-month ECL except for two particular investments for which lifetime expected credit losses was recognised

(i) *Cash and cash equivalents*

The Company held cash and cash equivalents of \$69,833,000 (2022: \$74,542,000) with banks which are rated AA1 and A1 based on Moody's and Fitch and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(ii) *Trade and other receivables*

The Company measures the lifetime expected credit loss allowance for trade receivables based on shared credit risk characteristics and days past due.

In determining the expected credit loss allowance for tenants as at 31 December 2023 and 2022, management has considered the history of default of tenants, the existence of rental deposits, its ability to resume possession of units and forward-looking macroeconomic factors in determining that the Company's exposure to bad debts in relation to tenants is not significant.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

35. Financial risk management (continued)**(b) Credit risk (continued)****(ii) *Trade and other receivables* (continued)**

For trade receivables relating to sale of goods and other receivables, management has considered the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card and determined that the receivables are subject to immaterial credit loss.

Finance lease receivables of \$2,895,000 (2022: \$4,943,000) are subject to immaterial credit loss as the Company entered into lease arrangements with reputable companies with high credit ratings and there is no history of default.

(iii) *Other investments, at amortised cost*

Other investments, at amortised cost (Note 14) comprise listed and unlisted notes. Except for two particular investments for which lifetime expected credit losses were recognised, the remaining investments are considered “low credit risk” as they are of investment grade credit rating with at least one major rating agency and/or have low risk of default as the coupon payments have been received in accordance with the promised timeframe.

Hence, the loss allowance computed for these assets are measured at the 12-month expected credit losses.

Credit risk exposure and significant credit risk concentration

The Company uses the following categories of internal credit risk rating for its investment in unlisted notes. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Standard & Poor, Moody’s and Fitch, so as to determine the appropriate expected credit loss rates.

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Other investments, at amortised cost (continued)

Credit risk exposure and significant credit risk concentration (continued)

| Category of internal credit rating | Performing | | | | | | Under-performing | Non-performing | Write-off |
|--|---|----------|----------------|----------------------|----------|---------|--|---|--|
| Definition of category | Issuers have a low risk of default and a strong capacity to meet contractual cash flows. Coupon payments for bonds have been received in accordance with promised timeframe. | | | | | | Issuers for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due | Interest and/or principal payments are 90 days past due | Interest and/or principal repayments are past due and there is no reasonable expectation of recovery |
| Basis of recognition of expected credit loss | 12-month expected credit losses (Stage 1) | | | | | | Lifetime expected credit losses (Stage 2) | Lifetime expected credit losses (Stage 3) | Asset is written off |
| Equivalent external credit rating | Investment grade | | | Non-investment grade | | Unrated | - | - | - |
| | Aaa/Aa1/Aa2/Aa3 | A1/A2/A3 | Baa1/Baa2/Baa3 | Ba1/Ba2/Ba3 | B1/B2/B3 | | | | |
| 2023 | | | | | | | | | |
| Gross carrying amount (\$'000) | 3,005 | 3,503 | 6,207 | - | - | 13,997 | - | 1,999 | - |
| Loss allowance | - | (1) | (6) | - | - | (322) | - | (1,999) | - |
| 2022 | | | | | | | | | |
| Gross carrying amount (\$'000) | 3,266 | 3,259 | 7,300 | - | - | 13,800 | - | 1,999 | - |
| Loss allowance | - | (1) | (6) | - | - | (292) | - | (1,999) | - |

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close out market positions at short notice.

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

| | Less than 1 year \$'000 | Between 1 and 5 years \$'000 |
|----------------------------|-------------------------------|------------------------------------|
| At 31 December 2023 | | |
| Trade and other payables | 28,603 | 2,434 |
| Lease liabilities | 18,582 | 10,150 |
| At 31 December 2022 | | |
| Trade and other payables | 32,607 | 3,862 |
| Lease liabilities | 18,222 | 30,151 |

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base to secure its future success. To achieve the Company's planned capital structure, it may take certain actions like adjusting the amount of dividend payment and issuing new shares.

As part of the Company's capital management process, the long term strategic planning and annual budgeting processes will determine if there are any new capital requirements to support the Company's business plans. If so, the Company's capital plan will be prepared for discussion and further deliberation by the Board.

Total capital is represented by "Total equity" on the balance sheet.

The Company is not subjected to any externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

(e) Fair value measurements

The following table presents financial assets measured at fair value and classified by level of the fair value measurement hierarchy, definition of which is in Note 21(b).

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| 31 December 2023 | | | | |
| Assets | | | | |
| Financial assets, at FVOCI | 2,869 | - | 519 | 3,388 |
| 31 December 2022 | | | | |
| Assets | | | | |
| Financial assets, at FVOCI | 2,614 | - | 1,386 | 4,000 |

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

35. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The financial instrument included in Level 3 comprises of an investment that does not have quoted prices from active markets for the fair value to be based on. Instead, the fair value is measured using the estimated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) multiplied by the EBITDA Multiple which is adjusted for discounts for the lack of marketability. The estimated EBITDA incorporates assumptions based on market conditions existing at the balance sheet date, and the EBITDA Multiple is derived from a set of comparable entities. The selection of the appropriate EBITDA Multiple requires judgement, considering qualitative and quantitative factors specific to the measurement at the balance sheet date. The effect of a change in management's estimate on the market multiples for the unquoted equity securities are disclosed in Note 35(a).

The following table presents, the changes in Level 3 instruments:

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------|----------------|
| <u>Unquoted equity securities</u> | | |
| Beginning of financial year | <u>1,386</u> | 1,394 |
| Total loss included in the comprehensive (loss)/income for assets held at the end of financial year | <u>(867)</u> | (8) |
| End of financial year | <u>519</u> | 1,386 |

There were no transfers between Levels 2 and 3 during the year.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 13 and 14 to the financial statements, except for the following:

| | \$'000 |
|--|----------------------|
| 31 December 2023 | |
| Financial assets, at amortised cost | 83,129 |
| Financial liabilities, at amortised cost | <u>58,815</u> |
| 31 December 2022 | |
| Financial assets, at amortised cost | 88,108 |
| Financial liabilities, at amortised cost | <u>82,098</u> |

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

36. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Company and related corporations during the financial year:

(a) Sales and purchases of goods and services

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------------------|----------------|
| Royalty payable to immediate holding corporation | 862 | 928 |
| Purchases from immediate holding corporation | 7 | 23 |
| Purchases from fellow subsidiary | 48 | - |

Outstanding balances with the immediate holding corporation as at 31 December 2023 arising from the sale/purchase of goods and services, are unsecured, interest-free and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 23, respectively.

(b) Key management's remuneration

The key management's remuneration is analysed as follows:

| | 2023 \$'000 | 2022 \$'000 |
|--------------------------|------------------------------|----------------|
| Directors of the Company | | |
| Wages and salaries | 179 | 240 |
| Directors' fees | 191 | 163 |
| Other benefits | 57 | 68 |
| | 427 | 471 |

37. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Managing Director and certain key executives in charge of various functional areas. Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment.

The Exco sees the business being organised into two reportable segments:

- The Retail segment is involved in the business of retailing and operating of department stores and supermarkets.
- The Property segment is mainly involved in the leasing of properties owned by the Company.

isetan (singapore) limited

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

37. Segment information (continued)

Segment assets consist primarily of right-of-use assets, property, plant and equipment, inventories, receivables, investment properties and exclude cash and cash equivalents, investment in an associate, other investments, at amortised cost, and financial assets, at FVOCI. Segment liabilities comprise payables and provisions. Capital expenditures comprises additions to property, plant and equipment and investment properties.

There are no sales or other transactions between the reportable segments.

| | <u>Retail</u> \$'000 | <u>Property</u> \$'000 | <u>Total</u> \$'000 |
|--|-------------------------|---------------------------|------------------------|
| 2023 | | | |
| Segment revenue | | | |
| Sales to external customers | 73,620 | - | 73,620 |
| Rental income - Investment properties | - | 10,657 | 10,657 |
| Other rental income | 2,487 | - | 2,487 |
| Income from modification of ROU leases | 147 | - | 147 |
| Income from recognition of net investment in subleases | 280 | - | 280 |
| Government grant income | 1 | - | 1 |
| Segment result | (10,106) | 4,336 | (5,770) |
| Other income | | | 3,388 |
| Other losses | | | (193) |
| Share of profit of an associate | | | 1,416 |
| Net loss | | | <u>(1,159)</u> |
| Other segment items | | | |
| Capital expenditure | 1,676 | 7 | 1,683 |
| Depreciation | 8,616 | 2,479 | 11,095 |
| Impairment charge on right-of-use assets | 5,928 | - | 5,928 |
| Impairment charge on property, plant and equipment | 3,095 | - | 3,095 |
| Assets and liabilities | | | |
| Segment assets | 44,506 | 27,395 | 71,901 |
| Unallocated assets: | | | |
| - Investment in an associate | | | 1,416 |
| - Cash and cash equivalents | | | 69,833 |
| - Other investments, at amortised cost | | | 26,383 |
| - Financial assets, at FVOCI | | | 3,388 |
| Total assets | | | <u>172,921</u> |
| Segment liabilities | 63,603 | 2,812 | 66,415 |
| Total liabilities | | | <u>66,415</u> |

APPENDIX 9 – FY2023 AUDITED FINANCIAL STATEMENTS OF THE COMPANY

ISETAN (SINGAPORE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

37. Segment information (continued)

| | <u>Retail</u> \$'000 | <u>Property</u> \$'000 | <u>Total</u> \$'000 |
|--|-------------------------|---------------------------|------------------------|
| 2022 | | | |
| Segment revenue | | | |
| Sales to external customers | 77,334 | - | 77,334 |
| Rental income - Investment properties | - | 10,286 | 10,286 |
| Other rental income | 1,841 | - | 1,841 |
| Income from recognition of net investment in subleases | 304 | - | 304 |
| Government grant income | 66 | - | 66 |
| Segment result | (3,700) | 4,825 | 1,125 |
| Other income | | | 2,182 |
| Other gains | | | 61 |
| Share of loss of an associate | | | (266) |
| Impairment loss on investment in an associate | | | (1,753) |
| Net profit | | | <u>1,349</u> |
| Other segment items | | | |
| Capital expenditure | 2,854 | 234 | 3,088 |
| Addition to right-of-use assets | 8,594 | - | 8,594 |
| Depreciation | 9,240 | 2,485 | 11,725 |
| Impairment charge on right-of-use assets | 2,795 | - | 2,795 |
| Impairment charge on property, plant and equipment | 965 | - | 965 |
| Assets and liabilities | | | |
| Segment assets | 62,157 | 29,884 | 92,041 |
| Unallocated assets: | | | |
| - Cash and cash equivalents | | | 74,542 |
| - Other investments, at amortised cost | | | 27,326 |
| - Financial assets, at FVOCI | | | 4,000 |
| Total assets | | | <u>197,909</u> |
| Segment liabilities | 86,909 | 2,723 | 89,632 |
| Total liabilities | | | <u>89,632</u> |

Geographical information

The Company operates in Singapore and accordingly, no geographical information is presented.

isetan (singapore) limited**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2024 and which the Company has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Company does not expect any significant impact arising from applying these amendments.

ISETAN (SINGAPORE) LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023*

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Isetan (Singapore) Limited on 28 March 2024.

APPENDIX 10 – THE SCHEME

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 524)
of 2024)

In the Matter of Companies Act 1967

And

In the matter of Section 210 of the Companies Act 1967

And

In the matter of

Isetan (Singapore) Limited
(Registration No. 197001177H)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967

Between

Isetan (Singapore) Limited

And

Target Shareholders (as defined herein)

And

Isetan Mitsukoshi Ltd.

APPENDIX 10 – THE SCHEME

PRELIMINARY

In this Scheme (as defined below), the following definitions apply throughout except where the context otherwise requires:

| | |
|---|--|
| “ Business Day ” | : A day (other than a Saturday, Sunday or public holiday) on which banks in Singapore and Japan are generally open for business. |
| “ CDP ” | : The Central Depository (Pte) Limited. |
| “ Code ” | : The Singapore Code on Take-overs and Mergers promulgated by the SIC as the same may be modified, amended, supplemented or replaced from time to time. |
| “ Companies Act ” | : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time. |
| “ Company ” | : Isetan (Singapore) Limited |
| “ Cut-Off Date ” | : The date falling six (6) months from the Joint Announcement Date or such other date as may be agreed in writing between the Offeror and the Company. |
| “ Court ” | : The High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore. |
| “ Effective ” | : When used in relation to the Scheme, the coming into effect of the Scheme pursuant to Section 210 of the Companies Act. |
| “ Effective Date ” | : The date on which the Scheme becomes effective in accordance with its terms. |
| “ Encumbrance ” | : Any mortgage, assignment, debenture, lien, hypothecation, charge, pledge, adverse claim, title retention, easement, hire purchase, right to acquire, security agreement, security interest, option, power of sale, any right of pre-emption, first offer, first refusal or tag-along or drag-along or any third party right or interest or an agreement, arrangement or obligation to create any of the foregoing, and “ Encumbrances ” shall be construed accordingly. |
| “ Entitled Target Shareholders ” | : Target Shareholders as at 5.00 p.m. on the Record Date. |
| “ Implementation Agreement ” | : The implementation agreement dated 1 April 2024 entered into between the Offeror and the Company setting out the terms and conditions on which the Offeror and the Company will implement the Scheme. |
| “ Joint Announcement ” | : The joint announcement made by the Offeror and the Company on 1 April 2024 in relation to, <i>inter alia</i> , the Scheme. |
| “ Joint Announcement Date ” | : 1 April 2024, being the date of the Joint Announcement. |
| “ Latest Practicable Date ” | : 28 June 2024 being the latest practicable date prior to the issuance of the Scheme Document on the Company’s corporate website and the SGXNET. |

APPENDIX 10 – THE SCHEME

| | |
|-------------------------------|--|
| “Offeror” | : Isetan Mitsukoshi Ltd., a company incorporated in Japan which is a wholly-owned subsidiary of Isetan Mitsukoshi Holdings. |
| “Record Date” | : The date and time to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Target Shareholders in respect of the Scheme. |
| “Register of Members” | : The register of members of the Company. |
| “Scheme” | : The scheme of arrangement to be proposed by the Company to the Shareholders, in accordance with Section 210 of the Companies Act, the Code and the terms of the Implementation Agreement, to effect the acquisition by the Offeror of all the Target Shares. |
| “Scheme Conditions” | : The condition precedents in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Cut-Off Date for the Scheme to be implemented and which are reproduced in Appendix 6 to this Scheme Document. |
| “Scheme Consideration” | : The cash amount of S\$7.20 that each Entitled Target Shareholder as at the Record Date will be entitled to receive for each Target Share held as at the Record Date. |
| “Scheme Document” | : This document dated 12 July 2024 issued by the Company to the Target Shareholders, containing, <i>inter alia</i> , details of the Scheme, an explanatory statement complying with the requirements of the Companies Act, the IFA Letter, the Offeror’s Letter and notice of Scheme Meeting and Proxy Form and such other information as may be required for disclosure or inclusion therein under the Code, the Companies Act and the Listing Rules. |
| “Securities Account” | : The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account. |
| “SGX-ST” | : The Singapore Exchange Securities Trading Limited. |
| “Shareholders” | : The shareholders of the Company being persons who are registered as holders of Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register. |
| “Share Registrar” | : In.Corp Corporate Services Pte. Ltd., the share registrar of the Company. |
| “Shares” | : The ordinary shares in the capital of the Company (excluding the treasury shares). |
| “S\$” | : The lawful currency of Singapore. |
| “Target Shareholders” | : Persons who are registered as holders of Target Shares in the Register of Members and depositors who have Target Shares entered against their names in the Depository Register. |

APPENDIX 10 – THE SCHEME

“Target Shares” : All the ordinary shares in the issued share capital of the Company (other than those held by the Offeror).

“Transfer Books” : The transfer books of the Company.

Depositors, etc. The terms **“Depositor”** and **“Depository Register”** shall have the meanings given to them respectively in Section 81SF of the Securities and Futures Act 2001.

Plural, Genders, etc. Words importing the singular shall, where applicable, include the plural, and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders, and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities.

Shareholders. The term **“Shareholder”**, in relation to any Share, includes a person entitled to that Share by transmission. Any reference to **“you”**, **“your”** and **“yours”** in this Scheme are, as the context so determines, to Shareholders unless the context otherwise requires.

Statutes. Any reference in this Scheme to any enactment or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme. Any word defined in the Companies Act or the Code or any statutory modification thereof and used in this Scheme shall, where applicable, have the meaning assigned to it under the Companies Act or the Code, or any modification thereof, as the case may be, unless the context otherwise requires.

Time and Date. Any reference to a time of day and date in this Scheme shall be a reference to Singapore time and date, unless otherwise specified.

RECITALS

- (A) The Company was incorporated in Singapore on 21 December 1970 and was listed on the Mainboard of the SGX-ST on 12 October 1981. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$91,710,461.17, comprising 41,250,000 Shares of which none are held as treasury shares and subsidiary holdings. Save for the Shares, there are no other (i) securities which carry voting rights; and/or (ii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the Target Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme and the implementation thereof.

PART 1

CONDITIONS PRECEDENT

1. This Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions set out in Clause 3.1 of the Implementation Agreement (as reproduced in Appendix 6 to the Scheme Document) on or before the Cut-Off Date, subject to the terms of the Implementation Agreement.

APPENDIX 10 – THE SCHEME

PART 2

TRANSFER OF THE TARGET SHARES

2. Upon the Scheme becoming effective in accordance with its terms, all the Target Shares held by the Target Shareholders as at the Record Date will be transferred to the Offeror fully paid up, free from all Encumbrances (as at the date of such transfer) and together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date. If any dividends, rights or other distributions are declared, paid or made by the Company to the Target Shareholders on or after the Joint Announcement Date and before the Effective Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividends, rights or distributions.
3. For the purpose of giving effect to the transfer of the Target Shares provided for in Clause 2 of this Scheme:
 - (a) in the case of the Entitled Target Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Target Shareholders an instrument or instruction of transfer of all the Target Shares held by such Entitled Target Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Target Shareholder; and
 - (b) in the case of the Entitled Target Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Target Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Target Shares standing to the credit of the Securities Account of such Entitled Target Shareholders and credit all of such Target Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

PART 3

PAYMENT OF SCHEME CONSIDERATION

4. In consideration for the transfer of the Target Shares to the Offeror under Clause 2 of this Scheme and subject to Clause 1 of this Scheme, the Offeror shall pay or procure that there shall be paid to each Entitled Target Shareholder the Scheme Consideration, being **S\$7.20 in cash** for each Target Share transferred pursuant to this Scheme.

The Scheme Consideration is final and the Offeror will not increase the Scheme Consideration.

5. The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Target Shares set out in Clause 2 of this Scheme, make payment of the aggregate Scheme Consideration payable on the transfer of the Target Shares pursuant to this Scheme to:
 - (a) each Entitled Target Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to and made out in favour of such Entitled Target Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such Entitled Target Shareholder, or in the case of joint Entitled Target Shareholders (not being Depositors), to the first named Entitled Target Shareholder made out in favour of such Entitled Target Shareholder by ordinary post to his/her/its address as appearing in the Register of Members at the close of business on the Record Date, at the sole risk of such joint Entitled Target Shareholders; and

APPENDIX 10 – THE SCHEME

- (b) each Entitled Target Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Target Shareholder to CDP. CDP shall:
 - (i) in the case of an Entitled Target Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Target Shareholder, to the designated bank account of such Entitled Target Shareholder; and
 - (ii) in the case of an Entitled Target Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, credit the Scheme Consideration to such Entitled Target Shareholder's Cash Ledger and such Scheme Consideration shall be subject to the same terms and conditions as applicable to "*Cash Distributions*" under CDP's "*The Central Depository (Pte) Limited Operation of Securities Account with the Depository Terms and Conditions*" as amended, modified or supplemented from time to time, copies of which are available from CDP.
- 6. The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled Target Shareholder may have agreed with CDP for payment of any cash distributions as referred to in Clause 5 of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.
- 7.
 - (a) On and after the day being six (6) calendar months after the date of issuance of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
 - (b) The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 5 of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 5 of this Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 4 of this Scheme.
 - (c) On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 7(a) of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
 - (d) Clause 7(c) of this Scheme shall take effect subject to any prohibition or condition imposed by law.
- 8. From the Effective Date, each existing share certificate representing a former holding of Target Shares by Target Shareholders (not being Depositors) will cease to be evidence of title of the Target Shares represented thereby. Target Shareholders, who are not Depositors, shall be required to forward their existing share certificates relating to their Target Shares to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712 as soon as possible, but not later than seven (7) Business Days after the Effective Date, for cancellation.

APPENDIX 10 – THE SCHEME

PART 4

EFFECTIVE DATE

9. Subject to the satisfaction of the conditions precedent set out in Clause 1 of this Scheme, this Scheme shall become effective and binding in accordance with its terms if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
10. Unless this Scheme shall have become effective and binding in accordance with its terms as aforesaid on or before the Cut-Off Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.
11. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
12. Each of the Company and the Offeror shall bear its own legal, professional and other costs and expenses incurred by it in connection with, *inter alia*, the Scheme.
13. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Target Shareholders submit to the exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore, to enforce any term or provision of this Scheme.

Dated this 12 July 2024

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 524)
of 2024)

In the Matter of Companies Act 1967

And

In the matter of Section 210 of the Companies Act 1967

And

In the matter of

Isetan (Singapore) Limited
(Registration No. 197001177H)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967

Between

Isetan (Singapore) Limited

And

Target Shareholders (as defined herein)

And

Isetan Mitsukoshi Ltd.

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court dated 4 July 2024 made in the above matter, the High Court of the Republic of Singapore has directed a meeting (the “**Scheme Meeting**”) of the Target Shareholders of Isetan (Singapore) Limited (the “**Company**”) to be convened and such Scheme Meeting shall be held, solely by physical attendance, in Singapore at Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633 on 7 August 2024 at 10.00 a.m. and at any adjournment thereof, details of which are set out in the Scheme Document and in the announcements that may be made by the Company from time to time on SGXNET, for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution:

“**RESOLVED THAT** the Scheme of Arrangement dated 12 July 2024 proposed to be made pursuant to Section 210 of the Companies Act 1967, between (i) the Company; (ii) the Target Shareholders; and (iii) Isetan Mitsukoshi Ltd., a copy of which has been circulated with this Notice convening this Scheme Meeting, be and is hereby approved.”

A copy of the said Scheme of Arrangement (“**Scheme**”) and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act 1967 (“**Companies Act**”), are incorporated in the Scheme Document of which this Notice forms part.

All references to the Scheme Document in this Notice shall mean the Company’s Scheme Document to the Target Shareholders dated 12 July 2024. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Scheme Document.

By the said Order of Court, the Court has appointed Associate Professor Victor Yeo Chuan Seng, or failing him, Mr. Richard Tan Chuan-Lye, to act as Chairman of the Scheme Meeting, and has directed the Chairman to report the results thereof to the Court.

The Scheme will be subject to, inter alia, the subsequent sanction of the Court.

Important Notice from the Company

Target Shareholders (including Overseas Target Shareholders) may also obtain printed copies of the Scheme Document and related documents by submitting a request to the Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 by 5.00 p.m. on 29 July 2024. Printed copies of the Scheme Document will be sent by ordinary post to the address in Singapore specified by the Target Shareholder at his/her/its own risk.

Electronic copies of the Scheme Document (enclosing this Notice and the Proxy Form) are also available on the website of the Company at the URL <https://www.isetan.com.sg> and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. A Target Shareholder will need an internet browser and PDF reader to view these documents on the websites of the SGX-ST and the Company.

Notes:

- (1) The Scheme Meeting will be convened and held solely by physical attendance which will provide shareholders the opportunity to participate fully at the meeting.
- (2) The Notice of Scheme Meeting dated 12 July 2024 and the accompanying Proxy Form will be sent by post to members. At the same time, these documents will also be published on the Company’s website at the URL <https://www.isetan.com.sg> or the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) A Target Shareholder who has Target Shares entered against his/her/its name in (i) the Register of Members; or (ii) the Depository Register as at the cut-off time being 72 hours prior to the time of the Scheme Meeting, as the case may be (being the time at which the name of the Target Shareholder must appear in the Register of Members or the Depository Register, in order for him/her/it to be considered to have Target Shares entered against his/her/its name in the said registers), shall be entitled to participate in the Scheme Meeting.

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

- (4) All Proxy Forms for the Scheme Meeting must be downloaded, completed, signed and submitted by 10.00 a.m. on 4 August 2024, being 72 hours before the time appointed for the Scheme Meeting, in the following manner:

- (a) deposited at the Share Registrar's office via post to In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
- (b) via email to shareregistry@incorp.asia.

Where a Target Shareholder (whether individual or corporate) appoints a proxy, he/she/it may give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the Scheme Meeting is appointed as proxy) will vote or abstain from voting at his/her/their discretion. In the absence of specific directions, the appointment of the Chairman of the Scheme Meeting as proxy will be treated as invalid.

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.

- (5) Target Shareholders may also submit questions related to the Scheme to be tabled for approval at the Scheme Meeting to the Chairman of the Scheme Meeting in advance of the Scheme Meeting. In order to do so, their questions must be submitted in the following manner:

- (a) by post to the Share Registrar's office at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
- (b) via email to shareregistry@incorp.asia.

All questions sent by any of the above means, must reach the Share Registrar no later than 5.00 p.m. on 25 July 2024.

Target Shareholders who submit questions via email or post must provide the following information:

- (a) the Target Shareholder's full name;
- (b) the Target Shareholder's address; and
- (c) the manner in which the Target Shareholder holds Target Shares (e.g., via CDP, scrip, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions received in advance of the Scheme Meeting from the Target Shareholders, prior to or during the Scheme Meeting and the Company's responses will be posted on the SGXNET and the Company's corporate website. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions at the Scheme Meeting.

Alternatively, Target Shareholders and proxies will be able to ask questions during the Scheme Meeting.

The Company will, within one (1) month after the date of the Scheme Meeting, publish the minutes of the Scheme Meeting on the SGXNET announcement page of the Company and the Company's corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Scheme Meeting.

- (6) In the case of joint holders of Target Shares, any one of such persons may vote, but if more than one of such persons are present at the Scheme Meeting, the person whose name stands first in the Register of Members or, as the case may be, the Depository Register shall alone be entitled to vote.
- (7) A Target Shareholder (other than a Target Shareholder who is a Relevant Intermediary (as defined below)) may only cast all the votes it uses at the Scheme Meeting in **one way**.
- (8) A Target Shareholder voting by proxy shall be included in the count of Target Shareholders present and voting at the Scheme Meeting as if that Target Shareholder was voting in person.
- (9) Pursuant to the Order of Court, the Court has appointed Associate Professor Victor Yeo Chuan Seng, or failing him, Mr. Richard Tan Chuan-Lye, to act as Chairman of the Scheme Meeting, and has directed the Chairman to report the results thereof to the Court.
- (10) The said Scheme will be subject to, *inter alia*, the subsequent sanction of the Court.
- (11) CPFIS Investors and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF and SRS agent banks to submit their voting instructions by 10.00 a.m. on 26 July 2024.

A "Relevant Intermediary" means a "relevant intermediary" as defined in Section 181 of the Companies Act.

- (12) The Chairman of the Scheme Meeting, as proxy, need not be a member of the Company.

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

- (13) For the purposes of satisfying the condition under Section 210(3AB)(a) of the Companies Act:
- (a) each Target Shareholder that appoints a proxy (including the Chairman of the Scheme Meeting) to vote at the Scheme Meeting shall be deemed to be present at the Scheme Meeting and shall be included in the count of Target Shareholders present and voting at the Scheme Meeting. Where the Chairman has been appointed as the proxy of more than one Target Shareholder to vote at the Scheme Meeting, the votes of the Chairman shall be counted as the votes of the number of appointing Target Shareholders;
 - (b) the Company shall treat a Relevant Intermediary that casts votes both for and against the Scheme as follows:
 - (i) the Company shall treat the Relevant Intermediary as casting 1 vote in favour of the Scheme if the Relevant Intermediary casts more votes for the Scheme than against the Scheme;
 - (ii) the Company shall treat the Relevant Intermediary as casting 1 vote against the Scheme if the Relevant Intermediary casts more votes against the Scheme than for the Scheme; and
 - (iii) the Company shall treat the Relevant Intermediary as casting 1 vote for and 1 vote against the Scheme if the Relevant Intermediary casts equal votes for and against the Scheme.
- (14) CPF agent banks and/or SRS agent banks acting on the request of the CPFIS Investors and/or SRS Investors who wish to attend the Scheme Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of Target Shares held. The list, signed by an authorised signatory of the respective CPF or SRS agent bank, should reach the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, at least 72 hours before the time appointed for holding the Scheme Meeting.
- (15) Please see the Scheme Document and the Notes to the Proxy Form for more information.

PERSONAL DATA PRIVACY

By submitting the Proxy Form, attending, speaking and voting at the Scheme Meeting and/or any adjournment thereof, a Target Shareholder consents to the collection, use and disclosure of the Target Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy for the Scheme Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines. Photographic, sound and/or video recordings of the Scheme Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Scheme Meeting. Accordingly, the personal data of a Target Shareholder (such as his name, his presence at the Scheme Meeting and any questions he may raise or motions he may propose/second) may be recorded by the Company for such purpose.

Dated this 12 July 2024

Lee & Lee
25 North Bridge Road
Level 7
Singapore 179104

Solicitors for
Isetan (Singapore) Limited

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

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APPENDIX 11 – NOTICE OF THE SCHEME MEETING

REQUEST FORM

To: Isetan (Singapore) Limited (the “**Company**”) c/o In.Corp Corporate Services Pte. Ltd. (the “**Share Registrar**”)

Please send me a print copy of the Scheme Document dated 12 July 2024.

The shares are held by me/us under or through:

☐

CDP Securities Account

☐

CPFIS/SRS Account

☐

Physical scrip(s)

Note: Please tick accordingly

Name(s) of shareholder(s): _____

NRIC/Passport/Company Registration No (s): _____

Address: _____

_____ Singapore: _____

Signature(s): _____

Date: _____

Important note to shareholder(s):

- (1) The Company and Share Registrar will not be able to process any incomplete or improperly completed forms.
- (2) By completing, signing, and returning this request form (“**Request Form**”) to us, you agree and acknowledge that we and/or our service provider(s) may collect, use, and disclose your personal data as contained in your submitted Request Form, or which is otherwise collected from you, for the purpose of processing this Request Form.

APPENDIX 11 – NOTICE OF THE SCHEME MEETING

First fold

AFFIX
POSTAGE
STAMP
HERE

The Share Registrar
ISETAN (SINGAPORE) LIMITED
c/o In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

Second fold

APPENDIX 12 – PROXY FORM FOR THE SCHEME MEETING

IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Application No. 524)
of 2024)

In the Matter of Companies Act 1967

And

In the matter of Section 210 of the Companies Act 1967

And

In the matter of

Isetan (Singapore) Limited
(Registration No. 197001177H)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act 1967

Between

Isetan (Singapore) Limited

And

Target Shareholders (as defined herein)

And

Isetan Mitsukoshi Ltd.

APPENDIX 12 – PROXY FORM FOR THE SCHEME MEETING

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APPENDIX 12 – PROXY FORM FOR THE SCHEME MEETING

isetan (singapore) limited

Company Registration No.: 197001177H
(Incorporated in the Republic of Singapore)

Proxy Form Scheme Meeting

IMPORTANT

1. All capitalised terms used in this Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document issued by the Company to its shareholders other than Isetan Mitsukoshi Ltd. dated 12 July 2024 (the “Scheme Document”).
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies) to attend, speak and vote on his/her/its behalf at the Scheme Meeting.
3. This Proxy Form is not valid for use by persons who hold Target Shares through Relevant Intermediaries (as defined below) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such persons should contact the Relevant Intermediary through which they hold such Target Shares as soon as possible in order to make the necessary arrangements for them to appoint proxy(ies) at the Scheme Meeting.
4. CPFIS Investors and SRS Investors who wish to appoint the Chairman of the Scheme Meeting as proxy should approach their respective CPF and SRS agent banks to submit their voting instructions by 10.00 a.m. on 26 July 2024.
5. By submitting the Proxy Form, the Target Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 12 July 2024.

I/We, _____ (NRIC No./Passport No: _____)

of _____ (Address)

being a member/members of Isetan (Singapore) Limited (the “Company”) hereby appoint:

| Name | Address | NRIC/Passport Number |
|------|---------|----------------------|
| | | |

or failing him/her, the Chairman of the Scheme Meeting as my/our proxy to vote for me /us and on my/our behalf at the Scheme Meeting of the Company to be held on Wednesday, 7 August 2024 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

| Resolution | For | Against | Abstain |
|--------------------------------------|-----|---------|---------|
| To approve the Scheme of Arrangement | | | |

If you wish the Chairman of the Scheme Meeting or your proxy to cast all your votes “For” or “Against” the resolution, please indicate with a tick “✓” in the relevant space provided under “For” or “Against”. If you wish the Chairman of the Scheme Meeting or your proxy to abstain from voting on the resolution, please indicate with a tick “✓” in the relevant space provided under “Abstain”. If no specific direction as to voting is given, the proxy (except where the Chairman of the Scheme Meeting is appointed as proxy) will vote or abstain from voting at his/her discretion. In the absence of specific directions, the appointment of the Chairman of the Scheme Meeting as proxy will be treated as invalid.

DO NOT TICK MORE THAN ONE BOX.

Signed this _____ day of _____ 2024

| Total Number of Shares in | No. of Shares |
|---------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



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NOTES TO PROXY FORM:

- (1) All capitalised terms used in this Proxy Form which are not otherwise defined herein shall bear the same meanings ascribed to them in the scheme document issued by the Company to its shareholders other than Isetan Mitsukoshi Ltd. dated 12 July 2024 (the “Scheme Document”).
- (2) The Scheme Meeting will be convened and held solely by physical attendance which will provide shareholders the opportunity to participate fully at the meeting.
- (3) The Notice of Scheme Meeting dated 12 July 2024 and the accompanying Proxy Form will be sent by post to members. At the same time, these documents will also be published on the Company’s website at the URL <https://www.isetan.com.sg> or the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- (4) **Voting:**

Live voting will be conducted during the Scheme Meeting for shareholders and proxy(ies), and they are advised to bring their own web-browser enabled devices for voting at the venue. Examples of web-browser enabled devices include mobile smartphones, laptops or tablets with internet capabilities.

A Target Shareholder who is entitled to attend and vote at the Scheme Meeting, and who is not a Relevant Intermediary, is entitled to appoint one proxy to attend and vote at the Scheme Meeting. Such proxy need not be a member of the Company. For the purposes of Note 4, “Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act 1967 (“Companies Act”) as follows:-

 - (a) A banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, and if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

A Target Shareholder who is a Relevant Intermediary is entitled to appoint only one proxy to attend and vote at the Scheme Meeting in his/her stead.
- (5) A corporation which is a Target Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act.
- (6) **Submission of proxy forms:**

Duly completed Proxy Forms must be deposited at the Share Registrar’s office (a) via post to In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 or (b) via email to shareregistry@incorp.asia not less than 72 hours before the time set for holding the Scheme Meeting.

Investors who hold shares through Relevant Intermediaries (including CPF/SRS Investors): Investors (including CPF/SRS investors) should not make use of the proxy form and instead approach their respective Relevant Intermediary to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank / SRS operator) by 26 July 2024, 10.00 a.m. to ensure their votes are submitted. Investors who have deposited their shares into a nominee account should also approach their depository agent and Relevant Intermediaries by 26 July 2024, 10.00 a.m.. The instrument appointing a proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its seal or under the hand of any officer or attorney duly authorised.
- (7) Where a Target Shareholder (whether individual or corporate) appoints a proxy, he/she/it may give specific instructions as to voting, or abstention from voting, in respect of the resolution in the Proxy Form. If no specific direction as to voting is given, the proxy (except where the Chairman of the Scheme Meeting is appointed as proxy) will vote or abstain from voting at his/her discretion. In the absence of specific directions, the appointment of the Chairman of the Scheme Meeting as proxy will be treated as invalid. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.
- (8) In the case of Target Shareholders whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Target Shareholders are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Scheme Meeting as certified by The Central Depository (Pte) Limited to the Company.
- (9) **Personal Data Privacy**

By submitting an instrument appointing a proxy or proxies, a Target Shareholder consents to the collection, use and disclosure of the Target Shareholder’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the proxy or proxies for the Scheme Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines. Photographic, sound and/or video recordings of the Scheme Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Scheme Meeting. Accordingly, the personal data of a Target Shareholder (such as his name, his presence at the Scheme Meeting and any questions he may raise or motions he may propose/second) may be recorded by the Company for such purpose.
- (10) For the purposes of satisfying the condition under Section 210(3AB)(a) of the Companies Act:
 - (a) each Target Shareholder that appoints a proxy (including the Chairman of the Scheme Meeting) to vote at the Scheme Meeting shall be deemed to be present at the Scheme Meeting and shall be included in the count of Target Shareholders present and voting at the Scheme Meeting. Where the Chairman has been appointed as the proxy of more than one Target Shareholder to vote at the Scheme Meeting, the votes of the Chairman shall be counted as the votes of the number of appointing Target Shareholders;
 - (b) the Company shall treat a Relevant Intermediary that casts votes both for and against the Scheme as follows:
 - (i) the Company shall treat the Relevant Intermediary as casting one (1) vote in favour of the Scheme if the Relevant Intermediary casts more votes for the Scheme than against the Scheme;
 - (ii) the Company shall treat the Relevant Intermediary as casting one (1) vote against the Scheme if the Relevant Intermediary casts more votes against the Scheme than for the Scheme; and
 - (iii) the Company shall treat the Relevant Intermediary as casting one (1) vote for and one (1) vote against the Scheme if the Relevant Intermediary casts equal votes for and against the Scheme.

