

CIRCULAR DATED 16 JULY 2024

THIS CIRCULAR IS ISSUED BY OSSIA INTERNATIONAL LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ASIAN CORPORATE ADVISORS PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF 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 and paid-up ordinary shares in the share capital of the Company (the “**Shares**”) held through CDP (as defined herein), you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular 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. However, such documents should not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer (as defined herein) would violate the law of that jurisdiction.

This Circular has not been examined or approved by SGX-ST (as defined herein) and SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

OSSIA INTERNATIONAL LIMITED

(Company Registration No.: 199004330K)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

by

MR. GOH CHING WAH, MR. GOH CHING LAI AND MR. GOH CHING HUAT

to acquire all the Shares other than Shares held, directly or indirectly, by Mr. Goh Ching Wah, Mr. Goh Ching Lai and Mr. Goh Ching Huat (collectively, the “**Joint Offerors**”)

Independent Financial Adviser to the Independent Directors of the Company

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration No.: 200310232R)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 8 AUGUST 2024, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE JOINT OFFERORS.

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DEFINITIONS

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

“Acceptance Forms”	: The FAA and the FAT collectively, or any one of them, as the case may be
“ACRA”	: The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	: The annual general meeting of the Company scheduled for 23 July 2024, as set out in the Notice of Annual General Meeting issued by the Company dated 8 July 2024
“Board”	: The board of directors of the Company
“Business Day”	: A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“CDP”	: The Central Depository (Pte) Limited
“Closing Date”	: 8 August 2024, 5.30 p.m., or such later date(s) as may be announced from time to time by or on behalf of the Joint Offerors, being the last day for the lodgement of acceptances of the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act 1967 of Singapore
“Company”	: Ossia International Limited
“Concert Parties”	: Parties acting or presumed to be acting in concert with the Joint Offerors in connection with the Offer
“CPF”	: Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: CPF Investment Scheme
“CPFIS Investors”	: Investors who purchased Shares using their CPF savings under the CPFIS
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Dividend Amount”	: Shall have the meaning ascribed to it in Paragraph 2.2 of this Circular
“FAA”	: Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	: Form of Acceptance and Transfer for Offer Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own name in the Register and are not deposited with CDP and which forms part of the Offer Document
“FY”	: Financial year ended or ending on, as the case may be, 31 March
“FY2024 Results”	: The audited consolidated financial statements of the Group for FY2024

DEFINITIONS

“Group”	:	The Company and its subsidiaries
“IFA”	:	Asian Corporate Advisors Pte. Ltd. (Unique Entity Number: 200310232R), a company incorporated in Singapore and the independent financial adviser to the Independent Directors in respect of the Offer
“IFA Letter”	:	The letter dated 16 July 2024 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix A to this Circular
“Independent Directors”	:	Directors of the Company who are considered independent for the purposes of the Offer, namely, Ms. Mae Heng Su-Ling, Mr. Wong King Kheng and Mr. Foo Jong Han Rey
“Independent Shareholders”	:	Shareholders excluding the Joint Offerors and their Concert Parties
“Interested Person”	:	As defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is: <ul style="list-style-type: none">(a) a director, chief executive officer, or substantial shareholder of the company;(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Joint Offerors”	:	Mr. Goh Ching Wah, Mr. Goh Ching Lai and Mr. Goh Ching Huat
“Latest Practicable Date”	:	6 July 2024 being the latest practicable date prior to the issue of this Circular
“Listing Manual”	:	The listing manual of the Main Board of the SGX-ST
“Offer”	:	The voluntary unconditional cash offer by the Joint Offerors to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the relevant Acceptance Forms, as such offer may be amended, extended and revised from time to time by or on behalf of the Joint Offerors

DEFINITIONS

“Offer Announcement”	: The announcement dated 12 June 2024 released by the Joint Offerors in connection with the Offer in accordance with rule 15 of the Code
“Offer Announcement Date”	: 12 June 2024
“Offer Document”	: The offer document dated 3 July 2024, including the Acceptance Forms, and any other document(s) which may be issued from time to time by the Joint Offerors in respect of the Offer and/or to amend, revise, supplement or update the Offer
“Offer Price”	: Shall have the meaning ascribed to it in Paragraph 2.2 of this Circular
“Offer Shares”	: All the Shares, other than the Shares held, directly or indirectly, by the Joint Offerors as at the date of the Offer, including Shares owned, controlled or agreed to be acquired by their Concert Parties
“Overseas Shareholders”	: Shareholders and Depositors whose addresses are outside Singapore as shown in the Register or in the Depository Register, as the case may be
“Proposed First and Final Dividend”	: Shall have the meaning ascribed to it in Paragraph 2.2 of the Letter to Shareholders in this Circular
“Record Date”	: Shall have the meaning ascribed to it in Paragraph 2.2 of the Letter to Shareholders in this Circular
“Register”	: The register of holders of Shares, as maintained by the Registrar
“Registrar”	: Tricor Barbinder Share Registration Services
“Relevant Period”	: The period commencing three months prior to the Offer Announcement Date and ending on the Last Practicable Date
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	: The Securities and Futures Act 2001 of Singapore
“SGXNET”	: The Singapore Exchange Network, the corporate announcement system maintained by SGX-ST for the submission of announcements by listed companies
“SGX RegCo”	: The Singapore Exchange Regulation
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“Shareholders”	: Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	: Issued and paid-up ordinary shares in the share capital of the Company
“Shareholders’ Approval”	: Shall have the meaning ascribed to it in Paragraph 2.2 of the Letter to Shareholders in this Circular

DEFINITIONS

“SIC”	: Securities Industry Council of Singapore
“Singapore”	: The Republic of Singapore
“Singapore Dollar” or “S\$”	: The lawful currency of Singapore
“SRS”	: Supplementary Retirement Scheme
“SRS Agent Banks”	: Agent banks included under the SRS
“SRS Investors”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Supplemental Announcement”	: The supplemental announcement dated 15 July 2024 released by the Joint Offerors in connection with the Offer and the Proposed First and Final Dividend
“VWAP”	: Volume weighted average price
“75.0% Acceptance Condition”	: Shall have the meaning ascribed to it in Paragraph 7.2(a) of the Letter to Shareholders in this Circular
“%”	: Percentage or per centum

In this Circular:

- (a) **Acting in Concert.** The expression “**acting in concert**” shall have the meaning ascribed to it in the Code.
- (b) **Depositors and Depository Agents.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.
- (c) **Gender Neutrality.** 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. References to persons shall, where applicable, include corporations.
- (d) **Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (e) **Rounding.** Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in the totals of the figures in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (f) **Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to the Shareholders.
- (g) **Statutes.** Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Code, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to that word under the Companies Act, the SFA, the Code, the Listing Manual or that modification, as the case may be, unless the context otherwise requires.
- (h) **Subsidiaries, etc.** The expressions “**subsidiary**”, “**related corporations**” and “**associated company**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

DEFINITIONS

- (i) **Time and Date.** Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise specified.
- (j) **Total Number of Issued Shares.** Any reference in this Circular to the total number of Shares is a reference to a total of 252,629,483 Shares in issue as at the Latest Practicable Date.
- (k) **Announcements.** References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to SGX-ST. An announcement made otherwise than to SGX-ST shall be notified simultaneously to SGX-ST.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**aim**”, “**seek**”, “**expect**”, “**anticipate**”, “**estimate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**potential**”, “**strategy**”, “**forecast**”, “**possible**”, “**probable**” and similar expressions or future or conditional verbs such as “**if**”, “**will**”, “**would**”, “**should**”, “**could**”, “**may**” or “**might**”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual future results, performance, events or achievements may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements, subject to compliance with all applicable laws and regulations, the Code, the Listing Manual and/or rules of any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of Offer Document	:	3 July 2024
Date of despatch of this Circular	:	16 July 2024
Closing Date and Time	:	8 August 2024, 5.30 p.m. ⁽¹⁾ , or such later date(s) as may be announced from time to time by or on behalf of the Joint Offerors, such date being the last day for the lodgement of acceptances for the Offer.
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of acceptances of the Offer which are complete and valid in all respects and in accordance with the instructions given in the Offer Document which are received on or before the Closing Date, within seven (7) Business Days of the date of such receipt of acceptance. Please refer to paragraph 2 of Appendix I to the Offer Document for further information.

Note:

- (1) Pursuant to Rule 22.6 of the Code, as the Joint Offerors have not stated in the Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

LETTER TO SHAREHOLDERS

OSSIA INTERNATIONAL LIMITED

(Company Registration No.: 199004330K)
(Incorporated in the Republic of Singapore)

Board

Mr. Goh Ching Wah (*Group Executive Chairman*)
Mr. Goh Ching Huat (*Executive Director/Chief Executive Officer*)
Mr. Goh Ching Lai (*Non-Executive Director*)
Mr. Wong King Kheng (*Independent Director/Non-Executive Director*)
Ms. Mae Heng Su-Ling (*Independent Director/Non-Executive Director*)
Mr. Foo Jong Han Rey (*Independent Director/Non-Executive Director*)

Registered Office

51 Changi Business
Park Central 2
#08-13, The Signature
Singapore 486066

16 July 2024

To: The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY THE JOINT OFFERORS TO ACQUIRE THE OFFER SHARES

1. INTRODUCTION

1.1 The Offer Announcement

On 12 June 2024, the Joint Offerors announced that they intend to make a voluntary unconditional general offer for the Offer Shares in accordance with Rule 15 of the Code.

An electronic copy of the Offer Announcement is available on the website of SGX-ST at www.sgx.com.

1.2 Offer Document

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

An electronic copy of the Offer Document is available on the website of SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

Asian Corporate Advisors Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in relation to the Offer. The advice of the IFA is set out in the IFA Letter in Appendix A to this Circular.

1.4 Legal Adviser

This Circular was prepared by the Company with assistance from BTPLaw LLC, which has been appointed as the legal adviser to the Company in relation to the Offer and for the purposes of this Circular. BTPLaw LLC has not independently verified the contents of this Circular.

1.5 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

LETTER TO SHAREHOLDERS

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix A to this Circular carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Offer before deciding whether to accept or reject the Offer.

If Shareholders are in any doubt in relation to this Circular or as to the action they should take, Shareholders should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1 Terms of the Offer

The Offer is made by the Joint Offerors on the principal terms set out in Section 2 of the Letter to Shareholders in the Offer Document, the details of which have been extracted from the Offer Document and reproduced in *italics* below. All terms and expressions used in the extracts below shall have the same meanings ascribed to them in the Offer Document.

Sections 2.3 and 2.4 of the Letter to Shareholders in the Offer Document state that the Offer is made on the following basis:

2.3 No Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;*
- (b) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**")*; and
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the date of the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (each, a "**Distribution**") on or after the Offer Announcement Date, save as provided in **Section 2.4** of the Letter to Shareholders in this Offer Document.*

2.4 Distributions

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Joint Offerors reserve the right to reduce the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

However, the Joint Offerors will not exercise this right in respect of the dividend of S\$0.007 for each Share for the financial year ended 31 March 2024 announced by the Company on 28 May 2024, if such dividend is approved by the Shareholders at the Annual General Meeting to be convened for such financial year.

With respect to the dividend of S\$0.007 for each Share for FY2024 announced by the Company on 28 May 2024 ("**Proposed First and Final Dividend**") as referred to in Section 2.4 of the Letter to Shareholders in the Offer Document, the Company further announced on 8 July 2024 that *inter alia*, subject to the approval of Shareholders to the Proposed First and Final Dividend ("**Shareholders' Approval**") being obtained at the AGM, the Register of the Company will be closed on 31 July 2024 at 5.00 p.m. (the "**Record Date**") for the purposes of determining Shareholders' entitlements to the Proposed First and Final Dividend. Shareholders whose Securities Accounts are credited with Shares as at the Record Date shall be entitled to the Proposed First and Final Dividend.

LETTER TO SHAREHOLDERS

In connection with the above, the Joint Offerors further announced on 15 July 2024 in the Supplemental Announcement that, inter alia, (a) subject to Shareholders' Approval being obtained at the AGM, as the Joint Offerors do not intend to take benefit of the Proposed First and Final Dividend, Shareholders who have validly accepted the Offer will receive an amount equivalent to the Proposed First and Final Dividend (the "**Dividend Amount**") for each Offer Share **if the settlement date in respect of such Offer Share validly tendered in acceptance of the Offer falls on or before 5.00 p.m. on 31 July 2024, being the Record Date;** and (b) **all Shareholders who accept the Offer will receive the Dividend Amount or the Proposed First and Final Dividend, as the case may be, if Shareholders' Approval is obtained at the AGM and no further action is required to be taken by Shareholders who have validly accepted the Offer to receive the Dividend Amount or the Proposed First and Final Dividend.** Further details on the payment of the Dividend Amount are set out in the Supplemental Announcement.

If Shareholders are in doubt in relation to the Proposed First and Final Dividend or as to the action they should take, Shareholders should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2.2 Offer Shares and Offer Consideration

Sections 2.1 and 2.2 of the Letter to Shareholders in the Offer Document state the following:

2.1 Offer Shares

*The Offer is extended, on the same terms and conditions, to all the Shares, other than Shares held directly or indirectly, by the Joint Offerors, including Shares owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Joint Offerors (collectively, the "**Offer Shares**" and each, an "**Offer Share**").*

2.2 Offer Consideration

For each Offer Share: S\$0.145 in cash ("Offer Price**")**

2.3 Unconditional Offer

Section 2.5 of the Letter to Shareholders in the Offer Document states that the Offer is unconditional in all respects.

2.4 Warranty

Section 3 of the Letter to Shareholders in the Offer Document states the following:

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

(a) fully paid;

(b) free from any Encumbrances; and

*(c) together with all rights, benefits, entitlements and advantages attached thereto as at the date of the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, save as provided in **Section 2.4** of the Letter to Shareholders in this Offer Document.*

LETTER TO SHAREHOLDERS

2.5 Duration of the Offer

Paragraph 1 of Appendix I to the Offer Document states the following:

1. DURATION OF THE OFFER

1.1 Closing Date. Pursuant to Rule 22.3, the Offer must initially be open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 8 August 2024 or such later date(s) as may be announced from time to time by or on behalf of the Joint Offerors.**

1.2 Subsequent Closing Date(s). Pursuant to Rule 22.4, if the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Joint Offerors must give Shareholders at least 14 days prior notice in writing before they may close the Offer.

1.3 Revision. Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

3. FURTHER DETAILS OF THE OFFER

Further details on the: (a) settlement of the consideration for the Offer; (b) requirements relating to announcements of the level of acceptances of the Offer; and (c) right of withdrawal of acceptances of the Offer, are set out in Appendix I to the Offer Document.

4. PROCEDURES FOR ACCEPTANCE OF THE OFFER

The procedures for acceptance of the Offer are set out in Appendix II to the Offer Document.

5. INFORMATION ON THE JOINT OFFERORS

Details on the Joint Offerors have been extracted from Section 6 of the Letter to Shareholders in the Offer Document and reproduced in *italics* below. All terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document.

6. INFORMATION ON THE JOINT OFFERORS

6.1 *The Joint Offerors are brothers, and as at the Latest Practicable Date:*

(a) **Goh Ching Wah**, is the Group Executive Chairman and holds directly 57,500,386 Shares, which represent approximately 22.76% of the total number of issued Shares.

(b) **Goh Ching Lai**, is a Non-Executive Director of the Company and holds directly 75,395,477 Shares, which represent approximately 29.84% of the total number of Issued Shares.

(c) **Goh Ching Huat**, is the Chief Executive Officer and Executive Director of the Company and holds directly 57,354,654 Shares, which represent approximately 22.70% of the total number of issued Shares.

LETTER TO SHAREHOLDERS

6.2 Additional Information on the Joint Offerors

Appendix III to this Offer Document sets out additional information on the Joint Offerors.

6.3 Concert Party

*Goh Lee Choo, a substantial shareholder of the Company, is the sister of the Joint Offerors and is deemed to be acting in concert with the Joint Offerors in relation to the Offer. As at the Latest Practicable Date, she holds directly 3,203,700 Shares, which represent approximately 1.26% of the total number of issued Shares (the “**Concert Party**”).*

6.4 Concert Party Group

As at the Latest Practicable Date, the Relevant Persons hold an aggregate of 193,454,217 Shares, representing approximately 76.56% of the total number of the issued Shares.

6. INFORMATION ON THE COMPANY

Details on the Company have been extracted from Section 7 of the Letter to Shareholders in the Offer Document and reproduced in *italics* below. All terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document.

7. INFORMATION ON THE COMPANY

7.1 Business

Based on publicly available information, (i) the Company is a company incorporated in Singapore on 1 September 1990 and listed on the Mainboard of the SGX-ST on 20 November 1996; and (ii) the principal activity of the Company is investment holding and together with its subsidiaries, the group is a leading regional distributor and retailer of lifestyle, outdoors, luggage and accessories products

7.2 Share Capital

As at the Latest Practicable Date and based on publicly available information, the Company has an issued and paid-up share capital of S\$31,350,506.07 (excluding treasury shares) comprising 252,629,483 ordinary shares.

7.3 Directors

As at the Latest Practicable Date and based on publicly available information, the directors of the Company are:

- (a) Goh Ching Wah (Group Executive Chairman);*
- (b) Goh Ching Huat (Chief Executive Officer & Executive Director);*
- (c) Goh Ching Lai (Non-Executive Director);*
- (d) Wong King Kheng (Independent Non-Executive Director);*
- (e) Foo Jong Han, Rey (Independent Non-Executive Director); and*
- (f) Heng Su-Ling, Mae (Independent Non-Executive Director).*

7.4 Additional Information on the Company

Appendix IV to this Offer Document sets out additional information on the Company.

LETTER TO SHAREHOLDERS

7. RATIONALE FOR THE OFFER AND THE JOINT OFFERORS' INTENTIONS RELATING TO THE COMPANY

The full text of the rationale for the Offer and the Joint Offerors' intentions for the Company has been extracted from Sections 8 and 9 of the Letter to Shareholders in the Offer Document, and reproduced in *italics* below. All terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Joint Offerors' future plans for the Company.**

8. RATIONALE FOR THE OFFER

The Joint Offerors are making the Offer for the following reasons:

8.1 Opportunity for Shareholders to realise their Investments at a Premium without incurring Brokerage Costs

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares, and without incurring brokerage fees and other trading costs.

The Offer Price represents:

- (a) a premium of approximately 20.83% over the last traded price per Share as quoted on the SGX-ST on the Last Trading Date; and*
- (b) a premium of approximately 19.83%, 20.83%, and 16.00% over the VWAP of the Shares for the one (1)-month, three (3)-month, and six (6)-month periods, respectively prior to and including the Last Trading Date.*

8.2 Low Trading Liquidity

The trading volume of the Shares has been generally low, with an average daily trading volume of approximately 16,200 Shares, 11,292 Shares, and 13,085 Shares during the respective one (1)-month period, three (3)-month period, and six (6)-month period up to and including the Last Trading Date. Each of these represents approximately 0.006%, 0.004%, and 0.005% of the total number of issued Shares for the aforementioned relevant periods, respectively.

Furthermore, there have been 10 days, 26 days, and 55 days of zero daily trading volume during the one (1)-month period, three (3)-month period, and six (6)-month period up to and including the Offer Announcement Date. These represent 45.45%, 41.93%, and 44.35% of the total trading days for the aforementioned relevant periods, respectively. The Offer therefore provides Shareholders with an opportunity to exit their investment in a low liquidity environment without incurring brokerage fees.

8.3 Compliance Costs relating to Listing Status

The Joint Offerors are of the view that in maintaining the Company's listing status, the Company incurs additional compliance and associated costs. If the Company is delisted, the Company will be able to (i) dispense with costs associated with complying with listing and other regulatory requirements; and (ii) focus its resources on its business operations.

8.4 No necessity for access to equity capital markets

The Joint Offerors are of the view that the Company is unlikely to require access to the Singapore equity capital market to finance its operations in the foreseeable future as the Company may tap on other funding sources such as bank borrowings. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

LETTER TO SHAREHOLDERS

8.5 Greater Management Flexibility

The Joint Offerors are of the view that the delisting and privatisation of the Company will provide the Joint Offerors with more flexibility to manage the business of the Company and optimise the utilisation and deployment of the available resources of the Company.

9. JOINT OFFERORS' INTENTIONS FOR THE GROUP

It is currently the intention of the Joint Offerors to ensure continuity in the operations of the Group. The Joint Offerors and the Company will continue to review, from time to time, the operations of the Group as well as the Group's strategic options. The Joint Offerors retain the flexibility at any time to further consider and evaluate any options or opportunities in relation to the Group which may present themselves, and which the Joint Offerors may regard to be in the interests of the Joint Offerors and/or the Group.

Save as disclosed above, the Joint Offerors have no current intentions to (a) introduce any major changes to the existing business of the Group, (b) redeploy the fixed assets of the Group, or (c) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business.

7.1 Listing Status and Compulsory Acquisition

Section 11 of the Letter to Shareholders in the Offer Document states the following:

11. LISTING STATUS AND COMPULSORY ACQUISITION

11.1 Listing Status

Under Rule 723 of Listing Manual, the Company must ensure that at least 10% of the total number of Shares (excluding any Shares held in treasury) is at all times held in public hands (the "Free Float Requirement"). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Joint Offerors that acceptances have been received pursuant to the Offer that bring the holdings owned by the Joint Offerors and persons acting in concert with the Joint Offerors to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 shareholders of the Company who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Joint Offerors succeed in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

11.2 Joint Offerors' Intentions

The Joint Offerors intend to privatise the Company and do not intend to preserve the listing status of the Company. Accordingly, the Joint Offerors, if and when entitled, intend to exercise their right of compulsory acquisition under Section 215(1) of the Companies Act and have no intentions to support or take any step (including the placing out of Shares by the Joint Offerors) for the Free Float Requirement to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands.

LETTER TO SHAREHOLDERS

11.3 Compulsory Acquisition

*Pursuant to Section 215(1) (read with Section 215AA) of the Companies Act, in the event that the Joint Offerors acquire not less than 90% of the total number of issued Shares (other than those already held by the Joint Offerors and other persons required to be excluded under Sections 215(9) and 215(9A) of the Companies Act, and excluding any Shares held in treasury), the Joint Offerors will be entitled to exercise the right to compulsorily acquire all the Offer Shares held by Shareholders who have not accepted the Offer, on the same terms as those offered under the Offer. **The Joint Offerors, if so entitled, intend to exercise their right of compulsory acquisition under Section 215(1) (read with Section 215AA) of the Companies Act.***

In addition, pursuant to Section 215(3) of the Companies Act, if the Joint Offerors acquire such number of Shares which, together with the Shares held in treasury and Shares held by the Joint Offerors and other persons required to be excluded under Sections 215(9) and 215(9A) of the Companies Act, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer will have a right to require the Joint Offerors to acquire their Offer Shares on the same terms as those offered under the Offer. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

7.2 SGX RegCo's Regulator's Column in relation to Delisting

In the event that the Company loses its free float pursuant to the Offer but the following conditions are met, SGX RegCo may take the view that the delisting requirements under the Listing Manual are substantively complied with and will consider waiving strict compliance with such delisting requirements:

- (a) as at the close of the Offer, the Joint Offerors have received acceptances from Independent Shareholders that represent a majority of at least 75.0% of the total number of Shares held by such Independent Shareholders (the "**75.0% Acceptance Condition**"); and
- (b) the Offer is fair and reasonable (and the IFA has opined that the Offer is fair and reasonable).

It is important that Shareholders are aware of the potential consequences in considering whether to accept the Offer, particularly where free float has been lost but the requisite conditions for delisting, including the 75.0% Acceptance Condition, are not met. In such circumstances, Shareholders should note the risk that the Company may consequently be subject to prolonged suspension.

For more information, please refer to the column entitled "SGX RegCo's Expectations on Information to be provided to Shareholders in connection with a General Offer" published by SGX Regco on 4 May 2020 at <https://www.sgx.com/media-centre/20200504-regulators-columnsgx-regcos-expectations-information-be-provided>.

8. DIRECTORS' INTERESTS

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

9. FINANCIAL EVALUATION OF THE OFFER

Section 10 of the Letter to Shareholders in the Offer Document sets out certain information on the financial evaluation of the Offer, extracts of which are reproduced in *italics* below. All terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document.

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10. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over certain historical market prices of the Shares:

Description	Benchmark Price (\$) ⁽¹⁾⁽²⁾	Premium to the Benchmark Price (%) ⁽³⁾
<i>Last traded price per Share on the SGX-ST on the Last Trading Date</i>	<i>0.120</i>	<i>20.83</i>
<i>VWAP of the Shares on the SGX-ST for the one (1)-month period up to and including the Last Trading Date</i>	<i>0.121</i>	<i>19.83</i>
<i>VWAP for the Shares on the SGX-ST for the three (3)-month period prior to and including the Last Trading Date</i>	<i>0.120</i>	<i>20.83</i>
<i>VWAP for the Shares on the SGX-ST for the six (6)-month period prior to and including the Last Trading Date</i>	<i>0.125</i>	<i>16.00</i>

Notes:

- (1) *Based on data extracted from Bloomberg Finance L.P. on the Last Trading Date, and with the figures rounded to the nearest three (3) decimal places.*
- (2) *These statistics exclude the off-market purchase(s).*
- (3) *Percentage figures have been rounded to the nearest two (2) decimal places.*

10. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

10.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Paragraph 11 of this Circular and the advice of the IFA to the Independent Directors in respect of the Offer which is set out in Appendix A to this Circular, before deciding whether to accept or reject the Offer.

10.2 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in Section 8 of the IFA Letter.

Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.

10.3 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix A to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in Section 10 of the IFA Letter, an extract of which is reproduced in *italics* below.

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings ascribed to them in the IFA Letter.

LETTER TO SHAREHOLDERS

*In summary, having regard to our analysis and the consideration in this Letter (including, inter alia, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representation and confirmation from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **FAIR** and **REASONABLE**.*

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).*
- (ii) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).*

*We consider the financial terms of the Offer, on balance to be **FAIR** and **REASONABLE** from a financial point of view after considering, inter alia, the following factors which are significant for the Offer: -*

- (i) The Group’s relatively weaker financial performance in FY2024 as compared to FY2023 wherein net profit after tax declined by approximately 34.6% (attributable to both weaker performance of the Distribution Business and lower share of results of the Associate).*
- (ii) Substantial premiums in general as implied by the Offer Price over the historical prices for the Shares prior to the Last Trading Date considering, inter alia: (a) the implied premium of approximately 20.8% over the last transacted price for the Shares on the Last Trading Date prior to the Offer Announcement Date (or a premium of approximately 28.3% after adjusting for the Proposed First and Final Dividend, where applicable); and (b) the implied premiums of approximately 16.0%, 20.8%, and 19.8% over the VWAP for the Shares for the 6-month, 3-month and 1-month periods respectively prior to the Last Trading Date (or premiums of approximately 16.9%, 23.9%, and 26.1% over the VWAP for the Shares for the 6-month, 3-month and 1-month periods respectively prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend where applicable). It is noted that the Offer Price represents a small discount of approximately 1.3% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date or an even smaller discount of approximately 1.0% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend, where applicable, and in the event that the prices and volumes traded for Shares during the Affected Period are excluded. The implied premium over the historical prices for the Shares for the 6-month, 3-month and 1-month periods prior to the Last Trading Date appears in general to be comparable and within the range of the Selected Successful Privatisations taking into account the shareholdings or potential shareholdings of the Joint Offerors and their Concert Party, which is within the range, and higher than the median and the simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert (including the undertaking shareholders) as at the start for the Selected Successful Privatisations and given the Group’s weaker financial performance in FY2024 as compared to FY2023. In addition, the valuation of the Group as implied by the Offer Price in terms of premiums or discount over/from historical prices for the Shares or P/NAV ratio (as implied by the Offer Price and the NAV or the Adjusted NAV per Share where applicable), generally appears to be within the range of the Selected Successful Privatisations and reasonable when compared to the first quartile premiums or P/NAV ratio for the Relevant Precedent Transactions Range (irrespective of any adjustments for the Proposed First and Final Dividend).*

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- (iii) *Fair comparison with the valuation of the first quartile multiples of the Selected Comparable Companies (excluding outliers) in terms of LTM EV/EBITDA, P/NAV, P/NTA, LTM P/Revenue multipliers after considering, inter alia, (a) the Group's financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio), which appears to be more favourable as compared to the Selected Comparable Companies; (b) the Group's dependence on the Associate's contribution in terms of net profit, total assets, NAV, and dividends to the Group, its unlisted status due to its lack of marketability, and wherein the Harvey Norman Group has a majority effective interest in both HNO and Pertama; (c) Pertama being the core contributor for the Associate's earnings and net asset value; (d) both the Associate and Pertama do not own the Harvey Norman "trademark" or "brand"; and (e) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in an acquisition of control whilst for the Offer, the Joint Offerors, inter alia, does not intend to maintain the listing status of the company in the event that the free float requirement is not satisfied and does not intend to take any step for the public float to be restored. In addition, as at 10 July 2024, the Joint Offerors and their Concert Party hold an aggregate interest of approximately 76.9% in the Share capital of the Company.*
- (iv) *Fair and reasonable comparison with the Selected Successful Privatisations in terms of both the premiums over historical prices for the Shares, and the valuation of the Group (as implied by the Offer Price and the NAV or the Adjusted NAV per Share where applicable) in terms of P/NAV ratio after taking into account the shareholdings or potential shareholdings of the Joint Offerors and their Concert Party, which is within the range, and higher than the median and the simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert (including the undertaking shareholders) as at the start for the Selected Successful Privatisations and given the weaker financial performance in FY2024 as compared to FY2023.*
- (v) *The Offer Price is within the range of the Estimated Values per Share.*
- (vi) *Prior to the Offer Announcement and as at the Latest Practicable Date, the Joint Offerors and their Concert Party already have statutory and super majority control of the Company, which places the Joint Offerors in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and ability to pass all ordinary and/or special resolutions on matters in which the Joint Offerors and their Concert Party do not have an interest, at general meetings of Shareholders.*
- (vii) *Directors' confirmation that (a) no other third party has approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Joint Offerors, no other third party has made a firm offer for the Company as at the Latest Practicable Date.*
- (viii) *Low liquidity for the Shares (in terms of daily average trading volume and frequency of trading) prior to the Last Trading Date.*

ACA's Recommendation on the Offer

*Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend that Shareholders **ACCEPT** the Offer. In addition, the Offer represents a realistic opportunity for Shareholders to realise their entire investment in cash taking into account, inter alia, the low liquidity for the Shares (in terms of daily average trading volume and frequency of trading) prior to the Last Trading Date.*

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While the transacted prices for the Shares subsequent to the Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Offer Announcement Date to the Latest Practicable Date (as compared to the 12-month period prior to the Last Trading Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Joint Offerors is low.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realize their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price.

However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Offer Price after deducting related expenses and taking into account the Proposed First and Final Dividend (where applicable), they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than or similar to the Offer Price (after adjusting for the Proposed First and Final Dividend, where applicable). The Offer Price represents a small discount of approximately 4.6% from the last transacted price of S\$0.152 per Share on the SGX-ST on 5 July 2024, being the Market Day immediately prior to the Latest Practicable Date. Shareholders should note that in the event the Proposed First and Final Dividend is deducted from the last transacted price for the Shares as at the Latest Practicable Date, the adjusted price for the Shares would be S\$0.145 and this is similar to the Offer Price.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders: –

- 1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and may not be maintained at current levels when the Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted by lack of liquidity for the Shares (as observed during the historical period under review, being 8 June 2023 to the Latest Practicable Date).*
- 2. The Offer is unconditional in all respects. In addition, as at the Latest Practicable Date, there has been no statement from the Joint Offerors that the Offer Price is final and will not be revised.*
- 3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for Shares being made by a third party may be affected by the fact that as at 10 July 2024, the Joint Offerors and their Concert Party hold an aggregate interest of approximately 76.9% of the total number of issued Shares (excluding treasury shares).*

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4. *Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 12 months period up to and including the Last Trading Date, the Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash and that the Offer Price is at a premium above market prices of Shares for 1-month, 3-month, and 6-month periods prior to the Last Trading Date. It is noted that the Offer Price represents a small discount of approximately 1.0% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend, where applicable, and in the event that the prices and volumes traded for Shares during the Affected Period. In the absence of the Offer, such an exit for all Shareholders other than the Joint Offerors and their Concert Party may not be readily available due to the low trading liquidity for the Shares. Based on the mean of the average daily trading volume of 13,526 Shares for the 1-month, 3-month and 6-month period prior to the Last Trading Date, it would take approximately 4,375 Market Days or close to 17.4 years (based on 251 Market Days per year) for the public Shareholders to be able to sell off their approximately 59.2 million in the market.*
5. *The Joint Offerors are making the Offer with a view to delist or privatise the Company from the SGX-ST and if entitled to under the Companies Act, the Joint Offerors intend to compulsorily acquire all the Offer Shares.*
6. *The Joint Offerors do not intend to maintain the listing status of the Company. In the event that, inter alia, the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Joint Offerors have no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.*
7. *The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2024, and the Company's announcements on the SGXNET, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.*
8. *Our scope does not require us and we have not made any independent evaluation (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment in associate), or contracts entered into or to be entered into by the Group (where applicable), and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into (where applicable) by the Group.*

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment in associate) including, inter alia, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review, and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

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For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately with respect to the Offer and the timing for the acceptance of the Offer, where applicable.

11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

11.1 Independence of Directors

As at the Latest Practicable Date, Ms. Mae Heng Su-Ling, Mr. Wong King Kheng and Mr. Foo Jong Han Rey are independent for the purposes of the Offer and are required to make a recommendation to the Shareholders in respect of the Offer under the Code.

As of the Latest Practicable Date, Mr. Goh Ching Wah is the Group Executive Chairman of the Company, Mr. Goh Ching Huat is the Executive Director and Chief Executive Officer of the Company and Mr. Goh Ching Lai is a Non-Executive Director of the Company.

The SIC ruled on 12 June 2024 that the Joint Offerors are exempted from the requirement to make a recommendation to the Shareholders in connection with the Offer as they will face irreconcilable conflicts of interest in relation to the Offer that would render it inappropriate for them to join the Independent Directors in making a recommendation to the Shareholders. Nevertheless, the Joint Offerors must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

11.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by the IFA in the IFA Letter, **CONCUR** with the IFA's assessment of the Offer and its recommendation thereon. **Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer.**

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA'S OPINION SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder.

As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, manager, solicitor, accountant, tax adviser or other professional adviser immediately.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Shareholders who DO NOT WISH TO ACCEPT the Offer

Shareholders who do not wish to accept the Offer should take no further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

LETTER TO SHAREHOLDERS

12.2 Shareholders who WISH TO ACCEPT the Offer

Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix II to the Offer Document, the FAA and/or the FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Joint Offerors, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on the Closing Date.

13. OVERSEAS SHAREHOLDERS

The full text relating to Overseas Shareholders has been extracted from Section 14 of the Letter to Shareholders in the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document.

14. OVERSEAS SHAREHOLDERS

14.1. Overseas Shareholders

This Offer Document, the Notification, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be a sale, issuance or transfer of the securities referred to in this Offer Document, the Notification, the Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law. The Offer will be made solely by this Offer Document and the relevant Acceptance Forms accompanying this Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the Notification, the Acceptance Forms and/or any related documents have not been, or will not be, sent.

*The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or, as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.*

14.2 Copies of this Offer Document and Acceptance Forms

Where there are potential restrictions on sending this Offer Document, the Notification, the Acceptance Forms and/or any related documents to any overseas jurisdictions, the Joint Offerors reserve the right not to send these documents to Shareholders in such overseas jurisdiction. Any affected Overseas Shareholder may nonetheless obtain copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Joint Offerors through (i) CDP (if he is a depositor) by submitting a request to CDP via phone (+65 6535 75311) or email services (asksgx@sgx.com); or (b) the Registrar (if he holds Offer Shares which are not deposited with CDP), Tricor Barbinder Share Registration Services at its office located at 9 Raffles Place, Republic Plaza, Tower I, #26-01, Singapore 048619.

Electronic copies of this Offer Document, the Notification, the Acceptance Forms and/or any related documents are available on the website of the SGX-ST at www.sgx.com.

LETTER TO SHAREHOLDERS

14.3 Compliance with Applicable Laws

*It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Notification, the Acceptance Forms and/or any related documents or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with other necessary formalities or legal requirements, and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Joint Offerors and any person acting on their behalf (including CDP and the Registrar/Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Joint Offerors shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (a) requesting for this Offer Document, the Notification, the Acceptance Forms and/or any related documents and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Joint Offerors, CDP and the Registrar/Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

14.4 Notice

The Joint Offerors reserve the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement on the website of the SGX-ST or by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement or advertisement.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text relating to CPFIS Investors and SRS Investors has been extracted from Section 15 of the Letter to Shareholders in the Offer Document and reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings ascribed to them in the Offer Document.

15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

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

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

LETTER TO SHAREHOLDERS

15. ELECTRONIC DESPATCH OF THIS CIRCULAR

Pursuant to the public statements issued by the SIC on 6 May 2020, 29 September 2020 and 29 June 2021 on the despatch of take-over documents under the Code, no printed copies of this Circular will be despatched to the Shareholders.

Instead, this Circular has been despatched electronically to the Shareholders through publication on the websites of SGX-ST and the Company. In connection with the electronic despatch of this Circular, the hardcopy notification with instructions on how to access and retrieve this Circular electronically will be despatched by ordinary post to the Shareholders.

Shareholders may also obtain printed copies of this Circular by submitting a request to the Company by email at contact@ossia.com.sg.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The recommendation of the Independent Directors set out in Paragraph 11 of this Circular is the responsibility of the Independent Directors.

Save for the foregoing, the Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular (other than those relating to the IFA Letter, the IFA, the Joint Offerors, the Concert Parties, the Offer, the Offer Announcement, the Offer Document, the Supplemental Announcement and any other announcements made by or on behalf of the Joint Offerors) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

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

Where any information has been extracted or reproduced from published or otherwise publicly available sources (such as the IFA Letter) or obtained from the Joint Offerors (including, without limitation, the Offer Announcement, the Offer Document, the Supplemental Announcement and any other announcements made by or on behalf of the Joint Offerors), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in its proper form and context.

17. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors in respect of the Offer set out in Appendix A of this Circular, and all references thereto, in the form and context in which they appear in this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066 during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2022, FY2023 and FY2024;

LETTER TO SHAREHOLDERS

- (c) the IFA Letter as set out in Appendix A to this Circular;
- (d) the FY2024 Results as set out in Appendix C to this Circular; and
- (e) the letter of consent referred to in Paragraph 17 of this Circular.

19. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board of
OSSIA INTERNATIONAL LIMITED

Mae Heng Su-Ling
Independent Director
16 July 2024

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT DIRECTORS OF OSSIA INTERNATIONAL LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200310232R)

160 Robinson Road #21-05

SBF Center

Singapore 068914

The Independent Directors (as hereinafter defined)

Ossia International Limited
51 Changi Business Park Central 2
#08-13, The Signature
Singapore 486066

16 July 2024

VOLUNTARY UNCONDITIONAL CASH OFFER BY THE JOINT OFFERORS TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF OSSIA INTERNATIONAL LIMITED (THE "COMPANY") OTHER THAN THOSE HELD, DIRECTLY OR INDIRECTLY BY THE JOINT OFFERORS

Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 16 July 2024 (the "Circular") issued by the Company.

1. INTRODUCTION

On 12 June 2024 (the "**Offer Announcement Date**" or the "**Announcement Date**"), Mr. Goh Ching Wah, Mr. Goh Ching Lai, and Mr. Goh Ching Huat (collectively, the "**Joint Offerors**") announced (the "**Offer Announcement**" or the "**Announcement**") that the Joint Offerors intend to make a voluntary unconditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of Ossia International Limited (the "**Company**"), other than Shares held in treasury and those Shares held, directly or indirectly, by the Joint Offerors including Shares owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Joint Offerors (collectively, the "**Offer Shares**" and each, an "**Offer Share**"). The Offer for the Offer Shares will be made in accordance with The Singapore Code on Take-overs and Mergers (the "**Code**").

On 3 July 2024, the Joint Offerors announced that the notification containing the address and instructions for the electronic retrieval of the formal offer document dated 3 July 2024 containing the terms and conditions of the Offer (the "**Offer Document**") and its related documents have been, on the same date, despatched to shareholders of the Company (the "**Shareholders**").

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as the independent financial adviser (the "**IFA**") to advise the directors of the Company (the "**Directors**"), who are considered to be independent for the purpose of making a recommendation to the Shareholders in relation to the Offer (the "**Independent Directors**"). We note from the Circular that the Independent Directors comprise Mr. Wong King Kheng, Mr. Foo Jong Han, Rey, and Ms. Mae Heng Su-Ling.

This letter ("**Letter**") and any other document, which may be issued by ACA, in respect of the Offer, for the purpose of revising, amending or supplementing or updating (as the case may be) and setting out, *inter alia*, our views and evaluation of the financial terms of the Offer and our recommendations thereon, will form part of the Circular providing, *inter alia*, details of the Offer and the recommendations of the Independent Directors with regard to the Offer. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning ascribed herein. All figures (*inter alia*, computations and summation) are subject to rounding.

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

2. TERMS OF REFERENCE

ACA has been appointed to advise the Independent Directors on the financial terms of the Offer and whether the Shareholders should accept or reject the Offer. We do not warrant the merits of the Offer other than to form a view, for the purposes of Rule 7.1 and 24.1 (b) of the Code, as to whether the financial terms of the Offer are fair and reasonable. We have confined our evaluation strictly and solely on the financial terms of the Offer and have not taken into account the commercial risks and/or merits (if any) of the Offer or their strategic merits or the future prospects of the Company and its subsidiaries (“**Group**”) including, *inter alia*, the contracts that the Company and the Group have embarked upon or are about to embark upon or the comparison with other deals involving the issued and paid up Shares or the investments made by the Company or the timing or the time extended for the Offer or the timing for acceptance of the Offer in view of, *inter alia*, dividends which may have been announced or proposed or approved (as the case may be). Such evaluation or comment remains the responsibility of the Directors and the management of the Company (“**Management**”) although we may draw up on their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter. We do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction or the values at which the subsidiaries or associates or investments may be transacted or sold to any party. We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares or assets or businesses or investments of the Group. In addition, we do not express any views or opinions on the legality of the Offer or all other matters pertaining to the Offer or documents for the Offer (the Circular and the Offer Document), *inter alia*, the mechanism or processes of acceptances, its eligibility or validity or other alternatives (if any) or the sufficiency of information or any undertakings provided or rights of compulsory acquisition under the Companies Act, Chapter 50 of Singapore (the “**Act**” or the “**Companies Act**”) or the requirement for a forecast or prospect statement or its contents pursuant to the Code. Our scope does not include determining the independence of the Independent Directors for the purpose of making recommendation in respect of the Offer.

In the course of our evaluation, we have held discussions with the Directors and Management regarding their assessment of the rationale for the Offer and have examined publicly available information collated by us, including the unaudited and audited financial statements as well as information, both written and verbal, provided to us by the Directors and Management, and professional advisers of the Company, including its consultants or advisers, solicitors, auditors and valuers (where applicable). We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or the manner it has been classified or presented.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular and this Letter, have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 6 July 2024 (the “**Latest Practicable Date**”) save for the annual report and audited financial statements for the financial year ended 31 March (“**FY**” or “**FYE**”) 2024 (“**FY2024**” or “**FYE2024**”) for the Group which was signed off by the auditors and Directors of the Company and issued and despatched on 1 July 2024 and 8 July 2024 respectively, and therefore does not reflect expected financial performance after FY2024 for the Group. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Shares, irrespective of the outcome of the Offer. Our evaluation, opinion, and recommendation do not and cannot take into account the future or prospective performance and neither are we responsible for it or for any updates pursuant to any announcements subsequent to the issuance of this Letter or the timing of the Offer or the dates for issuance of the Circular. Accordingly, any estimates or analysis or evaluation of the merits of the

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

Company or the Group or the Shares in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our scope does not require us and we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment and right-of-use assets, investments, etc.) or contracts entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the audited financial statements of the Group for the FYE2024 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the Group's audited financial statements for FY2024 to be false or misleading in any material aspect. In addition, the Directors have confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, where applicable the valuation or appraisal of assets or liabilities or investments, the contracts or agreements that the Group has entered into or embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading.

The Directors further confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2024, and the Company's announcements on the SGXNET, there have been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable), and the information provided to us, as at the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, includes general as well as company-specific or industry-specific conditions or sentiments or factors or levels of acceptances after the Latest Practicable Date. Independent Directors should note that our evaluation is based solely on publicly available information and such other information provided by the Company or its Directors or Management as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after FY2024 for the Group or developments (both macro and company-specific) and that these factors do and will necessarily affect the evaluation of the Offer and our recommendation or opinion or views.

The Directors have collectively and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of all information and representations as provided by the Directors and contained herein. The Directors have confirmed to ACA that to the best of their knowledge and belief, all material information including but not limited to plans or prospects or proposals involving, *inter alia*, acquisition or issuance of securities, or changes to its capital structure or any of the Group's assets or liabilities or investments available to them and the Management in connection with the Company, the Group, the Offer or the Joint Offerors or such other parties has been disclosed to ACA in its entirety and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the financial performance or expected future performance or future growth prospects or restructuring plans (if applicable) of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular or this Letter to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group before and after the Offer. We are therefore not expressing any view herein as to the returns that the Shareholders may have owning the Shares upon completion or close of the Offer or on the future financial performance of the Company or the Group or the plans (if any) that the Joint Offerors may have for the Company. In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives,

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financial situation, tax position, risk profiles or unique needs and constraints or particular circumstances of any individual Shareholder. As each Shareholder would have different investment profiles and objectives, horizons and risk profiles, we would advise Independent Directors to recommend that any Shareholder, who may require advice in the context of his specific investment objective(s), investment portfolio(s), including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Offer or the Company or the Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder or Independent Director, and as such Independent Directors are advised to highlight to Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Offer or its recommendation, following the date of the issue of this Letter.

Accordingly, our Letter or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Independent Directors, subject to our terms of reference and the contents of this Letter as one of the basis for their opinions or views or recommendation. In addition, any references to our Letter as one of the basis for their opinion, views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors, and bases as well as our terms of reference for this Letter.

3. TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, as extracted from Sections 2, 3, 4 and 5 of the Offer Document, are set out in italics below. We recommend that Shareholders read the terms and conditions contained therein carefully.

“2. TERMS OF THE OFFER

2.1 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than Shares held directly or indirectly, by the Joint Offerors, including Shares owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Joint Offerors (collectively, the "Offer Shares" and each, an "Offer Share").

2.2 Offer Consideration

For each Offer Share: S\$0.145 in cash (the "Offer Price")

2.3 No Encumbrances

The Offer Shares will be acquired:

- (a) *fully paid;*
- (b) *free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("Encumbrances"); and*
- (c) *together with all rights, benefits, entitlements and advantages attached thereto as at the date of the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares (each, a "Distribution") on or after the Offer*

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

Announcement Date, save as provided in Section 2.4 of the Letter to Shareholders in this Offer Document.

2.4 Distributions

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Joint Offerors reserve the right to reduce the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

However, the Joint Offerors will not exercise this right in respect of the dividend of S\$0.007 for each Share for the financial year ended 31 March 2024 announced by the Company on 28 May 2024, if such dividend is approved by the Shareholders at the Annual General Meeting to be convened for such financial year.

2.5 Unconditional Offer

The Offer is unconditional in all respects.

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

- (a) fully paid;*
- (b) free from any Encumbrances; and*
- (c) together with all rights, benefits, entitlements and advantages attached thereto as at the date of the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, save as provided in Section 2.4 of the Letter to Shareholders in this Offer Document.*

4. DETAILS OF THE OFFER

Appendix I to this Offer Document sets out further details on the:

- (a) duration of the Offer;*
- (b) settlement of the consideration for the Offer;*
- (c) requirements relating to the announcement of the level of acceptances of the Offer; and*
- (d) right of withdrawal of acceptances of the Offer.*

5. PROCEDURES FOR ACCEPTANCE

APPENDIX II to this Offer Document sets out the procedures for acceptance of the Offer.”

We note that the Joint Offerors have stated in the Offer Document that the Offer Price is S\$0.145 for each Offer Share.

In addition, we note that if any Distribution (as defined in the Offer Document) is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Joint Offerors reserve the

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

right to reduce the Offer Consideration payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

However, the Joint Offerors will not exercise this right in respect of the proposed first and final dividend of S\$0.007 for each Share for the financial year ended 31 March 2024 (the “**Proposed First and Final Dividend**”) as announced by the Company on 28 May 2024, if such Proposed First and Final Dividend is approved by the Shareholders at the annual general meeting to be convened for such financial year. We note that the said Proposed First and Final Dividend represents approximately 4.8% of the Offer Price.

The Offer is unconditional in all respects.

4. INFORMATION ON THE JOINT OFFERORS AND THEIR CONCERT PARTY

The information on the Joint Offerors and the party acting or presumed to be acting in concert with the Joint Offerors in connection with the Offer (the “**Concert Party**”) is set out in italics below and has been extracted from Section 6 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“6. INFORMATION ON THE JOINT OFFERORS

6.1 *The Joint Offerors are brothers, and as at the Latest Practicable Date:*

- (a) ***Goh Ching Wah**, is the Group Executive Chairman and holds directly 57,500,386 Shares, which represent approximately 22.76% of the total number of issued Shares.*
- (b) ***Goh Ching Lai**, is a Non-Executive Director of the Company and holds directly 75,395,477 Shares, which represent approximately 29.84% of the total number of Issued Shares.*
- (c) ***Goh Ching Huat**, is the Chief Executive Officer and Executive Director of the Company and holds directly 57,354,654 Shares, which represent approximately 22.70% of the total number of issued Shares.*

6.2 **Additional Information on the Joint Offerors**

Appendix III to this Offer Document sets out additional information on the Joint Offerors.

6.3 **Concert Party**

*Goh Lee Choo, a substantial shareholder of the Company, is the sister of the Joint Offerors and is deemed to be acting in concert with the Joint Offerors in relation to the Offer. As at the Latest Practicable Date, she holds directly 3,203,700 Shares, which represent approximately 1.26% of the total number of issued Shares (the “**Concert Party**”).*

6.4 **Concert Party Group**

As at the Latest Practicable Date, the Relevant Persons hold an aggregate of 193,454,217 Shares, representing approximately 76.56% of the total number of the issued Shares.”

As at the Latest Practicable Date, the Joint Offerors hold in aggregate 190,250,517 Shares representing approximately 75.3% of the total number of issued Shares. We note from the Offer Document that Ms. Goh Lee Choo, a substantial Shareholder of the Company, is the sister of the Joint Offerors and is deemed to be acting in concert with the Joint Offerors in relation to the Offer. As at the Latest Practicable Date, she holds directly 3,203,700 Shares, which represent approximately 1.3% of the total number of issued Shares. Accordingly, as at the Latest Practicable Date, the Joint Offerors and their Concert Party hold in aggregate 193,454,217 Shares representing approximately

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76.6% of the total number of issued Shares. Collectively the Joint Offerors and their Concert Party will be termed the “**Relevant Persons**”.

5. INFORMATION ON THE COMPANY

Information and additional information on the Company are set out in Section 7 and Appendix IV to the Offer Document and Appendix B to the Circular.

6. THE RATIONALE FOR THE OFFER, THE JOINT OFFERORS’ INTENTION FOR THE GROUP, AND LISTING STATUS AND COMPULSORY ACQUISITION

The rationale for the Offer, the Joint Offerors’ intention for the Group, and information on the listing status and compulsory acquisition, are set out in italics below and have been extracted from Sections 8, 9 and 11 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“8. RATIONALE FOR THE OFFER

The Joint Offerors are making the Offer for the following reasons:

8.1 **Opportunity for Shareholders to realise their Investments at a Premium without incurring Brokerage Costs**

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares, and without incurring brokerage fees and other trading costs.

The Offer Price represents:

- (a) *a premium of approximately 20.83% over the last traded price per Share as quoted on the SGX-ST on the Last Trading Date; and*
- (b) *a premium of approximately 19.83%, 20.83%, and 16.00% over the VWAP of the Shares for the one (1)-month, three (3)-month, and six (6)-month periods, respectively prior to and including the Last Trading Date.*

8.2 **Low Trading Liquidity**

The trading volume of the Shares has been generally low, with an average daily trading volume of approximately 16,200 Shares, 11,292 Shares, and 13,085 Shares during the respective one (1)-month period, three (3)-month period, and six (6)-month period up to and including the Last Trading Date. Each of these represents approximately 0.006%, 0.004%, and 0.005% of the total number of issued Shares for the aforementioned relevant periods, respectively.

Furthermore, there have been 10 days, 26 days, and 55 days of zero daily trading volume during the one (1)-month period, three (3)-month period, and six (6)-month period up to and including the Offer Announcement Date. These represent 45.45%, 41.93%, and 44.35% of the total trading days for the aforementioned relevant periods, respectively. The Offer therefore provides Shareholders with an opportunity to exit their investment in a low liquidity environment without incurring brokerage fees.

8.3 **Compliance Costs relating to Listing Status**

The Joint Offerors are of the view that in maintaining the Company’s listing status, the Company incurs additional compliance and associated costs. If the Company is delisted, the Company will be able to (i) dispense with costs associated with complying with listing and other regulatory requirements; and (ii) focus its resources on its business operations.

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8.4 **No necessity for access to equity capital markets**

The Joint Offerors are of the view that the Company is unlikely to require access to the Singapore equity capital market to finance its operations in the foreseeable future as the Company may tap on other funding sources such as bank borrowings. Accordingly, it is not necessary for the Company to maintain its listing on the SGX-ST.

8.5 **Greater Management Flexibility**

The Joint Offerors are of the view that the delisting and privatisation of the Company will provide the Joint Offerors with more flexibility to manage the business of the Company and optimise the utilisation and deployment of the available resources of the Company.

9. **JOINT OFFERORS' INTENTIONS FOR THE GROUP**

It is currently the intention of the Joint Offerors to ensure continuity in the operations of the Group. The Joint Offerors and the Company will continue to review, from time to time, the operations of the Group as well as the Group's strategic options. The Joint Offerors retain the flexibility at any time to further consider and evaluate any options or opportunities in relation to the Group which may present themselves, and which the Joint Offerors may regard to be in the interests of the Joint Offerors and/or the Group.

Save as disclosed above, the Joint Offerors have no current intentions to (a) introduce any major changes to the existing business of the Group, (b) redeploy the fixed assets of the Group, or (c) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business.

11. **LISTING STATUS AND COMPULSORY ACQUISITION**

11.1 **Listing Status**

*Under Rule 723 of Listing Manual, the Company must ensure that at least 10% of the total number of Shares (excluding any Shares held in treasury) is at all times held in public hands (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Joint Offerors that acceptances have been received pursuant to the Offer that bring the holdings owned by the Joint Offerors and persons acting in concert with the Joint Offerors to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 shareholders of the Company who are members of the public.*

Rule 1303(1) of the Listing Manual provides that if the Joint Offerors succeed in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

11.2 **Joint Offerors' Intentions**

The Joint Offerors intend to privatise the Company and do not intend to preserve the listing status of the Company. Accordingly, the Joint Offerors, if and when entitled, intend to exercise their right of compulsory acquisition under Section 215(1) of the

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Companies Act and have no intentions to support or take any step (including the placing out of Shares by the Joint Offerors) for the Free Float Requirement to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands.

11.3 Compulsory Acquisition

*Pursuant to Section 215(1) (read with Section 215AA) of the Companies Act, in the event that the Joint Offerors acquire not less than 90% of the total number of issued Shares (other than those already held by the Joint Offerors and other persons required to be excluded under Sections 215(9) and 215(9A) of the Companies Act, and excluding any Shares held in treasury), the Joint Offerors will be entitled to exercise the right to compulsorily acquire all the Offer Shares held by Shareholders who have not accepted the Offer, on the same terms as those offered under the Offer. **The Joint Offerors, if so entitled, intend to exercise their right of compulsory acquisition under Section 215(1) (read with Section 215AA) of the Companies Act.***

In addition, pursuant to Section 215(3) of the Companies Act, if the Joint Offerors acquire such number of Shares which, together with the Shares held in treasury and Shares held by the Joint Offerors and other persons required to be excluded under Sections 215(9) and 215(9A) of the Companies Act, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer will have a right to require the Joint Offerors to acquire their Offer Shares on the same terms as those offered under the Offer. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.”

7. THE JOINT OFFERORS’ FINANCIAL EVALUATION OF THE OFFER

The Joint Offerors’ financial evaluation of the Offer can be found in Section 10 of the Offer Document. Shareholders are advised to read Section 10 of the Offer Document carefully and in its entirety.

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8. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer from a financial point of view, we have taken into account the following pertinent factors as well as others in the Letter, which we consider will have a significant bearing on our assessment:

- (i) historical financial performance and position of the Group;
- (ii) analysis of the Group's net asset value ("**NAV**") and net tangible assets ("**NTA**");
- (iii) market quotation and trading activities for the Shares;
- (iv) relative valuation analysis;
- (v) comparison with recently completed privatisation and delisting transactions in Singapore; and
- (vi) such other relevant considerations which have significant bearing on our assessment.

These factors are discussed in detail in the ensuing sections.

As at the Latest Practicable Date, the Company only has one (1) class of shares, being ordinary Shares, with equal ranking rights to dividend, voting at general meetings and return of capital. We note from Appendix B to the Circular that as at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$31,350,506.07 comprising 252,629,483 issued Shares and does not hold any Shares in treasury. The issued Shares are listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company, and the Company has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are instruments convertible into Shares or securities carrying voting rights in the Company.

In addition, as at the Latest Practicable Date, no new Shares have been issued by the Company since 31 March 2024, being the end of the last FY for the Company.

In our assessment of the Offer, we have applied certain valuation ratios in assessing the reasonableness of the Offer Price. A brief description of such valuation ratios are as follows:

- (i) **EV/EBITDA** "**EV**" or "**Enterprise Value**" is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. "**EBITDA**" stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.

The "**EV/EBITDA**" multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

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- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.
- The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
- (iv) **Price-to-NAV (“P/NAV”)** The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.
- The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.
- (v) **Price-to-Revenue (“P/Revenue”)** The P/Revenue ratio is the ratio of a company’s market capitalisation relative to its sales/revenue. The P/Revenue ratio does not take into account the profitability of a company.

In assessing the financial terms of the Offer, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

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8.1 HISTORICAL FINANCIAL PERFORMANCE AND POSITION OF THE GROUP

The following are extracts from the audited consolidated financial statements of the Group for FY2024, the financial years ended 31 March 2023 (“FY2023”), and 31 March 2022 (“FY2022”).

Summary of consolidated income statements

Figures in S\$'000 ⁽¹⁾	Audited FY2024	Audited FY2023	Audited FY2022
Revenue	30,170	30,196	23,668
Cost of sales	(12,919)	(13,265)	(10,224)
Gross profit	17,251	16,931	13,444
Other income ⁽²⁾	199	329	460
Distribution costs	(9,683)	(8,871)	(8,175)
General and administrative expenses	(4,911)	(4,733)	(3,730)
Profit from operations	2,856	3,656	1,999
Interest income	317	121	70
Finance costs	(64)	(61)	(77)
Share of results of the associated company	5,065	7,883	5,536
Profit before income tax	8,174	11,599	7,528
Profit after tax attributable to owners of the Company	6,587	10,073	6,603

Summary of consolidated statements of financial position

Figures in S\$'000 ⁽¹⁾	Audited FY2024	Audited FY2023	Audited FY2022
Current assets	29,184	28,082	24,473
Non-current assets	32,926	32,843	31,454
Current liabilities	6,566	5,613	6,167
Non-current liabilities	231	428	1,118
Total borrowings ⁽³⁾	2,607	932	2,325
Shareholders' equity	55,313	54,886	48,644
Net current assets ⁽⁴⁾	22,618	22,469	18,306

Summary of consolidated statements of cash flows

Figures in S\$'000 ⁽¹⁾	Audited FY2024	Audited FY2023	Audited FY2022
Net cash (used in) / generated from operating activities	(898)	3,610	5,538
Net cash generated from investing activities	3,212	4,781	3,542
Net cash (used in) financing activities	(3,604)	(4,626)	(5,978)
Net (decrease) / increase in cash and cash equivalents	(1,290)	3,765	3,102
Cash and cash equivalents at end of financial year	10,933	12,295	8,849

Notes:

- (1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.
- (2) Other income comprised of, inter alia, rental income, miscellaneous income, subsidies from principals, lease rebates from landlords and gain on disposal of plant, property and equipment.
- (3) The total borrowings include bank borrowings and lease liabilities.
- (4) Net current assets are defined as current assets less current liabilities.

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The following should be reviewed in conjunction with the tables and notes above:

(i) Financial performance for FY2024, FY2023 and FY2022

The Group's sole business is in the import and distribution of lifestyle, outdoors, luggage and accessories products (the "**Distribution Business**"), with Taiwan as the sole geographical market. The Group's subsidiary in Taiwan, Great Alps Industry Co., Ltd., has exclusive distribution rights for Kangol, True Religion, Tumi, Colombia and Sorel.

The Group's revenue, which is derived solely from their Distribution Business, increased from approximately S\$23.7 million in FY2022 to approximately S\$30.2 million in FY2023 and thereafter, it remained at approximately S\$30.2 million in FY2024. The increase in the Group's revenue in FY2023 was attributed to the uptick in the retail activity resulted from, *inter alia*, the lifting of COVID-19 travel restriction, and the increase in consumer spending. The Directors and the Management represented that the Group's revenue in local currency had actually increased by approximately 5.5% from approximately NT\$667.8 million in FY2023 to approximately NT\$704.7 million in FY2024. However, upon translating into the reporting currency, being S\$, the underlying business growth in FY2024 was offset by the weakening of NT\$ against S\$.

The Group's gross profit margin was relatively stable during the period under reviewed, ranging from approximately 56.1% to 57.2% over the three financial periods.

Total operating expenses for the Group (comprising mainly distribution costs and general and administrative expenses) rose from approximately S\$11.9 million in FY2022 to approximately S\$13.6 million and S\$14.6 million in FY2023 and FY2024 respectively. This was mainly attributable to higher sales incentives/commissions and staff-related expenses due to, *inter alia*, increase in manpower resources and higher bonus expenses accrued.

The Group's share of results of the 40%-owned associated company, being Harvey Norman Ossia (Asia) Pte Ltd ("**HNO**" or the "**Associate**"), improved from approximately S\$5.5 million in FY2022 to approximately S\$7.9 million in FY2023 due to the increase in HNO's sales performance. In FY2024, the Group's share of results of HNO declined to approximately S\$5.1 million due to additional expenses from brand licencing agreements incurred by HNO.

The Group's net profit attributable to owners of the Company increased from approximately S\$6.6 million in FY2022 to approximately S\$10.1 million in FY2023, but declined to approximately S\$6.6 million in FY2024. In the event that the share of results of HNO is excluded, the Group's net profit attributable to owners of the Company would be approximately S\$1.1 million, S\$2.2 million, and S\$1.5 million in FY2022, FY2023, and FY2024 respectively ("**Adjusted Earnings**").

In summary, the share of results of HNO is a significant component of the Group's profit of 83.8%, 78.3%, and 76.9% for FY2022, FY2023 and FY2024 respectively.

(ii) Assets and liabilities

As at 31 March 2024, the Group's total assets amounted to approximately S\$62.1 million, of which approximately S\$32.9 million is non-current assets, the main component being the investment in the Associate of approximately S\$31.3 million (constituting approximately 95.1% of the Group's non-current assets). Current assets amounted to approximately S\$29.2 million and comprised mainly inventories; cash and bank balances; as well as trade and other receivables of approximately S\$13.5 million, S\$11.4 million and S\$4.2 million respectively. We note that S\$0.4 million of cash is in the form of restricted fixed deposits which are placed with various banks to provide security for banking facilities granted to a subsidiary of the Company.

As at 31 March 2024, the Group's total liabilities amounted to approximately S\$6.8 million, the majority of which consists of current liabilities of approximately S\$6.6 million (comprising mainly trade and other payables of approximately S\$3.0 million, bank borrowings of approximately S\$1.8 million, as well as amount due to director, lease liabilities, and income tax payable of approximately S\$0.6 million each). We understand from the Directors and Management that the amount due to director as at 31 March 2024 relates to directors' remuneration (non-interest bearing and repayable on demand).

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(iii) Net current assets

The Group has been in net current assets position during the period reviewed, and its net current assets position had improved from approximately S\$18.3 million as at 31 March 2022 to approximately S\$22.5 million and S\$22.6 million as at 31 March 2023 and 31 March 2024 respectively. This was mainly due to the higher level of inventories and cash maintained by the Group in both FY2023 and FY2024 as compared to FY2022.

(iv) Shareholders' equity and borrowings

As the Group has been profitable during FY2022 to FY2024, the shareholders' equity of the Group expanded from approximately S\$48.6 million as at 31 March 2022 to approximately S\$54.9 million and S\$55.3 million as at 31 March 2023 and 31 March 2024 respectively.

Total borrowings (comprising bank borrowings and lease liabilities) stood at about S\$2.3 million as at 31 March 2022 but fell to approximately S\$0.9 million as at 31 March 2023; it rose to approximately S\$2.6 million as at 31 March 2024. Despite the increase, the Group's total borrowings remain negligible as compared to its shareholders' equity and the hefty cash and bank balances. We note that as stated in the Company's announcement dated 1 July 2024, the Group increased its bank borrowings to approximately S\$1.8 million, *inter alia*, to fund upcoming spring-summer purchases and to manage the daily operational cash flow needs.

(v) Net cash flow from operating activities

The Group generated net cash inflow from operating activities of approximately S\$5.5 million and S\$3.6 million respectively for FY2022, FY2023 and registered net cash outflow from operating activities of approximately S\$0.9 million for FY2024 (mainly due to the increase in inventories because of the stocking up for the upcoming season collections).

The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2024, and the Company's announcements on the SGXNET, there have been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Shareholders should review the above analysis in conjunction with the Company's announcement on 1 July 2024 in reply to the SGX-ST's queries dated 27 June 2024 in relation to the announcement of the Company's financial statements for FY2024, which was announced on 28 May 2024.

(vi) Outlook

In the Group's annual report for FY2024 ("AR2024"), the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:

"The group is proactively adjusting its operations and strategies to be more in line with market expectations".

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8.2 ANALYSIS OF THE GROUP'S NAV AND NTA

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests (or non-controlling interests). The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or the group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or a group assuming the hypothetical sale of all its assets (including but not limited to any property, plant and equipment, intangible assets, land use rights, goodwill, trademarks, brand names and investments, *inter alia*, in associates) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest (or non-controlling interests) and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time or wherein the company or group's interest in the investments, *inter alia*, in associates is of a minority nature or when the associate is unlisted. In addition, it does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest (or non-controlling interests) and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or the group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or a group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest (or non-controlling interests) and obligation of the company or group, with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to (where applicable) goodwill, trademarks, brand names and investments, *inter alia*, in associates nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time or wherein the company or group's interest in the investments, *inter alia*, in associates is of a minority nature or when the associate is unlisted. It does not illustrate the values of which assets may actually be realised or disposed of.

NAV and NTA of the Group

In assessing the Offer Price of S\$0.145 for each Offer Share, in relation to the NAV and NTA per Share of the Group as at 31 March 2024, we have reviewed the audited consolidated statement of financial position of the Group as at 31 March 2024 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the audited balance sheet of the Group as at 31 March 2024 as well as the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such audited statement of financial position as at 31 March 2024 in accordance with Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at the Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were, *inter alia*, no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 31 March 2024, save as disclosed in the audited financial statements of the Group as at 31 March 2024 and the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the

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audited financial statements of the Group as at 31 March 2024 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge or belief, such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

Audited Consolidated Statements of Financial Position for the Group as at 31 March 2024⁽¹⁾	S\$'000
<u>Non-current assets</u>	
Property, plant and equipment	294
Right-of-use assets	828
Investment in associated company	31,317
Trade and other receivables	313
Deferred tax assets	174
	32,926
<u>Current assets</u>	
Inventories	13,508
Trade and other receivables	4,244
Prepayments	74
Cash and bank balances	11,358
	29,184
<u>Non-current liabilities</u>	
Lease liabilities	191
Other liabilities	40
	231
<u>Current liabilities</u>	
Trade and other payables	2,984
Bank borrowings	1,770
Lease liabilities	646
Income tax payable	561
Amount due to directors	605
	6,566
NAV including non-controlling interests as at 31 March 2024	55,313
Non-controlling interests	-
NAV attributable to owners of the Company as at 31 March 2024	55,313
Less: Intangible asset	-
NTA attributable to owners of the Company as at 31 March 2024	55,313
NAV and/or NTA per Share (S\$)⁽²⁾	0.219
Offer Price (S\$)	0.145
Discount of the Offer Price from the Group's NAV and/or NTA per Share (%)	(33.8)%
Cash and bank balances less borrowings ⁽³⁾ as at 31 March 2024 (“Net Cash”)	8,751
Net Cash per Share (S\$)	0.035
Offer Price less Net Cash per Share (S\$) (the “Adjusted Offer Price”)	0.110
NAV and/or NTA per Share less Net Cash per Share (S\$)	0.184
Discount of the Adjusted Offer Price from the Group's NAV and/or NTA per Share less Net Cash per Share (%)	(40.1)%

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Notes:

- (1) *The figures above are based on the Group's audited financial statements for FY2024. Figures and computations above are subject to rounding.*
- (2) *Figures are computed based on the Company's issued Share capital of 252,629,483 Shares as at the Latest Practicable Date.*
- (3) *Borrowings include bank borrowings and lease liabilities. The amount due to Directors is not included as borrowings because it relates to Directors' remuneration which has been approved or pending approval or subject to management contracts.*

For illustrative purposes only, the Offer Price represents a discount of approximately 33.8% from the Group's NAV and/or NTA per Share as at 31 March 2024. We note that as at 31 March 2024, the Group's cash and bank balances is approximately S\$11.4 million (or approximately 18.3% of total assets) and is higher than the total borrowings of approximately S\$2.6 million. Correspondingly, if the Net Cash per Share is deducted from the Offer Price and likewise from the Group's NAV and/or NTA per Share, the Adjusted Offer Price represents a discount of approximately 40.1% from the Group's NAV and/or NTA per Share less Net Cash per Share.

Adjusted NAV and NTA

We note that subsequent to the Latest Practicable Date, the Company announced on 8 July 2024 its notice of upcoming annual general meeting to be convened on 23 July 2024 ("**AGM**"). With respect to the Proposed First and Final Dividend of S\$0.007 for each Share for FY2024 announced by the Company on 28 May 2024 referred to in Section 2.4 of the Letter to Shareholders in the Offer Document, the Company further announced on 8 July 2024, *inter alia*, that subject to the approval of Shareholders to such dividend being obtained at the AGM, the Register of the Company will be closed on 31 July 2024 at 5.00 p.m. (the "**Record Date**") for the purposes of determining Shareholders' entitlements to such dividend. The Proposed First and Final Dividend, if approved at the AGM, will be paid on 8 August 2024. Shareholders whose Securities Accounts are credited with Shares as at 5.00 p.m. on 31 July 2024 shall be entitled to the Proposed First and Final Dividend.

In connection with the above, the Joint Offerors further announced on 15 July 2024 (the "**Supplemental Announcement**") that, *inter alia*: (a) subject to Shareholders' approval being obtained at the AGM, as the Joint Offerors do not intend to take benefit of the Proposed First and Final Dividend, Shareholders who have validly accepted the Offer will receive an amount equivalent to the Proposed First and Final Dividend (the "**Dividend Amount**") for each Offer Share **if the settlement date in respect of such Offer Share validly tendered in acceptance of the Offer falls on or before 5.00 p.m. on the Record Date**; and (b) **all Shareholders who accept the Offer will receive the Dividend Amount or the Proposed First and Final Dividend, as the case may be, if Shareholders' Approval is obtained at the AGM and no further action is required to be taken by Shareholders who have validly accepted the Offer to receive the Dividend Amount or the Proposed First and Final Dividend.**

In addition, the Supplemental Announcement also stated that if the Proposed First and Final Dividend is approved at the AGM, the Dividend Amount is payable to:

- (a) Shareholders who have validly tendered their Shares in acceptance of the Offer 3 July 2024 to the date of the Supplemental Announcement; and
- (b) Shareholders who have validly tendered their Shares in acceptance of the Offer on and after the date of the Supplemental Announcement,

if the settlement date in respect of such Shares validly tendered in acceptance of the Offer falls **on or before 5.00 p.m. on 31 July 2024, the Record Date.**

Further details on the payment of the Dividend Amount are set out in the Supplemental Announcement.

If Shareholders are in doubt in relation to the Proposed First and Final Dividend or as to the action they should take, Shareholders should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

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The Directors and Management have represented and confirmed that, subject to the approval of Shareholders at the AGM, the effects of the Proposed First and Final Dividend distribution of S\$0.007 in cash for each Share for FY2024 on the Group's NAV and/or NTA as at 31 March 2024 are as follows:

Adjusted NAV and/or Adjusted NTA⁽¹⁾	S\$'000
NAV and/or NTA attributable to owners of the Company as at 31 March 2024	55,313
Less: the Proposed First and Final Dividend ⁽²⁾	(1,768)
Adjusted NAV (the “Adjusted NAV”) and/or Adjusted NTA (the “Adjusted NTA”) of the Group	53,545
Adjusted NAV and/or Adjusted NTA per Share (S\$)⁽²⁾	0.212
Discount of the Offer Price from the Group's Adjusted NAV and/or Adjusted NTA per Share (%)	(31.6)%

Notes:

- (1) *Figures and computations above are subject to rounding, and are based on information made available by the Company and confirmed by the Directors and Management.*
- (2) *Figures are computed based on the Company's issued Share capital of 252,629,483 Shares as at the Latest Practicable Date and the Proposed First and Final Dividend of S\$0.007 per Share.*

For illustrative purposes only, the Offer Price represents a discount of approximately 31.6% from the Group's Adjusted NAV and/or Adjusted NTA per Share.

We note that the book value for the Group's investment in associated company (being its 40% equity interest in HNO) constitutes approximately 50.4% of the Group's total assets as at 31 March 2024. In addition, in the event that the book value of the Group's investment in associated company is excluded from the Adjusted NAV and/or Adjusted NTA (the “**Adjusted NAV Excluding Associate**” or the “**Adjusted NTA Excluding Associate**”) as the case may be, the Adjusted NTA and/or Adjusted NAV Excluding Associate is approximately S\$22.2 million (or approximately 41.5% of the Group's Adjusted NAV and/or Adjusted NTA as at 31 March 2024).

In addition, as set out in Section 9 of the Offer Document, the Joint Offerors (save as disclosed in the Offer Document) have no current intentions to (a) introduce any major changes to the existing business of the Group, (b) redeploy the fixed assets of the Group, or (c) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business.

We note that it is currently the intention of the Joint Offerors to ensure continuity in the operations of the Group, and that the Joint Offerors and the Company will continue to review, from time to time, the operations of the Group as well as the Group's strategic options. The Joint Offerors retain the flexibility at any time to further consider and evaluate any options or opportunities in relation to the Group which may present themselves, and which the Joint Offerors may regard to be in the interests of the Joint Offerors and/or the Group.

The Directors confirmed that to their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the audited financial statements of the Group as at 31 March 2024, the announcements released by the Company on the SGXNET, this Letter and the Circular, there have been no known material events that have or will have material impact on the audited statement of financial position of the Group, *inter alia*, assets and liabilities of the Group, since 31 March 2024.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated values indicated above, and that after payment of all liabilities and obligations, the values or amounts as indicated for the

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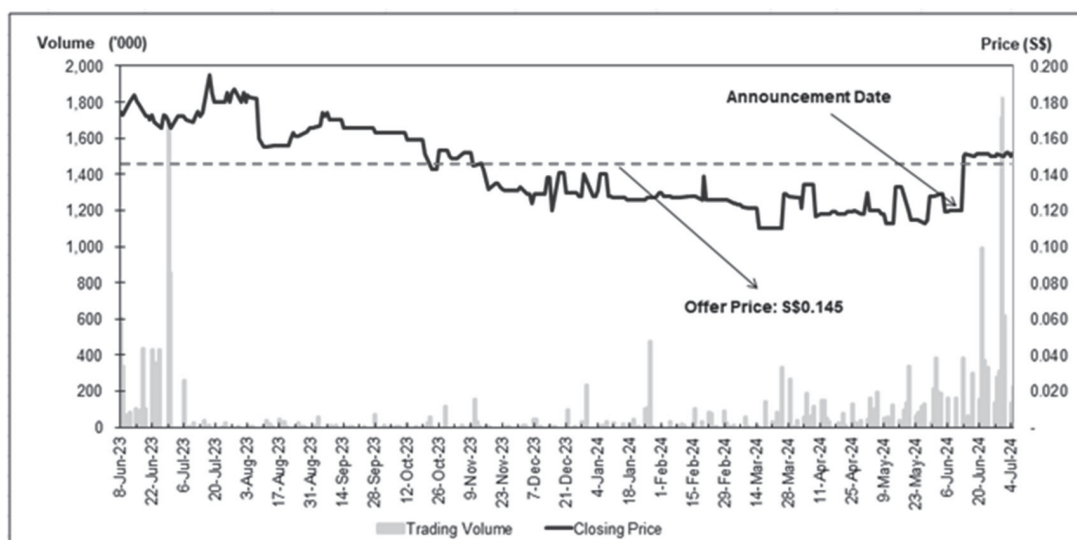
respective types of NAV or NTA (where applicable) are realisable or distributable to the shareholders of the Group.

It should be noted that the NAV and/or NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its assets and/or tangible assets (as the case may be) over a reasonable period of time, and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the uses of all its assets. The NAV and/or NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it capture or illustrate any value for, *inter alia*, the Company's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

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8.3 MARKET QUOTATION AND TRADING ACTIVITIES FOR THE SHARES

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 8 June 2023 (being the Market Day 12 months prior to 7 June 2024, being the last market day the Shares were traded on SGX-ST (“**Last Trading Date**”) before the Offer Announcement Date) and ending on the Latest Practicable Date are set out below:



For the period commencing from 8 June 2023 and ending on the Last Trading Date (both dates inclusive), we note that the Shares were traded for 168 Market Days out of a total 251 Market Days (or approximately 66.9%). During the said period, the closing prices for the Shares during the said period were higher than the Offer Price on 106 Market Days, lower than the Offer Price on 144 Market Days, and in line with the Issue Price on 1 Market Day out of the total 251 Market Days.

For the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, we note that the Shares were traded for 15 Market Days out of a total 16 Market Days. During the said period, the closing prices of the Shares were always higher than the Offer Price. However, if the closing prices for the Shares are adjusted for the Proposed First and Final Dividend where applicable, the closing prices of the Shares were lower than and similar to the Offer Price for 13 and 3 Market Days respectively. Trading for the Shares essentially closed at prices which were lower or similar to the Offer Price, after adjusting for the Proposed First and Final Dividend where applicable.

As a general market comparison and observation, the FTSE Straits Times Index (the “**STI Index**”) increased by approximately 4.5% for the period commencing from 8 June 2023 and ending on 7 June 2024, being the Last Trading Date. The STI Index then declined by approximately 0.7% and increased by approximately 3.1% to the Offer Announcement Date and the Latest Practicable Date respectively. For the same period commencing from 8 June 2023 and ending on 7 June 2024, being the Last Trading Date, the closing price for the Shares declined by approximately 31.4%. The trading for the Shares was halted from 10 June 2024 till the Offer Announcement Date. Subsequently, the closing price for the Shares increased by approximately 26.7% from the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date. We observed that the Shares appeared to have underperformed the STI Index for the 12-month period up to and including the Last Trading Date but outperformed the STI Index for the period commencing immediately after the Offer Announcement Date till the Latest Practicable Date.

The above chart and the analysis below are presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares. In addition, we note that as announced on 28 May 2024 and as disclosed in AR2024, the Company proposed the Proposed First and Final Dividend of S\$0.007 per Share.

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The volume-weighted average price (“VWAP”) per Share, the highest and lowest transacted prices per Share and the average daily trading volume for the Shares, for the period commencing from 8 June 2023 to the Latest Practicable Date are set out below:

	VWAP per Share (S\$) ⁽¹⁾	Premium/ (Discount) of the Offer Price over/ (from) the VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as % of free-float ⁽³⁾ (%)
For the period prior to the Offer Announcement Date⁽⁴⁾						
Last 12 months	0.167	(13.0)%	0.098	0.195	57,380	0.10%
Last 6 months	0.125	16.0%	0.098	0.141	13,085	0.02%
Last 3 months	0.120	20.8%	0.098	0.134	11,292	0.02%
Last 1 month	0.121	19.8%	0.111	0.133	16,200	0.03%
Last transacted price on 7 June 2024 (being the Last Trading Date) ⁽⁵⁾	0.120	20.8%	0.118	0.122	256,200	0.43%
For the period commencing on the Market Day immediately after the Offer Announcement Date up to the Latest Practicable Date⁽⁴⁾						
Till the Latest Practicable Date	0.151	(3.7)%	0.149	0.152	367,906	0.62%
Last transacted price on the Market Day immediately prior to the Latest Practicable Date ⁽⁶⁾	0.152	(4.6)%	0.150	0.152	603,100	1.02%

Source: www.shareinvestor.com

Notes:

- (1) The VWAP had been computed using the average prices of traded Shares and weighted by the volumes traded for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the relevant period divided by the number of Market Days during that period.
- (3) Free float (“Free Float”) refers to approximately 59,175,266 Shares or approximately 23.4% of the issued Shares held by Shareholders, other than the Substantial Shareholders, Directors, as well as the Joint Offerors and persons acting or presumed to be acting in concert with the Joint Offerors (the “Concert Parties”).
- (4) All relevant Share prices where applicable for the relevant periods have not been adjusted for the Proposed First and Final Dividend which is subject to approval of Shareholders at the forthcoming annual general meeting.
- (5) This represents the last transacted price instead of VWAP for the Shares on 7 June 2024, being the Last Trading Date.
- (6) This represents the last transacted price instead of VWAP for the Shares on 5 July 2024, being the Market Day immediately prior to the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the Offer Price:

- (i) represents a premium of approximately 20.8% from the last transacted price of S\$0.120 per Share for the Shares on the SGX-ST on 7 June 2024, being the Last Trading Date. In the event that the last transacted price is adjusted for the Proposed First and Final Dividend where applicable, the Offer Price represents a premium of approximately 28.3% from the last transacted price of S\$0.113 per Share for the Shares on the SGX-ST on the Last Trading Date;
- (ii) represents a premium of approximately 19.8%, 20.8% and 16.0% from the VWAP for the Shares for the 1-month, 3-month and 6-month periods prior to the Last Trading Date respectively. In the event that the relevant VWAP for Shares are adjusted for the Proposed First and Final Dividend where applicable, the Offer Price represents a premium of

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approximately 26.1%, 23.9% and 16.9% from the VWAP for the Shares for the 1-month, 3-month and 6-month periods prior to the Last Trading Date respectively;

- (iii) represents a discount of approximately 13.0% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date (irrespective of any adjustments for the Proposed First and Final Dividend where applicable). We note that prices and volumes traded for the Shares may have been affected during the period commencing on 12 June 2023 and ending on 18 August 2023 (“**Affected Period**”), wherein one of the Joint Offerors announced on 12 June 2023 that he would “run” as a candidate in the recent 2023 Presidential Elections. In the event that the prices and volumes traded for Shares during the Affected Period are excluded for the purposes of computing the VWAP for the 12-month period prior to the Last Trading Date, VWAP would be approximately S\$0.147 per Share and the average daily trading volume would be approximately 24,057 Shares and 0.04% of the Free Float. Accordingly in this case, the Offer Price represents a small discount of approximately 1.3% from the VWAP for the Shares for the 12-month period (after taking into account the Affected Period) prior to the Last Trading Date. In the event that the relevant VWAP for Shares are further adjusted for the Proposed First and Final Dividend where applicable, the Offer Price represents an even smaller discount of approximately 1.0% from the VWAP for the Shares for the 12-month (after taking into account the Affected Period) prior to the Last Trading Date respectively;
- (iv) represents a discount of approximately 3.7% from the VWAP for the Shares for the period commencing from the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date. In the event that the relevant VWAP for Shares are adjusted for the Proposed First and Final Dividend where applicable, the Offer Price represents instead a premium of approximately 0.9% from the VWAP for the Shares for the period commencing from the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date; and
- (v) represents a discount of approximately 4.6% from the last transacted price of S\$0.152 per Share on the SGX-ST on the Latest Practicable Date. In the event that the last transacted price on the Latest Practicable Date is adjusted for the Proposed First and Final Dividend where applicable, the Offer Price is similar to the last transacted price for the Shares on the Latest Practicable Date.

For illustrative purposes only, based on the number of Shares traded on a daily basis during the period commencing from 8 June 2023 and ending on the Latest Practicable Date, we note that:

- (i) from 8 June 2023 to 7 June 2024, being the Last Trading Date (both dates inclusive), the Shares were traded for 168 Market Days out of a total 251 Market Days during the period, with the total number of Shares traded being approximately 14.4 million Shares and an average daily trading volume (based on a total of 251 Market Days) of approximately 57,380 Shares, which represents approximately 0.02% of the issued Shares as at the Latest Practicable Date or approximately 0.10% of the Free Float as at the Latest Practicable Date; and
- (ii) for the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date (both dates inclusive), the Shares were traded on 15 Market Days out of the total 16 Market Days during the period, with the total number of Shares traded being approximately 5.9 million Shares and an average daily trading volume (based on a total of 16 Market Days) of approximately 367,906 Shares, which represents approximately 0.15% of the issued Shares as at the Latest Practicable Date or approximately 0.62% of the Free Float as at the Latest Practicable Date.

We note that trading for the Shares is erratic and that the daily average number of Shares traded during the 12-month period prior to the Last Trading Date is low as compared to the Free Float as at the Latest Practicable Date.

It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of the number of Shares traded on daily

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basis and the frequency of trading in terms of number of trading days), they nonetheless represent the prices for transactions between willing buyer and willing seller.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date is higher than the number of Shares that were traded on a daily basis for all periods during the 12 months prior to the Last Trading Date. Subsequent to the Offer Announcement Date, the prices for the Shares and the average daily trading volume for the Shares increased. There is no assurance that the observed increase in the average number of Shares traded on a daily basis or the trading activities for the Shares will be maintained or that the transacted prices for the Shares will be the same and at the levels prevailing during the period commencing on the Market Day immediately after the Offer Announcement Date and ending on the Latest Practicable Date in the event that the Offer closes.

Independent Directors should note that in the absence of the Offer, such an exit for all Shareholders other than the Joint Offerors and the Concert Parties may not be readily available due to the low trading liquidity for the Shares (both in terms of number of Shares traded on the daily basis and the frequency of trading).

For illustrative purposes only, based on the mean of the average daily trading volume of 13,526 Shares for the 1, 3 and 6-month periods prior to the Last Trading Date, it would take approximately 4,375 Market Days or close to 17.4 years (based on 251 Market Days per year) for the public Shareholders to be able to sell off their approximately 59.2 million in the market.

Independent Directors should also note that past trading performance for the Shares may not be relied upon as an indication of the fair value of the Company's Shares.

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8.4 RELATIVE VALUATION ANALYSIS

In evaluating the financial terms of the Offer, we have considered the financial performance, financial position and valuation statistics of selected companies that may, in our view, be broadly comparable to the existing core businesses of the Group prior to the transaction, which is principally engaged in the import and distribution of apparel, sporting goods, footwear and accessories in Taiwan (the “**Selected Distribution Companies**”). In addition, we have also considered the financial performance, position and valuation statistics of selected companies that may, in our view, be broadly comparable to the existing core businesses of the Group’s associate. The Company’s 40% direct associate, HNO, is an investment holding company whilst the Company’s 19.8% indirect associate, Pertama Holdings Pte. Ltd. (“**Pertama**”) is principally engaged in the retail of furniture, bedding, computers, communications and consumer electronic products in Singapore and Malaysia (the “**Selected Retail Companies**”). Collectively, the Selected Distribution Companies and the Selected Retail Companies will be termed the “**Selected Comparable Companies**”. We have also included a separate line item for the valuation statistics of Harvey Norman Holdings Limited (“**Harvey Norman**”) given that it is the ultimate holding company of the Associate.

The Selected Comparable Companies have been identified after a search was carried out on various exchanges (in particular, the SGX-ST, the Taiwan Stock Exchange, the Korean Stock Exchange, the Tokyo Stock Exchange, the Bursa Malaysia, and the Hong Kong Stock Exchange), and evaluation of the companies operating in the same industries as the Group. For the Selected Distribution Companies, we have excluded companies with large market capitalisation exceeding S\$100 million in view of the absolute earnings and net asset value attributable to the Group’s distribution business, and as it is generally accepted that the trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of companies with larger market capitalisation. Based on our limited search, we found no comparable companies listed on the Taiwan Stock Exchange with principal business which are broadly comparable to the Group’s Distribution Business and with market capitalisation within our threshold set out above. In contrast given the Group’s minority interest (in a multi-national “household name”) in businesses of retail, wholesale and distribution of consumer electronics, we have included companies with larger market capitalisation as comparable for the Associate. It is further noted that the share of profits from the Associate and the Group’s investment in the Associate are significant contributors to the Group’s profits, total assets and net asset value. We have had discussions with the Directors and Management about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group.

Relevant information has been extracted from Morningstar, annual reports and/or public announcements of the Selected Comparable Companies. References to the Associate’s financial figures are based on the summarised financial information of the Associate presented in the Company’s AR2024.

Notwithstanding our use of these companies for peer analysis, the Selected Comparable Companies may or may not have similar business or operations or similar assets or geographical markets as the Group or being in the same financial performance or position as the Group, and their accounting policies or the relevant financial period compared, may differ from the Group. We advise Independent Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, end customers, supply and/or value chain, core competence, resources, revenue drivers and models, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison as the markets and businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies and that of the Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide.

We also wish to highlight that the NAV or NTA based approach for valuing a company is dependent on factors that may differ for each of the Selected Comparable Companies including, *inter alia*, factors such as accounting or depreciation policies. As such, the comparison of the consolidated NAV or NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such

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comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably the price of the shares, they may or may not take into account any relative or perceived or actual risk premium or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance, and the mix of its activities or the relative contributions (in terms of assets, financial performance etc.) may differ.

Independent Directors and Shareholders should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects, real or perceived financial performance or historical share price performance or demand and supply conditions of the shares, as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

The Selected Distribution Companies are set out below.

Selected Distribution Companies	Principal Activities
FJ Benjamin Holdings Ltd (“ FJ Benjamin ”) <i>Listed on the SGX-ST</i>	The group is a Singapore-based company that retails, distributes, and exports consumer fashion wear, accessories, time pieces, beauty, health and wellness products, and operate multi-luxury shoe and lifestyle concept stores.
Bauhaus International (Holdings) Ltd (“ Bauhaus ”) <i>Listed on the Hong Kong Stock Exchange (the “HKEX”)</i>	The group is a Hong Kong-based company engaged in the design and retail of trendy apparel, bags and fashion accessories.
YGM Trading Ltd (“ YGM ”) <i>Listed on the HKEX</i>	The group is a Hong Kong-based company that does wholesale and retail of garments (develop, retail and distribute sports apparel); trademark licencing; printing and related services; as well as property rental.
Forward Fashion International Holdings Company Limited (“ Forward Fashion ”) <i>Listed on the HKEX</i>	The group is a Hong Kong-based company that does wholesale and retail of fashion apparel.
Travelite Holdings Ltd (“ Travelite ”) <i>Listed on the SGX-ST</i>	The group is a Singapore-based company engaged in the distribution and retail of apparel, bags and fashion accessories in Asia.

Source: Morningstar, the SGX-ST, the HKEX and the respective companies’ website.

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The Selected Retail Companies are set out below.

Selected Retail Companies	Principal Activities
Joshin Denki Co., Ltd (“ Joshin ”) <i>Listed on the Tokyo Stock Exchange (the “TSE”)</i>	The group is a Japanese retailer of home electrical appliances, information communication and housing equipment, as well as entertainment and related products.
Yamada Holdings Co., Ltd (“ Yamada ”) <i>Listed on the TSE</i>	The group is engaged in: (i) sale of home and information appliances, as well as other home related products and services; (ii) sale of detached houses and other housing units, manufacture and sale of bathrooms, kitchens, and other housing equipment; (iii) environmental business; (iv) financial business; and (v) business related to construction materials.
Nojima Co., Ltd (“ Nojima ”) <i>Listed on the TSE</i>	The group is engaged in the sale of digital audio-visual (AV) related devices, information related devices and home electric appliances.
LOTTE Himart Co., Ltd. (“ LOTTE ”) <i>Listed on the Korean Exchange (the “KRX”)</i>	The group is a leading home and lifestyle appliance retailer in Korea.
Senheng New Retail Berhad (“ Senheng ”) <i>Listed on the Bursa Malaysia (the “Bursa”)</i>	The group is a retailer of consumer electrical and electronic products, insurance provider and distributor of household and information technology gadgets.

Source: Morningstar, the TSE, the KRX, the Bursa, and the respective companies' website.

The Associate is an unlisted company and an investment holding company. Save for its investments in Pertama, the Associate does not have any principal activity. In addition, Harvey Norman and its subsidiaries (the “**Harvey Norman Group**”) is an Australian multinational integrated retailer of furniture, bedding, computers, communications and consumer electronic products, and franchisor and also receiving rental income from leasing of retail properties. Harvey Norman is listed on the Australian Stock Exchange (the “**ASX**”). Both HNO and Pertama are part of the Harvey Norman Group.

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The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies and the Group:

Selected Comparable Companies ⁽⁷⁾	LTM ROE (%) ⁽¹⁾	LTM net profit margin (%) ⁽²⁾	LTM asset turnover (times) ⁽³⁾	Total liabilities ⁽⁴⁾ /shareholder equity ⁽⁵⁾ (times)	Total borrowings ⁽⁶⁾ /shareholder equity ⁽⁵⁾ (times)
(A) Selected Distribution Companies					
FJ Benjamin	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	0.9	1.3	0.7
Bauhaus	0.7	0.6	0.8	0.4	0.3
YGM	n.m. ⁽⁹⁾	n.m. ⁽⁹⁾	0.4	0.3	0.1
Forward Fashion	n.m. ⁽¹⁰⁾	n.m. ⁽¹⁰⁾	1.1	3.0	1.7
Travelite	12.2	5.8	0.7	1.8	1.5
MAXIMUM	12.2	5.8	1.1	3.0	1.7
MINIMUM	0.7	0.6	0.4	0.3	0.1
MEDIAN	6.5	3.2	0.8	1.3	0.7
SIMPLE AVERAGE	6.5	3.2	0.8	1.4	0.9
(B) Selected Retail Companies					
Joshin	4.7	1.2	1.7	1.2	0.5
Yamada	3.9	1.5	1.2	1.1	0.5
Nojima	11.3	2.6	1.4	2.1	0.3
LOTTE	n.m. ⁽¹¹⁾	n.m. ⁽¹¹⁾	1.1	1.0	0.7
Senheng	4.6	1.9	1.4	0.7	0.3
MAXIMUM	11.3	2.6	1.7	2.1	0.7
MINIMUM	3.9	1.2	1.1	0.7	0.3
MEDIAN	4.6	1.7	1.4	1.0	0.5
SIMPLE AVERAGE	6.1	1.8	1.4	1.0	0.5
Combined (A) + (B)					
MAXIMUM	12.2	5.8	1.7	3.0	1.7
MINIMUM	0.7	0.6	0.4	0.3	0.1
MEDIAN	4.6	1.7	1.1	1.1	0.5
SIMPLE AVERAGE	6.2	2.3	1.1	1.3	0.7
The Group	11.9	21.8	0.5	0.1	0.05
The Harvey Norman Group	8.3	13.4	0.4	0.7	0.5

Source: Based on the latest annual reports or announced unaudited financial statements and data from the Morningstar's website for the respective companies.

Notes:

- (1) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated shareholders' funds excluding minority interest of the respective companies.
- (2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the most recent twelve months total consolidated revenue of the respective companies.
- (3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.
- (4) Total liabilities include, inter alia, all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.
- (6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.
- (7) Figures and computation presented in this section are subjected to rounding.

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- (8) *FJ Benjamin incurred a loss after tax attributable to owners for the LTM ended 31 December 2023. Hence, FJ Benjamin's LTM ROE and LTM net profit margin figures were negative and not meaningful.*
- (9) *YGM incurred a loss after tax attributable to owners for the financial year ended 31 March 2024. Hence, YGM's LTM ROE and LTM net profit margin figures were negative and not meaningful.*
- (10) *Forward Fashion incurred a loss after tax attributable to owners for the financial year ended 31 December 2023. Hence, Forward Fashion's LTM ROE and LTM net profit margin figures were negative and not meaningful.*
- (11) *LOTTE incurred a loss after tax attributable to owners for the LTM ended 31 March 2024. Hence, LOTTE's LTM ROE and LTM net profit margin figures were negative and not meaningful.*

For illustrative purposes only, we note the following:-

- (i) The Group's LTM ROE of 11.9% is within the range, higher than both the median and simple average of the Selected Comparable Companies.
- (ii) The Group's LTM net profit margin of 21.8% is significantly higher than any of the Selected Comparable Companies.
- (iii) The Group's LTM asset turnover ratio of approximately 0.5 times is within the range, but lower than both the median and simple average for the Selected Comparable Companies.
- (iv) The Group's ratio of total liabilities to shareholders' equity, and ratio of total borrowings to shareholders' equity of 0.1 times and 0.05 times respectively are lower than any of the Selected Comparable Companies.

In addition, the Group's share of results of and investment in the Associate constitute approximately 1.5% and 0.8% of Harvey Norman's profit after tax and NAV respectively. Likewise, the profit after tax, total assets and NAV for the Group is significantly smaller as compared to the Selected Retail Companies, notwithstanding that the Associate constitutes approximately 76.9%, 50.4% and 56.6% of the Group's profit after tax, total assets and NAV respectively for FY2024.

The Group's financial performance (in terms of LTM net profit margin) appears to be more favourable than any of the Selected Comparable Companies, whilst the financial position of the Group appears to be better off as compared to any of the Selected Comparable Companies in terms of its ratio of total liabilities to shareholders' equity, and ratio of total borrowings to shareholders' equity. These may be attributable to the fact that the Group's share of results from Associate constitutes approximately 76.9% of the Group's net profit after tax, whilst the Group's investment in Associate (which constitutes approximately 50.4% and 56.6% of the Group's total assets and NAV as at 31 March 2024 respectively) as under the equity method of accounting, it does not consolidate any liabilities of the said Associate. In addition, we note that the Group's financial performance (in terms of ROE and net profit margin) and financial position (in terms of its ratio of total liabilities to shareholders' equity, and ratio of total borrowings to shareholders' equity) are better than the Harvey Norman Group.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Group are based on the Offer Price and the last transacted price for the Shares as at the Latest Practicable Date. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained from Morningstar or their latest publicly available unaudited or audited financial statements from their respective annual reports or result announcements, as the case may be.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group and should be evaluated in the context of their relative financial performance and position.

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Selected Comparable Companies⁽⁶⁾	Market Capitalisation (\$ million)	LTM EV/ EBITDA⁽¹⁾ (times)	LTM PER⁽²⁾ (times)	P/NAV⁽³⁾ (times)	P/NTA⁽⁴⁾ (times)	LTM P/Revenue (times)⁽⁵⁾
(A) Selected Distribution Companies						
FJ Benjamin	16.6	3.3	n.m. ⁽⁷⁾	0.4	0.4	0.2
Bauhaus	20.3	1.9	96.8	0.7	0.7	0.6
YGM	28.7	3.8	n.m. ⁽⁸⁾	0.4	0.5	0.7
Forward Fashion	16.2	2.0	n.m. ⁽⁹⁾	0.4	0.4	0.1
Travelite	7.5	4.1	2.7	0.3	0.3	0.2
MAXIMUM	28.7	4.1	96.8	0.7	0.7	0.7
MINIMUM	7.5	1.9	2.7	0.3	0.3	0.1
MEDIAN (excl. outlier)	16.6	3.3	2.7	0.4	0.4	0.2
SIMPLE AVERAGE (excl. outlier)	17.9	3.0	2.7	0.5	0.5	0.4
(B) Selected Retail Companies						
Joshin	616.6	9.0	15.0	0.7	0.7	0.2
Yamada	3,569.9	10.3	17.7	0.7	0.7	0.3
Nojima	1,336.7	3.2	8.0	0.9	2.1	0.2
LOTTE	205.2	7.9	n.m. ⁽¹⁰⁾	0.2	0.6	0.1
Senheng	139.8	6.5	19.2	0.9	0.9	0.4
MAXIMUM	3,569.9	10.3	19.2	0.9	2.1	0.4
MINIMUM	139.8	3.2	8.0	0.2	0.6	0.1
MEDIAN (excl. outlier)	172.5	7.2	15.0	0.8	0.7	0.2
SIMPLE AVERAGE (excl. outlier)	172.5	6.6	13.6	0.8	0.7	0.2
Combined (A) + (B)						
MAXIMUM	3,569.9	10.3	96.8	0.9	2.1	0.7
MINIMUM	7.5	1.9	2.7	0.2	0.3	0.1
FIRST QUARTILE (excl. outlier)⁽¹¹⁾	16.4	3.2	6.7	0.4	0.4	0.2
MEDIAN (excl. outlier)⁽¹¹⁾	20.3	3.8	11.5	0.7	0.6	0.2
SIMPLE AVERAGE (excl. outlier)⁽¹¹⁾	62.1	4.6	10.9	0.6	0.6	0.3
The Group	36.6	3.4⁽¹²⁾	5.6	0.7⁽¹³⁾	0.7⁽¹³⁾	1.2
Harvey Norman Group	4,834.4	9.1	14.2	1.2	1.2	1.9

Source: Based on the latest annual reports, announced unaudited financial statements, data from the Morningstar's website for the respective companies, and share prices from the relevant stock exchanges.

Notes:

- (1) The LTM EV/EBITDA ratios for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for FJ Benjamin, Forward Fashion, and Harvey Norman are based on the financial year or the most recent twelve months ended 31 December 2023. The EBITDA for Bauhaus, YGM, Travelite, Joshin, Nojima, Yamada, LOTTE and Senheng are based on the financial year or the most recent twelve months ended 31 March 2024.
- (2) The LTM PER ratios for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for FJ Benjamin, Forward Fashion, and Harvey Norman are based on the financial year or the most recent twelve months ended 31 December 2023. The

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earnings after tax for Bauhaus, YGM, Travelite, Joshin, Nojima, Yamada, LOTTE and Senheng are based on the financial year or the most recent twelve months ended 31 March 2024.

- (3) *The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for FJ Benjamin, Forward Fashion, and Harvey Norman are based on figures as at 31 December 2023. The NAV for Bauhaus, YGM, Travelite, Joshin, Nojima, Yamada, LOTTE and Senheng are based on figures as at 31 March 2024.*
- (4) *The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for FJ Benjamin, Forward Fashion, and Harvey Norman are based on figures as at 31 December 2023. The NTA for Bauhaus, YGM, Travelite, Joshin, Nojima, Yamada, LOTTE and Senheng are based on figures as at 31 March 2024.*
- (5) *The LTM P/Revenue ratios for the Selected Comparable Companies are based on the revenue for the most recent twelve months as reported by the respective companies. The revenue for FJ Benjamin, Forward Fashion, and Harvey Norman are based on the financial year or the most recent twelve months ended 31 December 2023. The revenue for Bauhaus, YGM, Travelite, Joshin, Nojima, Yamada, LOTTE and Senheng are based on the financial year or the most recent twelve months ended 31 March 2024.*
- (6) *Figures and computations presented in this section are subjected to rounding.*
- (7) *FJ Benjamin incurred a loss after tax attributable to owners for the LTM ended 31 December 2023. Hence, FJ Benjamin's LTM PER ratio was negative and not meaningful.*
- (8) *YGM incurred a loss after tax attributable to owners for the financial year ended 31 March 2024. Hence, YGM's LTM PER ratio was negative and not meaningful.*
- (9) *Forward Fashion incurred a loss after tax attributable to owners for the financial year ended 31 December 2023. Hence, Forward Fashion's LTM PER ratio was negative and not meaningful.*
- (10) *LOTTE incurred a loss after tax attributable to owners for the LTM ended 31 March 2024. Hence, LOTTE's LTM PER ratio was negative and not meaningful.*
- (11) *The outliers include Bauhaus (LTM PER), Joshin (market capitalisation), Yamada (market capitalisation and LTM EV/EBITDA), Nojima (market capitalisation and P/NTA), LOTTE (P/NAV), and Senheng (LTM PER).*
- (12) *The Group's EV has been adjusted for the Proposed First and Final Dividend.*
- (13) *Refers to the Offer Price and the Group's Adjusted NAV and/or NTA per Share.*

For illustrative purposes only, we note:

- (i) The market capitalisation of the Group as implied by the Offer Price is within the range, higher than the median but lower than the simple average of the Selected Comparable Companies. We note that the trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of companies with larger market capitalisation.
- (ii) The valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA is within the range, higher than the first quartile, but lower than both the simple average and the median of the Selected Comparable Companies (wherein outliers are excluded).
- (iii) The valuation of the Group (as implied by the Offer Price) in terms of LTM PER is within the range, but lower than the first quartile, median, and simple average of the Selected Comparable Companies (wherein outliers are excluded).
- (iv) The valuation of the Group in terms of P/NAV ratio (as implied by both the Offer Price, and NAV (or Adjusted NAV where applicable) per Share as at 31 March 2024) are within the range, similar to the median and higher than the first quartile and simple average of the Selected Comparable Companies (wherein outliers are excluded). In addition, the valuation of the Group in terms of the P/NTA ratio (as implied by both the Offer Price, NTA (or Adjusted NTA where applicable) per Share as at 31 March 2024) are within the range, and higher than the first quartile, median, and simple average of the Selected Comparable Companies (wherein outliers are excluded).
- (v) The valuation of the Group (as implied by the Offer Price) in terms of LTM P/Revenue ratio is significantly higher than any of the Selected Comparable Companies.

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- (vi) The valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA, LTM PER, P/NAV, P/NTA, and LTM P/Revenue ratios are lower as compared to those for the Harvey Norman Group.

The above should be reviewed in the context that:

- (a) The Group's earnings and net asset value are primarily derived from its share of results of the Associate and investment in the Associate.
- (b) The Group's share of results of the Associate and investment in the Associate (as well as Pertama's net profit after tax and NAV), are relatively small in comparison to the absolute net profit and NAV for the Selected Retail Companies as well as the Harvey Norman Group. It is generally accepted that trading statistics for companies with higher absolute levels of profits or EBITDA or net asset value, and accordingly market capitalisation may be different from those with lower absolute levels of net profits or EBITDA or NAV and market capitalisation, and this may be attributable to the relative interest in the shares of larger companies.
- (c) We understand from the Directors that the Harvey Norman Group controls 60% equity interest in HNO and the remaining 40% equity interest in HNO is held by the Company. Mr. Goh Ching Wah (Group Executive Chairman) is the executive director of HNO and the executive deputy chairman of Pertama, whilst Mr. Goh Ching Lai (Non-Executive Director of the Company) is the non-executive director of HNO and Pertama. The Associate is an unlisted investment holding company. Save for its investment in Pertama, the Associate does not have any principal activity. Its earnings and net asset values are derived primarily from its non-controlling and minority interest of approximately 49.4% in Pertama. The Company has only an effective interest of approximately 19.8% in Pertama, whilst the balance is owned by the Harvey Norman Group which has a "super" majority effective interest in Pertama, the operating company for, *inter alia*, activities in retailing of furniture, bedding, computers, communications and consumer electronic products.
- (d) The Group's investment in the Associate, as confirmed by the Directors, is subject to an agreement between shareholders of the Associate (the "**Shareholders' Agreement**"), which includes, *inter alia*, confidentiality provisions, pre-emptive rights and requirements for consent for transfer of all or any of the Group's interest in HNO. Any potential purchaser of the Group's interest in HNO will only be effectively acquiring a minority interest of approximately 19.8% in Pertama, with no control in HNO and Pertama as the Harvey Norman Group already has a majority effective control.
- (e) Both the Associate and Pertama do not own the Harvey Norman "trademark" or "brand". Furthermore, Pertama, being a member of the Harvey Norman Group, its contribution in terms of profit after tax and NAV to the Harvey Norman Group is relatively insignificant at approximately 7.5% and 3.9% respectively. From the Associate's perspective, it constitutes only 1.5% and 0.8% of the Harvey Norman Group's net profits and NAV respectively.
- (f) The Group received dividends of approximately S\$4.3 million, S\$5.1 million, and S\$3.8 million in FY2022, FY2023, and FY2024 respectively. The dividends received from the Associate are significant representing approximately 45.9%, 39.9%, and 33.2% of the Group's cash and bank balances as at the end of FY2022, FY2023, and FY2024 respectively. The Group's cash flows relied heavily on the dividends from the Associate during the periods reviewed. We understand from the Directors that (i) dividends will be recommended by the directors of the Associate taking into account, *inter alia*, the funds required to ensure the continuing development of the business, and subject to approval by the Associate's shareholders, and (ii) there is no assurance that the Associate will continue to pay or not to pay any dividends in the future and/or to maintain the level of dividends as paid in the past years.

Accordingly, it may be appropriate that the valuation of the Group (as implied by the Offer Price), be undertaken in comparison with the trading statistics of the first quartile of the Selected Comparable Companies (excluding outliers). In general, the valuation of the Group (as implied by the Offer Price, and where applicable NAV and/or NTA per Share (or Adjusted NAV and/or NTA where applicable) as

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at 31 March 2024) appears to be relatively comparable (if not more favourable) in terms of LTM EV/EBITDA, P/NAV, P/NTA and LTM P/Revenue multiples as compared to the first quartile multiples of the Selected Comparable Companies (excluding outliers) irrespective of the adjustments arising from the Proposed First and Final Dividend, where applicable.

In the derivation of the estimated value of the Shares ("**Estimated Value**"), we have applied the sum of parts ("**SOP**") methodology, which comprises the aggregate value of the Group's distribution business (or core operating business for the Group) (the "**Estimated Value For Distribution Business**") and the value of the Group's investment in the Associate ("**Estimated Value For Investment in the Associate**").

The Estimated Value For Distribution Business is ascertained using the: (a) median trading multiples (excluding outliers) based on P/NAV and PER multiples of approximately 0.4 times and 2.7 times respectively for the Selected Distribution Companies; (b) the Group's NAV and net profits attributable to the Distribution Business; and (c) a control premium of approximately 17.7% payable for the Offer taking into account, *inter alia*, the aggregate shareholdings of the Joint Offerors and their Concert Party as at the Latest Practicable Date, and average of the historical premiums based on the first quartile (for periods commencing from 12 months prior to the announcement date till the announcement date) payable for Selected Successful Privatisations (wherein the offerors' interest at commencement of the offer is greater than 75%).

Thereafter, the Estimated Value For Investment in the Associate is ascertained using: (a) the first quartile trading multiples (excluding outliers) based on P/NAV and PER of approximately 0.7 times and 9.5 times respectively for the Selected Retail Companies and the Harvey Norman Group; (b) the Group's NAV and net profits attributable to the Group's Associate (based on the figures shown in the Company's AR2024); (c) with a "floor" value of approximately 1.1 times of the book value of the Group's investment in the Associate being the average of the book value of investments in the Associate and the P/NAV multiple of 1.2 times that Harvey Norman Group traded as at the Latest Practicable Date. A "floor" value is incorporated for the valuation of the Associate given the long history of the Group's investment, and the fact that Harvey Norman has a majority effective interest in the Associate, owns the trademark and brand name and in view of the Shareholders' Agreement which has, *inter alia*, pre-emptive rights and requirements for consent for transfer of all or any of the Group's interest in HNO. Any potential purchaser of the Group's interest in HNO will only be effectively acquiring a minority interest of only approximately 19.8% in Pertama; and (d) a discount of approximately 30.0% taking into the account, *inter alia*, the lack of marketability of the Group's investment in the Associate (an unlisted company), and the Group's lack of control in the Associate (based on the shareholding composition) wherein Harvey Norman has a majority effective control.

Independent Directors should note that the estimated values ascertained for the Group's investment in the Associate and for determination of the estimated value of the Shares is not an estimate or opinion or view as to the values that the Associate may be sold to or bought by any third parties (or for that matter by the Harvey Norman Group). The values with which any parties may value or buy the Associate are subject to and varies in, *inter alia*, different specific circumstances depending on, *inter alia*, factors such as the potential synergy the party can gain by acquiring the Associate, the prevailing market conditions and sentiments, attractiveness and profitability of the Associate's business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or "internal goodwill or intangible assets", the availability of substantial cash reserves, the presence of competing bids for the Associate and the existing and desired level of control in the Associate and Pertama.

Using the SOP, a minimum and maximum estimated value of approximately S\$0.137 and S\$0.153 per Share ("**Estimated Values per Share**") is obtained. The Offer Price of S\$0.145 is within the range of the Estimated Values per Share.

We note that in the event that the Estimated Value For Investment in the Associate is ascertained using the first quartile trading multiples (excluding outliers) based on P/NAV and PER of approximately 0.7 times and 8.0 times respectively for only the Selected Retail Companies and without inclusion of the Harvey Norman Group, with other bases and assumptions as described above, the estimated value of the Share would be approximately S\$0.131 to S\$0.137 per Share, with the Offer Price above the range of estimated values.

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In addition, there is no material change in the Estimated Values per Share after adjusting for the Proposed First and Final Dividend where applicable.

Independent Directors are advised to review the Offer and the comparison of the Group's valuation ratios with the Selected Comparable Companies in conjunction with the following facts:

- (i) the Group's financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio) appears to be more favourable as compared to the Selected Comparable Companies; and
- (ii) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in an acquisition of control whilst for the Offer, the Joint Offerors, *inter alia*, do not intend to maintain the listing status of the company in the event the free float requirement is not satisfied and does not intend to take any step for the public float to be restored. In addition, as at the Latest Practicable Date, the Joint Offerors and their Concert Party hold an aggregate interest of approximately 76.6% in the Share capital of the Company. It is generally accepted that a control premium will be required to be paid for such offers.

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8.5. COMPARISON WITH OTHER SUCCESSFUL PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

In assessing the Offer Price, we have also examined recent similar transactions by listed companies on the SGX-ST involving successful privatisation transactions which were announced and completed for the period between 1 January 2021 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to delist and/or privatise the target companies (the “**Selected Successful Privatisations**”). Privatisation transactions of companies listed on the SGX-ST are generally carried out by way of general offers, scheme of arrangement under Section 210 of the Companies Act, or voluntary delisting under the Listing Manual. Our analysis of the Selected Successful Privatisations is to illustrate the premium/discounts represented by each of the respective offer prices over/to the traded prices and the NAV prior to the announcements of such Selected Successful Privatisations.

In making the comparison herein, we wish to highlight that the companies selected and covered herein are not directly comparable to the Group and may largely differ from the Group in terms of, *inter alia*, size and scale of operations, type and/or composition of business activities and specialization, asset base, geographical spread, track record, financial performance, capital structure, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Likewise, they involve shares of companies which are quoted, listed and tradeable on the SGX-ST. In addition we have not used the privatisation of Courts Asia Limited, Challenger Technologies Limited and Isetan (Singapore) Limited as specific precedent transactions in our comparables after taking into account multiples like EV/EBITDA, PER and P/NAV in view of, *inter alia*, (a) the time period as Courts Asia Limited was privatised more than 5 years ago, (b) Isetan (Singapore) Limited is a proposed privatisation involving a scheme of arrangement which is yet to be completed; and whose activities involves departmental store(s) which differs from the retailing business for the Group; and (c) nature of retailing business that Challenger Technologies Limited is involved in being IT products is different as compared to the Group’s activities and products offering.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or “internal goodwill or intangible assets”, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of competing bids for the target company and the existing and desired level of control in the target company.

The data used in the table and the companies listed below have been compiled from publicly available information and serves as a guide as to the valuation ratios in connection with privatisations of companies listed on the SGX-ST without regard to their, *inter alia*, specific industry or geographical characteristics; or the companies listed *per se* may not even have any import and distribution of apparel, sporting goods, footwear and accessories, or other considerations. Each of the offers for Selected Successful Privatisations must be judged on its own commercial and financial merits including the particular circumstances (*inter alia*, operational, business, and compliance with rules, regulations and laws) of the Selected Comparable Companies as well as the Company during the relevant time when the offers were made.

The lists of target companies involved in the Selected Successful Privatisations are by no means exhaustive and as such any comparison made only serves as an illustration.

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Company	Date of announcement	Shareholding of the offeror and concert parties at the start of transaction (%) ⁽¹⁾	Premium/(Discount) of the Offer Price over/(from)					P/NAV (times) ⁽²⁾
			Last transacted price prior to announcement (%)	VWAP for 1 month period prior to announcement (%)	VWAP for 3 months period prior to announcement (%)	VWAP for 6 months period prior to announcement (%)	VWAP for 12 months period prior to announcement (%)	
CEI Limited	11-Jan-21	23.7	16.2	18.1	20.5	23.6	26.1	1.9
GL Limited	15-Jan-21	70.8	42.9	46.6	52.4	45.8	25.1	0.7
International Press Softcom	28-Jan-21	86.8	12.5	25.3	32.0	21.6	26.8	1.1
Jardine Strategic Holdings Limited	8-Mar-21	84.9	20.2	29.0	28.0	40.3	47.2	0.6
World Class Global Limited	12-Mar-21	81.1	112.1	107.9	107.9	89.2	73.6	0.8
Singapore Reinsurance Corporation Limited	19-Mar-21	29.0	17.8	20.6	20.8	21.8	27.4	0.8
Singapore Press Holdings Limited	30-Mar-21	0.0	57.3	71.5	80.3	94.8	199.2	1.1
Neo Group Limited	30-Mar-21	83.7	20.0	17.9	14.5	15.4	31.0	1.2
Sin Ghee Huat Corporation Ltd	21-Apr-21	67.5	25.6	68.2	68.2	68.8	4.2	0.6
Top Global Limited	30-Apr-21	87.0	122.9	133.6	146.8	148.7	142.6	0.3
Cheung Woh Technologies Ltd	6-May-21	78.7	90.0	90.0	92.6	109.6	141.1	1.1
Dutech Holdings Limited	31-May-21	58.5	74.0	73.3	74.7	73.7	61.1	0.8
Pan Ocean Co., Ltd	14-Jun-21	54.7	8.8	30.8	53.4	67.5	71.1	1.2
Fragrance Group Limited	9-Jul-21	91.5	16.9	19.0	19.0	20.0	21.1	0.7
Singhaiyi Group Ltd.	9-Nov-21	80.2	7.1	7.0	10.7	18.3	20.0	0.6
Starburst Holdings Limited	10-Nov-21	0.0	4.4	3.9	9.2	12.8	25.3	1.8
United Global Limited	10-Dec-21	91.1	12.5	16.7	16.7	16.2	14.1	1.1
Roxy Pacific Holdings Limited	15-Dec-21	77.9	19.8	20.9	23.4	30.4	37.0	0.6
Koufu Group Limited	29-Dec-21	77.9	15.8	14.4	13.6	15.1	15.3	4.0
Shinvest Holdings Ltd.	16-Feb-22	29.0	12.9	8.5	10.2	10.1	14.3	0.7
Singapore O&G Limited	7-Mar-22	74.8	15.7	14.8	12.2	11.3	11.3	3.6
Excelpoint Technology Ltd.	13-Apr-22	42.0	21.4	36.6	31.3	45.9	72.3	1.5
Hwa Hong Corporation Limited	17-May-22	24.4	37.9	36.1	32.0	22.0	24.6	0.8
TTJ Holdings Limited	20-May-22	84.5	36.1	33.6	28.8	28.0	29.4	0.5
Allied Technologies Limited	17-Jun-22	42.7	0.0	(2.7)	(9.1)	(21.4)	(59.3)	0.4
GYP Properties Limited	8-Jul-22	62.6	34.2	37.9	33.3	28.2	30.7	0.7
SP Corporation Limited	20-Aug-22	80.2	169.5	163.7	162.8	156.9	140.5	1.0
Silkroad Nickel Limited	29-Aug-22	63.2	2.4	5.4	5.1	(5.5)	(3.2)	5.1
Memories Group Limited	12-Sep-22	49.8	34.3	67.9	74.1	74.1	74.1	1.0
Singapore Medical Group Limited	13-Sep-22	51.7	15.6	18.4	19.2	16.3	17.9	1.1

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Moya Holdings Asia Limited	14-Sep-22	72.8	41.5	43.8	48.4	48.4	46.0	1.0
MS Holdings Limited	3-Oct-22	69.3	17.7	N/A	25.2	25.4	24.6	0.5
Asian Healthcare Specialists Limited	6-Oct-22	79.5	17.5	18.3	21.3	22.3	19.5	2.1
Colex Holdings Limited	17-Oct-22	79.7	25.0	13.9	13.3	0.9	6.0	1.5
Golden Energy and Resources Limited	9-Nov-22	77.5	15.8	23.0	44.6	48.3	63.8	4.5
Chip Eng Seng Corporation Ltd	24-Nov-22	41.5	5.6	13.1	26.5	33.7	42.6	0.6
GlobalDragon Limited	10-Feb-23	82.0	14.3	15.4	22.4	17.6	17.6	0.7
G. K. Goh Holdings Limited	28-Feb-23	62.9	38.5	38.8	39.2	37.6	34.8	1.0
Global Palm Resources Holdings Limited	29-Mar-23	83.0	93.8	86.6	70.1	70.1	30.2	0.8
Lian Beng Group Ltd	11-Apr-23	70.4	19.3	27.0	28.5	29.9	30.4	0.4
Challenger Technologies Limited	30-May-23	64.8	9.1	10.5	11.9	14.3	13.4	1.5
Sysma Holdings Limited	1-Jun-23	69.5	34.4	40.0	34.4	30.2	28.2	0.7
Healthway Medical Corporation Limited	3-Jul-23	42.3	45.5	45.5	45.5	41.2	37.1	1.1
LHN Logistics Limited	2-Aug-23	0.0	34.9	35.7	39.0	44.3	39.0	2.0
Boustead Projects Limited	14-Nov-23	95.5	23.6	24.1	25.7	26.6	26.9	0.6
MAXIMUM		95.5	169.5	163.7	162.8	156.9	199.2	5.1
MINIMUM		0.0	0.0	(2.7)	(9.1)	(21.4)	(59.3)	0.3
MEDIAN		70.4	20.0	26.1	28.5	28.2	28.2	1.0
SIMPLE AVERAGE		62.7	33.6	38.0	39.6	39.8	40.5	1.3
FIRST QUARTILE (FOR SHAREHOLDINGS > 75%)⁽³⁾		79.6	15.8	17.3	17.9	18.0	19.8	0.6
Group (after adjustment for the Proposed First and Final Dividend)		76.6	20.8	19.8	20.8	16.0	(13.0)⁽⁴⁾	0.7⁽⁵⁾
		76.6	28.3	26.1	23.9	16.9	(1.0)⁽⁴⁾	0.7⁽⁵⁾

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions listed above.

Notes:

- (1) Where applicable, it includes the percentage shareholding(s) of the respective undertaking shareholder(s) as the date of the offer document.
- (2) Based on NAV per share, pro forma NAV per share, adjusted NAV per share, revalued NAV per share, or adjusted revalued NAV per share, as published in the respective circulars of the companies.
- (3) Based on the first quartile for all data wherein the percentage shareholding(s) of the respective offeror(s) and undertaking shareholder(s) as the date of the offer document is greater than 75%.
- (4) After taking into account the Affected Period.
- (5) Based on the Group's Adjusted NAV and where applicable adjusted for the Proposed First and Final Dividend.

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For illustrative purpose only, we noted the following from the above table:

- (i) As disclosed in the Offer Document, the Joint Offerors and their Concert Party held an aggregate interest of approximately 76.6% in the Share capital of the Company as at 27 June 2024 (being the latest practicable date for the Offer Document), and this is within the range, but higher than the median and the simple average for the percentage of the shareholding interest of the offeror and parties acting in concert as at the start for each of the Selected Successful Privatisations. As it is generally accepted that the higher the percentage of the shareholding interest of the offeror and parties acting in concert as at the start for each of the Selected Successful Privatisations, the lower the offer price and historical premiums and P/NAV ratio that will be payable. We have accordingly, given the aggregate interest of the Joint Offerors and their Concert Party, *inter alia*, evaluated and compared the Offer with Selected Successful Privatisations using the first quartile of the historical premiums and P/NAV ratio wherein the percentage shareholding(s) of the respective undertaking shareholder(s) as the date of the offer document is greater than 75% ("**Relevant Precedent Transactions Range**").
- (ii) The premium of approximately 20.8% as implied by the Offer Price over the last transacted price for Shares on the Last Trading Date is within the range, higher than the median, but lower than the simple average for the Selected Successful Privatisations. In addition, irrespective of whether the last transacted price for Shares on the Last Trading Date is adjusted for the Proposed First and Final Dividend where applicable, the premium of approximately 20.8% (or 28.3% with adjustments) as implied by the Offer Price over the last transacted price for Shares on the Last Trading Date is higher than the first quartile for the Relevant Precedent Transactions Range.
- (iii) Whilst the premiums of approximately 19.8%, 20.8%, and 16.0% as implied by the Offer Price over the VWAP for the Shares for the 1-month, 3 month, and 6-month periods up to and including the Last Trading Date respectively are within the range, they are lower and less favourable than both the median and the simple average for the Selected Successful Privatisations. However, these historical premiums are generally higher than the first quartile of the VWAP for the Shares for the 1-month, 3-month periods up to and including the Last Trading Date, irrespective of any adjustments for the Proposed First and Final Dividend where applicable, for the Relevant Precedent Transactions Range. The historical premium is slightly lower than and comparable to the first quartile of the VWAP for the Shares for the 6-month periods up to and including the Last Trading Date, irrespective of any adjustments for the Proposed First and Final Dividend where applicable, for the Relevant Precedent Transactions Range after taking into account the relatively weaker financial performance for FY2024 as compared to FY2023 (wherein net profits declined by approximately 34.6% attributable to both weaker performance from the distribution business and share of results of the Associate).
- (iv) The discount of approximately 13.0% or 1.0% (in the event that the prices and volumes traded for Shares during the Affected Period are excluded and irrespective of any adjustments for the Proposed First and Final Dividend where applicable) as implied by the Offer Price from the VWAP for the Shares for the 12-month period up to and including the Last Trading Date are within the range, but less favourable than both the median and simple average for the Selected Successful Privatisations. This may be attributable to the Group's weaker financial performance in FY2024 as compared to FY2023.
- (v) The valuation of the Group in terms of P/NAV ratio (as implied by the Offer Price and the Adjusted NAV per Share where applicable) of approximately 0.7 times is within the range, lower than both the median and the simple average for the Selected Successful Privatisations but higher than the first quartile for the Relevant Precedent Transactions Range. This may have been attributable to, *inter alia*, (a) the aggregate shareholding of the Joint Offerors and the Concert Party, which is higher than both the median and the simple average for the Selected Successful Privatisations (and therefore the lower control premium to be paid); (b) the nature and type of businesses, that the Company is involved in as compared to companies comprising the list of the Selected Successful Privatisations; and

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(c) the offer price that offerors may have paid and their relative or perceived emphasis on P/NAV as a multiple for the offer.

In summary, the valuation of the Group as implied by the Offer Price in terms of premiums or discount over/from historical prices for the Shares or P/NAV ratio (as implied by the Offer Price and the NAV or the Adjusted NAV per Share where applicable), generally appears to be within the range of the Selected Successful Privatisations and reasonable when compared to the first quartile premiums or P/NAV ratio for the Relevant Precedent Transactions Range (irrespective of any adjustments for the Proposed First and Final Dividend where applicable) given the Group's relatively weaker financial performance in FY2024 as compared to FY2023.

When considered in the context of the shareholdings or potential shareholdings of the Joint Offerors and their Concert Party as set out in the Offer Document, which is within the range, and higher than the median and the simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert (including the undertaking shareholders) as at the start for the Selected Successful Privatisations, the valuation of the Group as implied by the Offer Price in terms of both premiums over historical prices for the Shares and the NAV or the Adjusted NAV where applicable in terms of P/NAV ratio, appears in general to be fairly comparable and reasonable when compared to the Selected Successful Privatisations and the first quartile premiums or P/NAV ratio for the Relevant Precedent Transactions Range given the Group's relatively weaker financial performance in FY2024 as compared to FY2023.

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9. OTHER CONSIDERATIONS

9.1 EXISTING SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date is outlined below:

	Direct Interests	Deemed Interests	Total interests	% of the issued Share capital as at the Latest Practicable Date ⁽¹⁾
Joint Offerors and Concert Party				
Joint Offerors ⁽²⁾	190,250,517	Nil	190,250,517	75.3%
Concert Party ⁽³⁾	3,203,700	Nil	3,203,700	1.3%
Total Shares owned, controlled and agreed to be acquired by the Joint Offerors and their Concert Party	193,454,217	Nil	193,454,217	76.6%
Directors (other than the Joint Offerors)⁽²⁾				
Wong King Kheng	Nil	Nil	Nil	Nil
Foo Jong Han, Rey	Nil	Nil	Nil	Nil
Heng Su-Ling, Mae	Nil	Nil	Nil	Nil
Substantial Shareholders (other than Joint Offerors and Concert Party)	Nil	Nil	Nil	Nil
Public Shareholdings			59,175,266	23.4%

Notes:

- (1) Computed based on the Company's issued Share capital comprising 252,629,483 Shares as at Latest Practicable Date. The Company has no treasury Shares as at the Latest Practicable Date.
- (2) Each of the Joint Offerors is deemed interested in the Shares of the Company held by the other. Details of the Directors including, inter alia, the Directors' direct and deemed interests in the Shares as at the Latest Practicable Date are set out in Appendix B of the Circular.
- (3) Please refer to, inter alia, Section 6.3 of the Offer Document for details of the Concert Party.

As at the Latest Practicable Date, the Joint Offerors and their Concert Party hold an aggregate interest of 193,454,217 Shares, representing approximately 76.6% of the issued Share capital (excluding treasury Shares) of the Company.

Subsequent to the Latest Practicable Date, the Company announced on 12 July 2024 that the Joint Offerors' shareholding in the Company increased from approximately 75.3% to approximately 75.6% as at 10 July 2024 due to acceptance of the Offer. Therefore, the aggregate shareholding of the Joint Offerors and their Concert Party was approximately 76.9% as at 10 July 2024.

We note from the Circular that pursuant to Rule 210(5)(d)(iv) of the Listing Manual, Ms. Mae Heng Su-Ling and Mr. Wong King Kheng will no longer be considered independent directors after the conclusion of the AGM, subject to the relevant resolutions with respect to their re-elections as directors of the Company being passed at the AGM. Notwithstanding such proposed changes in their designations, the roles of Ms. Mae Heng Su-Ling and Mr. Wong King Kheng as Independent Directors for the purposes of the Offer remain unaffected. The AGM is scheduled for 23 July 2024, as set out in the Notice of AGM issued by the Company dated 8 July 2024.

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9.2 DIVIDEND TRACK RECORD

For the purposes of assessing the Offer, we have considered the dividend track record of the Group against the Selected Comparable Companies and those from selected alternative investments.

Historical dividends paid and/or declared by the Group

Period	Net Dividend per Share (\$)	Net Dividend Payout ⁽¹⁾	Implied net dividend yield ⁽²⁾
FY2024	0.007 ⁽³⁾	26.8%	4.8%
FY2023	0.018	45.1%	12.4%
FY2022	0.009	34.5%	6.2%

Notes:

- (1) Based on, *inter alia*, the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor any exceptional one-off items over the years.
- (2) Based on the net dividend per Share divided by the Offer Price.
- (3) The Proposed First and Final Dividend is subject to the Shareholders' approval to be obtained at the AGM.

We note that the Company had declared and/or paid dividends for FY2022, FY2023 and FY2024.

We note from the Company's AR2024 that the Company's dividend policy seeks to balance return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders on an annual basis with a consistent and sustainable ordinary dividend, with a variable special dividend based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

We wish to highlight that there is no assurance that the Company will or will not pay dividends in future and/or maintain the level of dividends paid in past periods.

Investments in selected alternative investments

In evaluating the Offer, we have made comparison of dividend yields that may arise from investments in the Selected Comparable Companies and selected alternative equity investments and/or a broad market index instrument such as the STI Exchange Traded Fund ("STI ETF").

For illustrative purposes only, the dividend yield for the selected alternative equity investments based on their ordinary cash dividends as declared for each of their most recent financial year are as follows:

Selected Comparable Companies	Financial Year End	Net Dividend Payout ⁽¹⁾	Net Dividend Yield ⁽²⁾
FJ Benjamin	30-Jun-23	n.m. ⁽³⁾	n.m. ⁽³⁾
Bauhaus	31-Mar-24	n.m. ⁽³⁾	n.m. ⁽³⁾
YGM	31-Mar-24	n.m. ⁽⁴⁾	9.9%
Forward Fashion	31-Mar-23	n.m. ⁽³⁾	n.m. ⁽³⁾
Travelite	31-Mar-24	n.m. ⁽³⁾	n.m. ⁽³⁾
Joshin	31-Mar-24	48.4%	3.4%
Yamada	31-Mar-24	37.4%	3.0%
Nojima	31-Mar-24	16.2%	2.0%
LOTTE	31-Dec-23	n.m. ⁽⁴⁾	18.6%
Senheng	31-Dec-23	30.5%	1.5%
STI ETF	30-Jun-23	51.5%	3.9%
The Group ⁽⁵⁾	31-Mar-24	26.8%	4.8%

Notes:

- (1) Based on the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor

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any exceptional one-off items over the years.

- (2) Net dividend yield for each selected alternative equity investment is based on the net dividend per share divided by the closing market price for each share on the Latest Practicable Date (or where there was no trading on such date, the last available closing market price prior thereto). The aforementioned net dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (3) *n.m.* denotes not meaningful as the respective Selected Comparable Companies did not declare nor pay dividends for the most recently completed financial year.
- (4) YGM and LOTTE recorded loss per share as at their respective financial year end, hence their net dividend payout ratios are negative and not meaningful.
- (5) Subject to the relevant Shareholders approval.

We note that the Group's dividend profile is better off as compared to the Selected Comparable Companies (save for YGM and LOTTE) in terms of the dividend yield while worse off than the Selected Comparable Companies that paid dividends (save for Nojima) in terms of dividend payout. The dividend yield of the Group for the most recent financial year is also more favourable as compared to the STI ETF.

The above analysis is on the assumption that the Group, the Selected Comparable Companies, and the STI ETF maintain their respective net dividend per share at the same level as that in their last financial year.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the future dividend policy for the Company or the Selected Comparable Companies or the STI ETF. Furthermore, an investment in the equity of the Selected Comparable Companies or the STI ETF also presents different risk-return profiles as compared to an investment in the Shares. Moreover, there is no assurance that, *inter alia*, the Group or any of the above selected alternative equity investments will continue to pay or not to pay any dividends in the future and/or maintain the level of dividends paid in past periods.

9.3 OFFER IS UNCONDITIONAL

We note from Section 2.5 of the Offer Document that the Offer is unconditional in all respects. This means the Offer is not subject to any condition of the level of acceptances the Joint Offerors must receive for the Offer and cannot be withdrawn without the consent of the SIC.

9.4 ALTERNATIVE TAKEOVER OFFER

We note that the likelihood of an alternative take-over is remote in view that as at 10 July 2024, the total number of Shares held by the Joint Offerors and their Concert Party amounts to an aggregate of 194,173,180 Shares, representing approximately 76.9% of the total number of issued Shares.

Under such circumstances, any competing offer for Shares is unlikely to be forthcoming without the support of the Joint Offerors and their Concert Party in view of its "super" majority control as represented by the percentage of the total number of Shares that the Joint Offerors and their Concert Party hold. Thus, the possibility of an alternative offer from parties other than the Joint Offerors and their Concert Party will be significantly reduced.

The Directors confirmed that (a) no other third party has approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Joint Offerors, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

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9.5 CONTROL OVER THE COMPANY

Prior to the Offer Announcement and as at the Latest Practicable Date, the Joint Offerors and their Concert Party already have statutory and “super” majority control of the Company, which places the Joint Offerors in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary and/or special resolutions on matters in which the Joint Offerors and their Concert Party do not have an interest, at general meetings of Shareholders.

9.6 LISTING STATUS AND COMPULSORY ACQUISITION

The listing status and compulsory acquisition are set out in Section 11 of the Offer Document and have been extracted and reproduced in Section 6 of this Letter. Shareholders are advised to read Section 11 of the Offer Document and Section 7.1 of the Circular carefully and in its entirety.

9.7 RATIONALE FOR THE OFFER AND JOINT OFFERORS INTENTIONS FOR THE COMPANY

The rationale for the Offer is set out in Section 8 of the Offer Document and has been extracted and reproduced in Section 6 of this Letter. Shareholders are advised to read Section 8 of the Offer Document carefully and in its entirety.

As set out in Section 9 of the Offer Document, it is the current intention of the Joint Offerors for the Company to ensure continuity in the operations of the Group. The Joint Offerors and the Company will continue to review, from time to time, the operations of the Group as well as the Group’s strategic options. The Joint Offerors retain the flexibility at any time to further consider and evaluate any options or opportunities in relation to the Group which may present themselves, and which the Joint Offerors may regard to be in the interests of the Joint Offerors and/or the Group.

Save as disclosed in the Offer Document, the Joint Offerors have no current intentions to (a) introduce any major changes to the existing business of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business.

9.8 COMPANY’S INVESTMENT IN ASSOCIATED COMPANY

We note from the AR2024 that the Company has an equity interest of 40% in HNO, which in turn holds an equity interest of 49.4% in Pertama. As such the Company has an effective interest of approximately 19.8% in Pertama. HNO is an investment holding company with limited or no operating activities and save for Pertama; and it has no other subsidiary or associate.

For the financial periods reviewed being FY2022 to FY2024, we note that:

- (a) whilst the share of results of HNO (net of tax) had declined since FY2023, it contributed significantly to the Group’s consolidated profit before tax (ranging from approximately 62.0% to approximately 73.5% during the said period). Notwithstanding the Group only derived cash flows from dividends which were declared by Pertama and approved by HNO (wherein the Group does not have majority interest in the entities involved);
- (b) the book value of the Group’s investment in HNO constitutes approximately 50.4% of the total assets of the Group as at 31 March 2024;
- (c) the Group is a minority investor in HNO. Notwithstanding the fact that Mr. Goh Ching Wah (Group Executive Chairman) is the executive director of HNO and the executive deputy chairman of Pertama; and Mr. Goh Ching Lai (Non-Executive Director of the Company) is the non-executive director of HNO and Pertama, we understand from the Directors that the Company does not have control over the board of directors of HNO or Pertama;

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- (d) As illustrated in Section 8.4 of this Letter, the Group's cash flows relied significantly on the dividends from the Associate during the periods reviewed. The Directors has represented to us that, *inter alia*, there is no assurance that the Associate will continue to pay or not to pay any dividends in the future and/or to maintain the level of dividends as paid in the past years; and
- (e) the Group's ability to realise its investment in HNO (and indirectly in Pertama) is necessarily limited in view of its lack of marketability by virtue of the fact that (i) both HNO and Pertama are unlisted companies; (ii) the Group has only minority and non-controlling interest in both HNO and Pertama; and (iii) pre-emptive rights that the other major shareholder of HNO has pursuant to the Shareholders' Agreement with requirements for consent for transfer of all or any of the Group's interest in HNO.

9.9 WATCH-LIST

The Company had been placed on the watch-list with effect from 5 June 2017 (the "**Watch-List**"), pursuant to the then prevailing Rule 1311(1) and 1311 (2) with effect from 5 December 2017 of the Listing Manual. The said Rule 1311 was amended on 1 June 2020.

Pursuant to Rule 1311, an issuer will be put on the Watch-List, if it records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months. Furthermore, based on Rule 1314 (which was last amended on 1 June 2020), an issuer on the watch-list may apply to the SGX-ST to be removed from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months.

The Company had subsequently fulfilled the criteria for the removal from the Watch-List and submitted application to the SGX-ST for the removal from the Watch-List on 17 November 2023. On 8 December 2023, SGX-ST approved the Company's submission of an application to the SGX-ST to exit the Watch-List on 17 November 2023. The Company was removed from the Watch-List with effect from 11 December 2023 ("**Watch-List Removal Date**").

Whilst the Group has registered consolidated profit before tax for the last 3 financial years, we note that mean of the market capitalisation for the Company (based on the closing prices for the Shares) for the 6-months period prior to the Last Trading Date (being periods subsequent to the Watch-List Removal Date) was approximately S\$31.5 million. There is no assurance that the average daily market capitalisation will exceed S\$40 million, in the event that Company remains listed subsequent to the close of the Offer.

9.10 MATERIAL LITIGATION AND CONTRACTS WITH INTERESTED PERSONS

Material Litigation

We note from the Appendix B to the Circular that as at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of any member of the Group, taken as a whole.

Material Contracts with Interested Persons

We note from the Appendix B to the Circular that save as disclosed in this Circular and in any information on the Group which is publicly available (including, without limitation, the Company's annual reports and announcements released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three years before the Offer Announcement Date.

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9.11 NO FUND RAISING

Save for a private placement conducted in 1998, the Company had not carried out any other fund raising in the form of rights issue or placements since they were listed on the Mainboard of the SGX-ST in November 1996 and has mostly relied on borrowings from banks and its internal resources to fund, *inter alia*, its general working capital purposes.

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10. OPINION

In arriving at our recommendation, we have reviewed and examined all factors set out in Sections 8 and 9 of this Letter as well as others elaborated elsewhere in this Letter which we have considered to be pertinent in our assessment of the Offer, including, *inter alia*, the views of and representations by the Directors.

Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company or the Group after the Offer closes, or whether the Company or the Group can improve their financial position and performance, and cash flow or whether the Company or the Group can continue to operate as a going concern or the ability to meet its liabilities when due or the prices at which the Shares would trade after the Offer closes.

Shareholders are advised to read this Letter carefully and in its entirety. Our views, recommendation and opinion are necessarily limited and subject to the matters stated in this IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter.

In summary, having regard to our analysis and the consideration in this Letter (including, *inter alia*, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representation and confirmation from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **FAIR and REASONABLE**.

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).
- (ii) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer, on balance to be **FAIR and REASONABLE** from a financial point of view after considering, *inter alia*, the following factors which are significant for the Offer: -

- (i) The Group’s relatively weaker financial performance in FY2024 as compared to FY2023 wherein net profit after tax declined by approximately 34.6% (attributable to both weaker performance of the Distribution Business and lower share of results of the Associate).
- (ii) Substantial premiums in general as implied by the Offer Price over the historical prices for the Shares prior to the Last Trading Date considering, *inter alia*: (a) the implied premium of approximately 20.8% over the last transacted price for the Shares on the Last Trading Date prior to the Offer Announcement Date (or a premium of approximately 28.3% after adjusting for the Proposed First and Final Dividend, where applicable); and (b) the implied premiums of approximately 16.0%, 20.8%, and 19.8% over the VWAP for the Shares for the 6-month, 3-month and 1-month periods respectively prior to the Last Trading Date (or premiums of approximately 16.9%, 23.9%, and 26.1% over the VWAP for the Shares for the 6-month, 3-month and 1-month periods respectively prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend where applicable). It is noted that the Offer Price represents a small discount of approximately 1.3% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date or an even smaller discount of approximately 1.0% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend, where applicable, and in the event that the prices and volumes traded for Shares during the Affected Period are excluded. The implied premium over

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the historical prices for the Shares for the 6-month, 3-month and 1-month periods prior to the Last Trading Date appears in general to be comparable and within the range of the Selected Successful Privatisations taking into account the shareholdings or potential shareholdings of the Joint Offerors and their Concert Party, which is within the range, and higher than the median and the simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert (including the undertaking shareholders) as at the start for the Selected Successful Privatisations and given the Group's weaker financial performance in FY2024 as compared to FY2023. In addition, the valuation of the Group as implied by the Offer Price in terms of premiums or discount over/from historical prices for the Shares or P/NAV ratio (as implied by the Offer Price and the NAV or the Adjusted NAV per Share where applicable), generally appears to be within the range of the Selected Successful Privatisations and reasonable when compared to the first quartile premiums or P/NAV ratio for the Relevant Precedent Transactions Range (irrespective of any adjustments for the Proposed First and Final Dividend).

- (iii) Fair comparison with the valuation of the first quartile multiples of the Selected Comparable Companies (excluding outliers) in terms of LTM EV/EBITDA, P/NAV, P/NTA, LTM P/Revenue multipliers after considering, *inter alia*, (a) the Group's financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio), which appears to be more favourable as compared to the Selected Comparable Companies; (b) the Group's dependence on the Associate's contribution in terms of net profit, total assets, NAV, and dividends to the Group, its unlisted status due to its lack of marketability, and wherein the Harvey Norman Group has a majority effective interest in both HNO and Pertamina; (c) Pertamina being the core contributor for the Associate's earnings and net asset value; (d) both the Associate and Pertamina do not own the Harvey Norman "trademark" or "brand"; and (e) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in an acquisition of control whilst for the Offer, the Joint Offerors, *inter alia*, does not intend to maintain the listing status of the company in the event that the free float requirement is not satisfied and does not intend to take any step for the public float to be restored. In addition, as at 10 July 2024, the Joint Offerors and their Concert Party hold an aggregate interest of approximately 76.9% in the Share capital of the Company.
- (iv) Fair and reasonable comparison with the Selected Successful Privatisations in terms of both the premiums over historical prices for the Shares, and the valuation of the Group (as implied by the Offer Price and the NAV or the Adjusted NAV per Share where applicable) in terms of P/NAV ratio after taking into account the shareholdings or potential shareholdings of the Joint Offerors and their Concert Party, which is within the range, and higher than the median and the simple average for the percentage of shareholding interest for each of the offeror and parties acting in concert (including the undertaking shareholders) as at the start for the Selected Successful Privatisations and given the weaker financial performance in FY2024 as compared to FY2023.
- (v) The Offer Price is within the range of the Estimated Values per Share.
- (vi) Prior to the Offer Announcement and as at the Latest Practicable Date, the Joint Offerors and their Concert Party already have statutory and super majority control of the Company, which places the Joint Offerors in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary and/or special resolutions on matters in which the Joint Offerors and their Concert Party do not have an interest, at general meetings of Shareholders.
- (vii) Directors' confirmation that (a) no other third party has approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Joint Offerors, no other third party has made a firm offer for the Company as at the Latest Practicable Date.
- (viii) Low liquidity for the Shares (in terms of daily average trading volume and frequency of trading) prior to the Last Trading Date.

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ACA's Recommendation on the Offer

Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend that Shareholders **ACCEPT** the Offer. In addition, the Offer represents a realistic opportunity for Shareholders to realise their entire investment in cash taking into account, *inter alia*, the low liquidity for the Shares (in terms of daily average trading volume and frequency of trading) prior to the Last Trading Date.

While the transacted prices for the Shares subsequent to the Offer Announcement Date may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Offer Announcement Date to the Latest Practicable Date (as compared to the 12-month period prior to the Last Trading Date), there is no assurance that the trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the closing of the Offer. In particular, there is no assurance that interest in the Shares will be maintained after the Offer as the possibility of an alternative offer from parties other than the Joint Offerors is low.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realize their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price.

However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Offer Price after deducting related expenses and taking into account the Proposed First and Final Dividend (where applicable), they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been lower than or similar to the Offer Price (after adjusting for the Proposed First and Final Dividend, where applicable). The Offer Price represents a small discount of approximately 4.6% from the last transacted price of S\$0.152 per Share on the SGX-ST on 5 July 2024, being the Market Day immediately prior to the Latest Practicable Date. Shareholders should note that in the event the Proposed First and Final Dividend is deducted from the last transacted price for the Shares as at the Latest Practicable Date, the adjusted price for the Shares would be S\$0.145 and this is similar to the Offer Price.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders: –

1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and may not be maintained at current levels when the Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted by lack of liquidity for the Shares (as observed during the historical period under review, being 8 June 2023 to the Latest Practicable Date).
2. The Offer is unconditional in all respects. In addition, as at the Latest Practicable Date, there has been no statement from the Joint Offerors that the Offer Price is final and will not be revised.
3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for Shares being made by a third party may be affected by the fact that as at 10 July 2024, the Joint Offerors and their Concert Party hold an aggregate interest of approximately 76.9% of the total number of issued Shares (excluding treasury shares).
4. Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 12 months period up to

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

and including the Last Trading Date, the Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash and that the Offer Price is at a premium above market prices of Shares for 1-month, 3-month, and 6-month periods prior to the Last Trading Date. It is noted that the Offer Price represents a small discount of approximately 1.0% from the VWAP for the Shares for the 12-month period prior to the Last Trading Date after adjusting for the Proposed First and Final Dividend, where applicable, and in the event that the prices and volumes traded for Shares during the Affected Period. In the absence of the Offer, such an exit for all Shareholders other than the Joint Offerors and their Concert Party may not be readily available due to the low trading liquidity for the Shares. Based on the mean of the average daily trading volume of 13,526 Shares for the 1-month, 3-month and 6-month period prior to the Last Trading Date, it would take approximately 4,375 Market Days or close to 17.4 years (based on 251 Market Days per year) for the public Shareholders to be able to sell off their approximately 59.2 million in the market.

5. The Joint Offerors are making the Offer with a view to delist or privatise the Company from the SGX-ST and if entitled to under the Companies Act, the Joint Offerors intend to compulsorily acquire all the Offer Shares.
6. The Joint Offerors do not intend to maintain the listing status of the Company. In the event that, *inter alia*, the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Joint Offerors have no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.
7. The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's audited financial statements for FY2024, and the Company's announcements on the SGXNET, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.
8. Our scope does not require us and we have not made any independent evaluation (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment in associate), or contracts entered into or to be entered into by the Group (where applicable), and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into (where applicable) by the Group.

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment in associate) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review, and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately with respect to the Offer and the timing for the acceptance of the Offer, where applicable.

APPENDIX A – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. on 8 August 2024** (the “**Closing Date**”) or such later date(s) as may be announced from time to time by or on behalf of the Joint Offerors, abiding by the procedures for the acceptance of the Offer as set out in Appendix II of the Offer Document and in the accompanying FAA and/or FAT, which have been disseminated electronically.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Joint Offerors, by the CDP (in respect of the FAA) or the Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. on the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Joint Offerors.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

This Letter is addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the financial terms of the Offer. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor the Shareholders nor any third parties, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply.

The recommendations made by the Independent Directors to Shareholders in relation to the Offer and the issue of the Circular (as well as any information therein) shall remain the sole responsibility of the Independent Directors and the Directors respectively.

Yours faithfully,

For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

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

Name of Director	Address	Position
Mr. Goh Ching Wah	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Non-Independent Group Executive Chairman
Mr. Goh Ching Huat	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Non-Independent Chief Executive Officer and Executive Director
Mr. Goh Ching Lai	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Non-Independent Non-Executive Director
Mr. Wong King Kheng	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Independent Non-Executive Director ¹
Ms. Mae Heng Su-Ling	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Independent Non-Executive Director ¹
Mr. Foo Jong Han Rey	c/o 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066	Independent Non-Executive Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 1 September 1990 and was listed on the Mainboard of SGX-ST on 20 November 1996. The Group is a leading regional distributor and retailer of lifestyle, outdoors, luggage and accessories products.

3. SHARE CAPITAL

3.1 Issued Share Capital

The Company has one class of shares, being ordinary shares. Based on the search conducted with the ACRA as at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$31,350,506.07, comprising 252,629,483 Shares. As at the Latest Practicable Date, the Company has no treasury shares.

3.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in Appendix D to this Circular.

3.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 March 2024, being the end of the last FY.

3.4 Outstanding Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company, and the Company has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are instruments convertible into Shares or securities carrying voting rights in the Company.

¹ For informational purposes, please note that pursuant to Rule 210(5)(d)(iv) of the Listing Manual, Ms. Mae Heng Su-Ling and Mr. Wong King Kheng will no longer be considered independent directors after the conclusion of the AGM, subject to the relevant resolutions with respect to their re-elections as directors of the Company being passed at such AGM. Notwithstanding such proposed changes in their designations, the roles of Ms. Mae Heng Su-Ling and Mr. Wong King Kheng as Independent Directors for the purposes of the Offer remain unaffected. The AGM is scheduled for 23 July 2024, as set out in the Notice of AGM issued by the Company dated 8 July 2024.

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

4. DISCLOSURE OF INTERESTS AND DEALINGS

4.1 Interests of the Company in the Joint Offerors

Not applicable as the Joint Offerors are natural persons.

4.2 Dealings in the Joint Offerors by the Company

Not applicable as the Joint Offerors are natural persons.

4.3 Interests of Directors in the Joint Offerors

Not applicable as the Joint Offerors are natural persons.

4.4 Dealings of Directors in the Joint Offerors

Not applicable as the Joint Offerors are natural persons.

4.5 Interests of the Directors in the Shares

Save as disclosed below, as at the Latest Practicable Date, based on information available to the Company, none of the Directors has any direct or deemed interest in the Shares.

Director	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Goh Ching Wah	57,500,386	22.76	–	–	57,500,386	22.76
Mr. Goh Ching Lai	75,395,477	29.84	–	–	75,395,477	29.84
Mr. Goh Ching Huat	57,354,654	22.70	–	–	57,354,654	22.70

Note:

(1) Calculated based on 252,629,483 Shares and rounded to the nearest two decimal places.

4.6 Dealings in Shares by the Directors

None of the Directors has dealt for value in the Shares during the Relevant Period.

4.7 Interests of the IFA in Shares

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

4.8 Dealings in Shares by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Shares during the Relevant Period.

4.9 Directors' intentions in respect of the Offer

Save for Mr. Goh Ching Wah, Mr. Goh Ching Lai and Mr. Goh Ching Huat who are the Joint Offerors, none of the Directors have any direct or indirect interest in the Shares.

In respect of the Joint Offerors, who are Directors with interests in Shares as at the Latest Practicable Date as disclosed under paragraph 4.5 of Appendix B above, this disclosure is not applicable as the Offer excludes Shares held directly or indirectly by the Joint Offerors.

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

5. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular and in any information on the Group which is publicly available (including, without limitation, the Company's annual reports and announcements released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three years before the Offer Announcement Date.

6. DIRECTORS' SERVICE CONTRACTS

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

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Joint Offerors in which any Director (other than the Joint Offerors) has a material personal interest, whether direct or indirect.

8. VIEWS OF THE BOARD ON THE JOINT OFFERORS' INTENTIONS FOR THE GROUP

The Board refers Shareholders to the rationale for the Offer and the Joint Offerors' intentions for the Group as set out in the Offer Document and reproduced in Paragraph 7 of the Letter to Shareholders in this Circular. The Board will cooperate with the Joint Offerors as reasonably required to maintain the existing business and operations of the Group, which is in the interests of the Company and the Shareholders as a whole.

9. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of the Group for FY2022, FY2023 and FY2024 is set out below.

The summary of the financial information of the Group as set out in this paragraph 9 of Appendix B is extracted from, and should be read together with, the annual reports and relevant financial statements, copies of which are available on the website of SGX-ST at www.sgx.com or for inspection at the registered address of the Company at 51 Changi Business Park Central 2, #08-13, The Signature, Singapore 486066 during normal business hours, from the date of this Circular up to and including the Closing Date.

The FY2024 Results are set out in Appendix C to this Circular.

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

9.1 Consolidated Statement of Profit and Loss and Comprehensive Income

	<u>2024</u> S\$'000	<u>2023</u> S\$'000	<u>2022</u> S\$'000
Revenue	30,170	30,196	23,886
Cost of sales	(12,919)	(13,265)	(10,224)
Gross profit	17,251	16,931	13,444
Other income	199	329	460
Distribution costs	(9,683)	(8,871)	(8,175)
General and administrative expenses	(4,911)	(4,733)	(3,730)
Profit from operations	2,856	3,656	1,999
Interest income	317	121	70
Finance costs	(64)	(61)	(77)
Share of results of associated company – net of tax	5,065	7,883	5,536
Profit before income tax	8,174	11,599	7,528
Income tax expense	(1,585)	(1,526)	(924)
Profit for the year	6,589	10,073	6,604
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Share of gain/(loss) on property revaluation of associated company	(98)	725	(443)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(511)	(1,094)	(39)
Share of foreign currency translation of associated company	(1,004)	(1,188)	(94)
	(1,515)	(2,282)	(133)
Other comprehensive loss for the year, net of tax	(1,613)	(1,557)	(576)
Total comprehensive income for the year	4,976	8,516	6,028
Profit for the year attributable to:			
Owners of the Company	6,587	10,073	6,603
Non-controlling interests	2	–	1
	6,589	10,073	6,604
Total comprehensive income attributable to:			
Owners of the Company	4,974	8,516	6,029
Non-controlling interests	2	–	(1)
	4,976	8,516	6,028
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	2.61	3.99	2.61

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

9.2 Consolidated Statements of Financial Position

	<u>2024</u> S\$'000	<u>2023</u> S\$'000	<u>2022</u> S\$'000
ASSETS			
Current assets			
Inventories	13,508	10,746	10,509
Trade and other receivables	4,244	4,517	4,612
Prepayments	74	87	30
Cash and bank balances	11,358	12,732	9,322
	<u>29,184</u>	<u>28,082</u>	<u>24,473</u>
Non-current assets			
Investment in associated company	31,317	31,127	28,793
Investment in subsidiaries	–	–	–
Property, plant and equipment	294	334	629
Right-of-use assets	828	928	892
Trade and other receivables	313	290	963
Deferred tax assets	174	164	177
	<u>32,926</u>	<u>32,843</u>	<u>31,454</u>
Total assets	<u><u>62,110</u></u>	<u><u>60,925</u></u>	<u><u>55,927</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	2,984	4,055	3,619
Amount due to directors	605	137	533
Lease liabilities	646	565	670
Bank borrowings	1,770	–	591
Income tax payable	561	856	754
	<u>6,566</u>	<u>5,613</u>	<u>6,167</u>
Non-current liabilities			
Trade and other payables	40	61	54
Lease liabilities	191	367	237
	<u>231</u>	<u>428</u>	<u>1,118</u>
Capital and reserves			
Share capital	31,351	31,351	31,351
Revaluation reserve	2,892	2,990	2,265
Legal reserve	1,651	1,651	1,651
Translation reserve	(4,028)	(2,513)	(231)
Accumulated profit/(losses)	23,447	21,407	13,608
Attributable to equity holders to the company	<u>55,313</u>	<u>54,886</u>	<u>48,644</u>
Non-controlling interests	–	(2)	(2)
Total equity	<u>55,313</u>	<u>54,884</u>	<u>48,642</u>
Total liabilities and equity	<u><u>62,110</u></u>	<u><u>60,925</u></u>	<u><u>55,927</u></u>

APPENDIX B – ADDITIONAL INFORMATION ON THE COMPANY

9.3 Significant Accounting Policies

The summary of significant accounting policies of the Group is disclosed in Note 2 to the FY2024 Results as set out in the annual report of the Group for FY2024, which are reproduced in Appendix C to this Circular.

Save as disclosed in this Circular and in any information on the Group which is publicly available (including, without limitation, the audited consolidated financial statements of the Group for FY2021, FY2022 and FY2023), there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group, and as at the Latest Practicable Date, there has been no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

9.4 Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and in any information on the Group which is publicly available (including, without limitation, the announcements released by the Company on SGXNET), there has not been, within the knowledge of the Company, any material change in the financial position or prospects of the Company since 31 March 2024, being the date of the last published audited consolidated financial statements of the Group.

9.5 Material Litigation

As at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of any member of the Group, taken as a whole.

9.6 Material Changes in Information

Save as disclosed in this Circular and in any information on the Group and the Offer which is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

9.7 Costs and Expenses

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2024

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
(Registration Number: 199004330K)

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2024**

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants
Singapore

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2024

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APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ossia International Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2024.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) 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.

2. Directors

The directors of the Company in office at the date of this statement are:

Goh Ching Wah
Goh Ching Huat
Goh Ching Lai
Wong King Kheng
Heng Su-Ling, Mae
Foo Jong Han, Rey (appointed on 31 July 2023)

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects 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, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

<u>Name of directors</u>	<u>Direct interest</u>		<u>Deemed interest</u>	
	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>	<u>At the beginning of financial year</u>	<u>At the end of financial year</u>
Ordinary shares of the Company				
Goh Ching Lai	75,395,477	75,395,477	114,855,040	114,855,040
Goh Ching Wah	57,500,386	57,500,386	132,750,131	132,750,131
Goh Ching Huat	57,354,654	57,354,654	132,895,863	132,895,863

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures (Continued)

By virtue of Section 7 of the Act, Goh Ching Lai, Goh Ching Wah and Goh Ching Huat, who are brothers, are also deemed to be interested in each other's shares in Ossia International Limited.

There was no change in the directors' interests in the share capital of the Company and of related corporations between the end of the financial year and 21 April 2024.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

5. Scrip dividend scheme

At an Extraordinary General Meeting of the Company held on 29 April 2004, the shareholders approved the Scrip Dividend Scheme (the "Scheme"). Under the Scheme, the directors are entitled to receive shares in lieu of cash in respect of the dividend declared. No shares were issued under the Scheme during the financial year.

6. Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

7. Audit committee

The members of the Audit Committee ("AC") at the date of this report are as follows:

Heng Su-Ling, Mae	(Chairman of the Audit Committee and independent director)
Wong King Kheng	(Independent director)
Foo Jong Han, Rey	(Independent director)

The AC has convened two meetings during the year with key management and the internal and external auditors of the Company.

The AC carried out its functions in accordance with section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

- (i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group;
- (ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

7. Audit committee (Continued)

- (iv) reviewed the half-yearly and annual announcements, as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
- (v) reviewed and assessed the adequacy of the Group's risk management processes;
- (vi) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) reviewed interested person transactions in accordance with SGX listing rules;
- (viii) reviewed the nomination of external auditors and gave approval of their compensation; and
- (ix) submitted of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.


The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Forvis Mazars LLP (formerly known as Mazars LLP) for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

8. Auditors


The auditors, Forvis Mazars LLP (formerly known as Mazars LLP), have expressed willingness to accept re-appointment.

On behalf of the directors



Goh Ching Wah
Director

Singapore
1 July 2024



Goh Ching Huat
Director



Forvis Mazars LLP
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSSIA INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Ossia International Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 March 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the financial statements of the Group and the statement of financial position and changes in equity of 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 Group and of the Company as at 31 March 2024 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of Audit

For the audit of the current financial year's financial statements, we identified 3 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 3 significant components, 2 were audited by component auditors under our instructions and the remaining 1 was directly audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSSIA INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current financial year. This matter was 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 this matter.

Valuation of inventories	
<i>Refer to Note 3.2 for key sources of estimation uncertainty and Note 11 for disclosures relating to the inventories.</i>	
Key audit matter	Our audit response
<p>As at 31 March 2024, the Group reported inventories with carrying amount of approximately \$13,508,000 (2023: \$10,746,000), net of allowance for inventory obsolescence approximately \$548,000 (2023: \$589,000).</p> <p>The Group carries a comprehensive range of fashion apparel and accessories and confectionery products as retail merchandise for sale at its retail stores, department stores and wholesale business in Taiwan.</p> <p>The Group records its inventories at the lower of cost and net realisable value ("NRV"). The NRV of the Group's inventories is affected by their age, changing consumer demands and fashion trends, and prevailing retail market conditions. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and NRV. The Group's total inventory balance represents a significant portion of the Group's total assets and inventory write-downs require significant management judgement to estimate the inventories' NRV. Hence, we consider this as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> ▪ Reviewed the Group's valuation of inventories, including determination of original purchase values, estimation of inventory obsolescence, and determination of cost of goods sold and assessed whether the policies had been adhered to; ▪ Inquired as to the existence of damaged, slow-moving, overstock, out-of-style, and obsolete inventories and of commitments for additional quantities of similar items. Made note of such items during inventory observations, price tests, and review of gross margins; ▪ Understood from management their procedures to identify slow moving items. Assessed the need for additional allowance for obsolete inventory; ▪ Assessed the adequacy of the allowance for inventory obsolescence, by reviewing the reasonableness of the Company's policy on the allowance for inventory obsolescence; ▪ Performed testing to ascertain that inventories are stated at the lower of cost and net realisable value at year end; and ▪ Observed year-end physical stock-count to obtain assurance over the existence of the inventories.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSSIA INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do 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 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.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provision of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSSIA INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 Group'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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OSSIA INTERNATIONAL LIMITED**

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Wong Zi En.

Forvis Mazars LLP

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants

Singapore
1 July 2024

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> \$'000	<u>Group</u> <u>2023</u> \$'000
Revenue	4	30,170	30,196
Cost of sales	8	<u>(12,919)</u>	<u>(13,265)</u>
Gross profit		17,251	16,931
Other income	5	199	329
Distribution costs		(9,683)	(8,871)
General and administrative expenses		<u>(4,911)</u>	<u>(4,733)</u>
Profit from operations		2,856	3,656
Interest income	6	317	121
Finance costs	7	(64)	(61)
Share of results of associated company - net of tax	14	<u>5,065</u>	<u>7,883</u>
Profit before income tax	8	8,174	11,599
Income tax expense	9	<u>(1,585)</u>	<u>(1,526)</u>
Profit for the year		<u>6,589</u>	<u>10,073</u>
Other comprehensive loss:			
Item that will not be reclassified to profit or loss			
Share of (loss)/gain on property revaluation of associated company		(98)	725
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(511)	(1,094)
Share of foreign currency translation of associated company		<u>(1,004)</u>	<u>(1,188)</u>
		<u>(1,515)</u>	<u>(2,282)</u>
Other comprehensive loss for the year, net of tax		<u>(1,613)</u>	<u>(1,557)</u>
Total comprehensive income for the year		<u>4,976</u>	<u>8,516</u>
Profit for the year attributable to:			
Owners of the Company		6,587	10,073
Non-controlling interests		<u>2</u>	<u>-</u>
		<u>6,589</u>	<u>10,073</u>
Total comprehensive income attributable to:			
Owners of the Company		4,974	8,516
Non-controlling interests		<u>2</u>	<u>-</u>
		<u>4,976</u>	<u>8,516</u>
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	<u>2.61</u>	<u>3.99</u>

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	<u>Note</u>	<u>Group</u>	<u>Company</u>	<u>2023</u>
		<u>2024</u>	<u>2023</u>	<u>2024</u>
		\$'000	\$'000	\$'000
ASSETS				
Current assets				
Inventories	11	13,508	10,746	-
Trade and other receivables	12	4,244	4,517	91
Prepayments		74	87	8
Cash and bank balances	13	11,358	12,732	9,537
		<u>29,184</u>	<u>28,082</u>	<u>9,636</u>
Non-current assets				
Investment in associated company	14	31,317	31,127	13,252
Investment in subsidiaries	15	-	-	677
Property, plant and equipment	16	294	334	11
Right-of-use assets	20	828	928	168
Trade and other receivables	12	313	290	24
Deferred tax assets	17	174	164	-
		<u>32,926</u>	<u>32,843</u>	<u>14,132</u>
Total assets		<u>62,110</u>	<u>60,925</u>	<u>23,768</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	18	2,984	4,055	269
Amount due to directors	19	605	137	605
Lease liabilities	20	646	565	75
Bank borrowings	21	1,770	-	-
Income tax payable		561	856	-
		<u>6,566</u>	<u>5,613</u>	<u>949</u>
Non-current liabilities				
Trade and other payables	18	40	61	-
Lease liabilities	20	191	367	95
		<u>231</u>	<u>428</u>	<u>95</u>
Capital and reserves				
Share capital	22	31,351	31,351	31,351
Revaluation reserve	23	2,892	2,990	-
Legal reserve	23	1,651	1,651	-
Translation reserve	23	(4,028)	(2,513)	-
Accumulated profit/(losses)		23,447	21,407	(8,627)
Attributable to equity holders to the company		55,313	54,886	22,724
Non-controlling interests		-	(2)	-
Total equity		<u>55,313</u>	<u>54,884</u>	<u>22,724</u>
Total liabilities and equity		<u>62,110</u>	<u>60,925</u>	<u>23,768</u>

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

Group	Attributable to owners of the Company						Total equity \$'000	
	Share capital \$'000	Revaluation reserve \$'000	Legal reserve \$'000	Translation reserve \$'000	Accumulated profits \$'000	Total \$'000		Non-controlling interests \$'000
Balance at 1 April 2023	31,351	2,990	1,651	(2,513)	21,407	54,886	(2)	54,884
Profit for the year	-	-	-	-	6,587	6,587	2	6,589
Other comprehensive loss	-	-	-	(511)	-	(511)	-	(511)
- Foreign currency translation	-	-	-	-	-	-	-	-
- Share of loss on property revaluation of associated company	-	(98)	-	-	-	(98)	-	(98)
- Share of foreign currency translation of associated company	-	-	-	(1,004)	-	(1,004)	-	(1,004)
Other comprehensive loss for the year, net of tax	-	(98)	-	(1,515)	-	(1,613)	-	(1,613)
Total comprehensive (loss)/income for the year	-	(98)	-	(1,515)	6,587	4,974	2	4,976
Contributions by and distributions to owners	-	-	-	-	-	-	-	-
Dividends paid to shareholders (Note 24)	-	-	-	-	(4,547)	(4,547)	-	(4,547)
Balance at 31 March 2024	31,351	2,892	1,651	(4,028)	23,447	55,313	-	55,313

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

Group	Attributable to owners of the Company						Total equity \$'000	
	Share capital \$'000	Revaluation reserve \$'000	Legal reserve \$'000	Translation reserve \$'000	Accumulated profits \$'000	Total \$'000		Non-controlling interests \$'000
Balance at 1 April 2022	31,351	2,265	1,651	(231)	13,608	48,644	(2)	48,642
Profit for the year	-	-	-	-	10,073	10,073	-	10,073
Other comprehensive income/(loss)	-	-	-	(1,094)	-	(1,094)	-	(1,094)
- Foreign currency translation	-	-	-	-	-	-	-	-
- Share of gain on property revaluation of associated company	-	725	-	-	-	725	-	725
- Share of foreign currency translation of associated company	-	-	-	(1,188)	-	(1,188)	-	(1,188)
Other comprehensive income/(loss) for the year, net of tax	-	725	-	(2,282)	-	(1,557)	-	(1,557)
Total comprehensive income for the year	-	725	-	(2,282)	10,073	8,516	-	8,516
Contributions by and distributions to owners	-	-	-	-	(2,274)	(2,274)	-	(2,274)
Dividends paid to shareholders (Note 24)	-	-	-	-	-	-	-	-
Balance at 31 March 2023	31,351	2,990	1,651	(2,513)	21,407	54,886	(2)	54,884

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

<u>Company</u>	<u>Share capital</u> \$'000	<u>Accumulated Losses</u> \$'000	<u>Total equity</u> \$'000
<u>2024</u>			
Balance at 1 April 2023	31,351	(7,525)	23,826
Profit for the year, representing total comprehensive income for the year	-	3,445	3,445
Dividends (Note 24)	-	(4,547)	(4,547)
Balance at 31 March 2024	31,351	(8,627)	22,724
<u>2023</u>			
Balance at 1 April 2022	31,351	(9,900)	21,451
Profit for the year, representing total comprehensive income for the year	-	4,649	4,649
Dividends (Note 24)	-	(2,274)	(2,274)
Balance at 31 March 2023	31,351	(7,525)	23,826

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

	<u>Note</u>	<u>2024</u> \$'000	<u>Group</u> <u>2023</u> \$'000
Operating activities			
Profit before income tax		8,174	11,599
Adjustments for:			
- Interest income	6	(317)	(121)
- Finance costs	7	64	61
- Depreciation of property, plant and equipment	8	592	561
- Depreciation expense of right-of-use assets	8	815	833
- Loss allowance of trade receivables	27	45	-
- Reversal of allowances for amounts due from related parties	27	(99)	(29)
- Inventories written off	8	1	4
- Reversal of allowance for inventory obsolescence, net	11	(41)	(71)
- Share of results of associated company	14	(5,065)	(7,883)
- Unrealised foreign exchange gain		(475)	(728)
Operating cash flows before movements in working capital		3,694	4,226
<i>Changes in working capital:</i>			
- Inventories		(2,722)	(170)
- Trade and other receivables		304	797
- Prepayments		13	(57)
- Trade and other payables		(624)	48
Cash generated from operations		665	4,844
- Income tax paid		(1,880)	(1,355)
- Interest income	6	317	121
Net cash (used in)/generated from operating activities		(898)	3,610
Investing activities			
Dividend received from associated company	14	3,772	5,086
Purchase of property, plant and equipment	16	(560)	(305)
Net cash generated from investing activities		3,212	4,781
Financing activities			
Proceeds from bank borrowings		7,477	3,529
Repayment of bank borrowings		(5,688)	(4,993)
Repayment of lease liabilities		(836)	(909)
Interest paid on lease liabilities		(22)	(15)
Proceeds from bills payables		1,331	2,148
Repayment of bills payables		(1,331)	(2,148)
Decrease in restricted bank deposits	13	12	36
Dividend paid to shareholders	24	(4,547)	(2,274)
Net cash used in financing activities		(3,604)	(4,626)
Net (decrease)/increase in cash and cash equivalents		(1,290)	3,765
Cash and cash equivalents at beginning of the financial year		12,295	8,849
Effect of exchange rate changes on cash and cash equivalents		(72)	(319)
Cash and cash equivalents at end of the financial year	13	10,933	12,295

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

Reconciliation of liabilities arising from financing activities are as follows:

	At beginning of financial year \$'000	Non-cash movements				At end of financial year \$'000
		Financing cash flows ⁽¹⁾ \$'000	Acquisition of plant and equipment \$'000	Interest expense \$'000	Others \$'000	
2024						
Bank borrowings	-	1,789	-	42	(61)	1,770
Lease liabilities	932	(858)	738	22	3	837
	932	931	738	64	(58)	2,607
2023						
Bank borrowings	1,418	(1,464)	-	46	-	-
Lease liabilities	907	(924)	941	15	(7)	932
	2,325	(2,388)	941	61	(7)	932

Note:

(1) Net of proceeds and repayment from bank borrowings, repayment and interest paid of lease liabilities.

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

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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

1. General

Ossia International Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 51 Changi Business Park Central 2 #08-13, The Signature, Singapore 486066.

The Company's principal activity is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2024 were authorised for issue by the Board of Directors on the date of directors' statement.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I) INTs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("S\$"), and all values presented are rounded to the nearest thousand ("S\$'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2023. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

The Group adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users' understanding of the financial statements. Accordingly, management had reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I)s and SFRS(I) INTs that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Various	Amendments to SFRS(I) 1-1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: <i>Supplier Finance Arrangements</i>	1 January 2024
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new/revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power, and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.3 Revenue recognition (Continued)

Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with discounts.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises refund liabilities for refunds due to expected returns from customers, if any. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method.

2.4 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and Taiwan Labour Pension Program, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.6 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.6 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

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.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

2.7 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.8 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.8 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment 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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	3 to 5 years
Furniture, fixtures, fittings and renovations	2 to 10 years
Motor vehicles	3 to 5 years
Plant, machinery and office equipment	3 to 10 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 20.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.9 Property, plant and equipment (Continued)

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.10 Investment in associated company

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investment in associate is carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5 from the date on which the investees become classified as held for sale. Under the equity method, investment in associate is carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associate at cost in its separate financial statements.

2.11 Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.11 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.12 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15") in Note 2.3.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognised in interests income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group applies the simplified approach to recognise the ECL for trade receivables which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 27.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.13 Inventories (Continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and fixed deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.15 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or 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.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases*. For these leases, the Group recognises the lease payment as an expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

The estimated useful lives of right-of-use assets are determined over the lease terms.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.15 Leases (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2. Summary of material accounting policies (Continued)

2.16 Provisions (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

2.18 Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.19 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

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3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

Valuation of inventories

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2024 was approximately \$13,508,000 (2023: \$10,746,000), net of allowance for inventory obsolescence approximately \$548,000 (2023: \$589,000).

Measurement of ECL of trade receivables

The Group adopts a simplified approach for the recognition of the loss allowance for trade receivables, which are carried at amortised cost, at an amount equal to lifetime ECL and has also used the practical expedient permitted in SFRS(I) 9 in the form of a provision matrix.

The assessment of the correlation between historical repayments, refinancing and credit loss patterns, current and forward-looking factors and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The information about the ECL on the Group's trade receivables is disclosed in Note 27. The gross amount of the Group's trade receivables as at 31 March 2024 was approximately \$4,190,000 (2023: \$3,747,000). As of 31 March 2024, the loss allowances provided for trade receivables was approximately \$45,000 (2023: \$Nil).

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments in subsidiaries are impaired. Where applicable, the Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 March 2024 was approximately \$677,000 (2023: \$1,399,000).

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3. Critical accounting judgements and key sources of estimation uncertainty

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 2 to 10 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 March 2024 was approximately \$294,000 (2023: \$334,000).

Provision for income taxes

The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 March 2024 was approximately \$561,000 (2023: \$856,000).

4. Revenue

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	\$'000		\$'000
Sales of goods	30,170		30,196

5. Other income

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	\$'000		\$'000
Rental income	41		73
Subsidies from principals	42		44
Miscellaneous income	116		212
	199		329

6. Interest income

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	\$'000		\$'000
Interest income from fixed deposits	251		48
Interest income from external parties	-		7
Interest income from associated company	66		66
	317		121

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7. Finance costs

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Interest expense on bank borrowings	42		46
Interest expense on lease liabilities	22		15
	64		61

8. Profit before income tax

In addition to the charges/(credits) disclosed elsewhere in the notes to the financial statements, the following charges/(credits) were included in the determination of profit before income tax:

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Auditor's remuneration			
- Auditors of the Company	80		60
- Other auditors	26		26
Cost of inventories recognised as an expense	12,919		13,265
Depreciation of property, plant and equipment (Note 16)	592		561
Depreciation of right-of-use assets (Note 20(a))	815		833
Short-term lease expense (Note 20(c))	99		34
Staff costs (including directors' remuneration):			
- Wages and salaries	6,172		6,178
- Contribution to defined contribution plans	307		288
- Other related costs	776		770
Loss allowance on trade receivables	45		-
Reversal of loss allowances on amounts due from related parties	(99)		(29)
Inventories written off	1		4
Reversal of allowance for inventory obsolescence (Note 11)	(41)		(71)
Foreign currency exchange loss	229		185
Share of results of associated company - net of tax (Note 14)	(5,065)		(7,883)

9. Income tax

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Current tax expense:			
- Current financial year	1,114		1,194
Deferred income tax			
- Origination and reversal of temporary differences (Note 17)	(10)		13
Withholding tax	481		319
Income tax expense recognised in the profit or loss	1,585		1,526

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

9. Income tax (Continued)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2023: 17%). Taxation for other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions (income tax rate for Taiwan and Malaysia are 20% and 24% respectively). There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from last year.

Reconciliation of effective tax rate is as follows:

	<u>2024</u> \$'000	<u>Group</u> <u>2023</u> \$'000
Profit before tax	8,174	11,599
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,369	2,037
Adjustments:		
- Non-deductible expenses	548	543
- Surtax on undistributed retained earnings of the Taiwan subsidiary	87	50
- Benefits from previously unrecognised tax losses	(39)	(83)
- Share of results of associated company	(861)	(1,340)
- Withholding tax	481	319
	1,585	1,526

The above reconciliation is prepared by aggregating separate reconciliations for each jurisdiction.

The dividend paid in respect of profits generated from the Taiwan subsidiary will be subjected to a withholding tax of 21%.

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	<u>2024</u>	<u>Group</u> <u>2023</u>
Profit attributable to owners of the Company (\$)	6,587,000	10,073,000
Weighted average number of ordinary shares in issue for basic and diluted earnings per share (in units)	252,629,000	252,629,000
Earnings per share (cents per share)	2.61	3.99

There were no dilutive potential ordinary shares as at 31 March 2024 and 2023.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

11. Inventories

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Finished goods	14,056		11,335
Less: Allowance for inventory obsolescence	(548)		(589)
	13,508		10,746
	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
<u>Movement in allowance accounts</u>			
Balance at 1 April	589		660
Reversal of allowance for inventory obsolescence	(41)		(71)
	548		589
	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
<u>Statement of comprehensive income</u>			
Cost of inventories recognised in cost of sales	(12,919)		(13,265)

12. Trade and other receivables

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>Company</u>	<u>2023</u> \$'000
Current						
Trade receivables						
- external parties	4,190		3,747	-		-
Less: Loss allowance (Note 27)	(45)		-	-		-
	4,145		3,747	-		-
Other receivables						
- external parties	30		38	5		4
- related parties	-		827	-		425
Less: Loss allowance (Note 27)	-		(99)	-		(61)
Receivable from associated company	66		-	66		-
Due from subsidiaries	-		-	17		155
Deposits	3		4	3		3
	4,244		4,517	91		526
Non-current						
Refundable deposit	313		290	24		25
	313		290	24		25

Trade receivables due from third parties are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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12. Trade and other receivables (Continued)

In the prior financial year, other receivables due from related parties are unsecured, non-interest bearing and are settled in cash. Certain directors of the Company who are also directors of the related parties have agreed to provide continuing financial support to these related parties to enable them to meet their financial obligations as and when they fall due. Related parties relate to companies where certain of its directors are also directors of the Company.

The non-trade amounts due from subsidiaries and associated company are unsecured, non-interest bearing and are repayable in cash upon demand in Company.

The details of the impairment of trade and other receivables and credit exposures are disclosed in Note 27.

13. Cash and bank balances

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
Cash at banks and on hand	1,314	6,201	317	3,546
Fixed deposits	10,044	6,531	9,220	5,400
	11,358	12,732	9,537	8,946
Less:				
Fixed deposits - restricted	(425)	(437)	-	-
Cash and cash equivalents	10,933	12,295	9,537	8,946

Fixed deposits - restricted are placed with various banks to provide security for banking facilities granted to a subsidiary.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The fixed deposits with financial institutions mature on varying dates within 3 to 12 months (2023: 3 to 12 months) from the financial year end and can be withdrawn at any time upon demand at the discretion of the Group. The interest rates of the fixed deposits as at 31 March 2024 range from 0.10% to 3.25% (2023: 0.10% to 3.35%) per annum.

Cash and cash equivalents denominated in currencies other than the functional currencies of respective entities at 31 March 2024 and 31 March 2023 are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
United States Dollars	-	22	-	-
Hong Kong Dollars	-	1	-	-
Japanese Yen	4	8	-	-
Korean Won	23	17	-	-

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14. Investment in associated company

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
Unquoted shares	13,252	13,252	13,252	13,252
Share of post-acquisition reserves	18,065	17,875	-	-
	<u>31,317</u>	<u>31,127</u>	<u>13,252</u>	<u>13,252</u>

The share of post-acquisition reserves is made up as follows:

	<u>Group</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000
Revenue reserve	19,021	17,729
Translation reserve	(3,848)	(2,844)
Revaluation reserve	2,892	2,990
	<u>18,065</u>	<u>17,875</u>

The summarised financial information of the associated company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	<u>Group</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000
Assets and liabilities:		
Current assets	31	35
Non-current assets	78,273	77,793
Total assets	<u>78,304</u>	<u>77,828</u>
Current liabilities	11	11
Total liabilities	<u>11</u>	<u>11</u>
Net assets	78,293	77,817
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	<u>31,317</u>	<u>31,127</u>
Results:		
Profit for the year	12,662	19,706
Other comprehensive losses	(2,756)	(1,157)
Total comprehensive income for the year	<u>9,906</u>	<u>18,549</u>
Group's share of profit for the year	<u>5,065</u>	<u>7,883</u>

During the financial year ended 31 March 2024, dividends of approximately \$3,772,000 (2023: \$5,086,000) were received from the Group's associated company, Harvey Norman Ossia (Asia) Pte Ltd.

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14. Investment in associated company (Continued)

The following information relates to the associated company:

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2024	2023	2024	2023
		%	%	\$'000	\$'000
Held by the Company					
Harvey Norman Ossia (Asia) Pte. Ltd. ⁽¹⁾	Investment holding (Singapore)	40.0	40.0	13,252	13,252
Held by associated company					
Pertama Holdings Pte. Ltd. ⁽¹⁾⁽²⁾	Investment holding (Singapore)	19.8	19.8	-	-

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ The 19.8% ownership interest represents the Group's effective interest in Pertama Holdings Pte Ltd

15. Investments in subsidiaries

	Company	
	2024 \$'000	2023 \$'000
Unquoted shares, at cost	2,039	2,039
Less: Impairment losses	(1,362)	(640)
Carrying amount	677	1,399

Impairment losses in investment in subsidiaries

	Company	
	2024 \$'000	2023 \$'000
Alstyle Marketing Sdn. Bhd.	282	49
Ossia World of Golf (M) Sdn. Bhd.	1,080	591
	1,362	640

An assessment is made on whether there are indicators that the Company's investments are impaired. During the financial year ended 31 March 2024, an additional impairment loss of \$722,000 was recognised for its investment in subsidiaries arising from Alstyle Marketing Sdn. Bhd. as the subsidiary has become dormant during the financial year and Ossia World of Golf (M) Sdn. Bhd., which is in the process of liquidation. Both subsidiaries have been fully impaired as of 31 March 2024.

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15. Investments in subsidiaries (Continued)

Details of subsidiaries directly held by the Company and their cost of investment to the Company as at 31 March are as follows:

	<u>Company</u>	
	<u>2024</u> S\$'000	<u>2023</u> S\$'000
Alstyle Marketing Sdn. Bhd.	282	282
Ossia World of Golf (M) Sdn. Bhd.	1,080	1,080
Great Alps Industry Co., Ltd.	677	677
	2,039	2,039

Details of subsidiaries held by the Company and its subsidiaries at 31 March are as follows:

<u>Name</u>	<u>Principal activities</u> <u>(Country of incorporation and</u> <u>place of business)</u>	<u>Proportion of</u> <u>ownership interest</u>	
		<u>2024</u>	<u>2023</u>
		%	%
<u>Held by the Company</u>			
Alstyle Marketing Sdn. Bhd. ⁽²⁾	Investment holding (Malaysia)	100	100
Ossia World of Golf (M) Sdn. Bhd. ⁽³⁾	Dormant (Malaysia)	100	100
Great Alps Industry Co., Ltd. ⁽¹⁾	Distribution of bags, sporting goods, apparel and accessories (Taiwan)	100	100
<u>Held through Alstyle Marketing Sdn. Bhd.</u>			
Alstyle International (M) Sdn. Bhd. ⁽⁴⁾	Dormant (Malaysia)	-	100
Alstyle Fashion Sdn. Bhd. ⁽⁴⁾	Dormant (Malaysia)	-	100
Alstyle International Resources Sdn. Bhd. ⁽⁴⁾	Dormant (Malaysia)	-	61
Decorion Sdn. Bhd. ⁽⁴⁾	Investment holding (Malaysia)	-	100

⁽¹⁾ Audited by member firm of Forvis Mazars in Taiwan.

⁽²⁾ Not required to be audited by the law of its country of incorporation.

⁽³⁾ This subsidiary is in the process of liquidation.

⁽⁴⁾ These companies had been struck off during the year.

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16. Property, plant and equipment

<u>Group</u>	<u>Computer equipment</u> \$'000	<u>Furniture, fixtures, fittings and renovations</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Plant, machinery and office equipment</u> \$'000	<u>Total</u> \$'000
<u>Cost</u>					
At 1 April 2022	38	7,372	42	443	7,895
Additions	36	269	-	-	305
Written-off	(17)	(2)	-	-	(19)
Exchange differences	-	(486)	-	(4)	(490)
At 31 March 2023	57	7,153	42	439	7,691
Additions	20	540	-	-	560
Written-off	(18)	(406)	-	-	(424)
Exchange differences	(2)	(197)	-	(2)	(201)
At 31 March 2024	57	7,090	42	437	7,626
<u>Accumulated depreciation</u>					
At 1 April 2022	27	6,778	25	436	7,266
Charge for the year	34	520	4	3	561
Written-off	(17)	(2)	-	-	(19)
Exchange differences	(2)	(446)	-	(3)	(451)
At 31 March 2023	42	6,850	29	436	7,357
Charge for the year	27	559	4	2	592
Written-off	(18)	(406)	-	-	(424)
Exchange differences	(2)	(189)	-	(2)	(193)
At 31 March 2024	49	6,814	33	436	7,332
<u>Carrying amounts</u>					
At 31 March 2024	8	276	9	1	294
At 31 March 2023	15	303	13	3	334
<u>Company</u>					
			<u>Computer equipment</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Total</u> \$'000
<u>Cost</u>					
At 1 April 2022 and at 31 March 2023			8	42	50
Additions			2	-	2
At 31 March 2024			10	42	52
<u>Accumulated depreciation</u>					
At 1 April 2022			5	25	30
Charge for the year			3	4	7
At 31 March 2023			8	29	37
Charge for the year			1	3	4
At 31 March 2024			9	32	41
<u>Net carrying amount</u>					
At 31 March 2024			1	10	11
At 31 March 2023			-	13	13

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17. Deferred tax assets

Deferred tax as at 31 March relates to the following:

<u>Group</u>	<u>Consolidated balance sheet</u>		<u>Consolidated statement of comprehensive income</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
Deferred tax assets				
Provisions and accruals	172	156	(16)	15
Exchange differences	2	8	6	(2)
	<u>174</u>	<u>164</u>	<u>(10)</u>	<u>13</u>
Deferred tax expense (Note 9)			<u>(10)</u>	<u>13</u>

Unrecognised tax losses and capital allowances

At the end of the reporting period, the Group has unabsorbed tax losses of approximately \$29,800,000 (2023: \$30,030,000), which is available for offset against future taxable profits of the companies, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2023: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to \$12,313,000 (2023: \$11,687,000).

18. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
Current				
Trade payables				
- external parties	1,268	2,637	-	-
Other payables				
- subsidiary	-	-	94	93
Accrued operating expenses	1,716	1,418	175	115
	<u>2,984</u>	<u>4,055</u>	<u>269</u>	<u>208</u>
Non-current				
Other liabilities				
- Deposits received	31	46	-	-
- Accrued operating expenses	9	15	-	-
	<u>40</u>	<u>61</u>	<u>-</u>	<u>-</u>

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18. Trade and other payables (Continued)

Trade payables due to external parties are non-interest bearing and are normally settled on 30 to 60 days' terms.

The Company's other payables due to subsidiary is non-trade related, non-interest bearing, unsecured and repayable on demand.

Trade and other payables denominated in currency other than the functional currencies of respective entities at 31 March 2024 and 31 March 2023 is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
United States Dollars	<u>21</u>	<u>54</u>	<u>-</u>	<u>-</u>

19. Amounts due to directors

Amounts due to directors relating to directors' remuneration, are non-interest bearing and repayable on demand.

20. Leases

The Group as lessee

The Group has lease contracts for retail outlets, warehouse, office premises, and motor vehicle used in its operations for 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets, which will revert to the lessor in the event of default by the Group.

Extension options

In the prior financial year, the Group has a lease contract that includes an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether the extension option is reasonably certain to be exercised. As at 31 March 2023, the lease contract with extension option has been included in lease liabilities because it is reasonably certain that the lease will be extended.

Recognition exemptions

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. Leases (Continued)

The Group as lessee (Continued)

(a) Right-of-use assets

<u>Group</u>	<u>Retail outlets</u> \$'000	<u>Warehouse</u> \$'000	<u>Office premises</u> \$'000	<u>Motor vehicle</u> \$'000	<u>Total</u> \$'000
Cost					
At 1 April 2022	1,116	269	710	66	2,161
Additions	500	-	224	217	941
De-recognition	(206)	-	-	(103)	(309)
Exchange differences	(98)	(21)	(38)	(10)	(167)
At 31 March 2023	1,312	248	896	170	2,626
Additions	450	173	-	115	738
De-recognition	(263)	(242)	-	-	(505)
Exchange differences	(46)	(7)	(15)	(7)	(75)
At 31 March 2024	1,453	171	881	278	2,784
Accumulated depreciation					
At 1 April 2022	794	172	259	44	1,269
Charge for the year	439	85	224	85	833
De-recognition	(206)	-	-	(93)	(299)
Exchange differences	(71)	(16)	(15)	(3)	(105)
At 31 March 2023	956	241	468	33	1,698
Charge for the year	415	86	220	94	815
De-recognition	(263)	(242)	-	-	(505)
Exchange differences	(33)	(6)	(11)	(2)	(52)
At 31 March 2024	1,075	79	677	125	1,956
Carrying amount					
At 31 March 2024	378	92	204	154	828
At 31 March 2023	356	7	428	137	928

The total cash outflows for leases during the financial year ended 31 March 2024 is approximately \$858,000 (2023: \$924,000).

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. Leases (Continued)

The Group as lessee (Continued)

(a) Right-of-use assets (Continued)

<u>Company</u>	<u>Office premise \$'000</u>
<u>Cost</u>	
At 1 April 2022	223
Additions	224
	447
At 31 March 2023 and 31 March 2024	447
<u>Accumulated depreciation:</u>	
At 1 April 2022	137
Depreciation charge for the year	69
	206
At 31 March 2023	206
Depreciation charge for the year	73
	279
At 31 March 2024	279
<u>Carrying amount:</u>	
At 31 March 2024	168
At 31 March 2023	241

(b) Lease liabilities

The table below sets out the carrying amount of lease liabilities and the movements during the year:

	<u>Group</u>		<u>Company</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000	<u>2024</u> \$'000	<u>2023</u> \$'000
At 1 April	932	907	240	94
Additions	738	941	-	224
Payments	(858)	(924)	(80)	(79)
Accretion of interest	22	15	10	1
De-recognition	-	(11)	-	-
Exchange difference	3	4	-	-
	837	932	170	240
At 31 March	837	932	170	240
Current	646	565	75	70
Non-current	191	367	95	170

The maturity analysis of lease liabilities is disclosed in Note 27.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

20. Leases (Continued)

The Group as lessee (Continued)

(c) Amounts recognised in profit or loss

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Depreciation of right-of-use assets	815		833
Interest expense on lease liabilities	22		15
Lease expense not capitalised in lease liabilities (included in other expense):			
- Short-term lease expense (Note 8)	99		34
	936		882

21. Bank borrowings

	<u>2024</u> \$'000	<u>Group</u>	<u>2023</u> \$'000
Unsecured			
Current	1,770		-

Bank borrowings relate to New Taiwan Dollars denominated bank loans which are maturing in September 2024 and March 2025, bearing interest rates ranging from 0.50% to 2.58%.

The weighted average effective interest rates at the end of the reporting period are as follows:

	<u>2024</u> %	<u>Group</u>	<u>2023</u> %
Bank borrowings	1.19		-

22. Share capital

	<u>Group and Company</u>			
	<u>Number of ordinary shares</u>		<u>2024</u> \$'000	<u>2023</u> \$'000
	<u>2024</u> '000	<u>2023</u> '000		
<u>Issued and fully paid ordinary shares</u>				
At the beginning and end of the year	252,629	252,629	31,351	31,351

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

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23. Reserves

- (a) Revaluation reserve represents the Group's share of revaluation reserve of associated company.
- (b) Legal reserve represents amount set aside in compliance with local laws in certain countries where the Group operates, and are not distributable unless approval is obtained from relevant authorities.
- (c) Translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from the Group's presentation currency and share of translation reserve from associated company.

24. Dividends

	Group and Company	
	2024	2023
	\$'000	\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
Final exempt (one-tier) dividend for 2023: \$1.8 cents (2022: \$0.9 cents) per share	4,547	2,274
Proposed but not recognised as a liability as at 31 March		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
Final exempt (one-tier) dividend for 2024: \$0.7 cents (2023: \$1.8 cents) per share	1,768	4,547

25. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

25. Significant related party transactions (Continued)

A related party is defined as follows (Continued):

(b) An entity is related to the Group and Company if any of the following conditions applies:

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and Company's transactions and arrangements with related parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of key management personnel

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	\$'000		\$'000
Short-term employee benefits	3,012		2,900
Central Provident Fund contributions	52		47
Other short-term benefits	66		54
	3,130		3,001
<i>Comprise amounts paid to:</i>			
- Directors of the Company	1,150		1,411
- Other key management personnel	1,980		1,590
	3,130		3,001

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	<u>2024</u>	<u>Group</u>	<u>2023</u>
	\$'000		\$'000
Income			
Recharge of rental and office building expenses to related parties	41		73

Commitment with related party

The Company entered into a 12-month agreement ending 14 April 2025 with VGO International Pte Ltd and ITG International Pte Ltd for the rental of the Company's office space. The Group expects the annual rental income of approximately \$20,000 from VGO International Pte Ltd and ITG International Pte Ltd each.

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

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26. Segment information

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group mainly imports and distributes apparel, sporting goods, footwear and accessories in Taiwan.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on terms agreed mutually between the parties. Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore and Malaysia \$'000	Taiwan \$'000	Adjustments and eliminations \$'000	Total Group \$'000
2024				
Revenue:				
External customers	-	30,170	-	30,170
Results:				
Interest income	295	22	-	317
Dividend income	5,913	-	(5,913) (a)	-
Finance costs	(7)	(57)	-	(64)
Depreciation of property, plant and equipment	(5)	(587)	-	(592)
Depreciation of right-of-use assets	(73)	(742)	-	(815)
Share of results of associated company	5,065	-	-	5,065
Other non-cash expenses	-	(40)	-	(40) (b)
Income tax expense	(482)	(1,103)	-	(1,585)
Segment profit	8,532	3,248	(5,191) (a)	6,589
Assets:				
Investment in associated company	31,317	-	-	31,317
Additions to property, plant and equipment	-	560	-	560
Segment assets	42,365	20,526	(781) (c)	62,110
Segment liabilities				
	1,057	5,844	(104) (d)	6,797
Cash flows from:				
Operating activities	4,490	(5,388)	-	(898)
Investing activities	-	3,212	-	3,212
Financing activities	(4,632)	1,028	-	(3,604)
Total cash flows	(142)	(1,148)	-	(1,290)

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26. Segment information (Continued)

	<u>Singapore and Malaysia</u> \$'000	<u>Taiwan</u> \$'000	<u>Adjustments and eliminations</u> \$'000	<u>Total Group</u> \$'000
2023				
Revenue:				
External customers	-	30,196	-	30,196
Results:				
Interest income	114	7	-	121
Dividend income	6,442	-	(6,442) (a)	-
Finance costs	(1)	(60)	-	(61)
Depreciation of property, plant and equipment	(6)	(555)	-	(561)
Depreciation of right-of-use assets	(69)	(764)	-	(833)
Share of results of associated company	7,883	-	-	7,883
Other non-cash expenses	-	(67)	-	(67)
Income tax expense	(319)	(1,207)	-	(1,526)
Segment profit	12,419	4,096	(6,442) (a)	10,073
Assets:				
Investment in associated company	31,127	-	-	31,127
Additions to property, plant and equipment	-	305	-	305
Segment assets	42,943	19,611	(1,629) (c)	60,925
Segment liabilities				
	714	5,557	(230) (d)	6,041
Cash flows from:				
Operating activities	5,025	(1,415)	-	3,610
Investing activities	-	4,781	-	4,781
Financing activities	(2,353)	(2,273)	-	(4,626)
Total cash flows	2,672	1,093	-	3,765

Geographical segments

<u>Group</u>	<u>Non-current assets</u>	
	<u>2024</u> \$'000	<u>2023</u> \$'000
Singapore and Malaysia	31,521	31,407
Taiwan	1,405	1,436
	32,926	32,843

(a) The following item is deducted from segment profit to arrive at "profit for the year" presented in the consolidated statement of comprehensive income.

	<u>2024</u> \$'000	<u>2023</u> \$'000
Dividend income from subsidiaries and associated company	5,913	6,442
Impairment losses on investment in subsidiaries	(722)	-
	5,191	6,442

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

26. Segment information (Continued)

- (b) Other non-cash expenses consist of allowance for inventory obsolescence and inventories written off as presented in the respective notes to the financial statements.
- (c) The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet.

	<u>2024</u> \$'000	<u>2023</u> \$'000
Investment in subsidiaries	677	1,399
Inter-segment receivables	104	230
	781	1,629

- (d) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet.

	<u>2024</u> \$'000	<u>2023</u> \$'000
Inter-segment payables	104	230

27. Financial instruments and financial risks

The Group and the Company are exposed to financial risks arising from its operations and financial instruments. The key financial risks include credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The Group's risk management approach seeks to minimise the potential material adverse effects from these risk exposures. The management manages and monitors these exposures and ensures appropriate measures are implemented on a timely and effective manner. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculated purposes shall be undertaken.

The Group's principal financial instruments comprise bank borrowings, cash and deposits. The main purpose of these financial instruments is to finance the Company's operations. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, lease liabilities and related party balances which arise directly from its operations.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The Group's credit risk arises mainly from bank balances and trade and other receivables. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 60 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risk ^{Note 1}	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 60 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 60 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk (Continued)

In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 60 days past due) and forward looking quantitative and qualitative information.

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 60 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables

The Group provides for lifetime expected credit losses for external trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance with days past due by grouping of customers based on geographical region.

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27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Continued)

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables are determined as follows:

	<u>Current</u>	<u>Past due less than 30 days</u>	<u>Past due more than 31 to 60 days</u>	<u>Past due more than 61 to 90 days</u>	<u>Past due more than 91 to 120 days</u>	<u>Past due more than 120 days</u>	<u>Total</u>
31 March 2024							
Expected credit loss rates	0%	0%	0%	0%	0%	100%	
Trade receivables (\$'000)	1,922	2,223	-	-	-	45	4,190
Loss allowance (\$'000)	-	-	-	-	-	(45)	(45)
31 March 2023							
Expected credit loss rates	0%	0%	0%	0%	0%	0%	
Trade receivables (\$'000)	1,831	1,916	-	-	-	-	3,747
Loss allowance (\$'000)	-	-	-	-	-	-	-

Amounts due from related parties

As of 31 March 2024, the Group and the Company recorded gross amounts due from related parties of \$Nil (2023: \$827,000) and \$Nil (2023: \$425,000). The Group assessed the impairment loss allowance of this amount on a lifetime ECL basis consequent to their assessment and conclusion that there is a significant increase in credit risk for this receivable. During the financial year, there is a reversal of loss allowance on amounts due from related parties of \$99,000 (2023: \$29,000) as the Group has fully recovered the amounts due from related parties.

Other receivables

As of 31 March 2024, the Group and the Company recorded other receivables of \$412,000 (2023: \$332,000) and \$115,000 (2023: \$187,000) respectively. The Group and the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables have no significant increase in credit risk. Using a 12-month ECL, the Group determined that the ECL is insignificant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	<u>2024</u>		<u>Group</u>		<u>2023</u>	
	<u>\$'000</u>	<u>% of total</u>	<u>\$'000</u>	<u>% of total</u>	<u>\$'000</u>	<u>% of total</u>
By countries						
Singapore	96	2%	409	9%		
Malaysia	-	-	365	8%		
Taiwan	4,461	98%	4,033	83%		
	<u>4,557</u>	<u>100%</u>	<u>4,807</u>	<u>100%</u>		

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**NOTES TO THE FINANCIAL STATEMENTS
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27. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, amounts due from related parties and other receivables are as follows:

Group	Note (i)	Trade receivables (external parties)		Non-trade (Amounts due from related parties)		Other receivables, deposit and interest receivables	
		Category 4	Total	Category 3	Total	Category 1	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Internal credit risk grading							
Loss allowance							
Balance at 1 April 2022	-	-	-	128	128	-	-
Reversal of loss allowance	-	-	-	(29)	(29)	-	-
Balance at 31 March 2023	-	-	-	99	99	-	-
Reversal of loss allowance	-	-	-	(99)	(99)	-	-
Loss allowance	-	45	45	-	-	-	-
Balance at 31 March 2024	-	45	45	-	-	-	-
Gross carrying amount							
At 31 March 2023	3,747	-	3,747	827	827	332	332
At 31 March 2024	4,145	45	4,190	-	-	412	412
Net carrying amount							
At 31 March 2023	3,747	-	3,747	728	728	332	332
At 31 March 2024	4,145	-	4,145	-	-	412	412

Note

(i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

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27. Financial instruments and financial risks (Continued)

Market risks

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the Group entities, primarily SGD, Malaysian Ringgit (RM) and New Taiwan Dollars (NTD). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). However, this type of exposure is minimal since substantially all of the Group's sales are denominated in the functional currency of the operating unit making the sale and operating costs substantially denominated in the unit's functional currency. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances at the end of the reporting period are disclosed in Note 13.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Taiwan, which are not hedged.

No sensitivity analysis on the foreign currency risk has been presented as its impact is not significant to the profit or loss and equity of the Group.

The management considers the Group's exposure to foreign currency risks to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from bills payable and bank borrowings.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

At the reporting date, the Group and the Company do not have significant exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

27. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

<u>Group</u>	<u>Effective interest rate</u> %	<u>Less than 1 year</u> \$'000	<u>Between 1 and 5 years</u> \$'000	<u>Total</u> \$'000
2024				
<u>Financial assets</u>				
Cash and bank balances	0.10 - 3.25	11,358	-	11,358
Trade and other receivables		4,244	313	4,557
Total undiscounted financial assets		15,602	313	15,915
<u>Financial liabilities</u>				
Trade and other payables		2,984	40	3,024
Amounts due to directors		605	-	605
Bank borrowings	0.50 - 2.58	1,770	-	1,770
Lease liabilities	2.0 - 4.25	656	196	852
Total undiscounted financial liabilities		6,015	236	6,251
Total net undiscounted financial assets/ (liabilities)		9,587	77	9,664
2023				
<u>Financial assets</u>				
Cash and bank balances	0.10 - 3.35	12,732	-	12,732
Trade and other receivables		4,517	290	4,807
Total undiscounted financial assets		17,249	290	17,539
<u>Financial liabilities</u>				
Trade and other payables		4,055	61	4,116
Amounts due to directors		137	-	137
Lease liabilities	2.0 - 4.25	579	378	957
Total undiscounted financial liabilities		4,771	439	5,210
Total net undiscounted financial assets/ (liabilities)		12,478	(149)	12,329

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

27. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments (Continued):

<u>Company</u>	<u>Effective interest rate</u> %	<u>Less than 1 year</u> \$'000	<u>Between 1 and 5 years</u> \$'000	<u>Total</u> \$'000
2024				
<u>Financial assets</u>				
Cash and bank balances	2.98 - 3.25	9,537	-	9,537
Other receivables		91	24	115
Total undiscounted financial assets		9,628	24	9,652
<u>Financial liabilities</u>				
Trade and other payables		269	-	269
Amounts due to directors		605	-	605
Lease liabilities	4.25	79	100	179
Total undiscounted financial liabilities		953	100	1,053
Total net undiscounted financial assets		8,672	(76)	8,596
2023				
<u>Financial assets</u>				
Cash and bank balances	3.30 - 3.35	8,946	-	8,946
Other receivables		526	25	551
Total undiscounted financial assets		9,472	25	9,497
<u>Financial liabilities</u>				
Trade and other payables		208	-	208
Amounts due to directors		137	-	137
Lease liabilities	4.25	75	179	254
Total undiscounted financial liabilities		420	179	599
Total net undiscounted financial assets		9,052	(154)	8,898

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

27. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

<u>Group</u>	<u>Note</u>	<u>2024</u> \$'000	<u>2023</u> \$'000
<i>Financial assets at amortised cost</i>			
Cash and bank balances	13	11,358	12,732
Trade and other receivables	12	4,557	4,807
		15,915	17,539
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	18	3,024	4,116
Amounts due to directors	19	605	137
Lease liabilities	20	837	932
Bank borrowings	21	1,770	-
		6,236	5,185
<i>Company</i>			
<i>Financial assets at amortised cost</i>			
Cash and bank balances	13	9,537	8,946
Other receivables	12	115	551
		9,652	9,497
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	18	269	208
Amounts due to directors	19	605	137
Lease liabilities	20	170	240
		1,044	585

28. Fair value of assets and liabilities

The carrying amounts of cash and bank balances, trade and other receivables and payables and bank borrowings are approximate their respective fair values due to the relative short-term maturity of these financial instruments.

There are no significant differences between the fair values and carrying amounts of non-current trade and other receivables and trade and other payables.

APPENDIX C – FINANCIAL INFORMATION OF THE GROUP

OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

29. Capital management policies and objectives

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2024 and 31 March 2023.

An overseas subsidiary in Taiwan appropriates 10% of its net profit after tax according to the subsidiary's Articles of Incorporation as legal reserve. Such appropriations are proposed by the directors for approval by shareholders in the next financial year and given effect in the financial statements of that year. The legal reserve shall be appropriated each year until the accumulated reserve equals the paid-up capital of the subsidiary. This reserve can only be used to offset losses of the subsidiary. When the reserve has reached 50% of the share capital of the subsidiary, up to 50% of the legal reserve may be capitalised. The reserve is not available for dividend distribution. This internally imposed capital requirement has been complied with by the abovementioned subsidiary for the financial years ended 31 March 2024 and 31 March 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's aim is to keep the gearing ratio below 30%. The Group includes within net debt, trade and other payables, bank borrowings, amounts due to directors, lease liabilities, less cash and bank balances. Capital includes equity attributable to the equity holders of the Company less the abovementioned legal reserve.

	<u>Note</u>	<u>Group</u>	
		<u>2024</u>	<u>2023</u>
		\$'000	\$'000
Trade and other payables	18	3,024	4,116
Bank borrowings	21	1,770	-
Amounts due to directors	19	605	137
Lease liabilities	20	837	932
Less: Cash and bank balances	13	<u>(11,358)</u>	<u>(12,732)</u>
Net cash		<u>(5,122)</u>	<u>(7,547)</u>
Equity attributable to equity holders of the Company		55,313	54,886
Less: Legal reserve	23	<u>(1,651)</u>	<u>(1,651)</u>
Total capital		<u>53,662</u>	<u>53,235</u>
Capital and net debt		<u>48,540</u>	<u>45,688</u>
Gearing ratio		<u>N.M (*)</u>	<u>N.M (*)</u>

(*) not meaningful

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OSSIA INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

30. Events subsequent to the reporting date

On 12 June 2024, the Group has announced that the Joint Offerors (being Mr Goh Ching Wah, Mr Goh Ching Lai, and Mr Goh Ching Huat) intend to make a voluntary unconditional general offer (the "Offer") for all the issued and paid-up ordinary shares ("the Shares") in the share capital of Ossia International Limited, other than the Shares held, directly or indirectly, by the Joint Offerors in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers. The consideration for the Shares will be \$0.145 for each Share in cash. There is no financial implication to the Group.

APPENDIX D – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, voting and dividends have been extracted and reproduced below. All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution.

1. **Rights in respect of capital**

ISSUE OF SHARES

4. (A) Subject to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:-
- (a) no Director shall participate in any issue of shares to employees unless the Company in General Meeting shall have approved in advance the specific allotment to be made to such Director and unless he holds office in an executive capacity;
 - (b) no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and
 - (c) no shares shall be issued at a discount or options granted over unissued shares except in accordance with the Act.
- (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.
5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

APPENDIX D – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (B) The Company may, notwithstanding Article 5(A) above but subject always to the Statutes, apply to the Stock Exchange of Singapore Limited to waive its requirement to convene an Extraordinary General Meeting to obtain shareholders’ approval for any issues of shares (other than issues of shares by way of bonus or rights) proposed to be made without first offering them to persons entitled to receive notices from the Company of General Meetings as aforesaid, if the aggregate nominal value of the shares proposed to be issued will not exceed ten per cent. of the issued capital of the Company immediately prior to the proposed issue.
- (C) The Company may, notwithstanding Article 5(A) above, authorize the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.
6. The Company may exercise the power of paying commissions in respect of subscription for shares which is conferred by the Act to the full extent thereby permitted, Provided Always that the amount or rate of the commissions paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the Act, in the relevant prospectus, statement, circular or notice as the case may be. Such commissions 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. The Company may also on any issue of shares pay such brokerage as may be lawful subject to disclosure of the amount or rate thereof in the manner required by the Act in the relevant prospectus, statement, circular or notice as the case may be.
7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.
8. (A) In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.
9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutadis* apply, except that the necessary quorum shall be two or more persons holding at least one-third in nominal value of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a

APPENDIX D – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried out at such General Meeting.

- (B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
- (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participating in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

- 10. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
- 11. The Company may by Ordinary Resolution:-
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled;
 - (c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association; so however that the proportion of the amount paid to the amount unpaid (if any) on each sub-divided share is the same as on the original share from which it was derived; and the resolution whereby any share is sub-divided being otherwise permitted to determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has then the authority to attach to unissued or new shares; and/or
 - (d) subject to the provisions of the Statutes, convert or exchange any class of shares into or for any other class of shares.
- 12. The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.

SHARE CERTIFICATES

- 13. (A) Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.
- (B) The provisions in this Article and in Articles 15 to 18 (so far as they are applicable) shall not apply to transfers of book-entry securities.

APPENDIX D – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

14. (A) The Company shall not be bound to register more than three persons as the holder of a share except in the case of executors or administrators of the estate of a deceased member.
- (B) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.
15. Every person whose name is entered as a member in the Register of Members shall (in the case of a transfer of shares) be entitled within fifteen market days after the date of lodgement of any transfer, or (subject to the provisions of the Statutes) such longer period of time as may be approved by the stock exchange upon which the shares in the Company may be listed, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.
16. (A) Where a member transfers part only of the shares comprised in a certificate or where a member 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 old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the member shall pay (in the case of sub-division) a maximum fee of S\$2.00 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.
- (B) Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.
17. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any stock exchange upon which the shares in the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$1.00 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and 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.

CALLS ON SHARES

18. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be made payable by instalments.
19. Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
20. 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 on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.

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21. Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
22. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
23. The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

FORFEITURE AND LIEN

24. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
25. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.
26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.
27. A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorize some person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.
28. A member whose shares have been made forfeit or surrendered shall cease to be a member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.
29. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

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30. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
31. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser.
32. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall 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 relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

33. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and each stock exchange upon which the shares in the Company may be listed. An instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
34. The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to any stock exchange upon which the shares in the Company may be listed, stating the period and purpose or purposes for which such closure is made.
35. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of any stock exchange on which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:-
 - (a) such fee not exceeding S\$2.00 as the Directors may from time to time require is paid to the Company in respect thereof;

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- (b) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (c) the instrument of transfer is in respect of only one class of shares.
- 36. All instruments of transfer which are registered may be retained by the Company.
- 37. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:-
 - (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- 38. In case of the death of a member, 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) recognized by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
- 39. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member 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, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.
- 40. Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (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

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he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.

41. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 as the Directors may from time to time require or prescribe.

CENTRAL DEPOSITORY SYSTEM

42. A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-

- (a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of the Depositor’s shareholding specified in the instrument of proxy, or where the balance standing to a Depositor’s Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor’s shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;
- (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

EXCLUSION OF EQUITIES

43. Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

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STOCK

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

WINDING UP

145. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
146. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.
147. If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively. This Article is, however, subject to the rights of any shares which may be issued on special terms or conditions.
148. On a voluntary winding up of the Company, no commission or fee shall be paid to a Liquidator without the prior approval of the Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the Meeting at which it is to be considered.

2. Rights in respect of voting

GENERAL MEETINGS

47. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.
48. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

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NOTICE OF GENERAL MEETINGS

49. An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days’ notice in writing at the least and any other Extraordinary General Meeting by fourteen days’ notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-
- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
 - (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days’ notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the shares in the Company may be listed, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days’ notice in writing of such Extraordinary General Meeting shall be given to any stock exchange upon which the shares in the Company may be listed.

50. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business (“special business”) is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
51. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-
- (a) declaring dividends;
 - (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting); and
 - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

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52. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

53. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.
54. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members present in person or by proxy.
55. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days’ notice appoint.
56. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days’ notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
57. Save as herein before expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
59. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-
- (a) the chairman of the meeting; or
 - (b) not less than two members present in person or by proxy and entitled to vote; or
 - (c) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

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- (d) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

60. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
61. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
62. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

63. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.
64. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.
65. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

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66. No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.
67. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
68. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
69. (A) A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(B) A proxy need not be a member of the Company.
71. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required to be delivered again for the purposes of any subsequent meeting to which it relates.
72. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.
73. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

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

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3. Rights in respect of dividends

RESERVES

122. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

123. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.
124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
125. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.
126. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act and in the form of stock dividends, out of the share premium account.
127. No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.
128. (A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
129. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

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130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
131. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
133. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
- 133A.
- (1) Whenever the Directors have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) The basis of any such allotment shall be determined by the Directors;
- (b) The Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members, (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and *do* all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article 133A;

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- (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 of which the right of 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 (notwithstanding the provisions of Article 134), the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full (to the nominal value thereof) 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.
- (2) (a) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article 133A shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 133A, 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 Articles, 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).
- (3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article 133A, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article 133A shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article 133A, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available to members whose registered addresses entered in 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.

APPENDIX D – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (5) Notwithstanding the foregoing provisions of this Article 133A, if at any time after the Directors’ resolution to apply the provisions of paragraph (1) of this Article 133A 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 circumstances (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 paragraph (1) of this Article 133A.

CAPITALIZATION OF PROFITS AND RESERVES

134. The Directors may, with the sanction of an Ordinary Resolution of the Company, capitalize any sum standing to the credit of any of the Company’s reserve accounts as representing profits available for distribution under the provisions of the Statutes or, pursuant to Sections 69 or 70 of the Act, the Company’s share premium account or capital redemption reserve, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization, 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 authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.