

## GENERAL ANNOUNCEMENT::RESPONSE TO QUESTIONS - AGM 2022

### Issuer & Securities

#### Issuer/ Manager

REVEZ CORPORATION LTD.

#### Securities

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Response To Questions - AGM 2022

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#### Submitted By (Co./ Ind. Name)

Victor Neo

#### Designation

Executive Director, Chief Executive Officer and Deputy Board Chairman

#### Description (Please provide a detailed description of the event in the box below)

Please refer to attached.

### Attachments

[REVEZ\\_Annc-Response To Questions AGM2022.pdf](#)

Total size =751K MB

**RESPONSE TO QUESTIONS RECEIVED PRIOR TO THE COMPANY'S  
ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2022**

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The Board of Directors (“**Board**”) of Revez Corporation Ltd. (“**Company**”) and together with its subsidiaries, the “**Group**”) wishes to address questions received in advance of the Annual General Meeting (“**AGM**”) to be held by electronic means on 27 April 2022 at 2.00 p.m. The following are the responses to the questions being raised.

**Q1. Mr. Neo Wee Han, Victor, the Executive Director/Group Chief Executive Officer and Deputy Board Chairman (“Neo”) has, in his CEO’s Message in the Group’s Annual Report 2021 (“AR 2021”), asserted that “To date, the Group has approximately S\$6.5 million of revenue in its order book”. Further, Neo, in his CEO’s Message in the Group’s Annual Report 2020 (“AR 2020”), had asserted that “we are heartened to report that we have grown our market share and achieved revenue growth of approximately S\$1 million, or 18% from S\$5.6 million in FY 2019 to S\$6.6 million in FY2020.”**

**Notwithstanding the growth in market share and revenue in FY 2020 and the further revenue growth in FY 2021 to S\$7,529,009 (as per AR 2021), we note that the total comprehensive loss for the Group has increased from S\$112,303 to S\$2,195,753 (an increase of 1,955.2%).**

**In light of such troubling performance, do clarify:**

**1.1 What is the Group’s policy with respect to recognizing potential revenue as part of its order book?**

**Answer**

The order book is defined as secured orders from customers. Order book amounts are not accounted as revenue in the financial statements of the Group.

**1.2 Does the Group, when finalizing its order book, also ascertain the gross profit margin of each potential revenue source that forms part of its order book?**

**Answer**

As part of the sales procedure, all sales quotations will have to go through an approval process to determine gross profit margin based on commercial and competitive considerations accordingly.

**1.3 Where the Group does ascertain the gross profit margin of each potential revenue source that forms part of its order book, what have been the lowest, the median and the highest gross profit margins of its order book as at:**

- (i) 31 December 2019;**
- (ii) 31 December 2020; and**
- (iii) 31 December 2021.**

**Answer**

As part of the sales procedure, all sales quotations will have to go through an approval process to determine gross profit margin based on commercial and competitive considerations accordingly. Due to commercial sensitivities and that these figures only provide a limited view as to the Company’s profitability, the Company does not propose to disclose the variations of the gross profit margins of its order book. Shareholders are encouraged to peruse the audited financial statements of the Group for the relevant financial years.

**1.4 Where the Group does ascertain the gross profit margin of each potential revenue source that forms part of its order book, do confirm what was:**

- (i) **The absolute value of the order book recognized by the Group as at 31 December 2019;**

**Answer**

The respective values of the order book as at 31 December 2019 and 31 December 2020 were not disclosed by the Company.

- (ii) **Of the absolute value of the order book recognized by the Group as at 31 December 2019, what was the absolute value of the revenue recognized as at 31 December 2020?**

**Answer**

See the Company's response to Question 1.4(i) above.

- (iii) **Of the absolute value of the order book recognized by the Group as at 31 December 2019, what were the lowest, the median and the highest gross profit margins achieved by the Group?**

**Answer**

See the Company's response to Question 1.4(i) above.

- (iv) **The absolute value of the order book recognized by the Group as at 31 December 2020;**

**Answer**

See the Company's response to Question 1.4(i) above.

- (v) **Of the absolute value of the order book recognized by the Group as at 31 December 2020, what was the absolute value of the revenue recognized as at 31 December 2021?**

**Answer**

See the Company's response to Question 1.4(i) above.

- (vi) **Of the absolute value of the order book recognized by the Group as at 31 December 2020, what were the lowest, the median and the highest gross profit margins achieved by the Group?**

**Answer**

See the Company's response to Question 1.4(i) above.

**1.5 Do clarify, when Neo (in his CEO Message in AR 2021) stated that "To date, the Group has approximately S\$6.5 million of revenue in its order book," which date was he referring to, 31 December 2021 or 12 April 2022? If the date that Neo was referring to is after 31 December 2021, what was the absolute value of the Group's order book as at 31 December 2021?**

**Answer**

With reference to the statement on the value of the Group's order book in the Company's annual report for the financial year ended 31 December 2021 ("FY2021"), the Group sales order is approximately S\$6.5 million as at 31 December 2021.

**Q2. Bearing in mind, that the percentage of fixed salary vs variable bonus of the following executive directors has shifted in favour of variable bonuses (between AR 2020 and AR 2021) as set out below:**

	AR 2020		AR 2021	
	Salary	Bonus	Salary	Bonus
Neo Wee Han Victor	89.89%	10.11%	83.73%	16.27%
Lim Kian Sing	94.52%	5.48%	90.96%	9.04%

**2.1 Do confirm (without having to reveal the absolute amount of the fixed salary of each of the Executive Directors), whether there has been any change to the fixed salary of each of or any of the Executive Directors between the period covered by AR 2020 as compared with the period covered by AR 2021.**

**Answer**

As mentioned in the Company's annual report for FY2021, in setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the Executive Directors. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

Consistent with the approach taken in the Company's annual report for FY2021, the Company has not disclosed details of the remuneration of its Executive Directors as the Board believes that full details disclosure of their remuneration would be prejudicial to the Group's interest and hamper its ability to retain and nurture the Group's talent pool.

**2.2 Do confirm (without having to reveal the absolute amount of the variable bonuses paid to each of the Executive Directors), whether there has been any change to the structure of the variable bonus scheme or plan for each of or any of the Executive Directors between the period covered by AR 2020 as compared with the period covered by AR 2021;**

**Answer**

See the Company's response to Question 2.1 above.

**2.3 Where there have been changes to the fixed salary component of any of the Executive Directors between the period covered by AR 2020 as compared to the period covered by AR 2021, whether such change (if any) correlated to:**

- (i) The increase in the Group's revenue from S\$6,622,935 (in AR 2020) to S\$7,529,009 (in AR 2021); or
- (ii) The increase in the Group's total comprehensive loss from S\$112,303 (in AR 2020) to S\$2,195,733 (in AR 2021).

**Answer**

See the Company's response to Question 2.1 above.

2.4 Where there have been changes to the variable bonus component of any of the Executive Directors between the period covered by AR 2020 as compared to the period covered by AR 2021, whether such change (if any) correlated to:

- (iii) The increase in the Group's revenue from S\$6,622,935 (in AR 2020) to S\$7,529,009 (in AR 2021); or
- (iv) The increase in the Group's total comprehensive loss from S\$112,303 (in AR 2020) to S\$2,195,733 (in AR 2021).

**Answer**

See the Company's response to Question 2.1 above.

Q3. Neo (in his CEO Message in AR 2021) stated that "Since securing the exclusive distributorship [with Stellar Cyber], the Group swiftly secured a number of engagements with companies in the APAC region." Similarly, Neo (in his CEO Message in AR 2020) had stated that "REVEZ Motion secured the exclusive distributorship in Singapore for Stellar Cyber – the world's first Open eXtended Detection and Response (XDR) platform to pioneer a Security Operations Center (SOC) concept that adopts artificial intelligence and machine learning. We subsequently closed a number of engagements with regional and global companies within the same quarter."

As is clear from the above, Neo has reiterated that the Group had swiftly secured/closed a number of engagements with companies (regional/APAC and global). That being so, do clarify:

3.1 On which date in FY 2020 was the exclusive distributorship in Singapore for Stellar Cyber secured by the Group?

**Answer**

REVEZ Motion has secured the exclusive distributorship in Singapore for Stellar Cyber in March 2020 and commenced distributorship in May 2020.

3.2 How many engagements with regional and global companies were closed by the Group within the same quarter of securing the exclusive distributorship for Stellar Cyber?

**Answer**

While the Group has closed several engagements during the same quarter, as the number of such engagements would constitute commercially sensitive information, the Company does not intend to disclose the same publicly.

3.3 If such engagements had been closed by the Group within the same quarter of (having secured the exclusive distributorship for Stellar Cyber):

- (i) What did Neo mean when he said that the Group had secured/closed a number of engagements regional/APAC/global companies within the same quarter?

**Answer**

See the Company's response to Question 3.2 above.

- (ii) **Why was there zero revenue attributable to “Revenue from Distribution of IT products” in AR 2020;**

**Answer**

Revenue from Distribution of IT products relates to licenses of IT products sold and delivered to customers. Such revenue from distribution of cybersecurity-related licences (including those pertaining to Stellar Cyber) only arose in FY2021.

- (iii) **Bearing in mind that there was zero revenue in FY 2020, did the Group, arising from the engagements that had been secured and/or closed within the same quarter in FY 2020, include the value of such engagements in its order book as at 31 December 2020? If yes:**

- a. **What was the dollar value of such order book entries as at 31 December 2020 attributable to securing and/or closing engagements within the same quarter?**

**Answer**

The value of the order book as at 31 December 2020 was not disclosed by the Company.

- b. **What were the lowest, the median and the highest gross profit margins projected by the Group at the point of entry of these engagements in the Group’s order book as at 31 December 2020?**

**Answer**

As part of the sales procedure, all sales quotations will have to go through an approval process to determine gross profit margin based on commercial and competitive considerations accordingly. Due to commercial sensitivities and that these figures only provide a limited view as to the Company's profitability, the Company does not propose to disclose the variations of the gross profit margins of its order book. Shareholders are encouraged to peruse the audited financial statements of the Group for the relevant financial years.

- c. **How much of the order book as at 31 December 2020 (attributable to the Stellar Cyber distributorship) resulted in revenue recognized by the Group in FY 2021 both as a percentage of the order book as at 31 December 2020 and by dollar value? What were the lowest, the median and the highest gross profit margins achieved by the Group in the distribution of the Stellar Cyber products in FY2021?**

**Answer**

See the Company's responses to Questions 3.3(iii)(a) and 3.3(iii)(b).

- (iv) **Where “securing and/or closing engagements within the same quarter” does not equate to the Group entering legally binding contracts for the distribution of IT products with such regional/APAC/global companies, on what basis did Neo/the Group repeat such claims (first made in AR 2020) in AR 2021?;**

**Of the S\$1,472,813 that was recognized in FY 2021 as revenue from the distribution of IT products:**

- a. **How much of such revenue was attributable to the Stellar Cyber distributorship?**

**Answer**

Revenue was contributed by several distributed IT products carried by the Company, such as Stellar Cyber, Digital.AI and Ridge Security. As the amount of revenue attributable to the Stellar Cyber distributorship would constitute commercially sensitive information, the Company does not intend to disclose the same publicly.

- b. **What was the lowest, the median and the highest gross profit margins achieved by the Group in respect of revenue attributable to the Stellar Cyber distributorship?**

**Answer**

As part of the sales procedure, all sales quotations will have to go through an approval process to determine gross profit margin based on commercial and competitive considerations accordingly. Due to commercial sensitivities and that these figures only provide a limited view as to the Company's profitability, the Company does not propose to disclose the variations of the gross profit margins of its order book. Shareholders are encouraged to peruse the audited financial statements of the Group for the relevant financial years.

- c. **What was the total number of companies with whom the Group had entered into legally binding contracts that contributed to the revenue attributable to the Stellar Cyber distributorship?**

**Answer**

The Company works with Stellar Cyber to support several clients. As the total number of companies with whom the Group has entered into such contracts would constitute commercially sensitive information, the Company does not intend to disclose the same publicly.

- Q4. Noting, first, that Mr Lee Han Chong had resigned as an Executive Director on 14 July 2021, and second, that his spouse, Mdm Liang Xingfen, had been remunerated in excess of S\$100,000 during FY 2021, do state:**

**Answer**

This is with reference to the Annual Report for FY2021, Corporate Governance Report Page 31, and specifically the footnote (4) as reproduced below:

*(4) Mr Lee Han Chong resigned as an Executive Director on 14 July 2021, ceased as an Executive Officer on 4 March 2022 and remain in his role in REVEZ Motion Pte. Ltd. as its Chief Creative Technology Officer. He is also the spouse of substantial shareholder of the Company, Mdm Liang Xingfen, whose remuneration exceeded S\$100,000 during FY2021.*

The Company wishes to clarify that Mdm Liang is not an employee of the Group and did not receive any remuneration during FY2021. The disclosure of this statement is on Mr Lee Han Chong whose remuneration exceeded S\$100,000 during FY2021. He is the spouse of Mdm Liang who is a substantial shareholder of the Company.

In view of the foregoing, Questions 4.1 to 4.9 are not applicable.

**4.1 The nature of the relationship between Mdm Liang and Neo;**

**4.2 The date on which Mdm Liang was employed and/or contracted to work for and/or provide services to the Group?**

**4.3 The specific executive role or designation assigned to Mdm Liang (if she had been employed by the Group or a subsidiary of the Group) or the specific services that had been contracted to Mdm Liang (if she had been contracted by the Group or a subsidiary of the Group)?**

**4.4 Where Mdm Liang had been employed (by the Group or a subsidiary of the Group), was she employed to replace any individual who had previously been employed (by the Group or a subsidiary of the Group) in the same role and designation as Mdm Liang? If yes, was the previous employee remunerated in excess of S\$100,000? If not, in terms of percentage, what was the difference between the remuneration paid to the previous employee as compared to Mdm Liang?**

**4.5 In addition, where Mdm Liang had been employed to replace an individual previously employed (by the Group or a subsidiary of the Group), do state whether the latter's employment was terminated by the employee or by the Group (or a subsidiary of the Group). Where Mdm Liang had been employed to fill a newly created position, do justify why the Group needed a new position**

as such had to be created and why such position could not be filled by an internal hire/redesignation?

- 4.6 Where Mdm Liang had been employed (by the Group or a subsidiary of the Group), do elaborate on Mdm Liang's qualifications and experience pursuant to which she was chosen to be employed (by the Group or a subsidiary of the Group) at a remuneration exceeding S\$100,000?
- 4.7 Where Mdm Liang had been contracted to offer services to the Group or a subsidiary of the Group, was she contracted to replace any individual or entity who had previously been contracted (by the Group or a subsidiary of the Group) to provide the very same services as were to be provided by Mdm Liang? If yes, was the previous individual or entity remunerated in excess of S\$100,000? If not, in terms of percentage, what was the difference between the remuneration paid to the previous contractor as compared to Mdm Liang?
- 4.8 In addition, where Mdm Liang had been contracted to replace an individual or entity previously contracted (by the Group or a subsidiary of the Group), do state whether the latter's contract was terminated by the contractor or by the Group (or a subsidiary of the Group). Where Mdm Liang had been contracted to provide services not previously required by the Group (or a subsidiary of the Group), do justify why the Group needed such new services to be provided?
- 4.9 Where Mdm Liang had been contracted (by the Group or a subsidiary of the Group), do elaborate on Mdm Liang's qualifications and experience pursuant to which she was chosen to be contracted (by the Group or a subsidiary of the Group) at a remuneration exceeding S\$100,000?

Q5. We note that following an impairment testing, an impairment loss on the Company's investment in subsidiaries of approximately S\$30.5 million was recognized for FY 2021. In particular, the impairment test determined that the carrying amount of the RM CGU (Revez Motion Pte. Ltd. cash-generating unit) had exceeded its estimated recoverable amount by 90% (as compared to 22% in FY 2020). Noting:

First, that the Group claims that the RM CGU "leads the IT space with business process automation solutions and unified communications platforms to enhance business frameworks and enable efficient sharing of digital information across organization. Leveraging on its Meta Experience Inter-Division core capabilities, REVEZ Motion is able to value-add IT solutions with UI/UX best practices and content strategies." and

Second, that the impairment loss accruing to RM CGU has increased exponentially and worryingly from Nil in FY 2019 to 22% in FY 2020 to 90% in FY 2021,

Has the Board:

- 5.1 Taken steps in FY 2021 to review, analyse and identify the root causes of the sustained troubling performance of the RM CGU? Where the Board has taken steps to identify the root causes, what are these root causes that have led to the dismal performance of the RM CGU? Where the Board has not conducted any such specific review of the RM CGU, do explain why the Board has considered it not necessary to do so despite the 90% impairment loss of the Group's key subsidiary?

**Answer**

As the COVID-19 situation continues to hit badly on all businesses in general and is longer than expected, the MICE segment which requires RM's IT services is still heavily impacted. Given the economic uncertainty, RM has taken a conservative approach in its cash flow forecast for the impairment testing.

The Board has taken steps to regularly review and monitor the performance of the RM CGU.

- 5.2 Requested and/or considered and/or deliberated on and/or approved a revised strategy for the RM CGU to arrest the steep decline in its performance? If not, why has the Board chosen to ignore or disregard the 90% impairment loss of the Group's key subsidiary? If yes, what is the revised strategy that the Board has approved and how does such revised strategy overcome the root causes (if such root causes had been identified by the Board)?

**Answer**

See the Company's response to Question 5.1.



**Q6. We note that the Board had approved the sale of Newood Design Pte Ltd (“Newood”) for a cash consideration of S\$15,000 despite Newood appearing to have a positive net assets position of S\$44,161 at the material time of the sale. Is, Mr. Ong Chee Wee, the purchaser of the Group’s interest in Newood, related to or howsoever otherwise connected to any of the key management personnel of the Group?**

**Answer**

Mr. Ong Chee Wee is not related to any of the key management personnel of the Group.

**Q7. Additionally, how did the Board satisfy itself that the process for the disposal of Newood was done in a manner and for the right consideration bearing in mind the interests of the shareholders (particularly when the interest in Newood was disposed off for S\$15,000 when it had a net assets position of \$44,161).**

**Answer**

The Board approved the disposal cash consideration, taking into consideration, amongst others, (i) the challenge of securing new projects to sustain Newood’s monthly fixed operations costs, which may potentially result in negative financial position, and (ii) the Company’s strategic plans to streamline the Group’s structure and improve the future operational performance and financial prospects of the Group.

**Q8. It was noted that the AGM Notice does not provide for the member to appoint a separate proxy (i.e. aside from the Chairman) to speak at the AGM. This is in breach of Article 77(1)(a) of the Company’s Constitution and Section 180(1) of the Company’s Act.**

**Answer**

The AGM is being held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**Order**”). The AGM being convened and held in accordance with the alternative arrangements set out in the said Order is deemed to satisfy the requirements relating to the convening, holding, conduct or deferral of meetings under the Companies Act 1967 and the Company’s constitution, despite anything to the contrary therein.

**Q9. Can shareholder ask questions during the proceeding of the AGM?**

**Answer**

See the Company’s response to Question 8 above in relation to the AGM being held by way of electronic means pursuant to the Order. The Company did not adopt real-time electronic communication facilities, such as video conferencing, tele-conferencing or live chat, to enable questions to be raised, and responded to, at general meetings. As such no questions can be raised “live” during the AGM. Shareholders are reminded to submit their questions in advance of the AGM in the manner described in the Notice of AGM.

By Order of the Board  
**REVEZ CORPORATION LTD.**

Neo Wee Han Victor  
Executive Director, Chief Executive Officer and Deputy Board Chairman

Date: 22 April 2022

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*This announcement has been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms. Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.*